OVERVIEW OF THE LACEY ACT AND LEGALITY POLICY DEVELOPMENT IN EAST ASIA

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OUTLINE

• World Resources Institute (WRI)
• U.S. Lacey Act
• Legality Policy Development in East Asia
• Conclusions
ABOUT WRI

WRI is a global research organization that turns big ideas into action at the nexus of environment, economic opportunity and human well-being.

WRI has more than 700 experts and staff working at the nexus of environment, economic opportunity and human well-being.
## FOREST LEGALITY INITIATIVE

<table>
<thead>
<tr>
<th>Activity</th>
<th>Government</th>
<th>Private Sector</th>
<th>Civil Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leveraging government policies to raise awareness and build private sector capacity</td>
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<tr>
<td>Developing tools to support decision making</td>
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<tr>
<td>Advancing technologies for screening and supply chain management</td>
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</tbody>
</table>
WHY FOCUS ON ILLEGAL LOGGING

Unit: Billion USD

- Drug trafficking, $344
- Counterfeit crimes, $288
- Human trafficking, $157
- Illegal logging and trade, $152
- Illegal extraction and trade in minerals, $48
- Wildlife poaching and trafficking, $23
- Illegal, unreported, unregulated fishing, $23
- Trade and dumping of hazardous waste, $12
- Overseas Development Assistance for governance and peace, $17

IMPACTS OF ILLEGAL LOGGING

• Deforestation and forest degradation
• Greenhouse gas emissions
• Government tax revenue
• Legal businesses’ competitiveness
• Livelihoods of local communities
<table>
<thead>
<tr>
<th>Regulation</th>
<th>Year</th>
<th>Prohibitions</th>
<th>Due Diligence</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Lacey Act Amendment</td>
<td>2008</td>
<td>Prohibition</td>
<td>Declaration</td>
</tr>
<tr>
<td>EU Timber Regulation</td>
<td>2013</td>
<td>Prohibition</td>
<td>Due Diligence</td>
</tr>
<tr>
<td>Australian Illegal Logging Prohibition Act</td>
<td>2012</td>
<td>Prohibition</td>
<td>Due Diligence</td>
</tr>
</tbody>
</table>
U.S. LACEY ACT

• Definition of Legality
  – Country of harvest

• Regulated Parties
  – All entities in the supply chain
U.S. LACEY ACT

• Penalties
  – Both civil and criminal penalties possible
  – Forfeiture of goods
  – Depending on the level of due care exercised

• Fact-based, not process- or document-based
MISUNDERSTANDINGS
LEGALITY LEGISLATIONS IN EAST ASIA

- Clean Wood Act (2017)
- Revised Act on the Sustainable Use of Timbers (2018)
- Administration Measures on Strengthening the Legality of Imported Timber (?)
LEGALITY LEGISLATION IN EAST ASIA

- Japan – Clean Wood Act (2017)
  - Voluntary registration system
  - Due diligence required for all registered entities
  - Definition: country of harvest
  - Implementation: Registering organizations
  - Penalties: Revocation of registration and fines
• South Korea - Revised Act on the Sustainable Use of Timbers (2018)

  – Mandatory legislation
  – Prohibition without due diligence obligations
  – Import declaration
  – Verification by the Korea Forestry Promotion Institute
  – Penalties: Revocation of registration, fines, and imprisonment
## COMPARISONS

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>South Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Country of Harvest</td>
<td>Country of Harvest</td>
</tr>
<tr>
<td><strong>Participation</strong></td>
<td>Voluntary</td>
<td>Mandatory</td>
</tr>
<tr>
<td><strong>Key Requirements</strong></td>
<td>Due Diligence</td>
<td>Prohibition + Import Declaration</td>
</tr>
<tr>
<td><strong>Implementation</strong></td>
<td>Registering Organizations</td>
<td>Korea Forestry Promotion Institute</td>
</tr>
<tr>
<td><strong>Penalties</strong></td>
<td>Revocation of registration and fines</td>
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</table>
CONCLUSIONS

• Broader policy initiatives
  – CITES
  – Free Trade Agreements: US-Peru FTA
  – Domestic policies: public procurement

• Policy implementation: when, who, and how

• Dialogues between the policy and scientific communities
REFERENCES


• EFI. A Comparison between South Korea’s Act on the Sustainable Use of Timbers and the EUTR. 2018

• EFI. A Comparison of the Japanese Clean Wood Act and the EU Timber Regulation. 2018

THANK YOU!

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