

6 May 2011

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

Dear Sir/Madam

**Submission to the inquiry into the Exposure draft and explanatory memorandum of the
Illegal Logging Prohibition Bill 2011**

Enclosed is a submission from Solaris Paper Pty Ltd to the above inquiry.

Solaris Paper Pty Ltd, an Australian operated and managed affiliate of APP, distributes high quality toilet and tissue paper products throughout the Australasian region to both Away-From-Home and Retail markets. This submission has been prepared in consultation with APP.

Solaris Paper, and the broader APP Group, supports moves to ban imports of illegally logged timber and timber products.

The *Illegal Logging Prohibition Bill 2011*, when it becomes law, will apply to all future imports of timber products into Australia including pulp and paper products. Solaris Paper supports appropriate regulation concerning ending trade in illegally logged timber products, but is concerned that the any such legislation not be used to interfere with trade in lawful goods.

To this end this submission suggests some safeguards which could be added to the Bill to ensure that whilst trade in illegal products is banned, trade in legal products will be unaffected or indeed enhanced.

The key to achieving this objective is to provide a simple, certain, low cost method for ensuring that businesses importing timber products into Australia can verify the products' legality.

This verification system should harmonise with the major international illegal logging regulatory regimes – especially the European Union FLEGT system and the United States Lacey Act provisions.

Put simply if a timber product qualifies as an allowable import under either of these two best practice international regulatory systems then it should automatically qualify to be imported into Australia under the *Illegal Logging Prohibition Bill 2011*.

Ensuring this design feature for the Australian system enables the integrity of the international systems, especially the EU system which has taken years to develop and negotiate, is freely available to Australian businesses without any of the expense of developing or maintaining the system or any other competing verification system.

In this context I draw to the attention of the Committee the announcement on 5 May that Indonesia and the EU have just concluded a Voluntary Partnership Agreement (VPA) under the EU illegal logging regime.

This VPA will be a legally binding trade agreement between the jurisdictions guaranteeing the highest level of regulation of the legality of the trade in timber products. This is world's best practice regulation which the Australian legislation should recognise.

Thank you for providing the opportunity to make this submission to you. Should you wish to discuss the contents of the submission please contact me

Yours sincerely

Steve Nicholson
Director of Corporate Affairs

**SUBMISSION TO THE SENATE STANDING COMMITTEE ON RURAL AFFAIRS
AND TRANSPORT INQUIRY INTO THE:**

***Exposure draft and explanatory memorandum of the Illegal Logging
Prohibition Bill 2011***

Introductory

Solaris, an affiliate of APP Group, welcomes the opportunity to provide a submission to the Committee concerning the *Exposure draft and explanatory memorandum of the Illegal Logging Prohibition Bill 2011*.

APP Group is quoted to be the third largest pulp and paper group in the world. It has operations and markets its products across many jurisdictions including trading into those which regulate the trade in illegally logged timber and timber products – primarily the United States of America (US) and the European Union (EU).

APP Group supplies paper products into Australia both as finished goods and as raw material for final converting in the new \$20 million facility constructed in Greystanes, Sydney.

APP Group supports sensible regulation to restrict the trade of illegally logged timber. We support and comply with national, US, EU and other importing countries' regulation and have a zero tolerance of illegal logging. See summary of environmental policy and achievements in section below.

At the same time, APP believes that trade legislation that arbitrarily does not recognize Indonesian rights and ability to legislate and police the export of legal wood products could be considered a technical trade restriction in violation of World Trade Organization mandates. Indonesian wood legality laws are recognized and respected by countries around the world and should serve as a basis for governing import of wood-based products into Australia.

Size of the Problem

It is not possible to precisely measure the size of the illegal logging problem, due to its very nature. That said, some credible work has been done such as the *Overview of Illegal Logging* report by consultants JAAKKO POYRY for the Australian Government in September 2005.

A recent comprehensive report (2010) by the UK institution Chatham House¹ concluded that whilst still a major problem, the total global production of illegal timber has fallen by 22% since 2001.

This clearly demonstrates that progress can be made through sensible policies (especially those of the EU and US) – without interfering with legitimate trading activity.

Estimates for a variety of countries are provided in the Chatham House report. The estimate for Indonesia shows the greatest improvement:

*“Illegal logging in Indonesia has fallen by 75% since a peak in 2000, and analysis of trade data discrepancies indicates that log smuggling from Indonesia to China has been reduced by 92% since 2004.”*²

Indeed in this context we note that in 2009, the Ministry of Forestry of the Republic of Indonesia stated that illegal logging cases have been reduced by 97% from 2004 levels³. The Chatham House Report also notes the positive impact that both the US and EU systems are having on practices in the producer states. This can only be expected to continue as these systems develop and spread.

