

March 5, 2024

House Committee on Natural Resources  
Subcommittee on Water, Wildlife and Fisheries  
1324 Longworth House Office Building  
Washington, D.C. 20515

Chairman Bruce Westerman  
Ranking Member Raúl Grijalva  
Subcommittee Chairman Cliff Bentz  
Subcommittee Ranking Member Jared Huffman

**Additional Questions for the Record for Jordan McIlvain  
Vice President, Alan McIlvain Company, Marcus Hook, Pennsylvania  
Subcommittee on Water, Wildlife and Fisheries  
Legislative Hearing on H.R. 3119, H.R. 6784, H.R. 6854 and H.R. 7157**

Questions from Rep. Bentz for Mr. Jordan McIlvain, Vice President of the Alan McIlvain Company

1. Mr. McIlvain, in the hearing there was ample discussion about combatting illegal activity in administering the Lacey Act. You talk about the work that the International Wood Products Association has done to expand and promote compliance training.
  - a. Based on your experience, how has your industry led efforts to encourage compliance with the Lacey Act to be good stewards?

*The International Wood Products Association (IWPA) serves as the trade association for the international wood products industry in the U.S. and North America. During the last ten years, our association has been proactive in voluntarily developing a robust Wood Trade Compliance Training and Due Diligence Tools Course to help ensure that companies involved in the importation of wood products can successfully create and maintain a Lacey Act compliance program.*

*IWPA's Wood Trade Compliance Training was actually established via grant funding from the U.S. Agency for International Development (USAID) and the World Resources Institute (WRI), and was created with input from a wide variety of non-industry stakeholders from government officials to environmental groups to ensure that companies that import and use products covered by the Lacey Act are able to gather the information and resources they need to do things the right way. The training has been so successful that the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS), of which has jurisdiction over the Lacey Act's Declaration Requirement, provided IWPA with a grant in late 2023 to provide the training to industries that will be covered by the upcoming Phase Seven of the ongoing phase-in of new products.*

*Because the Lacey Act is not prescriptive, historically many wood products suppliers did not know where to even start, so IWPA's compliance training has been tremendously helpful to companies like mine. As the Lacey Act's declaration requirement is expanded*

*to additional products and industries, the U.S. Department of Agriculture's Animal and Plant Health Inspection Service has identified expanding access to IWPA's compliance training as an ideal way to educate those industries about Lacey Act compliance.*

2. Mr. McIlvain, the Lacey Act has been in law for more than one hundred years and is currently administered by three different Federal agencies. Critics of H.R. 7157, or similar reform efforts, will say that the Lacey Act is sacrosanct and that any potential reforms to it would merely undermine this important legislation.
  - a. Is it fair to say that as the country has grown and trade has increased over the last century, reforms are vital to ensure that agencies are both coordinating among themselves and communicating with the regulated industry?

*Both as a taxpayer and as the leader of a small business, I am always hopeful that the government offices and agencies are open to discussion about ways government can work more efficiently, so that it can better serve their "customers" and the American public better. The Lacey Act itself has been amended six times, and many other landmark laws protecting natural resources and health have also seen amendments. An amendment simply acknowledges that change is required to keep pace with progress.*

*The current structure of Lacey poses a specific issue, with ongoing delays and the inability for U.S. business importing wood products covered by the Lacey Act to identify who they should be communicating with to resolve any delays. The reforms included in H.R. 7157 would in no way undermine enforcement of the Lacey Act. They would simply require notification and timely processing of covered shipments and provide much-needed clarity to US business.*

3. Mr. von Bismark stated in his written testimony that "illegal logging is the most profitable natural resource crime."
  - a. How do illegal logging practices impact small businesses like yours? Can you talk more about the interest that companies like yours have in preventing illegal practices and serving as good stewards?

*As I mentioned in my opening statement, I support the Lacey Act and its purpose of rooting out trade in illegally sourced plant products. Unscrupulous suppliers who market wood products derived from illegal logging are able to undercut businesses like mine that source our products responsibly. Those who log illegally also have no interest in sustainable forest management practices that preserve forests for generations to come.*

*Our environment cannot withstand the impacts of illegal logging, nor do our customers have any interest in related products. Therefore, it is in the best interest of companies like mine to stop it. For my company, in addition to utilizing IWPA's Wood Trade Compliance Training, we use suppliers providing information on good silviculture and logging practices and operating within the forestry laws of the respective country. Labels or certificates warranting sustainability are not acceptable to us unless they have the*

*approval of the Forestry Department/Ministry of source countries. Further, we give preference to purchases from countries demonstrating commitment to Objective 2000 and implementation of “Guidelines for the Management of Natural Tropical Forests,” established by the International Tropical Timber Organization.*

*Those who log illegally undercut these and similar efforts by my competitors and do a disservice to the industry as a whole. H.R. 7157 would support businesses like mine that are working diligently to source from suppliers around the world who are doing things the right way.*

4. One provision of the legislation discussed in our hearing was the requirement that, within ten days, importers whose shipments are subject to detention would be allowed to transport that merchandise to a different location.
  - a. Could you expand on how this process would work, what types of facilities shipments could be transferred to, and how this would assist small businesses like yours in working through this process?

