

# Environmental Policies, Illegal Logging and Trade: The Need for a Risk-Based Approach

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# Illegal Logging

- Illegal material depresses world prices for wood by up to 16%
- Severely undermines markets for legal operators
- Undermines reputation of the wood industry



# Wood: The “Green” Material

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- Wood outperforms all other building products:
    - Releases less effluents during manufacture
    - Requires less energy
    - Better insulator
    - Stores carbon
    - Recyclable and Renewable

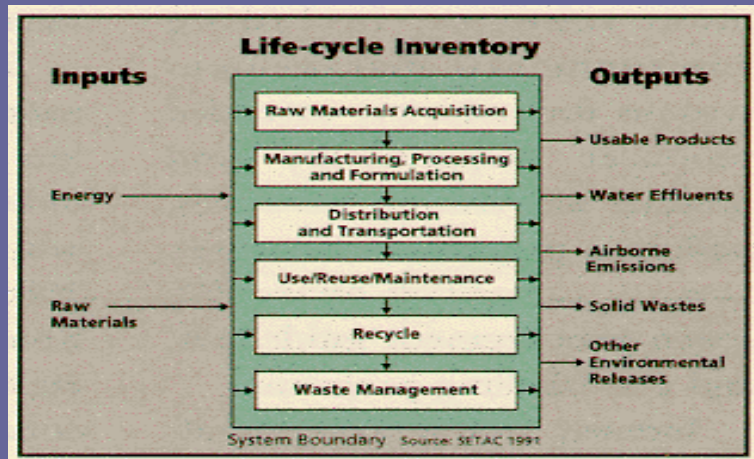


# Wood: energy efficient



Material	Embodied energy, Mj/kg
AD sawn hardwood	0.5
KD sawn hardwood	2.0
Concrete	4.0
Mild steel	34.0
Plastics	90.0
Aluminium	170.0

# Life Cycle Assessment



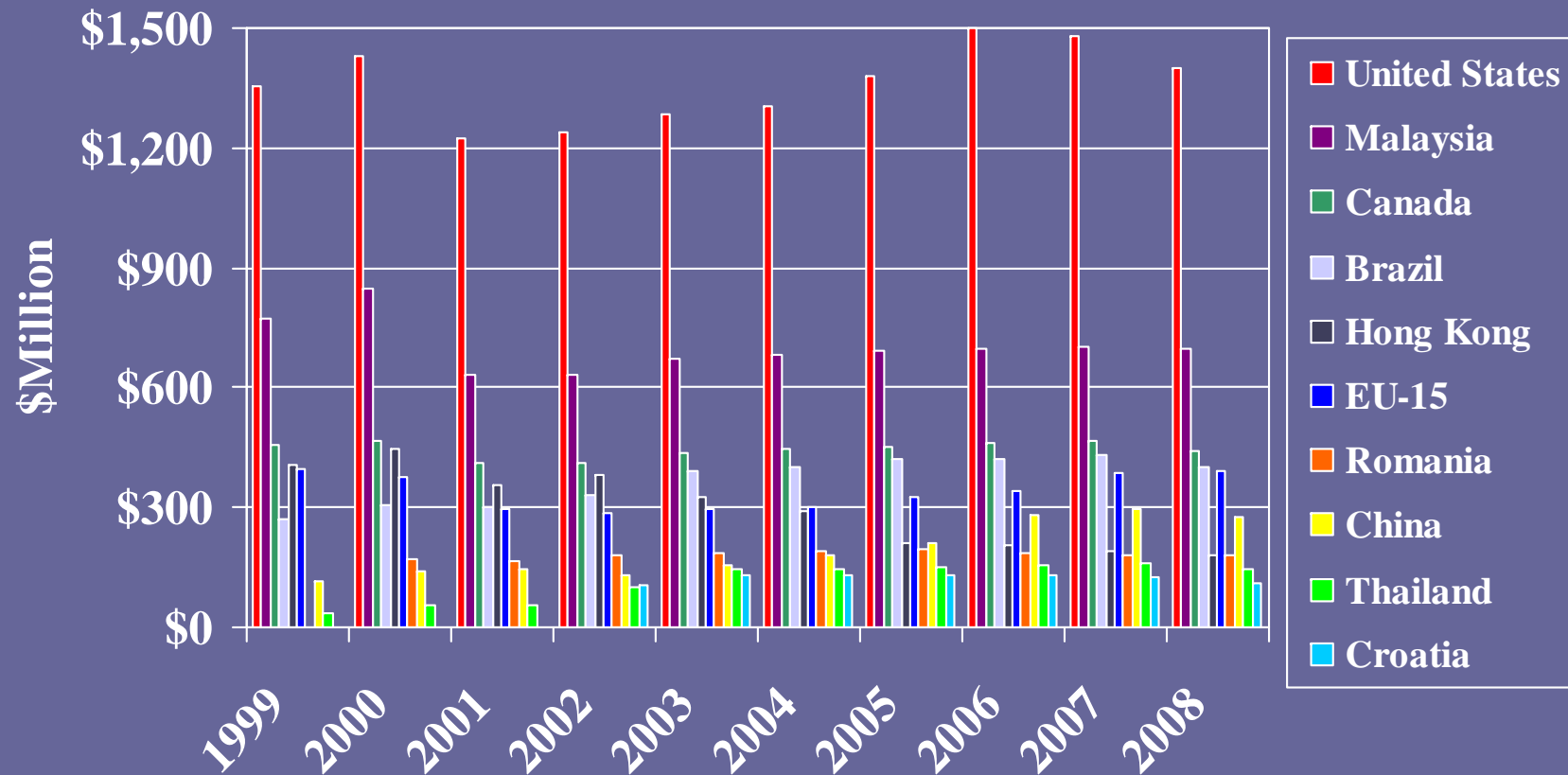
There is no “one size fits all  
solution”



