

# REGULATIONS REGARDING ILLEGAL LOGGING

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## **Abstract**

*Illegal logging is a global concern, related with severe negative environmental, social and monetary impacts, such as deforestation, degradation of biodiversity and loss of authorities revenues. Despite recent global efforts to combat unlawful logging activities, the problem stays widespread. While the educational literature on the subject is extensive, little systematic research has been committed to analysing the reasons of unlawful logging. Here, this knowledge gap is addressed with a cross-national evaluation of elements hypothesized to have an effect on illegal logging. The logistic regression evaluation performed in this find out corroborates some widely held beliefs, but additionally gives some new insights on the elements that are essential for whether unlawful logging is in all likelihood to be a problem. It is shown that, except physical-geographic characteristics, a number of elements relating to the level and velocity of a country's economic-institutional improvement are related with unlawful logging. These include gross domestic product per capita, financial growth, voice and accountability, rule of regulation and control of corruption.*

**Keywords:** logging, forests, European Union, United States of America, international cooperation.

**JEL Classification:** K33

## **1. Introduction**

The findings also have implications for present insurance policies to handle unlawful logging activities. It regularly leads to woodland degradation and/or deforestation, consequently threatening not solely precious forest ecosystem offerings and biodiversity, however additionally the welfare of those dependent on forest resources for their livelihoods. In addition, illegal logging and the associated changes deprive governments of important tax revenues, distort timber prices and bog down investments in the formal woodland sector).

At the equal time, unlawful logging can also additionally be linked to a everyday local weather of lawlessness in which other illegal activities (poaching and unlawful wildlife trade, drug trafficking, cash laundering) are facilitated. The problem has been gaining prominence in worldwide coverage discussions considering the fact that the 1990s. For instance, illegal logging was once covered in the 1998 G8 Action Programme on Forests.

## **2. General aspects**

In 2003, the European Union (EU) adopted the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan with the goal of decreasing illegal logging activities by strengthening criminal woodland management, enhancing governance and encouraging exchange in legally sourced timber.

In 2008, the USA amended the Lacey Act of 1900 with the adoption of the Legal Timber Protection Act (LTPA). Soon afterwards, similar laws have been introduced in the EU and Australia: the EU Timber Regulation (EUTR) in 2010 and the Australian Illegal Logging Prohibition Act (ILPA) in 2012<sup>2</sup>.

All three legislations restrict the import of timber harvested in contravention to the legal guidelines of the country of origin.

However, despite these international efforts to combat illegal logging over the last few decades, recent research point out that the problem stays widespread, illegal logging consists of as lots as 15–30% of complete international logging<sup>3</sup>.

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<sup>2</sup> M. Bösch, *Institutional quality, economic development and illegal logging: a quantitative cross-national analysis*, European Journal of Forest Research, 2021, p. 1049.

<sup>3</sup> Ibid, p. 1049.

There is no internationally agreed definition of unlawful logging. Existing definitions range from a as an alternative narrow perception referring to logging outside concession boundaries or extracting greater timber than authorized, to huge definitions together with all things to do of bushes processing, transporting and trading in violation of country wide (or subnational) laws. While specifically nongovernmental and governmental agencies have a tendency to difer in their evaluation of what constitutes unlawful logging, many studies and reports renowned the multifaceted and complex nature of unlawful logging activities and agree that there is not just one type however more than a few sorts of illegal logging.<sup>4</sup>

Sometimes, unlawful logging is equated with unsustainable bushes harvesting practices. However, this is now not usually true. Logging can also technically be illegal, but sustainable, or legal, but unsustainable. The clandestine nature of illegal logging makes it difcult to fnd correct and dependable facts on its scope.

This definition involves 4 types of illicit activities (harvesting except authority in particular national parks or forest reserves, harvesting without authorization or in extra of concession, failing to report harvesting activities to keep away from royalty charge or taxes and violation of international buying and selling guidelines or agreements, such as export bans)<sup>5</sup>.

