Australian Government

Department of Agriculture and Water Resources

ABARES

Illegal logging regulation: analysis of regulated importers by business size

Mihir Gupta and Beau Hug

Research by the Australian Bureau of Agricultural and Resource Economics and Sciences

Report to the Department of Agriculture and Water Resources

December 2015

Cataloguing data
Gupta, M & Hug, B 2015, *Illegal logging regulation: analysis of regulated importers by business size*, Australian Bureau of Agricultural and Resource Economics and Sciences, report to the Department of Agriculture and Water Resources, Canberra, December.

ISBN 978-1-74323-245-3
ABARES project 43515

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)
Postal address GPO Box 858 Canberra ACT 2601
Switchboard +61 2 6272 3933
Email info.abares@agriculture.gov.au
Web agriculture.gov.au/abares

Acknowledgements
The author gratefully acknowledges the assistance and skills provided by the Australian Bureau of Statistics in completing this analysis. The support provided by the Department of Immigration and Border Protection was essential in producing this report. KPMG also provided extensive and valuable feedback and advice.

Contents

Tables

Figures

Maps

Glossary

Businesses	Importers who met the Regulation criteria in 2012, had a valid Australian Business Number (ABN) and are categorised into one of the four business size categories based on ABS turnover data.
Chapter	Singularly refers to one or any of the generic two-digit tariff codes.
Chapter 44/Ch. 44	Based on 2012 edition of the World Customs Organization (WCO) Harmonised System (HS) nomenclature, Chapter 44 is defined as ‘wood and articles of wood; wood charcoal’; referred to as ‘wood articles’.
Chapter 47/Ch. 47	Based on 2012 edition of the WCO HS nomenclature, Chapter 47 is defined as ‘pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard’; referred to as ‘pulp’ or ‘pulp products’.
Chapter 48/Ch. 48	Based on 2012 edition of the WCO HS nomenclature, Chapter 48 is defined as ‘paper and paperboard; articles of paper pulp, of paper or of paperboard’; referred to as ‘paper’ or ‘paper products’.
Chapter 94/Ch. 94	Based on 2012 edition of the WCO HS nomenclature, Chapter 94 includes ‘furniture; prefabricated buildings’; referred to as ‘furniture’ or ‘furniture products’.
Consignment	A shipment of products corresponding to one import declaration form. May have single or multiple lines of import. Can have only one importer and one broker but may be sourced from multiple countries and suppliers.
Importer	The owner (business or individual) of the good at the time it is imported into Australia.
Lines of import	A line on an import declaration form. Each line in a consignment declares import of a particular product and is subject to its own due diligence process under the Illegal Logging Prohibition Regulation 2012 (the Regulation).
Regulated importers or businesses	Importers or businesses that will be affected by the due diligence requirements under the Regulation.
Regulated timber products (RTPs)	List of timber products regulated under the Regulation (listed in Appendix C). Some imports brought to Australia under this list may contain products made wholly of recycled material or products of non-timber origin that would not be regulated under the Regulation.
Supplier	The entity (including a business or individual) that provides the good to the importer.

Summary

In January 2015 the Department of Agriculture and Water Resources engaged the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) to undertake research to inform the '*Independent review of the impact of the illegal logging regulations on small business*' (the review). The Australian Government announced the review on 1 December 2014, and it was conducted by independent consultant KPMG.

The *Illegal Logging Prohibition Act 2012* (the Act) came into effect in Australia in November 2012, making it a criminal offence to intentionally, knowingly or recklessly import or process illegally logged timber or timber products in Australia. The Act is supported by the *Illegal Logging Prohibition Regulation 2012* (the Regulation), key elements of which came into effect on 30 November 2014. The Regulation requires importers and processors to carry out due diligence checks, including gathering information about the wood products, assessing the risk that the products have been illegally logged, mitigating the risk and declaring to the Australian Border Force that the due diligence process has been followed. Timber import consignments with a value of less than AUD$1,000 are currently exempt from the requirements. Products made of recycled materials and packaging material used to support, protect or carry another product are also outside the scope of the due diligence requirements.

The list of regulated timber products is specified in the Regulation. Each regulated product is defined using the 2012 edition of the World Customs Organization (WCO) Harmonised System (HS) nomenclature. The regulated products fit within Chapter 44 (wood articles), Chapter 47 (pulp), Chapter 48 (paper) and Chapter 94 (furniture) of the HS nomenclature.

This report builds on previous ABARES work (Gupta & Hug 2013) on the Regulation. It investigates differences in characteristics of importers of regulated timber products for four different business size categories:

- category 1—businesses with turnover of less than $2 million
- category 2—businesses with turnover of $2 million to $5 million
- category 3—businesses with turnover of $5 million to $10 million
- category 4—businesses with turnover of more than $10 million.

Importers who would have met the due diligence criteria set out in the Regulation in 2012, who had a valid Australian Business Number (ABN) and for whom the ABS had turnover data are categorised into one of these four business size categories and referred to as 'businesses' in this report.

ABARES also conducted sensitivity testing to examine the potential impact of changes to the Regulation's key eligibility criteria.

Number of importers by size of business

If the Regulation had been in place in 2012, 17 254 importers would have had to undertake due diligence. Of these, 6 633 category 1 businesses, 2 088 category 2 businesses, 1 338 category 3 businesses and 3 108 category 4 businesses that imported consignments would have met the criteria described in the Regulation. Another 4 087 category 5 importers without usable

turnover data would have imported regulated timber products (RTP) and met the Regulation criteria.

Value of regulated timber products imports

The total value of selected RTPs in 2012 was $5.6 billion, excluding the value of regulated chapter 47 (pulp) products. The majority of businesses importing RTPs were category 1 size businesses, but these businesses accounted for the lowest proportion of the total value of RTP imports. Category 4 businesses accounted for nearly 80 per cent of the total value.

In 2012 the *Australian forest and wood products statistics* (AFWPS) product category 'wooden furniture' accounted for the largest proportion of total value of RTP imports for category 1, category 2 and category 3 businesses. The 'paper and paperboard' category accounted for the majority of total value of RTP imports for category 4 businesses. Compared with businesses in other categories, category 4 businesses also imported large value imports of regulated panel products and 'prefabricated buildings'.

The average value per consignment for category 1 businesses was around $14 400 compared with $38 300 for category 4 businesses.

Trade flows between Australia and primary source countries

Businesses from all four business size categories imported a variety of timber products from a wide range of countries. Category 1 and category 2 businesses shared a number of similarities in the regulated timber products they imported and the source countries for their imports. Some similarities in these characteristics were also found when comparing category 3 and category 4 businesses. However, in general, category 4 businesses imported timber products from a wider range of countries than businesses in other categories.

The top 10 countries (by value) accounted for 87 per cent of total value of RTP imports for category 1 and category 2 businesses. For category 3 and category 4 businesses, the top 10 countries accounted for 82 per cent and 79 per cent of total value of RTP imports respectively.

China was consistently the primary source country across all business size categories based on total value of RTP imports and percentage of importers importing from a particular country. Chapter 94 (furniture) products accounted for the majority of value of RTP imports from China.

Indonesia and Malaysia were consistently in the top three source countries for value of RTP imports for category 1, category 2 and category 3 businesses. For category 4 businesses, New Zealand was ranked second and Indonesia third by value of RTP imports. Regulated timber products imported from Indonesia and Malaysia were primarily from chapter 44 (wood articles) and chapter 94 (furniture) respectively for all business size categories. New Zealand was the major source country for Australian imports of chapter 44 (wood articles) products.

Sensitivity testing of value thresholds

ABARES conducted extensive analysis of the impact of changes to the existing consignment value threshold in the Regulation. It also analysed the effects of alternative value thresholds such as an importer value threshold or a combined consignment and importer value threshold.

Overall, findings suggest that a change in the value threshold for due diligence could significantly reduce the total number of importers affected by the Regulation without significantly reducing the total value of RTP imports. For example, based on 2012 data, using a $10 000 consignment value threshold in place of the existing $1 000 consignment value threshold would decrease the number of importers affected by the Regulation by 57 per cent but reduce the value of RTP imports by only 4.6 per cent.

However, further analysis of alternative value thresholds for due diligence is required. The value of RTP imports can act as a proxy for the scope or coverage of the Regulation, but a number of other criteria could be considered when examining the effectiveness of the Regulation. Detailed analysis of value thresholds could include testing to determine the relative trade-offs between coverage of import value and number of importers regulated across a range of alternative thresholds. Additional analysis of exempted consignments and importers to investigate characteristics such as frequency of import and primary source countries may also prove useful.

Introduction

The *Illegal Logging Prohibition Act 2012* (the Act) came into effect in Australia in November 2012, making it a criminal offence to intentionally, knowingly or recklessly import or process illegally logged timber or timber products in Australia. The Act is supported by the *Illegal Logging Prohibition Regulation 2012* (the Regulation), key elements of which came into effect on 30 November 2014. The Regulation requires importers and processors to carry out due diligence checks, including gathering information about the wood products, assessing the risk that the products have been illegally logged, mitigating the risk and declaring to the Australian Border Force that the due diligence process has been followed. Timber import consignments with a value of less than AUD$1,000 are currently exempt from the requirements. Products made of recycled materials and packaging material used to support, protect or carry another product are also outside the scope of the due diligence requirements.

The list of regulated timber products is specified in the Regulation. Each regulated product is defined using the 2012 edition of the World Customs Organization (WCO) Harmonised System (HS) nomenclature. The regulated products fit within Chapter 44 (wood articles), Chapter 47 (pulp), Chapter 48 (paper) and Chapter 94 (furniture) of the HS nomenclature.

In January 2015 the Department of Agriculture and Water Resources engaged the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) to undertake research to inform the '*Independent review of the impact of the illegal logging regulations on small business*' (the review). The Australian Government announced the review on 1 December 2014, and it was conducted by independent consultant KPMG. The review sought to assess whether the due diligence requirements established in the Regulation strike an appropriate balance between minimising the cost of compliance for small businesses and reducing the risk of illegally logged timber entering the Australian market. The review focused on the potential impacts of the Regulation on small business. This reflected the significant number of small businesses expected to be affected by the Regulation and their perceived challenges in dealing with any changes to import processes required meeting the Regulation's obligations. The review terms of reference can be accessed at: agriculture.gov.au/illegallogging. KPMG submitted its report and recommendations to the Australian Government on 28 March 2015.

This report builds on previous ABARES work (Gupta & Hug 2013) on the Regulation and investigates differences in characteristics of importers of regulated timber products for four different business size categories. ABARES also conducted sensitivity testing to examine the potential impact of changes to the Regulation's key eligibility criteria. KPMG used the outputs of this analysis extensively in developing its report and recommendations.

Background and previous research

Illegally logged timber has significant environmental, economic and social costs regionally and globally. To address this, the Australian Government established an illegal logging legislative framework. The Act makes it an offence to knowingly, recklessly or intentionally import a product containing illegally logged timber or to process an illegally logged Australian grown raw log. It also requires businesses that import certain regulated timber products into Australia, or process a domestically grown raw log, to carry out a suitable due diligence process to minimise the risk that the product contains illegally logged timber.

In 2012 ABARES reported on its analysis of imports of regulated timber products to Australia to inform the development of the Regulation's compliance framework (Gupta et al 2012). In 2013

ABARES refined the previous method and established a baseline of timber imports and characteristics of importers, brokers, suppliers and domestic processors (Gupta & Hug 2013).

The majority of the Regulation came into effect on 30 November 2014. It contains several elements, including the specific due diligence requirements, what is a regulated timber product (see Appendix C) and the timber legality frameworks recognised under the legislation. If the following criteria are met by a consignment, the importer of that consignment needs to undertake due diligence:

- the consignment contains at least one product from the list of RTPs set out in schedule 1 of the regulation (Appendix C).
- the combined value of all RTPs in the consignment exceeds $1 000 (AUD).

These criteria are referred to in this report as 'the Regulation criteria'.

Focus of this report

This report expands on the analysis and results presented in Gupta & Hug (2013) by investigating differences in characteristics of importers meeting the Regulation criteria for four different business size categories:

- category 1—businesses with turnover of less than $2 million
- category 2—businesses with turnover of $2 million to $5 million
- category 3—businesses with turnover of $5 million to $10 million
- category 4—businesses with turnover of more than $10 million.

Importers who would have met the Regulation criteria in 2012, who had a valid Australian Business Number (ABN) and for whom the ABS had turnover data are categorised into one of these four business size categories and are referred to as 'businesses' in this report.

The KPMG review defined a small business as a business with an annual turnover of less than $10 million. However, the Department of Agriculture and Water Resources tasked ABARES to undertake a more detailed analysis and provide results for the four business size categories listed. This additional detail provides the Australian Government with valuable information on the potential effects of the Regulation on the small business community. The department provided the thresholds of $2 million, $5 million and $10 million. These were determined through consultations with key stakeholders.

ABARES used the method in the 2013 report to analyse a range of importer characteristics. These characteristics include the number of businesses, the value of their RTP imports, the country of origin for their imports, the frequency of imports and the importer–supplier relationships. These characteristics vary across the business size categories. Analysing these characteristics provides an understanding of the differences in scale and potential complexity of due diligence processes for importers of different business sizes.

ABARES also conducted sensitivity testing to investigate the impact of changes to the Regulation criteria. At present the Regulation criteria include a $1 000 value threshold for consignments to be considered regulated. ABARES assessed a range of alternative value thresholds and the consequential change in key variables, such as the number of businesses affected by the Regulation and the value of their imports.

Method and datasets

ABARES analysed 2012 timber product imports data from the Australian Customs and Border Protection Service (Customs) using Microsoft Excel and SAS software. Customs collects data from completed declaration forms and maintains the Integrated Cargo Systems (ICS) database. Although data for 2013 and 2014 were available, the time frame for this analysis made it impossible to compile and use these data for the current analysis. Therefore, the department asked ABARES to analyse and build on the 2012 baseline data previously established in Gupta & Hug (2013).

The Australian Bureau of Statistics (ABS) played a lead role in integrating the 2012 timber imports Customs dataset with the ABS database on annual turnover by Australian Business Number (ABN). This database is also known as the ABS Common Frame. The ABS also provided extensive assistance and advice on this report to ensure it met privacy and confidentiality requirements. Data for RTP imports from New Zealand and for pulp imports by business size are consequently not included. Furthermore, the results presented in this report may differ from complementary statistical information published by the ABS resulting from differences in timing, alternative definitions used by the ABS and further processing of data undertaken by the ABS.

Detailed outputs by business size presented in this report are limited to meet confidentiality requirements. ABARES primarily undertook data analysis at the two-digit tariff code level of the World Customs Organization (WCO) Harmonized System (HS) tariff codes (WCO 2012). At the broad two-digit chapter level, the products are referred to as ‘wood articles’ (chapter 44), ‘pulp’ or ‘pulp products’ (chapter 47), ‘paper’ or ‘paper products’ (chapter 48) and ‘furniture’ or ‘furniture products’ (chapter 94). ABARES also undertook limited analysis at the four-digit tariff code level. However, ABARES was not able to undertake detailed analysis at the four-digit and six-digit levels because disclosure of this information would have breached ABS privacy and confidentiality requirements. It could not undertake detailed analysis for importers of chapter 47 products for similar reasons.

ABARES developed an object–relational database compatible with structured query language (SQL) in SAS software. For each of the four pre-determined business size categories, ‘relational queries’ were developed in SAS to manipulate the integrated database and analyse particular variables of interest. KPMG provided feedback and advice for analysis of particular variables or topics, including on the sensitivity testing chapter of this report.

The results presented in Summary statistics by size of business and Analysis of variables affecting the size of due diligence largely use analysis of consignments meeting the Regulation criteria. The results presented in Sensitivity testing of value thresholds are for a range of alternative value thresholds compared with the consignment value threshold in the Regulation criteria.

Potential for errors in analysis

As noted in Gupta & Hug (2013), and based on advice from Customs, importers sometimes make mistakes in customs declaration forms and these result in incorrect, incomplete or missing information.

For example, some importers did not provide a valid ABN. For these importers, Customs generated a Customs Client Identification Number (CCID). Customs advised that CCIDs are primarily used for private individuals (who do not require an ABN) or overseas businesses without a valid ABN. To integrate the Customs dataset and the ABS Common Frame, the ABS relied on matching ABNs in these datasets. As a result any entity with a CCID could not be categorised into the business size categories used in this report.

A small number of businesses (1 554) had valid ABNs and met the Regulation criteria (see Table 3) but did not provide turnover information for 2012. The ABS turnover dataset is primarily based on taxation data provided to the ABS by the Australian Taxation Office for research and statistics. These data are used in accordance with ABS privacy and confidentiality requirements. Combined with 2 533 entities with CCIDs, ABARES analysed these importers as a separate group—'No turnover data (category 5 or CAT 5)'—for whom no business size information was available. ABARES did not undertake detailed analysis of category 5 importers but it presents some results through the report, particularly in Appendix A. In 2012 category 5 importers accounted for 23.7 per cent of the total number of importers meeting the Regulation criteria (Table 3) and around 2.2 per cent of the total value (Table 2).

The ABS derived the appropriate business size category for each business based on individual business information. It identified a relatively small potential for error with this approach; in some cases, a business in a lower business size category may be part of a larger business structure or owned by a parent company. As a result, data presented for businesses in lower business size categories may be overstated. However, ABS advised that the extent to which these businesses' operational control, financing or investment decisions are influenced by the parent company is unknown. The ABS further analysed this issue with available data and concluded that most known complex business structures were already in business size category 4, which captures businesses with more than $10 million in turnover.

Table 1 shows the number of businesses with identified complex business structures (where an individual business is known to be part of a larger group), simple business structures (where available information suggests the business is not linked to other businesses) and unlinked records (entities for which 2012 turnover data was not available). Table 2 shows the value of RTP imports by business size and business structure.

Based on this information, and because of the relatively tight time frames to complete this analysis, the issue of complex business structures was not explored further and remains a relatively small potential for error in the results presented in this report.

Table 1 Number of businesses by business size and business structure

Business size	Complex businesses (no.)	Simple businesses (no.)	Unlinked records (no.)	Total (no.)
Turnover >$0 to <=$2 million (CAT 1)	30	6 603	na	6 633
Turnover >$2 million to <=$5 million (CAT 2)	35	2 053	na	2 088
Turnover >$5 million to <=$10 million (CAT 3)	56	1 282	na	1 338
Turnover >$10 million (CAT 4)	886	2 222	na	3 108
No turnover data (CAT 5)	8	262	3 817	4 087
Total number of importers	**1 015**	**12 422**	**3 817**	**17 254**

Note: Table includes chapter 47 (pulp) data. Number of businesses reflects consignments that met the Regulation criteria discussed in the *Method and datasets* section. **na** Not applicable.
Source: ABS

Table 2 Value of regulated timber product imports by business size and business structure

Business size	Complex businesses ($m)	Simple businesses ($m)	Unlinked records ($m)	Total value ($m)
Turnover >$0 to <=$2 million (CAT 1)	3.8	340.3	n.a.	344.1
Turnover >$2 million to <=$5 million (CAT 2)	13.5	342.4	n.a.	355.9
Turnover >$5 million to <=$10 million (CAT 3)	20.2	354.4	n.a.	374.6
Turnover >$10 million (CAT 4)	2 179.3	2 264.3	n.a.	4 443.6
No turnover data (CAT 5)	0.9	12.3	113.1	126.2
Total value for all importers	**2 217.7**	**3 313.7**	**113.1**	**5 644.4**

Note: Table excludes chapter 47 (pulp) data. Value of regulated timber product imports reflects consignments that met the Regulation criteria discussed in the *Method and datasets* section. **na** Not applicable.
Source: ABS

Summary statistics by size of business

ABARES analysed Customs data for timber imports to Australia in 2012 combined with ABS turnover data providing a categorisation of importers by size of business. Analysis by business size of number of businesses, value of imports and top 10 source countries reveals key characteristics of small businesses—such as their presence in the affected community and the magnitude and major source countries for their regulated timber product (RTP) imports.