# Late 1990s: certification diversifies



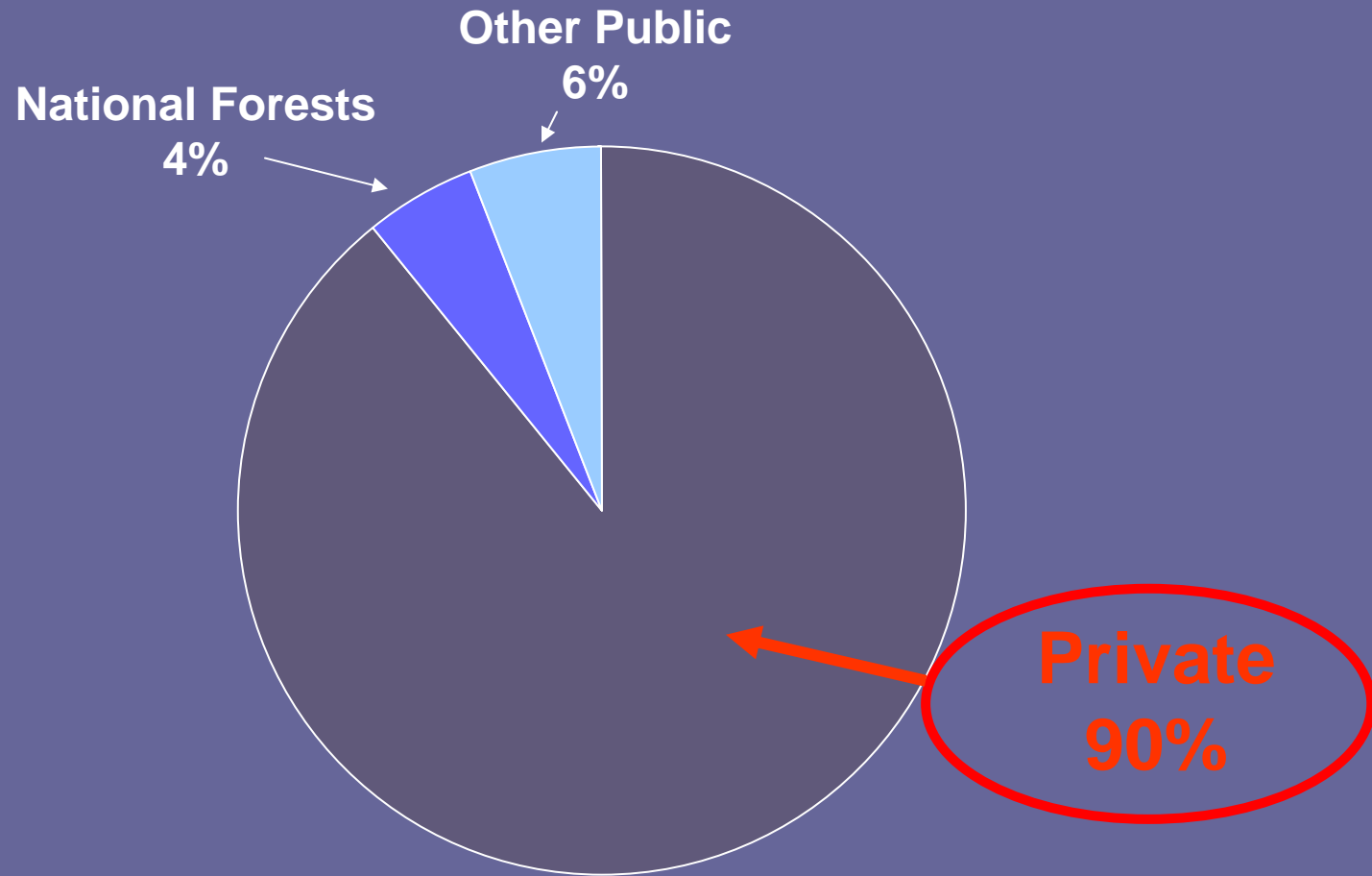
# World's Leading Hardwood Lumber Exporters: 2008



