

Opportunity Knocks

How and why Chinese importers need to help
fight illegal logging in the Congo Basin.

GREENPEACE

November 2015



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The Missed Opportunities by China, EU and US to address the global trade of Congo Basin's illegal timber - Addressing the "Calculated Ignorance" by influential Chinese Importers

Introduction

The second-largest tropical rain-forested area in the world after the Amazon, the Congo Basin Forest, is under increasing threat of deforestation and forest degradation. One of the key drivers is commercial logging. This vast area supports more than 75 million people who rely on these natural resources for their livelihoods. It also stores a massive amount of carbon, meaning it plays a key role in regulating the global climate and that effective conservation and responsible forest management is crucial.

Efforts to reduce the negative social and environmental impacts of commercial logging are being undermined by illegal operations and the related trade in illegal timber. Despite the fact that key market countries and Congo Basin governments have introduced measures aimed at tackling the issue, illegal logging remains widespread across the region and the timber from these destructive practices is continue to be placed on markets across the world.

Severe governance problems continue to blight Congo Basin countries, chief among them a lack of transparency in decision-making processes and rampant corruption. Actions taken by key importers on the demand side are also not being sufficiently implemented and enforced. As

long as these issues are not being adequately addressed by governments in the region then illegal logging will be allowed to continue.

This briefing exposes the role that top Chinese timber traders play in fueling illegal logging and forest destruction in the Congo Basin region. It also compares the policy responses to illegal logging and related trade in major consumer countries, including China.

Protecting the world's forests is essential if dangerous levels of climate change are to be prevented. Several initiatives aimed at doing just that were announced in the lead up to the crucial Conference Of the Parties (COP) of the Climate Convention due to be held in Paris in December 2015. Greenpeace is among those calling for China, the EU and the US to jointly increase their efforts to protect the Congo Basin forest and collectively address the issue of global trade in its illegally-sourced timber.

Executive Summary

The forestry sector in the Congo Basin is beset by rampant corruption, a lack of transparency and a lack of proper monitoring and law enforcement on the ground. As a result illegal logging remains a widespread problem and a significant amount of illegal timber is exported to international markets every year.

In 2012, China surpassed the European Union (EU) as the most important market for Congo Basin wood. By 2014, half of the total volume of timber exports from the region was exported there, compared to a third heading to Europe. The US accounted for 3%.

The Chinese import of Congo Basin wood is dominated by a small group of influential companies. In 2014, the top five importers accounted for almost half of the total number of logs brought into the country while the leading 20 were responsible for 86% of the total, eight of which were State Owned Enterprises (SOE).

These purchases also impact significantly on Congo Basin trade. In 2014 the same 20 companies were responsible for just over 70% of the region's total logs export that year. The influence of these companies has increased dramatically in the last decade. In 2004, the total trade percentage was just over 40%.

From 2004-2014, the top 5 Chinese importers in any given year (except 2011) have accounted for more than 40% - and the top 20 for more than 80% - of the total volume of logs brought into China from the Congo Basin. During the same period, the top 5 in any given year have purchased on average 32% - and the top 20, 57% - of the total amount of logs exported.

The figures alone show how influential a role China plays in the forest sectors of Congo Basin countries and thus it has a duty and an opportunity to tackle illegal logging in the region.

While the EU and US have introduced legislation to tackle the issue of illegal timber, the Chinese government has so far only introduced voluntary measures. It is therefore reliant on the ability and willingness of the timber sector itself to clean up the trade in suspect wood. However, based on the results from interviews with the larger traders conducted by Greenpeace East Asia, those companies seem to play ignorant and are unwilling to address the issue.

Case studies recently carried out by Greenpeace and partner organizations reveal how the supply chains of three of these prominent Chinese importers have been found to be "contaminated" by illegal timber. Given the huge volume of wood brought into the

country each year and the high percentage of illegal timber coming from the Congo Basin and the fact that the majority of leading Chinese importers seem to generally ignore the problem of illegal logging then it is easy to conclude that these cases may be just the tip of the iceberg.

China should follow the examples of the EU and US by introducing legislation to control the timber sector and thus reduce the country's role in the trade of illegal wood.

As a first immediate step the government should stipulate that any State-owned Enterprises (SOEs) involved in trading Congo Basin wood apply the strongest due-diligence in preventing illegal products from entering the Chinese market. This needs to be followed by the introduction of a program that requires all importers to adopt robust measures and procedures to prevent the sourcing of illegally harvested timber.

The EU and US, for their part, should ensure that their own legislation is actually effective and is properly enforced so that they may then be able to offer support and experience to China when implementing their new laws.



Above & Left: Afrormosia, a highly valued tropical hardwood, is logged by SAFBOIS concession. Afrormosia is a protected tree species whose international trade is strictly regulated (listed under CITES Appendix II). The logs are waiting to be transported by Lomami River, tributary of Congo River, near the Village of Yatunga. Photo : Jiro Ose/Greenpeace

1. Destructive and illegal logging and its role in deforestation in the Congo Basin

Photo : Greenpeace/John Novis

1.1 The Congo Basin rainforest

The second largest forest in the world after the Amazon Basin, the Congo Basin rainforest covers 200 million hectaresⁱ As of 2015, over 99% of the forested area is primary or naturally regenerated forest (as opposed to plantations)ⁱⁱ and 46 percent is lowland dense forest.ⁱⁱⁱ

It spreads across six countries: Cameroon, the Central African Republic, Republic of Congo, the Democratic Republic of Congo (DRC), Equatorial Guinea, and Gabon. The forests are home to about 30 million people and they provide livelihoods for more than 75 million people from over 150 ethnic groups who rely on local natural resources for their food.^{iv}

The Congo Basin forests store a massive amount of carbon and play a vital role in regulating the global climate. Effective conservation and responsible forest management is therefore crucial. The forests contain an extraordinary range of biodiversity, including approximately 10,000 species of tropical plants (30% of which are unique to the region), some 400 mammal species, including rare and threatened ones such as forest elephants, chimpanzees, lowland and mountain gorillas, as well as around 1,000 species of birds, 900 species of butterflies and 280 species of reptiles.^v

In 2013, the Congo Basin countries had 86 million hectares of Intact Forest Landscapes (IFLs).^{vi} IFLs are large (at least 500 km²) un-fragmented areas of forests, which are impacted little by human economic activity. They are extensive tracts of primary forest, or landscape-level un-fragmented forest ecosystems, but they may also contain non-forest ecosystem features, such as lakes.^{vii} Such areas store disproportionately high amounts of the world's forest carbon and biological diversity. If protected from fragmentation and subsequent exploitation they will continue to do so.



Congo Basin

- Cameroon
- Equatorial Guinea
- Gabon
- Republic of Congo
- Democratic Republic of Congo
- Central African Republic

1.2 Deforestation & forest degradation in the Congo Basin

The Congo Basin forest is increasingly under threat from forest destruction, be it in the form of deforestation or degradation.