Number of importers by size of business

Under the Regulation criteria, the total number of importers that would have to undertake due diligence was 17 254 in 2012. A breakdown of these importers by different business sizes is presented in Table 3. Detailed data by consignment value is also presented in Table A1 (Appendix A). A count of importers by two-digit tariff chapter is presented in Table 4 and by four-digit product codes in Table A2. Importers can import multiple four-digit products across multiple four-digit tariff chapters in a year. Therefore, the sum of the components in Table 2 and Table A2 may exceed the totals. The analysis presented in Table 3 and Table 4 includes importers of chapter 47 (pulp) products where this information was available and not suppressed because of confidentiality constraints.

Category 1

In 2012, 6 633 category 1 businesses imported RTPs and met the Regulation criteria. The number of CAT 1 businesses that imported chapter 94 (furniture) and chapter 48 (paper) products was around the same—3 371 and 3 294 respectively. This is different from businesses in other categories; those importing chapter 48 (paper) products tended to outnumber those bringing in chapter 94 (furniture) products.

The products (at the four-digit level) imported by the highest number of CAT 1 businesses were 94.03 (furniture; 2 988 businesses) and 48.19 (cartons, boxes made of paper; 1 585 businesses).

Category 2

In 2012, 2 088 category 2 businesses imported RTPs and met the Regulation criteria. In contrast to CAT 1 businesses, around 45 per cent more CAT 2 businesses imported chapter 48 (paper) products than chapter 94 (furniture) products.

Similar to CAT 1 businesses, the products (at the four-digit level) imported by the highest number of CAT 2 businesses were 94.03 (furniture; 757 businesses) and 48.19 (cartons, boxes made of paper; 659 businesses).

Category 3

In 2012, 1 338 CAT 3 businesses imported RTPs and met the Regulation criteria. Of these, 894 CAT 3 businesses imported chapter 48 (paper) products and 477 imported chapter 94 (furniture) products. The products (at the four-digit level) imported by the highest number of CAT 3 businesses were 48.19 (cartons, boxes made of paper; 441 businesses) and 94.03 (furniture; 415 businesses).

Category 4

In 2012, 3 108 CAT 4 businesses imported RTPs and met the Regulation criteria. Of these, 2 378 CAT 4 businesses imported chapter 48 (paper) products and 983 imported chapter 94 (furniture) products. The products (at the four-digit level) imported by the highest number of

CAT 4 businesses were 48.19 (cartons, boxes made of paper; 1 239 businesses) and 94.03 (furniture; 849 businesses).

Category 5

In 2012, 4 087 importers without usable turnover data imported RTPs and met the Regulation criteria. However, only 1 554 of these importers had valid Australian Business Numbers (ABNs). In the ICS dataset, 2 533 were assigned Customs Client Identification Numbers (CCIDs), which are primarily used for individuals or overseas businesses without valid ABNs.

Table 3 Number of importers meeting the Regulation criteria, by business size

Turnover >$0 to <=$2million (CAT 1)	**No.**
Importers in 2012 with consignments valued ≥ $1 000	6 633
Total importers for this turnover category	10 500
Turnover >$2m to <=$5million (CAT 2)	
Importers in 2012 with consignments valued ≥ $1 000	2 088
Total importers for this turnover category	3 126
Turnover >$5m to <=$10million (CAT 3)	
Importers in 2012 with consignments valued ≥ $1 000	1 338
Total importers for this turnover category	1 988
Turnover >$10million (CAT 4)	
Importers in 2012 with consignments valued ≥ $1 000	3 108
Total importers for this turnover category	4 382
No turnover data (CAT 5)	
Importers in 2012 with consignments valued ≥ $1 000	4 087
Importers with ABNs and with consignments valued ≥ $1 000	1 554
Importers with CCIDs and with consignments valued ≥ $1 000	2 533
Total importers for this turnover category	6 996
Total number of importers	
Importers in 2012 with consignments valued ≥ $1 000	17 254
Total importers for this turnover category	26 992

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Table includes chapter 47 (pulp) data.

Table 4 Number of importers meeting the Regulation criteria in 2012, by two-digit level of the World Customs Organization Harmonized System tariff codes

Two-digit tariff chapter and description	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	All
Chapter 44 (wood articles)	1 108	356	204	457	603	2 728
Chapter 47 (pulp)	n.p.	n.p.	n.p.	19	n.p.	30
Chapter 48 (paper)	3 294	1 237	894	2 378	1 267	9 070
Chapter 94 (furniture)	3 371	856	477	983	2 783	8 470
Across all chapters **a**	6 633	2 088	1 338	3 108	4 087	17 254

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Components may exceed totals as importers may import products from multiple different two-digit WCO HS tariff codes. **a** Totals include chapter 47 (pulp) data. **n.p.** = data that has been suppressed due to confidentiality or has a zero value, but is included in totals where applicable.

Summary

If the Regulation had been in place in 2012, 17 254 importers would have been required to undertake due diligence. Of these, 6 633 category 1, 2 088 category 2, 1 338 category 3 and 3 108 category 4 businesses imported consignments meeting the Regulation criteria.

The number of category 1 businesses that imported chapter 94 (furniture) and chapter 48 (paper) products was around the same and higher than the number of category 1 businesses that imported chapter 44 (wood articles) products. However, the number of category 2, category 3 and category 4 businesses that imported chapter 48 (paper) products was significantly higher than the number that imported products from chapter 94 (furniture) and chapter 44 (wood articles).

Value of regulated timber products imports

Analysing the value of RTP imports can help estimate variation in value across chapters and across different business sizes. As a baseline estimate for value associated with different business sizes, this can be monitored in future research to investigate changes in value—such as whether the types of products imported over time for a particular business size has significantly changed or whether the total value of RTP imports associated with a particular category of importers has significantly changed.

Under the Regulation criteria, the total value of RTP imports in 2012 was $5.8 billion (Gupta & Hug 2013). Excluding the value of regulated pulp products, the total value of selected RTP imports in 2012 was $5.6 billion (Table 5). Table 5 and Table 6 exclude value information for RTP imports from tariff chapter 47 (pulp) to protect confidential commercial information for importers of these products. Around 30 importers met the Regulation criteria and imported regulated pulp products worth around $140 million in 2012. Reporting the value of RTP imports for four-digit tariff codes by business size was also not possible. ABARES worked with the ABS to group six-digit tariff codes into broad product categories based on definitions used in *Australian forest and wood product statistics* (AFWPS; see Appendix C).

Category 1

In 2012 CAT 1 businesses that met the Regulation criteria imported RTPs worth $344.1 million. The majority of the value came from imports of chapter 94 (furniture) products, particularly products in the Australian forest and wood products category 'wooden furniture' worth $171.9

million (Table 6). CAT 1 businesses also imported regulated ‘paper and paperboard’ products worth $47.3 million and regulated ‘miscellaneous forest products’ worth $41.7 million.

Aside from category 5 importers (no turnover data), CAT 1 businesses had the lowest total value of RTP imports in 2012 compared with other business size categories. This is consistent with the expected characteristics of the CAT 1 business size, which is the lowest turnover category. In 2012 the average value per consignment for these businesses was around $14 400 (Table 8).

Category 2

In 2012 CAT 2 businesses that met the Regulation criteria imported RTPs worth $355.9 million. The majority of the value came from imports of chapter 94 (furniture) products, particularly products in the ‘wooden furniture’ category worth $150.8 million (Table 6). CAT 2 businesses also imported regulated ‘paper and paperboard’ products worth $54.2 million and regulated ‘miscellaneous forest products’ worth $43.2 million.

CAT 2 businesses had marginally higher (around $12 million) value RTP imports than CAT 1 businesses (Table 5). The value of regulated chapter 94 (furniture) products was lower for CAT 2 businesses than CAT 1 businesses. However, CAT 2 businesses imported regulated chapter 44 (wood articles) and chapter 48 (paper) products worth more in total than CAT 1 businesses. The average value per consignment for CAT 2 businesses was around $19 100 (Table 8).

Category 3

In 2012 CAT 3 businesses that met the Regulation criteria imported RTPs worth $374.6 million. As with CAT 1 and CAT 2 businesses, the majority of the value for CAT 3 businesses came from imports of regulated chapter 94 (furniture) products, particularly products in the AFWPS category ‘wooden furniture’ worth $137.1 million (Table 6). CAT 3 businesses also imported regulated ‘paper and paperboard’ products worth $66.2 million and regulated ‘sawnwood’ products worth $39.9 million.

CAT 3 businesses imported regulated chapter 44 (wood articles) and chapter 48 (paper) products worth more in total than CAT 1 or CAT 2 businesses (Table 5). The average value per consignment for category 3 businesses was around $23 200 (Table 8).

Category 4

In 2012 CAT 4 businesses that met the Regulation criteria imported RTPs worth $4.4 billion. Despite this category having a relatively small number of businesses (3 108 of 17 254, Table 3), these businesses accounted for nearly 80 per cent of the total value of RTP imports in 2012.

CAT 4 businesses imported a wide range of products across each of the two digit tariff chapters and AFWPS product categories. The majority of value for these businesses came from imports of products in the AFWPS categories ‘paper and paperboard’ ($1.8 billion) and ‘wooden furniture’ ($1.0 billion) (Table 6). Compared to businesses in other categories, CAT 4 businesses also made large-value imports of regulated panel products and ‘prefabricated buildings’. The average value per consignment for CAT 4 businesses was around $38 300 (Table 8).

Category 5

In 2012 CAT 5 importers that met the Regulation criteria imported RTPs worth $126 million (Table A3). The majority of the value came from imports of products in the AFWPS category ‘wooden furniture’, which were worth $48.8 million (Table A4). CAT 5 importers also imported regulated ‘paper and paperboard’ products worth $18.0 million and ‘prefabricated buildings’ worth $16.8 million. See Appendix A for more data on CAT 5 importers.

Table 5 Value of RTP imports to Australia in 2012, by business size and tariff chapter

Tariff chapter	category 1 ($m)	category 2 ($m)	category 3 ($m)	category 4 ($m)	All ($m)
Chapter 44—wood articles	77.7	86.6	109.5	942.8	1 249.2
Chapter 48—paper	79.5	98.1	104.5	2 117.2	2 427.5
Chapter 94—furniture	186.9	171.2	160.5	1 383.6	1 967.7
Total across all chapters	344.1	355.9	374.6	4 443.6	5 644.4

Note: Table excludes chapter 47 (pulp) data. Business size relates to 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Value of imports reflects consignments that met the Regulation criteria discussed in the *Method and datasets* section. The sum of values may not add to the total due to rounding. There is potential for error in value reporting on Consignment declaration forms.

Table 6 Value of regulated timber product imports to Australia in 2012, by business size and *Australian forest and wood product statistics* product categories

AFWPS category	category 1 ($m)	category 2 ($m)	category 3 ($m)	category 4 ($m)	All ($m)
Hardboard	5.3	2.6	5.3	37.2	51.3
Medium density fibreboard	5.6	5	0.8	21.0	33.3
Miscellaneous forest products (total)	41.7	43.2	37.4	364.1	498.3
Paper and paperboard (total)	47.3	54.2	66.2	1 763.2	1 948.9
Paper manufactures	32.2	44	38.4	353.9	478.6
Particleboard	n.p.	n.p.	n.p.	n.p.	26.9
Plywood	12.7	11.1	15.1	141.0	192.9
Prefabricated buildings	15.0	20.3	23.4	346.5	422.0
Roundwood	n.p.	n.p.	n.p.	n.p.	0.8
Sawnwood (total)	9.1	18.7	39.9	351.0	423.2
Softboard and other fibreboards	0.7	0.1	0.1	1.4	2.3
Veneers	n.p.	n.p.	n.p.	n.p.	20.2
Wooden furniture	171.9	150.8	137.1	1 037.1	1 545.7
Total	**344.1**	**355.9**	**374.6**	**4 443.6**	**5 644.4**

Note: Table excludes chapter 47 (pulp) data. Total values under “All ($m)” include value of RTPs imported by category 5 importers. Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. **n.p.** = data that has been suppressed due to confidentiality or has a zero value, but is included in totals where applicable. Value of imports reflects consignments that met the Regulation criteria discussed in the *Method and datasets* section. The sum of values may not add to the total due to rounding. There is potential for error in value reporting on consignment declaration forms. Tariff codes corresponding to each of the broad AFWPS product categories are listed in Appendix C.

Summary

Excluding the value of regulated pulp products, the total value of selected regulated timber product imports in 2012 was $5.6 billion. The majority of businesses importing RTPs were in business size category 1, but these businesses accounted for the lowest proportion of the total value of RTP imports. Businesses in category 4 accounted for nearly 80 per cent of the total value.

In 2012 'wooden furniture' imports accounted for the largest proportion of total value of RTP imports for category 1, category 2 and category 3 businesses. 'Paper and paperboard' imports accounted for the majority of total value of RTP imports for category 4 businesses. Compared with businesses in other categories, category 4 businesses also made large value imports of regulated panel products and 'prefabricated buildings'.

The average value per consignment for category 1 businesses was around $14 400 compared with $38 300 for category 4 businesses.

Trade flows between Australia and primary source countries

Analysis of trade flows and a greater understanding of the trade profiles of primary source countries will help develop country specific guidance (CSG) for importers. This report builds on the analysis of trade flows in Gupta & Hug (2013) and examines the differences in the sources of RTPs for importers of varying business sizes. A greater understanding of these differences can help the Department of Agriculture and Water Resources tailor CSGs to address the concerns of particular importer groups.

Maps 1 to 5 show the presence of importers and suppliers, by business size category, affected by the Regulation in the top 10 source countries for RTPs. The top 10 countries are determined on the basis of total value of RTP imports (excluding regulated chapter 47 or pulp products). Importers may import from multiple countries, so these maps only provide the percentage of businesses that imported from a particular country. Maps 1 to 5 also provide the value and breakdown of RTPs imported from the top 10 source countries. More detailed data for the value of imports by two-digit tariff chapter and for different business size categories are available in Appendix A, Table A5. The breakdown of value by business size and tariff chapter for New Zealand is not available due to ABS confidentiality requirements.

The lists of top 10 countries for category 1 and category 2 businesses are nearly identical (Map 1 and Map 2), but different from other business size categories. The list of top 10 countries for category 4 businesses is identical to the list for all importers (Map 4 and Map 5). This is expected, because category 4 businesses accounted for nearly 80 per cent of the total value of RTP imports in 2012. China was consistently the primary source country across all business size categories in total value of RTP imports (Table 7) and percentage of importers importing from a particular country.

To interpret the trends in trade flows for the different categories of importers, it is useful to first analyse important characteristics of the forestry industry in major source countries.

- China is the world's largest exporter of furniture and secondary wood products (IBISWorld 2013). China is also the largest producer of paper and paperboard products in the world. Much of China's domestic paper production is used for domestic consumption, but in recent years paper exports to western markets have increased (Paper and Wood Insights 2012)
- Indonesia is the world's leading exporter of pulp, paper and furniture made of tropical timber (Global Timber 2013)
- Malaysia is the world's largest exporter of tropical logs and sawn timber and a major exporter of tropical plywood, veneer and mouldings (EU 2013)
- The United States is a major producer of pulp and paper products, exporting large quantities of wood pulp due to strong demand from Asian markets (Valois et al 2012).

As shown in Map 5, chapter 94 (furniture) products accounted for the majority of value of RTP imports from China. New Zealand is the major source country for Australian imports of chapter 44 (wood articles) products. Regulated timber products imported from Indonesia are primarily wood articles, and furniture products are the major RTPs imported from Malaysia. Chapter 48 (paper) products accounted for the largest share of RTP import value from the United States, Finland, Germany, Italy and the Republic of Korea.

Category 1

For CAT 1 businesses, the top 10 countries (Table 7) accounted for around 87 per cent of the total value of RTP imports. China accounted for 54 per cent of the total value of CAT 1 RTP imports. Indonesia, the second-largest trading partner in value, accounted for 9 per cent of the total value. China was the largest trading partner for chapter 44 (wood articles) products, chapter 48 (paper) products and chapter 94 (furniture) products, accounting for 46 per cent, 49 per cent and 59 per cent of total value of imports for the respective tariff chapters.

As shown in Map 1, some of the top 10 countries for CAT 1 businesses are source countries for particular types of product. For example, products from chapter 94 (furniture) account for 87 per cent of the total value of CAT 1 RTP imports from Vietnam. Similarly, products from chapter 44 (wood articles) account for 80 per cent of import value from France. However, Australian businesses in CAT 1 import a wider range of products from the top three countries. Furniture products account for the majority of value of RTP imports from China, Indonesia and Malaysia, but these countries are also major sources for imports of wood articles and paper products.

Around 60 per cent of CAT 1 businesses imported RTPs from China (Map 1). No other source country accounted for 10 per cent or more of CAT 1 businesses; 9 per cent of CAT 1 businesses imported from Indonesia.

Category 2

The trade flows for CAT 2 businesses are similar to those for category 1 businesses. As with category 1 businesses, the top 10 countries accounted for around 87 per cent of the total value of RTP imports by CAT 2 businesses. Nine of the top 10 source countries for CAT 2 businesses are also in the list of top 10 source countries for category 1 (Table 7); however, differences in rank (by value) exist. Hong Kong is ranked 10^{th} by value for category 1 businesses, but Taiwan is ranked 10^{th} CAT 2 businesses.

China accounted for 48 per cent of the total value of CAT 2 RTP imports. In comparison, Indonesia, the second-largest trading partner in value, accounted for 9 per cent of the total value. As with category 1 businesses, China was the largest trading partner for CAT 2 businesses for chapter 44 (wood articles) products, chapter 48 (paper) products and chapter 94 (furniture) products, accounting for 30 per cent, 44 per cent and 60 per cent of total value of imports for the respective tariff chapters.

As shown in Map 2, category 1 and CAT 2 businesses have several similarities. Imports from some of the top 10 countries for CAT 2 businesses are dominated by products from a particular two-digit tariff code chapter. For example, products from chapter 94 (furniture) account for 85 per cent of the total value of CAT 2 RTP imports from Vietnam and products from chapter 44 (wood articles) account for 91 per cent of import value from France. Australian businesses in CAT 2 import a wider range of products from the top three countries. Furniture products account for the majority of value of RTP imports from China, Indonesia and Malaysia, but these countries are also major sources for imports of wood articles and paper products.

Around 61 per cent of CAT 2 businesses imported RTPs from China and 11 per cent from the United States (Map 2). No other source country accounted for 10 per cent or more of CAT 2 businesses; 8 per cent of CAT 2 businesses imported from Indonesia and Malaysia.

Category 3

The list of top 10 countries for CAT 3 businesses is quite different from the lists of top 10 countries for CAT 1 or CAT 2 businesses (Table 7). For example, CAT 3 businesses imported a significant value of wood articles from Canada and furniture products from Italy and Thailand. These three countries did not make it to the top 10 for CAT 1 or CAT 2 businesses. Nevertheless, the top three source countries for CAT 3 businesses are China, Malaysia and Indonesia; this is consistent with the top three for CAT 1 and CAT 2 businesses. The top 10 source countries for CAT 3 businesses together account for 82 per cent of total value of CAT 3 RTP imports.

China accounted for 40 per cent of the total value of CAT 3 RTP imports. Malaysia, the second-largest trading partner in value, accounted for 9 per cent of the total value. China was again the largest trading partner for chapter 44 (wood articles) products, chapter 48 (paper) products and chapter 94 (furniture) products, accounting for 19 per cent, 38 per cent and 55 per cent of total value of imports for the respective tariff chapters.

Some of the top 10 countries for CAT 3 businesses are source countries for particular types of product. Products from chapter 44 (wood articles) account for 96 per cent of the total value of CAT 3 RTP imports from Canada and products from chapter 94 (furniture) account for 92 per cent and 81 per cent respectively of import value from Vietnam and Thailand. Australian businesses in CAT 3 import a wide range of products from the top three countries. In contrast to CAT 1 and CAT 2 businesses, wood articles accounted for the largest share of RTP import value from Malaysia and Indonesia. Furniture products accounted for the majority of value of RTP imports from China.