Controlling worldwide exchange in unlawful trees is an indispensable part of the effort to limit unlawful logging. Consumer international locations are taking a vary of measures such as the EU's FLEGT licensing scheme and Timber Regulation, the Australian Illegal Logging Prohibition Act, the US Lacey Act, and public procurement insurance policies in several countries.

Since these measures are designed to alter the current patterns of worldwide trade in bushes and bushes products, issues are often raised about their compatibility with World Trade Organization rules<sup>6</sup>.

The effect of any plausible dispute case would rest on the interpretation of various clauses of the GATT and different WTO agreements, but there is no journey to date of WTO dispute instances dealing with even vaguely similar issues. It is necessary to be aware of the broad constraints placed by way of WTO regulations in designing such measures for controlling exchange in unlawful timber, which seem in all likelihood to be more and more used. The extra the measure diverges from the core WTO principle of non-discrimination in trade, and the extra trade-disruptive it is, the more inclined it may want to be to challenge. Within these constraints, governments have masses of flexibility to adopt measures designed to eliminate illegal trees from worldwide trade. None of the principal measures being pursued at current experience any struggle with WTO rules<sup>7</sup>.

Controlling the global exchange in illegal bushes has lengthy been diagnosed as an imperative part of the interna tional effort to combat illegal logging. Importers such as the EU, the United States, Japan and China provide a market for trees from forest-rich creating countries, many of which have great troubles with wooded area governance and illegal logging. As many of these coun tries lack the ability to modify their exports adequately, taking action in importer countries to shut off the illegal loggers' capacity to get entry to foreign markets has been recognized, through exporting and importing countries alike, as an fundamental reinforcement to domestic law enforcement<sup>8</sup>.

There has hence been a long-running debate about the fine means of excluding illegal timber from worldwide markets. The EU is negotiating a collection of bilateral voluntary partnership agreements (VPAs) with timber-producing countries, incorporating a licensing scheme designed to ensure that only legal bushes merchandise are exported to the EU from these countries. Six VPAs have so a long way been agreed, and a in addition six countries are negotiating them; countless extra are expressing pastime in opening negotiations.

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<sup>4</sup> Ibid, p. 1049.

<sup>5</sup> Ibid, p. 1051.

<sup>6</sup> D. Brack, *Combating Illegal Logging: Interaction with WTO Rules*, Chatham House Briefing Paper, 2013, p.1.

<sup>7</sup> Ibid, p.1.

<sup>8</sup> Ibid, p. 2.

As nicely as the VPAs, the EU has adopted the EU Timber Regulation which, from March 2013, prohibits the putting of illegally harvested timber and trees products (whether from home production or imports) on the EU market, and requires operators to implement 'due diligence' systems in order to decrease the threat of doing so. In November 2012 the Australian parliament handed the Illegal Logging Prohibition Act, comparable in many approaches to the EU Timber Regulation. In 2008 the United States amended its Lacey Act to make it unlawful to import, or transport within the United States, trees produced illegally in overseas countries. And a number of governments have hooked up public procurement policies requiring authorities buyers to supply solely prison and sustainable timber<sup>9</sup>.

All these measures are designed to alter the existing patterns of global change in bushes and timber products. They might also consequently interact with the policies governing international alternate overseen by using the World Trade Organization (WTO). Indeed, critics of a variety of proposed measures every so often claim that WTO guidelines stop any interference in change at all. Although this is no longer the case, governments want to be aware of the constraints on their efforts to control exchange in unlawful bushes posed by way of WTO rules<sup>10</sup>.

The WTO, which came into existence in 1995, oversees a set of agreements designed to alter worldwide trade, centred around the General Agreement on Tariffs and Trade (GATT).

It was usually recognized, however, that some situations justified exceptions to this everyday approach, allowing alternate restrictions to be imposed. These exceptions are set out in GATT Article XX, and include: Measures 'necessary to impenetrable compliance with laws or guidelines which are not inconsistent with the provisions of this Agreement, along with these bearing on to customs enforcement [...] and the prevention of deceptive practices' (Article XX(d)); Measures 'relating to the conservation of exhaustible natural assets if such measures are made advantageous in conjunction with restrictions on home production or consumption' (Article XX g).

