



**TIMBER NSW**

## **Senate Standing Committee on Foreign Affairs, Defence and Trade Committee**

### **Enquiry: Effectiveness of sanctions against the Russian Federation**

Foreign Affairs, Defence and Trade Committee

Department of the Senate

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### **Submission from Timber NSW**

#### **About Us**

Since 1906, Timber NSW has represented the timber and forest products industry in this state. The membership of Timber NSW comprises sawmillers, plantation owners, harvest and haul contractors in the hardwood industry, and manufacturers who use low-grade hardwood products to produce high-value products for local use and export. The sawmillers provide a range of high-value products, including architectural features, floorboards, poles, and specialised beams and girders, sourced from primary or secondary (recycled) timber. None of the members is solely engaged in low-value timber such as woodchip. Some specialise in processing lower-value timbers, such as salvaged timber, into higher-value products.

## Submission

### Summary of Submission

- Australia should utilise the *Autonomous Sanctions Act 2011* (Cwlth) and issue a declaration pursuant to section 10(1)(c), sanctioning Russian-produced timber in both direct and indirect imports. This section authorises the use of the Regulations to make such a restriction<sup>1</sup>, and this might be achieved by amending the *Autonomous Sanctions (Import Sanctioned Goods – Russia) Designation 2022*<sup>2</sup> by the addition of the words "Item 17 Timber and timber products directly or indirectly sourced from Russia."
- A sanction applying to the receipt of goods, whether directly or indirectly, into Australia, follows the precedent of the EU Council Regulation (EU) 2026/506 of 23 April 2026, para 22.<sup>3</sup>
- The EU and other international organisations regarding the Ukraine-Russia conflict are reviewing sanctions. Pursuant to section 10(2) of the *Autonomous Sanctions Act 2011*, adding timber and timber products from the Russian Federation to the sanction items will facilitate the conduct of Australia's relations with other countries or with entities outside of Australia.
- Australian Customs Notice 2022/21, which introduced new customs duty rates for Russian and Belarusian goods from 25 April 2022, has, according to reports, not stemmed the indirect flow of timber or timber products into Australia.
- Australian Customs Notice 2022/21, uses the concept of country of origin. Country of origin (COO) in a customs context is the "nationality" of a product, used to determine duty rates, ensure compliance with trade agreements, and enforce regulations. For most Australian imports, the country of origin must be declared on the import declaration, particularly to claim preferential rates under Free Trade Agreements (FTAs). COO does not necessarily identify the

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<sup>1</sup> Pursuant to Regulation 4A(3) of the *Autonomous Sanctions Regulations 2011*, the Minister may by legislative instrument, designate goods as import sanctioned goods for a country or part of a country mentioned in the designation.

<sup>2</sup> <https://www.legislation.gov.au/F2022L00310/latest/text> accessed 5 May 2026.

<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32026R0506> accessed 4 May 2026.

country of origin in timber products when manufacturing or packaging has occurred in that country, but the timber is from another country.

- The *Illegal Logging Prohibition Act 2021* tests timber entering Australia for the country of timber origin.
- The *Illegal Logging Prohibition Act 2012* should be amended to include all timber products, both direct and indirect imports, that are sanctioned pursuant to the *Autonomous Sanctions Act 2011*, so that the administrative procedures established under this legislation, which are aimed at importers and processors of timber, can be utilised.
- The capabilities of the Australian Border Force and the Department of Agriculture (Cwlth) should be maintained, including a state-of-the-art wood forensic capacity to detect the sources of timber imports. that are subject to an Australian Government sanction.
- Whilst tariff measures might be adopted to act as a price disincentive in the importation of Russian timber and timber products, this measure does not capture timber products that incorporate Russian timber in any manufactured product. A policy outcome through any tariff increase will be ineffective as countries seek means to bypass the policy objective.
- The Australian Government should reference the UK, the EU, and the USA for improved compliance methodologies regarding timber sanctions.

