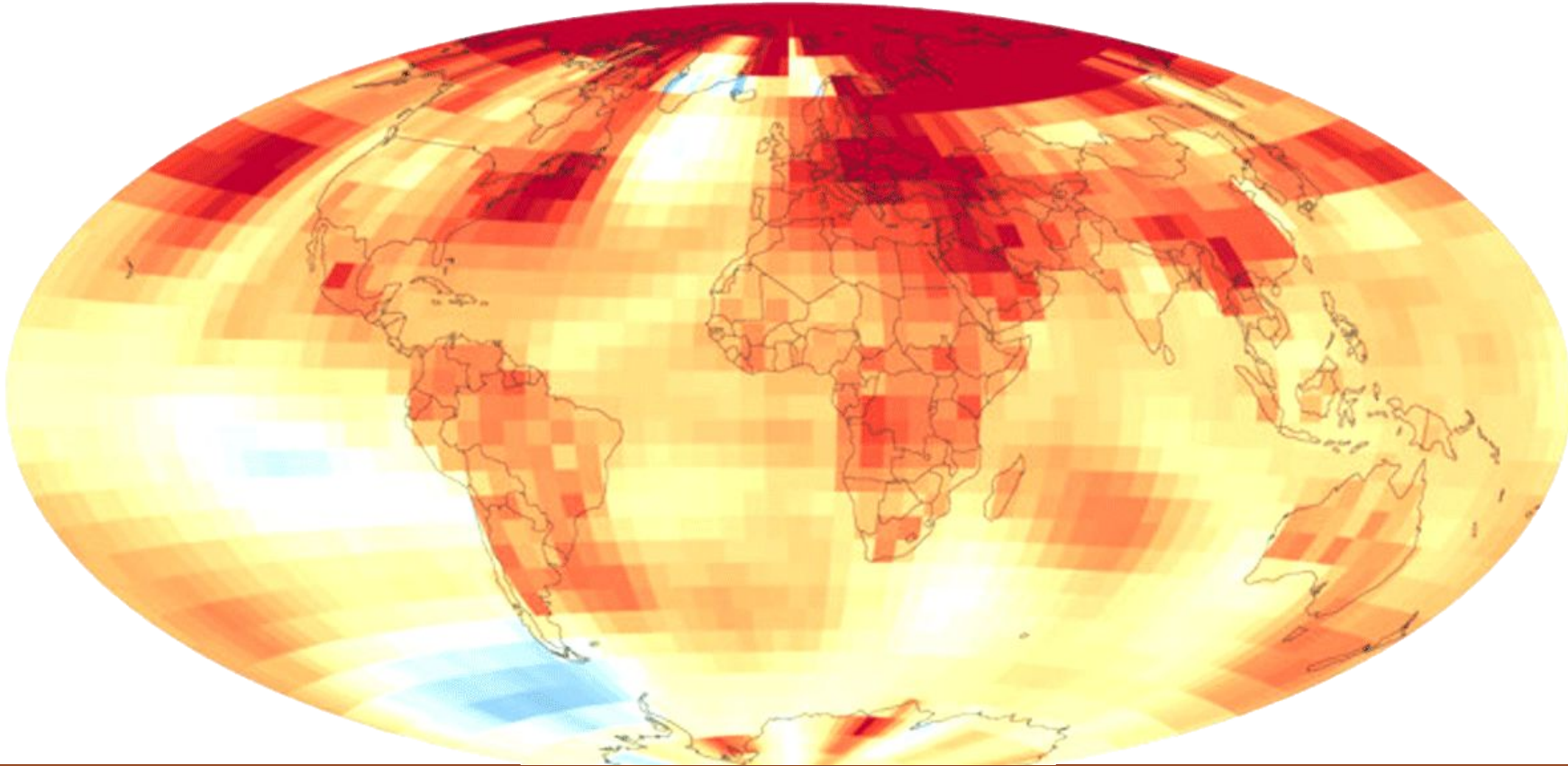


REGULATIONS



Illegal Logging, Climate Change, and Endangered Species

THESE LAWS APPLY TO YOU

This presentation is designed to provide information for luthiers. Illegal logging, climate change and endangered species drive a regulatory landscape designed to protect forest ecosystems. Luthiers use the trees in select forest systems to build instruments. Our goal is to help luthiers make decisions as new materials and regulations continue to evolve.

We don't have all the answers.

We can help you make informed choices.