Source: Global Trade Atlas

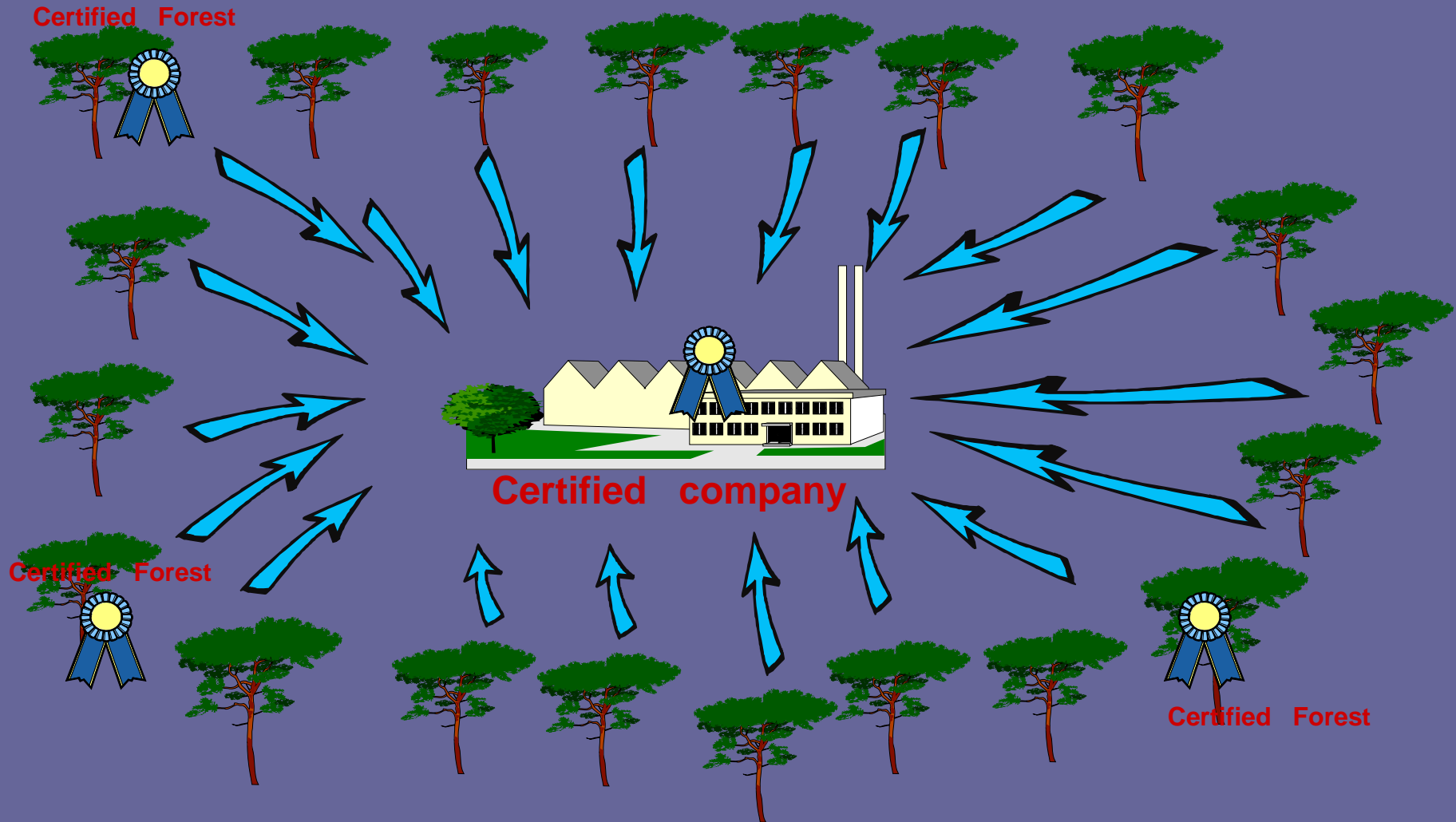


# Private lands supply 90% of the timber produced in the US



Source: Seneca Creek Estimates

# Labelling challenges



# Is there a better way?

## YES: Risk Based Assessment



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# Perception that wood is scarce