Indeed in this context Indonesia and the EU have just entered into a voluntary partnership agreement (VPA) under the EU illegal logging regulation (FLEGT).

The purpose of FLEGT is to “ensure that only timber products that have been legally produced in accordance with the national legislation of the producing country may enter the [European] Community” while recognizing that an effective licensing scheme “should not impede legitimate trade.” Council Regulation No. 2173/2005 of 20 December 2005, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32005R2173:EN:HTML> (last visited March 20, 2011).

This VPA is a major breakthrough as a legally binding system that will now be in place to verify the legality of all timber and timber product exports to the EU from Indonesia. This will deter, or ideally stop, the trade in illegal product whilst enhancing the free trade of legal products. This should in turn interfere with the actual practice of illegal logging which is only viable if there is an end-market for the product.

The agreement is expected to be ratified by the EU in September and commence full operation in 2013. This system provides a perfect low cost, certain model for use in the Australian context.

¹ Illegal Logging and Related Trade: Indicators of the Global Response 2010 Chatham House UK

² Ibid page xvi

³ Ministry of Forestry, Republic of Indonesia SI A R A N P E R S No: S.243/PIK-1/2009, PERINGATAN HARI PENANGGULANGAN DEGRADASI LAHAN DAN KEKERINGAN SEDUNIA TAHUN 2009, MOMENTUM UNTUK MENGGELORAKAN SEMANGAT ONE MAN ONE TREE

APP Group legality and environmental policies

APP Group has long been a supporter of strict adherence to the law with respect to sourcing and processing of wood and wood-based products. APP Group has developed and implemented forest-to-mill gate traceability protocols to ensure that no illegally obtained wood enters the fibre supply.

As part of its commitment to legal and sustainable forestry practices, the Indonesian Pulp & Paper Association pledged, along with other members of the Indonesian forestry industry, to fully support and implement the Government of Indonesia's establishment of Timber Legality Assurance System (TLAS) or Sistem Verifikasi Legalitas Kayu (SVLK) with independent auditing and monitoring by accredited assessors and verifier bodies.

As provided in the Ministry of Forestry of the Government of Indonesia's Decree Number P.38/Menhut-II/2009, SVLK is the only national wood legality system and standard to provide assurance to the global market that the wood-based products exported from the country use raw materials from sources that are legal in accordance with Indonesia's rules and regulations.

SVLK is also an important step forward in the effort to achieve full Sustainable Forest Management national certification (PHPL).

The SVLK system has been critical in the successful bi-lateral negotiations between the Government of Indonesia and the EU to agree the VPA to govern the importation of wood and wood-based products under the EU FLEGT system.

Solaris and APP Group believe that a bi-lateral agreement, which takes into consideration unique national considerations and local laws, is the most appropriate means of effectively ensuring trade in legally sourced wood products.

Timber products covered by a VPA should be automatically allowable under Australia's illegal logging regulation. It should serve as the verification process representing best practice and the existence of this robust system should provide that simple, certain verification is available to Australian importers at a very minimal cost.

Transition from legality verification to full sustainability

However, APP Group is not content with meeting only the law's minimum requirements. Instead, it strives to continuously improve its processes to go "beyond compliance" to become the world's most sustainable producer of pulp and paper products.

To that end, APP Group is working to achieve its goal of 100% Sustainable Forest Management (SFM) certification by the end of 2020. In order to achieve this goal, APP Group is pursuing three critical targets.

First, APP Group will source all of its pulpwood supply from sustainable plantation stock within four years. Second, APP Group will achieve the mandatory SFM certification for its pulpwood suppliers within four years. Finally, by 2020, APP Group will have its exclusive pulpwood suppliers achieve a voluntary SFM certification from the Indonesia Ecolabelling Institute.

In 2007, APP Group became the industry's first pulp and paper company to conduct a scientific socio-carbon footprint assessment. The landmark assessment was done before many industrial firms had even considered such initiatives. The carbon assessment was designed to identify APP Group's carbon footprint baseline, as well as opportunities to quickly improve APP Group operations and further reduce its carbon emissions.

