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Demonstrating legal wood products: Industry benchmarking: Part II - pulp & paper, wood furniture and other wood products

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Demonstrating legal wood products: Industry benchmarking: Part II - pulp & paper, wood furniture and other wood products

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Executive Summary

This report is the second part of the output of the first stage of the project *Demonstrating legal wood products - Industry benchmarking and Due Diligence Guidance*. The report discusses current due-diligence practices undertaken by number of Australian regular importers of a range of wood-based products.

A total of thirty-eight Australian small, medium and large importers were interviewed. Most of them are regular importers who import the following categories of wood products; pulp, paper products, solid wood and upholstered wood furniture, wood barrels, wood blinds and shutters and engineered wood flooring.

To obtain a selection of reasonably representative companies for interview from the nominated sectors data was obtained on the value of imports in the wood product categories and the number of interviews divided equally among the categories. With that it is not claimed that this report is representative of practices of all those importing these wood products as interviews were only conducted with those who were willing to be interviewed.

Awareness of the Illegal Logging Prohibition Bill varied across all sectors interviewed. It was highest in the pulp and paper sector where seven of nineteen pulp and paper companies knew of the Bill. Only two of thirteen firms importing wood furniture knew of the Bill.

The importers interviewed undertake a large range of formal and informal measures to ensure their wood products meet their published or internal policy objectives. Most companies interviewed undertake some components of due diligence activity in sourcing imported wood products, for example; information gathering is a normal part of conducting their business. Within the pulp and paper sector the main driver for sustainable, legally sourced and/or "non-controversial" policies and practices is demand by major customers who want to minimise risk to their corporate reputations and/or brands. As the demand is much wider than proving legality, the main practice employed is Chain of Custody certification to one or both of the internationally recognised standards of the Forest Stewardship Council and/or those endorsed by the Programme for Endorsement of Forest Certification including the Australian Forestry Standard.

The recent activities of the group Markets for Change made furniture importers very sensitive to requests for interview on the subject of the legality of the wood used in their furniture. External drivers for sourcing sustainable and/or legally sourced timber are weaker in the wood-based furniture importers sector. The primary driver in this sector is companies own values or ethics. The main practices employed by furniture importers are using single, stable reputable suppliers and regular visits to their suppliers. Many furniture importers' suppliers are also supplying European and US customers. By the time the Australian requirements come into effect most suppliers will be familiar with European Union requirements. However a brief explanation would also assist Australian importers.

The wood barrel wholesalers interviewed either import sawn timber of *Quercus* (Oak) species for the production of barrels in Australia or complete wood barrels made from *Quercus* species directly from France and the United States. Their practices include PEFC certification for timber from France and the use of in-house timber sourcing experts in the United States. The major importer of timber shutters and blinds interviewed imports finished products from a single supplier in China. The supplier has Chain of Custody to FSC standards for all products supplied to Australia. The two major importers of engineered wood flooring

principally imported flooring produced in Malaysia with the top layer comprised mainly of *Eucalyptus* species from Australia and *Quercus* species from the United States. These large companies have Chain of Custody certification for some of their product where there was demand for it. The one small engineered wood flooring importer interviewed imported a large range of product produced in China from a large range of species which are harvested in South-east Asia and South America regions. The company was unable to provide any details on policies or practices.

Due –diligence guidance and tools requested include simplified prescriptive guidance i.e. do’s and don’ts under the regulations, ongoing consultation on the development of regulations, and guidance on risk and acceptable legality mitigation documentation.

Abbreviations

AFS	Australian Forestry Standard (Australian PEFC endorsed SFM scheme)
CERTFOR	Certified Forests (Chilean PEFC endorsed SFM scheme)
CITES	Convention on International Trade in Endangered Species
CoC	Chain of Custody
FMU	Forest Management Unit
FLEGT	Forest Law Enforcement, Governance and Trade (European Union programme)
FSC	Forest Stewardship Council
HS	Harmonized System
HTS	Harmonized Tariff Schedule
ILP Bill	Illegal Logging Prohibition Bill 2012
KAN	Komite Akreditasi Nasional (Indonesian National Accreditation Committee).
LEI	Lembaga Ekolabel Indonesia (Indonesian Ecolabel Scheme for sustainable forest plantation management)
MTCS	Malaysian Timber Certification Scheme (Malaysian PEFC endorsed SFM scheme)
MTIB	Malaysian Timber Industry Board
OLB	Origine et Légalité des Bois (Timber Origin and Legality)
PEFC	Programme for Endorsement of Forest Certification
PNG	Papua New Guinea
SPF	Spruce Pine or Fir
STIDC	Sarawak Timber Industry Development Corporation
SVLK	Sistem Verifikasi Legalitas Kayu (Indonesian Timber Legality Assurance System)
SFI	Sustainable Forestry Initiative (North American PEFC endorsed SFM scheme)
SFM	Sustainable Forest Management
TDA	Timber Development Association (NSW) Ltd
TLAS	Timber Legality Assurance System
TLTV	Timber Legality and Traceability Verification
VLO	Verified Legal Origin
VLC	Verified Legal Compliance

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Introduction

This project represents the second part of the first stage of a project to develop due-diligence guidance material for Australian industry to meet proposed regulations on the Illegal Logging Prohibition Act 2012.

This report is the result of an investigation into the current due-diligence activities undertaken by a section of Australian importers and domestic processors of pulp and paper products, wood-based furniture and a range of other products being imported into Australia.

Background

At the time of this research the Australian Parliament was in the process of passing legislation on prohibiting wood products being placed on the Australian market that are from illegally logged sources. The legislation before Parliament, the Illegal Logging Prohibition (ILP) Bill 2012, also has requirements for due-diligence for importers of many wood products, and all processors of raw Australian forest logs. These due diligence requirements will be required to be implemented by may wood product importers and domestic raw log processors two years from the date of Royal Assent of the Bill.

A review of the extensive Australian and international research literature on this subject has found that due diligence, or a due care, is a key component of industry endeavours to prevent sourcing illegally harvested wood entering their supply chain. Many major European countries, the United States and Japan already have this in place. Some of these are solely company initiatives (through procurement policies and practices) or via their trade associations through industry procurement policies and/or Codes of Conduct (e.g. Netherlands, UK, French Timber Trade Federations, Quebec Wood Export Bureau).

In addition many countries have introduced legislation to prohibit placing of illegally logged wood products onto their markets. Due diligence or due care are key components of these legislative approaches. Due diligence activity will be mandatory for importers of most wood products into European Union member countries, from the 2nd March 2013. In the United States, under Lacey Act amendments, being able to demonstrate due care when importing wood products, sharply reduces a company's exposure to penalty if subsequently they are found to have imported illegally harvested wood products.

In 2006, a review of practices employed by Australian sawn timber and panel importers by the Timber Development Association (TDA 2006) found that many importers of sawn timber and wood panel already undertook due diligence activities, mainly using in-house developed systems, to minimise risk of purchasing illegally harvested wood products, but lacked the ability to benchmark their activities against others.

With the introduction of the Illegal Logging Prohibition Bill into parliament and its likely passing into law the Australian timber and wood products industry agreed to invest develop guidance and tools on due diligence for Australian importers and domestic processors. As the precise requirements where still unclear it was decided that a first stage of the project would be to develop a better understanding of what current practices were among importers of sawn timber, panel, veneers and windows and doors as well as domestic processors of raw logs into sawn timber. A second stage, development of due diligence tools and guidance, would only be undertaken if the Bill was passed by the Australian Parliament.

After the completion of interviews, additional funding was secured for an extension of the project to cover pulp & paper, wood furniture and selection of other wood products; ence this survey and report.

Specific due diligence requirements will be developed by the Australian Government, in consultation with a range of stakeholders, as part of a regulation development process with the final regulations to be put to the Australian Parliament by June 2013.

The development of due diligence guidance and tools as part of the second stage of this project will align with this regulation consultation process and will be finalised once the specific due diligence requirements are known.

Methodology

The scope of this survey was limited to thirty-five interviews in total. To obtain a selection of reasonably representative companies for interview from the various nominated sectors the following methodology was used.

Import value data from the year 2008 was used to indentify representative categories of wood products. The source of this information was from the report from Poyry (2010) *Legal forest products assurance – a risk assessment framework for assessing the legality of timber and wood products imported into Australia.* This report provided import data down to 6 digits for Harmonized Commodity Description (HS) code level. For other categories, additional import data from 2008, down to 4 digit HS code, was provided by Federal Department of Agriculture, Forestry and Fishery (DAFF).

The criterion for interview targeting was at least one interview for every $150 million value of wood product imports. Or if the sector had import value below $150 million and above $40 million, at least one company importing that product would be interviewed.