Around 56 per cent of CAT 3 businesses imported RTPs from China. The United States was ranked seventh by value, but 13 per cent of CAT 3 businesses imported RTPs from this country (Map 3). No other source country accounted for 10 per cent or more of CAT 3 businesses; 9 per cent of CAT 3 businesses imported from Malaysia and 7 per cent from Indonesia.

Category 4

CAT 4 businesses accounted for nearly 80 per cent of total value of RTP imports in 2012. Therefore, trends in trade flows for these businesses generally indicate overall trends for all importers. The list of top 10 countries for CAT 4 businesses is identical to the top 10 list for all importers (Table 7).

CAT 4 businesses imported RTP products from a wider range of countries compared to businesses in other categories. The top 10 countries accounted for 79 per cent of total value of CAT 4 RTP imports. China was the largest trading partner for CAT 4 businesses, but it accounted for around 31 per cent of total value of CAT 4 RTP imports—a much lower proportion than for other business categories. New Zealand was the second-largest trading partner for CAT 4 businesses, accounting for 13 per cent of the total value of RTP imports in 2012.

Based on available data, China was the largest trading partner for chapter 48 (paper) products and chapter 94 (furniture) products, accounting for 23 per cent and 59 per cent of the total value of imports for the respective tariff chapters. Indonesia was the largest trading partner for chapter 44 (wood articles), accounting for 21 per cent of the total value of these timber imports. The breakdown of value by tariff chapter for New Zealand was made confidential; however, characteristics for CAT 4 businesses are typically reflected in the overall trends noted for all importers. As analysed previously, New Zealand is a major source country for wood articles (chapter 44) (Gupta & Hug 2013).

As shown in Map 4, the primary source countries are somewhat different for CAT 4 businesses compared with the other categories. CAT 4 importers imported a significant value of paper products from Finland and the Republic of Korea; neither of these countries were in the top 10 list for the other business categories. Paper products accounted for 97 per cent and 89 per cent respectively of the total value of RTP imports from Finland and the Republic of Korea. CAT 4 businesses typically imported a wide range of timber products across all three tariff chapters from the other countries in the top 10 list. Similar to category 3 businesses, furniture products accounted for the majority of value of RTP imports from China, and wood articles accounted for the largest share of RTP import value from Indonesia and Malaysia.

Around 54 per cent of CAT 4 businesses imported RTPs from China. The United States was ranked fifth by value, but 22 per cent of CAT 4 businesses imported RTPs from this country. Around 10 per cent of CAT 4 businesses imported RTP products from New Zealand, which was ranked second by value (Map 4). Eleven per cent of businesses in this category also imported RTPs from Germany, 9 per cent from Malaysia and 8 per cent from Indonesia. This again shows a greater spread in the range of countries for CAT 4 businesses used to source RTPs compared with businesses in other categories.

Table 7 Top 10 source countries by value for imports of regulated timber products, by business size category, 2012

Rank across all chapters	Category 1	Category 2	Category 3	Category 4	All importers
1	China	China	China	China	China
2	Indonesia	Malaysia	Malaysia	New Zealand	New Zealand
3	Malaysia	Indonesia	Indonesia	Indonesia	Indonesia
4	France	France	New Zealand	Malaysia	Malaysia
5	Vietnam	New Zealand	Italy	United States	United States
6	United States	Vietnam	Canada	Finland	Thailand
7	New Zealand	United States	United States	Thailand	Finland
8	Italy	Germany	Vietnam	Germany	Germany
9	Germany	Italy	Thailand	Korea, Rep. of	Italy
10	Hong Kong	Taiwan	United Kingdom	Italy	Korea, Rep. of

Note: Business size relates to 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Table excludes chapter 47 (pulp) data.

Summary

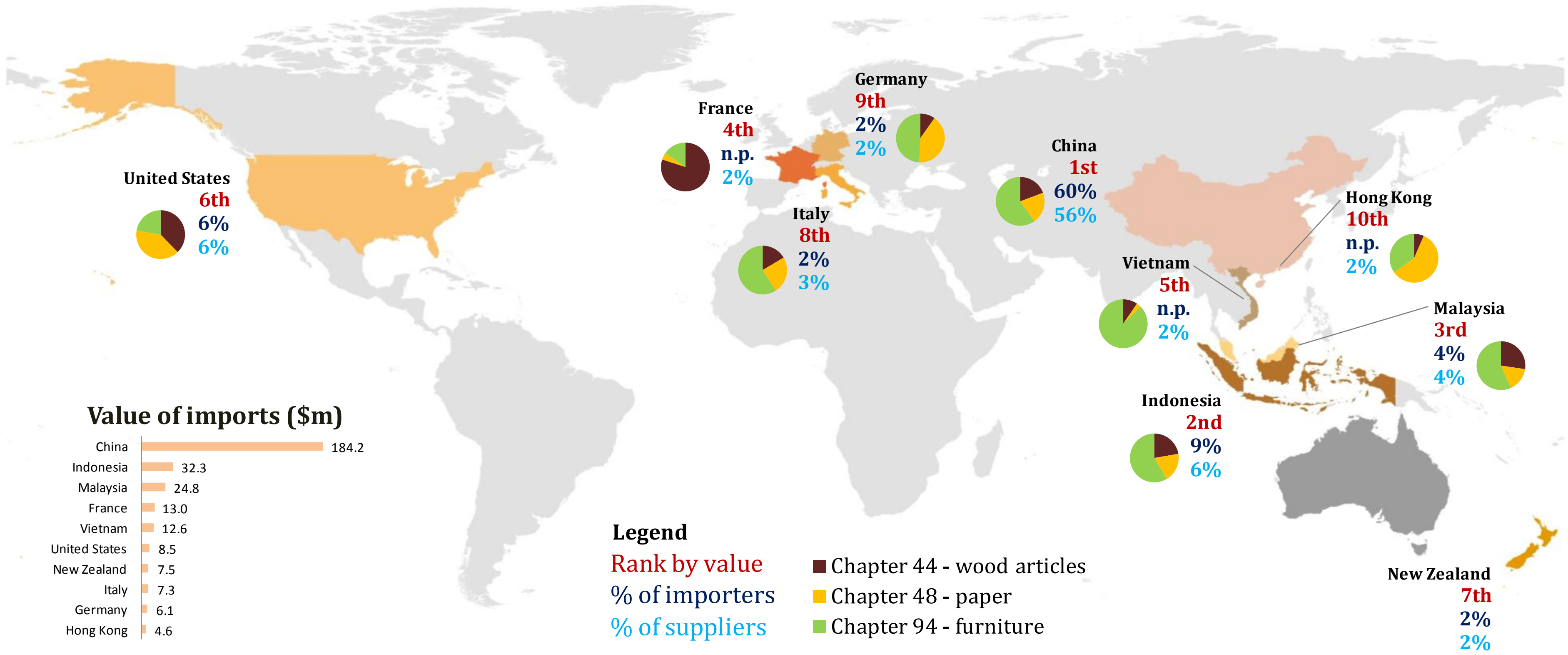
Businesses from all four business size categories imported a variety of timber products from a wide range of countries. CAT 1 and CAT 2 businesses shared several similarities in the RTPs they imported and the source countries for their imports. Some similarities in these characteristics were also found when comparing CAT 3 and CAT 4 businesses; however, in general CAT 4 businesses imported timber products from a wider range of countries than businesses in other categories.

The top 10 countries accounted for 87 per cent of total value of RTP imports for CAT 1 and CAT 2 businesses. For CAT 3 and CAT 4 businesses, the top 10 countries accounted for 82 per cent and 79 per cent of total value of RTP imports respectively.

China was consistently the primary source country across all business size categories in total value of RTP imports and percentage of importers importing from a particular country. Chapter 94 (furniture) products accounted for the majority of value of RTP imports from China.

Indonesia and Malaysia were consistently in the top three source countries for value of RTP imports for CAT 1, CAT 2 and CAT 3 businesses. For CAT 4 businesses, New Zealand was ranked second and Indonesia third by value of RTP imports. RTPs imported from Indonesia and Malaysia were primarily from chapter 44 (wood articles) and chapter 94 (furniture) respectively for all business size categories. New Zealand was the major source country for Australian imports of wood articles.

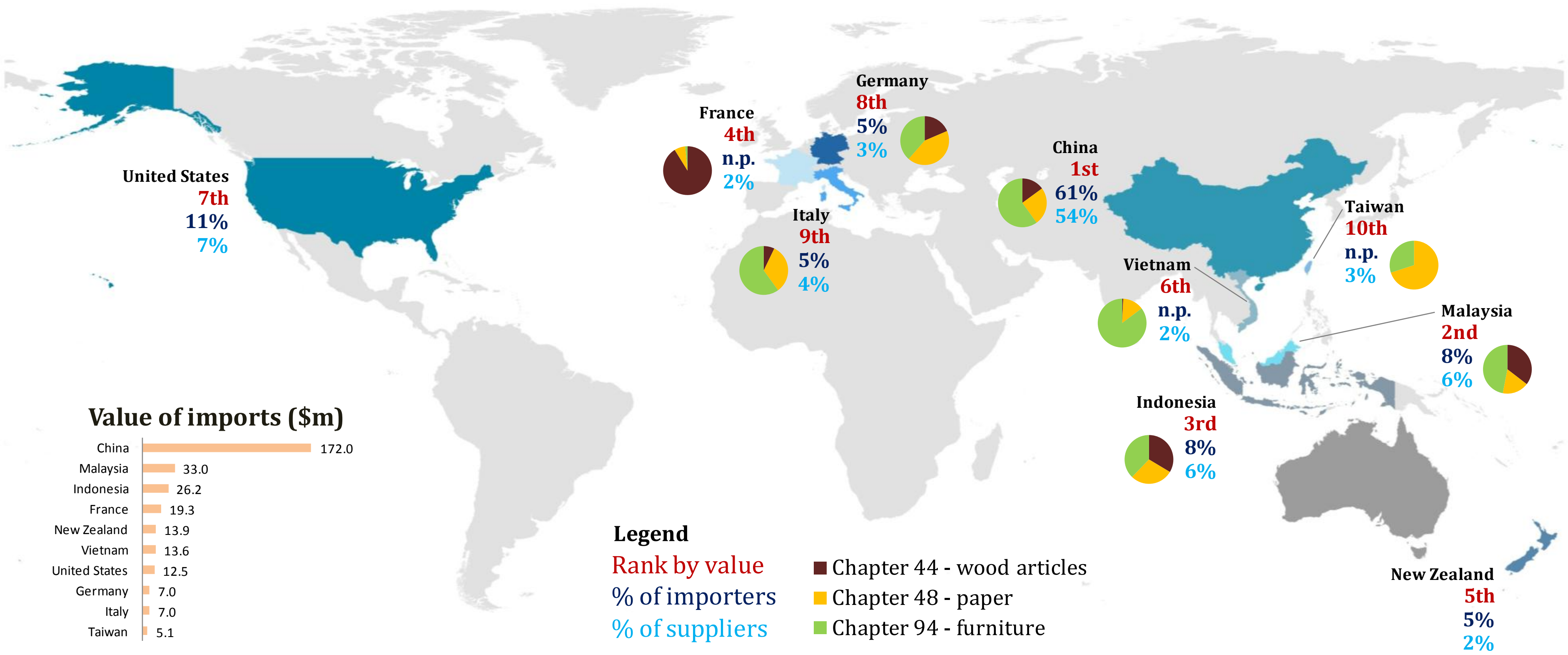
Map 1 Analysis of the top 10 source countries for regulated timber products, for category 1 businesses (turnover >$0 to <=$2 million) in 2012



Note: The number of importers and suppliers and value of imports were analysed for consignments that met the Regulation criteria discussed in the *Method and datasets* section. Labels for each country show its rank and percentage of importers and suppliers dealing with RTPs from that country. Pie charts show breakdown of RTPs at the two-digit level for each country except New Zealand due to confidentiality requirements. Map excludes chapter 47 (pulp) data. Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. **n.p.** = data that has been suppressed due to confidentiality or has a zero value.

Source: ABARES analysis

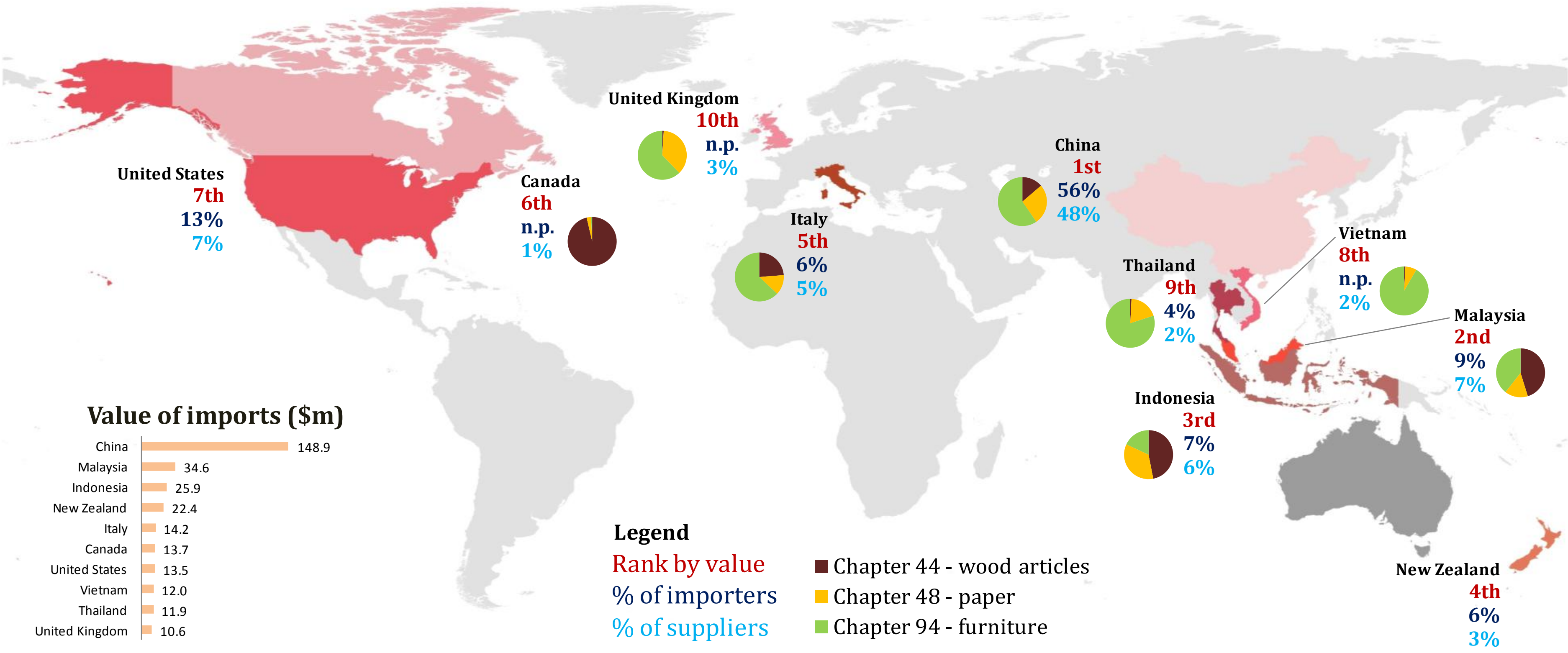
Map 2 Analysis of the top 10 source countries for regulated timber products, for category 2 businesses (turnover >$2 to <=$5 million) in 2012



Note: The number of importers and suppliers and value of imports were analysed for consignments that met the Regulation criteria discussed in the *Method and datasets* section. Labels for each country show its rank and percentage of importers and suppliers dealing with RTPs from that country. Pie charts show breakdown of RTPs at the two-digit level for each country except New Zealand and the United States due to confidentiality requirements. Map excludes chapter 47 (pulp) data. Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. **n.p.** = data that has been suppressed due to confidentiality or has a zero value.

Source: ABARES analysis

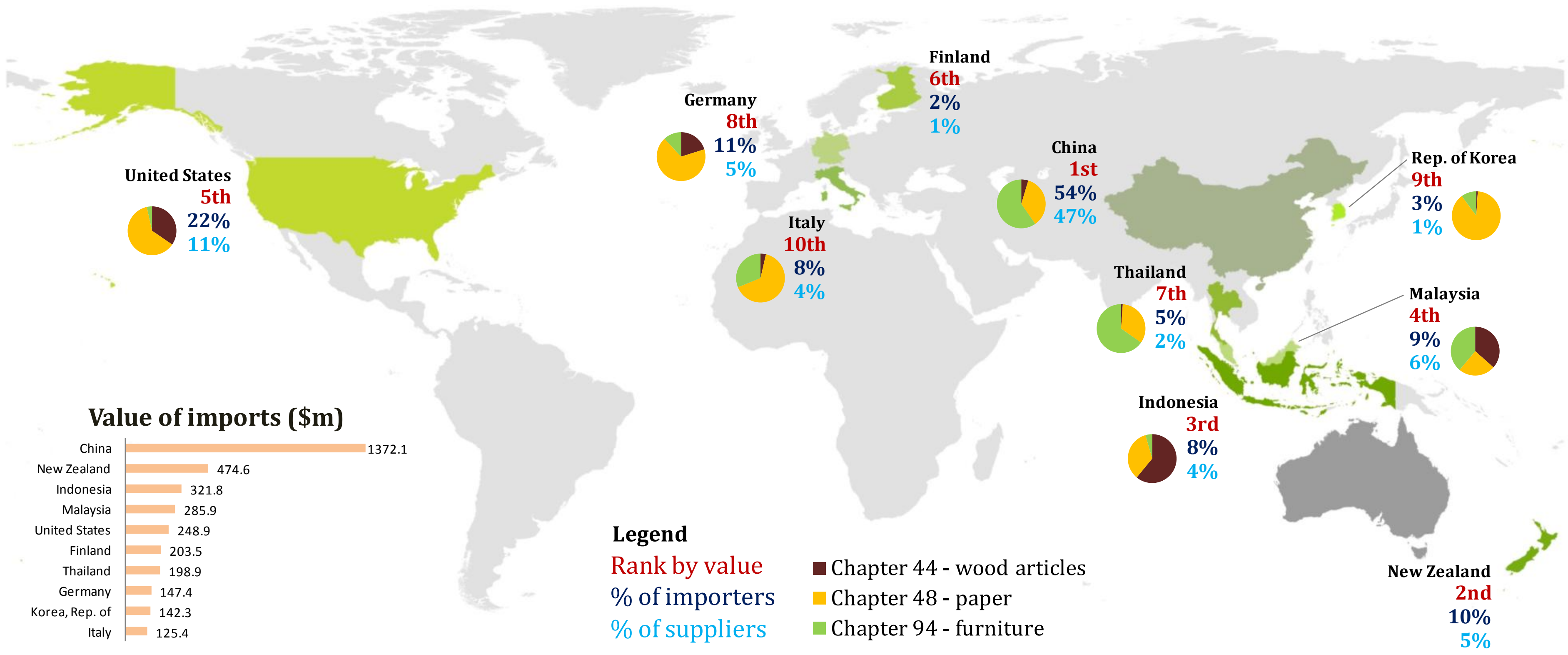
Map 3 Analysis of the top 10 source countries for regulated timber products, for category 3 businesses (turnover >$5 to <=$10 million) in 2012



Note: The number of importers and suppliers and value of imports were analysed for consignments that met the Regulation criteria discussed in the *Method and datasets* section. Labels for each country show its rank and percentage of importers and suppliers dealing with RTPs from that country. Pie charts show breakdown of RTPs at the two-digit level for each country except New Zealand and the United States due to confidentiality requirements. Map excludes chapter 47 (pulp) data. Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. **n.p.** = data that has been suppressed due to confidentiality or has a zero value.

