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Receiving stolen goods: the UK Government turns a blind eye to illegal Brazilian mahogany shipments

'In announcing that the Brazilian Government will do all it can to protect mahogany, I am declaring that the ban on its extraction, processing, transport, and commercialization will continue... I hope and expect to be able to continue relying on the support of governments [and NGOs].'ⁱ

Brazil's President Fernando Henrique Cardoso, 9 April 2002

Following on-the-ground investigations by Greenpeace in the Brazilian Amazon last year, the Brazilian Government banned the logging and trade in mahogany (*Swietenia macrophyllia*) in an attempt to stamp out illegality and corruption in the industry. However, despite the October trade ban, local legal challenges by the mahogany industry forced a restart of exports, and a number of mahogany shipments have left Brazil, including at least three destined for the UK.

Brazil's Environment Agency (Ibama) has gone to the Brazilian courts to challenge the local court decisions that allowed these shipments to leave. Ibama believes that the overwhelming majority of the country's mahogany is illegally logged.ⁱⁱ The mahogany is stolen both from 'protected' Indian lands and public lands. On a visit to Washington, then President of Ibama Hamilton Nobre Casara appealed for international support to help stop this trade.ⁱⁱⁱ

In February, Greenpeace alerted the UK Government to an incoming shipment of Brazilian mahogany. Unlike governments in other European countries and the USA, Tony Blair's Government did nothing about it, despite the efforts of Ibama, and now the CITES Secretariat and the EU Commission. By turning a blind eye to imports of illegal Brazilian mahogany, the UK Government is allowing a corrupt industry to profit from the international trade in timber illegally plundered from the Amazon, the most species-rich forest habitat on earth.

Greenpeace has started judicial proceedings against the UK Government to try and stop illegal mahogany from entering the UK – the Judicial Review will be heard in the appeal courts on May 29th.

Greenpeace on-the-ground investigations

Greenpeace on-the-ground investigations over the last two years have confirmed the extent of illegality and corruption in the mahogany trade, exposing widespread illegal logging from public and Indian lands by the major mahogany players. *Partners in Mahogany Crime*,^{iv} a Greenpeace report released in October 2001, detailed these findings and showed that most of the exports of mahogany from Pará State to the UK came through companies connected to two powerful businessmen: the 'mahogany kings' Moisés Carvalho Pereira and Osmar Alves Ferreira.^v

Brazil acts to stamp out illegality

The release of the findings in *Partners in Mahogany Crime* brought swift reactions from both Ibama and from those involved in the illegal trade. Whilst Ibama launched a huge crackdown on the trade, Greenpeace Co-ordinator in the Amazon Paulo Adario received death threats, forcing him to accept 24-hour personal protection.

Following surveillance activities, Ibama issued a Decree on 19 October to '*suspend the transportation, the processing and the commercialization of **Swietenia macrophylla** [mahogany] for an indefinite time*^{vi} and began *Operação Mogno* (Operation Mahogany) – checking timber facilities and mahogany logging concessions. In a five-day joint operation with Greenpeace, Ibama seized 7,165m³ of illegal mahogany, worth almost US\$7 million on the international market. In total, Ibama seized some 30,000m³ of illegally logged mahogany between October and December 2001, confirming rampant illegality on public and Indian lands.^{vii}

As a result of additional investigations, Ibama issued a further Decree in December, suspending '*all the forest management plans of mahogany, approved by Ibama, in the states of Pará, Mato Grosso and Acre.*^{viii} This made not only the trade but also the logging of mahogany illegal.