### **The Russian Federation's timber reserves**

Timber exports remain an important part of the Russian Federation's economy. They account for 1% to 1.3% of Russia's GDP, 3.7% of industrial production, and 2.4% of export revenue. The Russian timber industry is a significant employer, particularly in forest-rich regions, with employment concentrated in Siberia, the Far East, and the Northwestern Federal District.<sup>4</sup>

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<sup>4</sup> Wood Central <https://woodcentral.com.au/50-of-russias-timber-firms-face-collapse-kremlin-pressed-to-act/> accessed 2 May 2026

The Russian Federation has the world's largest boreal forest timber reserves, accounting for 1/5 of the world's total. Forest covers 45.5% of the territory of the Russian Federation.

## Background

### Information on timber exported by the Russian Federation.

Until 2022, EU countries accounted for about 20-25% of Russia's timber exports. A significant share of exports consisted of plywood and wood pellets. Sixty per cent of Russian plywood went to EU countries.<sup>5</sup>

In 2022, international restrictions were imposed on the export of timber from the Russian Federation.

The EU imposed a total ban on timber exports from the Russian Federation after the 2022 invasion of Ukraine.

The Russian Federation imposed a 2022 ban on exporting raw roundwood to "unfriendly countries", slashing log exports by 70%.

In 2022, Australia imposed a tariff on timber imports from the Russian Federation and on Belarusian timber products. The tariff was an additional 35% on all imports from Russia and Belarus, including timber products, effective from 25 April 2022. This was in addition to existing general duty rates, bringing total tariffs to roughly 40%. Australian Customs Notice No 2022/21 sets out this measure.<sup>6</sup>

There has been an impact arising from these international measures, but all that is intended are the policy outcomes of these measures.

Russian timber exports have fallen by more than 20%, from \$12.5 billion in 2021 to \$9.8 billion in 2025, due to wartime sanctions and shipping constraints. Further declines of 20-30% are anticipated in 2026. While EU markets are largely closed, exports have shifted significantly towards China, which imported more than 11.2

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<sup>5</sup> Wood Expo <https://woodexpo.com/articles/russian-timber-industry-is-open-for-cooperation/> accessed 2 May 2026.

<sup>6</sup> <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2022-21.pdf> accessed 2 May 2026.

million cubic metres in 2024, along with growing, albeit challenging, routes to the Middle East and Africa.<sup>7</sup>

The current status of the Russian economy suggests that the extent of sanctions requires further review.

In 2024, according to the OEC, the Russian Federation was the 11th-largest economy in the world (out of 193). This appears to have remained the same as in 2021. In 2021, GDP grew by 5.9%. In 2023, GDP grew by 4.10%, and in 2024, it is estimated to grow by 4.30%. Trading Economics reports that Russian GDP expanded by 1% in real terms in the fourth quarter of 2025.<sup>8</sup>

In 2024, Russia was ranked 54th (out of 130) most complex economy according to the Economic Complexity Index (Trade, 2024), ranked 17th (out of 97) most complex economy according to the Economic Complexity Index (Technology, 2021), and ranked 54th (out of 138) most complex economy according to the Economic Complexity Index (Research, 2024).<sup>9</sup>

Review of online material suggests that the Russian Government has allocated more economic resources to the Ukraine War. Gen. Alexis Grynkeiwch, the head of US Forces in Europe and NATO's top military commander, stated in Congressional testimony in March 2026: "The Russian war economy is in high gear." This statement was reported in The Australian on 3 May 2026. Both sources suggest that sanctions in place are not slowing down the Russian war effort as some might have expected.

There is some disagreement on the contribution of time products to the Russian economy.

