



# International Seminar in Tokyo for Tackling Illegal Logging

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# Outline

- Japanese government guideline
- US as a low risk supplier
- US as high performance supplier
  - certification
- Industry efforts
- Other Needs to Address Illegal Logging



# Government Guideline

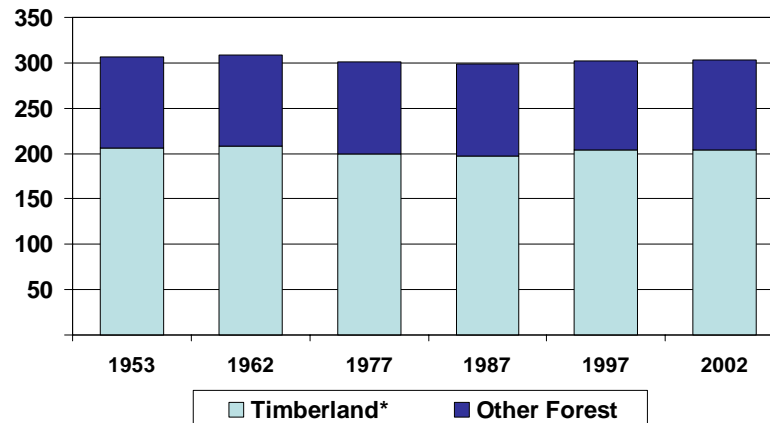
- Significant step to distinguish legal and sustainable sources
- Recognizes all credible forest certification systems
- Accepts verifiable Codes of Conduct
- Enables flexibility in the types of acceptable documentation

# US – Japan Trade

- U.S. is a major exporter of forest products.
- Last year, the U.S. exported \$6.3 billion in wood products.
- Japan is the 2<sup>nd</sup> largest customer -- \$716 million.
- Meeting customer needs is of critical importance to U.S. producers.
- **U.S. is a very low risk supplier with respect to products produced from illegally harvested timber.**
- **U.S. is a high performance producer with respect to the practice of sustainable forestry.**