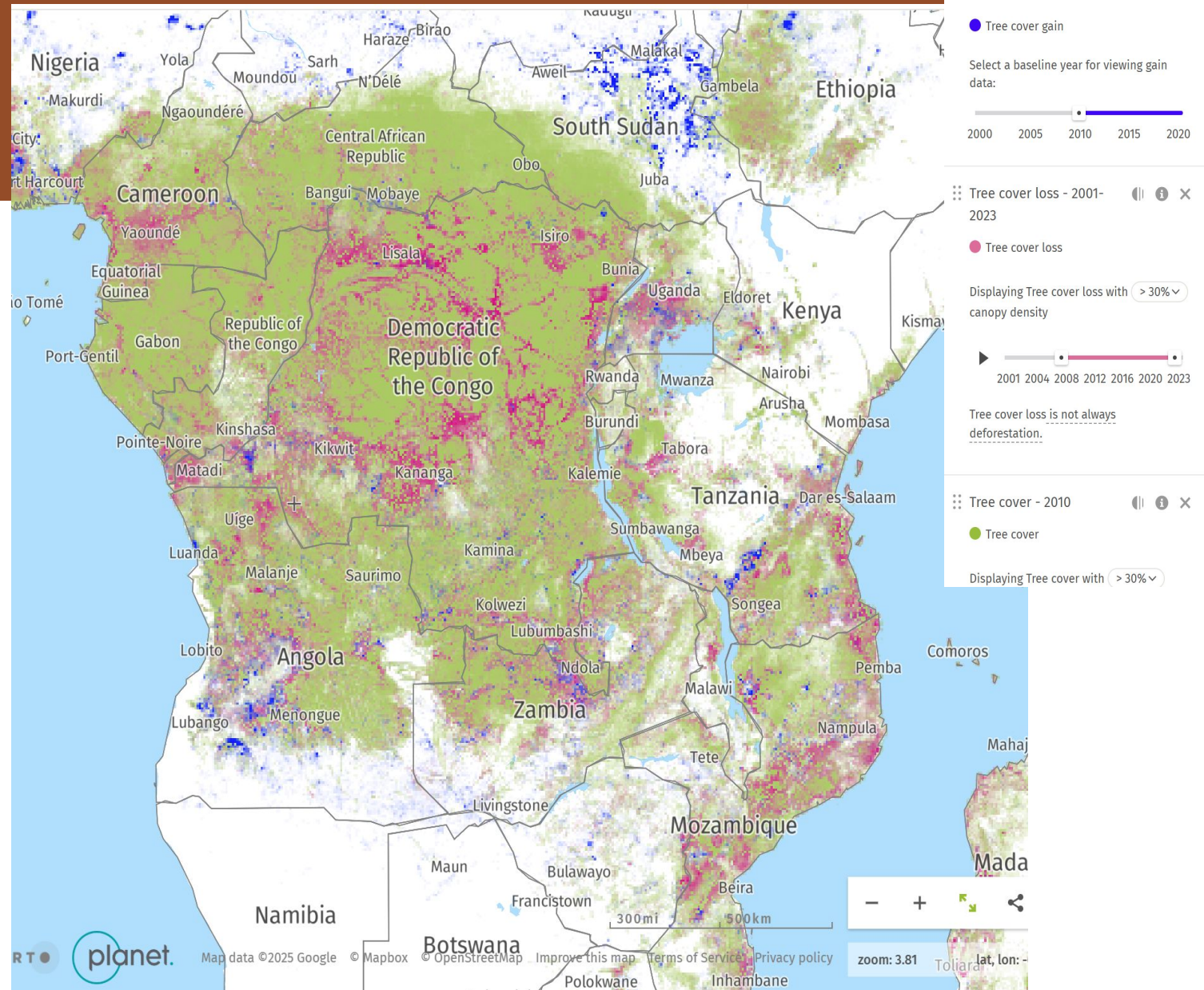
Your choices will have an impact...



ILLEGAL LOGGING

International illegal logging is a \$7 billion trade. Combined with illegal wildlife and fisheries, illegal logging is one of the most profitable illegal trades in the world, following drugs, human trafficking and counterfeit (arms deals are impossible to calculate.) According to Interpol, illegal logging and wildlife trafficking are associated with armed violence, corruption and are intertwined with financial crimes ranging from money laundering to the financing of forms of transnational organized crime.

<https://www.fao.org/interactive/forest-resources-assessment/2020/en/#:~:text=FRA%202020%20examines%20the%20status%20of%2C%20and%20trends,the%20ways%20in%20which%20the%20resource%20is%20changing.>