Desktop research was then undertaken on companies that may import those products and a list of large, medium and small importers were collated. The base state for the business was also a consideration so a reasonable cross–section of businesses from across Australia where interviewed.

A list of these companies proposing to be surveyed was submitted to industry associations and selected paper and furniture industry experts for comment and advice. Adjustments and additions were made to the proposed list of companies for interview. These experts requested anonymity.

A survey form (Appendix 1) based on survey form for the survey for Part I was prepared and companies contacted for a request for an interview.

A combination of face-to-face meetings and telephone interviews were conducted. At face-to-face interviews consultation documents on aspects of the proposed regulations prepared by the Department of Agriculture, Fisheries and Forestry (DAFF) were provided to facilitate discussion. These documents were:

- Draft list of regulated timber products for consultation
- Draft due diligence principles for consultation
- Guidance document for the draft Australian due diligence principles
- Draft statement of compliance.

It quickly became apparent that, unlike the timber, panel and veneer sector companies interviewed in Part I of the research, many of those companies interviewed had no pre-existing knowledge of the ILP Bill. It was also apparent that many companies, particularly in the furniture import sector, were not keen to be interviewed. A two-page Briefing Note explaining the ILP Bill and TDA's project and an email promising confidentiality were prepared and sent to potential companies to be interviewed. A copy of this Briefing Note is attached in Appendix 2.

As the results were very diverse between sectors, this report is structured into four main sections:

- Section 1: Overall results
- Section 2: Pulp and paper product importers
- Section 3: Wood furniture importers.
- Section 4: Other wood product importers

Note on terminology

Throughout this report the term wood products is used to encompass all wood-based products derived from forests such as pulp, paper, wood furniture, engineered flooring, wood barrels, and so on.

Survey questions

Once a list of importers into Australia and domestic processors was determined, a list of questions was drawn up to enable the information required for the project to be gathered. The list of basic questions asked was as follows:

- Background information on company.
- The key product lines imported.
- Does the company have policies/practices to determine the legality of timber imported or processed?
- What is the key driver for the policy and/or practices?
- If there is a policy or practice, what are the practices?

These questions were used as a guide to steer the interview/conversation only. A sample interview proforma is provided in Appendix 1. In many cases, once an interview was agreed to, companies were very happy to relay information regarding their activities with regards to policies and practices to determine sustainable or lawful wood product imports. Some importers were reticent to be interviewed or talk about particular details. This reticence was most pronounced among wood furniture importers and is discussed in that section.

This report is a blind survey, meaning that the views and answers given to questions by the importers that were surveyed are not attributed to any individual company or individual.

Overall Results

A total of thirty-eight companies were interviewed. Three more companies than in the original scope of thirty-five were interviewed as a number took significant time to agree to be interviewed. By the time agreement was given, other companies had been contacted in that category and interviews conducted. Given the effort they had taken to get approval internally, it was considered appropriate to proceed with an interview.

Nineteen of the companies interviewed import pulp and paper products. Three of the nineteen pulp and paper importers import a significant volume of pulp products and two of those nineteen interviewed also process domestic logs into paper products. Thirteen wood furniture importers and six importers of other wood products were also interviewed.

Background information

Each company was asked a suite of key questions to initiate some discussion as to the relevant background of the company. Useful background information was their previous awareness of the ILP Bill, the size of the company, whether it was a private or public company and any membership of industry associations. These questions were asked to assist development and dissemination of guidance and tools in Stage II of the project.

Awareness of ILP Bill

Awareness of the ILP Bill was low across all sectors, refer Figure 1. Overall only 11 companies knew of the ILP Bill before being contacted. Awareness was highest among pulp and paper sector (seven of the nineteen interviewed) and lowest among wood furniture importers (only 2 of thirteen interviewed). Two the companies who imported other wood products, engineered flooring new of the Bill while four companies had not heard of the Bill.

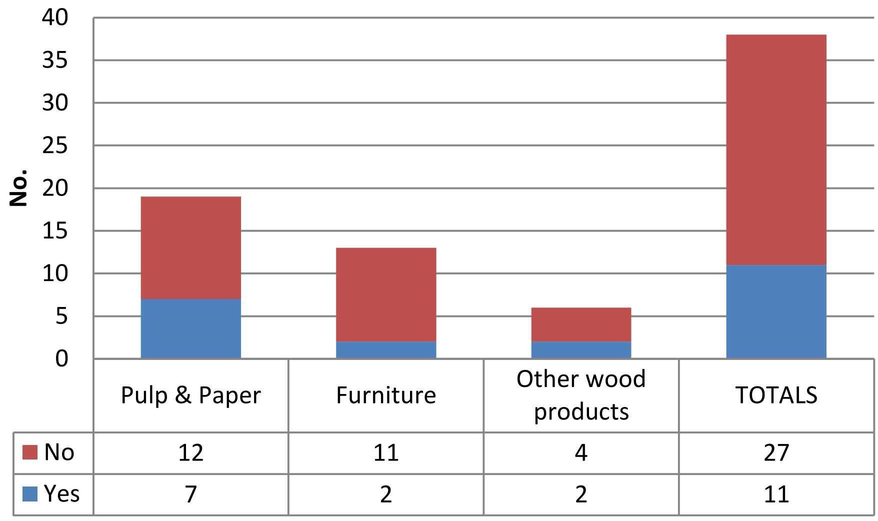
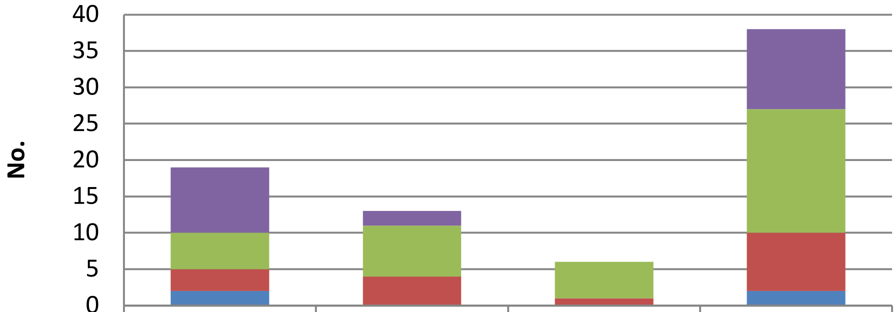


Figure 1: Awareness of ILP Bill by Sector

Size of Companies

Using the Australian Bureau of Statistics definitions a range of micro-firms (<5 employees) small firms (5-19 employees), medium-sized firms (20-200 employees) and large firms (>200 employees were interviewed. A large proportion of the pulp and paper firms employed more than 200 people. See Figure 2 below.

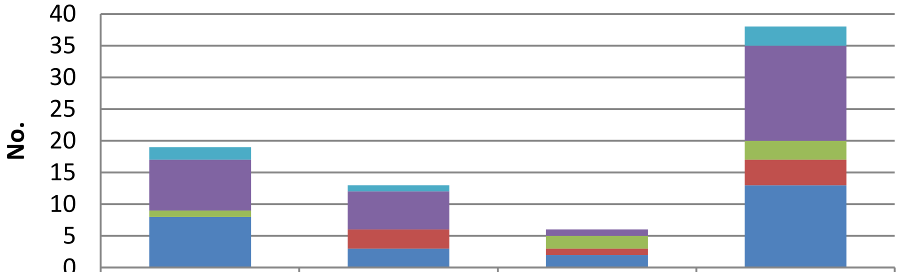


	Pulp & Paper	Furniture	Other wood products	TOTALS
>200	9	2	0	11
20-200	5	7	5	17
5-19	3	4	1	8
<5	2	0	0	2

Figure 2: Size of Company by Employeed Staff

Head Office Location

The firms interviewed were based in five states, see Figure 3 below. Many companies distribute products to other states and territories and their head office is used as their base. The majority of interviews were with firms based in Melbourne as the furniture industry has a large presence in that state.



	Pulp & Paper	Furniture	Other wood products	TOTALS
WA	2	1	0	3
VIC	8	6	1	15
SA	1	0	2	3
QLD	0	3	1	4
NSW	8	3	2	13

Figure 3: State of Companies Head Office Interviewed

Ownership

The majority (twenty-five of the thirty-eight firms interviewed) are privately-owned. The proportion of publicly-owned corporations is highest among pulp and paper companies interviewed. See Figure 4 below.