The mahogany trade fights back

The logging industry reacted quickly to Ibama's crackdown, and eight companies – including Jatoba, Tapajós Timber and Serraria Marajoara, linked to Mr Pereira, and Peracchi Ltd, linked to Mr Ferreira – were involved in local court action to overturn the October ban. In late December, without hearing Ibama evidence, a local judge granted these companies permission to resume exports of the illegal mahogany stocks. The trade rushed to resume mahogany shipments while it could – at least 15,000m³ of mahogany with an export value of approximately US\$10 million^{ix} left Brazil between December and March for the US alone.^x

Ibama moved to appeal the decisions on the grounds that '*the majority of the mahogany has been logged from Indian lands*' – a practice that is strictly prohibited under the Brazilian Constitution. On 6 February, Ibama's first appeal was successful. Other rulings are expected later this year, but Ibama confirmed on 7 February that '*all the stocks of mahogany awaiting internal and external marketing are illegal*'.^{xi} The Brazilian Embassy in London has also confirmed that '*the origin of mahogany shipped after the issuing of Instrução Normativa No.17 [the October trade ban] cannot be certified by Ibama*'.^{xii}

Two days after the judicial decision of 6 February, the Federal Prosecutor in Pará called for the arrests of 11 men thought to be part of what is known as the *máfia do mogno* (mahogany mafia). These men are believed to work for one of the mahogany kings, Osmar Alves Ferreira.^{xiii} On 22 February, the Pará State Prosecutor also called for the preventative arrest of Mr Ferreira. On 25 February, came the official announcement that Judge Marcia Cristina Leao Murrieta had opened a legal case against twelve members of the mahogany mafia, including Mr Ferreira, in the Pará State Justice Tribunal.

At the end of April the extent of corruption in the mahogany trade was again made apparent. An official within Ibama, Rudolph Zachow, unbeknown to the head of the organisation, sent a letter to officials in the US claiming that all mahogany being held by the authorities there and in other countries was in fact legal and should be released onto the market.^{xiv} Responding to this the head of Ibama corrected this false information, confirmed that Zachow's letter "can never be regarded as Ibama's official communication" and went on to relieve Zachow of his duties^{xv}. All the mahogany remains impounded.

Mahogany – a CITES protected species

Trade in Brazilian mahogany is regulated internationally under Appendix III of the Convention of International Trade in Endangered Species (CITES) to prevent its 'unsustainable and illegal exploitation'.^{xvi} Consequently, Brazilian mahogany can only be traded accompanied by export permits that are issued by Ibama. It is against CITES

regulations for Ibama to issue export permits unless it is satisfied that the mahogany has not been obtained in contravention of Brazil environmental legislation.

Since the October ban, Ibama has not been satisfied that mahogany has been obtained in accordance with Brazil's environmental laws. Despite this, the local court decision in December obliged Ibama officials to sign export permits for the companies concerned. In a situation where permits are issued contrary to CITES regulations, they are invalid and should not be accepted by importing states.

With one exception, importing countries across Europe and the US have not accepted the CITES export permits due to the circumstances in which they were issued. The exception is the UK, which has accepted import of more than £600,000 of mahogany accompanied by CITES export permits issued after Ibama's ban on the trade. The UK Government is completely isolated on this issue.

The UK market – aiding and abetting forest crime

The UK is the third largest importer of Brazilian mahogany. More than 800m³ of mahogany^{xvii} that the UK Government failed to seize in February and March will now have found its way to builders merchants, manufacturers and retailers, further legitimizing a corrupt and illegal trade.

Ibama's Fredmar Corrêa commented that while *'the UK calls for the conservation of the forest, [it] has an extremely voracious market for the very products that are the basis for the destruction of the Amazon'*.^{xviii}

Throughout the past year Greenpeace has been investigating the UK end of the mahogany trade. Our research shows that UK retailers such as Harrods have continued to provide a respectable face for this criminal trade, thereby aiding and abetting high-level crime in the Amazon.^{xix}

Harrods continues to hide behind the claim that it has checked with its *'longstanding suppliers [and has] been given documentary proof that the wood used in their products is from legal and sustainable sources'*.^{xx} Given that Ibama believes that many such documents are fraudulent and that almost all of the mahogany trade is illegal, it is difficult to see how Harrods can substantiate such claims.

Greenpeace continues to ask for responsible members of the timber trade to demand UK Government action to protect the Amazon and other ancient forest regions from illegal and destructive logging.

