



# PPQ 2023 Annual Report

## The Lacey Act:

### Combating the Illegal Trade of Protected Plant Species

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#### Introduction

The U.S. Department of Agriculture’s Plant Protection and Quarantine (PPQ) program conducts activities related to the 2008 Farm Bill amendments to the Lacey Act, which prohibit the importation of any plants, with limited exceptions, that are taken or traded in violation of domestic or international laws. The Act requires a declaration for imported shipments of most plants or plant products. A 2012 study by the United Nations Environmental Programme estimated the value of illegal logging, including processing, to be between \$30 billion and \$100 billion, or from 10 to 30 percent of the global wood trade.

The Lacey Act amendments are designed to help combat this illegal logging by encouraging importers to research their supply chains and be aware of the laws governing products they purchase in other countries. PPQ’s role is to evaluate and implement existing regulations, provide guidance to importers

regarding the required declaration, perform compliance checks, provide enforcement agencies with declaration information to assist their investigations, and maintain declaration records.

## Lacey Act Declarations

In fiscal year (FY) 2023, PPQ received approximately 1.5 million Lacey Act declarations electronically or on paper (the vast majority were received electronically through the U.S. Department of Homeland Security's Customs and Border Protection's (CBP) Automated Cargo Environment system. Since implementing the 2008 amendments to the Lacey Act, PPQ has added products to the declaration requirement/enforcement schedule in phases. PPQ implemented phase six in FY 2022, which expanded the Lacey Act declaration requirement to items such as new wooden pallets and containers, some essential oils, and certain musical instruments made of wood, among other items. In FY 2023, PPQ began preparing for phase seven, which covers all remaining non-composite wood products for which declarations are not already required.

PPQ attended a variety of trade shows, participated in panel discussions, and conducted webinars to engage stakeholders who will be covered in phase seven. Due to the complexity involved in the production of composite products and the likelihood of additional rulemaking for declaration requirements, they will be addressed in phase eight, which PPQ anticipates will be the final implementation phase. PPQ continued conducting outreach to stakeholders to understand the details of composite product construction to understand the difficulties for the industry in meeting current declaration requirements.

In FY 2023, PPQ issued more than 850 letters of noncompliance for importers whose declarations contain errors. This non-punitive outreach tool informs filers that there are likely errors in their

declaration, that corrections should be made in future filings, that enforcement action could be taken on future filings, and provides contact information for questions or concerns. PPQ and its Federal partners (including other USDA agencies, CBP, the U.S. Department of Justice, and the U.S. Fish and Wildlife Service) continued to expand and improve Lacey Act compliance programs by developing plans for and conducting documentation reviews of importers, continuing development of wood identification technologies, and considering alternatives to seizing and forfeiting shipments due to the time and cost involved.

In FY 2020, PPQ received supplemental funding under the United States-Canada-Mexico trade agreement to carry out enforcement of the Lacey Act Amendments related to trade in plant and plant products between the United States and Mexico. In FY 2023, PPQ used USMCA funds for several risk analysis and risk metric development projects to help improve efforts to identify potentially illegally harvested products. Illegally harvested and traded timber continues to be a significant global problem. CBP estimates that illegal logging is the most profitable natural resource crime and the third most profitable transnational crime behind counterfeiting and drug trafficking. The projects funded through USMCA are designed to improve PPQ and its partners' ability to target enforcement efforts to the highest risk commodities and shipments.

FY 2023 projects include development of penalty guidelines for violations of the Lacey Act as part of the compliance and enforcement effort, risk metrics based on importer behavior and patterns, and risk metrics related to transshipment of products through intermediary countries like Mexico. PPQ also provided grant funding to the International Wood Products Association (IWPA) to develop training for industries that will be covered by the next phase of Lacey Act declaration enforcement. IWPA has developed a suite of educational programs for its members designed to teach compliance basics and

support the development of industry-wide approaches to due diligence. These programs include both online on-demand programming as well as intensive in-person education. IWPA will use this grant to expand its educational offerings to industries that will be incorporated in phase seven.