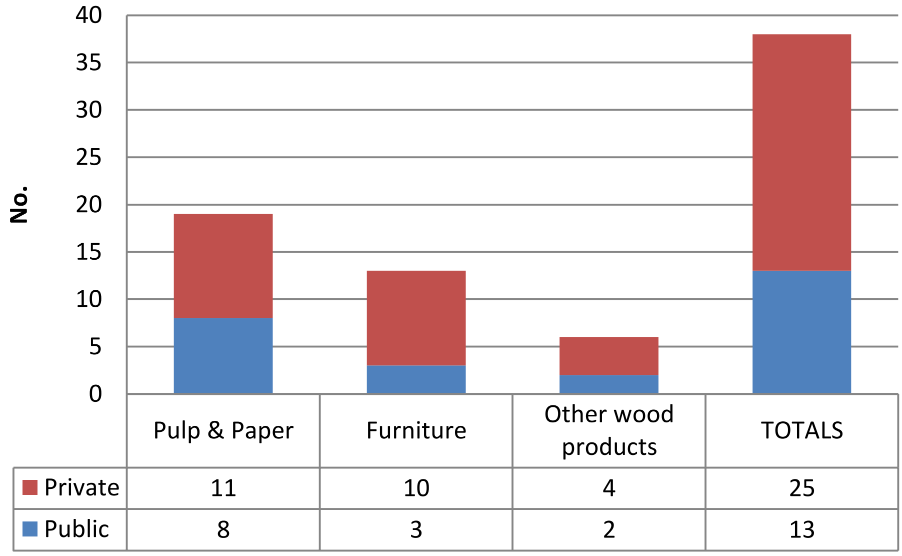


Figure 4: Public or Private Ownership

Pulp and Paper Sector

Background

A total of nineteen pulp and paper companies were interviewed.

Awareness of ILP Bill

Awareness of the ILP Bill was reasonable in this sector with seven of the companies being informed about the Bill before being contacted. It was surprising that some staff within large public multi-national firms were not aware of the Bill.

Industry Association Membership

Membership of industry associations was very diverse and generally followed the type of product sold. See Figure 5 below.

Membership of the Australian Printing Industries Association (APIA) was highest with 6 companies interviewed followed by membership of Two Sides, a relatively new organisation, with five companies interviewed. Membership of APIA and Two Sides are generally by companies importing printing and writing paper grades. Those importing tissue and sanitary pulp and paper grades are generally members of the Australian Food and Grocery Council (AFGC). The importer of newsprint interviewed was a member of the Publishers National Environment Bureau (PNEB) and an importer of pulp for production of fibre-cement is a member of the Housing Industry Association (HIA). A full list of industry associations is provided in Appendix 3.

The diversity illustrates the difficulty of working with one or two industry associations to disseminate information about the Bill, future due-diligence requirements and distribution of due-diligence guidance and tools.

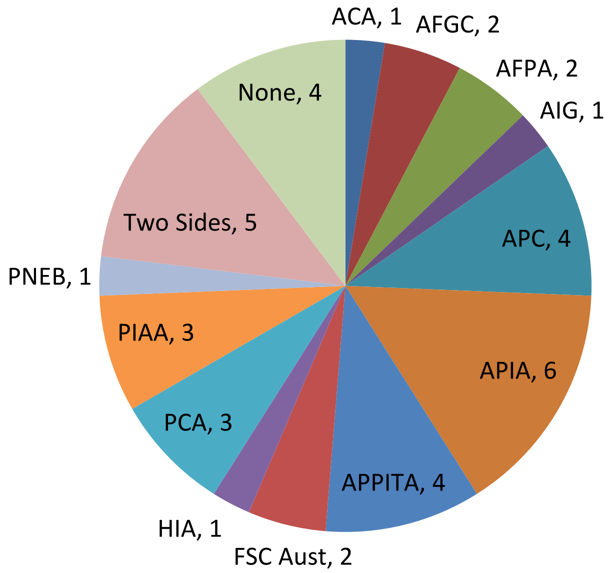


Figure 5: Association Membership of Interviewed Companies

Source of Pulp and Paper

The companies interviewed sourced pulp and paper from a large number of countries and regions around the world, including Australia. See Figure 6 below. Note that this represented the source of manufacture and may not necessarily represent the country of harvest. Pulp and paper mills are either integrated or non-integrated mills. Integrated mills are located at or near their source of fibre. Non-integrated mills are not located near their source fibre and import fibre sourced from international markets.

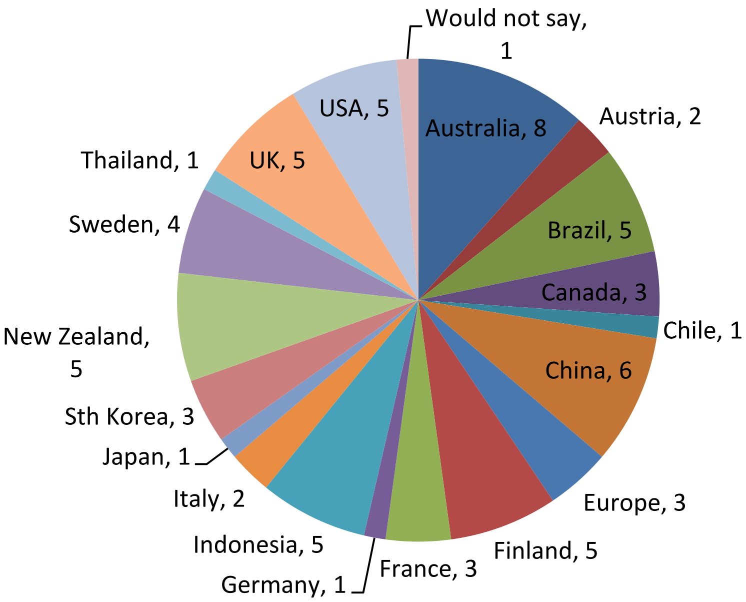


Figure 6: Country of Origin for Pulp and Paper

A small number of companies (three) sourced product from a large number of different countries. These companies import and distribute a large range of printing and writing as well as packaging paper grades. The majority of companies (thirteen) interviewed import from five or fewer countries. Only three have their fibre sourced from a single country. See Table 1 below.

Table 1: Number of Countries Pulp and Paper Products Sourced From

1 country	2-5 countries	6-10 countries	11-15 countries
4	12	2	1

Type of Pulp and Paper Imported

Some firms interviewed import a small number of paper products whilst others had a quite diverse range. Table 2 shows the number of firms importing against the different pulp and paper types as defined in the HS code. Where possible, the 6 digit HS code is given.

Table 2: Number of Companies per HS Code

HS code and category	No of firm interviewed that import pulp and paper in this category
47.03 Chemical pulp	3
48.01.00 Newsprint	1
48.02.56 Sheets 40-150 GSM (small inc. A4)	5
48.02.57 Sheets 40-150 GSM (large)	6
48.02.61 Rolls	5
48.03.00 Toilet or facial tissue stock	5
48.04.11 Uncoated kraft, Unbleached kraftliner	6
48.04.39 Uncoated kraft Other kraft paper and paperboard weighing 150 g/m2 or less: -other	5
48.05 Other uncoated paper	1
48.10.13 writing/printing in rolls <10% mechanical	5
48.10.19 writing/printing in large sheets <10% mechanical	5
48.10.22 lightweight writing/printing >10% mechanical	5
48.10.29 writing/printing >10% mechanical not lightweight	5
48.11.41 Adhesive paper	3
48.11.90 Other paper, cellulose fibre	4
48.13 Cigarette paper	0
48.17 Envelopes, postcards	1
48.18.10 Toilet paper	3
48.18.20 Face tissue and towels	3
48.18.40 Sanitary napkins, tampons	3
48.19.20 Folded non-corrugated boxes	4
48.19.40 Paper bags <40cm base	3
48.20.10 Notebooks, receipt books, diaries etc	2
48.23.69 Paper plates, trays, cups	2
48.23.90 Other - e.g. calendered	3

Policy & Drivers

Fifteen companies interviewed have a policy to commit to sustainability and/or legality of their pulp and/or paper. Of these ten are published on their websites, while five have written policies which are internal documents or provided on request to interested parties. Only three of the interviewed companies had no policy at all. One of these companies with no policy was importing pulp from a FSC CoC certified source while the other, a family owned company, had both FSC and PEFC CoC certification for over 95 per cent of products they imported. One company imported only nappies and feminine hygiene products so did not feel it was necessary to have a policy. Refer Table 3 for a summary of the forms of policies in this sector.

Table 3: Status of Policies in the Pulp and Paper Sector

Published	Unpublished/written	Unwritten	None
10	5	1	3

The two main drivers cited by this sector for policies and practices are protection of reputation and specific market demands. Specific markets demand was mainly the derived from their customers, or “customers of customers”, requiring evidence that the products they were purchasing where sourced from sustainable and/or “non-controversial” wood fibre.

Specific companies mentioned as driving the demand where public corporations such as Wesfarmers and Woolworths, and their various sub-companies; large brand owners of packaged consumer goods and so on. These companies have their own reputations to protect and are driving transparency and “non-controversial” wood supply down to their suppliers.