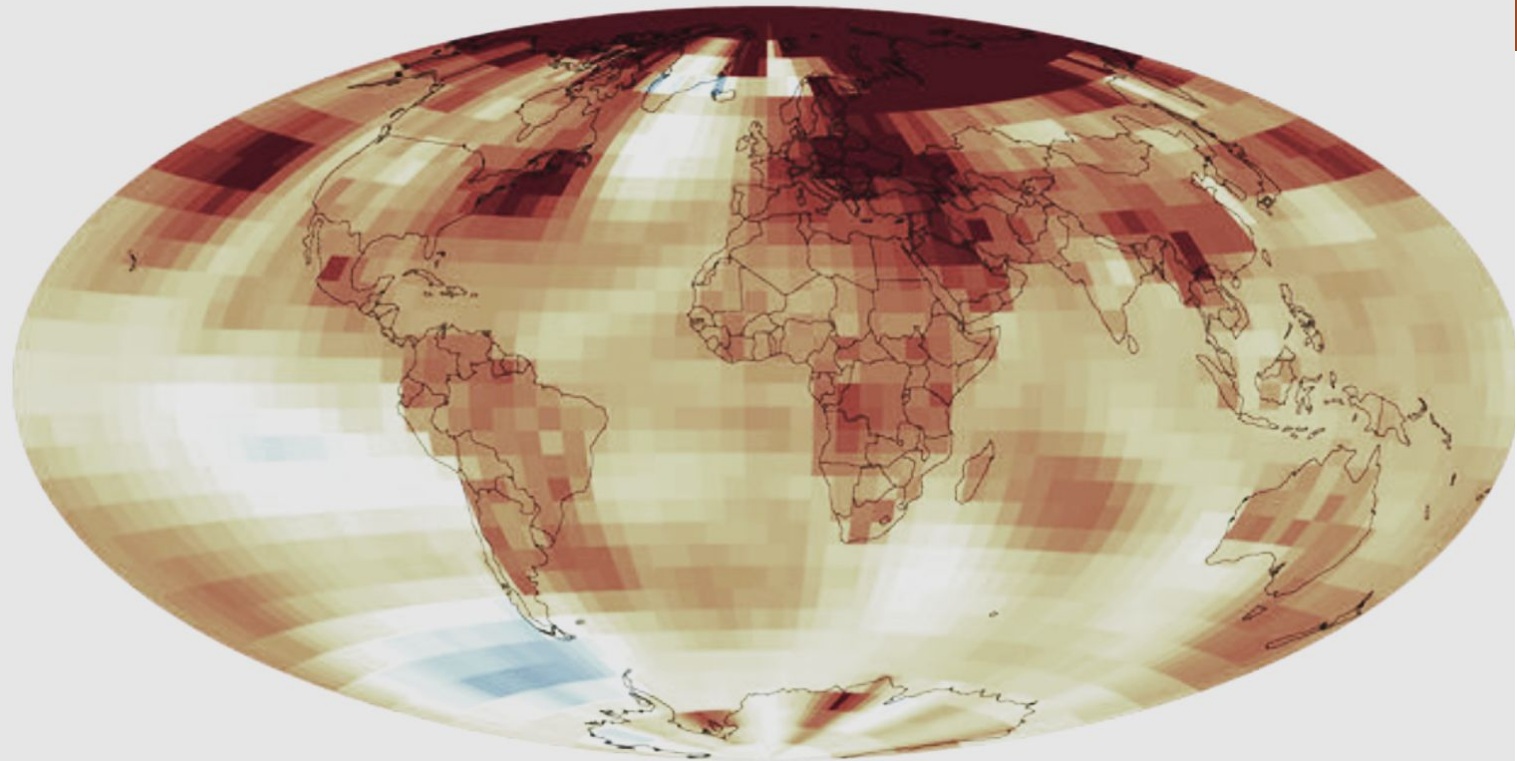


TONewood IS IMPACTED BY CLIMATE CHANGE

As instrument makers, we depend on trees for our wood. The forests these trees grow in are a critical defense against climate change. They are also being impacted by climate change. We, and the rest of the world, depend on these forests to mitigate rising temperatures. Anti-logging protests are increasing in number across the US and western Europe. It is in our best interests to follow timber regulations created to protect forests.

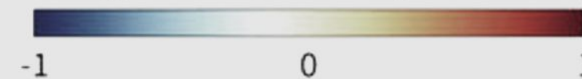
<https://www.climate.gov/climatedashboard>

RECENT TEMPERATURE TRENDS (1994-2023)



1994-2023

Change in temperature (°F/decade)



NOAA Climate.gov
Data: NCEI

“BUT WE USE SO LITTLE WOOD...”

...because we reject the rest. Rather than work with what we have, we sort through 40 or 50 pieces of Tonewood to find the one piece we think will work. David of *Mountain Voice Tonewoods* (British Columbia, Canada) said for every 90-100 spruce trees they cut, maybe 1 will qualify for Tonewood. Then, we (luthiers) will sort through the 100 pieces he picks and take one or two. Other Tonewood suppliers in the US and Europe express similar concern.

- It takes 5000 years for a boreal forest to evolve.
- That ecosystem is not replaceable in our lifetimes.
- Canadian Tonewood suppliers go out of business regularly.



2 REGULATIONS SET THE INTERNATIONAL STAGE TO CONTROL THE TRADE OF ILLEGALLY HARVESTED WOOD

USDA Lacey Act: The first regulation passed in the world by a country to prohibit the import or trade of wood/wood products harvested illegally (Plants incorporated 2008).

EUTR/EUDR (European Union Timber Regulation and Deforestation Regulation): The first regulation to require legal, sustainably harvested wood/wood products exported or imported from/into the European Union (EUDR goes into effect in December of 2026).