According to figures included in Food and Agricultural Organization of the United Nations (FAO) 2015 Forest Resource Assessment (FRA) data, the region lost an estimated 575,000 hectares – equivalent to five times the area of Hong Kong – of forest per year in the 20-year period between 1990 and 2010.^{viii} The FAO figures refer to “net” deforestation, an approach that distorts the true loss of primary forest through conversion to secondary regrowth forests and plantations.^{ix} While the report shows a slight decline in annual forest area loss for the period 2010-2015, it remains alarmingly high^x and other studies point towards a trend of increasing deforestation and forest degradation in the Congo Basin.^{xi,xii}

Industrial logging is the most widespread form of land use with almost 492,000 km² of forest currently allocated as concessions.^{xiii} This means that almost a quarter of the region's total lowland tropical forests will be “selectively” logged at least once within the near future. The proportion of forest area designated for logging is particularly high in the Republic of Congo (74 percent) and the Central African Republic (44 percent). All the indicators suggest industrial logging is only expected to be further expanded throughout the region.^{xiv}

Between 2000 and 2013, Congo Basin countries lost approximately nine million hectares worth of IFLs.^{xv} Industrial logging has been identified as a main driver of this loss.^{xvi} Fragmentation, caused by the creation of roads to transport logs, is the first, often overlooked, link in the chain of forest destruction. The build-up of a network of roads can soon result in a once intact forest being cut into pieces.

^{xvii} The opening up of these previously inaccessible areas produces undesirable consequences such as poaching and changes in agricultural practices that in turn lead to increased degradation and loss of biodiversity. IFL loss is exacerbated in peripheral forest areas by higher population density, urban growth and the resultant higher demand for agricultural products, energy and building materials. Degraded forest then has more likelihood of being totally deforested in order to make space for farming and further settlements.^{xviii} Research has shown that over a span of 10 years, the degradation rate within designated logging permit areas in the DRC was 3.8 times higher compared to other areas of primary forest.^{xix}



Above: Aerial view of the Congolese rainforest. Taken on a flight from Kinshasa to Bumba. Photo : Thomas Einberger/argum/Greenpeace

Top: Natural forest environment near the village of Essam, Molongo. Photo : Greenpeace/John Novis

2. Key Congo Basin Timber Market

1.3 Illegal Logging in the Congo Basin

Commercial logging is evidently an important cause of forest fragmentation and degradation, yet many of the attempts to reduce its negative environmental and social impacts are consistently undermined by widespread illegal practices and corruption in forestry sectors throughout the Congo Basin.

Efforts from African governments and donor countries to strengthen law enforcement and monitoring within these sectors have so far produced limited results. Recent research from the Center for International Forestry Research (CIFOR) highlighted the extent to which bribery of and by government officials has pervaded the various stages of timber production, namely harvesting, transportation and export.^{xx}

Illegal logging and associated trade has been fueled by a growth in demand for Congo Basin timber and facilitated by poor governance within the forestry sector. In 2015 four of the six Congo Basin countries exceeded the Failed States Index (FSI)^{xxi} mark of 90 designating an “alert” category^{xxii} and the majority also score very badly on Transparency International’s Corruption Perception Index.^{xxiii}

Illegal logging causes massive economic losses on the continent in general. The African Progress panel’s^{xxiv} 2014 report estimates it can represent as much as US\$17 billion worth of lost revenues for African countries per year.^{xxv} Reliable data on the exact figures are, obviously, very hard to come by given the illegal nature of these activities. According to some studies, in Cameroon, annual losses are estimated at US\$5.3 million; in the Republic of Congo, US\$4.2 million; and in Gabon, US\$10.1 million. These figures do not include estimates for “informal” logging carried out by small-scale operators - the majority of whom operate illegally.^{xxvi}

In Cameroon, official independent monitoring organizations have consistently documented widespread illegalities in the

industrial logging sector.^{xxvii} A 2014 independent auditor report concluded that not a single company could be considered as operating legally because not a single logging permit in the country complied with the legality criteria that the EU and the Cameroon government had agreed upon in the context of the Voluntary Partnership Agreement (VPA).^{xxviii} In 2015, a report from the think tank, Chatham House, concluded that illegality in Cameroon is ubiquitous in timber supply chains for export.^{xxix}

A 2014 report from Chatham House found that in the DRC nearly 90% of all logging in the DRC is estimated as illegal or informal^{xxx} while the same figure is 70% in the Republic of Congo.^{xxxi} Similar to Cameroon, independent monitoring organizations - who have a formal mandate to look at logging practices in both countries - have continually uncovered widespread illegal forestry practices.^{xxxii, xxxiii, xxxiv}

A Global Witness investigation published in July 2015 stated that the armed conflict in the Central African Republic is partly financed by profits from illegal logging. Related corruption in the forest sector is rampant and the state has no capacity whatsoever to either control or sanction any wrong doers.^{xxxv}

An absence of independent monitoring and civil society organizations means there is little recent data published to document the scale of illegal logging in either Gabon or Equatorial Guinea. But there are strong indications the levels are high in both countries.^{xxxvi} In Gabon for instance, many companies continue logging without management plans after their initial licenses have expired;^{xxxvii} Equatorial Guinea, meanwhile, ranked the worst of all Congo Basin countries in Transparency International’s 2013 corruption perception index^{xxxviii} and the country is failing to enforce laws and create transparency in a forest sector plagued by rampant corruption, a lack of accountability and collusion between authorities and timber companies.^{xxxix}

2.1 China’s Growing Importance

The main export markets for Congo Basin wood are the EU and China. Figure 1 shows the ten year trends of their respective total import volumes of timber from the region. Since 2007-2008, the EU’s has steadily decreased while China’s has consistently increased, to the point where it exceeded Europe in 2012 to become the single biggest importing country.

By 2014, China’s total timber import from the Congo Basin reached 2.9 million cubic meter (m³ round wood equivalent (RWE), representing 47.5% of the region’s entire timber export, far exceeding the 2 million m³ RWE heading to the EU (equivalent to 33%).^{xl}

China’s appetite for logs has a detrimental effect on the prospects of wood processing industries in countries such as Gabon, Republic of Congo and Equatorial Guinea that sell most of their wood to China. It is estimated that China imported 82% of the total (raw) logs exported from the Congo Basin in 2014.^{xli}