*H.R. 7157 would simply require the U.S. Fish and Wildlife Service to allow the importer to transfer the merchandise to a bonded warehouse for storage if “the Secretary determines that such transportation will not frustrate the intent of [the Lacey Act].” This means that if such a transfer would negatively impact an investigation of wrongdoing, the Secretary could simply not allow it. I do not want to stop criminals from being caught, but I also support law abiding businesses being able to comply with government regulation in a way that is not financially ruinous.*

*Far from allowing criminals to tamper with contraband material, transfer of merchandise is a common practice that is currently used for merchandise detained under the Uyghur Forced Labor Protection Act which ensures importers are able to minimize the cost of demurrage while maintaining it in a location and condition that the relevant federal agencies are able to control it.*

*Bonded warehouses must first be approved by U.S. Customs and Border Protection for their ability to control merchandise covered by a bond. The material is controlled by the operators of the warehouse with strictly controlled access. Only once the merchandise is cleared for entry by CBP is it released to the importer. This means that an importer would not have access to the material while it is in bond, ensuring that if enforcement agencies need additional access they can have it, and also ensuring problematic material cannot enter the stream of commerce until officially cleared by the government. Bonded warehouses are governed by CBP regulations and are a well-established part of importing.<sup>1</sup>*

*The only appreciable difference is that the importer has significantly reduced fees by moving to a bonded warehouse.*

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<sup>1</sup> <https://www.ecfr.gov/current/title-19/chapter-1/part-19>

Questions from Rep. Graves for Mr. Jordan McIlvain, Vice President of Alan McIlvain Company

1. Mr. McIlvain, businesses like yours rely on the Lacey Act to ensure sustainable, legally harvested wood products abroad, and also rely on healthy forest management practices here in the United States. Not only does this lead to economic activity associated with your business and your customers, but it also results in the environmental benefit of emissions reductions.
  - a. Can you expand on some of those aligned incentives of both economic activity and emissions reduction that are associated with forestry?

*Sustainable forest management is critical to maintaining the value of the world's forest and keep them from being cut down and converted to another use. It is only when we value wood products appropriately for their beauty, functionality, and absolutely for their ability to store carbon for generations, that many communities decide it is in their long-term interest to preserve their forests.*

*Carbon capture is an enormous benefit provided by our industry. The utilization of wood products, which are 50% carbon by dry weight, ensures that carbon is captured and stored. This carbon does not enter the atmosphere for the lifetime of the product or structure, or even longer if the wood is reclaimed or reused. According to the U.S. Department of Agriculture, forest management in the U.S. alone offsets 15 percent of U.S. fossil fuel emissions.<sup>2</sup>*

*In addition to long term environmental benefits, sustainable management of forests can lead to job creation and direct and indirect economic growth both in the U.S. and globally as well. A recent study by Agribusiness Consulting found that the U.S. hardwood products industry was responsible for more than 1.8 million U.S. jobs.<sup>3</sup> Globally, 33 billion people<sup>4</sup> are employed by the forestry industry, making it a key economic driver at home and abroad for continued prosperity. More than the economic impact, ensuring continued employment in the forestry sector ensures that forests continue to have value and are not clear cut and the land used in other ways.*

*As I shared in my opening statement, my hope is that someday I will be able to pass the Alan McIlvain Company to my children. If there is not an economic incentive for trade in wood products to continue, I worry that there will be fewer and fewer working forests for them to source from.*

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<sup>2</sup> <https://www.climatehubs.usda.gov/hubs/northern-forests/topic/forest-management-carbon-sequestration-mitigation-and-climate>

<sup>3</sup> <https://hardwoodfederation.com/resources/Documents/EIS%20States/US.pdf>

<sup>4</sup> <https://ilostat.ilo.org/forest-sector-employs-33-million-around-the-world-according-to-new-global-estimates/#:~:text=our%20current%20partnerships,->

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