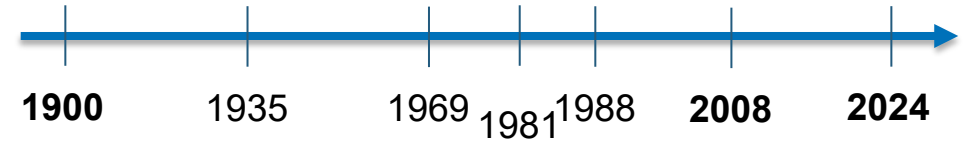


Lacey Act Phase VII

What you need to know

What is the Lacey Act?

Comparable to EU Timber Regulation



- Federal Law in the US, which was first enacted in **1900** and introduced by Congressman John F. **Lacey**
- **Initially** introduced to address concerns over the illegal trafficking of wildlife, particularly birds and their **feathers**
- Over the years, the scope of the Lacey Act has **expanded** to include other forms of wildlife and plants
- In **2008**, the Lacey Act was amended to include provisions related to **illegal logging** and the trade of illegally sourced plants and plant products
- The amended Lacey Act **prohibits** the import, export, transport, sale, receipt, acquisition, or purchase of any plant, wildlife, or fish that has been taken, possessed, transported, or sold in **violation of any federal, state, tribal, or foreign law**
- It requires importers to submit a **declaration** for certain plants and plant products, providing information about the species, country of origin, and other relevant details.
- In Phase VII which will come into force on December 1st **2024**, **many new HTS codes** will fall under the Lacey Act

Scope:

HTS codes (some examples, common cultivars are exempt)

Ch. 44 Headings (Wood and Articles of Wood)

- 4412 2-plywood, veneered panels and similar laminated wood
- 4413-densified wood, in blocks, plates, strips or profile shapes

Ch. 82 Headings (Tools and Cutlery)

- 820210-handsaws and parts thereof
- 820310-files, rasps, and similar tools
- 82032020-tweezers
- 8203206030-pliers
- 820520-hammers and sledgehammers, and parts thereof
- 820530-planes, chisels, gouges, and similar cutting tools for working wood, and parts thereof
- 820540-screwdrivers, and parts thereof

Ch. 85 Headings (Electrical Machinery and Equipment)

- 851821-single loudspeakers, mounted in their enclosures
- 851822-multiple loudspeakers, mounted in the same enclosure

Scope: new HTS codes

Products which will be newly added in Phase VII (some examples, common cultivars are exempt)

Ch. 94 Headings (Furniture, Bedding, Mattresses, and Similar Articles)

- 940131-swivel seats with variable height adjustment of wood
- 940152-bamboo seats
- 940153-rattan seats
- 940159-other seats of cane, osier, or similar materials
- 94016140-other upholstered chairs with wooden frames
- 94016160-other upholstered seats with wooden frames

Ch. 95 Headings (Toys, Games, and Sporting Equipment)

- 9504300020-pinball machines and bell-type machines and consoles
- 95051015-Christmas ornaments of wood
- 95051030-nativity scenes and figures thereof

Ch. 96 Headings (Miscellaneous Manufactured Articles)

- 960310-brooms and brushes, consisting of twigs or other vegetable materials bound together, with or without handles
- 960330-artist brushes, writing brushes, and similar brushes for the application of cosmetics



Phase VII Lacey
Act

What do you need to do?

