



The US Forest Industry: Combating “Illegal” Logging

1st Update Meeting on Illegal Logging and Associated Trade

Forest Trends

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U.S. Forest Industry in Brief

- About 22% of global production and 28% of consumption
- U.S. is a huge producer, importer and exporter
- \$230 billion in industry shipments
- Wood and paper products help define our standard of living
- International trade very important economically
- Sustainable forest management is critically important

AF&PA and Illegal Logging

- AF&PA Policy Position
- Support of US Government Efforts
 - PIAIL
 - Indonesia MOU
- AF&PA Sponsored Study
- Certification
- AF&PA – CI Partnership

AF&PA Position Statement

- Defines illegal logging as “theft of timber or logs, cutting in parks, reserves or similar areas, and cutting where government approvals are obtained by corrupt practices”
- Work with governments to secure protected forests
- U.S. producers commit to abide by all laws
- Support laws and enforcement in foreign countries to ensure sustainable forest management
- Advocates for accurate and reliable information
- Elements of forest certification can play a role, but certification itself is not a solution

Support of U.S. Government Efforts

- President's Initiative Against Illegal Logging (PIAIL)
 - AF&PA has been supportive of U.S. goals & objectives under the PIAIL
 - Good governance
 - Build capacity
 - U.S. - Indonesia MOU
 - Targeted efforts
 - Improved information

AF&PA Sponsored Study

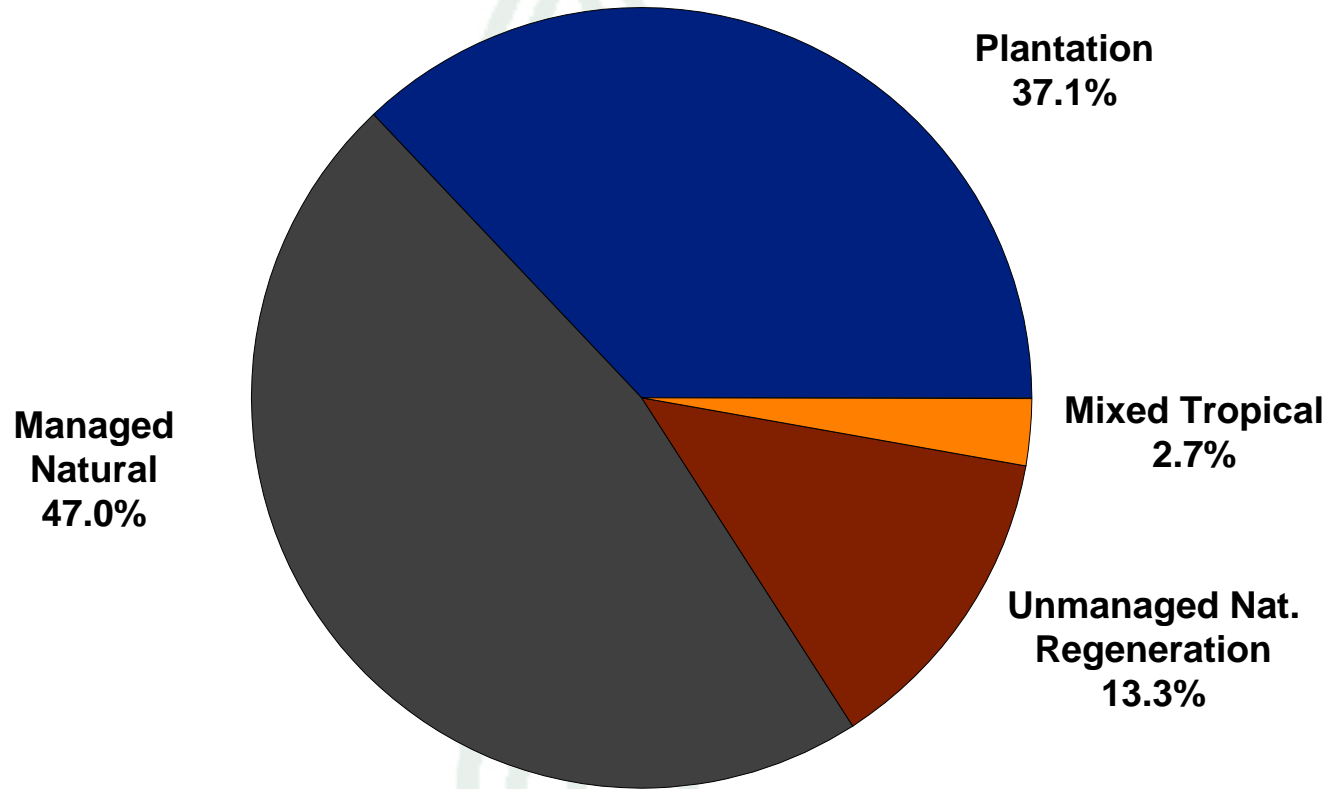
- Provided perspective and context
- Analyzed impacts of illegally produced and traded wood products on the ability of U.S. producers to export into key overseas markets