The UK Government – protecting the criminals, not the forest

According to Environment Minister, Michael Meacher: *'It is counterproductive to help enforce laws abroad without striving to ensure that illegally produced timber is not consumed at home.'*^{xxi}

At the 2000 G8 Summit in Japan, the UK Government agreed that urgent action was needed globally to tackle rampant illegal logging and destruction of the world's ancient forests. At last year's Labour Party Conference, Tony Blair reaffirmed this commitment, saying *'we could provide work and trade without deforestation'*.

Yet despite years of strong rhetoric and promises to get its own house in order, decisive action by other governments and clear advice from the CITES Secretariat and the European Commission, the UK Government has done nothing but side with a corrupt and illegal mahogany trade.

Since the end of February, governments in Belgium,^{xxii} Germany,^{xxiii} The Netherlands, the USA^{xxiv} and Canada^{xxv} have acted to seize mahogany imports in their own countries. By contrast, at the beginning of March, the UK Government refused to seize a mahogany shipment due to enter the UK, opposed Greenpeace's application for seizure of the mahogany once it arrived in the ports, and opposed Greenpeace's application for a judicial review of this decision in the Royal Court of Justice.^{xxvi}

On 13 March the CITES Secretariat advised that any export permits for mahogany issued by Brazil after October were '*issued contrary to the provisions of the Convention and should not be accepted*'. On 26 March, the European Commission warned all European Union countries not to accept Brazilian mahogany imports in light of conclusions reached by the CITES Secretariat and issued a statement: '*The European Commission advises Member States not to accept export permits for specimens of Swietenia macrophylla [mahogany] from Brazil until further notice.*'^{xxvii}

On 9 April 2002, Brazil's President Fernando Henrique Cardoso firmly reiterated his commitment to the trade ban and appealed for support in his country's fight to protect what remains of the world's most biologically diverse ancient forest, when he announced that his Government '*will do all it can to protect mahogany ... the ban on its extraction, processing, transport, and commercialization will continue... I hope and expect to be able to continue relying on the support of governments [and NGOs].*'^{xxviii}

The UK Government has still not committed to seize mahogany that arrives in the UK from Brazil. Greenpeace has received permission to judicially review the UK Government's failure to implement CITES and EU regulations on this issue.

Greenpeace believes that all mahogany exported since October should be returned to Brazil, and is demanding that the UK Government bans this illegal timber trade immediately.

Conclusions

The Amazon is just one of the ancient forest regions threatened by destructive and illegal logging practices.^{xxix} If these forests and the plant and animal species that depend on them are to be saved, then concerted international government action is needed, not only to stamp out the existing illegalities within the timber trade, but also to develop a meaningful and comprehensive programme for ancient forest protection and sustainable trade.

The UK claims to be at the forefront of action to protect ancient forests, but as the current situation with Brazilian mahogany shows, there is little substance behind this fine rhetoric. Greenpeace calls on the UK Government take the following steps:

- Ban all shipments of Brazilian mahogany being imported into the UK
- Amend UK Customs and Excise laws to allow the seizure of other suspected illegal timber shipments from ancient forests
- Press for international action to protect ancient forest regions at international meetings this year – including the G8 meeting in Canada and the Earth Summit in Johannesburg

ⁱ Brazilian President Fernando Henrique Cardoso (9 April 2002). Radio address.
www.brasilemb.org/environment/fhc_mahogany.htm