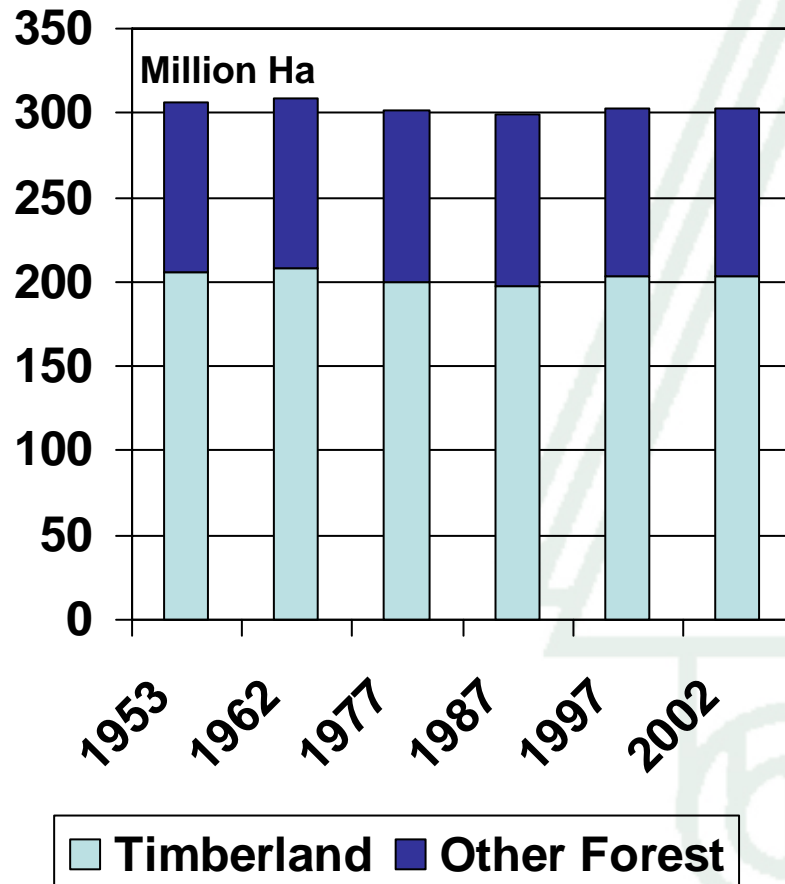
# Profile of U.S. Forest Resources

- One-third of US is forested
- Area of forest land has remained stable

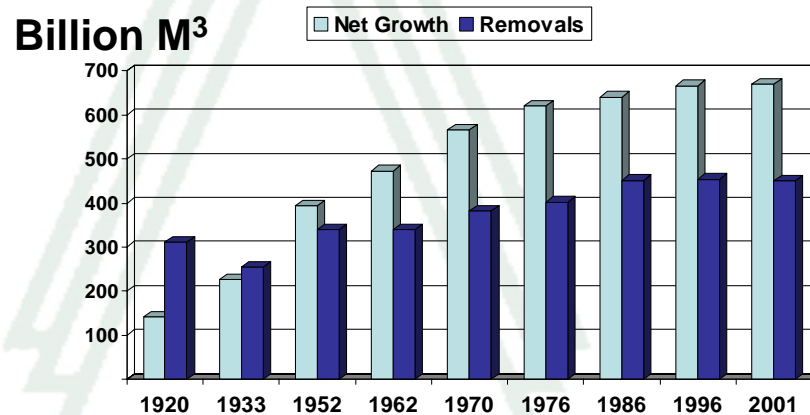


**Area of US Forest and Timberland**

# Profile of U.S. Forest Resources