AF&PA Fiber Sourcing for Paper Study

- Study to look at fiber supply for the global paper industry
- Preliminary Findings:
 - High percentage of fiber sourced from plantations
 - High percentage of certified fiber
 - Low level of “suspicious” fiber

Wood Fiber Sourcing for Global Pulp Production, 2004



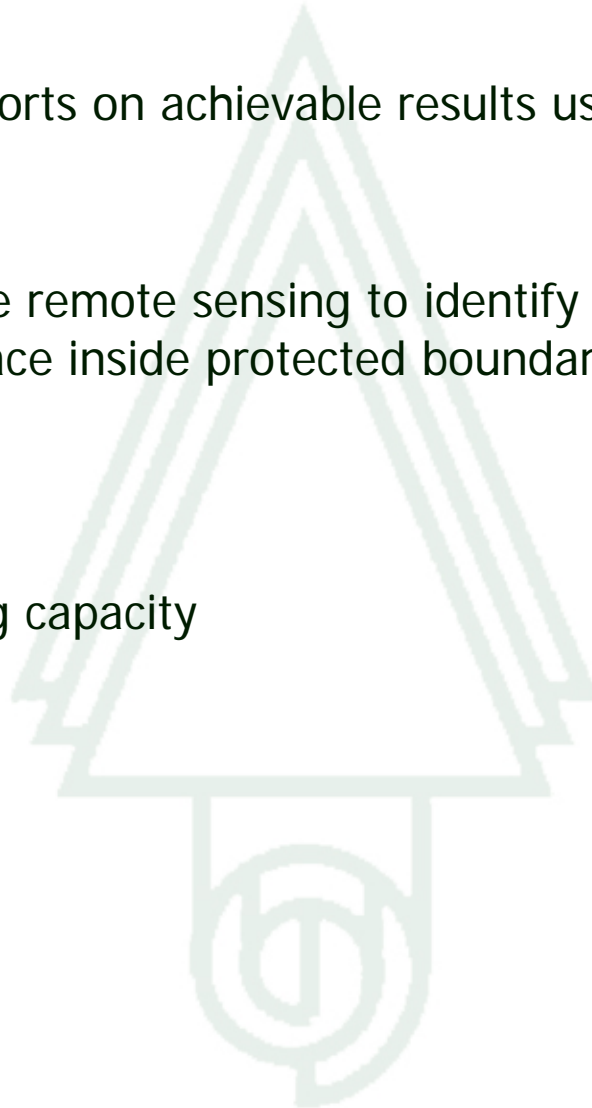
Source: Seneca Creek Associates, LLC

Global Production of Wood Pulp

Country/Region	Production (000 Tonnes)	% of Global Production	% of Total from Certified Sources	% of Total from Suspicious Sources
USA	54,885	32%	85%	0%
Canada	26,424	15%	50%	0%
EU – 25	39,248	23%	64%	1%
Russian Federation	5,922	3%	5%	14%
Indonesia	5,181	3%	15%	20%
China	3,457	2%	5%	10%
Top 90%	157,632	91%	62%	2%
World Total	172,916	100%	57%	2%

AF&PA & Conservation International

- Alliance to focus efforts on achievable results using new technologies
- Opportunities to use remote sensing to identify areas where illegal logging is taking place inside protected boundaries and catch the crooks
- Emphasis is building capacity



