

February 16, 2024

The Hon. Cliff Bentz  
Chairman  
House Natural Resources Subcommittee,  
Water, Wildlife and Fisheries  
United States House of Representatives  
Washington, DC 20515

The Hon. Jared Huffman  
Ranking Member  
House Natural Resources Subcommittee,  
Water, Wildlife and Fisheries  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Bentz and Ranking Member Huffman:

On behalf of the Hardwood Federation, the united voice of hardwood lumber manufacturers based in Washington, D.C., please review the below industry perspectives related to H.R. 7157, the Strengthen Wood Product Supply Chain Act, the subject of your panel's hearing conducted on February 14, 2024. This bill, which would attempt to amend the Lacey Act - a statute that garners the full support of our industry, as currently written – outlines provisions that would undermine statutory protections necessary to prevent the importation of illegally harvested wood and wood products into the United States; products that compete unfairly with domestic producers and manufacturers.

By way of background, the Hardwood Federation has been a long-time proponent of international efforts to suppress illegal logging and trade. The Federation played an active and instrumental role in a coalition of forest products industry, environmental and labor groups to advocate for passage of the 2008 amendments. Illegally sourced fiber is a serious detriment to the U.S. industry's sustainability, the global environment, and the international economy. The flow of illegally sourced wood into the domestic market has real world impacts, including the decimation of fragile eco-systems, and places high quality domestic manufacturing jobs at risk. Prior to implementation of key Lacey Act protections, the American Forest & Paper Association commissioned a study in 2004 that estimated that illegal logging cost the U.S. forest products industry approximately \$1 billion annually in lost export opportunities and depressed U.S. wood prices. In 2016, eight years after implementation, a study by the U.S. Fish and Wildlife Service, found that overall timber imports to the U.S. market declined by 24 percent as a result of Lacey Act implementation. In 2015, the Union of Concerned Scientists released a study showing that the import of illegally sourced wood products declined by 40 percent since enactment of the 2008 Amendments, demonstrating the strength of the statute as currently written.

#### Release and Seizure Requirements

Unfortunately, H.R. 7157 would codify arbitrary and compressed deadlines for the disposition of claims related to the detention of potentially illegally sourced wood, thereby facilitating the entry of illegal materials into the U.S. that compete unfairly with the domestic marketplace. It would constrain inspectors' ability to conduct a thorough due diligence assessment, thereby

preventing an effective and well-informed decision to dispatch or discard product, as required by the existing law. For example, a key provision of the bill outlines narrow “release or seizure” requirements and imposes a 30-day time limit on what would be a final disposition to a Notice of Detention, which is the bill’s proposed trigger for the inspection process. This provision would force the release of detained products regardless of their respective stage in the testing and inspection process, undermining due diligence.

#### Transportation of Detained Merchandise

The provision outlining the “transportation of detained merchandise” poses more risks to the efficacy of the Lacey Act. This section lays the groundwork for an option to transfer goods to a venue beyond the jurisdiction of enforcement officers after just 10 days following a formal Notice of Detention. Although the bill appears to carve out a loophole for USDA to affirm that such action would not undermine the intent of the Act, the carve-out could nevertheless impede the ability to conduct compliance assessments by storing materials in locations not easily available inspecting agencies. This provision outlines an arbitrary timeframe that would hinder the full review and testing required to reach an informed decision about the final disposition of the product.

#### Strained Federal Resources

H.R. 7157 raises concerns not only with the substance of the bill as currently written, but also by what it does not address. Unfortunately, the bill fails to authorize additional resources that are necessary to the detention and inspection process. This creates more fiscal constraints within enforcement agencies that would further hinder stringent due diligence and strict enforcement of the existing Lacey Act law.

Although we appreciate efforts to amend the Lacey Act or any other federal initiative in a manner that promotes certainty in the regulatory process, H.R. 7157 would establish timelines that would undercut the ability to conduct the due diligence necessary to prevent the import of illegally sourced wood products into the domestic market. Such an outcome would place U.S. producers and manufacturers at a severe competitive disadvantage.

Thank you very much for the opportunity to comment on this important issue. We look forward to working on issues that have a major impact on the health of the hardwood sector.

Sincerely,



Dana Lee Cole  
Executive Director