Some of these exceptions – specifically those in XX(b) and XX(g) – have been stated in a sequence of dispute cases concerned with change measures taken in pursuit of environmental protection. In all of these cases, however, the headnote to Article XX makes it clear that even where these stipulations apply, WTO individuals are now not allowed to arbitrarily or unjustifiably discriminate between international locations where the identical prerequisites prevail.<sup>11</sup>

So dispute cases revolve around the interpretation of WTO rules. The our bodies that elevate out these interpretations are the dispute panels (generally composed of alternate experts), which difficulty an initial set of findings, and the WTO Appellate Body (mostly global lawyers), to which disenchanted parties can appeal. Since their choices can solely be overturned if all WTO individuals (other than these involved in the dispute) agree – which has never occurred – this machine is a powerful capability of resolving conflicts and making sure that exchange rules are interpreted and applied persistently round the world. If the loser in any given case does no longer regulate its coverage accordingly, the winner is entitled to take trade-restrictive measures in opposition to it to the estimated value of the change lost due to the fact of its action. It must be noted that interpretations can change, even if the wording that is being interpreted does not.<sup>12</sup>

Since the founding of the WTO, decisions through the Appellate Body in unique have actually helped to shift the way in which the gadget is applied, mainly in environment-related disputes. It is this key function for interpretation that frequently leads to uncertainty and disagreement over what the WTO guidelines would possibly imply in practice. Since there has by no means been a dispute case involving trade measures taken to reduce illegal logging, or to maintain unlawful trees products out of global markets, it is now not regarded precisely how a dispute panel, or the Appellate Body, would rule. It is solely viable to extrapolate from different disputes. WTO implications of measures towards unlawful timber Prohibiting illegal merchandise Governments looking for to leave out imports of unlawful bushes products have faced two

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<sup>9</sup> Ibid, p. 2

<sup>10</sup> Ibid, p. 2.

<sup>11</sup> Ibid, p. 3.

<sup>12</sup> Ibid, p. 3.

problems. First, items produced illegally in one country are not always unlawful in any other country; just because bushes are cut illegally in a included region in Indonesia, say, does not mean that their setting on the market in a foreign United States of America is illegal.<sup>13</sup>

Thus in recent years the United States (Lacey Act), the EU (Timber Regulation) and Australia (Illegal Logging Prohibition Act) have exceeded rules to restrict the setting of illegal bushes on their markets, anyplace it originates (the EU and Australian measures additionally incorporate different provisions, regarded below). Since the founding of the WTO, selections via the Appellate Body have genuinely helped to shift the way in which the device is applied, particularly in environment-related disputes.

The prohibition is no longer a alternate measure, applied at the border, and companies managing the bushes merchandise are now not required to provide proof of legality at the point of import or sale, any extra than those putting goods on sale in British stores have to show that their furnish has not violated the UK Theft Act. It is certainly a provision to make trees produced illegally (overseas or at home) also illegal in the domestic country.<sup>14</sup>

GATT Article III requires imported and home 'like products' to be handled identically with recognize to inside taxes and regulations, which may want to potentially cowl this type of legislation. However, there is nothing in any of the measures listed above to imply that imported and home merchandise must be treated any in another way from every other, and there have to consequently be no probability of a WTO challenge.

The second problem confronted by using governments in search of to rule out illegal timber is how to distinguish legal items from illegal ones. The exporting and importing businesses may now not be conscious that they are handling unlawful products – and, even if they are, trendy shipping documentation is regularly convenient to falsify. So some sort of extra evidence of legality is indispensable – such as, for example, the licences of legality that will be issued underneath the EU's VPAs with timber-exporting countries. It is in the tries to set up requirements of proof of felony beginning and processing of trees products imported or placed on the market that the possibilities of interaction with WTO exchange regulations lie: do they lead to unfair remedy of imported merchandise or needless restrictions on trade.<sup>15</sup>

There are 4 cases beneath which a requirement for proof of legality for imports may want to – at least in concept – elevate plausible issues. First, the machine is designed to discriminate between felony and illegal timber, and these could doubtlessly be regarded to be 'like products'.