File Declaration (typically done by customs broker)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0579-0349. The time required to complete this information collection is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

OMB APPROVED
0579-0349
EXP.: 03/2027

USDA UNITED STATES DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
PLANT PROTECTION AND QUARANTINE

PLANT AND PLANT PRODUCT DECLARATION

SECTION 1 – Shipment Information

1. ESTIMATED DATE OF ARRIVAL (MM/DD/YYYY)

2. ENTRY NUMBER

3. CONTAINER NUMBER(S)
 See Attachment

4. BILL OF LADING

5. MANUFACTURER IDENTIFICATION CODE (MID)

6. IMPORTER'S NAME

7. CONSIGNEE'S NAME

8. IMPORTER'S ADDRESS

9. CONSIGNEE'S ADDRESS

10. DESCRIPTION OF MERCHANDISE

SECTION 2 – Compliance with Lacey Act Requirements (16 U.S.C. 3372(f))

For each article or component of an article, provide the following:

11. HTS NUMBER (no dashes/symbols)	12. ENTERED VALUE	13. ARTICLE/COMPONENT OF ARTICLE	14. PLANT SCIENTIFIC NAME Genus Species		15. COUNTRY OF HARVEST	16. QUANTITY OF PLANT MATERIAL	17. UNIT	18. PERCENT RECYCLED
9401692010	1354	Bentwood Seats Made of Oak	Quercus	lineata	Indonesia	500	kg	0
4407950000	8442	European ash lumber (2" x 4")	Fraxinus	excelsior	Switzerland	52	m ³	0

- **File Declaration PPQ-505**

- See details of the form on the left (is updated regularly!)
- Instead of paper filing, filing via the **ACE** (Automated Commercial Environment) database by the Customs and Border Protection Agency (CBP) or **LAWGS** (Lacey Act Web Governance System) database by the United States Department of Agriculture/Animal and Plant Health Inspection Service (APHIS) system is preferred (no double submission!)

- **Important to consider for Genus and Species:**

- Genus is capitalized and species is not
- Both are either *italics* or underlined
- Neither common names, nor marketing names and terms are accepted for species and genus
- Each individual genus and species needs to be listed individually

What do you need to do?

File Declaration (typically done by customs broker)

Declaration is needed, if	No declaration needed
Product contains plant material	Product is free of plant material
Falls under HTS code listed on APHIS's implementation schedule	Exempt product (e.g. Common cultivar)
Shipment is formal entry (generally aggregate value of 2500 USD or more, covered by a bond)	Shipment is informal entry or only crossing internal US state borders Shipment meets de minimis requirements
Shipment falls under certain entry type codes (e.g. 01 – Consumption, 02, 03)	Products in hand-carried personal baggage or arrives via international mail

What do you need to do?

File Declaration (typically done by customs broker)

Declaration is needed, if	No declaration needed
Wooden materials (solid wood and composites like MDF, HDF, OSB, particle board and paper)	Common food crops
Wild bamboo or bamboo of unknown origin	Cultivated bamboo (planted for the purpose of harvesting and using commercially)
New pallets, if they are imported	Pallet used for dunnage

What do you need to do?

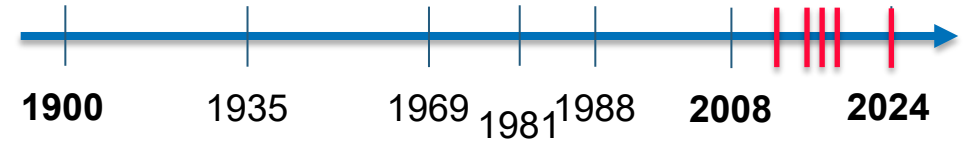
Due Care



- **Take care of legal trade (even if declaration is not needed)**
 - Lacey Act is a liability law
 - Due care is not defined or specified
 - Everyone in the supply chain (supplier, manufacturer importer, distributor and final retailer) needs to exercise due care
 - No violation of any federal, state, tribal, or foreign law
 - Evaluate supply chain for risk (source, species, suppliers)
 - Mitigate risk, if detected
 - Document actions taken for ensuring compliance
 - Share Commitment to trade only legally harvested wood
 - Written statement from suppliers, that they comply with the law
 - Critical suppliers should provide more details