The term “non-controversial” was cited by a number of companies. This term is used in the PEFC CoC standards. Many companies have their own definitions of what “non-controversial” fibre means. These definitions are broader than the definition provided in the PEFC CoC standards and may include not obtaining fibre from high conservation or “controversial” forests.

Four companies cited competitive advantage as a driver and the same number, but different companies, cited environmental non-government organisation (ENGO) pressure. Of the three companies citing ENGO pressure as a driver, three companies use Australian sourced fibre and one is an importer of paper product from Asia.

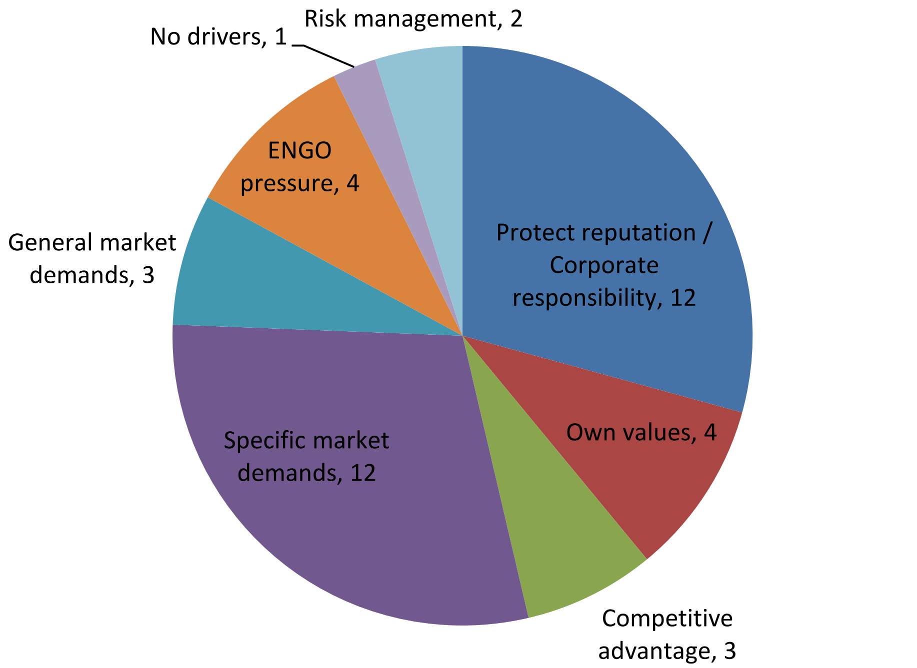


Figure 7: Specific Drivers for Policies and Practices

Key Practices

A number of practices are used by pulp and paper importers and domestic processors of raw logs however the overwhelming practice employed in this sector is CoC certification to FSC and/or PEFC standards. A large majority (fourteen fourteen of the nineteen interviewed) of companies cited this practice. See Figure 8. Two companies cited that dealing only with reputable suppliers was their key practice. Regular supplier site inspections and having a skilled in-house sourcing team were each cited by one company. One company cited that they had no key practice.

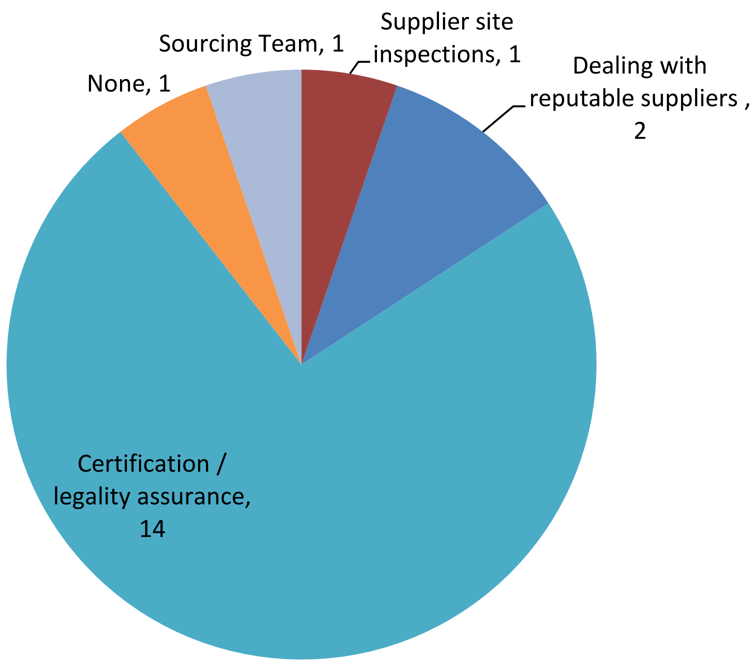


Figure 8: Key Practices of Pulp and Paper Sector

Certification/ Legality Assurance

Fourteen of the companies interviewed were CoC certified. Nine of these had CoC certification to both FSC and PEFC. Five companies had no CoC certification at all. Of the four companies without certification, their reason offered why they have no CoC certification was that they purchased fibre solely from recycled or certified sources and, as there was no demand from the market, they did not need CoC certification. One company without CoC certification, importing nappies and feminine hygiene products, some of which include wood pulp, did not know where the pulp was sourced from. See Table 4.

Table 4: Number of Companies Interviewed and Type of CoC Certification

FSC	AFS/PEFC	Both	Neither
11	13	9	5

In addition to certification to the main SFM standards, a few companies utilised other legality assurance schemes. Two companies, sourcing paper from Indonesia used certification to the LEI (Lembaga Ekolabel Indonesia or Indonesian Ecolabel Scheme for sustainable forest plantation management) and, more recently, the SVLK system (Sistem Verifikasi Legalitas Kayu – the Indonesian Timber Legality Assurance System). One of these companies also used OLB (Origine et Légalité des Bois - Timber Origin and Legality) legality assurance system developed by Bureau Veritas.

Guidance or Tools Needed

This sector is self-sufficient in terms of legal advice as they have to respond to a whole host of legal and customer requirements. Most companies have the capacity and resources to respond.

Regarding guidance and tools six companies interviewed where able to suggest specific guidance and tools, that industry or anyone else could provide this sector in summary could anticipate a need to meet future due-diligence requirements. These where:

- FAQs
- Forums - Association Driven
- Training of advocates around legality
- Education kit including a PowerPoint with the basic elements of the Act and company requirements
- Simple what do you do / Do’s and Don’ts
- Country / supply chain risk assessment guidance
- List of acceptable legality verification systems.
- Ongoing consultation.
- Keep in touch.

Findings

Among the pulp and paper importers interviewed the following findings can be made:

- There is reasonable knowledge among pulp and paper importers of the ILP Bill.
- Current sustainability and legality policies and practices are widespread as market drivers are very strong for many importers.
- The purchasing policies of large public corporations are driving sustainable sourcing policies and practices.
- The main practice undertaken is CoC certification to either FSC or PEFC standards.

- There is some need for simple material explaining the obligations of pulp and paper importers under the ILP Bill when it becomes law.
- There is some need for further guidance on risk assessment and acceptable risk mitigation documentation.
- Due to the very large diversity in paper product types there is a great diversity in industry association membership. It should not be assumed that current communication forms are effective or that information provided to industry associations to disseminate to their members finds its way effectively to paper importers.
- It may be more effective to work with paper mill agents and companies with exclusive arrangements with overseas paper mills to communicate with importers.

Wood Furniture

Background

Thirteen interviews were conducted with companies importing a large range of solid wood furniture as well as furniture parts and furniture with wood frames.

Awareness of ILP Bill

Within this sector there is a very low level of pre-existing knowledge of the ILP Bill, with only two companies interviewed being aware of it. This made it very difficult to secure interviews as many felt the request for an interview had come “out of the blue”. At that point when the interviews were held, the fact that the Bill was not law, so getting companies to commit to interviews was even more difficult.

The other issue that made it complex was the campaign by the group Markets for Change in targeting the major furniture retailer Harvey Norman and their supply chain, for utilising timber from native forests in Tasmania. Part of the campaign by Market for Chain was a public report “exposing” Harvey Norman’s suppliers in Australia and China using timber sourced from Tasmania. Many importers, and domestic furniture manufacturers, supply Harvey Norman as Harvey Norman do not directly import themselves. As a result of this public campaign, their major suppliers, and their major competitors, were reluctant to be interviewed due to potentially exposing information about their supply chains.

Despite the difficulties thirteen furniture importers where interviewed. A number of furniture importers, import only one wood furniture products. Most import a small range of timber furniture. One firm imports products in thirty-five HS tariff codes.

