

Potomac Forum on Illegal Logging & Associated Trade

March 24, 2009
Washington, DC

Jamey French
Northland Forest Products



Why Embrace the Lacey Act Amendment?

- New Relationships with Environmental NGOs
- New Awareness of the Impact of Illegal Logging on our Domestic Industry
- New Awareness of US Hardwood Industry's Green Credentials

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



A Unique Partnering

- *Much of the world would be lucky to have the types of debates we have about forest stewardship in the U.S. For tropical countries with 70-80 percent illegal logging rates, plans to improve forest management are overwhelmed by organized criminal networks undermining the rule of law. That's why it's so urgent that environmental groups and law-abiding forest companies team up to clamp down on this global problem.*

*--Sasha von Bismark, Executive Director,
Environmental Investigation Agency*

Procurement Policy

- Improving the U.S. Marketplace
 - Lacey Act Amendment will bring positive change
- How can we continue to improve marketplace around the world?
 - Legality and Risk Assessment
 - Opportunities and Challenges from Certification

Risk Assessment: A Sensible Approach

- Requirements established for legality verification and certification should be based on an objective assessment of the risk of illegal and unsustainable forestry practices in timber supplying regions
 - To prevent imposition of unnecessary controls on suppliers where there is little risk of poor practice
 - To ensure resources are focused on problem regions
 - To ensure the response is proportionate to the scale of the problem
 - To help prevent technical barriers to trade for timber from small relatively low intensity managed forests

New EU Illegal Logging Legislative Proposal

- ***Requires “Due Diligence”***
 - References to CoC removed from final proposal
 - Encourages risk assessment and due diligence
 - Only pertains to operators who “first place wood in the market”
 - *Proportionate to the scale of the problem*
- ***Must be passed by EU Parliament/Member States***

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.

Wood: The “Green” Material

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



Wood: a renewable resource



Wood: a carbon store



Wood: energy efficient

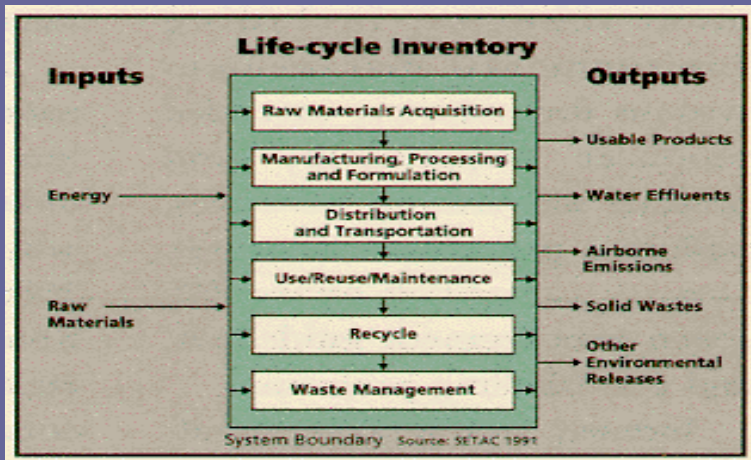


Material	Embodied energy, Mj/kg
AD sawn hardwood	0.5
KD sawn hardwood	2.0
Concrete	4.0
Mild steel	34.0
Plastics	90.0
Aluminium	170.0

Wood: an excellent insulator



Life Cycle Assessment



Wrap-up

- Lacey Act Amendment – a bold, important step by U.S. industry
- U.S. industry benefits from Lacey
- Risk Assessment and Certification working together
- Wood is important green material resource when managed responsibly