

ROSEWOOD AND WHY TRUST IN GOVERNMENT IS LOW

According to a recent Pew survey, only 19% of U.S. citizens trust the Federal government to do the right thing most of the time, the lowest level in 50 years of polling. The explanations for this are varied and complex, but a gathering of industry execs and members of the Animal and Plant Health Inspection Service and Fish & Wildlife Service at NAMM offered insights into the source of the low esteem. Early morning events at NAMM are usually sparsely attended unless there's a free breakfast involved. This one, however, was standing room only, and with good reason. At issue were three-week-old regulations governing the import and export of rosewood, a staple raw material for instrument makers. Distributors and manufacturers crowded into a small meeting room, looking to government agencies in charge for guidance in how to comply and avoid the law's onerous penalties. To their disappointment, the official response could be summed up as, "we're working on it, and we'll get back to you at some unspecified date."

Drafted by the United Nations Conference on International Trade In Endangered Species (CITES), the new rosewood regulations stem from a laudable effort to prevent excessive cutting of rosewood. Over the last decade, demand for rosewood furniture in China has led to deforestation in places like Madagascar, Indonesia, and parts of Central America. In response, at the CITES Conference in South Africa last October, all species of rosewood (there are more than 250 varieties, but no one seems to agree on exactly how many) were placed on the CITES Appendix II, requiring more rigorous import and export documentation. Under the new rules, an instrument manufacturer has to document a legal chain of custody for any rosewood, from the time the tree was cut, until the raw wood was delivered to their loading dock. Every finished product containing rosewood needs similar chain of custody documentation in order to be shipped across borders legally.

Less than three months elapsed between the time CITES adopted the new rosewood regulations and the day they were put into effect, leaving few if any of the 100-plus countries that are signatories to the treaty remotely prepared to implement them. CITES compliant forms have yet to be drafted, port procedures are a work in process, and details like the "personal effects exemption" remain to be worked out. What documents are needed to legally cross borders with a 50-year-old guitar that has a rosewood fingerboard? No one is entirely sure.

For the industry, the resulting uncertainty has caused paralysis. Unable to secure proper documentation from countries including India or China, containers of finished instruments

and raw materials are stacking up on the docks. No distributor we know of wants to risk having a container confiscated, incurring fines, or getting skewered as "against the environment." U.S. guitar makers face the double challenge of being unable to legally secure rosewood or properly document their products for export. Thus, factories have slowed, and inventory is building up.

Complicating the issue, India, a major source of rosewood, wants no part of the new rules. The country's established rosewood industry has a reputation for careful forest management: trees are systematically planted to provide shade for tea plants in commercial plantations, rosewood is plentiful, and all-cutting is managed under a strict government permitting process. For the 100,000-plus Indians employed in dealing with rosewood, there's a sense that they are being unfairly punished for the transgressions of other nations.

The incomplete regulations carry real human consequences. Those working in an export department are likely to see reduced commissions; factory workers will have their hours reduced; and increased compliance costs will erode profits.



The larger manufacturers can work through these issues by assigning staff to cope with the expanded paperwork, but the hundreds of smaller builders represented at NAMM are faced with the prospect of foregoing the use of rosewood, abandoning export markets, or both. When confronted with these issues, government officials reacted with the same sense of urgency you'd expect from

the Department of Motor Vehicles.

In their defense, they are not entirely to blame. The new CITES regs were drafted behind closed doors by anonymous U.N. officials, with little or no time for public review or comment. As a result, APHIS and Fish & Wildlife officials seem almost as confused by the new rules as the community of instrument makers. They also feel besieged, given that collectively, they have a staff of just seven to sort through the mess. What distressed industry members at the NAMM meeting, though, was the absence of any official sympathy for their plight. The unspoken message was, "The unintended consequences of the rules we draft are not our concern; our intentions are good." In the private-sector, though, people faced with mortgages, tuition bills, and payrolls to meet, don't have that luxury. They can't just wave away these commitments, saying, "A technocrat far away whipped up these new rules that have impacted my income, but give me a break because the intent is good."

The fact that these new rules have been so poorly crafted may help speed resolution. Car makers, the furniture industry, and a multitude of houseware suppliers have also been adversely impacted, making for a coalition potentially large enough to command some attention. In a perfect world, though, we'd suggest another solution: dock the rule drafters' salaries until a more workable draft is completed.

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