In 2010, Carbon Conservation and APP Group introduced the world's first pulpwood plantation to carbon reserve REDD-plus initiative. Carbon Conservation is a pioneering Asian Australian organization based in Singapore and a world leader in deforestation carbon credits.

Recently, APP Group became the first Indonesian pulp and paper company to commit to the United Nations Global CEO Water Mandate. To that end, APP Group has implemented and continues to improve its sustainable water management principles and practices. In addition to carefully conserving and reducing water usage in the paper manufacturing process, APP Group provides access to clean water for hundreds of villagers in communities near pulp and paper mills.

Risk based system

Some discussions around illegal logging suggest that the risk posed from illegal logging applies equally across all timber and timber products. This is completely untrue. In fact the opposite is the case. The risk profile for products to contain illegally logged timber varies massively depending upon the type of product.

For example, illegally logged old growth timber is totally unsuitable for paper manufacture due to its commercial and tax values. .

Any rational system should be based on an analysis of the risks involved by each particular product with regulation set accordingly in order to address the major risks.

The Overview of Illegal Logging report to the Australian Government comes to precisely this conclusion. It contains the following summary of illegal or suspected illegal product imports into Australia:⁴

“Summary of Current Impact

⁴ Ibid page 12

The following summary of the potential impact of illegal or suspected illegal products into Australia in 2003/04 is around 9% of imports in value terms or around AUD 400 million. The main problem appears to be wooden furniture.

Table 3-7:

Potential impacts or illegal or Suspected Illegal Products into Australia, 2003-04

Product	Volume 000's m	Value \$m	Suspect %	Suspect Volume 000's m	Suspect Value \$m
Sawnwood	871	494	8	72	50
Misc Forest Products		584	14	112	83
Wood based panels	327	191	11	37	23
Paper and paperboard	1557	2014	1	11	71
Paper manufactures		369	3	Na	11
Recovered paper	22	5	0	0	0
Pulp	377	235	0	0	0
Furniture		1000	22		214
TOTAL		4893	9		

"

Clearly on any sort of sensible risk-based analysis it is difficult to justify including pulp or paper in any illegal logging regime. Indeed the US system does not do so.

As the report itself concludes⁵ "The main problem appears to be wooden furniture."

The potential gains, if any, from the regulation of paper products are minimal - if indeed they exist at all. Whereas there is clearly an enormous potential impact available through

⁵ Ibid

concentrating on the actual products which include physical timber and hence have a much higher risk of illegal timber content.

Apart from the extensive control systems, both public and private, concerning fibre supply integrity in paper manufacture there are a variety of reasons why pulp and paper products are very unlikely to involve illegally logged timber:

- Only certain types of timber are used in pulp manufacture due to their conservation values, size, commercial / tax values and species.
 - Currently there are principally three main commercial species: two species of acacia trees from *Acacia* sp genus (*Acacia crassicarpa* and *Acacia mangium*) and one species of eucalyptus trees from *Eucalyptus* sp genus (*Eucalyptus pellita*).
 - These are grown in extensive plantations planted with cloned trees with properties designed for pulp manufacture.
 - The average age at which this achieved is 5-6 years.

APP Group and its local pulp wood suppliers source wood from plantations, and the local pulp consists of a mixture of the three cultivated species. Today, around 30% of APP Group's pulp raw materials originate from Sustainable Forest Management (SFM) certified sources such as LEI, PEFC, PHPL and FSC, while 35% originates from independently audited non-controversial legal origin sources under a phased approach toward SFM certification. The balance is recycled material.

- Third, as stated earlier, APP Group has developed and implemented forest-to-mill gate traceability protocols to help ensure that no illegally obtained wood enters the fibre supply.
- Finally APP Group's pulpwood suppliers only develop least-valuable degraded forests and denuded wasteland on legally licensed concessions allocated for pulpwood plantations in line with the policies of the Indonesian government. Prior to any development, these areas are subjected to several independent ecological and social assessments in order to protect any high conservation value that might exist.

Ease of compliance

The other desirable feature of any regulatory system should be certainty and ease of compliance. In terms of economic efficiency the simplest method for easing the compliance burden for products is either to:

- Exempt the product from the requirement if it is recognised as a very low risk product; and/or
- Provide a simple mechanism which harmonizes the proposed Australian system with that of the two existing systems, namely the EU and US.
 - The simplest approach would be to effectively have a mutual recognition system which treats product which is allowed to be imported into either the EU or the US to automatically qualify under the Australian system.
 - This would provide very cost effective certainty for Australian importers.
 - It would allow for faster implementation of the Australian system.