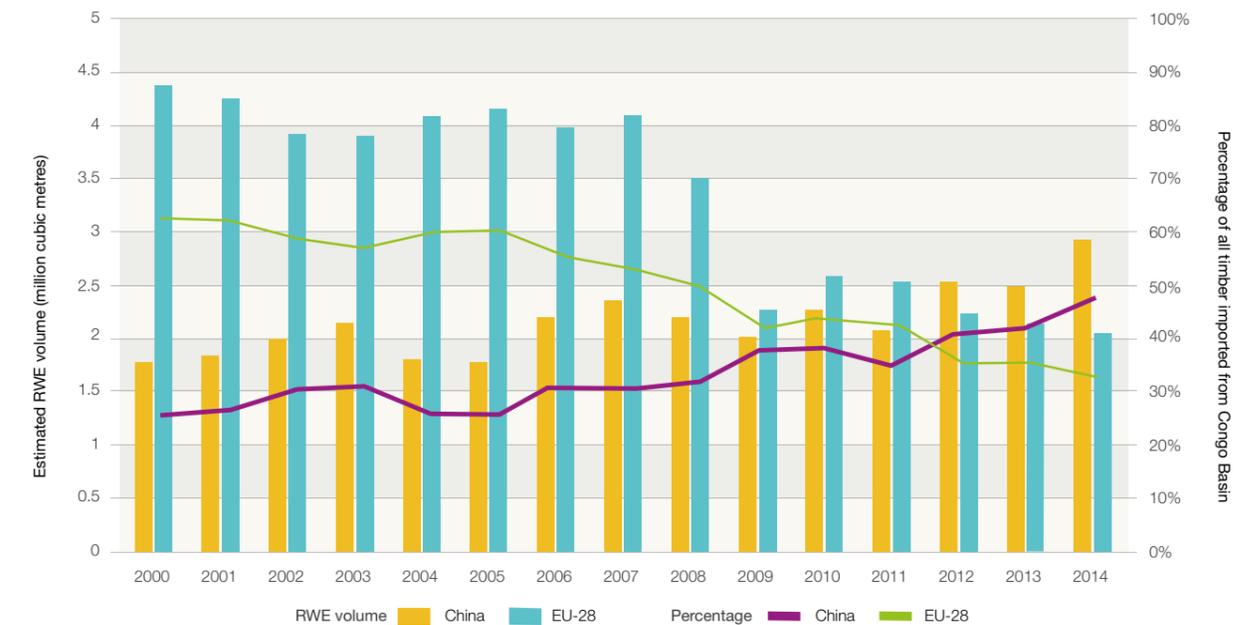


Figure 1: China and EU 28’s imports of CB timber and market share. Data Source: General Administration of Customs of the People’s Republic of China [for China] and Eurostat (CN8, monthly) [for the EU]

2.2 How China's Buying Power impacts the Global Timber Trade

A Chatham House report published in 2015 warned that efforts to tackle illegal logging have been eclipsed by rapid and profound changes in the global forestry sector. It said one of those major developments was the growing importance of China in the trade of suspect wood. Being the largest consumer of timber in the world and a major processing hub, it is the destination for about half of all illegally-traded wood-based products.^{xiii} A 2012 report from the Environmental Investigation Agency (EIA) claimed the country is the largest importer, exporter and consumer of illegal timber in the world. *“China’s unprecedented import boom has resulted in an ever-increasing proliferation of timber suppliers from so-called high-risk countries where illegal logging is rife”*. EIA’s concludes in its report: *“Chinese traders thrive on crime, corruption, the purchase of political patronage and poor forest governance in the producer countries from which they source”*.^{xiiii}



Above & Right: A pile of Cameroonian logs photographed in the port of Zhangjiagang carrying the markings of the Cameroonian timber trader CCT and various Vente de Coupe numbers. (eg VC 08 09 217 owned by FEEMAM - one of many Cameroonian companies that is linked to illegal logging of Vente de coupe logging permits). March 2015 in Zhangjiagang port @ Greenpeace.

China’s strong demand for tropical timber and weak forest governance in many African countries is a dangerous combination which drives illegal logging and the related trade. Greenpeace East Asia and Africa investigations revealed that many logs stacked in Chinese ports can be directly linked to illegal activities in the Congo Basin. For example, in September 2015, Greenpeace published results of field investigations in Cameroon, where China has recently overtaken the EU as the largest importer of its wood. The report documented suspect and illegal logging practices by a number of companies abusing the logging permits known as “vente de coupes”. The focus of the report was Compagnie de Commerce et de Transport (CCT), a major timber trading (and processing) company. Research carried out in 2014 and 2015 in the Chinese port of Zhangjiagang in Jiangsu Province found large quantities of Cameroonian logs that were traded by CCT and exported to China. An in depth investigation into their origin showed that many could be linked to Cameroonian logging companies involved in illegal forestry.

China’s increasing market share and importance do mean however that if the government decides to take effective measures against the illegal timber trade then it is likely to influence African governments, other key importers and donor countries to redouble their own efforts.



Logs stacked in Zhangjiagang port, China, August 2014. Copyright: Simon Lim/Greenpeace

3. Purchasing Power of Influential Chinese Trading Companies

Around 100 Chinese companies are importing timber from the six Congo Basin countries. As the facilitators of market entry for the wood they play an important role. It is therefore a far easier and far more logical point of intervention for the Chinese government to regulate these companies rather than attempting to directly influence the thousands of secondary and tertiary traders and product manufactures further down the line.

3.1 Analysis of Africa log imports by prominent Chinese importers (2004-2014)

Greenpeace analyzed the Chinese customs data of log imports from the Congo Basin to China between 2004 and 2014 to get a better understanding of the power these companies wield.

For the purpose of analysis logs were chosen rather than sawn timber because they have consistently been the largest category of wood product imported from Africa by China. In 2014, logs constituted nearly 60% of total forest products imported from the Congo Basin region.

The important trends that came out from the custom data analysis are presented in the following charts. Full figures can be found in APPENDIX 1.

Chinese demand for logs from the Congo Basin has increased steadily over recent years. In 2004 the total volume of logs imported amounted to 1,550,743 cubic meters. By 2014, that figure had risen by 11% to 1,722,852 cubic meters. During this period of time, the top 5 importers in any given year (except 2011) have accounted for over 40%, and the top 20 for over 80% of volume, of China total logs imports from the Congo Basin.

During the decade analyzed, the largest five Chinese importers controlled between 30% and 60% [referring to Appendix 1] of the total volume of Congo Basin logs placed on the Chinese market, or an average of 32% in any given year. When this is expanded to the top 20 importers, they traded collectively between 80% to 90% of the total log import volume during the same period. For example, in 2014 more than 86% of total Chinese log import was contributed by 20 top Chinese importers.

In terms of the volume of logs exported from the region, the share bought by the leading 20 Chinese companies has increased substantially during the last decade. In 2004, they accounted for 40% of the total amount of logs exported from the Congo Basin but by 2014, that figure had nearly doubled

to more than 70% and there were 110 Chinese companies trading in Congo Basin wood.

That same year the percentage of total logs exported bought by those larger importers from the respective Congo Basin countries, was, in descending order: Equatorial Guinea 95%, Republic of Congo 85%, Central African Republic 78%, DRC 76%, Gabon 64% and Cameroon 63%. (See APPENDIX 1 for detailed breakdown of each country.)

By controlling such a large share of each country's timber wood, these few companies have a disproportionately large influence on the Chinese timber industry and effectively act as a "gatekeeper" for Congo Basin wood arriving in the country. The logic follows that if high risk, suspect or illegal timber is placed on the Chinese markets by these leading importers then stakeholders further down the supply chain risk purchasing or trading illegal wood as well.