EUDR - LACEY ACT TIMELINE

- **29 June 2023**

EUDR Entry into force

- **30 December 2026**

EUDR Rules begin to apply
for medium & large operators
and traders

- **30 June 2027**

EUDR Rules begin to apply
for micro and small enterprises

- **25 May 1900**

Lacey Act becomes Law
under President McKinley

- **2008**

Lacey Act expanded to include
Timber & Timber Products

- **December 2024**

Imported goods in HS Chapter 92,
Musical Instruments, must complete
Lacey Act paperwork

HS CODES: EVERY PRODUCT HAS A NUMBER

To facilitate international trade: Countries adopted in 1988 the Harmonized Coding and Description System (HS for short) that described and numbered the articles we trade. There are 99 chapters that start with agricultural products like timber and end with complex products like airplanes in later chapters. Countries use the HS Codes for duties and tariffs, AND for regulations like the Lacey Act and EUDR.

HS CODE	DESCRIPTION	PRODUCTS for LUTHIERS
4403	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared	The raw tonewood stock not in billets
4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm	The spruce and maple billets we purchase for Tonewood)
4411	Fiberboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances:	Composite paper laminates like Nero might fall into this category
4412	Plywood, veneered panels and similar laminated wood	Veneer laminates like Ebenprex
4413	Densified wood, in blocks, plates, strips or profile shapes	The raw stock for Sonowood
4202	Musical Instrument Cases	
9202.10	Musical Instruments Played with a bow	Violin, Viola, Cello, Bass, Gamba, etc.
9209.92	Bows, parts of bows, bow hair, chin rests and other parts and accessories for string instruments played with a bow	Bows

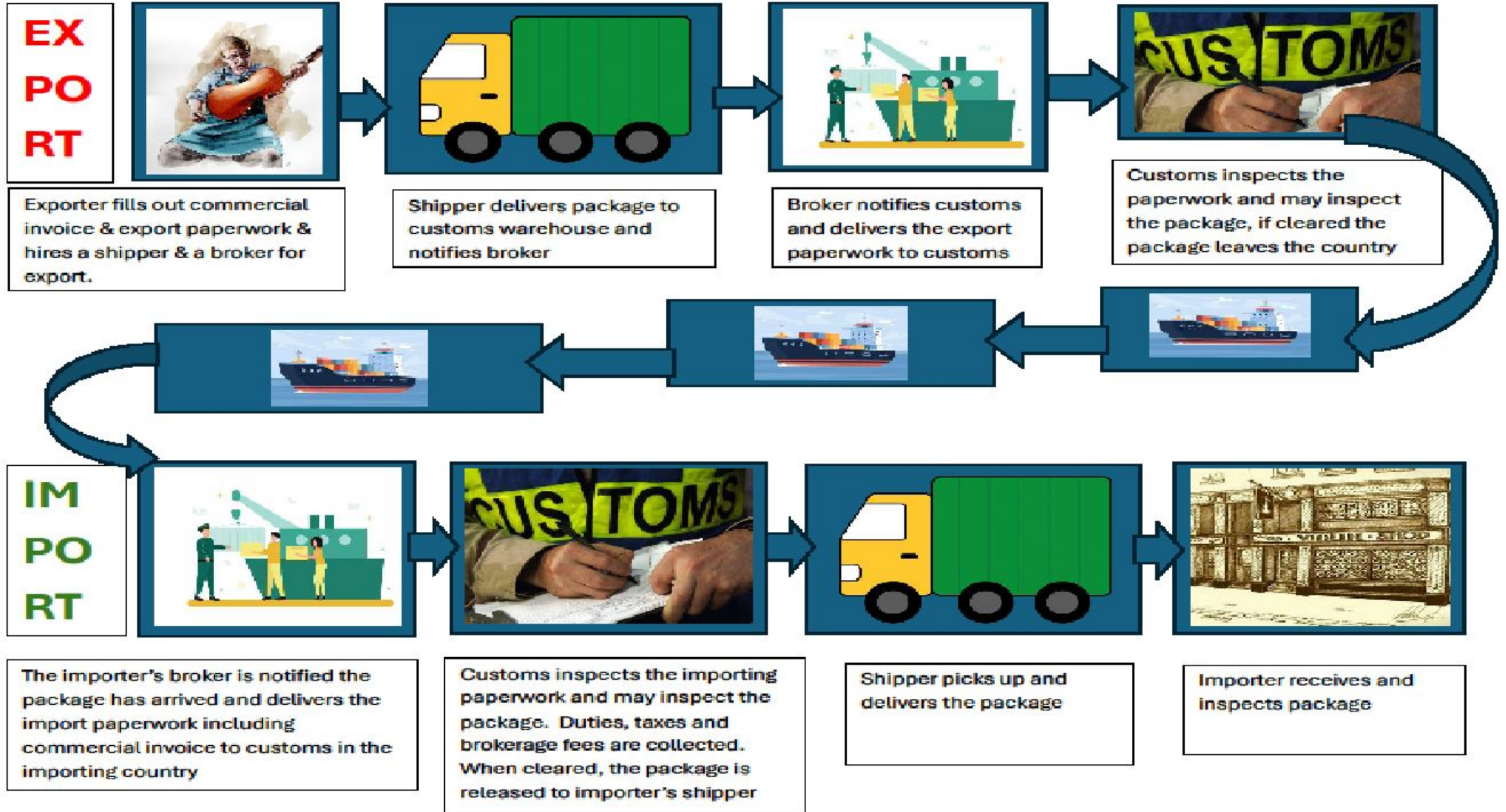
WHEN DO YOU NEED TO FILL OUT PAPERWORK?