Source: ABARES analysis

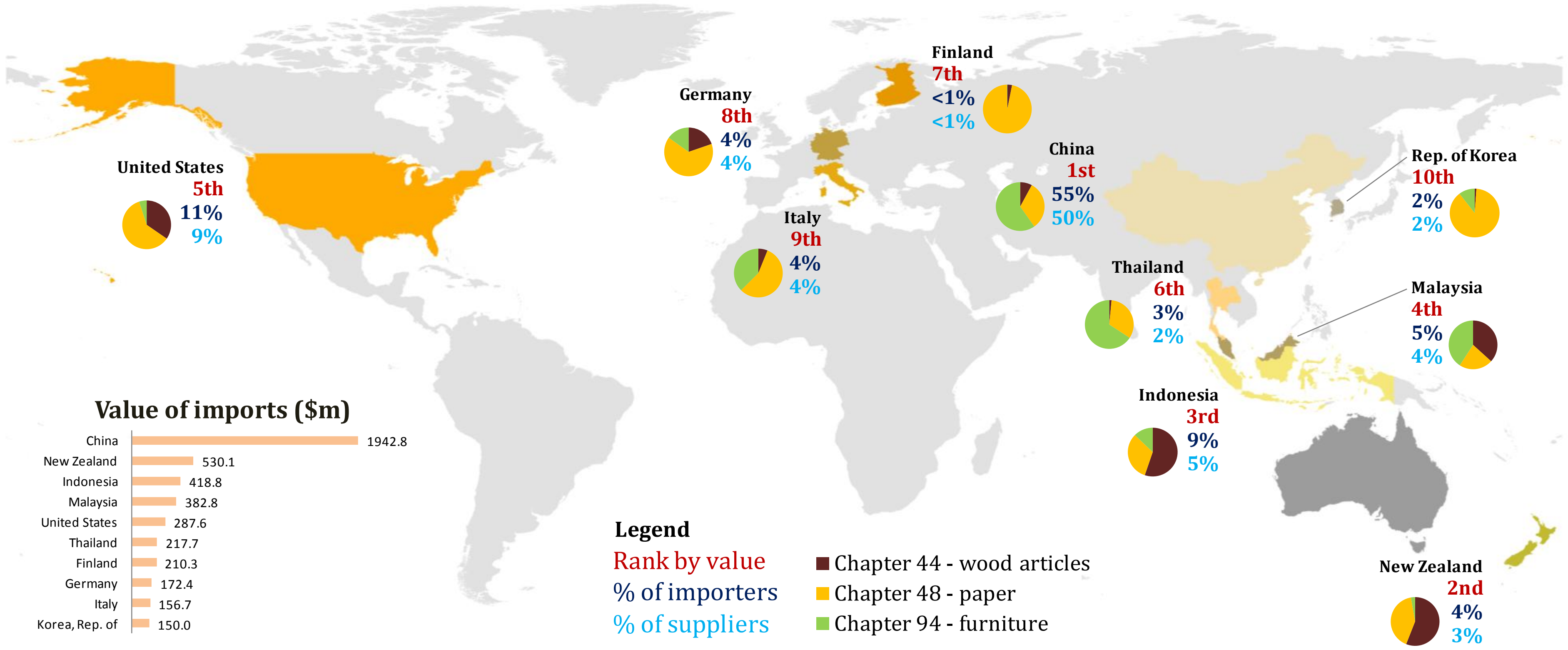
Map 4 Analysis of the top 10 source countries for regulated timber products, for category 4 businesses (turnover >$10 million) in 2012



Note: The number of importers and suppliers and value of imports were analysed for consignments that met the Regulation criteria discussed in the *Method and datasets* section. Labels for each country show its rank and percentage of importers and suppliers dealing with RTPs from that country. Pie charts show breakdown of RTPs at the two-digit level for each country except New Zealand and Finland due to confidentiality requirements. Map excludes chapter 47 (pulp) data. Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. **n.p.** = data that has been suppressed due to confidentiality or has a zero value.

Source: ABARES analysis

Map 5 Analysis of the top 10 source countries for regulated timber products, for all importers in 2012



Note: The number of importers and suppliers and value of imports were analysed for consignments that met the Regulation criteria discussed in the *Method and datasets* section. Labels for each country show its rank and percentage of importers and suppliers dealing with RTPs from that country. Pie charts show breakdown of RTPs at the two-digit level for each country. Map excludes chapter 47 (pulp) data. Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. **n.p.** = data that has been suppressed due to confidentiality or has a zero value.
Source: ABARES analysis

Analysis of variables affecting the size of due diligence

This chapter discusses statistics that provide an understanding of the size of due diligence and how this varies for businesses of different sizes. ABARES analysed the number of consignments and number of lines of import per consignment for each business size category. Complex characteristics were also examined; ABARES investigated frequency of import, the number of two-digit tariff chapters an importer imports from and the number of relationships between importers and suppliers for each business size category. Analysis of these characteristics can indicate the complexity of due diligence processes required for imports of regulated timber products (RTPs) by businesses of different sizes.

Analysis of number of consignments and lines of import

The total number of consignments that met the Regulation criteria in 2012 was 183 275. Consignments can have multiple lines of import; each line declares import of a particular product and is subject to its own due diligence process under the illegal logging regulations. In 2012, on average each consignment that met the Regulation criteria contained 3.1 lines of RTP imports. Consignments containing furniture products typically averaged a higher number of lines of import (4.5 lines per consignment) than consignments containing paper products (2.0 lines per consignment) or wood articles (1.7 lines per consignment).

The number of lines per consignment can indicate the complexity of due diligence processes for each consignment. Consignments with just one line of RTPs can only be sourced from one country and one supplier and may have a simplified compliance process under the illegal logging regulation (Gupta & Hug 2013). Of the 183 275 consignments that met the Regulation criteria in 2012, around 62 per cent (113 507 consignments) contained a single line of RTP import. These consignments accounted for around 61 per cent ($3.4 billion) of the total value of RTPs in 2012.

A breakdown of the number of consignments imported by importers of different business sizes is shown in Table 8. Further analysis for the total number of consignments and consignments with a single line of RTP import is presented in Appendix A in Table A6 and Table A8.

Category 1

In 2012 CAT 1 businesses imported 23 925 consignments that met the Regulation criteria. More than 50 per cent of these consignments contained furniture products (13 058 consignments); 8 487 consignments contained paper products and 3 935 contained wood articles (Table 8).

On average, consignments imported by CAT 1 businesses each had 2.7 lines of import. Consistent with overall observations, consignments imported by CAT 1 businesses containing furniture products averaged a higher number of lines of import (3.5 lines per consignment) than those containing paper products (1.7 lines per consignment) or wood articles (1.3 lines per consignment) (Table 8).

CAT 1 businesses imported more consignments containing furniture products than any other business size category (other than CAT 4 businesses). Furthermore, these consignments averaged a higher number of lines of import than those imported by businesses from larger business size categories. These observations are consistent with those made on value of RTP imports—CAT 1 businesses imported a higher total value of furniture product imports than CAT 2, CAT 3 and category 5 businesses.

CAT 1 businesses had the lowest proportion of consignments with a single line of RTP import (around 57 per cent or 13 704 consignments) compared with all other business size categories in 2012. Approximately equal proportions of these consignments contained paper and furniture products (around 40 per cent each). Consignments with a single line of RTP imports accounted for 57 per cent of the total value of RTP imports for CAT 1 businesses (Figure 1). These single-line consignments accounted for around 75 per cent and 71 per cent of the total CAT 1 value of wood articles and paper product imports respectively but only around 44 per cent of the total value of furniture imports (Table A8).

Category 2

CAT 2 businesses imported 18 648 consignments that met the Regulation criteria in 2012. Around 48 per cent of these consignments contained furniture products (8 978 consignments) and 39 per cent contained paper products (7 277 consignments). A relatively smaller proportion of consignments (2 780 consignments) contained wood articles (Table 8).

Consignments imported by CAT 2 businesses averaged 2.3 lines of import per consignment. Consistent with overall observations, consignments imported by CAT 2 businesses containing furniture products averaged a higher number of lines of import (2.8 lines per consignment) than those containing paper products (1.9 lines per consignment) or wood articles (1.4 lines per consignment) (Table 8).

The proportional number of single RTP consignments to total consignments was higher for CAT 2 businesses compared with CAT 1 businesses (62 per cent compared with 57 per cent), but the proportional value for these consignments was approximately the same for both business categories (around 57 per cent each) (Figure 1). Forty-three per cent of single RTP consignments contained paper products and around 39 per cent contained furniture products. Single line consignments accounted for around 67 per cent and 66 per cent of the CAT 2 value of wood articles and paper product imports respectively but only around 48 per cent of the total value of furniture imports (Table A8).

Category 3

CAT 3 businesses imported the lowest number of consignments that met the Regulation criteria in 2012 (16 121 consignments) compared with all other business size categories. Around 45 per cent of these consignments contained furniture products (7 186 consignments) and 38 per cent contained paper products (6 121 consignments). A relatively smaller proportion (3 070 consignments) contained wood articles (Table 8).

Consignments imported by CAT 3 businesses averaged the lowest number of lines of import per consignment (2.2 lines per consignment) compared with all other business size categories. Consignments containing furniture products averaged a higher number of lines of import (2.8 lines per consignment) than those containing paper products (2.1 lines per consignment) or wood articles (1.3 lines per consignment) (Table 8).

Consignments containing a single line of RTP import accounted for 64 per cent of the number and value of total consignments meeting Regulation criteria imported by CAT 3 businesses. These consignments accounted for a higher proportional number and value of total consignments for CAT 3 businesses compared with all other business size categories (Figure 1). Forty-two per cent of single RTP consignments contained paper products and around 35 per cent contained furniture products. These consignments accounted for around 70 per cent and 51 per cent of the CAT 3 value of wood articles and paper product imports respectively.

Single RTP consignments accounted for around 79 per cent of the total number and import value of CAT 3 consignments containing wood articles (Table A8).

Category 4

CAT 4 businesses imported the largest number of consignments that met the Regulation criteria in 2012 (116 033 consignments) compared with all other business size categories. Contrary to the proportions observed for other business size categories, a higher proportion of consignments contained paper products (49 per cent) than furniture products (37 per cent). A relatively smaller proportion (22 159 consignments) contained wood articles (Table 8).

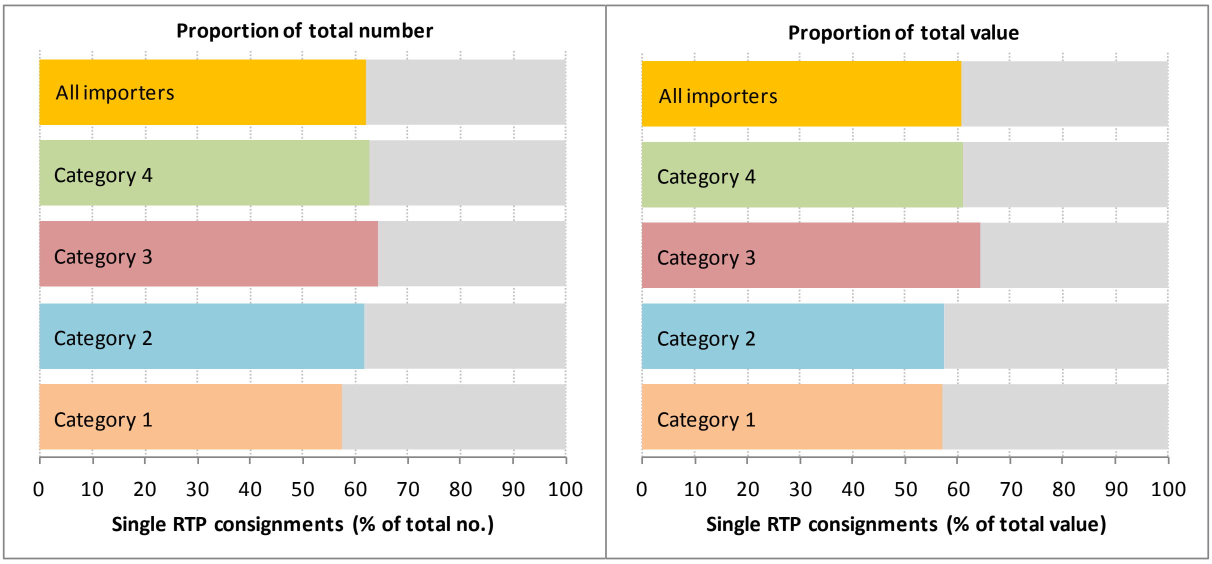
Consignments imported by CAT 4 businesses averaged the highest number of lines of import per consignment (3.4 lines per consignment) compared to all other business size categories. Consignments containing furniture products averaged a much higher number of lines of import (5.6 lines/consignment) than those containing paper products (2.0 lines per consignment) or wood articles (2.0 lines per consignment) (Table 8).

Around 63 per cent (72 863) of consignments imported by CAT 4 businesses had a single line of RTP import in 2012. More than 50 per cent of these consignments contained paper products. Single RTP consignments accounted for 61 per cent of the total value of RTP imports for CAT 4 businesses (Figure 1). These consignments accounted for around 73 per cent and 63 per cent of the CAT 4 value of wood articles and paper product imports but only around 49 per cent of the total value of furniture imports (Table A8).

Category 5

In 2012 category 5 importers imported 8 548 consignments that met the Regulation criteria. Around 55 per cent of these consignments contained furniture products. Around 60 per cent of these consignments contained a single line of RTP imports. Single RTP consignments accounted for around 66 per cent of the total category 5 value of RTP imports. Further detailed data for this category of importers is presented in Appendix A.

Figure 1 Consignments with a single line of RTP imports, proportion of total number and total value, by business size, 2012



Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Figure excludes chapter 47 (pulp) data.

Table 8 Number of consignments, number of lines of import and average lines per consignment, by business size and tariff chapter, 2012

Tariff chapter	No. of consignments	Average lines per consignment (no.)	Average value per consignment ($)
Turnover >$0 to <=$2million (CAT 1)			
Chapter 44—wood articles	3 935	1.3	19 753
Chapter 48—paper	8 487	1.7	9 369
Chapter 94—furniture	13 058	3.5	14 310
Across all chapters	23 925	2.7	14 383
Turnover >$2m to <=$5million (CAT 2)			
Chapter 44—wood articles	2 780	1.4	31 150
Chapter 48—paper	7 277	1.9	13 486
Chapter 94—furniture	8 978	2.8	19 064
Across all chapters	18 648	2.3	19 085
Turnover >$5m to <=$10million (CAT 3)			
Chapter 44 - wood articles	3 070	1.3	35 683
Chapter 48 - paper	6 121	2.1	17 078
Chapter 94 - furniture	7 186	2.8	22 335
Across all chapters	16 121	2.2	23 236
Turnover >$10million (CAT 4)			
Chapter 44—wood articles	22 159	2.0	42 549
Chapter 48—paper	57 276	2.0	36 964
Chapter 94—furniture	42 613	5.6	32 470
Across all chapters	116 033	3.4	38 296
All importers			
Chapter 44—wood articles	33 417	1.7	37 381
Chapter 48—paper	82 135	2.0	29 555
Chapter 94—furniture	76 533	4.5	25 711
Across all chapters	183 275	3.1	30 798

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Sum of components may exceed the totals as consignments can contain regulated timber products from multiple two-digit tariff chapters. Table excludes chapter 47 (pulp) data.

Importers with complex characteristics

The frequency of import, the number of two-digit tariff chapters an importer imports from and the nature of importer–supplier relationships can affect the complexity of due diligence processes. ABARES examined these characteristics to determine variations in the complexity of trade flows across different business size categories.

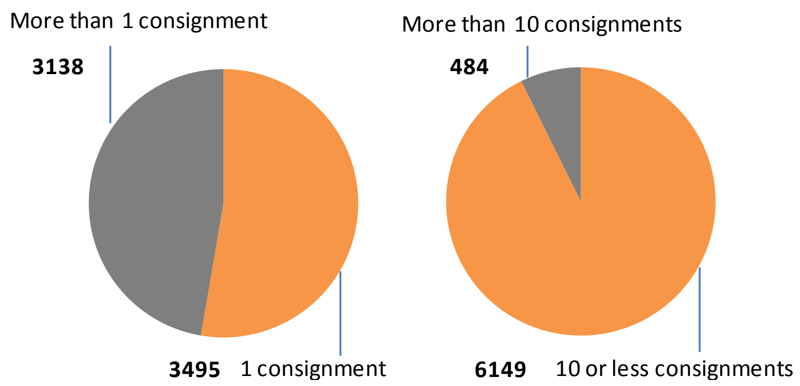
Distribution of number of consignments per business

More than half of all businesses that imported consignments that met the Regulation criteria in 2012 imported just one such consignment. These businesses accounted for less than 5 per cent of the total number of consignments that met Regulation criteria. Further, 87 per cent of businesses imported 10 or fewer consignments. Businesses that imported more than 100 times in 2012 (260 businesses) accounted for more than half of the total number of consignments that met the Regulation criteria.

Category 1

In contrast to all other business size categories the majority of CAT 1 businesses (53 per cent) imported just one consignment that met the Regulation criteria in 2012. More than 90 per cent (6 149 businesses) of CAT 1 businesses imported 10 or fewer consignments (Figure 2). Each of these businesses would have to undertake due diligence less than once a month, assuming an even distribution of consignments imported over the year. For CAT 1 businesses, 59 per cent of suppliers supplied just one consignment containing RTPs and more than 95 per cent supplied 10 or fewer consignments containing RTPs (Figure A2).

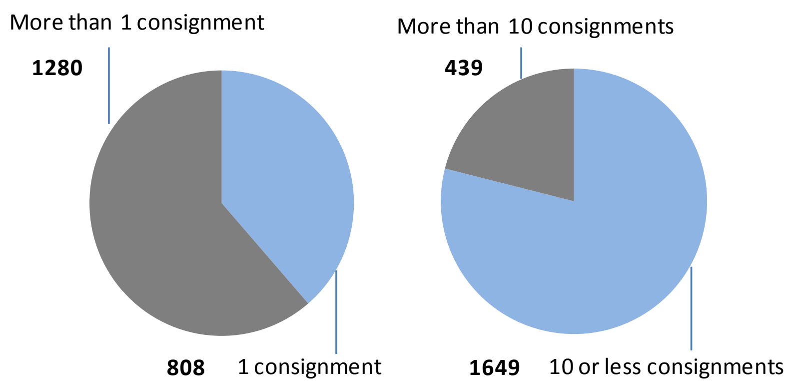
Figure 2 Number of businesses, grouped by number of consignments per business, category 1, 2012



Category 2

The majority of CAT 2 businesses (61 per cent) imported more than one consignment that met Regulation criteria in 2012. However, nearly 80 per cent (1 649 businesses) of CAT 2 businesses imported 10 or fewer consignments (Figure 3). Each of these businesses would have to undertake due diligence less than once a month, assuming an even distribution of consignments imported over the year. For CAT 2 businesses, 50 per cent of suppliers supplied just one consignment containing RTPs and 92 per cent supplied 10 or fewer consignments containing RTPs (Figure A3).