# 38 million houses a year....



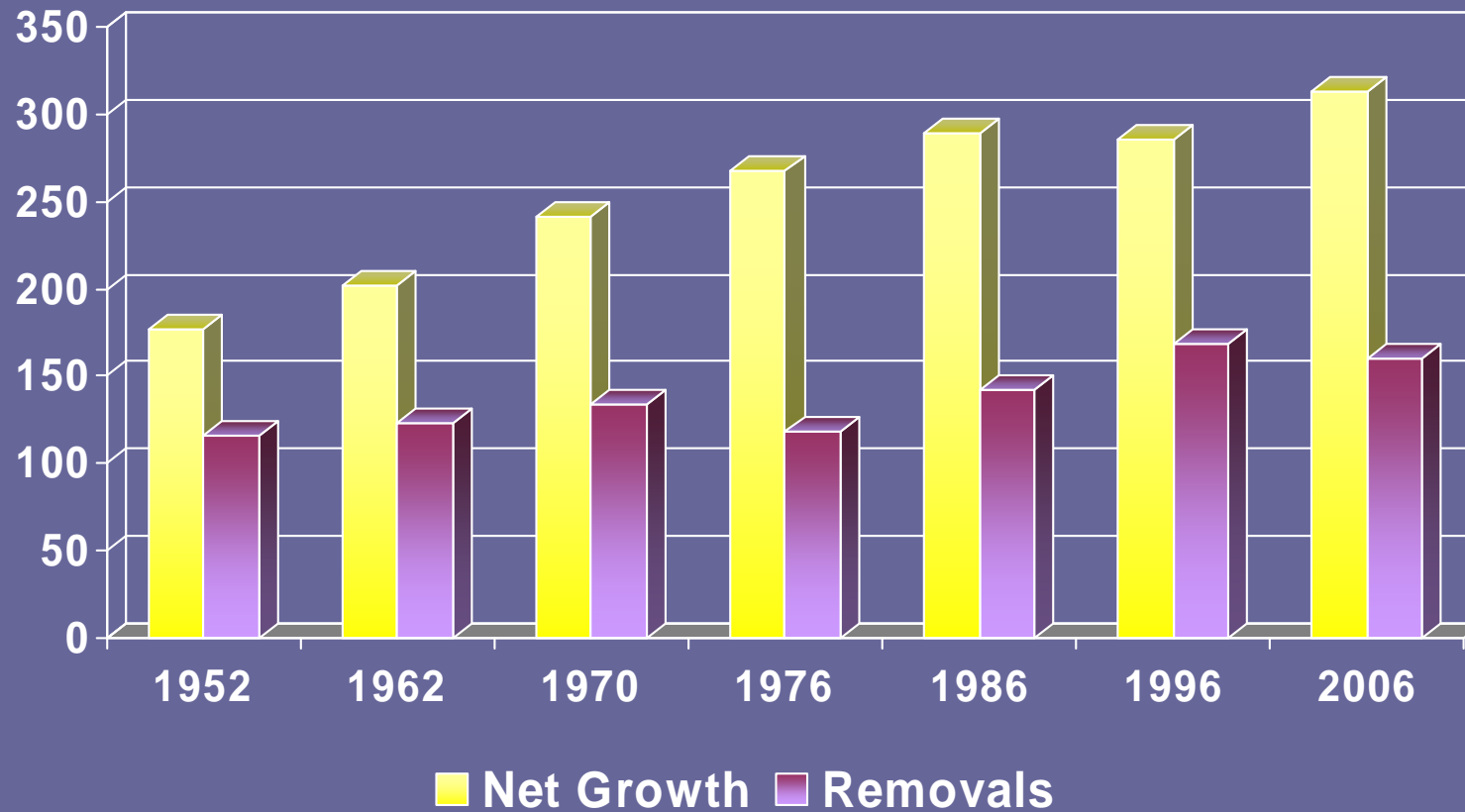
- Between 2000 and 2005, volume of wood standing in temperate and boreal forests increased by 884 million m<sup>3</sup> per year
- Enough to build 38 million two storey timber frame houses every year (assumes 50% conversion & 11 m<sup>3</sup> per house)
- Global housing starts = approx 36 million/ann.