Industry Association

Three companies interviewed were members of the Furniture Industry Association of Australia (Vic/Tas). One Queensland Company is a member of the Timber and Building Materials Association of Australia (TABMA). The remaining interviewed companies did not nominate they had any membership of any other industry association.

Source of Furniture

Six of the companies interviewed imported furniture from China. Three of these companies were importing furniture made from Australian hardwood exported to China. Three companies imported solely from Indonesia and two imported from Malaysia. One company imported high-end residential furniture from Italy and Germany. Another imported high end commercial furniture from six different countries, refer to Figure 10. One company imports furniture from thirty-five different countries of manufacture. This company did not provide details on those countries and has been excluded from the Figure 10.

When questioned on the origin of timber used in the manufacturer of the furniture, other than the importers that they used Australian timber, most could not identify where the wood actually came from. This was particularly mentioned for wood in furniture frames in sofas.

Table 5: Number of Countries Wood Furniture Sourced From

1 country	2-5 countries	6-10 countries	11-15 countries	>21 countries
2	9	1	0	1

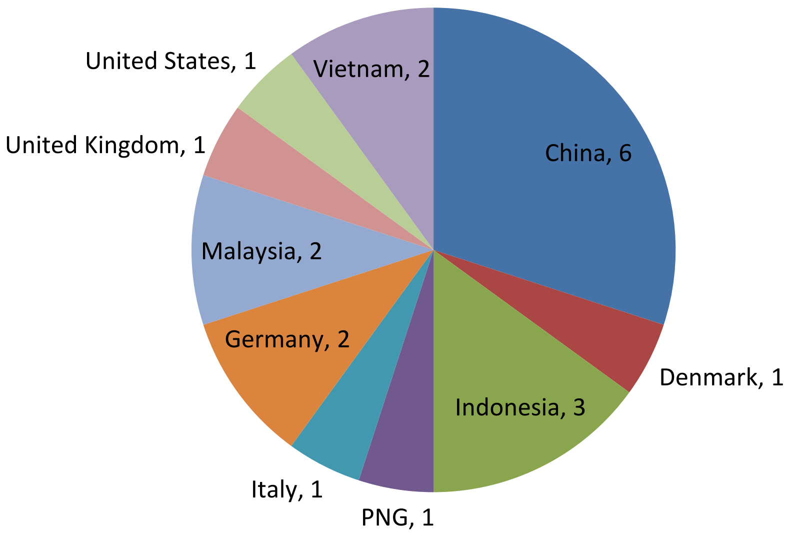


Figure 10: Countries of Manufacture of Timber Furniture

Type of Wood Furniture Imported

Table 6 below indicated the types of wood furniture, using 6 digit HS code, imported by the companies interviewed. The table also included the approximate total value of imports in this category for 2008.

Table 6: Type of Wood Furniture Imported by Survey Respondent and Overall Value

HS code and category	94.01.61 Seats with wooden frame, upholstered	94.01.69 Other seats, wooden frame	94.01.90 Parts of seats excl. those of 94.02	94.03.30 Office wooden furniture	94.03.40 Kitchen wooden furniture	94.03.50.00 Bedroom wooden furniture	94.03.60 Other wooden furniture	94.03.90 Furniture parts
Total Imports 2008 (AUD $m)	479	65	171	67	36	247	462	166
No. interviewed	6	4	3	3	3	6	7	2

Species / Wood Products Imported in Furniture

A large range of species were cited as being used in the furniture imported. Some people were not able to provide full details of species. For example one company importing hardwood framed sofas from Malaysia knew that the hardwood used was meranti (*Shore spp.)* but was unable to provide further details. Also, the species of mahogany used to make furniture imported from Indonesia was not known.

Also companies that use composite wood products such as plywood or veneered or laminated MDF and particleboard, were unable to provide the species making up their imported furniture.

See Figure 11 below. Note that many people were unfamiliar with the scientific names of the timber used in the products they imported. TDA has provided genus and/or species names where common or trade names were provided.

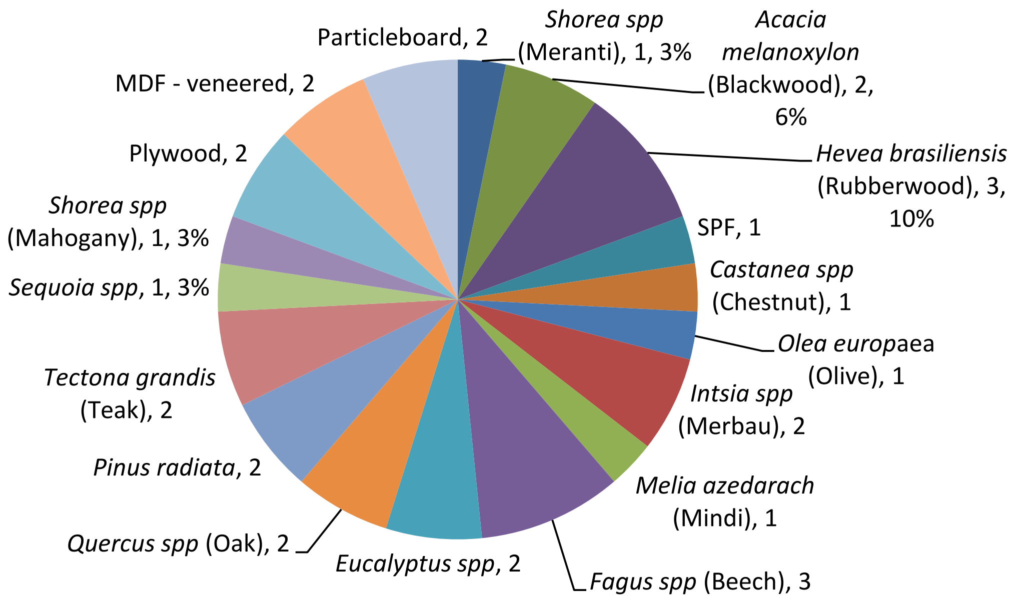


Figure 11: Drivers for Policies or Practices

Policy & Drivers

Six companies have some policy that commits to sustainability and/or legality of their furniture and/or supply. In this sector no companies explicitly mention legality in their policies. The other seven had no policy. Only one company had a published policy and three others have them written but not published. Nine companies either had unwritten policies or none at all. See Table 7.

Table 7: Status of Timber Procurement Policies amongst Wood Furniture Importers

Published	Unpublished/written	Unwritten	None
1	3	2	7

The ethics and values of the company and protection of the reputation of the company were cited by six of those interviewed as drivers for policy and practices. Three firms said there were no drivers; internal or external. Two companies cited that a policy and/or practices gave them an advantage over their competitors. An equal number (two) cited the purchasing policies of Harvey Norman as a specific driver.

One furniture importer cited the requirements of Green Building Council Australia, Green Star points as being the driver for a policy. This importer supplied furniture to commercial furniture suppliers. See Figure 12 below.

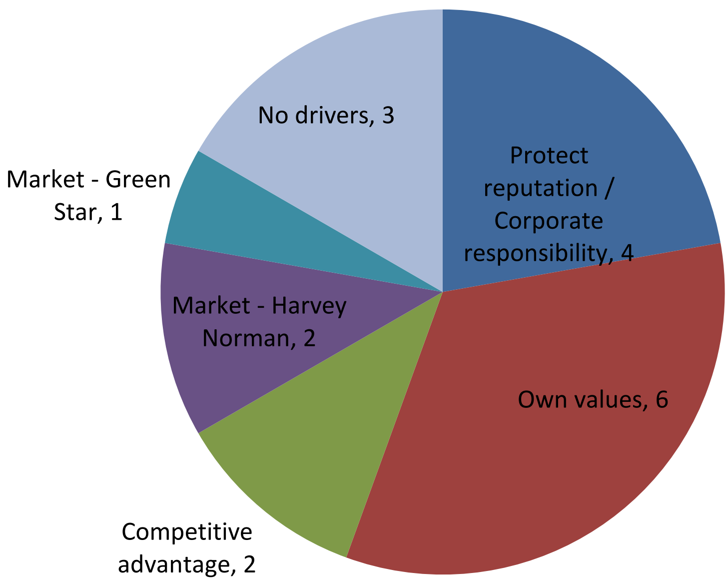


Figure 12: Drivers for Policies or Practices

Key Practices

A variety of practices are employed by furniture importers, refer Figure 13 below.

