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International Illegal Logging: Background and Issues

Background

Illegal logging is a pervasive problem throughout the world and generally is defined as the harvest, transport, purchase, or sale of timber in violation of national laws. Illegal logging can lead to degraded forest ecosystems and loss of biodiversity, impede economic development, challenge local governance, and contribute to crime and corruption. In regions with large tropical forests, such as the Amazon and areas in Central Africa and Southeast Asia, illegal logging is estimated to account for 50%-90% of all forestry activities, according to the International Criminal Police Organization (INTERPOL). INTERPOL also reports that the trade in illegally harvested timber is between \$51 billion and \$152 billion annually. This figure does not take into account the reduction in legal timber prices caused by illegal logging, which is estimated to be between 7% and 16%. Some express concern that U.S. demand for tropical timber from countries in Latin America and Southeast Asia could, in part, drive illegal logging in those areas. The United States is the world's largest wood products consumer and one of the top importers of tropical hardwoods, including Peruvian mahogany, 90% of which is estimated to come from illegal logging. Illegal logging activities can devalue U.S. timber exports. One source estimates that if illegal timber were eradicated in the global market, the value of U.S. timber exports could increase by an average of approximately \$460 million annually.

Scope and Scale

Due to the often clandestine nature of illegal logging, the variability in defining illegal logging, and the difficulty of obtaining large-scale data on illegal logging practices in many countries, estimates of the extent of illegal logging are difficult to quantify specifically. Researchers estimate that the percentage of illegal logging is highest in Cameroon, Indonesia, Brazil, Democratic Republic of the Congo (DRC), Myanmar, Papua New Guinea, Ghana, Peru, and Laos. See **Table 1** for estimates of illegal logging in selected countries.

Table 1. Illegal Logging in Selected Countries

Country of Origin	Estimated % of Illegal Logging
Brazil	50%
Cameroon	50%-65%
DRC	90%
Ghana	34%-70%
Indonesia	60%-80%
Laos	35%-80%
Malaysia	35%

Country of Origin	Estimated % of Illegal Logging
Papua New Guinea	70%
Peru	80%-90%
Republic of Congo	70%
Russian Federation	10%-15% in Northwest and 50% in Far East Russia.

Sources: A. Hoare, *Tackling Illegal Logging and the Related Trade*, Chatham House Report, July 2015; and World Bank, *Strengthening Forest Law Enforcement and Governance*, August 2006.

The top consumers of international illegal logging include China, India, Japan, the United States, and countries within the European Union (EU).

U.S. Laws That Address Illegal Logging

The United States has several laws that address aspects of international illegal logging. These laws focus on the import of timber from foreign countries and authorize funding to combat illegal logging. Importing timber of certain species can be regulated or banned if the timber species is listed under the Endangered Species Act (ESA; 16 U.S.C. §§1531-1543). (Foreign species can be listed under ESA.) Permits generally are required to import ESA-listed timber. ESA-listed timber also may be listed under the Convention on the International Trade in Endangered Species of Wild Flora and Fauna (CITES). CITES regulates trade of protected plant and wildlife species, which are classified according to how trade threatens their survival. U.S. imports of wood and wood products from CITES-listed tree species are regulated according to their status. Currently, 73 tree species are listed as trade-restricted under CITES. Listed species are traded through a permit system, which provides oversight over trade and how it affects species. If any of these laws or other federal, state, and foreign laws are violated, the Lacey Act (16 U.S.C. §§3371-3378) could be invoked.

The Lacey Act makes it unlawful to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce any plant, fish, or wildlife taken, possessed, transported, or sold in violation of any U.S. or state law or regulation, or in violation of any foreign law. In relation to foreign timber, the Lacey Act makes it illegal to import plants and plant products that have been harvested or processed in violation of foreign and domestic laws. The Lacey Act is often considered the primary policy mechanism the United States can use to curb illegal logging. U.S. companies that import timber have to conduct due diligence to make sure their shipments were harvested and processed legally according to U.S. and foreign laws. If a law was broken, a U.S. company could be subject to civil

and criminal penalties. For example, in 2017, a U.S. forest products company was charged with importing timber from Peru that was harvested and labeled in violation of Peruvian law. Studies report that implementation of the Lacey Act has reduced the import of illegal timber from countries.

