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## **Threats from Illegal Logging**

**Ian Macdonald**

*Paper prepared for presentation at the “Forests, Wood And Livelihoods: Finding A Future For All” conference conducted by the Crawford Fund for International Agricultural Research, Parliament House, Canberra, Australia, 16 August 2005*

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**SESSION: MEETING THE DEMAND FOR  
FORESTS AND FOREST PRODUCTS TO 2020:  
ISSUES FOR DEVELOPMENT AND AUSTRALIA**

## **Threats from Illegal Logging<sup>1</sup>**

**SENATOR THE HON. IAN MACDONALD**

The organisers of this seminar have asked me to discuss illegal logging, a topic of concern for the Australian Government and the focus of unprecedented political and media attention around the world.

Illegal logging is considered to be rampant across the globe — from the far reaches of Siberia to the tropical forests of the Amazon basin — but, not surprisingly, reliable statistics are hard to come by.

Illegal logging can cause environmental degradation and biodiversity loss. It damages the livelihoods of people who live in and depend on forests. Governments of developing nations lose valuable revenue because of it, and it distorts international trade in forest and wood products.

SENATOR IAN MACDONALD is the Commonwealth Minister for Fisheries, Forestry and Conservation. He was first elected as a Liberal Senator for Queensland in 1990, and was re-elected in 1996 and in 2001. In the second Howard Government, Senator Macdonald was the Minister for Regional Services, Territories and Local Government and prior to that was the Parliamentary Secretary to the Minister for the Environment. He was first sworn in as an Executive Councillor in November 1996. In Opposition, Senator Macdonald was at various times the Shadow Minister for Infrastructure, Local Government, the ACT, and Regional Development. He is currently a member of the Murray Darling Basin Ministerial Council, National Ocean's Ministerial Board, and the Natural Heritage Trust Ministerial Board. He chairs the Forest and Wood Products Council and is also a member of the Primary Industries Ministerial Council and the Natural Resource Management Ministerial Council.

### **Causes of Illegal logging**

Illegal logging has many causes. They include unclear or poorly enforced forest tenure arrangements, corruption, inadequate natural resource planning, lax enforcement of laws and regulations, inadequate capacity and inadequate resources in forest agencies, and civil unrest. In our region, tropical forests, like those of New Guinea, Borneo and Burma, are famed for their abundant biodiversity and unusual plant and animal species. They are also the home to a wide range of indigenous peoples whose livelihoods depend upon the forests. The island of New Guinea alone contains some 5% of the world's plant and animal species, two-thirds of which are endemic. Unfortunately, many of these forests are in danger of being lost to illegal logging to satisfy an ever-increasing demand for timber and wood products.

The Australian Bureau of Agricultural and Resource Economics (ABARE) says that wood demand is rising by about 2.3% each year in Australia, and in Asia by about 5%. The Food and Agriculture Organisation has predicted total global wood demand will have grown by 40% between 1993 and 2010. I think you will agree that that is a major driver for illegal logging.

### **Scale of illegal logging**

The World Bank estimates that illegal logging costs timber-producing countries somewhere between AU\$17 billion and \$25 billion a year in lost revenue. And, if that's not enough, illegal logging practices can be injurious rather than beneficial to poorer regional communities.

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<sup>1</sup>This is an edited version of the Minister's speech

Research by the American Forest and Paper Association suggests that illegal wood and wood products depress world prices by between 7% and 16%. As much as 17% of global hardwood roundwood exports and some 23–30% of hardwood lumber and plywood traded globally are of suspicious origin.

The Indonesian Government's efforts to address the problems associated with illegal logging are, indeed, encouraging. However, there are suggestions that Indonesia has the world's highest rate of illegal logging — close to 60% of total timber production. This is particularly concerning because Indonesia accounts for about one-quarter of the world's tropical wood production.

## Australian options

As a government, we reflect the views of the wider public as well as the industry, and the consensus is that imports of illegally obtained or unsustainably managed timber and timber products are unacceptable. That's why, before the last election, our government committed itself to working with major Australian timber wholesalers and retailers to examine options consistent with our international obligations to encourage wholesalers and retailers to ensure that the timber they sell is from forests sustainably managed.

