



**Canadian
Manufacturers &
Exporters**

**Manufacturiers et
Exportateurs du
Canada**



CMC

Canadian
Manufacturing
Coalition

July 6, 2012

Regulatory Analysis and Development
PPD, US Department of Agriculture
Animal and Plant Health Inspection Service
Station 3A-03.8
4700 River Road, Unit 118
Riverdale, MD 20737-1238

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Via electronic transmission to <http://www.regulations.gov>

On behalf of the member companies of Canadian Manufacturers & Exporters and the Canadian Manufacturing Coalition, I am pleased to have this opportunity to submit our comments in regard to the 2008 Food, Conservation, and Energy Act amendments to the Lacey Act. These comments are in response to the Federal Register notice of June 6, 2012 and the docket cited above.

Canada is, by far, the largest supplier of plant and plant products to the United States. In fact, virtually all of the U.S. newsprint supply originates from Canada, as do forty percent of paper imports and two-thirds of pulp imports. The United States marketplace is the largest destination overall for Canadian exports, but thirty seven States in the Union point to Canada as their largest customer. Today, our two countries have created the world's largest and safest business relationship in the world. Through various cross-border forums, we have embarked on a vibrant North American competitiveness agenda that has the promise of creating good jobs for our future generations. Our cross-border supply chain is unique in the world in terms of its volume, immediacy and integrated nature of component parts. That vibrant relationship has helped to create over seven million jobs in small and large communities throughout the United States. It is a unique and highly beneficial relationship.

Our companies share the objective of seeking to combat illegal logging. Canada has adopted advanced sustainable forest management practices that go far beyond the goal of eliminating illegal logging. Moreover, Canada has long prohibited the importation into Canada of any plant,



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or any part or derivative thereof, which was taken in contravention of any law of a foreign state, through provisions of the *Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act* and its regulations. In addition, almost a third of all companies globally enrolled as supply chain security partners with the U.S. Customs and Border Protection (CBP) are Canadian companies. Almost all of our cross-border truck drivers are vetted by CBP and their Canadian counterpart.

We bring this to your attention in an effort to underscore that the current Lacey Act import declaration is an unnecessary and overly burdensome requirement for shipments originating from Canada and should be abolished. The imposition of the import declaration adds considerable costs to the bottom line of our U.S. business partners. The compliance to file the declaration alone requires 1.5 man hours per declaration, a nine-fold increase over non-Lacey shipments. In 2011, the vast majority of regulated shipments were imports from Canada. In fact, **every week**, APHIS receives approximately 6,000 such import declarations -5,000 electronically and 1,000 using the paper form.

Extending the import declaration data requirements for another three years will have significant and adverse consequences for North American manufacturing and supply chains. This is especially true when the coverage of Lacey regulated products is expanded to include products higher in the manufacturing cycle. As currently deployed, the import declaration must identify the source of the wood or plant product – this will become impossible for our industry to comply with as manufacturers 1) do not and cannot determine international violations of the Lacey Act; 2) cannot determine the weight of every species of wood or plant materials used in their further manufactured production chain and 3) cannot match a Lacey import declaration (and store same) with every shipment bound for the United States. In short, the Lacey Import declaration in either its paper or electronic format is a requirement which industry cannot comply with. The IT investments required to meet this obligation throughout the supply chain would grind hundreds of manufacturing sectors to a halt.

In our view and from decades of managing the world's largest trading relationship, an annual generic declaration would be more efficient for all concerned, particularly those with established track records and with US business holdings in place. Simply put, the detailed declarations have no practical utility for the Agency due to the highly-regulated nature of the forest products industry in Canada.

For these reasons, we would strongly urge the Administration to consider an alternate path forward. U.S. Customs and Border Protection acts as the primary agency along the US border and for the past several years has launched an ambitious re-modernization of their import data collection on behalf of many federal agencies. It is our view that CBP is best equipped with the



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electronic resources to collect the **necessary** data requirements to provide the US Department of Agriculture, Animal Plant Health Inspection Service, with the important enforcement targeting tools to meet the objectives of the Lacey Act.

Imposing an additional transmission of the same data adds costs for both government and business. Our companies on both sides of the border must compete in a highly-competitive global marketplace, but the import declaration in its current form erodes the bottom line for our best corporate citizens on both sides of our shared border. Illegal logging is a shared concern for Ottawa and Washington. A shared and modern risk management approach is, simply, good public policy.

Sincerely,

Jayson Myers
President & CEO
Canadian Manufacturers & Exporters