The WTO Technical Barriers to Trade (TBT) Agreement is designed to make sure that technical regulations and standards which may also have an effect on exchange are utilized in the least trade-distorting manner possible. It is relevant to this argument because a requirement for proof of legality may want to qualify as a 'technical regulation', if described as a 'document which lays down product characteristics or their related procedures and production methods'. In common with different WTO agreements, with the ambitions of transparency and predictability, the TBT Agreement encourages the use of global standards the place these exist.<sup>16</sup>

The foremost woodland certification systems, FSC and PEFC, are successfully global in scope, though these are now not really in the same class as the our bodies already typical with the aid of the WTO system as worldwide standard-setters (such as ISO, for technical standards, or Codex Alimentarius, for meals standards). However, the fact that each draw on the criteria and indications set by way of the quite a number international processes for sustainable forest management may help. In fact bushes is an uncommon case: due to the fact the voluntary certification systems are tremendously vast spread, there is no strong argument for governments to increase their very own countrywide or global standards, and some have actually used the certification standards for their very own procurement criteria, for example.<sup>17</sup>

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<sup>13</sup> Ibid, p. 4.

<sup>14</sup> Ibid, p. 4.

<sup>15</sup> Ibid, p. 5.

<sup>16</sup> Ibid, p. 5.

<sup>17</sup> Ibid, p. 7.

Like GATT Article XX, the TBT Agreement contains a 'savings clause' (Article 2.2), which recognizes the right to take indispensable measures to fulfil a reliable goal such as 'the prevention of misleading practices; safety of human fitness or safety, animal or plant lifestyles or health, or the environment'. All the questions mentioned above in relation to the GATT are consequently also relevant in the case of the TBT Agreement, and can be argued similarly. There has been nearly no applicable journey with interpretation of the TBT Agreement, so it is no longer clear whether proof of legality could fall below the insurance of the Agreement, or how any conflicts would be resolved in practice.<sup>18</sup>

No one can say for positive what would be the effect of any WTO dispute case involving measures taken to cut out unlawful trees from worldwide trade. Since the case would rest on the interpretation of a range of clauses of the GATT and other WTO agreements, and as there is no ride to date of WTO dispute cases dealing with even vaguely comparable issues, it is only feasible to speculate. However, it is clear that the extra policy measures diverge from the core WTO principle of non-discrimination (between imports and home production, and between products originating from special countries), the greater susceptible they could be to challenge. The equal would observe to measures that were more as an alternative than much less change disruptive. Nevertheless, inside these wide constraints there ought to be masses of flexibility for governments to impose trade controls with the goal of aside from unlawful products.<sup>19</sup>

These agreements will put in vicinity in each united states a legality assurance device designed to become aware of criminal products and license them for import to the EU; unlicensed – and therefore maybe unlawful – products will be denied entry at the EU border. The agreements will encompass the provision of capacity-building assistance to companion nations to set up the licensing scheme, enhance enforcement and, the place necessary, reform their laws, together with provisions for impartial scrutiny of the validity of the issue of the licences, verifying prison behaviour at every stage of the chain of custody of the timber. In familiar this has proved more challenging and time-consuming than at the beginning anticipated. However, some VPA coun tries are quite close to implementation.

The second measure introduced via the EU with the purpose of apart from unlawful trees products is the Timber Regulation, agreed in 2010 and applying from 3 March 2013.<sup>20</sup>

It used to be constantly recognized that a broader measure was once likely to be wished alongside the FLEGT licences. Since they had been being developed thru a series of agreements with character countries, the system was vulnerable to evasion; unlawful products ought to certainly be transshipped via non-partner countries to the EU to get away the want for a licence. The Timber Regulation prohibits the setting of illegally harvested trees and bushes products on the EU market, anywhere their origin, and additionally requires operators to put into effect a system of 'due diligence' in order to reduce the chance of doing so. 'Placing on the market' capability the grant of trees or bushes products for the first time on the EU internal market.