In 2024, the Observatory of Economic Complexity did not rank timber commodity exports. The Russian Federation ranked among the top eight exporters. The top eight were energy products, led by crude petroleum (well out in front) at \$124B, followed by refined petroleum (\$45.9B) and petroleum gas (\$40.6B).<sup>10</sup>

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<sup>7</sup> International Consortium of Investigative Journalists [https://www.icij.org/investigations/deforestation-inc/how-russias-timber-trade-is-sidestepping-the-eus-ukraine-war-sanctions/#:~:text=Paper%20Trail%20Media%2C%20Der%20Spiegel,sanctions%20were%20imposed%20on%20Russia](https://www.icij.org/investigations/deforestation-inc/how-russias-timber-trade-is-sidestepping-the-eus-ukraine-war-sanctions/#:~:text=Paper%20Trail%20Media%2C%20Der%20Spiegel,sanctions%20were%20imposed%20on%20Russia.). accessed 2 May 2026.

<sup>8</sup> Trading Economics <https://tradingeconomics.com/russia/gdp-growth-annual> accessed 2 May 2026.

<sup>9</sup> <https://oec.world/en/profile/country/rus> accessed 2 May 2026.

<sup>10</sup> *ibid.*

In 2021, Trading Economics<sup>11</sup> ranked the category of 'Wood and articles of wood, wood charcoal 'sixth on the Russian Federation's exports by categories. 'Paper and paperboard, articles of pulp, paper and board' was ranked 21<sup>st</sup>.

Timber Trade Portal supplies 2017 timber data for Russia. Data.<sup>12</sup> In 2017, ten per cent of Russian timber was exported. Russia is one of the world's largest exporters of softwood. More than half of the sawn wood, veneer, and plywood produced in Russia is exported. The Russian Federation is also one of the world's largest producers and exporters of industrial roundwood.

## MAIN HARVESTED SPECIES

**The most common production species in Russia are: (FAO, 2012)**

### Coniferous:

- Pine (*Pinus spp.*)
- Spruce (*Picea spp.*)
- Fir (*Abies nephrolippis*)
- Larch (*Larix spp.*)
- Siberian pine (*Pinus siberica*– often mis-translated as “Siberian cedar”)

### Deciduous:

- Oak (*Quercus spp.*)
- Beech (*Fagus sylvatica*)
- Birch (*Betula spp.*)
- Aspen (*Populus tremula*)
- Ash (*Fraxinus spp.*)
- Elm (*Ulmus spp.*)
- Linden (*Tilia spp.*)

## Largest Buyer of Russian Federation Timber

China is the world's largest timber trader and consumer and has historically been a large importer of Russian timber. Birch has consistently been one of the top traded goods between China and the Russian Federation.

The Russian timber industry supplies 63 per cent of China's softwood lumber imports.<sup>13</sup>

<sup>11</sup> <https://tradingeconomics.com/russia/exports-by-category> accessed 2 May 2026

<sup>12</sup> <https://www.timbertradeportal.com/en/russia/103/timber-sector> accessed 2 May 2026.

<sup>13</sup> Wood Central <https://woodcentral.com.au/50-of-russias-timber-firms-face-collapse-kremlin-pressed-to-act/> accessed 2 May 2026

## Sanctions or Tariffs?

'Sanctions' against the Russian Federation can take two forms. A Ministerial Declaration may be made pursuant to the *Autonomous Sanctions Act 2011 (Cwlth)* or a tariff set and authorised by the *Customs Tariff Act 1995 (Cwlth)* and administered by the *Customs Act 1901 (Cwlth)*.

### ***Autonomous Sanctions Act 2011 (Cwlth)***

The legislation permits sanctions to be made in the area of goods and services by Regulation: (section 10 (1) (c)).

This could cover the sale of Russian timber in Australia.

No sanctions have been imposed on Russian timber products or on products that contain Russian timber products.

### ***Customs Tariff Act 1995 (Cwlth) and administered by the Customs Act 1901 (Cwlth).*** ACN 2022/21

Challenges with the use of a tariff on timber products.