We wanted to ensure that the increasing protection of Australia's high-conservation forests did not result in increased demands for unsustainably-harvested rainforest timbers from overseas. The 'instant fix' would have been to enact legislation banning imports of illegally harvested timber but, of course, making any such legislation effective and efficient would be the real challenge.

How should we define, for example, what is unsustainable or, for that matter, what is illegal? Australia doesn't want to set a dangerous precedent that other countries could use to stop or regulate our exports of timber, or agricultural products, or other products based on our production methods.

The extent of Australia's imports of illegal timber is likely to be very small. We consider only about 9% of imports of wood and wood products are likely to have come from illegal sources. This small volume, relative to global trade, obviously limits our capacity to influence world demand for illegally-sourced timber. If we were to restrict our

imports it would simply result in these products being directed to other markets.

Greenpeace, which, in this instance, supports the Howard Government, tells me that it is very easy to ban imports of illegal, unsustainably-logged timber — all we have to do is get the chain of custody right. I certainly agree with Greenpeace on that, but, so far, neither they nor my Department have come up with the magic solution for determining the chain of custody pathway, particularly as this would principally involve work and activity beyond Australia's shores.

## Action

Recently, at Gleneagles, the G8 leaders committed themselves to encouraging public timber procurement policies that favour legally sourced timber. They also agreed to help producer countries tackle illegal logging through combating corruption and strengthening law enforcement.

Worldwide certification of forests is one way to ensure there is an almost level playing field in the global trade in timber. But, at present, there is a lack of credibly certified wood from countries of concern. To achieve worldwide certification we need to work with countries and international agencies to build their certification capacity. The International Tropical Timber Organization's recent workshop on Phased Approaches to Certification is one example of an activity to help developing countries take a step-by-step approach to improving their forest management.

In Australia, the Australian Forestry Standard (AFS), which has the backing of all states and, indeed, the Australian Government, is now mutually recognised by the Programme for Endorsement of Forest Certification (PEFC). AFS-certified forests can use the PEFC logo to promote their sustainability credentials. To date, almost seven million hectares of Australia's production forests are certified by AFS, and about half a million hectares by the Forest Stewardship Council.

Recent AFS certification in Queensland of almost four million hectares means that more than half of AFS-certified forests are in my home state of Queensland. On current trends, more than 75% of Australia's production forests will be certified by AFS by 2010.

The AFS certification process is rigorous and independently reviewed, and it gives consumers confidence in what they purchase. As more and more Australian forests are certified we believe that we'll be in a better position to take a stronger international stance against suspiciously-sourced timber suppliers.

My Department recently met with stakeholders to consider parameters and options for implementing our election commitment on illegal logging. I have asked my Department to continue working closely with the industry and NGOs to further develop policy options, and to work with the Department of Foreign Affairs and Trade, and the Department of Environment and Heritage, to prepare an implementation strategy. It is not going to be easy — we know what we want to do, and although being able to do it exactly as we wish is very difficult, we'll continue to work at that. We will also continue working with the international community, including through the Forest Law Enforcement and Governance process, to achieve firmer certification and labelling-based regional approaches to help deter illegal logging.

## Conclusion

The participation in this conference — by both outstanding speakers and the audience — does reflect a serious commitment and level of interest in issues associated with sustainable forest management.

I particularly thank the Crawford Fund for choosing forests as the theme for this year's Crawford Fund Conference. The Fund does play a very important part in broadening Australia's engagement in international agricultural research and development, and education, in the region and around Australia. A forest theme rightly raises the profile of the diverse benefits stemming from forestry for developing nations and for communities everywhere.

I echo the sentiments expressed by my colleague Alexander Downer in his opening address, and acknowledge the dedication and efforts of Tim Fischer in his six years as Chairman of the Crawford Fund. It is indeed pleasing to see Neil Andrew, a person who has a very extensive background in agriculture, and a keen interest in aid and development, stepping in to fill Tim's very substantial shoes!

Forums like this are a very important part of defining the future and direction of forestry in this region, and the Australian Government appreciates your involvement in that process.