Penalties for violations

Most famous cases



When	Who	What	Penalty
2012	Gibson Guitars	Deferred prosecution agreement, Imported wood , 5 page compliance plan	\$350k penalties and community service
2015	J&L Tonewoods	Felony guilty plea US National Forest Wood (Maple)	1 year in prison, additional probation, \$150,692 restitution and out of business
2016	Lumber Liquidators (had compliance program)	Felony guilty plea (customs), misdemeanor (Lacey) Imported wood flooring , government supervised business for 5 years and 8 page plan	\$13+ million in penalties and payments
2017	Young Living (self reported)	Misdemeanor guilty plea Imported essential oils Government supervised business for 5 years and 22 page plan	\$760k in penalties and payments
2024	The Quintanas	Illegally imported and sold between \$25 million and \$65 million worth of plywood products in violation of the Lacey Act and customs laws (did not pay duty at import)	Pay \$42 million in forfeitures, \$1.6 million in storage costs, 57 months jail sentence, supervised release, prohibited from business (Lacey Act products)

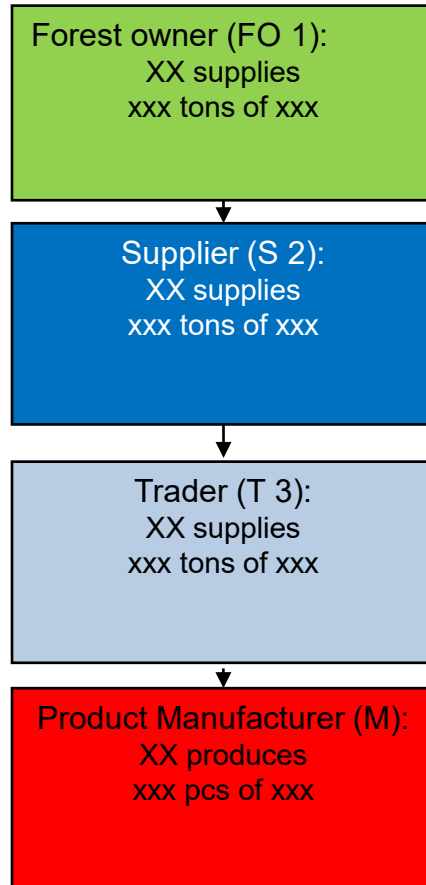
TUV Rheinland Service Proposal

Many options:

- Training to manufacturers and vendors
- Certification of wood/paper products
 - FSC (Forest Stewardship Council Chain of Custody Certification)
 - Follow FSC “aligned” standard (aligned with EU DR requirements)
 - PEFC (Program for the Endorsement of Forest Certification)
- Social audits
 - BSCI
 - SMETA
 - Customer specific audits
- Risk Assessment reporting
 - Similar as for EU TR

TUV Rheinland Service Proposal

Similar service as for EU Timber Regulation



EU TR Service:

- Risk Assessment report per shipment
 - focus on legality of wood from forest to final product,
 - supply chain mapping (see example on the left),
 - collection of documents (attached to each risk assessment report)
- review of documents and evaluation of risk based on
 - Conclusive risk (country with trade sanctions)
 - Certification-verification status
 - Species risk
 - Origin risk
 - Supply chain risk
- Wood identification (external, optional)

Differences between EU DR and US Lacey Act

	EU Deforestation Regulation	US Lacey Act
Main target	Reduce deforestation Ensure compliance with laws Responsibility/Liability of importer	Combat Illegal Logging Ensure compliance with laws Responsibility/Liability of importer
Scope	Wood , Soy, Rubber, Palm Oil, Coffee, Cattle, Cocoa, Paper, Cardboard	Wood and other plant based materials (Common cultivars are excluded from the scope)
Geolocation	Needed (including date or time)	Not needed
Deforestation free	Evidence needed	Not applicable
Declaration	Due Diligence Declaration to authorities of member states	PPQ-505 or Data entry into ACE from CBP or Data entry into LAWGS from APHIS

Thank you

Questions?

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