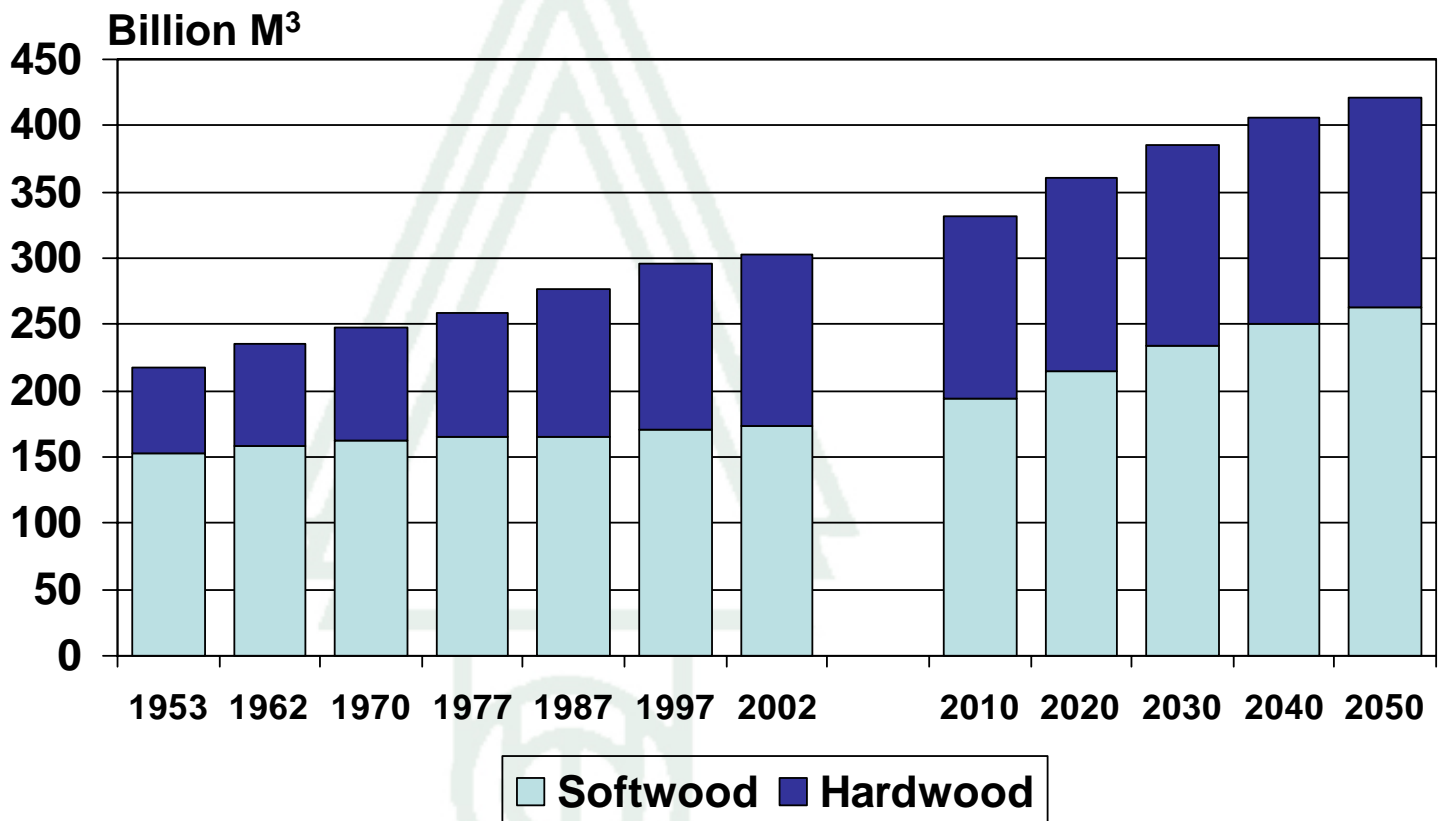


# *Growth Exceeds Removals*



Source: USFS 2002 RPA Database Tables

# US Timber Inventories (Net of Removals)



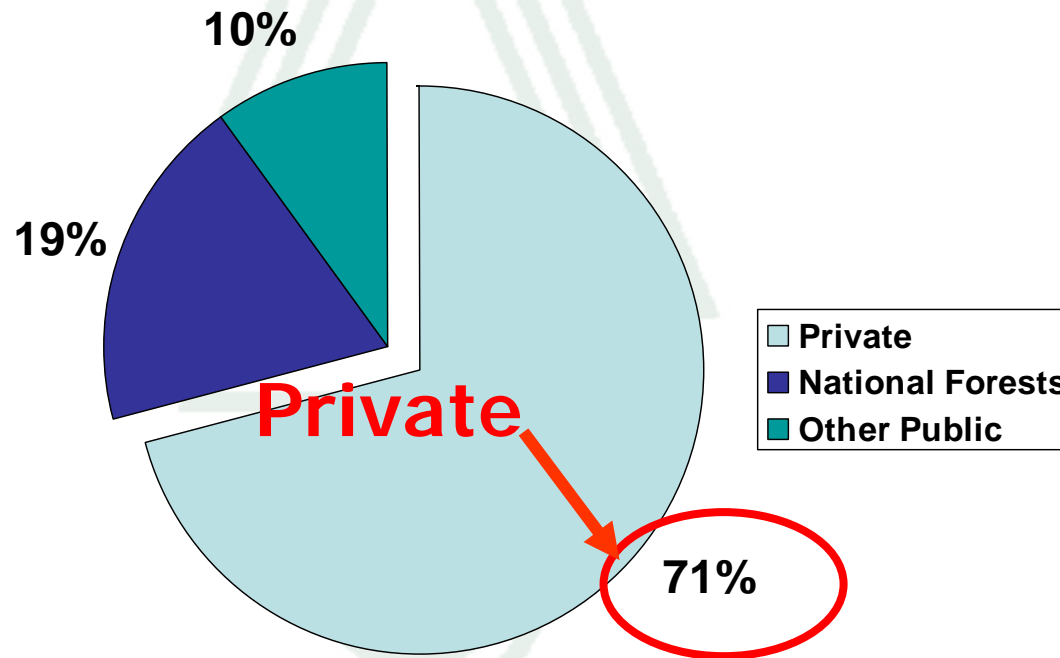
Source: USFS 2002 RPA Database Tables and 2002 RPA Timber Assessment



