

Otway Ranges Environment Network
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YUJI SATAKE
Chairman & Managing Director
Mitsui & Co. (Australia) Ltd.

Sydney (Head Office)
Level 46, Gateway
1 Macquarie Place
Sydney NSW 2000
Australia

12 May 2004

Dear Mr. Yuji Satake

I am writing on behalf of the Otway Ranges Environment Network (OREN) and the people of Victoria to express our concern at your company (Mitsui & Co. Australia) involvement in trade between Midway Pty Ltd and Nippon Paper with respect to woodchips sourced from the Otways State Forest in Victoria, Australia.

For your information OREN has written to Nippon Paper and requested Nippon Paper stop buying woodchip from the Otways. OREN makes a similar request of Mitsui & Co Australia.

OREN supports and is encouraged by comments on the Mitsui Australia website that make clear “the company has long set the goal of harmonising its activities with the environment.”

The following background information points are provided:

1. OREN is an organization that was formed to stop logging of native forests on public land in the Otways. The organization was instrumental in gaining public support to stop clearfell logging the Otway State Forest, and in demonstrating to the State Government of Victoria the environmental, economic and social advantages of doing so. The organization enjoys a cordial relationship with the State Government. Please see www.oren.org.au for further detail.
2. When the Victorian government was re-elected in the November 2002 state election, it was given a mandate to end logging in the Otways and create a new expanded Otway National Park. The Government announced an immediate reduction of 25% and declared its intention to cease all logging as soon as possible and certainly before 2008. Significantly, the Government also called upon companies engaged in Otway logging for their co-operation.

3. These new Otway policies were politically very popular, especially in the Geelong region where the government won all the seats. This election result came as no surprise. Before the 2002 State election, a reputable Morgan poll was conducted in the region that showed 69% of the people were opposed to clearfell logging native forests in the Otways. Opposition was strongest in the Geelong region.
4. Additionally, for a number of years now, regional local governments have policies that oppose clearfell logging Otways native forests. For example the Greater Geelong City Council early this year issued a planning permit to Midway Pty Ltd, the license holder for woodchips (about 70,000 tonnes per year) from the Otways, that reminds this company that the council is opposed to clearfell logging native forest in the Otways and that Midway has a moral obligation not to source woodchips from native forests in the Otways as a part of future operations, an obligation Midway has not yet taken up.
5. As a consequence of the new State Government Otway policies, the State Government has effectively abandoned the West Regional Forest Agreement which covers the Otways.
6. The government is currently finishing up the Otway State forest logging process by buying back existing licences, but Midway has not yet agreed to sell back their woodchip licence as other companies have done.
7. OREN has noted with considerable interest, Nippon Paper's argument in its recent letter to the Tasmanian Government that dealt with the sourcing of woodchips from Tasmania, that it is acceptable to take woodchips from Tasmanian old growth forests because logging there is conducted under the Tasmanian Regional Forest Agreement. Nippon Paper has stated that this "agreement" was created through democratic processes and therefore provides a legal framework supported by all levels of government including the Tasmanian State Government.
8. However, OREN has reminded Nippon Paper that the conditions outlined in point 7 with respect to Tasmania, do not apply to the Otways and that Nippon Paper's needs to accept the democratic outcomes in Victoria with respect to the Otways.
9. As Midway is still sourcing woodchips from Otway native forest on public land, Mitsui is now involved in a woodchip trade that is not in principle, supported by the Victorian State government and community. This fundamentally undermines Mitsui aim to be a good corporate citizen.

In conclusion OREN notes that:

1. If Mitsui & Co Australia stands by its ethical standards by refusing to take Otway woodchips, it will encourage Midway to sell back its Otway woodchip licence, thereby speeding up the end of logging in Otway native forests. This would support the democratic will of the Victorian people and demonstrate good corporate citizenship.

2. OREN wishes to work with Mitsui & Co Australia to secure the best outcome for all concerned, and would be happy to discuss these issues with a company representative in Australia or organise a joint meeting with a company representative and the Victorian Government.

Please find enclosed a copy of the Victorian State government Otway policy, the Greater Geelong City Council planning permit conditions for the Midway export woodchip mill expansion plans and a copy of the Morgan poll.

The OREN web site www.oren.org.au/logging/who/mitsui.htm also provides more detail of our current concerns and environmental issues as they relate to the Otways.

I hope for an early response to this letter.

Please contact me for any further detail on 03-52-377-439 or 0429 149 472 or you can e-mail me at mrtree@oren.org.au.

Yours sincerely

Simon Birrell
Otway Ranges Environment Network