Once the products have been first placed on the market, 'traders' in the provide chain (anyone who buys and sells within the EU) must be in a position to identify the operators or merchants who have furnished them and, where applicable, the merchants to whom they have furnished timber or timber products.<sup>21</sup> The legislation applies to most bushes products, whether imported or produced within the EU. Products accompanied through a FLEGT licence or a CITES allow are considered to have been legally harvested – which must create a massive incentive for international locations to agree VPAs with the EU. The regulation does not demand proof of legality of all trees products getting into the EU market, but specifies factors of the due diligence structures that operators must enforce in order to minimize their threat of handling unlawful timber. These consist of means of ensuring get admission to to records on the products, together with their harvest, quantity or weight, small print of their suppliers, and information on compliance with rules

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<sup>18</sup> Ibid, p. 8.

<sup>19</sup> Ibid, p. 9.

<sup>20</sup> Ibid, p. 9.

<sup>21</sup> Ibid, p. 9.

in the United States.<sup>22</sup>

As with the EU Timber Regulation's prohibition on the putting of illegal timber on the market, the Lacey Act is not a change measure, utilized at the border. It is truly a provision to make fish and flora and fauna – and now bushes – produced illegally foreign places also illegal in the United States. In reality the identical difficulty has been mentioned in the context of the ongoing debate about ability of controlling trade in illegally caught fish.

### 3. Economic and social aspects

Illegal logging is a pervasive hassle during the world and typically is described as the harvest, transport, purchase, or sale of trees in violation of national laws. Illegal logging can lead to degraded wooded area ecosystems and loss of biodiversity, obstruct economic development, project neighborhood governance, and contribute to crime and corruption. In areas with giant tropical forests, such as the Amazon and areas in Central Africa and Southeast Asia, unlawful logging is estimated to account for 50%-90% of all forestry activities, in accordance to the International Criminal Police Organization (INTERPOL). INTERPOL also reviews that the trade in illegally harvested timber is between \$51 billion and \$152 billion annually.

This figure does not take into account the discount in criminal timber costs prompted by unlawful logging, which is estimated to be between 7% and 16%.<sup>23</sup>

Some express concern that U.S. demand for tropical trees from nations in Latin America and Southeast Asia could, in part, pressure unlawful logging in those areas. The United States is the world's biggest wood products purchaser and one of the top importers of tropical hardwoods, which include Peruvian mahogany, 90% of which is estimated to come from illegal logging. Illegal logging things to do can devalue U.S. bushes exports. One source estimates that if unlawful timber were eradicated in the world market, the price of U.S. bushes exports should expand by means of an average of about \$460 million annually. Scope and Scale Due to the regularly clandestine nature of unlawful logging, the variability in defining unlawful logging, and the subject of acquiring large-scale statistics on illegal logging practices in many countries, estimates of the extent of illegal logging are tough to quantify specifically.<sup>24</sup>

The pinnacle shoppers of international unlawful logging include China, India, Japan, the United States, and international locations inside the European Union (EU). The United States has several legal guidelines that tackle components of international illegal logging. These laws center of attention on the import of trees from foreign countries and authorize funding to combat illegal logging. Importing timber of sure species can be regulated or banned if the trees species is listed beneath the Endangered Species Act. (Foreign species can be listed under ESA.) Permits usually are required to import ESA-listed timber. ESA-listed trees additionally may additionally be listed beneath the Convention on the International Trade in Endangered Species of Wild Flora and Fauna (CITES). CITES regulates trade of protected plant and flora and fauna species, which are categorized according to how alternate threatens their survival.<sup>25</sup>

U.S. imports of wood and wooden merchandise from CITES-listed tree species are regulated in accordance to their status. Currently, 73 tree species are listed as trade-restricted beneath CITES. Listed species are traded thru a allow system, which gives oversight over trade and how it affects species. If any of these legal guidelines or different federal, state, and foreign legal guidelines are violated, the Lacey Act could be invoked. The Lacey Act makes it unlawful to import, export, transport, sell, receive, acquire, or buy in interstate or foreign commerce any plant, fish, or wildlife taken, possessed, transported, or sold in violation of any U.S. or kingdom regulation or regulation, or in violation of any overseas law. In relation to foreign timber, the Lacey Act makes it unlawful to

<sup>22</sup> Ibid, p. 12.