# How Do We Know This?

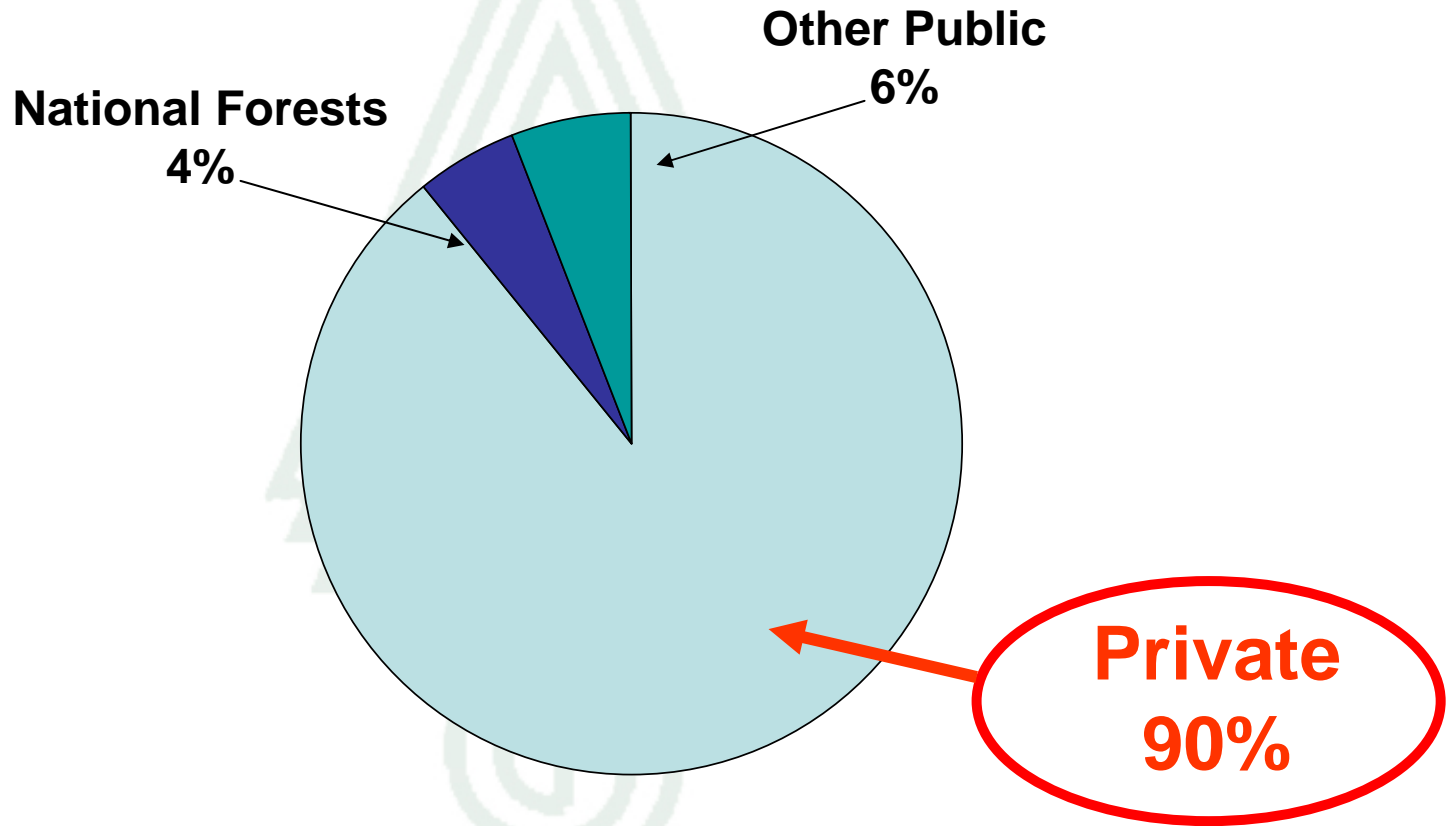
- Forest Inventory & Analysis System (FIA)
  - US Forest Service and State Forest Agencies
  - Fixed Sample Plots Across US (and remote sensing)
  - One plot every 2400 hectares
  - Periodic (and now annual) measurements
  - forest area and location; species, size, and health of trees; tree growth, mortality, and removals; wood production and utilization rates by various products; forest land ownership.