Further analysis of the custom data reveals that 8 of the top 20 companies are stated-owned enterprises (SOE). Collectively, they controlled around a quarter of the log import from the Congo Basin into China in 2014. Figure 5 shows a gradual decrease in the total number of logs imported by SOEs in the last five years. However, as government funded companies, Greenpeace is of the opinion that they should carry out even stricter due-diligence processes in comparison to commercially-controlled operators.

According to the International Timber Trade Organization (ITTO), the government of Gabon ordered an export ban on all logs in May 2010. However, Chinese custom information shows that although there was a sharp dip in volume, trade in logs between the two did not actually stop and a select number of operators continued to play a disproportionate role. In 2014 alone, the top three Chinese importers accounts for more than half of the total import of Gabon's logs into China.

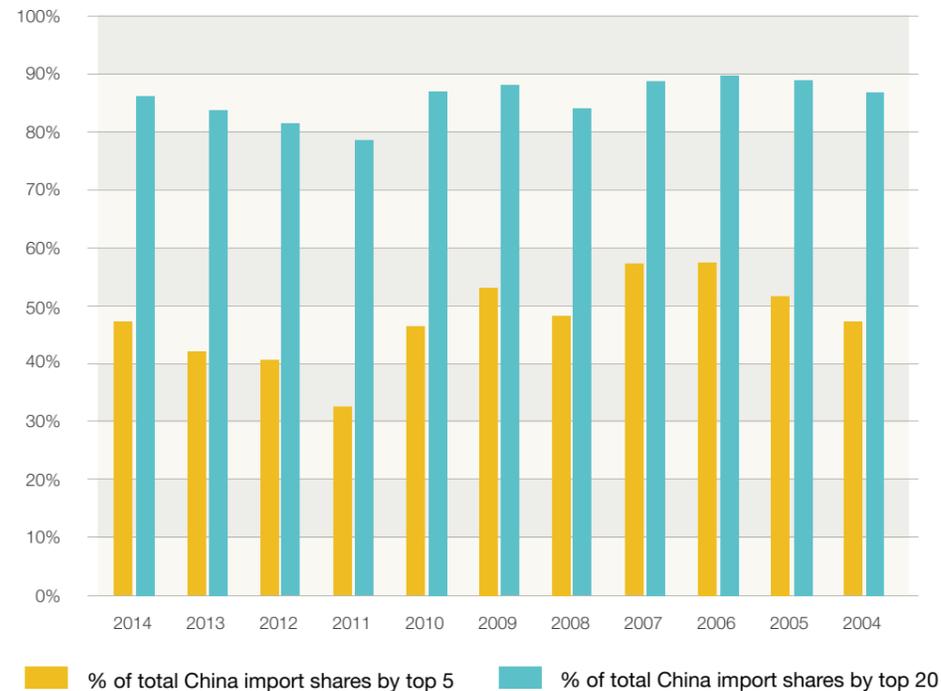


Figure 3: Percentage of trading volumes of CB raw timbers by top 5 & top 20 Chinese importers (based on China total import from CB) Data Source: General Administration of Customs of the People's Republic of China [for China]

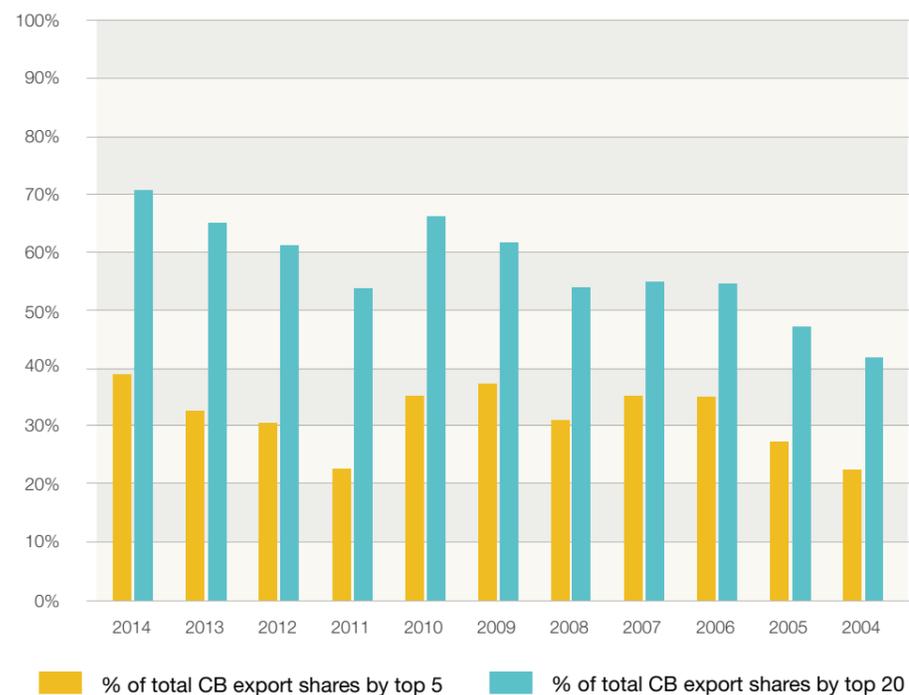


Figure 4: Percentage of trading volumes of CB logs by Top 5 & Top 20 Chinese importers (Based on CB total export) Data Source: General Administration of Customs of the People's Republic of China [for China]. Total CB exports were based volumes of logs reported as imports by the Congo Basin countries' partner countries, using Eurostat, UN Comtrade and others.^{xlv}