Interference with legitimate trade

The main risk of this type of regulation is that it is used to attempt to disrupt legitimate trade in legal product.

Accordingly, such regulation needs to include safeguards to ensure that misuse cannot happen.

We offer the following comments and suggestions regarding the draft legislation as released.

The scheme of the draft

The scheme of the legislation is very high level. There is no detail on the critical issues such as the types of accreditation schemes to be allowed, including the critical definition of the wood products to be covered by the Bill. It is literally a framework. All of this essential detail is proposed to be covered in the subsidiary Regulations that will be developed over the coming months.

Whilst this approach is understandable from the Government's perspective, it makes it very difficult to evaluate the effectiveness (and workability in practice) of the proposed legislation in isolation of these critical details.

For example, the three major areas which will be critical to the operation of the new regime are:

- The extent of the range of timber products that are to be included;
- The various accreditation systems that will be recognised in determining the legal verification of timber products; and
- The proposed impact of the species notification system on paper products if paper is to be included.

It is requested that the Committee raise these issues with the Government in the conduct of the inquiry so as to allow a better evaluation of the whole proposed system rather than a simple analysis of the provisions of the Bill as currently drafted.

Extent of the timber products that are to be included

The Bill will prohibit the importation of *regulated timber products* that contain illegally logged timber⁶. The proposed penalty for breaching Clause 6 is 5 years imprisonment.

Regulated timber products are to be defined by the Regulations. The key question from APP Group's viewpoint is whether it is the Government's intention to include pulp and paper products within the definition of regulated timber products.

We assume the answer is yes, however, as mentioned above, the risk profile of pulp and paper products is so low that it does not seem to warrant inclusion in any effective regulatory approach.

However, in addition to prescribing illegally logged imports the Bill also prohibits⁷ the importation of *regulated timber products* by persons who are not approved as importers. The penalty for contravening this Clause is 100 penalty units – ie, it is a financial penalty not one with an incarceration period⁸.

That is, the Bill if enacted will make it illegal for an importer to import *regulated timber products* without being approved, even if the products imported contain no illegally logged product. This seems like a very harsh penalty for importing a very low risk product such as paper. This provision clearly has the potential to interfere with legitimate trade.

As in Clause 6, the Regulations will be allowed to exclude certain *regulated timber products* from this provision⁹. Consideration should be given to excluding from this definition pulp and paper products.

⁶ Clause 6

⁷ Clause 7

⁸ I think a penalty unit is \$110 – so the penalty here is \$11,000

⁹ Clause 7(2)

Which certification systems are to be allowed?

Allowing external independent certification systems to be used by importers to verify legality is the only workable proposal for an illegal logging regime. The key issue thus becomes which certification systems are to be allowed under the proposed regime?

Again the Bill is silent on this matter – again it is proposed to be addressed in the Regulations.

This is a key matter over which clarification is needed before assessing the Bill.

The reason is that international trade in wood products is to become dependent upon producers acquiring and retaining certification of their legality. This massively increases the power and influence of certification bodies - raising significant risk for free trade. It is a virtually unprecedented position of power for hitherto voluntary bodies which are not regulated by governments.

The best way to manage this new power balance is to ensure that the range of certification systems that can be used by Australian importers is as broad as possible. This will reduce the power that any one certification system has invested in it, and its power to restrict legitimate trade for ideological reasons.

Clearly there are a number of international systems that should qualify automatically¹⁰:

Programme for the Endorsement of Forest Certification Schemes (PEFC) - PEFC is the world's largest forest certification organization. An international non-profit, non-governmental organisation dedicated to promoting sustainable forest management.

Forest Stewardship Council (FSC) – FSC is an international, membership based, non-profit organisation founded in 1993 by environmentalists, social interest groups, indigenous peoples' organisations, responsible retailers and leading forest management companies to develop standards based on the '10 Principles for Forest Stewardship'.

These two major international bodies are the largest certification bodies in the world. The Chain of Custody certification systems of both bodies are of high quality and should be able to be relied upon by importers to show that the imported timber products covered by them are legal.

In addition to these two 'standard' systems there is a pressing need to ensure harmonisation with the EU and US illegal logging regulatory systems. This harmonisation is a stated goal of the Commonwealth, and has also been recommended by a variety of other stakeholders¹¹.

¹⁰ The descriptions of each system are from their respective websites

¹¹ For example in the Final Regulation Impact Statement Appendix 3 summary of views of stakeholders the CFMEU, the European Union and other stakeholders suggest harmonization with international systems.