# Over 70% of US timberland is privately-owned



Total Area = 204 Million Hectares

# Private lands supply 90% of the timber produced in the US



Source: Seneca Creek Estimates for 2005



# U.S. Legal Framework

- U.S. has no single national “forestry law”
- But several federal laws directly affect forest practices
- States are empowered to regulate forest practices and many do so in different ways.

# Federal Law

- Federal laws that impact forestry include:
  - Endangered Species Act (ESA)
  - Clean Water Act (CWA)
  - Clean Air Act (CAA)
  - Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)
  - National Environmental Policy Act (NEPA)
  - Occupational Safety & Health Act (OSHA)

# State Laws & Regulations

- Laws & regulations vary by state
- States have different processes for monitoring and/or controlling forest practices
- Some 276 state agencies have some role in overseeing forestry activities in the 50 states
- At least 15 states have specific regulatory programs
- All states have programs governing water quality protection -- 37 have regulatory programs specific to non-point source water pollution of the kind linked to some forest practices.
- **Federal and state laws are strictly enforced**



# Timber Theft: Not a Significant Issue in the US

- Timber theft is not widely considered a major problem in the United States although it does occur
- Private ownership tends to minimize incidences of timber theft and ensures that culprits are prosecuted
- Uniform Commercial Code applies to contracts
- Landowners are always advised to enter into written contracts so that provisions can be enforced in a court of law
- Landowners can bring lawsuits against crooks