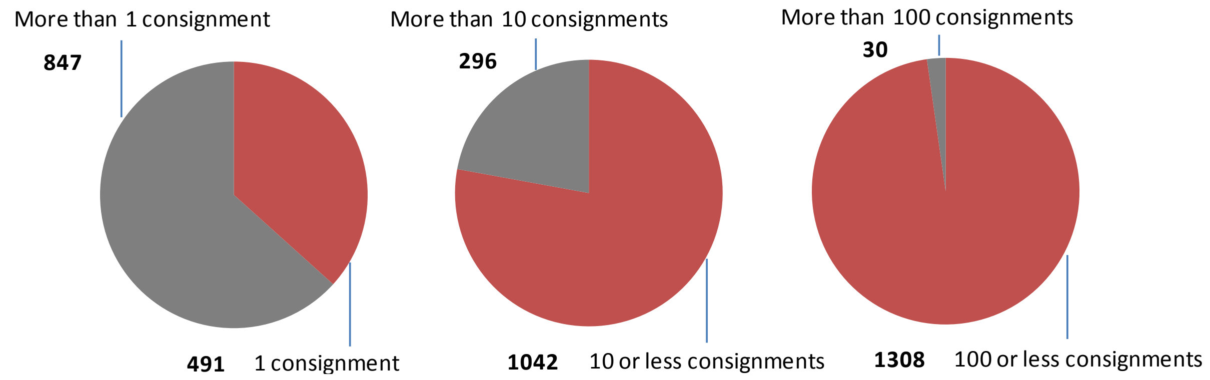
Figure 3 Number of businesses, grouped by number of consignments per business, category 2, 2012



Category 3

The majority of CAT 3 businesses (63 per cent) imported more than one consignment that met Regulation criteria in 2012. However, 78 per cent (1 042 businesses) of CAT 3 businesses imported 10 or fewer consignments (Figure 4). Each of these businesses would have had to undertake due diligence less than once a month, assuming an even distribution of consignments imported over the year. In contrast to CAT 1 and CAT 2, for CAT 3 businesses the majority of suppliers supplied more than one consignment containing RTPs (54 per cent). Ninety per cent supplied 10 or fewer consignments containing RTPs (Figure A4).

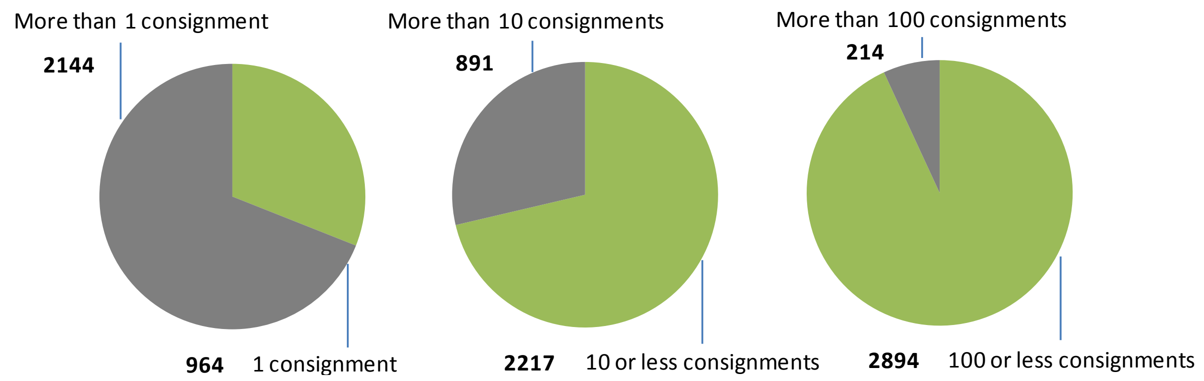
Figure 4 Number of businesses, grouped by number of consignments per business, category 3, 2012



Category 4

CAT 4 had the lowest proportion of businesses that imported just one consignment that met Regulation criteria compared with all other business sizes; 69 per cent imported more than one consignment in 2012. CAT 4 also had the highest proportion of businesses that imported more than 10 consignments (29 per cent or 891 businesses) in a year (Figure 5). As for CAT 3 businesses, for CAT 4 businesses the majority of suppliers supplied more than one consignment containing RTPs (59 per cent). Eighty-one per cent of suppliers supplied 10 or fewer consignments containing RTPs to CAT 4 businesses (Figure A5).

Figure 5 Number of businesses, grouped by number of consignments per business, category 4, 2012



Category 5

Seventy-nine per cent of CAT 5 importers imported just one consignment that met Regulation criteria in 2012 (Figure A1). This statistic is consistent with information provided by Customs that suggests CCIDs (identification numbers used for the majority of CAT 5 importers) are typically associated with private individuals. See Appendix A for more information.

Importers importing from multiple tariff chapters

The majority of importers and suppliers had just one consignment that met Regulation criteria in 2012. This partly explains why the majority of importers and suppliers dealt with just one two-digit tariff chapter in 2012 (Gupta & Hug 2013).

This trend was consistently observed for each business size category (Table 9). A small number of businesses in each category imported products from multiple two-digit chapters. The majority of these businesses were CAT 1 businesses in 2012. No business imported RTPs from all four two-digit tariff chapters.

Table 9 Number of two-digit tariff chapters per importer and supplier, by business size, 2012

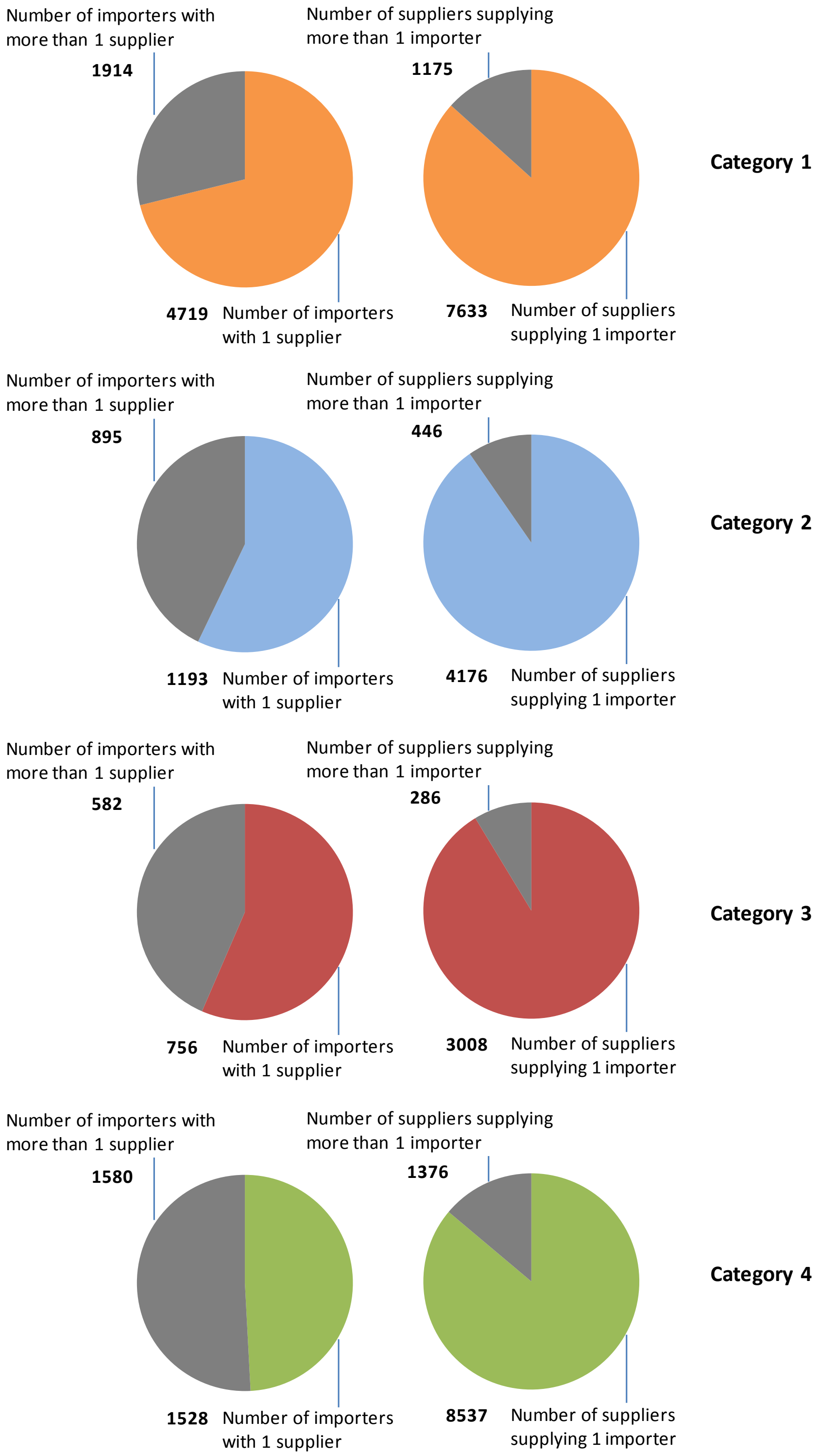
No. of chapters	No. of importers	No. of suppliers
Turnover >$0 to <=$2million (CAT 1)		
1 chapter	5 619	7 884
2 chapters	876	788
3 chapters	134	136
Total	6 629	8 808
Turnover >$2m to <=$5million (CAT 2)		
1 chapter	1 764	4 370
2 chapters	275	224
3 chapters	45	28
Total	2 084	4 622
Turnover >$5m to <=$10million (CAT 3)		
1 chapter	1 135	3 129
2 chapters	169	147
3 chapters	34	18
Total	1 338	3 294
Turnover >$10million (CAT 4)		
1 chapter	2 509	9 442
2 chapters	476	423
3 chapters	119	48
Total	3 104	9 913
All importers		
1 chapter	14 598	23 525
2 chapters	2 256	1 961
3 chapters	386	318
Total	17 240	25 804

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Sum of components do not add to totals as some importers import products from multiple two-digit tariff chapters. Table excludes chapter 47 (pulp) data and cannot be compared to Table 3 and Table 4. The differences between the totals in these tables does not provide the distribution of business size for chapter 47 importers as some importers import chapter 47 products as well as products from other two-digit tariff chapters.

Relationships between importers and suppliers

In 2012 most importers sourced RTPs from just one supplier and most suppliers dealt with just one importer. This may be due in part to a larger number of suppliers of RTPs than importers (Gupta & Hug 2013). This trend was consistently observed for CAT 1, CAT 2 and CAT 3 businesses. In contrast, most CAT 4 businesses imported RTPs from more than one supplier but most suppliers supplied RTPs to just one CAT 4 business (Figure 6).

Figure 6 Relationships between importers and suppliers, by business size, 2012



Note: Figure shows suppliers supplying importers in a particular business size category. See Appendix A for data on category 5 importers. Figure includes chapter 47 (pulp) data.

Sensitivity testing of value thresholds

To better inform the review of the Regulation undertaken by KPMG, extensive analysis was conducted of the impact of changes to the existing consignment value threshold under the Regulation criteria. The effects of alternative value thresholds such as an importer value threshold or a combined consignment and importer value threshold were also analysed.

For each of the value thresholds tested, ABARES investigated the resulting changes in number of businesses and value of imports by business size, number of product types and trade flows affected by the Regulation. The results are summarised in this chapter. ABARES examined two broad business size categories: businesses with $10 million or less in turnover and businesses with more than $10 million in turnover. ABARES limited examination to these two broad categories because of the sensitive nature of the data, on advice from the Australian Bureau of Statistics (ABS). Where possible, and acting in accordance with ABS privacy and confidentiality requirements, additional information has been provided for more detailed business size categories. Additional results for sensitivity testing are also presented in Appendix B.

Analysis of consignment value thresholds

Under the Regulation criteria, an imported consignment requires due diligence if the total value of regulated timber products declared for that consignment is $1 000 or more. This is a 'consignment value threshold'. ABARES analysed the effects of several different consignment value thresholds. However, results are only presented for a change from a $1 000 consignment value threshold to a $10 000 consignment value threshold (because of ABS privacy and confidentiality requirements). Similar results were observed for the other tested consignment value thresholds.

KPMG (2015) found that a change in the consignment value threshold would require a relatively straightforward amendment to the Regulation. Furthermore, it suggested that it would be easier to communicate this change to the regulated community than some of the alternative value thresholds considered and that relatively minor modifications to the government's existing compliance strategy would be sufficient. However, it noted following stakeholder consultations that a higher consignment value threshold could result in businesses engaging in 'gaming'—a practice where businesses import multiple consignments valued below the applicable threshold to avoid due diligence obligations (KPMG 2015).

Scenario 1: $10 000 consignment value threshold

Number of regulated importers

In 2012, for businesses with $10 million or less in turnover, a consignment value threshold of $10 000 would have reduced the number of regulated importers by around 54 per cent compared with a consignment value threshold of $1 000. This alternative consignment value threshold would also have reduced the number of regulated importers with more than $10 million in turnover by 45 per cent (Table 10). Data are unavailable for the detailed business size categories, but analysis showed that the number of regulated importers in each business size category would have decreased. The largest reduction would have been in category 1 businesses and the smallest in category 3 businesses.

Overall the largest decrease when comparing the two consignment value thresholds would have been in the number of regulated importers importing chapter 48 (paper) products (Table B1).

Value of regulated timber product imports

For importers with $10 million or less in turnover, a consignment value threshold of $10 000 would result in a 10.5 per cent decrease in total value of RTP imports compared with a consignment value threshold of $1 000 (Table 11). The value of products from each two-digit tariff chapter would have decreased, with the largest decrease in chapter 48 (paper) products. This trend was observed consistently for category 1, category 2 and category 3 businesses. The value of RTP imports by businesses with more than $10 million in turnover would decrease by 2.9 per cent (Table 11) and the largest decrease would be in the value of chapter 94 (furniture) products.

Overall, the value of RTP imports would have decreased by 4.6 per cent using the $10 000 consignment value threshold compared with the $1 000 consignment value threshold. The largest proportional decrease in total value of RTP imports would be for category 1 businesses and the smallest for category 4 businesses.

Primary source countries and product types imported

Overall for all importers, an increase in the consignment value threshold from $1 000 to $10 000 would not have affected the list or rank of top 10 source countries for RTPs in 2012. The largest decrease in value of RTP imports from a particular source country would have been in the value of RTP imports from China, particularly imports of chapter 48 (paper) and chapter 94 (furniture) products (Table B2).

The number of four-digit tariff product codes used to import RTPs when comparing the two consignment value thresholds would not have changed.

Table 10 Number of importers affected by the Regulation for different consignment value thresholds, by business size, 2012

Base case: $1 000 consignment value threshold Scenario 1: $10 000 consignment value threshold			
Importers with turnover >$0m to <=$10million	**Base case**	**Scenario 1**	**Difference**
Importers unaffected by the Regulation	5 555	10 994	5 439
Importers affected by the Regulation	10 059	4 620	–5 439
Total importers for this turnover category	15 614	15 614	
Importers with turnover >$10million			
Importers unaffected by the Regulation	1 274	2 664	1 390
Importers affected by the Regulation	3 108	1 718	–1 390
Total importers for this turnover category	4 382	4 382	
Total number of importers			
Importers unaffected by the Regulation	9 738	19 641	9 903
Importers affected by the Regulation	17 254	7 351	–9 903
Total importers	26 992	26 992	

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data was greater than the turnover category based on ABS Common Frame data, ICS value data was used as a proxy to determine a more appropriate turnover category. Table includes chapter 47 (pulp) data. 'Total number of importers' includes data for Category 5 importers.

Table 11 Value of regulated timber products affected by Regulation for different consignment value thresholds, by business size, 2012

Base case: $1 000 consignment value threshold			
Scenario 1: $10 000 consignment value threshold			
Turnover >$0 to <=$10million			
Tariff chapter	**Base case ($m)**	**Scenario 1 ($m)**	**% change from base case**
Chapter 44—wood articles	273.9	265.2	–3.2
Chapter 48—paper	282.2	235.3	–16.6
Chapter 94—furniture	518.5	461.8	–10.9
Total across all chapters	1 074.6	962.2	–10.5
Turnover >$10million			
Total across all chapters	4 443.6	4 313.6	–2.9
All importers			
Chapter 44—wood articles	1 249.2	1 231.7	–1.4
Chapter 48—paper	2 427.5	2 309.6	–4.9
Chapter 94—furniture	1 967.7	1 841.0	–6.4
Total across all chapters	5 644.4	5 382.4	–4.6

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data was greater than the turnover category based on ABS Common Frame data, ICS value data was used as a proxy to determine a more appropriate turnover category. Table excludes chapter 47 (pulp) data. 'All importers' includes data for Category 5 importers.

Analysis of importer value thresholds

ABARES also tested the effects of alternative value thresholds to the consignment value threshold. One alternative considered was an importer value threshold. Using this value threshold, ***all*** consignments of RTPs imported by a business would require due diligence if the total annual value of RTPs imported by the business crossed a pre-determined value. ABARES tested the effects of a range of importer value thresholds. However, because the data are commercially sensitive, results are only presented for a $50 000 and a $75 000 importer value threshold.

The KPMG (2015) review suggested administrative complexities would be associated with implementing an importer value threshold. Substantial amendments to the Regulation would be required to enforce this threshold and effectively communicating this change and its implications for the regulated community would be challenging. Nevertheless, KPMG found that an importer value threshold would reduce the risk of businesses engaging in gaming.

Scenario 2: $50 000 importer value threshold

This section discusses changes in key variables (such as number of regulated importers and value of RTP imports) that would result if a $50 000 importer value threshold were introduced in place of the existing $1 000 consignment value threshold.

Number of regulated importers

In 2012, for businesses with $10 million or less in turnover, an importer value threshold of $50 000 would have reduced the number of regulated importers by around 74 per cent compared with a consignment value threshold of $1 000. This alternative value threshold would also have reduced the number of regulated importers with more than $10 million in turnover by

58 per cent (Table 12). Data are unavailable for the detailed business size categories, but analysis showed that the number of regulated importers in each business size category would have decreased. The largest reduction would have been in category 1 businesses and the smallest in category 4.

Overall the largest decrease when comparing the two consignment value thresholds would have been in the number of regulated importers importing chapter 94 (furniture) products (Table B1).

Value of regulated timber product imports

For importers with $10 million or less in turnover, an importer value threshold of $50 000 would result in a 7.8 per cent decrease in total value of RTP imports compared with a consignment value threshold of $1 000 (Table 13). The value of products from each two-digit tariff chapter would have decreased, with the largest decrease in the value of chapter 48 (paper) products. This trend was observed consistently across each of the business size categories.

Overall, the value of RTP imports would have decreased by 2.3 per cent using the $50 000 importer value threshold compared with the $1 000 consignment value threshold. The largest proportional decrease in total value of RTP imports would be for category 1 businesses and the smallest for category 4 businesses.

Primary source countries and product types imported

Overall for all importers, a change from the $1 000 consignment value threshold to a $50 000 importer value threshold would not have affected the list or rank of top 10 source countries for RTPs in 2012. The largest decrease in value of RTP imports from a particular source country would have been in the value of RTP imports from China, particularly imports of chapter 48 (paper) and chapter 94 (furniture) products (consistent with scenario 1).

The number of four-digit tariff product codes used to import RTPs when comparing the $50 000 importer value threshold and $1 000 consignment value threshold would not have changed.

Scenario 3: $75 000 importer value threshold

This section discusses changes in key variables (such as number of regulated importers and value of RTP imports) that would result if a $75 000 importer value threshold were introduced in place of the existing $1 000 consignment value threshold.

Number of regulated importers

In 2012, for businesses with $10 million or less in turnover, an importer value threshold of $75 000 would have reduced the number of regulated importers by around 79 per cent compared with a consignment value threshold of $1 000. This alternative value threshold would also have reduced the number of regulated importers with more than $10 million in turnover by 63 per cent (Table 12). Analysis also showed that the number of regulated importers in each business size category would have decreased. The largest reduction would have been in category 1. The smallest reduction in number of regulated importers would be in category 3 businesses (in contrast to scenario 2).

Overall the largest decrease when comparing the two consignment value thresholds would have been in the number of regulated importers importing chapter 48 (paper) products (Table B1).

Value of regulated timber product imports

For importers with $10 million or less in turnover, an importer value threshold of $75 000 would result in a 10.8 per cent decrease in the total value of RTP imports compared with a consignment value threshold of $1 000 (Table 13). The value of products from each two-digit tariff chapter would have decreased, with the largest decrease in the value of chapter 48 (paper) products. This trend was observed consistently across each of the business size categories.

Overall, the value of RTP imports would have decreased by 3.2 per cent using the $75 000 importer value threshold compared with the $1 000 consignment value threshold. The largest proportional decrease in total value of RTP imports would be for category 1 businesses and the smallest for category 4 businesses.