1. The Federal Government primarily sets tariffs in Australia through legislative acts. Rates are calculated based on a product's classification under the World Customs Harmonised System (HS) code, its country of origin, and its customs value (including shipping/insurance) when imported. Australia has adopted a low-tariff regime, with most duties reduced to 0% or 5%, with many removed via Free Trade Agreements (FTAs).
2. Sanctioned timber from Russia and Belarus, disguised under false country-of-origin documentation, continues to flood global wood markets — and legitimate producers are paying the price.<sup>14</sup> Tariff based on country of origin will not capture these products.
3. Russia is redirecting increasing volumes of timber to the Middle East and North Africa (MENA) as traders look to diversify from a lacklustre Chinese market. *That is according to new data presented at the 2025 International*

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<sup>14</sup> Wood Central 26 Feb 2026 <https://woodcentral.com.au/i-can-do-nothing-russian-ply-floods-europe-using-false-documents/> accessed 2 May 2026

*Softwood Conference*, revealing that 1.7 million cubic metres of lumber exported. Tariffs based on country of origin will not capture these products that were shipped to MENA countries in 2024, with 550,000 cubic metres going to Egypt alone.<sup>15</sup>

4. Prior to 2022, Australian timber importers were major users of Russian products, notably a range of engineered wood products. Collectively, these imports accounted for between 40 per cent and 50 per cent of the market for LVL, formwork and beams.<sup>16</sup>
5. Australian Customs Notice 2022/21 introduced a new customs duty rate for goods from Russia and Belarus effective 25 April 2022.
6. In 2022, the UK Timber Importers Federation warned UK consumers about the risk of Russian birch plywood being imported via China as a "green lane".<sup>17</sup>
7. In August 2022, the *Timber Trade Federation* said: "A worrying development has emerged in recent weeks, as TDUK members have reported an increasing number of offers of Birch Plywood from the Far East, particularly China. Given that Birch forests are concentrated in Northern Russia and Eurasia, it is almost certain that the Birch contained in the Plywood being offered has, in fact, originated in Russia."<sup>18</sup>
8. In October 2022, the Washington Post alerted its readers to the threat of Russian birch wood flowing to American customers, disguised as "Asian" products despite US economic sanctions imposed on Russia over its invasion of Ukraine.<sup>19</sup> The Washington Post article can be viewed at: <https://www.washingtonpost.com/world/2022/10/01/russia-sanctions-birch-wood-vietnam-china/>
9. Wood Central reported in November 2022 that "China is turning these logs into engineered wood products with record shipments to Australia,

<sup>15</sup> Wood Central 7 Nov 2025 <https://woodcentral.com.au/from-china-to-cairo-russian-timber-finds-new-markets-in-the-middle-east/> accessed 2 May 2026

<sup>16</sup> Wood Central 22 Nov 2022 <https://woodcentral.com.au/record-shipments-of-russian-timber-arrive-via-china-to-ease-timber-squeeze-industry-claims/> accessed 2 May 2026.

<sup>17</sup> *ibid.*

<sup>18</sup> *ibid.*

<sup>19</sup> *ibid.*

mainly LVL formwork, which represents 40 per cent of the Australian market, and plywood “.<sup>20</sup>

10. China is turning these logs into engineered wood products with record shipments to Australia, mainly LVL formwork, which represents 40 per cent of the Australian market, and plywood
11. Huge volumes of timber imported into Australia could be (unknowingly) illegal or ‘conflict’ timber, with a new report published by Australia’s Department of Agriculture under the Freedom of Information Act revealing that 50% of all sampled products could not be accurately verified for their provenance.<sup>21</sup> This Report can be accessed at <https://www.agriculture.gov.au/sites/default/files/documents/34282.pdf>.
12. On 6 November 2024, Dr Madeline Osborn, Acting Director, Department of Agriculture, Fisheries and Forestry, said, “Between 15 and 30 per cent of all timber traded globally is potentially illegally logged, and 10 per cent potentially in the Australian market is illegally sourced.” Dr Osborn also said, “About 25 per cent of products tested had inaccurate species and origin claims.”<sup>22</sup>
13. Latest reports suggest that China accounts for 70% of global plywood production. “Wood Central understands that *Chinese-controlled mills already produce more than 70 per cent of the world’s plywood*, with Chinese-owned operations across Vietnam, Indonesia and Malaysia feeding the same global panel trade.”<sup>23</sup> The question arises as to how much of the source timber in this plywood is Russian-sourced?
14. Australian Customs Notice 2022/21 uses the concept of country of origin. In a customs context, country of origin (COO) is the “nationality” of a product, used to determine duty rates, ensure compliance with trade agreements, and enforce regulations. For most Australian imports, the country of origin

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<sup>20</sup> *ibid.*

<sup>21</sup> Wood Central 10 Oct 2025 <https://woodcentral.com.au/50-of-australias-imported-timber-fails-traceability-testing-report/> accessed 2 May 2026.