Unfortunately the EU and the US systems are fundamentally different in their design. The EU FLEGT system relies on a series of voluntary partnership agreements (VPAs) – trade treaties between nations and the EU – which govern what types of forest products can be imported into the EU. This is regarded as world’s best practice – it is a comprehensive system devised specifically to combat trade in illegally logged product.

The US Lacey Act is a wildlife protection measure which has been expanded to ban trade in illegal logging products. Under this system, it is necessary to identify the species involved in the product. Whilst this is simple for a wood product, or furniture or building product – it is simply not feasible for pulp or paper products. Accordingly, the US system has exempted pulp and paper from this requirement.

Given the desire to harmonise with the existing EU and US systems the simplest practical way to do this would be to provide a mutual recognition mechanism for Australian importers. The question should be is the timber product allowed to be imported into either the EU through a VPA or in the US according to the Lacey Act? Where Australian importers can establish this fact, then that should also allow automatic importation rights to Australia.

This simple method will ensure complete harmonisation with the most extensive illegal logging regimes in the world, whilst minimising compliance costs and encouraging international trade in legal forest products.

In addition, compliance with rigorous national systems should be also included such as the Australian standards system, the SVLK and PHPL Indonesian systems

It is recommended that the Bill be amended to ensure that the regulations must allow national legal and SFM standards, common industry legality/traceability/CoC schemes and both major international standards bodies’ certification schemes. In addition automatic entry for products which comply with EU and/or US systems should also be mandated. The Regulations could then specify any additional certification systems that could be used.

Species notification for pulp and paper products

Importers and processors will need to be approved by timber industry certifiers. The Minister is also able to approve importers and processors if necessary. Timber industry certifiers are approved by the Minister. To approve a timber industry certifier, the Minister must be satisfied that the certifier will ensure that persons approved by the certifier will comply with *legal logging requirements*.

Again *Legal logging requirements* are to be defined by the regulations¹². However, importantly, the Bill proposes these are to be limited to the following purposes¹³:

- (a) ensuring that imported timber products do not contain illegally logged timber;
- (b) ensuring that illegally logged timber is not processed¹⁴;
- (c) ensuring that timber products are accurately described.

This restriction on *legal logging requirements* is sensible and provides a good precedent for the Bill to impose some limitations or other criteria on other policy areas which are currently proposed to be left entirely to the Regulations for resolution.

Mandatory description of logs, furniture, building products etc is relatively straightforward to achieve and can assist consumers in their choices. However applying a description regime to pulp and paper products is a potentially very difficult technical issue for importers – and an essentially futile one as well.

Paper can either be produced from feedstock fibres or from a multitude of sources including composite forest fibre. Recycled material – from both post production and post consumer waste streams – is also commonly used in pulp and paper manufacture.

In addition, the composition of paper products comprises not only the pulp fibre, but also many other organic and inorganic inputs as well. For example, base paper consists of pulp fibre, filler and chemicals.

Fillers are generally inorganic compounds whereas chemicals are organic, for example Alkylketene Dimmer (AKD). Compounds like AKD are used as internal sizing agents. Similarly, starches are organic compounds which are used as external sizing agents, and we sometimes also use other organic chemicals such as dry strength resin as well.

These organic chemical compounds contribute approximately 5% of the base paper weight.

Coated paper is another family of paper products where the manufacturer takes base paper and applies coating to it. The coating typically consists of binder and pigment. Here, pigments are inorganic materials, but the binder again is organic in nature. Binder will contribute about 15% of the weight of the coated paper. All in all, up to 9% of the weight of some paper products may be attributable to organic materials which are not pulp fibre but organic materials which ultimately are plant-based. Compiling legal harvesting documentation from these underlying plant sources, would be prohibitively time consuming, costly, and likely impracticable.

¹² Clause 13(1)

¹³ Clause 13(2)

¹⁴ Presumably this means in Australia

Knowledge of the species involved in paper products is irrelevant as to legality (or sustainability for that matter). Identification of all species in paper is technically difficult if not impossible – and certainly if a variety of species are used it is not possible to identify all of these. Nor is it feasible to identify the fibres in recycled material which has been re-used in paper products.

The Bill should specify that species description of pulp and paper products should not be mandatory. This is the approach taken in the US due to the US Government recognising the unworkability of identification and description for paper products.