To Keep in Mind

- No reliable data, only estimates based on assumptions; most estimates are exaggerated
- But problem is significant in some countries
- Vast majority of “illegal” roundwood is processed and consumed domestically
- US industry is impacted primarily as our products must compete with lower-cost competitors

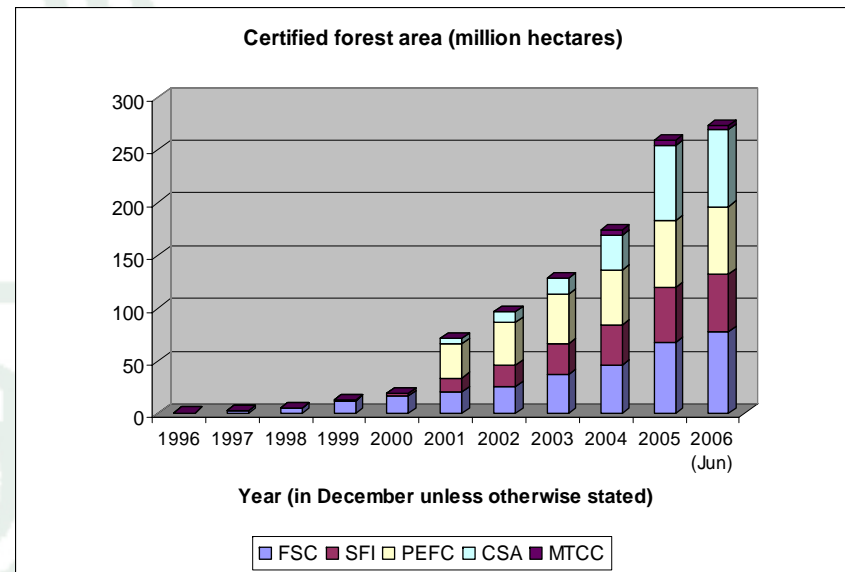
Legality of US Products

- **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**



Certification in the U.S.

- The use of certification systems in the U.S. is also increasing
- Participation in SFI or CSA is condition of AF&PA membership



Sustainable Forestry Initiative® (SFI) Standard

Performance Measure 8.5 *Program Participants* shall ensure that their procurement programs support the principles of sustainable forestry, including efforts to thwart illegal logging and promote conservation of biological diversity.

Indicators:

1. Process to assess the risk that the program Participant's procurement program could acquire material from illegal logging. This process may include relying on the adequacy of legal protections in the United States and Canada, where laws against domestic illegal logging are enforced.
2. Program to address any significant risk identified under 8.5.1.
3. Procurement from areas outside the United States and Canada promotes conservation of biodiversity hotspots and major tropical wilderness areas.
4. Program with direct suppliers to promote the principles of sustainable forestry.
5. Knowledge about direct suppliers' application of the principles of sustainable forestry.

Sustainable Forestry Initiative® (SFI) Standard

Performance Measure 8.6. *Program Participants* shall encourage economically, environmentally, and socially sound practices.

Indicator:

1. Process to assess the risk that the *Program Participant's procurement* takes place in countries without effective laws addressing the following:
 - a. workers' health and safety;
 - b. fair labor practices;
 - c. indigenous peoples' rights;
 - d. anti-discrimination and anti- harassment measures;
 - e. prevailing wages; and
 - f. workers' right to organize.
2. *Program* to address any significant risk identified under 8.6.1.

Government Procurement

- Europe and Japan have instituted procurement guidelines
- U.S. has long tradition of legality presumption (i.e. innocent until proven guilty)
- Procurement policies must be inclusive and not hamper competition
- Meeting customer needs is of critical importance to U.S. producers.
- U.S. companies will do what is necessary to maintain market access

Tackling Illegal Logging

- 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
- Demand-side controls less likely to be effective than addressing problems at the source of production
- Global markets are easily shifted
- May be WTO challengeable
- Wood products are among the most environmentally friendly of all building materials, but steel, concrete and plastic are substitutes
- Risk of widening cost gap between illegal and legitimate production

Goal: Reduce the Cost Spread