LACEY ACT

The Lacey Act requires the **importer** to fill out paperwork for products in all HS Code imports containing plant or animal species. For standard imports, a PPQ 505 form will be required. For endangered species listed by CITES, special permits distributed by US Fish & Wildlife are required. Documents, permits and information are available through the APHIS website administered by the USDA. The broker will ask for the paperwork during the importing process at customs.

EUDR

The European Union will start implementing the EUDR in December of 2026. The EU will start with a limited number of HS Codes including Chapter 44 which covers raw timber products like Tonewood. HS Code Chapter 92 which includes the finished musical instruments – is not included **at this time**. The products covered require documentation when they are imported into the EU, exported From the EU or transformed in the EU.



COUNTRY TIMBER TRADE REGULATIONS THAT ADDRESS ILLEGAL LOGGING & CLIMATE CHANGE

Country	Legislation	Legal Wood Sourcing	Sustainability	Documentation Required	How Luthiers Impacted
European Union	European Union Deforestation Regulation (EUDR)	Required	Required	Due Diligence Statement: Information, Risk Assessment, Risk Mitigation	Must have copy of the Due Diligence Statement, records of who wood was purchased from and proof that information was accurate
Switzerland	(revised) Environmental Protection Act	Required	Required	Due Diligence: Information, Risk Assessment, Risk Mitigation	Traders who buy or sell timber that has already been placed on the market must document the supplier from which they purchased timber or timber products and the recipient to whom they passed them on. Wood product sellers must supply consumers with the species of woods and country of harvest.
United Kingdom	UKTR & UK FLEGT Regulations	Required	Required	Due Diligence: Information, Risk Assessment, Risk Mitigation	Traders who deal in timber products after the first placing to keep records enabling basic traceability of supply chains.
United States	Lacey Act	Required	Not Required	PPQ505 - Lacey Act Declaration	Strict Liability: burden of proof is on the importer Due Diligence applies to the entire supply chain
China	Forest Law of The People's Republic of China (2019 Amendment)	Required	Not Required	https://www.timbertradeportal.com/en/china/31/key-documents	Unclear
Canada	Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act (WAPPRIITA)	Required	NA	NA	NA
Australia	Illegal Logging Prohibition Act	Required	Not Required	Due Diligence: Information, Risk Assessment, Risk Mitigation	Appears to apply only to initial importers
South Korea	Act on the Sustainable Use of Timbers	Required	Helpful for establishing Due Diligence	Documentation showing legal harvest status required	Emphasis on initial importers

DUE DILIGENCE

“Due Diligence” is a legal term that describes the responsibility of the importer, and for some regulations the entire supply chain, to ascertain and document the legal status of the imported wood or wood product at harvest origin. An invoice from your tonewood supplier is not sufficient. In addition to the invoice, you must understand the laws of the country where the wood was harvested, do a risk assessment, and document that the wood was legally and/or sustainably harvested. In high-risk countries, this could include an actual site visit. The riskier the source, the higher the bar for “Due Diligence.”

<https://forestpolicy.org/policy-law/eu-regulation-deforestation-free-products-eudr>

- 1. Information gathering:** Operators and traders must collect data, documents, and information, including details on their suppliers and details on the operator and/or trader to whom they have supplied commodities, and/or their covered derivatives, descriptions and quantities of the product, the country of production, geolocation of all plots of land in which the product or commodity was produced or derived from, and adequately conclusive and verifiable information that the products are deforestation-free and produced in accordance with the legislation of the country of production. This information must be kept for five years from the date of export or placing on the market. Operators may refer to due diligence statements that have already been submitted for relevant commodities and/or their covered derivatives, but they are required to check that due diligence was carried out in accordance with the Regulation.
- 2. Risk assessment:** Operators and traders must verify and analyze the information collected during the first step. The risk assessment establishes whether there is a risk that the products intended for placement on the EU market or export are non-compliant. Several criteria must be considered in the risk assessment, including but not limited to the presence of forests and indigenous peoples, substantiated concerns, and prevalence of deforestation or forest degradation in the country of production. Operators must document and review the risk assessments at least annually and make them available to the competent authorities upon request.
- 3. Risk mitigation:** If the risk assessment determines that the commodities or covered derivatives potentially have a risk of being associated with the deforestation or degradation, operators must carry out risk mitigation procedures and measures to achieve no or negligible risk. Examples of risk mitigation include collecting additional information, conducting independent audits and surveys, and supporting compliance, especially for smallholders through capacity building and investments.

STRICT LIABILITY

CIVIL PENALTIES

Declaration requirements violations

Any person who violates the declaration requirement may be assessed a civil penalty of up to \$250.