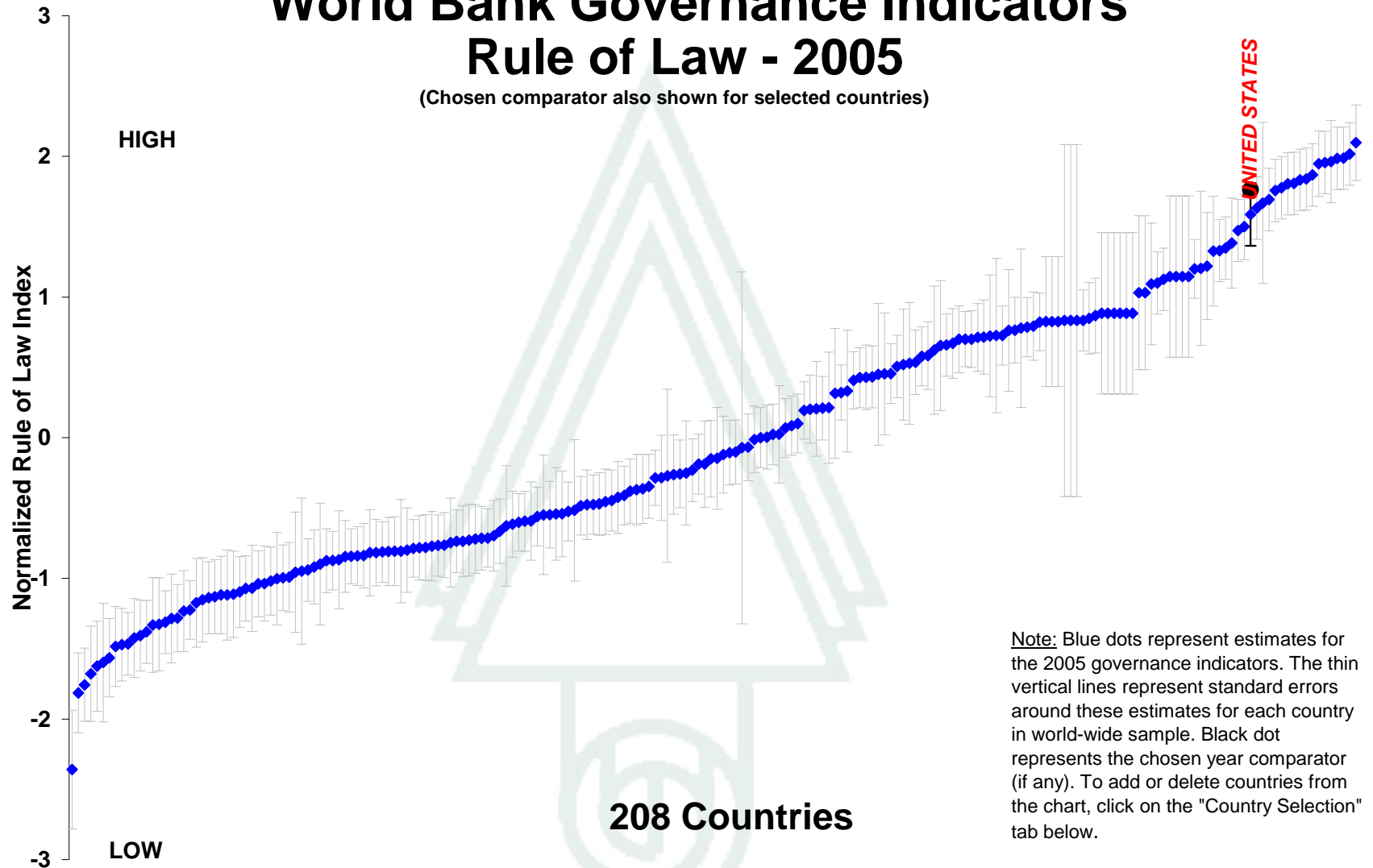
# Governance Indicators

- World Bank Governance indicators are useful tools to compare countries
- WB Governance Indicators measure six components of good governance:
  - (1) voice and accountability;
  - (2) political stability and absence of violence;
  - (3) government effectiveness;
  - (4) regulatory quality;
  - (5) the rule of law; and
  - (6) control of corruption.



# World Bank Governance Indicators Rule of Law - 2005

(Chosen comparator also shown for selected countries)



Note: Blue dots represent estimates for the 2005 governance indicators. The thin vertical lines represent standard errors around these estimates for each country in world-wide sample. Black dot represents the chosen year comparator (if any). To add or delete countries from the chart, click on the "Country Selection" tab below.

Source: "Governance Matters V: Governance Indicators for 1996-2005 " by Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi.

**Disclaimer:** The governance indicators presented here reflect the statistical compilation of responses on the quality of governance given by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries, as reported by a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The aggregate indicators in no way reflect the official position of the World Bank, its Executive Directors, or the countries they represent. As discussed in detail in the accompanying papers, countries' relative positions on these indicators are subject to margins of error that are clearly indicated. Consequently, precise country rankings should not be inferred from this data.