The Tropical Forest Conservation Act (TFCA; 22 U.S.C. §§2431 et seq.) indirectly addresses illegal logging by authorizing debt-for-nature transactions. Under this program, debt can be restructured in eligible countries and funds generated from the transactions are used to support programs to conserve tropical forests within the debtor country. Several countries, such as Peru and Brazil, have used funds generated from transactions authorized under this act to monitor logging activities and train enforcement personnel to address illegal logging.

Other countries and entities have enacted laws similar to the Lacey Act to address illegal logging. The EU and Australia have laws that make it unlawful to import timber that has been illegally logged or processed under domestic or foreign laws. The EU also created the Forest Law Enforcement, Governance, and Trade Action Plan (FLEGT), which prohibits illegal timber from being placed on the EU market and requires that only timber labeled as legal be imported into the EU. FLEGT also established voluntary partnership agreements, which are legally binding trade agreements with non-EU countries that contain a legality assurance system and forest governance obligations for timber products.

U.S. Foreign Policy on Illegal Logging

The United States has policy initiatives aimed at reducing illegal logging in foreign countries. For example, in the Congo Basin, the U.S. government has developed the Congo Basin Forest Partnership. This multilateral partnership is aimed at improving forest management and governance to reduce deforestation and illegal logging. The United States also has administered sanctions against foreign countries due to illegal logging; it has directed sanctions of illegal logging activities at Cambodia, Burma, and Indonesia.

In addition, the United States has addressed illegal logging through bilateral agreements. For example, the U.S.-Peru Free Trade Agreement contains provisions to protect the environment and address illegal logging. A Forest Annex in the agreement contains requirements for Peru to reduce illegal logging through law enforcement and monitoring. The United States has provided financial and technical assistance to Peru to meet these goals. In other bilateral agreements, the United States has provided direct financial aid to countries to address illegal logging. For example, a bilateral agreement with Indonesia contains a Working Group on Combating Illegal Logging and Associated Trade, which aims to promote the legal trade of timber products. The United States has committed millions of dollars to combat illegal logging and conserve forests in Indonesia.

International Initiatives and Institutions

Several relevant multilateral and international agreements address illegal logging. These range from voluntary agreements to legally binding multilateral agreements that

enable signatory governments to seize illegal products and exercise financial penalties on illegally produced timber. Efforts to deter illegal logging and improve due diligence from timber consumers include third-party wood certification programs. For example, the Forest Stewardship Council (FSC) is an independent, international nongovernmental organization that certifies that wood comes from managed forests that meet an established set of criteria. FSC has certified almost 200 million hectares of forests internationally. The United Nations (U.N.) also addresses illegal logging; the U.N. Office on Drugs and Crime, partnering with international structures (e.g., INTERPOL) and local entities, guides countries in identifying illegal logging through research and law enforcement.

Issues for Congress

Congress has limited opportunities to directly affect illegal logging overseas. To date, Congress has focused on regulating imports of timber and assisting countries with law enforcement and regulations related to logging. Some have suggested further actions Congress could take to address illegal logging, such as encouraging the Administration to work with other timber importing countries (e.g., China and India) to adopt laws and regulations similar to the Lacey Act, EU regulations, and Australian laws prohibiting the import or sale of illegal timber. This could reduce the number of markets where illegal timber could be sold and place additional pressure on logging operations to abide by their national laws and international regulations. Some might contend that Congress and the United States have little influence in persuading other countries to adopt these laws, especially if countries are benefitting from lower-priced, illegal timber.

Some stakeholders advocate that Congress should address illegal logging by increasing resources to improve foreign and international law enforcement, monitoring, and governance efforts in developing countries where illegal logging exists. Possibilities include funding through bilateral agreements or through debt-for-nature swaps under the TFCA. Further, some assert that addressing other forms of international crime, such as wildlife trafficking and drug trafficking, could reduce illegal logging; according to INTERPOL, pathways for illegal logging are similar to those for wildlife and drug trafficking. Some might contend that foreign assistance may not be effective if governance and law enforcement is weak in countries where illegal logging occurs.

Some observers suggest that Congress implement existing or new certification systems to help ensure legal timber imports, similar to FLEGT. Some suggest that those who import wood from producers with favorable timber certifications could be exempted from the Lacey Act. In contrast, some might note that current certification programs do not cover all aspects of timber production or are not uniform across countries.

Pervaze A. Sheikh, Specialist in Natural Resources Policy
Kezee Procita, Research Librarian

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