

Joint Statement on Implementing the Illegal Logging Prohibition Act

The following parties call upon the Australian Government to fully implement and enforce the Illegal Logging Prohibition Act 2012 (ILPA), which aims to end the importation and trade of illegal timber and wood products in Australia.

By passing the ILPA, Australia has demonstrated global leadership and commitment in the fight against international forest crime, alongside the European Union's Forest Law Enforcement, Governance and Trade Action Plan, which includes the European Union Timber Regulation (EUTR), and the Lacey Act Plant Amendments in the United States.

A report by Global Financial Integrity in March 2017 ranks illegal logging as the third largest global transnational crime, after counterfeiting and drug trafficking, with an estimated annual value between 52 billion and 157 billion US dollars. In addition to destroying biodiversity and causing significant greenhouse gas emissions, illegal logging has devastating economic and social impacts in forest producer countries. Furthermore, illegal logging operations frequently involve human rights abuses, including violence against local communities, forced labour in logging camps, and pollution of fresh water supplies. The illicit wood trade facilitates networks of organized crime engaging in systemic corruption and money laundering to hide profits. The continued supply of cheap illegal wood represents unfair competition to Australian – and international - companies playing by the rules, while threatening Australian jobs.

Proposed changes to the Illegal Logging Prohibition Regulation (the Regulation) - including "deemed to comply arrangements" that would remove critical information-gathering obligations – will weaken current due diligence requirements and increase loopholes for illegal timber to enter the market. These changes would run counter to emerging global norms for legal and transparent trade - as reflected, among others, in the EUTR and the US Lacey Act - and contradict the positive signals Australia has made towards combatting this illicit trade.

The Regulation, which entered into force in 2014, currently provides for a simplified due diligence process for importers who chose to use voluntary certification schemes or Country Specific Guidelines. Further, it provides additional flexibility by only requiring them to capture information that is "reasonably practicable" to obtain. The "deemed to comply arrangements" as proposed in the November 2016 consultation paper would not simplify, but entirely undermine the affirmative obligation of due diligence in such cases. Furthermore, it would negate the benefit to investor of accessing reliable and comparable data required for risk management and fiduciary duty purposes.

The Act and its implementing Regulation are the result of many years of consultation and negotiation between stakeholders and now must be fully implemented and enforced. We commend the Australian government for assisting companies adjust to the new legislation and establish appropriate due diligence systems. However, nearly five years have passed since enactment of the ILPA and the Government should now focus on supporting the responsible

agencies enforce the law in its entirety, and providing businesses with a stable regulatory framework.

We, the undersigned organizations, therefore urge the Australian Government to fully implement and enforce the Act and its Regulation by:

- Immediately ending the “soft start” compliance period;
- Maintaining the existing due diligence requirements. These should not be weakened via proposed “deemed to comply arrangements” for voluntary certification schemes, low-risk countries, Country Specific Guidelines or State Specific Guidelines;
- Maintaining the existing consignment value threshold of \$1000. Proposed increases in the threshold, as well as the exclusion of “personal” imports, will create significant loopholes for the trade in illegal timber;
- Providing adequate support, financing, staffing and training for enforcement and compliance in the respective agencies.

The undersigned organizations have been actively promoting legal and sustainable trade in timber and wood products, or engaged in efforts to combat bribery, corruption, money laundering and illicit financial flows, for many years. We remain committed to supporting the Australian Government in its efforts to end the trade in illegal timber products, contribute to an emerging global norm requiring trade in legal timber, and protect Australian consumers from becoming the unwitting financiers of forest crime.

ActionAid Australia

ActNow, PNG

Agent Green, Romania

Alternatives Cameroon

Animals Australia

AsM Law Offices, Indonesia

Australian Conservation Foundation

Australian Council For International Development

Australian Council of Trade Unions

Biofuel Watch, UK

Born Free Foundation

Bruno Manser Fonds, Switzerland

Centre for Environment and Development, Cameroon

Center for International Environmental Law

Centre for Peace, Ecology and Justice, Columban Mission Institute

Cercle des droits de l'Homme et de développement (CDHD), Republic of Congo

CIEDD, Central African Republic

Client Earth, UK

Conservatree, USA
CRADIF, Cameroon
Denkhaus Bremen, Germany
Derecho, Ambiente y Recursos Naturales (DAR), Peru
Dogwood Alliance, USA
Dynamique des Groupes des Peuples Autochtones (DGPA), Democratic Republic of Congo
Environment East Gippsland
Environmental Investigation Agency
FERN, Europe
Forest Peoples Programme, UK
Forum Ökologie und Papier, Germany
Friends of the Earth Australia
Gippsland Environmental Group
Global Witness
Greenpeace Australia Pacific
Humane Society Australia
Jaringan Pemantau Independen Kehutanan (JPIK), Indonesia
Maison de l'Enfant et de la Femme Pygmées, Central African Republic
Malacca Center, Indonesia
Markets for Change
Milieudefensie, Friends of the Earth Netherlands
Militant pour la Paix et l'Environnement (MPE), Central African Republic
PERAD, Cameroon
Pro Regenwald, Germany
Proetica, Transparency International Peru
Rainforest Action Network, USA
Rainforest Foundation Norway
Responsible Investment Association Australasia
Rettet den Regenwald, Germany
Rubicon Forest Protection Group
Scale Up – Indonesia
Species Survival Network, USA
The Wilderness Society
TRAFFIC
Transparency International Australia
Uniting Church in Australia, Synod of NSW.ACT
Uniting Church in Australia, Synod of Victoria and Tasmania
Uniting Church in Australia, Synod of WA
UnitingWorld
WWF-Australia