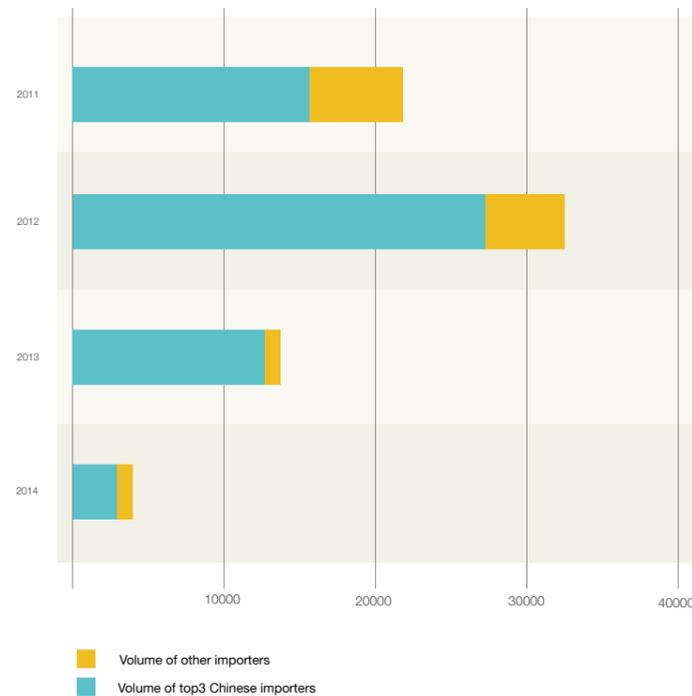


Figure 5: China's logs import from Gabon after 2010 Unit Cubic Meter

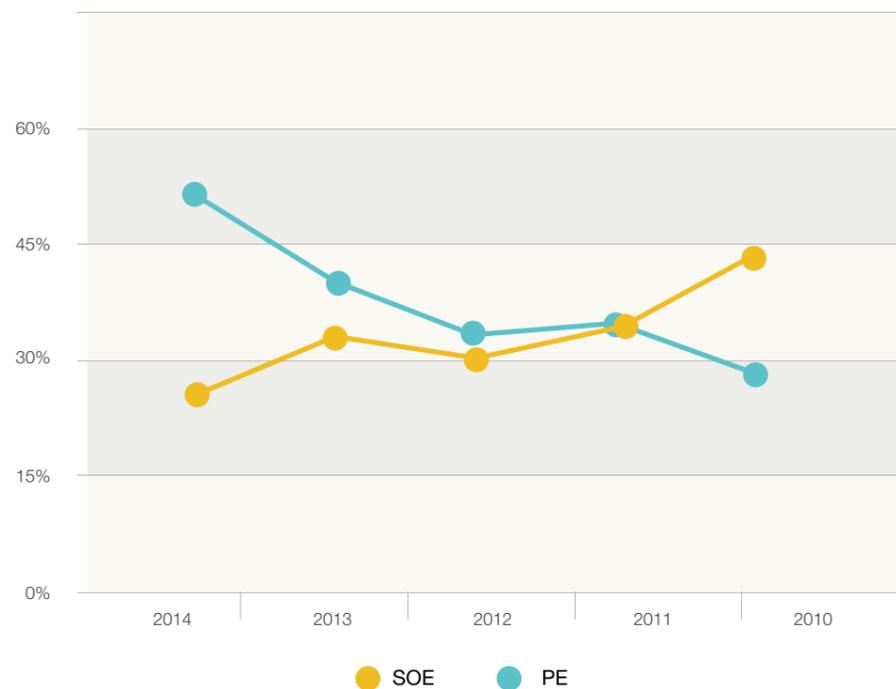


Figure 6: The trend of top 20's import from 2010-2014 that are controlled by Chinese state-owned enterprise (SOE) vs. private enterprise (PE) Data Source: General Administration of Customs of the People's Republic of China [for China]

3.2 China operators' lack of awareness and willing on timber legality

The Chinese government has up to now introduced only voluntary measures for the timber sector to clean up its act with regards to illegal timber (see in more detail per. 4.3). To a large extent this approach depends on the good intention and ability of companies to self-regulate.

In order to find out if the Chinese market really is that different from Europe and to better understand what level of awareness importers have concerning potentially illegal timber in their supply chain, Greenpeace East Asia reached out to 27 important Chinese importers of Congo Basin timber for interviews. These companies were selected based on the following criteria: the top 20 in 2014 in terms of their total import volume of logs, additional top five importers in 2014 for individual Congo Basin countries (that are not already in the top 20 list), as well as other important Chinese importers that have been implicated in illegal timber investigation cases by Greenpeace and/or other organizations.

The interviews were conducted by phone between September and November 2015 to study the importers' awareness on timber illegality as well as their commitment to full legal compliance in their day-to-day business. Of the 27, 16 operators accepted the request, five refused and the other six were uncontactable. Of the companies selected, 12 of them are State-owned Enterprise (SoE), and only 6 of them accepted the interview. Details of the companies' list and summary outcome of the interviews are available in APPENDIX 2.

Important outcomes of the interviews:

1) No serious attention is being paid to issues of illegal timber from the Congo Basin

Of the 16 companies interviewed, exactly half said they had heard about illegal logging in the Congo Basin rainforest but could not really convey what the main regular illegalities are. One trader, China SDIC International Trade Nanjing Co. Ltd. Trading, did admit it had sourced problematic timber, which they referred to as "small logs" felled locally without legal authorization.

The two largest Chinese importers in 2014 are Jiangsu Wanlin Modern Logistics Co., Ltd. and Shanghai Mailin International Trade Co., Ltd. The latter is a subsidiary of the former. Together they account for 23.6% of the logs imported

that year by China from Congo Basin. In the interview, they claimed "Our major business is the "clearing" of goods through customs barriers for our customers. We don't know much detail about the source of timber."

However, on its official website Jiangsu Wanlin Modern Logistics Co., Ltd., describes its services thus:

"Wanlin has the veteran international trade team and stable international suppliers, and has established long-term friendly cooperative relations with Changqing, WTK, France Sanlin and other large international timber suppliers. Our company operates wood agency procurement business from the Far East, North America, Africa, and South America." ^{xlv}

This means the company plays an important role in the sourcing and importing of timber.

Four of the companies stressed that their suppliers in Africa are European and/or American, which they considered as a guarantee of timber legality. Two - Vicwood Industry from Suzhou and Dejia Wood Industry - claimed the timber they have traded is legal because they have concessions in Africa. However, illegal activities have been discovered in both their concessions (See section 3.3).

2) Low expectations from customers

Given the main business of most of the companies interviewed is trading, we asked whether they received requests from their clients regarding the need for timber legality certification.

The result was alarming. Only three companies answered yes. They were asked to provide a Forest Stewardship Council (FSC) certificate. Just one had been requested to provide further information about the timber including the country of origin, the logging zone, and the volume logged annually in this area. However the company also said it was "impossible" to provide such details because their suppliers in the producing countries could not produce the valid documentation themselves. The interviews show a worrying pattern that the issue of timber has not been a concern for the majority of companies in the Chinese supply chain buying African timber.

3) Companies' perception of legality is influenced only by Chinese laws and regulations

When we asked how the companies ensure the legality of their wood, all interviewees responded that they try to provide the general documentation required for clearance by Chinese customs, such as a certificate of origin, inspection and quarantine certificate and a Convention on International Trade in Endangered Species (CITES) certificate. This shows importers remain mainly focused on providing paperwork to satisfy the administration needed to meet China's customs requirements.

Although all the companies claimed they have the certificate of origin and inspection & quarantine certificate issued by local governments, it is well known that such documentation can and is easily faked. This reveals a gaping loophole stopping illegal timber from entering China if there is no stronger due-diligence requirement in place.

4) Little willingness exists to understand and address the problem of illegality

When Greenpeace East Asia offered to provide them with information about illegal logging in the Congo Basin, only two traders expressed a clear interest. One company said they have to purchase timber from uncertain sources if there is no other option. Another said they care more about suppliers providing products on time, demonstrating that a reliable and continuous supply is more important than the legality.

It can be concluded from the interviews that the awareness of illegal logging and the willingness to ensure timber legality is weak among China's leading importers of Congo Basin wood. It is also extremely worrying that some companies may knowingly trade illegal or suspect timber.