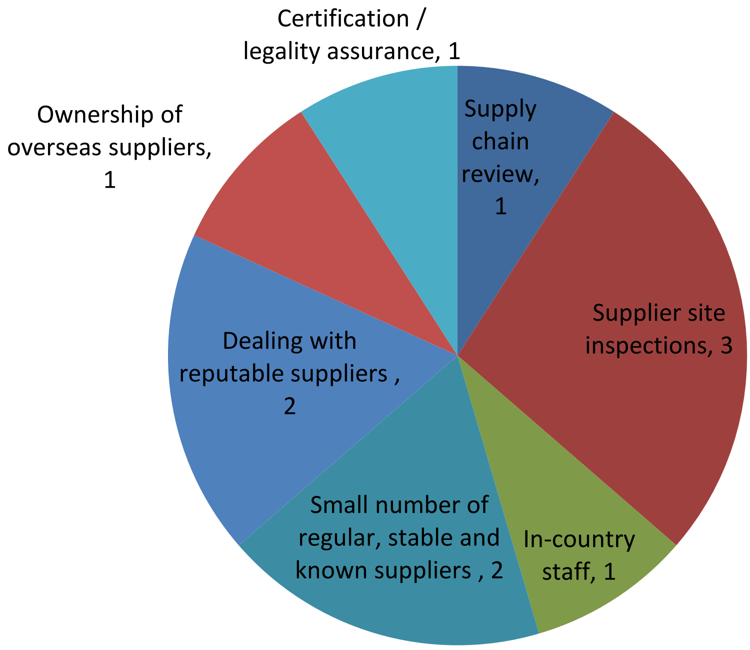


Figure 13: Key Practices Employed by Furniture Importers

The key practices, employed by most five of those interviewed, was is dealing with reputable suppliers or dealing with a small number of regular, stable suppliers. Some importers have had the same suppliers for 25 years. One importer, who purchases from manufacturers in Italy and Germany, said they “Can’t really question them”.

29 per cent of importers cited dealing with reputable suppliers as a key practice. Many companies only had one supplier of product where they would regularly visit the supplier site. 9 per cent of importers had number of manufacturers. This company had no policies but utilised a small number of reputable companies

“We don’t deal in dribs and drabs”

This company was not aware of any legality verification schemes that his suppliers might have access to, however, they were confident they would have no problems under the proposed law. They cited that

“Those importing from Mexico and Vietnam might have a problem”

Two companies imported furniture made from the timber species merbau (Intsia spp), one sourced from Papua New Guinea while the other imported from Indonesia.
One of these importers owns their overseas suppliers and has full control of the supply chain.

One company importing merbau furniture from Indonesia is a member of The Forest Trust (TFT). As part of their membership the TFT assists than analyse their supply chain to minimise risk of any illegally logged wood being used by their furniture manufacturers.

Four of the companies are local furniture manufacturers. Three of these used to exclusively use Australian sourced timber to manufacture furniture however the high cost of local manufacturer has driven them to source timber furniture products from China. The products imported, in all three cases, are timber chairs. These are made from Australian hardwoods, such as Tasmanian Blackwood (*Acacia melanoxylon*), where the timber is exported by sawmills in Australia to furniture manufacturers in China. It was the manufacturers understanding that sawmills supplying the timber to Chinese manufacturers are CoC certified to Australian Forestry Standard CoC Standard. It was not known if the Chinese manufacturers were also CoC certified as there has never been a need to ask and there was no advantage in obtaining full CoC certification.

The other Australian manufacturer interviewed imported chairs, tables and other hard case furniture from Indonesia. All the furniture was made in Java from Mindi wood (*Melia azedarach)* and is imported unfinished, where the final finish was carried out in Australia. This company supplies to a range of high-end furniture retailers. Mindi wood is grown in plantations across Indonesia and are known as the “education tree” as they are harvested to pay for children’s’ schooling. This wood is not certified, while it is low risk from a legality perspective, this company had been made aware of the SVLK system in Indonesia as was keen to know more about this system and possible requirements of the ILP Act.This company also uses American Oak to make furniture. This is purchased from an Australian wholesaler and not directly imported, though it is all FSC certified. The company itself is CoC certified to the FSC standard.

All the other furniture companies interviewed imported finished timber furniture.
Five companies imported wooden framed upholstered seats, including sofas.

One Queensland based company imported furniture from Indonesia and teak (*Tectona grandis*) and mahogany (*Shore spp.),* sourced from Indonesia. Some of the furniture imported also utilised Radiata pine (*Pinus radiata*) sourced from New Zealand.

Certification/ Legality Assurance

Only one company was CoC certified; in this case to the FSC CoC standard. All the American Oak they purchased was FSC CoC certified. They also purchased Tasmanian Oak and this was purchased from PEFC CoC certified sources.

No other furniture importer was CoC certified. However, one company purchased timber furniture that was produced in factories that have CoC certification to either FSC or PEFC standards. Three companies purchased timber furniture that is made from Australian timber supplied by an Australian exporter who is PEFC/AFS CoC certified.

Of the companies importing from Indonesia, one (the same company with FSC CoC certification for *Quercus spp.)* had heard, via his supplier, of SVLK and knew it was coming. No other company was aware of any other legality assurance scheme.

Guidance or Tools Needed

It's fair to say that most furniture importers interviewed were a bit shocked to find out about the forthcoming Bill and consequently struggled to nominate any particular guidance or tools that would be useful. There is also a low level of knowledge about the certification and legality assurance schemes that are currently available. While a risk based approach made sense most struggled with the distant nature of the requirements. Two years seems a long way away when businesses are struggling to make sales.

Having said that there is an obvious need for simple and brief explanations of what furniture importers would be required to do. Also there is a need for risk assessment examples and acceptable risk mitigation actions, including legality assurance documentation.

As many of their suppliers are also supplying European and US customers, by the time the Australian requirements come into effect most suppliers will be familiar with European requirements. However a brief explanation would assist Australian importers and assist them let their suppliers know what to expect.

Findings

Among the furniture importers interviewed the following findings can be made:

- There is very little knowledge among furniture importers of the ILP Bill.
- Current policies and practices are minimal as market drivers are not strong for many importers
- The purchasing policies of Harvey Norman are driving sourcing policies and practices
- The activities of Markets for Change are creating confusion in the marketplace on what constitutes sustainable and/or legal practices.
- There is an obvious need for further guidance on risk assessment and risk mitigation.
- The competitive and secretive nature of the industry is such that guidance will have to be provided by multiple parties that the companies trust.
- Due to the large number of importers that use furniture agents to source products, furniture agents could be utilised as a means of information dissemination to furniture importers.

Other Wood Products

Background

Six interviews were conducted with companies importing a range of other wood products. It was decided to target importers of wood barrels and timber blinds as imports in 2010 of these lines were in the order of $64 million and $72 million respectively. Since no major importers of engineered flooring were targeted in the Part I Survey and since this sector imported $164 million value in 2010 three interview from this sector was also carried out. The 6 digit HS codes of the lines imported by the six companies interviewed are in Table 7 below.

Two companies wholesaling wood wine barrels and/or importing sawn and shaped timber to make wood barrels were interviewed. One company imported fully finished timber shutters and blinds. Three companies importing mainly laminate and engineered timber flooring were also interviewed.

Table 7: Imported Timber Product and their HS Code and number of companies Interviewed

4407.91 - Sawn wood >6mm - of oak	4409.10 - Continuous shaped wood - coniferous	4409.20 - Continuous shaped wood - non-coniferous	4409.21 - Continuous shaped wood - bamboo	4411.13 - Fibreboard of wood >5, <9mm	4411.14 - Fibreboard of wood >9mm	4412-10 - Plywood	44.16.00 - Casks, barrels	4418.90 - Joinery etc (incl. shutters)	4421.90 - Other articles of wood : Other (incl. blinds)
1	3	3	3	3	3	1	2	1	1

Only two of these companies interviewed, both importers of engineered timber flooring, were aware of the ILP Bill. Only one company had a good understanding of the Bill.

Wood Barrels

Two wood barrel suppliers were interviewed; both based in South Australia. One company is importing the sawn and shaped timber and making the barrels in Australia while the other is importing completely finished barrels. The timber used by the local manufacturer is exclusively oak spp. from the United States and France. The timber used by the supplier importing the completed barrels is also oak spp. from the United States and France. They also source supply from Slovakia which are made from oak spp harvested in that region.

The local manufacturer is a privately owned Australian company with the operations in France working as a joint venture with French local partners. The company importing barrels is the local branch of a US company.

Both importers utilise a very small number of regular, stable and known suppliers. In fact, they cited that it would be difficult to do business in France without this arrangement. Both companies cited the supply from the US as being sourced from forest owned by multiple private land holders. SFM certification to any scheme in this region is not common but risk of illegally harvested supply would be very low. Both employ staff to source and supply timber in the US.

Timber from France is sourced by both companies from Government owned and managed forests which are certified to the PEFC SFM standard. Both companies have staff on the ground to source supply to ensure continuity and quality of supply. Both understand their supply chains and while supply is from multiple sources, it is all fully documented and known sources.