- ⁱⁱ See for instance Stefano Ambrogi (22 March 2002) “Germany seizes Amazonian mahogany shipment” *Reuters*.
- ⁱⁱⁱ Greenwire (4 February 2002). “Brazil: Enviro chief seeks US support to curb illegal logging”.
- ^{iv} ‘Partners in Mahogany Crime’ (October 2001)
www.greenpeace.org/~forests/forests_new/html/content/news.html
- ^v For further information on the mahogany kings and UK links, see ‘Partners in Mahogany Crime’
- ^{vi} Ibama Decree, IN17 of 19 October 2001
- ^{vii} Greenpeace UK Press release, 6 December 2001
- ^{viii} Ibama Decree IN22 of 5 December 2001.
- ^{ix} Brazilian President Fernando Henrique Cardoso (9 April 2002). Radio address.
www.brasilemb.org/environment/fhc_mahogany.htm
- ^x Karp J and Jordan M (28 March 2002). ‘US ports detain Brazilian mahogany in response to Brazil’s ban on exports’ *The Wall Street Journal*.
- ^{xi} From www.ibama.gov.br/noticias/materia.htm?id=263
- ^{xii} Letter to Forests Forever (1 March 2002).
- ^{xiii} Statement issued by Mauro Jose Mendes De Almeida, Justice Minister, Pará state, 8 February 2002
- ^{xiv} Letter from Rudolph Zachow of Ibama to US fish and Wildlife services, 30th April 2002
- ^{xv} Letter from head of Ibama to US Fish and Wildlife services, 2nd May 2002
- ^{xvi} www.cites.org/eng/append/III_1001.shtml Brazilian mahogany was registered under CITES in 1997. It can only be exported when accompanied by an Export Permit issued by Ibama once it is ‘satisfied that the specimen was not obtained in contravention of the laws of that State for the protection of fauna and flora’ – i.e. not logged or traded in contravention with national conservation legislation. As *Partners in Crime* exposed, Brazilian mahogany traders routinely falsify the documentation required by CITES.
- ^{xvii} Imported by Alan Thomas Craig Ltd. Source: Royal Court of Justice case (4 March 2002).
- ^{xviii} Quoted in the Guardian (27 October 2001) ‘Bid to halt mahogany smuggling’
- ^{xix} Those companies potentially implicated in the last twelve months include:
- **High class retailers:** Harrods, John Lewis Partnership
 - **Prestigious manufacturers:** Rackstraw, Arthur Brett, Wood & Mott, Titchmarsh & Goodwin, Restall Brown & Clennell, Charles Barr, Burns Guitars
 - **Timber importers, traders and agents:** DLH Nordisk, John Boddy, International Timber, Timbmet, James Latham plc, Vincent Murphy
- Since the release of *Partners in Mahogany Crime*, Greenpeace has had contact with many of these companies and some have agreed to remove Brazilian mahogany from their ranges. These include John Lewis, Charles Barr and Burns guitars (Source: Charles Barr and Burns Guitars – correspondence with Greenpeace, John Lewis – letter to Greenpeace). No responses have been received from International Timber, James Latham plc, Vincent Murphy, Restall Brown & Clennell and Rackstraw.
- ^{xx} Email from Michael Mann, Media Relations Dept, Harrods (15 November 2001)
- ^{xxi} Written parliamentary answer, (28 July 2000) *Hansard*.
- ^{xxii} Belgium Environment Minister Aelvoet. Source: Greenpeace (22 March 2002) “German government seize Brazilian mahogany”.
- ^{xxiii} German Minister of Forestry, Jürgen Trittin. Source: Greenpeace (22 March 2002) “German government seize Brazilian mahogany”.
- ^{xxiv} Karp J and Jordan M (28 March 2002). ‘US ports detain Brazilian mahogany in response to Brazil’s ban on exports’ *The Wall Street Journal*.
- ^{xxv} Mahogany has been impounded by the Canadian Government in Ontario since the beginning of May
- ^{xxvi} Royal Court of Justice (4 March 2002)
- ^{xxvii} Christoph Bail, Head of global and international affairs at the European Commission Environment Directorat (26 March 2002). ‘Note to the Management Authorities of the 15 EU Member States’ DG ENV.E.3./CB/CO/kkD(2002) 630163.
- ^{xxviii} Brazilian President Fernando Henrique Cardoso (9 April 2002). Radio address.
www.brasilemb.org/environment/fhc_mahogany.htm
- ^{xxix} More details at www.greenpeace.org