# A fence to the sun and back...



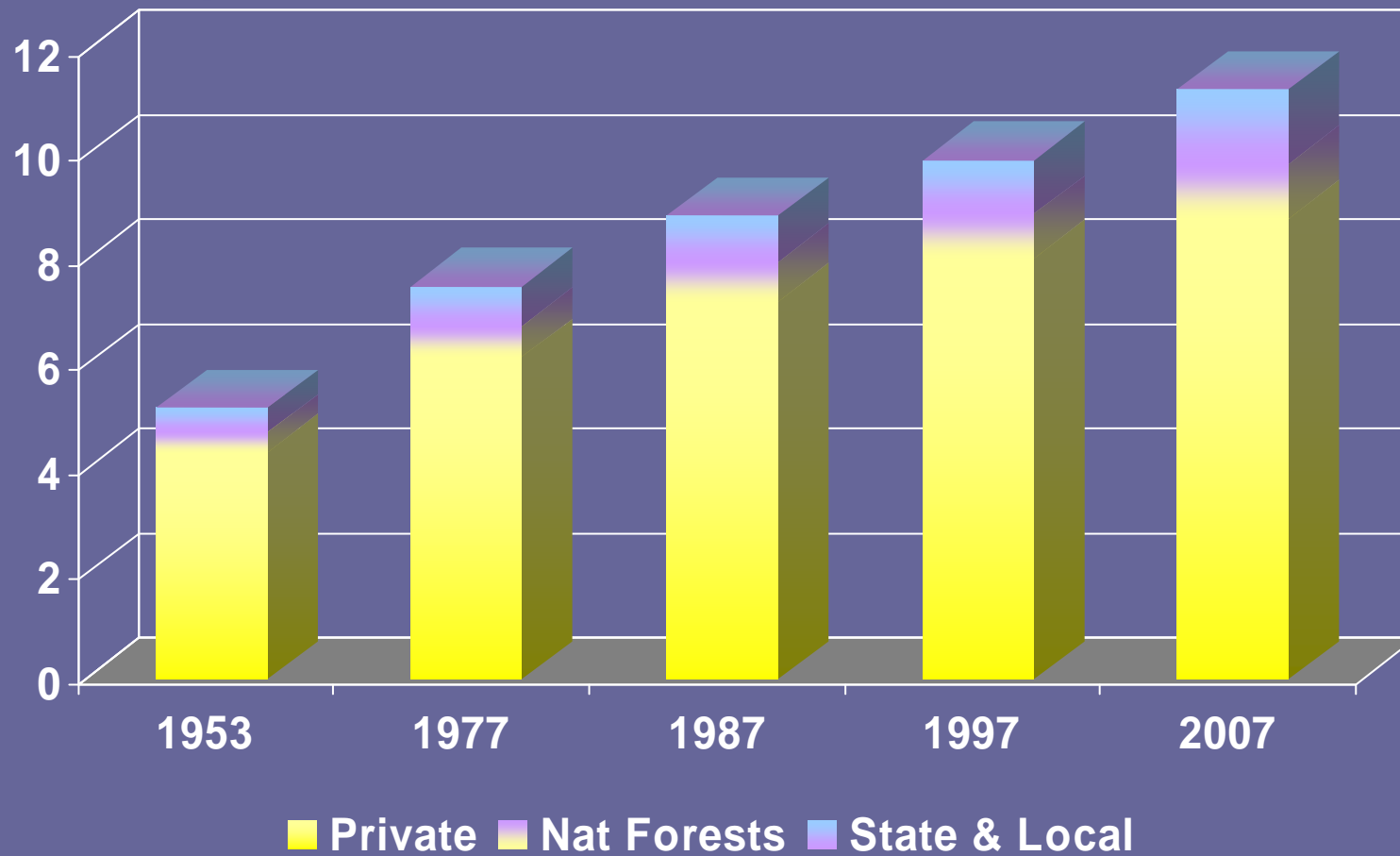
- During the 1990s, volume of wood standing in temperate and boreal forests increased by 21,000 million m<sup>3</sup>.
- That's enough wood to build a 1m x 8cm fence to the sun and back (or 7500 times round the earth)