While neither importer could see any potential issue for themselves with the ILP Bill, the importer of sawn wood for barrel construction was keen to ensure that if the was required to undertake due diligence (and complete customs declaration) that the importers of finished and partially manufactured barrel components would have to meet the same requirements.

Timber Shutters and Blinds

The company interviewed importing timber shutters and blinds are a large wholesaler supplying retailers around Australia. It imports exclusively from one factory in China which also supplies product for the US. They estimated that eighty per cent of the output of the factory is for the US market with the remainder for the European and Australian markets. The species used in the production of the shutters and blinds are *Gmelina arborea*, *Paulownia tomentosa* and *Tilia spp*. These have the trade names white teak, phoenix wood and basswood respectively. These timber species are sourced from plantations sourced from within China or imported from Indonesia, USA and Russia.

The factory in China is CoC certified to FSC standard and the timber used in the manufacture of the shutters and blinds supplied to the Australian importer are covered in the scope of certification. This certification is periodically checked to ensure that it remains valid.

The company interviewed does not have a written policy on their wood supply regarding sustainability or legality. Their practices are driven by the FSC certification that the factory in China has. Their retail customers occasionally ask for information on the sustainability of the timber to supply to some of their customers who request further information. The FSC certification is used to answer their customer's questions.

The company directors visit the factory at least every two months and has been utilising the same supplier in China for ten years.

The company did not see any issue with the ILP Bill; in fact they welcomed it, but were keen to ensure that if their products were "regulated timber products" that any customs declaration was as easy as possible. This is because they are importing 4-6 containers a week and do not want any hold ups in their supply chain as their customers orders need to be filled promptly.

Engineered Flooring

Three importers of engineered timber flooring were interviewed. Two companies are based in Sydney and the other is based in Melbourne. Two are importing large volumes. All timber flooring companies report a large increase in the import of bamboo flooring from China over the last 12 months as a proportion of their imports.

One large company sources product from the company-owned factory in Malaysia which sources the majority of timber from Australia (*Eucalypts spp.)* and the US (*Quercus spp*.). Small quantities of timber are sourced from Brazil and Malaysia.

The other large company also imported product from their own factory in Malaysia which also sourced for the top-layer timber from Australia (*Eucalypts spp.)* and the US (*Quercus spp*.). They also sourced plantation *Eucalyptus spp* from Portugal and *Pinus radiata* for the substrate from New Zealand.

This company reported that they have now discontinued imports of flooring made from the timber species kempas and merbau, though a bit remains in stock. This decision was driven by changing market demands as well as concerns about sustainability of the feedstock for the product.

Both firms regarded the large majority of their timber as low risk from a legality perspective.

The one smaller company interviewed sourced a large range of products and a large number of species. Product come from five different factories in China which produce engineered wood, solid timber, laminate, and bamboo flooring as well as plywood for substrate. Wood is sourced from many different countries including Indonesia, Brazil, China, Australia and Malaysia. This company had staff in China implementing their quality management system which entailed checking moisture content and quality of the tongue and groove system. This company was enthusiastic for guidance on risk identification, risk status of different species and advice on acceptable risk mitigation certifications. They were also keen for information on the Bill and any requirements they could provide their supplier factories in China.

All three engineered flooring importers questioned the status of the high-density fibreboard (HDF) used under the laminate flooring and whether it that would be covered under the regulations.

The key driver for the two large flooring importers was the requirements of customers wanting Green Building Council Australia, Green Star certification. The smaller importer supplies retail and residential builders and developers directly and cited no major driver for and sustainability policy or practices.

Findings

- All companies interviewed are undertaking components of due diligence in imported timber products.
- Information gathering is an activity companies undertake as a normal part of their business.
- Larger companies manufacturing facilities in Malaysia are sourcing majority of product from low risk sources.
- Smaller companies importing timber products from high risk sources need to understand requirements as soon as possible so suppliers can supply further information.

Conclusions

This report is the second part of the output of the first stage of the project *Demonstrating legal wood products - Industry benchmarking and Due Diligence Guidance*. The report discusses current due-diligence practices undertaken by number of Australian regular importers of a range of wood-based products.

A total of thirty-eight Australian regular importers were interviewed. The importers supplied the following categories of wood products; pulp, paper products, solid wood and upholstered wood furniture, wood barrels, wood blinds and shutters and engineered wood flooring.

Awareness of the Illegal Logging Prohibition Bill varied across all sectors interviewed. It was highest in the pulp and paper sector where twelve of nineteen pulp and paper companies knew of the Bill. Only two of thirteen firms importing wood furniture knew of the Bill.

The importers interviewed undertake a large range of formal and informal measures to ensure their wood products meet their published or internal policy objectives. Most companies interviewed undertake some components of due diligence activity in sourcing imported wood products, for example; information gathering is a normal part of conducting their business.

The key practices undertaken vary between sectors and can be summarised as follows:

Sector	**Summary of key practices**
Pulp and paper	• Procurement policies • CoC certification to FSC and/or PEFC standards. • Certification of suppliers to LEI, SVLK and OLB legality systems. • Dealing with reputable supplier • Supplier site inspection • In country sourcing team.
Wood furniture	• Dealing with reputable suppliers or dealing with a small number of regular, stable suppliers. • Regular factory site visits. • Ownership of supplier factory • Certification / legality assurance • Supply chain review.
Wood barrels	• Sourcing from PEFC certified forests. • Employing in-house timber experts in country of harvest and manufacture.
Wood shutters/blinds	• FSC certified supply.
Engineered wood flooring	• PEFC/AFS certified supply • For non-certified sources - Low risk supply.

Within the pulp and paper sector the main driver for sustainable, legally sourced and/or "non-controversial" policies and practices is demand of major customers who want to minimise risk to their corporate reputations and/or brands. As the demand is much wider than proving legality, the main practice employed is Chain of Custody certification to one or both of the internationally recognised standards of the Forest Stewardship Council and/or those endorsed by the Programme for Endorsement of Forest Certification including the Australian Forestry Standard.

The recent activities of the group Markets for Change made furniture importers very sensitive to requests for interview on the subject of the legality of the wood used in their furniture. Drivers are weaker in the wood-based furniture importers sector. The primary driver amongst this sector is their own values or ethics. The main practices employed by furniture importers are using single, stable reputable suppliers and regular visits to their suppliers.

As many of their suppliers of furniture to Australia are also supplying European and US customers, by the time the Australian requirements come into effect most suppliers will be familiar with European requirements.

The wood barrel wholesalers interviewed either import *Quercus* (Oak) species for the production of barrels in Australia or complete wood barrels directly from France and the United States. Their practices include PEFC certification for timber from France and the use of in-house timber sourcing experts in the United States.

The major importer of timber shutters and blinds interviewed imports finished products from a single supplier in China. The supplier has Chain of Custody to FSC standards for all products supplied to Australia.

The two major importers of engineered wood flooring principally imported flooring produced in Malaysia comprised mainly of *Eucalyptus* species from Australia and *Quercus* species from the United States. These large companies have Chain of Custody certification for some of their product where there was demand for it. The one small engineered wood flooring importer interviewed imported a large range of product produced in China from a whole range of species which are harvested in South-east Asia and South America regions. The company was unable to provide any details on policies or practices.

Recommendations

It is recommended that, as a minimum, the following due –diligence guidance and tools be developed:

- simplified prescriptive guidance re: do’s and don’ts under the regulations,
- guidance on risk; and
- guidance on acceptable legality mitigation documentation.

Each should be tailored specifically for the different main product categories.

References

Gupta, M., Davey, S., Townsend, P. & Cunningham, D. 2012, *Illegal logging regulations: Analysis of Australia's timber imports in 2007 and 2010,* ABARES report to client prepared for the Department of Agriculture, Fisheries and Forestry, Canberra, November.

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TDA 2006, *A Review of the Current Policies & Practices Employed by Timber and Timber Product Importers to Determine the Legality of Supply*. Prepared for the Australian Timber Importers Federation (ATIF) by the Timber Development Association (NSW) with the financial assistance of the Department of Agriculture, Fisheries and Forestry.

Appendices

Appendix A - Survey Questions

Demonstrating legal timber – Phase I: Industry Benchmarking – October 2012		
Ref No.		
Company		
Contact name / position		
Contact details		
Interviewer		**Date:**
Aware of ILP Bill?	Yes/no	

Background information:

No. of employees (circle): <5 5-19 20-200 >200 Agent for MN

Public/private (circle): Public Private

Member of any Industry Associations (name)?

Key product lines processed/imported (inc. HS codes to 6 digits) and countries sourced from:

HS Code/product	Approx. value	Source

Approx. total value/quantity imported?