<sup>22</sup> ABC News 6 Nov 2024 <https://www.abc.net.au/news/2024-11-06/timber-industry-leader-calls-country-origin-labeling-imports/104536952> accessed 2 May 2026.

<sup>23</sup> Wood Central 2 May 2026, [https://woodcentral.com.au/china-makes-70-of-global-plywood-now-its-muscling-in-on-south-africa/?ct=\(EMAIL\\_CAMPAIGN\\_22\\_01\\_2026\\_COPY\\_01\)&mc\\_cid=707f2b6647&mc\\_eid=9b98564f88](https://woodcentral.com.au/china-makes-70-of-global-plywood-now-its-muscling-in-on-south-africa/?ct=(EMAIL_CAMPAIGN_22_01_2026_COPY_01)&mc_cid=707f2b6647&mc_eid=9b98564f88)

must be declared on the import declaration, particularly to claim preferential rates under Free Trade Agreements (FTAs). CCO does not necessarily identify the country of origin for timber products when manufacturing or packaging has occurred in that country, but the timber is from another country.

### ***The Illegal Logging Prohibition Act 2012***

The *Illegal Logging Prohibition Act 2012* is an Australian law that bans the import or processing of illegally logged timber and wood products. It requires businesses to conduct due diligence to ensure timber is lawfully sourced, with updated rules (2024/2025) introducing stricter compliance pathways, including certified and full-risk assessments.

The World Wildlife Fund, in a paper titled 'Using Wood Forensic Science to Deter Corruption and Illegality in the Timber Trade,'<sup>24</sup> states:

"the source and species of timber can often be determined by scientific testing even after it has been mixed into manufactured products like engineered wood, plywood, flooring, and furniture components. While manufacturing processes can obscure visual evidence, forensic timber testing techniques can analyze the wood's internal chemical structure to identify its species and geographic origin"

The Australian Government has significantly strengthened timber forensics at the border to combat illegal logging, which is estimated to account for 10% of timber imports into Australia. The Department of Agriculture, Fisheries and Forestry (DAFF) now utilises advanced scientific techniques—including DNA, stable isotope, and wood anatomy analysis—to verify the species and origin of imported timber.

Key details regarding timber forensics activity at the Australian border:

Trial Findings: A DAFF timber testing trial found that approximately 25% of tested products had inconsistencies with their declared species or origin. A

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<sup>24</sup> WWF March 2021 <https://www.worldwildlife.org/pages/tnrc-topic-brief-using-wood-forensic-science-to-deter-corruption-and-illegality-in-the-timber-trade#:~:text=Wood%20forensic%20science1%20can,corruption%20in%20the%20forestry%20sector>. accessed 2 May 2026

more recent 2025 report indicated that 50% of sampled products could not be accurately verified for their wood's provenance.

Scientific Methods: Forensic tools used include DNA analysis, stable isotope analysis, and wood fibre/anatomy analysis to pinpoint the origin of timber, in some cases within a 100 km range with 94% accuracy.

Strengthened Legislation: The Illegal Logging Prohibition Amendment (Strengthening Measures to Prevent Illegal Timber Trade) Act 2024 came into effect on 3 March 2025, empowering inspectors to test timber products while under customs control.

This capacity would also pick up timber subject to any Government-declared Australian sanction.

This is why the *Illegal Logging Prohibition Act 2012* **should** be amended to incorporate any sanction declared under the *Autonomous Sanctions Act 2011* (Cwlth)

Maree McCaskill  
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Timber NSW

13 May 2026.