The measures introduced by the Chinese government so far possess neither deterrents nor incentives for companies to move from their business-as-usual approach. Knowing that there is little repercussion for any transgressions, they have adopted what could be called a "calculated ignorance" towards the import of illegal or suspect timber from the Congo Basin.



Above: Afrosmosia logs are waiting to be transported by Lomami River, tributary of Congo River, near the Village of Yafunga. Photo : Jiro Ose/ Greenpeace

3.3 Case Studies: Illegal logging linked to Chinese importers

Previous investigations by Greenpeace Africa,^{xvi} Global Witness,^{xvii} as well as official EU Forest Law Enforcement, Governance and Trade (FLEGT) independent monitoring organizations have produced evidence that links several of China's top trading companies to the import of illegal timber from the Congo Basin and/or established their direct involvement in illegal logging activities

Given the huge volume of wood brought into the country each year and the high percentage of illegal timber coming from the Congo Basin and the fact that the majority of leading Chinese importers seem to generally ignore the problem of illegal logging then it is easy to conclude that these cases may be just the tip of the iceberg.

Case 1: China SDIC International Trade Co.

Company Profile: According to the company's website, China SDIC International Trade Co., Ltd., is a State Owned Enterprise (SOE) mainly engaged in international trading of bulk commodities. Since 1999, it has been ranked among the "Grade-A Import and Export Enterprises in China". The company has 10 wholly-owned second tier subsidiaries. Currently, its trade business covers more than 100 countries and regions worldwide.^{xviii} The company and its subsidiary in Nanjing (China SDIC International Trade Nanjing Co., LTD) account for just over 10% of the logs China imports from Cameroon in 2014. Together they ranked as the ninth largest importer of logs from the Congo Basin that year.^{xix}

Importing Illegal Timber from Cameroon: In 2014, a Greenpeace East Asia and Africa investigation discovered that China SDIC International Trade imported about 3,000 m³ of logs from Uniprovince,¹ a Cameroonian timber company acquired by Herakles Farms. The timber is a combination of illegal wood derived from two sources.

1) Timber produced from illegal forest clearance by Herakles Farms and laundered via Uniprovince

SGSOC Holding Ltd, the Cameroonian subsidiary of Herakles Farms (HF), an American private equity firm, began illegally clear-cutting forestⁱⁱ to establish palm oil nurseries in 2010 without a presidential decree authorizing the concession – an approval required by law.ⁱⁱⁱ In April 2013, its forest clearing operations were temporarily suspended by the Minister of Forestry for "violating forestry regulations", which led to HF

stockpiling hundreds of illegally felled logs in its nursery site. Knowing it would not be able to legally sell wood because it is not registered as a timber company in Cameroon, in March 2013, SGSOC acquired Uniprovinceⁱⁱⁱ using the latter as a means to launder and commercialize the wood from their plantation. In 2014, Uniprovince started to ship this illegally cleared timber to the port of Douala.^{iv} A substantial part was exported to China^v and SDIC International Trade Co., Ltd. was one of the buyers.

2) Timber from illegally allocated logging permit VC n° 11-02-10

On January 28, 2014, Minister Ngole awarded "vente de coupe" ("sale of standing volume") n°11-02-10 for an area of 2,500 ha to Uniprovince. The "vente de coupe" is located inside the HF concession where almost all of the company's illegal logging has taken place. This allocation had been in flagrant violation of Cameroon's forestry legislation^{vi}. National law specifies that "vente de coupe" permits can only be awarded by a competitive public auction^{vii}, something that did not happen in this case^{viii}. Timber illegally logged within this permit was also a part of the 3000m³ imported by SDIC International Trade Co., Ltd, according to a leaked internal shipping list (Figure 3).

Case 2: Dejjia Wood Industry

Company Profile: According to the company website, Dejjia Wood Industry Co., Ltd. is a manufacturer of wood products located in Foshan, Guangdong Province. The company produces wood doors, closet, cabinets, and furniture.^{ix} In 2007, a 613,106 ha forest concession UFA Kéllé Mbomo, located in the Cuvette Ouest province, was granted to the company's subsidiary in Republic of Congo, Congo Dejjia Wood Industry CO., Ltd (CDWI), for a period of 15 years.^x

According to data provided by Chinese Customs in 2014, the company is the country's largest importer of logs from the Republic of Congo, accounting for just under a quarter of the total volume. It is also the fourth largest importer of logs from the entire Congo Basin, with 7.2% of the total. The company has faced criticism for alleged illegal operations in its concession ever since it was allocated.^{xi}

Poor track record: In 2008, Resource Extraction Monitoring (REM), the Independent Monitor (IM-FLEG) in Republic of Congo at that time, organized a joint field mission with the Direction Départementale de l'Economie Forestière de la Cuvette Ouest (DDEF-CO) to inspect the work in Deija's Kélé Mbomo concession and assess whether Deija Congo Wood was correctly following forestry legislation on site.^{lxii} During the investigation, the team found several illegal activities. For example, the company altered its worksite diary^{lxiii} (carnet de chantier) and failed to adequately update it as required. The team also found the company logging in an unauthorized area.^{lxiv} For this reason, DDEF-CO issued two statements of offence against the company.

On May 10, 2012, the General Director of Forest Economy (Direction Générale de l'Economie - DGEF) ordered a suspension on the export of roundwood by 13 companies operating in the country,^{lxv} including Congo Deija Wood. The order was valid until December 31, 2012.^{lxvi} During a field visit to verify compliance with this order IM-FLEG found the company had exported 5,167.85 m³ of round wood between June and August 2012,^{lxvii} during the suspension period and apparently in violation of the order.

On-going illegal activities: The current IM-FLEGT, Cercle d'Appui à la Gestion Durable des Forêts (CAGDF) carried out an investigation in 2014 to monitor the company's operation. Further illegal activities were discovered including:

- Obtaining an annual logging permit (ACA: autorization de coupe annuelle) for 2014 despite an incomplete and inadequate application, which did not fulfil Congo forest legislation requirements.^{lxviii}
- Logs bearing either incorrect marks or none at all.^{lxix} Marking wood is a way to ensure legality and enable it to be traced back from market to origin.
- Felling trees below the legally stipulated minimum diameter^{lxx}
- Tax evasion^{lxxi}
- Exceeding species quotas^{lxxii}
- Cutting wood using an expired permit (ACA)^{lxxiii}

The Independent Monitor's reports from 2008 to now reveal Congo Deija Wood has clearly been involved in illegal operations for a number years. Yet during a telephone interview conducted by Greenpeace East Asia in September 2015, the parent company claimed that all their timber is legal simply because they "have a concession in Republic of Congo".

Case 3: Vicwood Industry (Suzhou) Co. Ltd.