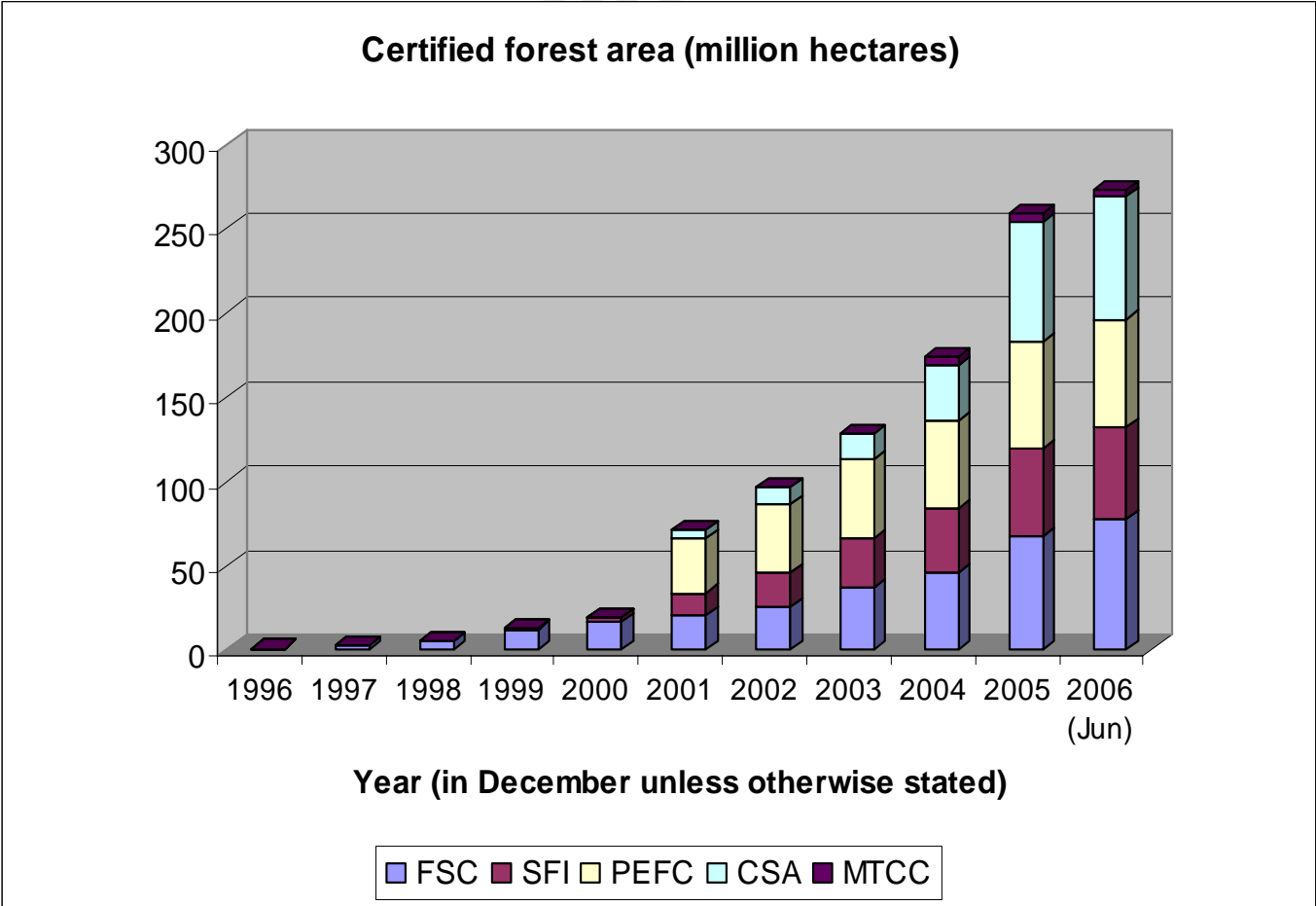
# US Compared to 200+ Countries

## WB Governance Indicators

WB Indicator	US Percentile
Rule of Law	92%
Control of Corruption	92%
Regulatory Quality	93%
Government Effectiveness	92%
Voice & Accountability	89%
Political Stability & Absence of Violence	49%

Source: World Bank

# Certification on a Global Scale





# Certification in the US

- The use of certification systems in the US is also increasing.
- Participation in SFI is a condition of AF&PA membership
  - 60% of all U.S. wood products
  - 90% of all pulp & paper

# U.S. Government Procurement

- Green purchasing increasing being incorporated into policies
- Mostly recycled content for paper
- US not requiring proof of legality or sustainability as condition of purchase
- US jurisprudence tends to put burden of proof on authorities claiming legality problem
- US government is certification neutral
- But incorporates preferences related to “green” building that indirectly favor certified products

# US Efforts on Illegal Logging

- Support of US Government Efforts
  - PIAIL
  - Indonesia MOU
- AF&PA Sponsored Study
- AF&PA – CI Partnership
- AHEC Project