Primary source countries and product types imported

Overall for all importers a change from the $1 000 consignment value threshold to a $75 000 importer value threshold would not have affected the list or rank of top 10 source countries for RTPs in 2012. The largest decrease in value of RTP imports from a particular source country would have been in the value of RTP imports from China, particularly imports of chapter 48 (paper) and chapter 94 (furniture) products.

The number of four-digit tariff product codes used to import RTPs when comparing the $75 000 importer value threshold and $1 000 consignment value threshold would not have changed.

Table 12 Number of importers affected by the Regulation for different importer value thresholds, by business size, 2012

Base case: $1 000 consignment value threshold
Scenario 2: $50 000 importer value threshold
Scenario 3: $75 000 importer value threshold

Importers	Scenario 2	Change from base case	Scenario 3	Change from base case
With turnover >$0m to <=$10million				
Importers unaffected by the Regulation	13 016	7 461	13 536	7 981
Importers affected by the Regulation	2 598	–7 461	2 078	–7 981
Total importers for this turnover category	15 614		15 614	
With turnover >$10million				
Importers unaffected by the Regulation	3 065	1 791	3 242	1 968
Importers affected by the Regulation	1 317	–1 791	1 140	–1 968
Total importers for this turnover category	4 382		4 382	
Total number of importers				
Importers unaffected by the Regulation	22 726	12 988	23 536	13 798
Importers affected by the Regulation	4 266	–12 988	3 456	–13 798
Total importers	26 992		26 992	

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Table includes chapter 47 (pulp) data. Data for the 'Base case' is presented in Table 10. 'Total number of importers' includes data for Category 5 importers.

Table 13 Value of RTPs affected by the Regulation for different importer value thresholds, by business size, 2012

Base case: $1 000 consignment value threshold				
Scenario 2: $50 000 importer value threshold				
Scenario 3: $75 000 importer value threshold				
Tariff chapter	**Scenario 2 ($m)**	**% change from base case**	**Scenario 3 ($m)**	**% change from base case**
Turnover >$0 to <=$10million				
Chapter 44—wood articles	263.9	–3.7	258.8	–5.5
Chapter 48—paper	247.0	–12.5	235.0	–16.7
Chapter 94—furniture	479.6	–7.5	464.4	–10.4
Total across all chapters	990.5	–7.8	958.3	–10.8
Turnover >$10million				
Total across all chapters	4 426.9	–0.4	4 416.0	–0.6
All importers				
Chapter 44—wood articles	1 234.5	–1.2	1 227.2	–1.8
Chapter 48—paper	2 375.4	–2.1	2 354.3	–3.0
Chapter 94—furniture	1 906.5	–3.1	1 884.9	–4.2
Total across all chapters	5 516.4	–2.3	5 466.4	–3.2

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Table excludes chapter 47 (pulp) data. Data for the 'Base case' is presented in Table 11. 'All importers' includes data for Category 5 importers.

Analysis of a combined value threshold

ABARES also tested the effects of a 'combined value threshold' that implements both a consignment value threshold and an importer value threshold. Using this threshold, consignments of RTPs imported by a business would require due diligence if the total annual value of RTPs imported by the business crossed a pre-determined value ***and*** if the total value of RTPs declared for an individual consignment was more than a set value. ABARES tested the effects of a range of combined value thresholds. However, the data are commercially sensitive, so results are only presented for a combined value threshold of $10 000 consignment value and $50 000 importer value (combined value threshold).

Scenario 4: combined value threshold

Number of regulated importers

In 2012, for businesses with $10 million or less in turnover, the combined value threshold would have reduced the number of regulated importers by around 75 per cent compared with a consignment value threshold of $1 000. This alternative value threshold would also have reduced the number of regulated importers with more than $10 million in turnover by 59 per cent (Table 14). Data are unavailable for the detailed business size categories, but analysis showed that the number of regulated importers in each business size category would have decreased. The largest reduction would have been in category 1 businesses and the smallest reduction in category 3 businesses.

Value of regulated timber product imports

For importers with $10 million or less in turnover, the combined value threshold would result in a 14.6 per cent decrease in total value of RTP imports compared with a consignment value threshold of $1 000. The value of products from each two-digit tariff chapter would have decreased, and this trend would be observed consistently across all business size categories. The value of RTP imports by businesses with more than $10 million in turnover would decrease by 3.1 per cent (Table 15).

Overall, the value of RTP imports would decrease by 5.8 per cent using the combined value threshold compared with the $1 000 consignment value threshold. The largest proportional decrease in total value of RTP imports would be for category 1 businesses and the smallest for category 4 businesses.

Primary source countries and product types imported

Introducing the combined value threshold to replace the $1 000 consignment value threshold would not have affected the list or rank of top 10 source countries for RTPs in 2012. The largest decrease in value of RTP imports from a particular source country would have been in the value of RTP imports from China, particularly imports of chapter 48 (paper) and chapter 94 (furniture) products.

The number of four-digit tariff product codes used to import RTPs when comparing the two consignment value thresholds would not have changed.

Table 14 Number of importers affected by the Regulation for different value thresholds, by business size, 2012

Base case: $1 000 consignment value threshold
Scenario 4: combined value threshold of $10 000 consignment value and $50 000 importer value

Importers	Base case	Scenario 4	Difference
With turnover >$0m to <=$10million			
Importers unaffected by the Illegal Logging Regulation	5 555	13 053	7 498
Importers affected by the Illegal Logging Regulation	10 059	2 561	–7 498
Total importers for this turnover category	15 614	15 614	
With turnover >$10million			
Importers unaffected by the Illegal Logging Regulation	1 274	3 096	1 822
Importers affected by the Illegal Logging Regulation	3 108	1 286	–1 822
Total importers for this turnover category	4 382	4 382	
Total number of importers			
Importers unaffected by the Illegal Logging Regulation	9 738	22 799	13 061
Importers affected by the Illegal Logging Regulation	17 254	4 193	–13 061
Total importers	26 992	26 992	

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Table includes chapter 47 (pulp) data. 'Total number of importers' includes data for Category 5 importers.

Table 15 Value of regulated timber products affected by Regulation for different value thresholds, by business size, 2012

Base case: $1 000 consignment value threshold Scenario 4: combined value threshold of $10 000 consignment value and $50 000 importer value			
Total value across all chapters	**Base case ($m)**	**Scenario 4 ($m)**	**% change from base case**
Turnover >$0 to <=$10million	1 074.6	917.4	–14.6
Turnover >$10million	4 443.6	4 304.0	–3.1
All importers	5 644.4	5 314.7	–5.8

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data were greater than the turnover category based on ABS Common Frame data, ICS value data were used as a proxy to determine a more appropriate turnover category. Table excludes a breakdown by two-digit tariff chapters for confidentiality reasons. 'All importers' includes data for Category 5 importers.

Summary

Overall the findings of this analysis suggest that alternative value thresholds would significantly reduce the total number of importers affected by the Regulation without significantly reducing the total value of RTP imports. For example, using a $10 000 consignment value threshold in place of the existing $1 000 consignment value threshold would decrease the number of importers affected by the Regulation by 57 per cent but reduce the value of RTP imports by only 4.6 per cent.

However, further analysis of alternative value thresholds is required. The value of RTP imports can act as a proxy for the scope or coverage of the Regulation, but several other criteria could be considered when examining effectiveness of the Regulation. Detailed analysis of alternative value thresholds could include testing to determine the appropriate breakpoint past which there would be diminishing returns for reducing the number of regulated importers. Additional analysis of exempted consignments and importers to investigate characteristics such as frequency of import and primary source countries may also prove useful.

Appendix A: Additional statistics by size of business

Table A1 Number of importers of RTPs by value of consignments and business size

Turnover >$0 to <=$2million (CAT 1)	No.
Importers in 2012 with consignments valued < $1 000	5 348
Importers in 2012 with consignments valued ≥ $1 000	6 633
Importers that only imported consignments valued < $1 000	3 867
Importers that only imported consignments valued ≥ $1 000	5 152
Importers that imported both consignments valued < $1 000 and ≥ $1 000	1 481
Total importers for this turnover category	10 500
Turnover >$2m to <=$5million (CAT 2)	**No.**
Importers in 2012 with consignments valued < $1 000	1 858
Importers in 2012 with consignments valued ≥ $1 000	2 088
Importers that only imported consignments valued < $1 000	1 038
Importers that only imported consignments valued ≥ $1 000	1 268
Importers that imported both consignments valued < $1 000 and ≥ $1 000	820
Total importers for this turnover category	3 126
Turnover >$5m to <=$10million (CAT 3)	**No.**
Importers in 2012 with consignments valued < $1 000	1 237
Importers in 2012 with consignments valued ≥ $1 000	1 338
Importers that only imported consignments valued < $1 000	650
Importers that only imported consignments valued ≥ $1 000	751
Importers that imported both consignments valued < $1 000 and ≥ $1 000	587
Total importers for this turnover category	1 988
Turnover >$10million (CAT 4)	**No.**
Importers in 2012 with consignments valued < $1 000	3 055
Importers in 2012 with consignments valued ≥ $1 000	3 108
Importers that only imported consignments valued < $1 000	1 274
Importers that only imported consignments valued ≥ $1 000	1 327
Importers that imported both consignments valued < $1 000 and ≥ $1 000	1 781
Total importers for this turnover category	4 382
No turnover data (CAT 5)	**No.**
Importers in 2012 with consignments valued < $1 000	3 319
Importers in 2012 with consignments valued ≥ $1 000	4 087
Importers that only imported consignments valued < $1 000	2 909
Importers that only imported consignments valued ≥ $1 000	3 677
Importers that imported both consignments valued < $1 000 and ≥ $1 000	410
Total number of ABNs without turnover data in 2012	2 509
Total number of CCIDs without turnover data in 2012	4 487
Total importers for this category	6 996

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data was greater than the turnover category based on ABS Common Frame data, ICS value data was used as a proxy to determine a more appropriate turnover category.

Table A1 Number of importers of RTPs by value of consignments and business size (continued)

Total number of importers	**No.**
Importers in 2012 with consignments valued <$1 000	14 817
Importers in 2012 with consignments valued ≥$1 000	17 254
Importers that only imported consignments valued <$1 000	9 738
Importers that only imported consignments valued ≥$1 000	12 175
Importers that imported both consignments valued <$1 000 and ≥$1 000	5 079
Total importers	26 992

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Importers were identified based on ABNs or Customs Client Identification Numbers. In some cases, importers had multiple ABNs and there were ABNs associated with multiple importers. These errors are reflected in the numbers presented in this table.

Table A2 Number of importers importing each regulated timber product at the four-digit level of the WCO HS tariff codes in 2012

Four-digit tariff code and product description	**CAT 1**	**CAT 2**	**CAT 3**	**CAT 4**	**CAT 5**	**All**
44.03 Wood in rough	5	n.p.	3	4	3	15
44.07 Wood sawn, chipped lengthwise	78	66	42	112	49	347
44.08 Sheets of veneer	22	9	7	16	9	63
44.09 Continuously shaped wood	135	59	46	127	77	444
44.10 Particleboard	40	18	15	47	19	139
44.11 Fibreboard of wood	177	48	22	86	59	392
44.12 Plywood	150	62	50	121	55	438
44.14 Wooden frames	250	81	31	98	129	589
44.16 Casks, barrels	44	16	6	11	17	94
44.18 Builders' joinery, doors	478	123	88	156	308	1 153
48.02 Uncoated writing paper	124	53	51	136	38	402
48.03 Toilet tissue	71	40	31	84	31	257
48.04 Uncoated craft paper/ paperboard	28	20	17	68	4	137
48.05 Other uncoated paper/paperboard	49	25	23	85	10	192
48.06 Glazed/translucent papers	38	20	18	57	7	140
48.07 Composite paper/paperboard	n.p.	8	11	18	n.p.	45
48.08 Corrugated paper/paperboard	28	13	21	51	10	123
48.09 Carbon and self-copy paper	57	18	14	36	12	137
48.10 Coated paper/paperboard	67	35	36	122	24	284
48.11 Paper products coated/surfaced	318	173	131	417	86	1 125
48.13 Cigarette paper	4	n.p.	n.p.	7	n.p.	17
48.17 Envelopes, cards	238	86	66	209	103	702
48.18 Toilet paper, tissues, serviettes	368	134	95	278	141	1 016
48.19 Cartons, boxes made of paper	1 585	659	441	1 239	507	4 431
48.20 Paper booklets	668	284	198	639	314	2 103
48.21 Paper labels	494	229	176	735	181	1 815
48.23 Other paper	799	313	219	658	279	2 268

Table A2 Number of importers importing each regulated timber product at the four-digit level of the WCO HS tariff codes in 2012 (continued)

Four-digit tariff code and product description	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	All
94.01 Seats	1 850	435	185	330	1 518	4 318
94.03 Furniture	2 988	757	415	849	2 446	7 455
94.06 Prefabricated buildings	204	60	43	135	120	562
Total number of importers in 2012 a	6 633	2 088	1 338	3 108	4 087	17 254

Note: **a** Totals include chapter 47 (pulp) data. Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Components may exceed the totals as importers may import products from multiple different four-digit WCO HS tariff codes. **n.p.** = data that has been suppressed due to confidentiality or has a zero value, but is included in totals where applicable.

Table A3 Value of RTP imports to Australia in 2012, category 5 importers, two-digit tariff chapter

No turnover data (CAT 5)		
Tariff chapter	**Value($m)**	**%**
Chapter 44 - wood articles	32.5	25.7
Chapter 48 - paper	28.2	22.3
Chapter 94 - furniture	65.6	52.0
Total across all chapters	**126.2**	100.0

Note: Table excludes chapter 47 (pulp) data. Turnover data was unavailable for importers in category 5. Value of imports reflects consignments that met the Regulation criteria discussed in the *Method and datasets* section. The sum of values may not add to the total due to rounding. There is potential for error in value reporting on Consignment declaration forms.

Table A4 Value of RTP imports to Australia in 2012, category 5 importers, AFWPS product category

AFWPS category	Category 5 (value in $m)
Hardboard	0.9
Medium density fibreboard	0.9
Miscellaneous forest products (total)	11.9
Paper and paperboard (total)	18.0
Paper manufactures	10.1
Particleboard	n.p.
Plywood	13.0
Prefabricated buildings	16.8
Roundwood	n.p.
Sawnwood (total)	4.5
Softboard and other fibreboards	0.0
Veneers	0.1
Wooden furniture	48.8
Total	**126.2**

Note: Table excludes chapter 47 (pulp) data. Turnover data was unavailable for importers in category 5. **n.p.** = data that has been suppressed due to confidentiality or has a zero value, but is included in totals where applicable. Value of imports reflects consignments that met the Regulation criteria discussed in the *Method and datasets* section. The sum of values may not add to the total due to rounding. There is potential for error in value reporting on Consignment declaration forms.

Table A5 Value of regulated timber products sourced from the top 10 source countries, 2012

Turnover >$0 to <=$2million (category 1)								
Country	**Across all chapters(c)**		**Chapter 44**		**Chapter 48**		**Chapter 94**	
	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank
China	184.2	1	35.5	1	38.6	1	110.1	1
Indonesia	32.3	2	7.2	3	6.2	2	18.9	2
Malaysia	24.8	3	6.8	4	4.0	3	14.1	3
France	13.0	4	10.4	2	0.6	18	2.0	10
Vietnam	12.6	5	1.2	8	0.4	23	11.0	4
United States	8.5	6	3.2	5	3.4	4	1.9	11
New Zealand	7.5	7	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Italy	7.3	8	1.2	7	1.8	10	4.3	5
Germany	6.1	9	0.6	13	2.5	8	3.0	7
Hong Kong	4.6	10	0.3	21	2.7	5	1.6	12
All other countries	43.3	n.a.	n.p.	n.a.	n.p.	n.a.	n.p.	n.a.
Total value of imports across all countries	**344.1**	**n.a.**	**77.7**	**n.a.**	**79.5**	**n.a.**	**186.9**	**n.a.**

Turnover >$2m to <=$5million (category 2)								
Country	**Across all chapters(c)**		**Chapter 44**		**Chapter 48**		**Chapter 94**	
	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank
China	172.0	1	25.7	1	43.2	1	103.1	1
Malaysia	33.0	2	11.7	3	5.8	4	15.5	2
Indonesia	26.2	3	8.8	4	7.5	3	9.9	4
France	19.3	4	17.6	2	1.4	15	0.3	21
New Zealand	13.9	5	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Vietnam	13.6	6	0.1	29	1.9	12	11.6	3
United States	12.5	7	n.p.	n.p.	n.p.	2	n.p.	15
Germany	7.0	8	1.3	9	3.0	8	2.7	7
Italy	7.0	9	0.5	16	2.3	10	4.2	6
Taiwan	5.1	10	0.0	36	3.5	5	1.5	12
All other countries	46.3	n.a.	n.p.	n.a.	n.p.	n.a.	n.p.	n.a.
Total value of imports across all countries	**355.9**	**n.a.**	**86.6**	**n.a.**	**98.1**	**n.a.**	**171.2**	**n.a.**

Table A5 Value of regulated timber products sourced from the top 10 source countries, 2012 (continued)

Turnover >$5m to <=$10million (category 3)

Country	**Across all chapters(c)**		**Chapter 44**		**Chapter 48**		**Chapter 94**	
	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank
China	148.9	1	20.4	1	39.8	1	88.7	1
Malaysia	34.6	2	15.6	3	5.3	5	13.6	2
Indonesia	25.9	3	12.2	5	9.1	n.p.	4.7	7
New Zealand	22.4	4	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Italy	14.2	5	3.4	8	1.9	14	9.0	5
Canada	13.7	6	13.2	4	0.4	25	0.1	30
United States	13.5	7	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Vietnam	12.0	8	0.1	23	0.9	19	11.0	3
Thailand	11.9	9	0.1	26	2.3	10	9.6	4
United Kingdom	10.6	10	0.1	32	3.9	7	6.6	6
All other countries	67.0	n.a.	n.p.	n.a.	n.p.	n.a.	n.p.	n.a.
Total value of imports across all countries	**374.6**	**n.a.**	**109.6**	**n.a.**	**104.5**	**n.a.**	**160.5**	**n.a.**

Turnover >$10million (category 4)

Country	**Across all chapters(c)**		**Chapter 44**		**Chapter 48**		**Chapter 94**	
	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank
China	1 372.1	1	63.7	5	489.2	1	819.3	1
New Zealand	474.6	2	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Indonesia	321.8	3	196.2	2	111.5	6	14.2	10
Malaysia	285.9	4	104.4	3	70.1	10	111.3	3
United States	248.9	5	85.8	4	154.4	4	8.6	13
Finland	203.5	6	n.p.	n.p.	198.3	3	n.p.	n.p.
Thailand	198.9	7	2.2	22	66.9	11	129.8	2
Germany	147.4	8	29.7	7	100.1	7	17.6	8
Korea, Rep. of	142.3	9	1.4	24	126.5	5	14.4	9
Italy	125.4	10	4.5	19	81.9	9	39.1	5
All other countries	922.9	n.a.	n.p.	n.a.	n.p.	n.a.	n.p.	n.a.
Total value of imports across all countries	**4 443.7**	**n.a.**	**942.8**	**n.a.**	**2 117.2**	**n.a.**	**1 383.6**	**n.a.**

Table A5 Value of regulated timber products sourced from the top 10 source countries, 2012 (continued)

All importers

Country	Across all chapters(c)		Chapter 44		Chapter 48		Chapter 94	
	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank	Value ($m)	Rank
China	1 942.8	1	153.1	3	628.3	1	1 161.4	1
New Zealand	530.1	2	296.7	1	218.8	2	14.6	12
Indonesia	418.8	3	231.0	2	134.6	5	53.2	6
Malaysia	382.8	4	140.6	4	85.8	10	156.4	2
United States	287.6	5	99.6	5	173.5	4	14.5	13
Thailand	217.7	6	3.3	22	71.2	12	143.2	3
Finland	210.3	7	6.6	17	203.2	3	0.5	44
Germany	172.4	8	34.0	8	112.3	7	26.1	8
Italy	156.7	9	9.6	16	88.3	9	58.7	5
Korea, Rep. of	150.0	10	1.7	28	132.6	6	15.6	11
All other countries	1 175.4	n.a.	273.0	n.a.	578.9	n.a.	323.5	n.a.
Total value of imports across all countries	**5 644.4**	**n.a.**	**1 249.2**	**n.a.**	**2 427.5**	**n.a.**	**1 967.7**	**n.a.**
Total value of imports across all countries for category 5 importers	**126.2**	**n.a.**	**32.5**	**n.a.**	**28.2**	**n.a.**	**65.6**	**n.a.**

Note: Table excludes chapter 47 (pulp) data. **n.p.** = data that has been suppressed due to confidentiality or has a zero value, but is included in totals where applicable. **n.a.** = not applicable. The sum of values may not add to the total due to rounding. Value of imports was analysed for consignments that met the Regulation criteria discussed in the *Method and datasets* section. There is potential for error in value reporting on consignment declaration forms.