Timber species imported:

Does the company have an overall policy to determine sustainability and or/legality of timber imports/supply? Yes/No

Status of policy? Published Unpublished/written Unwritten NA

Drivers for that policy (tick)? / Key driver for that policy (tick)?

Driver	**Yes**	**Key driver**
Protect reputation / Corporate responsibility		
Own values		
Competitive advantage		
Market - client demands (name specific)		
Market – client demands (general)		
Market - other		
Market - shift in demand		
ENGO pressure		
Preparation for ILP Act		
Response to competing materials		
Response to competitors		
No drivers		

Other (name)		

Does the company have any mechanisms or practices to determine sustainability/legality of timber imports/supply (circle)? Yes/No

PRACTICES / MECHANISMS

Which of the following practices do you undertake (tick)? What would you regard as your key practice?

Practice	Yes	Key practice
Supply chain review		
Supplier site inspections		
In-country staff/brokers		
Peer review of new suppliers		
Small number of regular, stable and known suppliers		
Dealing with mills which are owned by the concession owner		
Dealing with reputable suppliers		
Ownership of overseas suppliers		
Guidance/requirements of Certification auditors		
Additional documentation		
Payment on receiving documentation		
Certification / legality assurance		
Other (please describe)		

Which of the following, if any, sustainability certification and/or legality assurance do you use (tick)?

Assurance mechanism	Yes
Sustainability certification	
Australian Forestry Standard (AFS) - CoC	
Forest Stewardship Council (FSC) - Controlled Wood	
Forest Stewardship Council (FSC) - CoC	
Other PEFC endorsed certification (name please)	
Legality assurance	
CertiSource VLO / VLC	
Rainforest Alliance VLO / VLC	
SGS TLTV	
SVLK	
Other (name)	

Does the company have any Internal/external audit of whole supply chain and/or procurement system (circle)?

Internal External Both

If you use an external auditor, who is your external auditor?

What guidance /tools would you find useful?

Other comments?	

Appendix B - Analysis of Imports to Assist in Targeting Companies for Interview

HS code and category	Imports in 2008 (AUD $m) Sources: Poyry 2010 and DAFF 2012	Interviews Stage II	Target Interviews Stage II
44 WOOD & ARTICLES OF WOOD			
44.03 Wood in rough	24	1	na
44.07 Wood sawn, chipped, sliced lengthwise >6mm	421	21	na
44.08 Sheets of veneer <6mm	33	4	na
44.09 Continuously shaped wood (T&G)	234	8	na
44.10 Particleboard	18	4	na
44.11 Fibreboard of wood	70	5	na
44.12 Plywood, veneered panels	159	8	na
44.14.00 Wooden frames	18		0
44.16.00 Casks, barrels, vats	64		1
44.18 Builders' joinery, doors, formwork, parquetry panels	196	6	2
44.19.00 Table, kitchenware of wood	15	na	0
44.20 Wood marquetry, statuettes, ornaments	24	na	0
44.21 Other articles of wood, coat hangers, blinds, dowel pins	72	na	1
47 PULP OF WOOD, WASTE & SCRAP OF PAPER		na	
47.03 Chemical pulp	242	na	2
47.05 Chemi-mechanical	13	na	
48 PAPER & PAPERBOARD, ARTICLES OF PAPER PULP*		na	
48.01.00 Newsprint	167	na	1
48.02 Uncoated writing paper	483	na	
48.02.56 Sheets 40-150 GSM (small inc. A4)	131	na	1
48.02.57 Sheets 40-150 GSM (large)	69	na	
48.02.61 Rolls	199	na	1
48.03.00 Toilet or facial tissue stock	70	na	1
48.04 Uncoated kraft	107	na	1
48.04.11 Uncoated kraft, Unbleached kraftliner	37	na	0
48.04.39 Uncoated kraft Other kraft paper and paperboard weighing 150 g/m2 or less: -other	29	na	0
48.05 Other uncoated paper	43	na	1
48.10 Paper & paperboard coated with kaolin	836	na	
48.10.13 <10% mechanical in rolls	125	na	1
48.10.19 <10% mechanical in large sheets	299	na	1
48.10.22 >10% mechanical lightweight	215	na	1
48.10.29 >10% mechanical not lightweight	100	na	1
48.11 Paper, paperboard, wad, fibre etc	300	na	
48.11.41 Adhesive paper	68	na	1

48.11.90 Other paper, cellulose fibre	167	na	1
48.13 Cigarette paper	23	na	0
48.17 Envelopes, postcards	16	na	0
48.18 Toilet, sanitary paper	348	na	
48.18.10 Toilet paper	70	na	1
48.18.20 Face tissue and towels	63	na	1
48.18.40 Sanitary napkins, tampons	185	na	1
48.19 Carbon, boxes etc	157	na	
48.19.20 Folded non-corrugated boxes	54	na	1
48.19.40 Paper bags <40cm base	47	na	1
48.20 Notebooks diaries etc	133	na	
48.20.10 Notebooks, receipt books, diaries etc	79	na	1
48.21 Paper labels, printed or not	30	na	0
48.23 Other paper products	114	na	
48.23.69 Paper plates, trays, cups	55	na	1
48.23.90 Other - e.g calendered	50	na	1
92 MUSICAL INSTRUMENTS; PARTS AND ACCESSORIES OF SUCH ARTICLES		na	
92.01 Pianos	29	na	0
92.02 Other stringed instruments, guitars, violins etc	23	na	0
94 FURNITURE, BEDDING, PREFAB BUILDINGS ETC		na	
94.01.61 Seats with wooden frame, upholstered	479	na	3
94.01.69 Other seats, wooden frame	65	na	1
94.01.90 Parts of seats excl. those of 94.02	171	na	1
94.03.30 Office wooden furniture	67	na	1
94.03.40 Kitchen wooden furniture	36	na	0
94.03.50.00 Bedroom wooden furniture	247	na	2
94.03.60 Other wooden furniture	462	na	3
94.03.90 Furniture parts	166	na	1
94.06.00.20 Prefabricated buildings	72	na	0
97 WORKS OF ART, COLLECTORS' PIECES AND ANTIQUES		na	
97.03 Sculptures	**26**	na	**0**
	TOTAL		36

Key

Product likely to be regulated	(green)
Product may be regulated - currently under consideration	(yellow)
Product may not be regulated	(red)
No stated as likely to be regulated, currently under consideration or may not be regulated consider or state	(white)

Appendix C - Industry Association Abbreviations

Pulp and Paper Sector

ACA	Australian Catalogue Association
AFGC	Australian Food & Grocery Council
AFPA	Australian Forest Products Association
AIG	Australian Industry Group
APC	Australian Packaging Covenant
APIA	Australian Paper Industries Association
APPITA	Australasian Pulp and Paper Industry Technical Association
FSC Aust	Forest Stewardship Council Australia
HIA	Housing Industry Association
PCA	Packaging Council of Australia
PIAA	Printing Industries Association of Australia
PNEB	Publishers National Environment Bureau

Furniture

AFA	Australian Furniture Association
TABMA	Timber and Building Materials Association

Other Wood Products

ATFA	Australian Timber Flooring Association
BMAA	Blind Manufactures Association of Australia
WISA	Wine Industry Suppliers Association

Appendix D - Estimate of Proportion of Regular Importers Interviewed

Before this report was finalised the Australian Bureau of Agricultural and Resource Economics (ABARE) released analysis of Australia's timber imports in 2007 and 2010 prepared for the Department of Agriculture, Fisheries and Forestry (Gupta *et al* 2012).

The analysis included information on the number of "regular importers" in 2007 and 2010 of a selection of goods imported in categories in Chapters 44, 47, 48 and 94.

Using the information in Gupta *et al* an estimate was made of the proportion of regular importers interviewed in the two Industry Benchmarking surveys. See Table D1 below.

It should be noted that the number of regular importers of goods imported in Chapters 44 and 48 is an underestimate as only 387,000 out of 520,000 lines of imports were analysed. Hence the proportion interviewed for these Chapters is likely to be an overestimate.

Table D1: Estimate of proportion of regular importers interviewed in Industry Benchmarking Reports 1 & 2

	No. of "regular importers"		
HS Chapter	**Total[1] (2010)**	**No. Interviewed (2012)**	**% interviewed**
Chapter 44 - Wood and wood articles	271	28*	10%
Chapter 47 - Pulp of wood	8	3	38%
Chapter 48 - Paper and paperboard	301	15	6%
Chapter 94 - Furniture	1183	10	1%
TOTALS	**1763**	**56**	**3%**

* Includes 25 regular importers interviewed in Demonstrating Legal Wood Products - Industry Benchmarking: Part I.

[1] Source: Table 8 in Gupta *et al* 2012