Any person who knowingly violates the declaration requirement OR knowingly falsely labels a plant or plant product may be assessed a civil penalty of up to \$10,000.

Any plant or plant product imported in violation of the import declaration requirements may be subject to civil forfeiture.

CRIMINAL PENALTIES

Declaration requirements violations

Any person who knowingly violates the declaration requirements or knowingly violates the false labeling prohibitions could be subject to criminal penalties if the offense involves:

- The importation of plants, fish or wildlife;
- The sale or purchase, offer of sale or purchase, or commission of an act with intent to sell or purchase plants, fish or wildlife with a market value greater than \$350.

The criminal penalties could be up to 5 years in prison and a fine of \$250,000 or twice the gross gain or loss for individuals. For corporations, the penalties may be up to 5 years of probation and a fine of \$500,000 or twice the gross gain or loss. Restitution and forfeitures may also be imposed.

US LACEY ACT

The Lacey Act is unusual in that it is a fact-based statute rather than a document-based statute. The importer and entire supply chain have to prove, if prosecuted, that the wood was in fact legally harvested. Documents alone are not enough. For example: Martin guitars was prosecuted and fined \$350,000 because the ebony they imported through a German company, **with documentation**, did not exist in the location in Madagascar the paperwork indicated. The documentation was false. The German company went out of business.

SOURCE - USDA APHIS

IF YOU BUY WOOD AND
IGNORE THE REGULATIONS,
YOU WILL BE NON-COMPLIANT

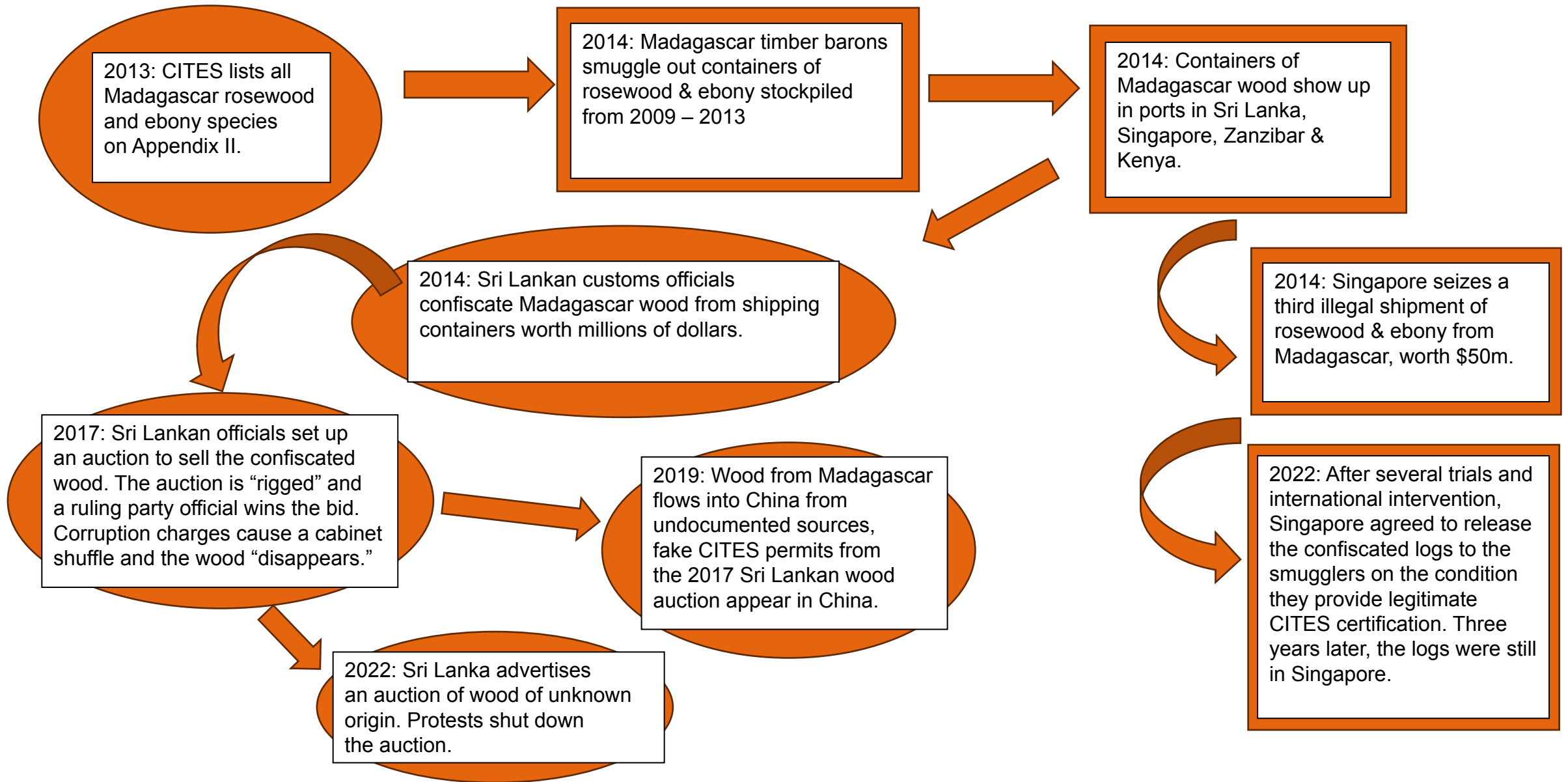
1 good “ebony” tree
can be worth up to \$1million