<sup>23</sup> P. A. Sheikh L. F. Bermejo, K. Procita, *International Illegal Logging: Background and Issues*, Congressional Research Service Report, 2019, p. 1.

<sup>24</sup> Ibid, p. 1.

<sup>25</sup> Ibid, p. 1.

import flora and plant merchandise that have been harvested or processed in violation of overseas and home laws. The Lacey Act is regularly viewed the principal coverage mechanism the United States can use to curb unlawful logging. U.S. agencies that import bushes have to behavior due diligence to make sure their shipments had been harvested and processed legally in accordance to U.S. and foreign laws. If a law was once broken, a U.S. enterprise could be challenge to civil and criminal penalties.<sup>26</sup>

For example, in 2017, a U.S. woodland merchandise corporation was charged with importing trees from Peru that was harvested and labeled in violation of Peruvian law. Studies record that implementation of the Lacey Act has decreased the import of illegal timber from countries.

The EU also created the Forest Law Enforcement, Governance, and Trade Action Plan (FLEGT), which prohibits illegal bushes from being placed on the EU market and requires that only trees labeled as legal be imported into the EU. FLEGT additionally set up voluntary partnership agreements, which are legally binding exchange agreements with non-EU international locations that include a legality assurance gadget and woodland governance obligations for trees products. U.S. Foreign Policy on Illegal Logging the United States has policy initiatives aimed at reducing illegal logging in foreign countries.<sup>27</sup>

To date, Congress has targeted on regulating imports of timber and assisting countries with law enforcement and rules related to logging. Some have cautioned similarly actions Congress should take to tackle illegal logging, such as encouraging the Administration to work with other trees importing countries (China and India) to adopt legal guidelines and regulations similar to the Lacey Act, EU regulations, and Australian legal guidelines prohibiting the import or sale of unlawful timber. This may want to decrease the quantity of markets the place unlawful timber may want to be sold and vicinity extra stress on logging operations to abide by their countrywide legal guidelines and worldwide regulations. Some may contend that Congress and the United States have little have an effect on in persuading different international locations to undertake these laws, specifically if international locations are benefitting from lower-priced, unlawful timber. Some stakeholders recommend that Congress tackle unlawful logging by using increasing sources to enhance foreign and worldwide regulation enforcement, monitoring, and governance efforts in creating countries the place unlawful logging exists.<sup>28</sup>

Possibilities consist of funding thru bilateral agreements or through debt-for-nature swaps below the TFCA. Further, some assert that addressing different types of international crime, such as natural world trafficking and drug trafficking, may want to reduce unlawful logging; according to INTERPOL, pathways for illegal logging are similar to these for flora and fauna and drug trafficking. Some might contend that overseas help might also now not be advantageous if governance and law enforcement is weak in international locations where unlawful logging occurs. Some observers propose that Congress enforce current or new certification systems to help make certain criminal bushes imports, similar to FLEGT.<sup>29</sup>

#### 4. Last evolutions

Since the late 1990s, global interest has increasingly more targeted on the scale of unlawful forestry activities, and their environmental, monetary and social impacts. An essential part of the debate has been the function of client international locations in using the demand for trees and trees products, and as a result growing the incentives for unlawful logging. This article examines the efforts of the EU, through its Forest Law Enforcement, Governance and Trade (FLEGT) initiative, to strive to knock out illegal products from its imports and to build markets for verifiably legal products.

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<sup>26</sup> Ibid, p. 2.

<sup>27</sup> Ibid, p. 2.

<sup>28</sup> Ibid, p. 2.

<sup>29</sup> Ibid, p. 2.

