

2008 Lacey Act Amendment successful in reducing US imports of illegally logged wood

November 19 2014

Recently published research by U.S. Forest Service economist Jeff Prestemon supports the contention that the 2008 Lacey Act Amendment reduced the supply of illegally harvested wood from South America and Asia available for export to the United States.

Using monthly import data from 1989 to 2013, Prestemon, Project Leader of the Forest Service Southern Research Station Forest Economics and Policy unit, applied alternative statistical approaches to evaluate the effects of the 2008 amendment. The *Journal of Forest Policy and Economics* recently published the results online.

"There has been growing distress around the world about the negative effects of illegal fiber sourcing (including logging) on forests, people, wildlife, and the rule of law in countries suspected of producing such [wood](#) in large quantities," says Prestemon. "In the U.S. and elsewhere, timber growers and wood product manufacturers have been concerned about the effects of illegal logging on their market prices and market shares, in both domestic and foreign markets."

The Lacey Act is a U.S. wildlife protection and anti-trafficking statute that makes it a crime to import onto U.S. territory or to transport across any state line within the U.S. or its territories any illegally obtained plant or animal species or product made with such plants or animals. The original Lacey Act of 1900 focused on wildlife, with later amendments expanding to plants, including trees and products made from wood.

The Lacey Act Amendment of 2008 was enacted to reduce the global demand for illegally obtained timber products, and includes for the first time any tree species illegally obtained in the country of origin and any product (such as wood, paper, or pulp) containing illegally obtained tree material.

"Although the U.S. consumes a relatively small share of wood from countries suspected of having high rates of illegal wood production, having such material entering global markets affects U.S. producers by depressing wood prices globally," said Prestemon. "With the Lacey Act Amendment of 2008, the U.S. sought to set an example of how importing countries could help discourage illegal logging, with the hope that others would enact similar policies."

In 2010 the European Union enacted similar legislation that bans the import of illegally sourced fiber, and other wood product importing countries are either contemplating or are now implementing similar trade measures. "It is important to understand whether such measures make a difference," he said.

The easiest way to find out if the Lacey Act Amendment reduced imports of illegally logged wood is to measure the amount of illegally logged products entering the U.S., but so far government officials are unable to physically detect illegal materials with the tools available to them.

Prestemon used other methods—statistical intervention models—some fairly simple, others quite complex, to tease out the effect of the amendment. The methods took into account many factors that might have affected U.S. imports, including the economic downturn, exchange rates, growth in China's economy, and the effects of laws and policies in suspected source countries.

Prestemon found that the prices of lumber and hardwood plywood imports into the U.S. from suspected illegal wood fiber source countries have increased and their quantities have decreased since the enactment of the 2008 Lacey Act Amendment, indicating a decrease in export supply in these countries. "These findings are evidence that the amendment has met at least some of its advocates' objectives," said Prestemon.

Prestemon cautions that though his research may have successfully quantified the effects of the amendment on U.S. imports, two other avenues need study before we can judge the amendment as a complete success in reducing illegal fiber sourcing.

"First and foremost we need to understand to what extent illegal producers have diverted their illegally sourced fiber exports away from the U.S. and toward countries that don't have such trade measures," said Prestemon. "Second, we need to look at possible substitutions within countries suspected of illegal sourcing, where producers decide to only export legal fiber but still illegally produce, diverting those products toward domestic consumers in their own markets. Both of these shifts in response to trade measures are a form of policy 'leakage,' and we need to understand them in order to design the most effective strategies to limit illegal sourcing in suspected countries."

More information: Access the full text of the article at www.treesearch.fs.fed.us/pubs/47185

Provided by USDA Forest Service

Citation: 2008 Lacey Act Amendment successful in reducing US imports of illegally logged wood (2014, November 19) retrieved 25 April 2024 from <https://phys.org/news/2014-11-lacey-wood>

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