The international illegal timber trade is a \$7 billion business according to Interpol. Illegal loggers work very hard to obfuscate where the wood was illegally harvested. The next diagram shows how difficult it can be to identify that source. If the recorded country of harvest is high risk, or the documentation is speculative, consider an alternative source for your materials.

Let’s walk through one scenario. It is important to know that Madagascar went through a coup in the early 2000s. The new government was considered corrupt and international aid was cut. New government officials used the illegal timber trade as a source of revenue.



“IT’S COMPLICATED”: TRACING WOOD PURCHASED BACK TO HARVEST LOCATION



EBONY FINGERBOARD CASE STUDY

Is Your Ebony Legally Harvested?

You have purchased an ebony fingerboard from a source that says the ebony came from southeast Asia. You would like to enter the instrument into the VSA competition in the US. The importer must record on the documentation all the Southeast Asian countries for the ebony. Will the importer pass the Due Diligence and Strict Liability tests of the Lacey Act?

Is Your Ebony Sustainably Harvested?

You have purchased an ebony fingerboard from a source that says the ebony came from southeast Asia. You would like to sell your violin to a shop in the EU. The importer must document that the ebony was legally and sustainably harvested. Will the importer pass the Due Diligence process for sustainability required by the European Union Deforestation Regulation?

WHAT WOULD DUE DILIGENCE INCLUDE?

LACEY ACT DUE DILIGENCE

- Correct Genus & species
- Country of Origin (where physically harvested)
- Documentation wood was legally harvested
- Confirmation documentation is accurate:
Can include site visits, research, logging permits, etc.

EUDR DUE DILIGENCE

- Correct Genus & species
- Country of Origin (where physically harvested)
- Date & Geolocation for wood harvested
- Documentation wood was legally harvested
- Documentation wood was sustainably harvested
- Documentation for sustainable supply chain
- Risk Assessment & Risk Mitigation

WHAT ABOUT CITES ?

The Convention on the International Trade in Endangered Species (CITES) “is an international agreement ensuring trade in endangered species does not threaten their survival.”

<https://cites.org/eng/disc/what.php>

If a species is listed on Appendix 1 or 2 for CITES, it would be difficult to show the species is being sustainably harvested, and special CITES documentation may be required to demonstrate legal harvest. However, countries often place restrictions on a species' harvest long before CITES does. Both the EUDR and Lacey Act recognize individual country restrictions with or without listing by CITES.



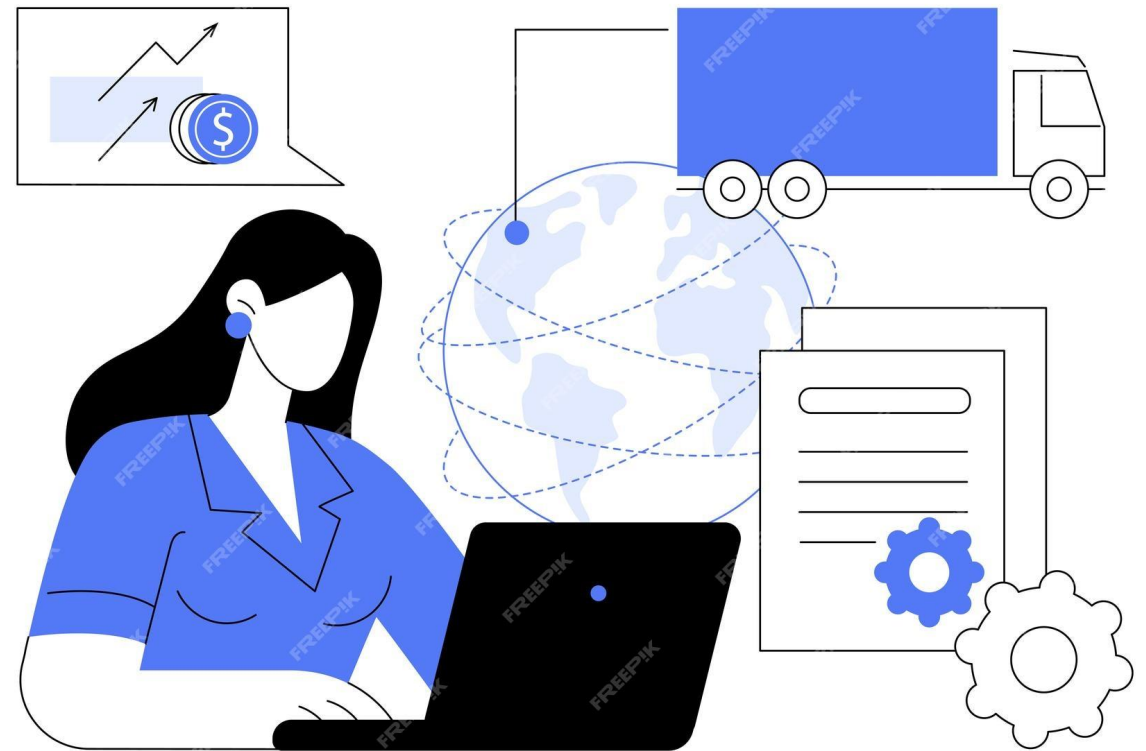
This Photo by Unknown Author is licensed under CC BY-SA