Table A6 Number of consignments by business size, 2012

Turnover >$0 to <=$2million (CAT 1)	**No.**
Total consignments	34 525
Consignments with combined value <$1 000	10 600
Consignments with combined value ≥ $1 000	23 925
Turnover >$2m to <=$5million (CAT 2)	**No.**
Total consignments	24 217
Consignments with combined value <$1 000	5 569
Consignments with combined value ≥ $1 000	18 648
Turnover >$5m to <=$10million (CAT 3)	**No.**
Total consignments	20 480
Consignments with combined value <$1 000	4 359
Consignments with combined value ≥ $1 000	16 121
Turnover >$10million (CAT 4)	**No.**
Total consignments	148 436
Consignments with combined value <$1 000	32 403
Consignments with combined value ≥ $1 000	116 033

Table A6 Number of consignments by business size, 2012 (continued)

No turnover data (CAT 5)	No.
Total consignments	13 245
Consignments with combined value <$1 000	4 697
Consignments with combined value ≥ $1 000	8 548
All importers	**No.**
Total consignments	240 903
Consignments with combined value <$1 000	57 628
Consignments with combined value ≥ $1 000	183 275

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data was greater than the turnover category based on ABS Common Frame data, ICS value data was used as a proxy to determine a more appropriate turnover category. Sum of components may exceed the totals as consignments can contain regulated timber products from multiple two-digit tariff chapters. Table excludes chapter 47 (pulp) data.

Table A7 Number of consignments, number of lines of import, and average lines per consignment, by tariff chapter, category 5 importers, 2012

No turnover data (category 5)			
Tariff chapter	**No. of consignments**	**Average lines per consignment (no.)**	**Average value per consignment ($)**
Chapter 44 - wood articles	1 473	1.31	22 040
Chapter 48 - paper	2 974	1.53	9 472
Chapter 94 - furniture	4 698	3.08	13 958
Across all chapters	8 548	2.45	14 765

Note: Turnover data was unavailable for importers in category 5. Sum of components may exceed the totals as consignments can contain RTPs from multiple two-digit tariff chapters. Table excludes chapter 47 (pulp) data.

Table A8 Consignments with a single line of RTP import, by business size and tariff chapter

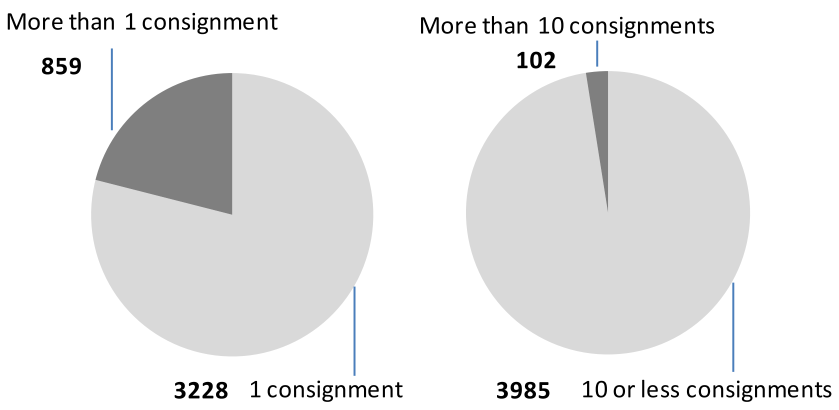
Turnover >$0 to <=$2million (category 1)				
Number of consignments	**Wood articles (Ch. 44)**	**Paper (Ch. 48)**	**Furniture (Ch. 94)**	**Across all chapters**
No. of selected consignments	2 464	5 735	5 505	13 704
Total no. of consignments	3 935	8 487	13 058	23 925
% of chapter	62.6	67.6	42.2	57.3
Value of consignments				
Value for selected consignments ($m)	57.9	56.4	81.8	196
Value for all consignments ($m)	77.7	79.5	186.9	344.1
% of chapter	74.5	70.9	43.8	57.0
Turnover >$2m to <=$5million (category 2)				
Number of consignments	**Wood articles (Ch. 44)**	**Paper (Ch. 48)**	**Furniture (Ch. 94)**	**Across all chapters**
No. of selected consignments	2 056	4 947	4 473	11 476
Total no. of consignments	2 780	7 277	8 978	18 648
% of chapter	74.0	68.0	49.8	61.5
Value of consignments				
Value for selected consignments ($m)	57.6	65.1	82	204.7
Value for all consignments ($m)	86.6	98.1	171.2	355.9
% of chapter	66.5	66.4	47.9	57.5

Table A8 Consignments with a single line of RTP import, by business size and tariff chapter (continued)

Turnover >$5m to <=$10million (category 3)				
Number of consignments	**Wood articles (Ch. 44)**	**Paper (Ch. 48)**	**Furniture (Ch. 94)**	**Across all chapters**
No. of selected consignments	2 413	4 310	3 631	10 354
Total no. of consignments	3 070	6 121	7 186	16 121
% of chapter	78.6	70.4	50.5	64.2
Value of consignments				
Value for selected consignments ($m)	86.1	72.8	82.1	241.1
Value for all consignments ($m)	109.5	104.5	160.5	374.6
% of chapter	78.6	69.7	51.2	64.4
Turnover >$10million (category 4)				
Number of consignments	**Wood articles (Ch. 44)**	**Paper (Ch. 48)**	**Furniture (Ch. 94)**	**Across all chapters**
No. of selected consignments	15 110	37 315	20 438	72 863
Total no. of consignments	22 159	57 276	42 613	116 033
% of chapter	68.2	65.1	48.0	62.8
Value of consignments				
Value for selected consignments ($m)	687.7	1 341.7	677.3	2 706.7
Value for all consignments ($m)	942.8	2 117.2	1 383.6	4 443.6
% of chapter	72.9	63.4	49.0	60.9
No turnover data (category 5)				
Number of consignments	**Wood articles (Ch. 44)**	**Paper (Ch. 48)**	**Furniture (Ch. 94)**	**Across all chapters**
No. of selected consignments	916	2 127	2 067	5 110
Total no. of consignments	1 473	2 974	4 698	8 548
% of chapter	62.2	71.5	44.0	59.8
Value of consignments				
Value for selected consignments ($m)	25.6	21.8	35.2	82.6
Value for all consignments ($m)	32.5	28.2	65.6	126.2
% of chapter	78.8	77.3	53.7	65.5
All importers				
Number of consignments	**Wood articles (Ch. 44)**	**Paper (Ch. 48)**	**Furniture (Ch. 94)**	**Across all chapters**
No. of selected consignments	22 959	54 434	36 114	113 507
Total no. of consignments	33 417	82 135	76 533	183 275
% of chapter	68.7	66.3	47.2	61.9
Value of consignments				
Value for selected consignments ($m)	914.9	1 557.7	958.5	3 431.1
Value for all consignments ($m)	1 249.2	2 427.5	1 967.7	5 644.4
% of chapter	73.2	64.2	48.7	60.8

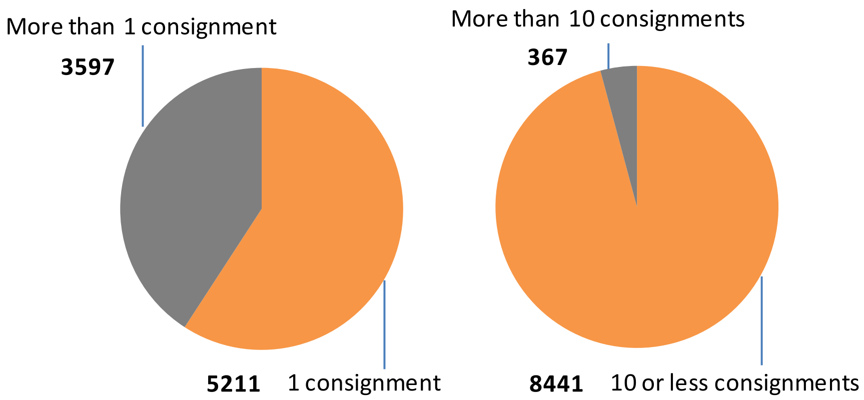
Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data was greater than the turnover category based on ABS Common Frame data, ICS value data was used as a proxy to determine a more appropriate turnover category. Turnover data was unavailable for importers in category 5.
Table excludes chapter 47 (pulp) data.

Figure A1 Number of consignments per importer, category 5, 2012



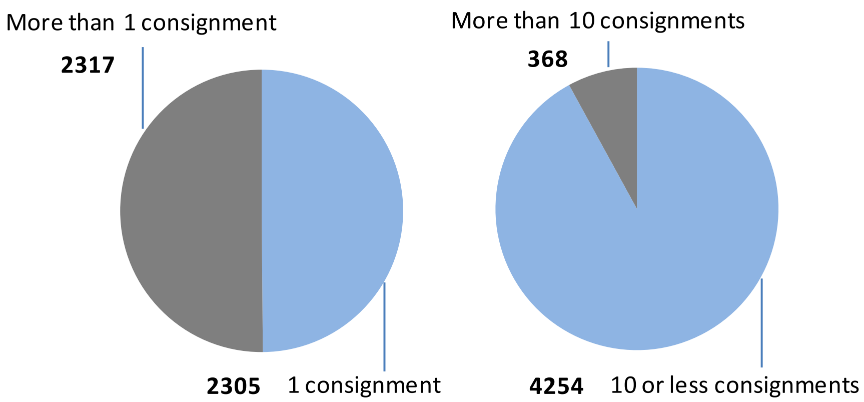
Note: Turnover data was unavailable for importers in category 5. The Figure reflects consignments that met the Regulation criteria.

Figure A2 Number of suppliers that supplied category 1 businesses, grouped by number of consignments per supplier, 2012



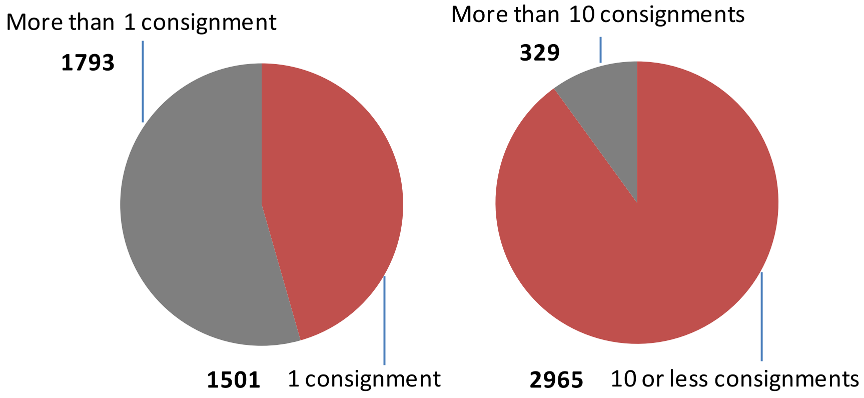
Note: The Figure reflects consignments that met the Regulation criteria. Figure includes chapter 47 (pulp) data.

Figure A3 Number of suppliers that supplied category 2 businesses, grouped by number of consignments per supplier, 2012



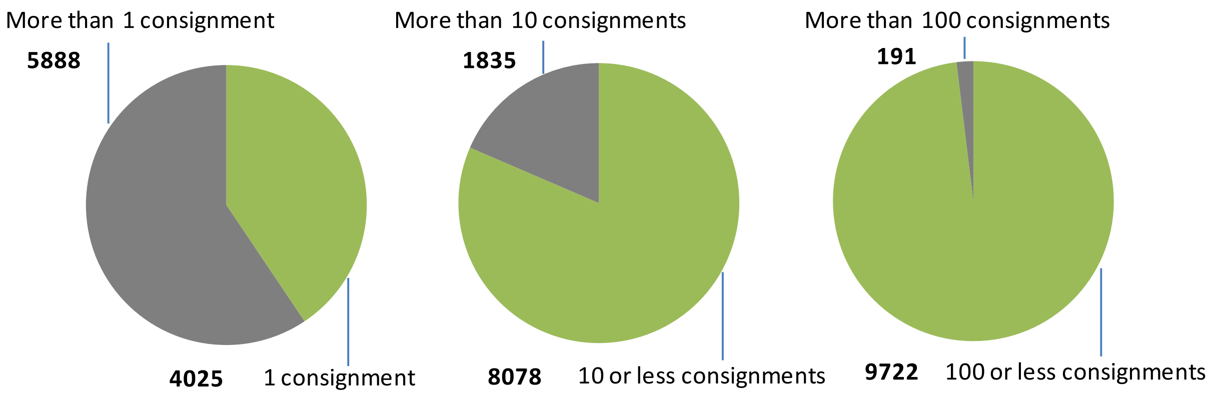
Note: The Figure reflects consignments that met the Regulation criteria. Figure includes chapter 47 (pulp) data.

Figure A4 Number of suppliers that supplied category 3 businesses, grouped by number of consignments per supplier, 2012



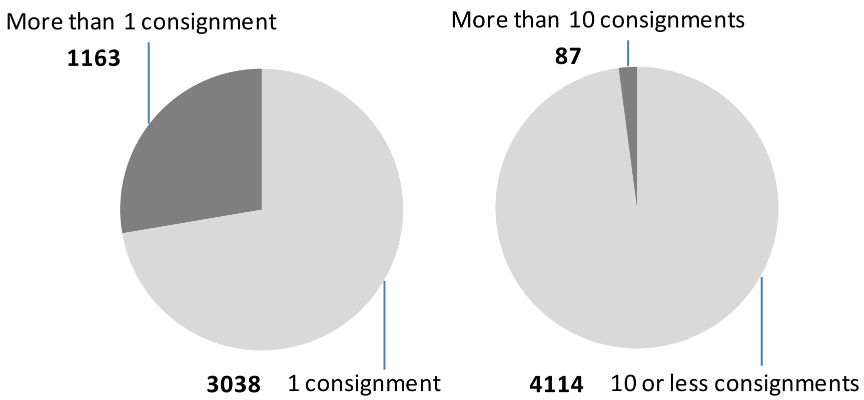
Note: The Figure reflects consignments that met the Regulation criteria. Figure includes chapter 47 (pulp) data.

Figure A5 Number of suppliers that supplied category 4 businesses, grouped by number of consignments per supplier, 2012



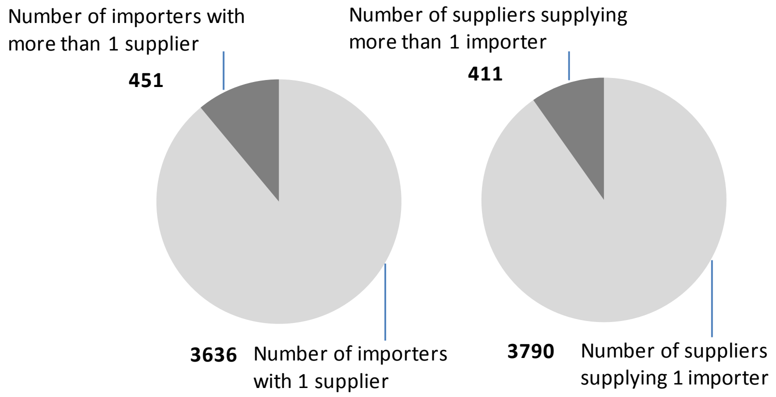
Note: The Figure reflects consignments that met the Regulation criteria. Figure includes chapter 47 (pulp) data.

Figure A6 Number of suppliers that supplied category 5 businesses, grouped by number of consignments per supplier, 2012



Note: Turnover data was unavailable for importers in category 5. The Figure reflects consignments that met the Regulation criteria. Figure includes chapter 47 (pulp) data.

Figure A7 Relationships between importers and suppliers, category 5, 2012



Note: Turnover data was unavailable for importers in category 5. Figure includes chapter 47 (pulp) data.

Appendix B: Additional results for sensitivity testing

Table B1 Number of importers affected by the Regulation for different value threshold scenarios, by two-digit tariff chapter, by business size, 2012

Base case: $1 000 consignment value threshold				
Business size	**Ch. 44 (wood)**	**Ch. 48 (paper)**	**Ch. 94 (furniture)**	**Across all chapters**
Turnover >$0 to <=$10 million	1 668	5 425	4 704	10 059
Turnover >$10 million	457	2 378	983	3 108
Total number of importers	2 728	9 070	8 470	17 254
Scenario 1: $10 000 consignment value threshold				
Business size	**Ch. 44 (wood)**	**Ch. 48 (paper)**	**Ch. 94 (furniture)**	**Across all chapters**
Turnover >$0 to <=$10 million	1 021	1 634	2 569	4 620
Turnover >$10 million	350	1 039	676	1 718
Total number of importers	1 597	2 908	3 943	7 351
Scenario 2: $50 000 importer value threshold				
Business size	**Ch. 44 (wood)**	**Ch. 48 (paper)**	**Ch. 94 (furniture)**	**Across all chapters**
Turnover >$0 to <=$10 million	736	1 050	1 529	2 598
Turnover >$10 million	362	973	609	1 317
Total number of importers	1 192	2 141	2 359	4 266
Scenario 3: $75 000 importer value threshold				
Business size	**Ch. 44 (wood)**	**Ch. 48 (paper)**	**Ch. 94 (furniture)**	**Across all chapters**
Turnover >$0 to <=$10 million	606	806	1 243	2 078
Turnover >$10 million	336	822	542	1 140
Total number of importers	1 004	1 709	1 938	3 456

Note: Business size relates to the 2012 calendar year and is sourced from the ABS Common Frame. Where ICS value data was greater than the turnover category based on ABS Common Frame data, ICS value data was used as a proxy to determine a more appropriate turnover category. Sum of components do not add to totals as some importers import products from multiple two-digit tariff chapters. Table excludes chapter 47 (pulp) data. Detailed data by two-digit tariff chapter could not be reported for the combined value threshold for confidentiality reasons.