# Address Causes

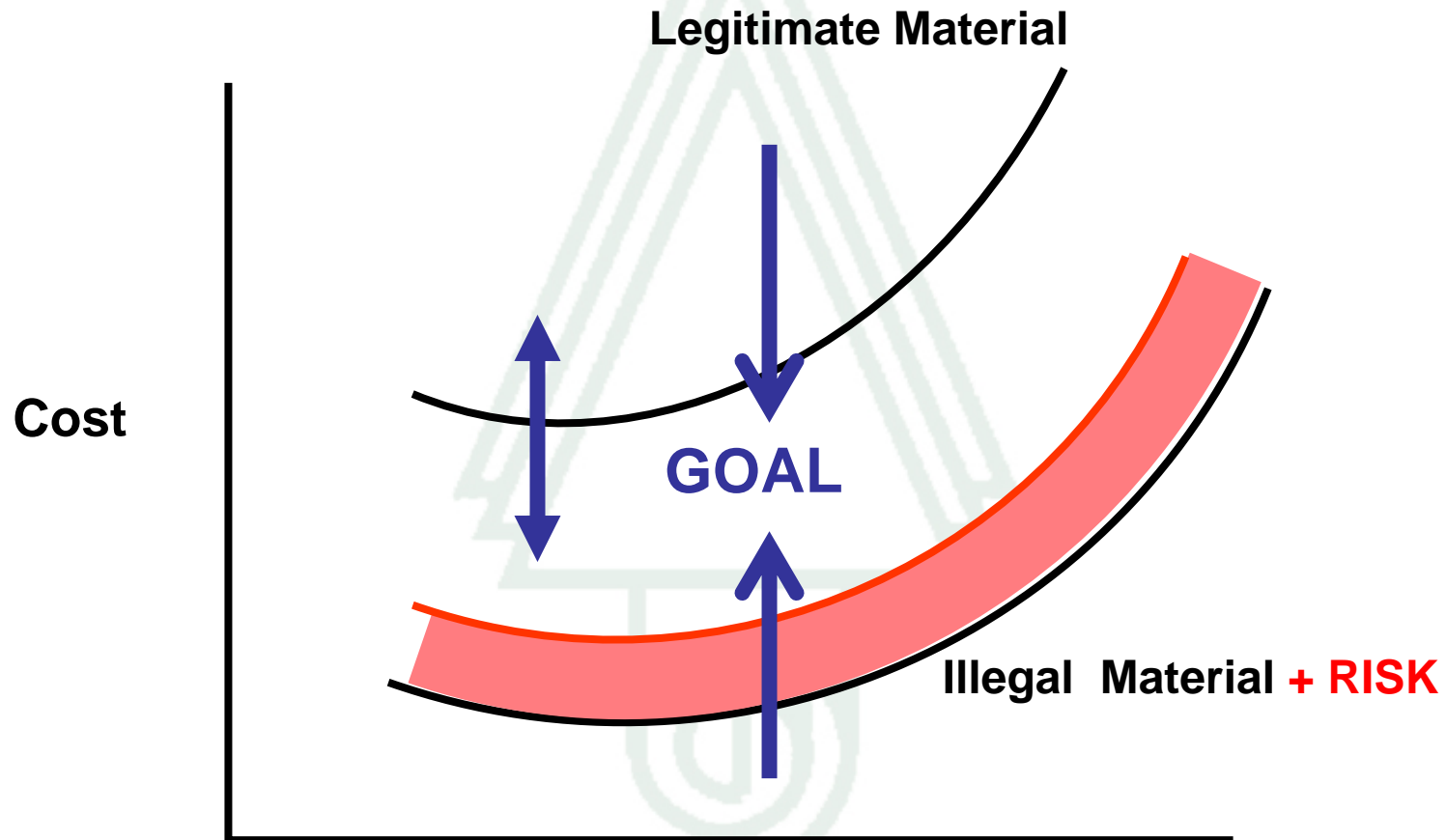
- Protect protected forests
- Tackle corruption
- Clarify tenure, jurisdictions and legal obligations
- Improve information
- Address land use (conversion to agriculture)

# Policy Pitfalls

- Need to be more targeted to be successful
- Markets can easily shift
- May be WTO challengeable
- Risk of widening gap between illegal and legitimate production



# Goal: Reduce the Cost Spread



Source: Seneca Creek Associates, LLC

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