Illegal logging takes area when timber is harvested, transported, bought or sold in violation of country wide laws.<sup>30</sup>

The harvesting procedure itself might also be illegal, which includes corrupt means to acquire get entry to to forests, extraction except permission or from a covered location (such as a country wide park), reducing of included species, or extraction of bushes in extra of agreed limits. Illegality can also appear in the course of transportation, which includes illegal processing and export, mis-declaration to customs and avoidance of taxes and different charges. Several predominant trees producers and exporters are growing countries, and go through particularly from illegal logging.<sup>31</sup>

Compared to industrialized countries, assets for regulation enforcement are limited, corruption is extra widespread, global companies, which provide investment, are proportionately more powerful, and civil society is weaker. Allocation of trees harvest rights has often been used as a mechanism of mobilizing wealth to reward allies and engender patronage. The clandestine nature of the illegal activities makes their scale and cost challenging to estimate, but it is authentic to say that giant unlawful operations have been uncovered each time and at any place authorities have tried to discover them.<sup>32</sup>

Illegal logging is a pervasive trouble affecting nations that produce, export, and import timber and timber products. Some have estimated that between 2% and 4% of softwood lumber and plywood traded globally, and as a lot as 23% to 30% of hardwood lumber and plywood traded globally, should be from illegal logging activities.

The World Bank estimates that illegal logging prices governments approximately \$15 billion yearly in lost royalties.

These influences rely on how unlawful logging practices are defined and where they occur. If unlawful logging is characterized as large-scale unfavorable logging, it can doubtlessly lead to the conversion of forests to grassland, depletion of plant species (e.g., tree species such as mahogany), and in some cases depletion of animal populations that rely on the habitats being logged.<sup>33</sup>

If logging illegally happens in protected areas, vital organic assets (e.g., rare plant and animal species) may additionally grow to be threatened. If logging is now not achieved according to mandated administration plans, it can doubtlessly lead to collateral damage, whereby different tree species and younger bushes are damaged, threat of fire is increased, and doable for sustainable harvesting of trees is lowered. In some instances in the tropics, logging has been characterised as the preliminary stimulus for road-building, which leads to increased get entry to to most important forests. If unlawful logging takes place in blanketed areas, improved get right of entry to to these areas through logging roads may additionally lead to further activities such as clear-cutting, ranching, and agricultural development in the area.<sup>34</sup>

Illegal logging can have monetary influences in the nations where it occurs. In quite a few nations the place illegal logging takes place, the quantity of bushes extracted illegally is higher than the respectable harvested total.

Further, illegal logging and alternate are linked to different unlawful activities such as corruption, tax evasion, and cash laundering, among other things. If illegal logging is prevalent in a country, there might also be a low propensity to invest. For example, unlawful logging may additionally sign that law enforcement is lax and that corruption is prevalent.<sup>35</sup>

These factors can also deter long term funding in these countries and can also amplify fees for investors already concerned in the country. One definition of unlawful logging is extracting trees barring reporting it to government officials. Without reporting, governments cannot

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<sup>30</sup> D. Brack, *Controlling Illegal Logging and the Trade in Illegally Harvested Timber: The EU's Forest Law Enforcement, Governance and Trade Initiative*, Review of European Community and International Environmental Law, 2005, p. 28.

<sup>31</sup> *Ibid*, p. 28.

<sup>32</sup> *Ibid*, p. 36.

<sup>33</sup> P. A. Sheikh L., *Illegal Logging: Background and Issues*, Congressional Research Service Report, 2008, p. 1.

<sup>34</sup> *Ibid*, p. 4.

<sup>35</sup> *Ibid*, p. 4.



investigate taxes on the wooden being extracted, which outcomes in a loss of income for the country. Illegal logging can create jobs in impoverished areas, furnish momentary low cost timber, and satisfy immoderate bushes needs from within the U.S. and importing countries.<sup>36</sup>

If local governments and residents identify that illegal logging is beneficial to the community, some will no longer are seeking the enforcement of legal guidelines or will attempt to legalize illegal bushes to keep revenues. Illegal logging can have an effect on nearby communities in the international locations where it is occurring. Local communities may rely on forests for non-timber wooded area merchandise (e.g., fruits and medicines) as properly as for habitat and cowl for wild recreation and fish.