Company profile: According to the company's website, Vicwood Industry (Suzhou) Co., Ltd. is a large-scale wood-processing enterprise established by its sole investor Hong Kong Vicwood Group in 1993. It is located in Suzhou, Jiangsu Province and produces veneer, flooring, plywood, wood for high end decorative furnishings and lumber. The company imports logs from Africa, US, and Europe. Their annual capacity is 200,000 cubic meters.^{lxxiv}

Illegal operations in Cameroon and Central African Republic: The Vicwood Group operates in Congo Basin countries and has been criticized for illegal activities in Cameroon and Central African Republic.

1) Acquisition of illegally allocated concessions

Vicwood Group operations in Cameroon commenced in 1997 after it acquired various subsidiaries of the French company Thanry.^{lxxv} A number of concessions it took over were allocated illegally (the four Unité Forestière d'Aménagements (UFA's) that were managed by Thanry's subsidiary CFC were allocated via a discretionary procedure instead of public auction^{lxxvi}). With almost 570,000 ha of forest concessions, some 10% of the total allocated in Cameroon, Vicwood has by default become the largest concession operator in the country.^{lxxvii} In the past the company's local subsidiaries have been repeatedly linked to illegal logging.^{lxxviii}

2) Financing armed groups in Central African Republic (CAR)

Vicwood controls four forest concessions in the CAR covering 1,018,771 hectares,^{lxxix} in a country where illegal logging is rampant and the government has had little to no control over the sector.^{lxxx}

CAR's commercial wood is exported to Europe and Asia via the Cameroonian port of Douala.

Global Witness revealed in July 2015 how the country's leading timber companies – which are French (IFB), Chinese (Vicwood Group) and Lebanese-owned (SEFCA) – contributed financially to the SELEKA a coalition of armed rebel groups, during civil conflict that raged from April 2013 to January 2014. Global Witness warned that "by accepting the rules imposed by the SELEKA, SEFCA, Vicwood and IFB are accessories to the crimes of their protectors"

The wood those companies traded should therefore be considered as "conflict timber".^{lxxxi} The report criticizes the EU for its failure to act despite the fact that its FLEGT action plan identifies "conflict timber" as one of its seven priority action points and despite the fact it has a VPA with CAR.

Several concessions in the country have been recently allocated in a totally opaque manner.^{lxxxii} Via its local subsidiary Sinfocam, Vicwood acquired a logging area bordering the Dzangha National Park - famous for its high concentration of forest elephants.^{lxxxiii}

The concession was granted by the country's transition government under suspicious circumstances and sources interviewed by Global Witness indicated that high level officials had intervened to push for the allocation of the permits.^{lxxxv}

A Vicwood subsidiary was recently cited for having obtained a concession illegally and for violating the national legislation stipulating that a certain percentage of wood needs to be processed in country.^{lxxxvi}



Above: Unmarked timber is observed on a truck in the private port of the Lebanese-owned company Cotrefor in Kinkole.



4. Key markets: Missed opportunities and shared responsibility

Combating illegal logging has to be a joint effort, shared between producing and consumer countries. While the Congo basin producers must tackle glaring problems of governance, lack of transparency and corruption, key importers including China the EU and the US must do more to improve the demand side. All three have launched various initiatives to battle the trade in illegal timber but tangible, positive impacts on the ground in the Congo Basin remain limited. Below is an assessment and comparison of the policy response of the EU, the US and China to the problem of illegal logging and associated trade.

4.1 The European Union and its member states

The EU remains a key market for Congo Basin timber. It imported one third of wood exported from the region in 2014 and many European logging companies continue to be key players in each of the individual countries.

Measures to tackle illegal logging and related trade were first initiated by the bloc more than a decade ago with the introduction of the Forest Law Enforcement, Governance and Trade action plan.^{lxvii} The EUTR and VPAs are two of the main components of this framework, with the former coming into effect in March 2013. Under the EUTR, which came into effect in March 2013, it is illegal for companies to place illegally logged timber and timber products on the EU market. Importing companies, defined as ‘operators’ under the legislation, are also responsible for assessing their suppliers and taking appropriate steps to prevent illegal timber and timber products from entering their supply chain –referred to as due diligence.

VPAs are bilateral agreements between the EU and timber-exporting countries that aim to guarantee that any wood exported from a timber-producing country to the EU comes from legal sources. VPAs also aim to help the partner country stop illegal logging by improving forest governance and regulation. VPAs are voluntary for timber-exporting countries. However, once a VPA has entered into force, it is legally binding on both sides. Under the VPA, the timber-producing country develops systems to verify that its timber exports are legal, and the EU agrees to accept only licensed imports from that country. Six countries have signed a VPA with the EU so far and nine more countries are in negotiations with the EU.

Since its adoption in 2003, the implementation of the action plan has helped increase awareness of the problem of illegal logging and its underlying causes in (high-risk) exporting

countries. It has triggered discussion on the issue of governance and clarified the market requirements not only for operators in the EU but also for suppliers. FLEGT measures have also put pressure on governments and the forest sector to clean up supply chains and move towards sound forest management.

However, numerous problems have meant that not all of the action plan’s objectives have yet been realized. One is the slow pace of deployment of the plan, particularly the late adoption and lack of enforcement of the EUTR. More than two years since its adoption, the law has still not been fully implemented in all member states, and the enforcement has been inconsistent at best. Progress with regard to the VPAs is also limited. Three Congo Basin countries, Cameroon, the Republic of Congo, and CAR, have signed agreements but implementation remains in its very early stages. That is significantly more advanced than the situation with the DRC and Gabon however, where negotiations are either ongoing or stalled.

In 2009 the EU and China set up a Bilateral Coordination Mechanism (BCM) within the FLEGT framework. This dialogue was intended to increase the Chinese timber industry’s awareness of legality and the sustainability aspects of the trade as well as better their understanding of the EUTR.

Overall, the EU has regulated timber and the timber sector by applying the EUTR in combination with support for producer country governments to strengthen their governance and law enforcement. The sector is bound by law to apply due diligence in their decisions to source from timber supplies, taking the obligations much beyond the type of voluntary agreements currently considered by the Chinese government.

4.2 USA

While not a major importer of Congo Basin wood (the US accounts from almost 3 % of the timber export from the Congo Basin), the US is an important global market. It is also one of the biggest destinations for timber products processed in China, as well as a crucial partner in engaging the government in exploring joint efforts to tackle illegal international timber trade problems.

The Lacey Act^{xxxviii} is a conservation law that prohibits trade in wildlife, fish, and plants that have been illegally taken, possessed, transported, or sold. It was amended in 2008, and the Prevention of Illegal Logging Practices was included.^{xix} The Lacey Act amendments were a critical first step in stopping the influx of illegal timber into the country by requiring importers to identify the origin of their products.

In 2008 the US and China signed a Memorandum of understanding (MoU) aimed at combatting illegal logging and the related trade^{xc}, but negotiations on the details are ongoing.