WHERE DO I FIND INFORMATION FOR DUE DILIGENCE?

- **FAO global Forest assessment 2020: Global maps of Deforestation**
<https://www.fao.org/interactive/forest-resources-assessment/2020/en/#:~:text=FRA%202020%20examines%20the%20status%20of%2C%20and%20trends,th,e%20ways%20in%20which%20the%20resource%20is%20changing.>
- **Forest Governance and Policy: Information on country regulations & risk assessment**
<https://forestpolicy.org/policy-law/laws-policies>
- **Global Forest Watch: Global Forest Monitoring Data**
<https://www.globalforestwatch.org/>
- **ITTO (International Tropical Timber Organization): Information on country regulations & risk assessment**
<https://www.itto.int/resources/publications>
- **IUCN Red List: Updated lists of rare, threatened and endangered species' status globally**
<https://www.iucnredlist.org/en>
- **Timber Trade Portal: Publications, Updates, Industry information on international timber trade**
<https://www.timbertradeportal.com/en>

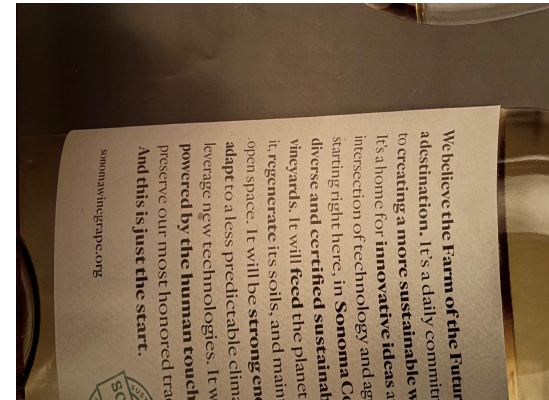
WHY DO I WANT A BROKER?

We study violins, brokers study international trade rules and regulations. They let us know which paperwork we need to fill out for export and/or import regulations which change over time. Brokers track our packages and work with customs to clear exit and entry between countries. They are NOT responsible for the information we submit on the paperwork. You can use a broker who is part of the shipper's team, or an independent broker who specializes in certain countries or products.



SUSTAINABLE CERTIFICATION

Increasingly, companies are referencing sustainable sourcing and sustainable certification for their products. Sustainable certification can help with compliance for regulations monitoring the legal and sustainable sourcing of wood raw materials and products exported & imported between countries. Sustainable certification can provide the information you need and reduce the research for Due Diligence, but it does not replace Due Diligence.



WHY DO WE COMPLY WITH REGULATIONS

Regulations protect us — not customs officials, not brokers, not shippers — regulations protect those of us who rely on the wood for our products and all of us as the impact of climate change escalates. We settle regulatory disagreements through trade negotiations and appropriate channels, not while transporting goods across borders. Best practices for our community start with understanding and complying with the legal framework that protects everyone — by protecting the forest ecosystems we live with.



LINKS TO MORE INFORMATION ON COUNTRY REGULATIONS 2025

COUNTRY	LEGISLATION	LINKS FOR MORE INFORMATION
European Union	European Union Deforestation Regulation (EUDR)	https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en
		https://green-forum.ec.europa.eu/deforestation-regulation-implementation_en
	EUDR: Annex 1 & Due Diligence requirements	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1115&qid=1687867231461#d1e32-243-1
Switzerland	(revised) Environmental Protection Act	https://www.konsum.admin.ch/bfk/de/home/holzdeklaration/holzdeklarationspflicht.html
United Kingdom	UKTR & UK FLEGT Regulations	
United States	Lacey Act	https://www.aphis.usda.gov/plant-imports/file-lacey-act-declaration/frequently-asked-questions
China	Forest Law of The People's Republic of China (2019 Amendment)	https://www.timbertradeportal.com/en/china/31/key-documents
Canada	Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act (WAPPRIITA)	NA
Australia	Illegal Logging Prohibition Act	https://illegallogging.com.au/
South Korea	Act on the Sustainable Use of Timbers	https://english.forest.go.kr/images/content/data/down/Imported_Timber_and_Timber_Products.pdf
New Zealand	Forests (Legal Harvest Assurance) Amendment Act 2023	https://legislation.govt.nz/act/public/2023/0020/latest/LMS421373.html