Perhaps recognizing the potential administrative and compliance burden, the legislation¹⁵ specifically envisages different *legal logging requirements* being prescribed for

- Different classes of kinds of imported regulated timber products; and/or
- Different classes or persons who import a kind of regulated timber product.

This provision appears to be able to be used to lessen the regulatory burden on some groups of importers – eg small business. We contend this is a sensible approach.

It appears that it could also be used to lessen the regulatory burden that would otherwise apply to certain products – eg removing the requirement for species description for pulp and paper products for example.

Conclusion

Solaris and APP Group support a sensible balanced illegal logging regulatory regime which does not interfere with legitimate free trade in legally produced product. The proposed regime in the exposure draft can provide such a regime with appropriate safeguards being inserted.

Any governance of wood-based imports into Australia should recognize SVLK for its legitimacy as a national wood legality system and grant acceptance of products certified by the Indonesian government that meet these rigid national standards.

Another key safeguard to free trade would be to allow a broad set of accreditation systems – both national and international - to be available to verify legality of product. In particular harmonization with international systems, such as the EU FLEGT system, provides a simple, low cost, environmentally robust method for importers to ascertain they are importing legal timber products. This type of system in Australia should be implemented consistently across all state members, applied on a reciprocal basis, and should not include any due diligence processes which could lead to additional trade barriers.

¹⁵ Clause 13(3)

We ask the Committee to consider carefully the issues raised in this submission. Four proposed amendments to improve the Bill are contained in the attachment to this submission.

AMENDMENT OPTIONS

We recommend 4 amendments be considered by the Committee. These are as follows:

1. Insert objects clause into the Bill

This would specify the broad objectives of the legislation and clarify policy. Given that very serious penalties are envisaged by this legislation – up to five years imprisonment – it is considered desirable that the Parliament clarify exactly the purpose which the Bill seeks to achieve.

The suggestion is that the following objectives be inserted:

- To prevent trade in regulated timber product which contain illegally logged timber;
- To encourage trade in legally logged regulated timber products;
- To recognize Indonesian national wood legality standard, SVLK, and grant acceptance of products certified by the Indonesian government that meet these rigid national standards
- To harmonise the Australian regime with applicable illegal logging regulatory regimes in the European Union and the United States of America; and
- To minimise the compliance burden on Australian businesses.

These simple principles would reinforce that this is not intended to be a protectionist measure, that trade in legal products is supported by the Australian Parliament and that an overarching aim is to facilitate harmonisation within international systems and not impose a significant burden on Australian importing firms.

The Regulations would then have to be consistent with these overarching objectives.

2. Exclude certain products from the definition of regulated timber products

All pulp and paper products should be excluded due to the low risk of illegal logging timber being in paper products.

Alternatively a comprehensive risk analysis by type of pulp and paper should be mandated and those products with minimal risk of inclusion of illegal material should be excluded from the regime.

If paper products are to be left within the regime, the mandatory trade description provisions must take into account the technical difficulty of species identification for paper and pulp.

3. *Amend the legislation making it mandatory for regulated timber products which are allowed to be imported into the European Union or the United States to be allowed to be imported into Australia automatically.*

In effect, this is a mutual recognition provision. It would allow any product which qualifies under the EU Indonesian Agreement for importation into Europe to be allowed to be imported into Australia. This should simplify matters greatly for Australian importers and achieve the Government's (and other stakeholders') objective of harmonisation with the international regulatory regimes.

4. *Insertion of a new offence in the Bill – making it illegal to claim without evidence of a conviction that any importer or retailer, or foreign or domestic producer, is guilty of being involved with illegally logged timber products.*

Activists can attempt to smear a retailer, an importer and/or producer that a product contains illegally logged timber. This is a form of slander with one objective only, to commercially damage a firm. This is a very serious claim and is already being used in public debate.

Environmental groups have already started claiming – without any evidence – that products from APP involve illegal logging. This is utterly false. This is clearly part of their objective of interfering with legitimate trade for purely ideological reasons.

If the import of an illegally logged product is worthy of up to five years in jail, then claiming without any corroborating evidence that a firm is engaged in illegal logging is a very serious claim that should have to be proven to be made – and should be punishable if found to be spurious.

In order to protect free trade and Australian importers and retailers from the inevitable tactic of threats from activist groups of public campaigns aimed at disrupting lawful commerce it is recommended that the Bill also contain an additional offence. Namely that claiming that an importer or retailer, or foreign or domestic producer, is guilty of being involved with illegally logged timber products is an offence without evidence of a conviction for such activity.