# U.S. Hardwood Growth & Removals



# US Hardwood Inventory

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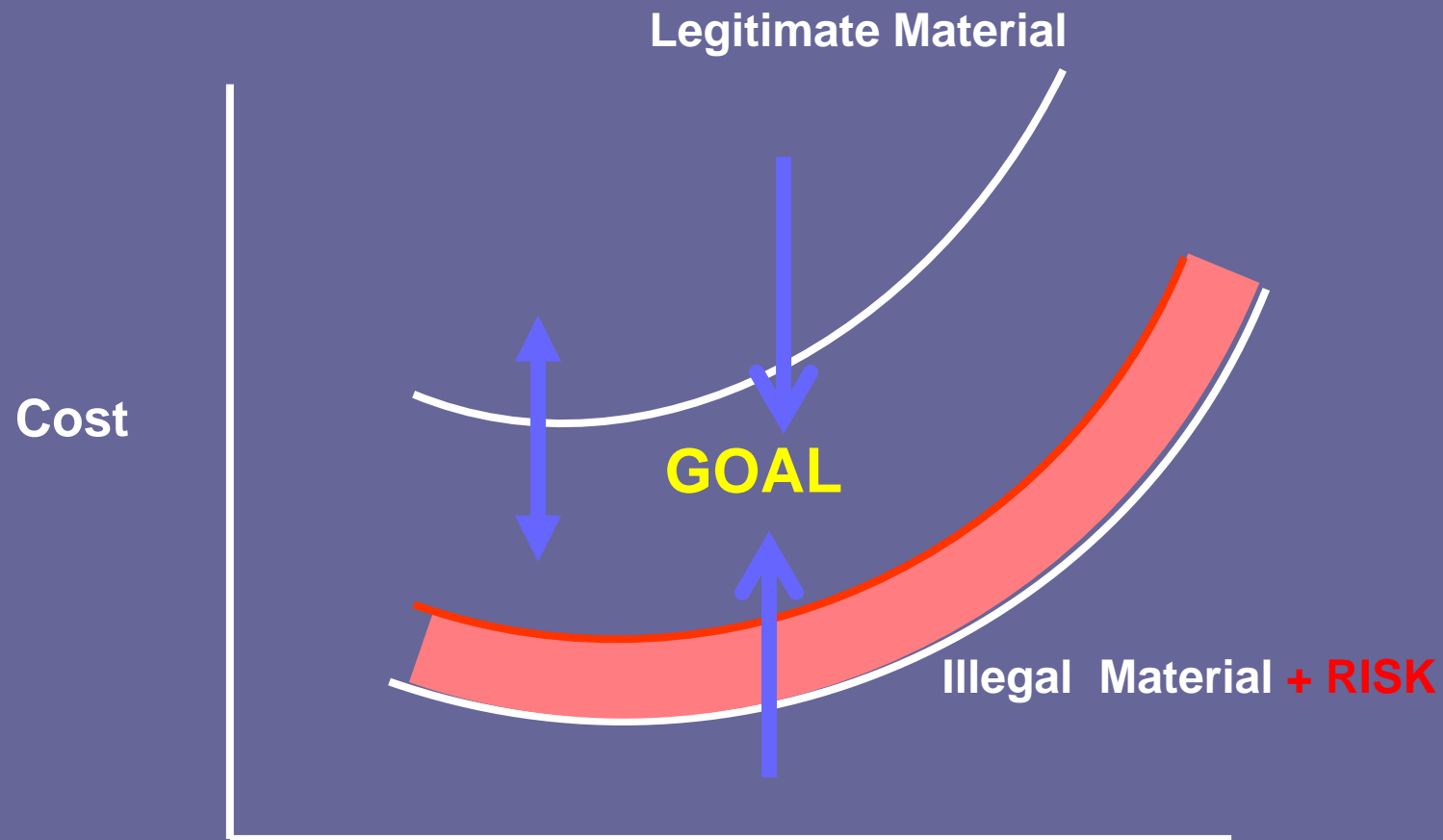