Table B2 Value of imports from top 10 source countries for different value threshold scenarios, by two-digit tariff chapter, for all affected importers, 2012

Base case: $1 000 consignment value threshold				
Country	**Across all chapters ($m)**	**Ch. 44 ($m)**	**Ch. 48 ($m)**	**Ch. 94 ($m)**
China	1 942.8	153.1	628.3	1 161.3
New Zealand	530.1	296.7	218.8	14.6
Indonesia	418.8	231.0	134.6	53.2
Malaysia	382.8	140.6	85.8	156.4
United States	287.6	99.6	173.5	14.5
Thailand	217.7	3.3	71.2	143.2
Finland	210.3	6.6	203.2	.5
Germany	172.4	34.0	112.3	26.1
Italy	156.7	9.6	88.3	58.7
Korea, Rep. of	150.0	1.7	132.6	15.6
All other countries	1 175.4	273.0	578.8	323.6
Total value of imports	**5 644.4**	**1 249.2**	**2 427.5**	**1 967.7**
Scenario 1: $10 000 consignment value threshold				
Country	**Across all chapters ($m)**	**Ch. 44 ($m)**	**Ch. 48 ($m)**	**Ch. 94 ($m)**
China	1 797.9	144.3	571.8	1 081.8
New Zealand	519.2	294.7	211.7	12.9
Indonesia	404.3	230.4	131.7	42.2
Malaysia	369.3	139.5	81.6	148.2
United States	273.1	99.2	161.8	12.2
Thailand	215.0	3.1	69.6	142.4
Finland	210.0	6.5	202.9	.5
Germany	165.4	33.3	108.1	24.0
Italy	150.7	9.1	86.3	55.3
Korea, Rep. of	147.6	1.6	130.9	15.1
All other countries	1 129.9	270.0	553.3	306.5
Total value of imports	**5 382.4**	**1 231.7**	**2 309.6**	**1 841.0**
Scenario 2: $50 000 importer value threshold				
Country	**Across all chapters ($m)**	**Ch. 44 ($m)**	**Ch. 48 ($m)**	**Ch. 94 ($m)**
China	1 875.1	145.8	600.7	1 128.5
New Zealand	526.7	295.8	217.3	13.6
Indonesia	409.8	230.1	133.8	45.9
Malaysia	379.2	140.0	84.3	154.9
United States	279.2	98.9	168.8	11.6
Thailand	215.9	3.1	70.3	142.4
Finland	210.1	6.4	203.2	.5
Germany	169.9	33.6	111.0	25.3
Italy	153.5	9.4	87.3	56.9
Korea, Rep. of	147.9	1.6	131.5	14.8
All other countries	1 149.1	269.7	567.4	312.1
Total value of imports	**5 516.4**	**1 234.5**	**2 375.4**	**1 906.5**

Table B2 Value of imports from top 10 source countries for different value threshold scenarios, by two-digit tariff chapter, for all affected importers, 2012 (continued)

Scenario 3: $75 000 importer value threshold				
Country	**Across all chapters ($m)**	**Ch. 44 ($m)**	**Ch. 48 ($m)**	**Ch. 94 ($m)**
China	1 848.8	141.7	590.2	1 116.9
New Zealand	525.2	295.3	216.6	13.2
Indonesia	406.9	229.7	133.4	43.8
Malaysia	376.9	139.6	83.8	153.5
United States	275.6	98.6	166.4	10.6
Thailand	215.3	3.1	70.0	142.2
Finland	210.0	6.3	203.2	.5
Germany	168.6	33.5	110.3	24.8
Italy	152.2	9.3	86.7	56.3
Korea, Rep. of	147.4	1.6	131.1	14.7
All other countries	1 139.4	268.4	562.8	308.2
Total value of imports	**5 466.4**	**1 227.2**	**2 354.3**	**1 884.9**
Scenario 4: combined value threshold of $10 000 consignment value and $50 000 importer value				
Country	**Across all chapters ($m)**	**Ch. 44 ($m)**	**Ch. 48 ($m)**	**Ch. 94 ($m)**
China	1 761.7	139.3	560.9	1 061.4
New Zealand	517.4	293.9	211.2	12.3
Indonesia	400.0	229.7	131.3	39.1
Malaysia	366.9	139.0	80.8	147.1
United States	269.1	98.7	159.9	10.5
Thailand	214.2	3.0	69.3	142.0
Finland	209.8	6.4	202.9	.5
Germany	164.1	32.9	107.7	23.5
Italy	149.0	9.0	85.8	54.1
Korea, Rep. of	146.7	1.6	130.5	14.7
All other countries	1 115.6	267.5	548.5	299.6
Total value of imports	**5 314.7**	**1 221.1**	**2 288.7**	**1 804.8**

Note: Table excludes chapter 47 (pulp) data.

Appendix C: List of regulated timber products

The Illegal Logging Prohibition Regulation 2012 specifies regulated timber products. ABARES assigned each tariff code specified in the Regulation to broad product categories commonly used in *Australian forest and wood product statistics* (AFWPS). This enabled the value analysis presented in Table 6.

Table C1 List of regulated timber products and corresponding AFWPS product categories

WCO HS tariff code	Product description	AFWPS product category
440310	Wood in the rough, treated with paint, stains, creosote or other preservatives	Roundwood
440320	Wood in the rough, other, coniferous	Roundwood
440341	Wood in the rough, of tropical wood, dark red meranti, light red meranti and meranti bakau	Roundwood
440349	Wood in the rough, of tropical wood, other	Roundwood
440391	Wood in the rough, of oak	Roundwood
440392	Wood in the rough, of beech	Roundwood
440399	Wood in the rough, other	Roundwood
440710	Sawnwood, coniferous	Sawnwood
440721	Sawnwood, of tropical wood, mahogany	Sawnwood
440722	Sawnwood, of tropical wood, virola, imbuia and balsa	Sawnwood
440725	Sawnwood, of tropical wood, dark or light red meranti and meranti bakau	Sawnwood
440726	Sawnwood, of tropical wood, white lauan, white meranti, white seraya, yellow meranti, alan	Sawnwood
440727	Sawnwood, of tropical wood, sapele	Sawnwood
440728	Sawnwood, of tropical wood, iroko	Sawnwood
440729	Sawnwood, of tropical wood, merbau	Sawnwood
440791	Sawnwood, oak	Sawnwood
440792	Sawnwood, beech	Sawnwood
440793	Sawnwood, maple	Sawnwood
440794	Sawnwood, cherry	Sawnwood
440795	Sawnwood, ash	Sawnwood
440799	Sawnwood, other including ebony	Sawnwood
440810	Sheets for veneering, coniferous	Veneers
440831	Sheets for veneering, of tropical wood, dark or light red meranti or meranti bakau	Veneers
440839	Sheets for veneering, of tropical wood, other	Veneers
440890	Sheets for veneering, other	Veneers
440910	Continuously shaped wood, coniferous	Sawnwood
440929	Continuously shaped wood, other	Miscellaneous forest products
441011	Boards, of wood, particleboard	Particleboard
441012	Boards, of wood, oriented strand board	Particleboard
441019	Boards, of wood, other	Particleboard
441090	Boards, other	Particleboard
441112	Fibreboard, medium density fibreboard, not exceeding 5 mm	Medium density fibreboard

WCO HS tariff code	Product description	AFWPS product category
441113	Fibreboard, medium density fibreboard, exceeding 5 mm	Medium density fibreboard
441114	Fibreboard, medium density fibreboard, exceeding 9 mm	Medium density fibreboard
441192	Fibreboard, other, exceeding 0.8 g/cubic centimetre	Hardboard
441193	Fibreboard, other, 0.5 to 0.8 g/cubic centimetre	Softboard and other fibreboards
441194	Fibreboard, other, less than 0.5 cubic centimetre	Softboard and other fibreboards
441210	Plywood or laminated wood, of bamboo	Plywood
441231	Plywood or laminated wood, at least one outer ply of tropical wood	Plywood
441232	Plywood or laminated wood, other, with at least one outer ply of non-coniferous wood	Plywood
441239	Plywood or laminated wood, other	Plywood
441294	Blockboard, laminboard and battenboard	Plywood
441299	Plywood, veneered panels etc, with at least one layer of particleboard	Plywood
441400	Wooden frames for paintings, photographs, mirrors or similar objects	Miscellaneous forest products
441600	Casks, barrels, vats, tubs and other coopers' products and parts thereof	Miscellaneous forest products
441810	Wooden windows, French-windows and their frames	Miscellaneous forest products
441820	Wooden louvre doors	Miscellaneous forest products
441840	Wooden shuttering for concrete constructional work	Miscellaneous forest products
441850	Wooden shingles and shakes	Miscellaneous forest products
441860	Builders' wooden posts and beams	Miscellaneous forest products
441871	Assembled wooden flooring panels for mosaic floors	Miscellaneous forest products
441872	Assembled wooden multilayer parquet flooring panels	Miscellaneous forest products
441879	Assembled wooden parquet flooring panels (excl. panels for mosaic floors)	Miscellaneous forest products
441890	Builders' joinery and carpentry of wood, including cellular wood panels	Miscellaneous forest products
470100	Mechanical wood pulp	Pulp
470200	Chemical wood pulp, dissolving grades	Pulp
470311	Chemical wood pulp, soda or sulphate, unbleached, coniferous	Pulp
470319	Chemical wood pulp, soda or sulphate, unbleached, non-coniferous	Pulp
470321	Chemical wood pulp, soda or sulphate, semi-bleached or bleached, coniferous	Pulp
470329	Chemical wood pulp, soda or sulphate, semi-bleached or bleached, non-coniferous	Pulp
470411	Chemical wood pulp, sulphite, unbleached, coniferous	Pulp
470419	Chemical wood pulp, sulphite, unbleached, non-coniferous	Pulp
470421	Chemical wood pulp, sulphite, semi-bleached or bleached, coniferous	Pulp
470429	Chemical wood pulp, sulphite, semi-bleached or bleached, non-coniferous	Pulp
470500	Semi-chemical wood pulp	Pulp
480210	Writing paper uncoated, handmade	Paper and paperboard
480220	Writing paper uncoated, paper used as a base for phot/heat/electro sensitive	Paper and paperboard

WCO HS tariff code	Product description	AFWPS product category
480240	Writing paper uncoated, wallpaper base	Paper and paperboard
480254	Writing paper uncoated, not mech/chem fibres, weighing < 40 g/m^2	Paper and paperboard
480255	Writing paper uncoated, not mech/chem fibres, weighing 40 g/m^3 to 150 g/m^2	Paper and paperboard
480256	Writing paper uncoated, not mech/chem fibres, < 435 mm and 297 mm sides	Paper and paperboard
480257	Writing paper uncoated, > 29.7 cm or one side > 43.5 cm	Paper and paperboard
480258	Writing paper uncoated, weighing > 150 g/m^2	Paper and paperboard
480261	Writing paper uncoated, weighing < 150 g/m^2	Paper and paperboard
480262	Writing paper uncoated, with one side ≤ 435 cm and the other ≤ 297 mm	Paper and paperboard
480269	Writing paper uncoated, with one side ≤ 435 cm and the other ≤ 297 mm	Paper and paperboard
480300	Toilet tissue	Paper and paperboard
480411	Uncoated kraft paper and paperboard, unbleached kraftliner	Paper and paperboard
480419	Uncoated kraft paper and paperboard, bleached kraftliner	Paper and paperboard
480421	Uncoated kraft paper and paperboard, unbleached sack kraft paper	Paper and paperboard
480429	Uncoated kraft paper and paperboard, bleached sack kraft paper	Paper and paperboard
480431	Uncoated kraft paper and paperboard, unbleached weighing 150 g/m^2 or less	Paper and paperboard
480439	Uncoated kraft paper and paperboard, bleached weighing 150 g/m^2 or less	Paper and paperboard
480441	Uncoated kraft paper and paperboard, unbleached weighing more than 150 g/m^2	Paper and paperboard
480442	Uncoated kraft paper and paperboard, bleached uniformly	Paper and paperboard
480449	Uncoated kraft paper and paperboard, not bleached uniformly	Paper and paperboard
480451	Uncoated kraft paper and paperboard, unbleached weighing 225 g/m^2 or more	Paper and paperboard
480452	Uncoated kraft paper and paperboard, bleached uniformly throughout the mass	Paper and paperboard
480459	Uncoated kraft paper and paperboard, not bleached uniformly throughout the mass	Paper and paperboard
480511	Uncoated kraft paper and paperboard other, semi-chemical fluting paper	Paper and paperboard
480512	Uncoated kraft paper and paperboard other, straw fluting paper	Paper and paperboard
480519	Uncoated kraft paper and paperboard other, fluting paper	Paper and paperboard
480524	Uncoated kraft paper and paperboard other, testliner < 150 g/m^2	Paper and paperboard
480525	Uncoated kraft paper and paperboard other, testliner > 150 g/m^2	Paper and paperboard
480530	Uncoated kraft paper and paperboard other, sulphite wrapping paper	Paper and paperboard
480540	Uncoated kraft paper and paperboard other, filter paper and paperboard	Paper and paperboard
480550	Uncoated kraft paper and paperboard other, felt paper and paperboard	Paper and paperboard

WCO HS tariff code	Product description	AFWPS product category
480591	Uncoated kraft paper and paperboard other, multi-ply paper, < 150 g/m^2	Paper and paperboard
480592	Uncoated kraft paper and paperboard other, multi-ply paper, 150 to 225 g/m^2	Paper and paperboard
480593	Uncoated kraft paper and paperboard other, multi-ply paper, > 225 g/m^2	Paper and paperboard
480620	Greaseproof papers	Paper and paperboard
480630	Tracing papers	Paper and paperboard
480640	Glassine and other glazed transparent or translucent papers	Paper and paperboard
480700	Composite paper and paperboard	Paper and paperboard
480810	Paper and paperboard, corrugated	Paper and paperboard
480840	Paper and paperboard, kraft paper, creped or crinkled	Paper and paperboard
480890	Paper and paperboard, embossed or printed white printing and writing paper	Paper and paperboard
480920	Carbon paper, self-copy paper	Paper and paperboard
480990	Carbon paper, sublimation transfer printing paper	Paper and paperboard
481013	Coated paper and paperboard, in rolls	Paper and paperboard
481014	Coated paper and paperboard, cast coated	Paper and paperboard
481019	Coated paper and paperboard, cast coated ≤ 10% of fibre mechanically or chemi-mech processed	Paper and paperboard
481022	Coated paper and paperboard, light-weight coated paper	Paper and paperboard
481029	Coated paper and paperboard, Cast coated paper > 10% of fibre mechanically or chemi-mech processed	Paper and paperboard
481031	Coated paper and paperboard, kraft bleached uniformly	Paper and paperboard
481032	Coated paper and paperboard, kraft bleached uniformly	Paper and paperboard
481039	Coated paper and paperboard, kraft not bleached uniformly	Paper and paperboard
481092	Coated paper and paperboard, multi-ply	Paper and paperboard
481099	Coated paper and paperboard, other	Paper and paperboard
481110	Paper product, tarred, bituminised or asphalted floor coverings	Paper manufactures
481141	Paper product, self-adhesive	Paper and paperboard
481149	Paper product, gummed or adhesive (excl. self-adhesive)	Paper and paperboard
481151	Paper product, floor coverings on a base of paper or of paperboard	Paper and paperboard
481159	Paper product, coated or covered with plastics (excl. adhesives)	Paper and paperboard
481160	Paper product, floor coverings on a base of paper or of paperboard, coated	Paper and paperboard
481190	Paper product, floor coverings on a base of paper or of paperboard, whether or not cut to size	Paper and paperboard
481310	Cigarette paper in the form of booklets	Paper manufactures

WCO HS tariff code	Product description	AFWPS product category
481320	Cigarette paper in rolls of a width not exc 5 cm	Paper manufactures
481390	Cigarette paper (excl. in the form of booklets or tubes)	Paper and paperboard
481710	Envelopes of paper or paperboard	Paper manufactures
481720	Letter cards, plain postcards and correspondence cards	Paper manufactures
481730	Boxes, pouches, wallets and writing compendiums, of paper or paperboard	Paper manufactures
481810	Sanitary paper, toilet paper	Paper and paperboard
481820	Sanitary paper, handkerchiefs, cleansing or facial tissues and towels, of paper	Paper manufactures
481830	Tablecloths and serviettes, of paper, paper pulp, cellulose wadding or webs of cellulose fibre	Paper manufactures
481850	Articles of apparel and clothing accessories of paper pulp, paper, cellulose wadding	Paper manufactures
481890	Other household sanitary or hospital articles of paper pulp, paper, cellulose wadding	Paper manufactures
481910	Cartons, boxes and cases, of corrugated paper or paperboard	Paper and paperboard
481920	Folding cartons, boxes and cases, of non-corrugated paper or paperboard	Paper and paperboard
481930	Sacks and bags, of paper, paperboard, cellulose wadding or webs of cellulose fibre	Paper and paperboard
481940	Sacks and bags	Paper and paperboard
481950	Packing containers (incl. record sleeves but excl. cartons, boxes and cases)	Paper manufactures
481960	Box files, letter trays, storage boxes and similar articles	Paper manufactures
482010	Diaries of paper or paperboard	Paper manufactures
482020	Exercise work books of paper or paperboard	Paper manufactures
482030	Binders, folders and file covers, of paper or paperboard	Paper manufactures
482040	Manifold business forms and interleaved carbon sets, of paper or paperboard	Paper manufactures
482050	Albums for samples or for collections, of paper or paperboard	Paper manufactures
482090	Other articles of stationery, of paper or paperboard	Paper manufactures
482110	Paper or paperboard labels of all kinds, printed	Paper manufactures
482190	Paper or paperboard labels of all kinds (excl. printed)	Paper manufactures
482320	Filter paper and paperboard subject to calendaring, super-calendaring, glazing	Paper and paperboard
482340	Paper and paper board in rolls, sheets and dials, printed for self-recording	Paper manufactures
482369	Trays, dishes, plates, cups and the like, of paper or paperboard	Paper manufactures
482370	Moulded or pressed articles of paper pulp	Paper manufactures
482390	Other paper	Paper manufactures
940161	Seats with wooden frames upholstered	Wooden furniture

WCO HS tariff code	Product description	AFWPS product category
940169	Seats with wooden frames other	Wooden furniture
940330	Wooden furniture of a kind used in offices	Wooden furniture
940340	Wooden kitchen furniture	Wooden furniture
940350	Wooden bedroom furniture	Wooden furniture
940360	Other wooden furniture	Wooden furniture
940390	Furniture parts	Wooden furniture
940600	Prefabricated buildings	Prefabricated buildings

Note: Product descriptions based on WCO HS nomenclature and advice from Department of Agriculture and Water Resources. Broad product categories are based on categories used in ABARES publication the *Australian Forest and Wood Product Statistics*.

References

AFWPS, *Australian forest and wood products statistics*, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra, available at agriculture.gov.au/abares/forestsaustralia/australian-forest-and-wood-products-statistics.

EU 2013, *Forest law enforcement governance and trade—FLEGT—and the EU timber regulation,* European Union delegation to Malaysia, Kuala Lumpur, available at eeas.europa.eu/delegations/malaysia/eu_malaysia/trade_relation/bilateral_issues.

Global Timber 2013, 'Indonesia', Global Timber, available at globaltimber.org.uk/indonesia.htm, accessed June 2013.

Gupta, M & Hug, B 2013, *Illegal logging regulation: the affected community*, Australian Bureau of Agricultural and Resource Economics and Sciences, report to the Department of Agriculture, Canberra, November, available at agriculture.gov.au/abares/publications/display?url=http://143.188.17.20/anrdl/DAFFService/display.php?fid=pc_ilracd9abfe20131104_11a.xml.

Gupta, M, Davey, S, Townsend, P & Cunningham, D 2012, *Illegal logging regulations: analysis of Australia's timber imports in 2007 and 2010*, report to the Department of Agriculture, Fisheries and Forestry, Canberra, November, available at data.daff.gov.au/anrdl/metadata_files/pc_ilatid9abfe2012112000_11a.xml.

IBISWorld 2013, *Wood furniture manufacturing in China: market research report*, IBISWorld, March, available at ibisworld.com/industry/china/wood-furniture-manufacturing.html.

KPMG 2015, *Independent review of the impact of the illegal logging regulations on small business,* KPMG report to the Department of Agriculture and Water Resources, Canberra.

Paper and Wood Insights 2012, *Paper and Paperboard Industry,* Paper and Wood Insights, accessed 1 February 2013.

Valois, M, Akim, E, Lombard, B & Parik, T 2012, 'Paper, paperboard and woodpulp markets, 2011–2012', *Forest Products Annual Market Review, 2011–2012*, United Nations Economic Commission for Europe/Food and Agriculture Organization of the United Nations, New York and Geneva, available at unece.org/fpamr2012.

WCO 2012, *HS Nomenclature 2012 Edition,* World Customs Organization, Brussels, available at wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs_nomenclature_2012/hs_nomenclature_table_2012.aspx.