Several relevant multilateral and global agreements relate to illegal logging and unlawful bushes trade.<sup>37</sup>

These vary from voluntary agreements that, for example, enable customer international locations to change records with producing countries, to legally binding multilateral agreements that enable signatory governments to trap illegal products and exercise economic penalties on illegally produced timber. To expand the demand for licensed timber and to stimulate hobby in certification, some have counseled that importing international locations require licensed wood for authorities projects. Five nations in the European Union, including Great Britain, have carried out or are making an attempt to put into effect insurance policies that would require state-financed building projects to use licensed wood.

The Lacey Act does now not address plants that are traded in violation of any overseas law or treaties.<sup>38</sup>

A plant is not blanketed beneath the Lacey Act unless it is indigenous to a state. Amending the Lacey Act to include vegetation traded in violation of overseas legal guidelines would set up felony buildings to prosecute parties who import and trade wooden found in violation of different countries' wooded area laws. The 2008 farm consignment amends the Lacey Act to consist of plants harvested or taken illegally in areas outside the United States. This regulation applies to illegally harvested trees species imported into the United States.

In 2003, the United States developed an initiative to help developing countries stop illegal logging.

This initiative adopted various procedures to address unlawful logging: addressing prison and institutional limitations that prevent on-the-ground regulation enforcement of unlawful logging; the usage of technology to reveal logging; encouraging exact commercial enterprise practices, criminal trade, and transparency in logging; and growing incentives to promote local communities to abolish illegal logging practices. The initiative focuses on five regions: the Congo Basin, the Amazon Basin, Central America, South Asia, and Southeast Asia.<sup>39</sup>

Free Trade Agreements Bilateral free exchange agreements between the United States and other nations have sometimes been criticized for deficient environmental guidelines that may additionally have implications for illegal logging. For example, some argued that a free trade settlement (FTA) with Singapore accelerated U.S. imports of illegally bought timber from Singapore. Singapore acquires wooden from countries such as Indonesia and Malaysia, which allegedly harvest massive portions of their trees illegally, and re exports it to the United States.<sup>40</sup>

The United States addressed unlawful logging for the duration of negotiations with Indonesia on a pending FTA. In 2006, the United States and Indonesia signed a memorandum of perception (MOU) to decorate bilateral efforts to combat illegal logging and related trade. The United States dedicated \$1 million with this settlement to fund initiatives that would reduce illegal logging in Indonesia, such as using remote sensing to perceive illegally logged tracts of land. The MOU additionally units up a working group to help in imposing the initiative below a pending

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<sup>36</sup> Ibid, p. 4.

<sup>37</sup> Ibid, p. 4.

<sup>38</sup> Ibid, p. 7.

<sup>39</sup> Ibid, p. 8.

<sup>40</sup> Ibid, p. 8.

U.S.-Indonesia Trade and Investment Framework Agreement. Similarly, some contend that an FTA with Peru could lead to an amplify in exports of unlawful logged timber to the United States from Peru. The major species of situation is Peruvian large leaf mahogany (*Swietenia macrophylla*). The United States is the predominant importer of Peruvian mahogany.<sup>41</sup>

## 5. Conclusions

The best way to suppress illegal logging is to go to its root causes, which include corruption, power imbalances, a lack of clarity over land rights and the excessive influence of the timber industry and other groups over forest policies and legislation.

Solutions must be concentrated on improving forest and land governance, respecting peoples' land rights and developing processes in which government policies to stop deforestation are supported with a strong buy-in from local stakeholders (local communities, NGOs and the private sector).

If we are looking to the environmental crimes, illegal logging (including illegal land clearing) is the most profitable.

Even when much attention is focussed on companies involved in the timber industry, banks have a key role in the industry.

In the same time, many companies involved in natural resources are financed by big banks and the lines between legal and illegal logging are sometimes unclear.

In 2019 the world's largest banks invested over \$2.6 trillion in sectors believed to be primary drivers of biodiversity destruction. Even if the amounts provided to the forestry and wood sector was comparatively small, the impacts on biodiversity can be severe.

When banks may have policies around sustainability and the environment, if they are not able to measure the impact of their activities on the environment, it may make such policies redundant.

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<sup>41</sup> Ibid, p. 9.