# Procurement Policy Limitations

- Only small percentage of illegally felled timber enters international trade
- Markets can easily shift and divert wood to less restrictive buyers
- Does NOT address root causes of deforestation
- Risk of widening gap between illegal and legitimate production

# Goal: Reduce the Cost Spread



Source: Seneca Creek Associates, LLC

# Sourcing of Non-Certified Wood

- SFI, PEFC and FSC have developed standards for using non-certified wood:
  - **FSC Controlled Wood Standard**
  - **SFI Procurement Standard**
  - **PEFC Controversial Sourcing Standard**
- CoC labeled products must meet sourcing standards

# US Combat Illegal Logging Act 2008

- It is an offence within the U.S. to trade in a wood product that has been “*taken, possessed, transported, or sold*” in violation of any foreign law.
- An amendment to the U.S. Lacey Act which currently regulates trade in fish, wildlife and limited subset of plants.
- Burden of proof with the prosecution who would have to demonstrate that wood derived from an illegal source
- Only likely to be applied to the worst offenders - importers with actual knowledge and intent to import illegal shipments
- Does not establish detailed requirements for legality verification
- Actively encourages importers’ risk assessment and greater diligence and action in regions of high risk

# EU Illegal Logging Action Plan

- Forest Law Enforcement, Governance & Trade (FLEGT)
- Targets illegal wood imports from the tropics
- Voluntary Partnership Agreements with Cameroon, Congo Republic, Ghana, Indonesia, Malaysia
- VPA countries obliged to supply “legally licensed” wood to the EU market
- EU considering a law obliging timber importers to introduce “due diligence”
- EU importers would have to demonstrate they have in place a management system to minimise risks of importing illegal wood



# *Data-Based Risk Assessment*

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- Evaluate risk that “illegal” hardwood is in the US hardwood product export mix
- Assess legality of US hardwood supply situation in context of:
  - CPET Criteria
  - FSC Controlled Wood
  - PEFC (SFI) Controversial Sourcing



# AHEC/Seneca Creek Risk Assessment Findings – **Low Risk**

- While timber theft occurs and is of concern to private landowners, it is not believed or perceived to be a systemic problem, especially with regards to US hardwood exports
- US re-exports of temperate hardwoods relatively small and mostly sourced in Canada (similarly robust governance)
- High regard for the rule of law, an effective environmental, labor and public welfare regulatory environment, and a low level of corruption
- Rights of timber ownership are well-established and respected.

American Hardwood Export Council



member no.

RPP Participant



For More Information:  
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