This year is the Seventh Round of the U.S.-China Strategic and Economic Dialogue (S&ED) and the two countries have “reaffirmed their commitment to support regional and global efforts to combat illegal logging and associated trade”. The objective is an improved understanding of and practical cooperation on issues including the implementation of the Lacey Act, timber legality verification, private sector dialogue, and customs data exchange. The two sides committed to “take a whole-of-government approach by coordinating with and involving all relevant ministries and agencies, and by working with civil society and private sector partners” in combating illegal timber.^{xcii}

Like the EU and unlike China, the US Government has taken the approach to regulate the sector and go beyond expecting action on a voluntary basis. While enhanced capacity, better enforcement and utilizing the full extent of the Lacey Act, are three areas where improvements are possible, the Lacey Act has proven to be a useful legal tool. Most recently in October 2015, prosecuted by the US Department of Justice, US company Lumber Liquidators pleaded guilty in court of buying wood that had been illegally harvested in the forests of the Russian Far East and agreed to pay more than 13 million USD as part of a plea agreement.

4.3 China

China has been Africa’s largest trading partner since 2009^{xciii} and it has the greatest purchasing power when it comes to Congo Basin timber. It is also an important global processing hub for wood products destined for the EU, US, and beyond. With such an important economic influence, China has a vital role to play in tackling illegal logging and trade of timber from the region.

The Chinese government has introduced two voluntary guidelines to guide enterprises’ forestry operations overseas. The Guide on Sustainable Overseas Silviculture by Chinese Enterprises was released in 2007^{xciiii} and the Guide on Overseas Sustainable Forest Management and Use by Chinese Enterprises was issued in 2009.^{xcv} A third, Sustainable Forest Products Trade and Investment for Chinese Overseas Enterprises, is under development.

Aside from these voluntary measures, the Chinese government recently took a number of steps to improve international trade cooperation as a means of tackling the trade in illegal timber, both in terms of government-to-government engagement and through promoting cooperation between businesses in China and timber-producing countries. One of these measures was the MoU with the US on Combating Illegal Logging and Associated Trade and another is the BCM with the EU. This mechanism is established under the China-EU Dialogue on Forest Law Enforcement and Governance (FLEG), and intends “to contribute to the reduction of illegal logging and associated trade globally to promote sustainable development – environmentally, socially, and economically – and in accordance with a scientific outlook on development”.

The country is also in the process of developing the “Chinese National Timber Legality Verification Scheme (TLVS).” The current draft version is comprised of two elements:

- 1) A Chinese Government-guided Timber Verification Scheme (CGTVS), under which bilateral agreements are to be established with timber-exporting countries.
- 2) A Chinese Association-guided Timber Verification Scheme (CATVS), which is voluntary and is to be used by industry associations to provide guidance to members trading in products from “non-agreement” countries – that is, countries

with which China has not yet established a bilateral agreement under the CGTVS.

In 2011, a draft TLVS was published. However, progress is very slow. The Chinese government has not started any formal negotiations on any bilateral agreement. As for the Chinese Association guide, many technical details and requirements need to be developed and only eight timber companies were chosen in 2012 to pilot the scheme and only after they were approved as suppliers of legally verified products. Even if they are ultimately finalized and adopted, both schemes are also still being proposed only as voluntary mechanisms.



Above: Children of a logger stand in front of Afromosia logs in the SAFBOIS concession. Afromosia is a protected tree species whose international trade is strictly regulated Photo : Jiro Ose/Greenpeace



5. Recommendations

If it is to prove itself as a responsible global player in the fight against the trade of illegal timber then China has to introduce mandatory measures. As the largest and most important market for the region's timber, a failure by the government to rectify the situation implies that Congo Basin forestry sectors continue to be driven by investment that does not distinguish between legal and illegal wood. This creates a vicious cycle that discriminates against those who try to operate legally as well as undermining the efforts of the EU, US, and other market countries and donors to help national governments to combat illegal logging. Stronger policy action from the Chinese government would make a serious contribution to reducing forest loss and forest degradation and thereby strengthen global efforts to combat climate change.

The EU, China and the US must therefore co-operate and strengthen their action at the highest level to clean up the global supply chain and stop the trade in illegal timber.

China needs to introduce an equivalent to the EUTR or the Lacey Act. The continued absence of such a law means there are several missed opportunities for EU and US governments including the lack of cooperation within the current bilateral dialogue to introduce stronger due-diligence for key Chinese importers.

A useful first step, while the adoption of a comprehensive legislation is prepared, should be to instruct the top 20 Chinese traders to exercise control over their supply chains and apply due diligence to curb illegal timber entering the Chinese market.

. If the Chinese government can introduce innovative measures to regulate these 20 companies and compel them to take action then the problems of high risk timber exports would already begin to diminish.

Greenpeace calls on the authorities in China, the EU and the US, to bolster current measures to fight illegal and destructive logging and the related trade.

Greenpeace recommendations

For the Chinese authorities:

- Introduce strong legislation that prohibits illegally harvested timber or timber products from entering the Chinese market.

Interim measures:

- All State Owned Enterprises involved in trading Congo Basin timber must apply the strongest due-diligence to prevent illegal timber products from entering the Chinese market.

- Introduce a program that requires all Chinese importers to adopt robust measures and procedures to prevent illegally harvested timber from the Congo Basin entering the market. The program should:

- **Require from Chinese timber importers to move beyond a sole reliance on official documentation issued by the authorities of the country of harvest.**

- **Establish an information clearing house to support Chinese importers in performing their due-diligence responsibilities, which takes into account the findings of third party monitoring of the Congo Basin timber sector that include the findings from local and international civil society, as well as other external monitors and independent auditors.**

- **Ensure that SOEs and other large trading companies are recruited into the pilot program.**

- Enhance technical cooperation under the auspices of existing MoUs with the EU and US on combating illegal timber, with a strong emphasis placed on the new program to regulate Chinese importers.

- Sign bilateral MoUs with Congo Basin countries as the legal basis to call for collaborative actions and information sharing to combat the trade in illegal timber and prevent forest degradation and deforestation in the Congo Basin region.

Left: A man walks past a pile of Afromosia, a highly valued tropical hardwood, logged by SAFBOIS concession. Afromosia is a protected tree species whose international trade is strictly regulated (listed under CITES Appendix II). Photo : Jiro Ose/Greenpeace

Annexes

For the European Union and its member states

- Take immediate action to achieve EU-wide implementation, uniform application and effective enforcement of the EUTR;
- Enhance cooperation with China and support their efforts to regulate Chinese traders sourcing from the Congo basin and other high risk regions in the context of the Bilateral Coordination Mechanism, which has been in place since 2009.
- Speed up implementation of FLEGT partnership agreements and ensure compliance amongst partner countries, including effective policy reforms to tackle relevant governance and sustainability challenges.

For the US authorities

- Enhance cooperation with China and support them in their efforts to regulate companies sourcing wood from the Congo Basin
- Adequately resource and staff the Lacey Act's implementing agencies, to allow them to investigate and prosecute all potential Lacey Act cases while utilizing the full extent of the law, including seizure and forfeiture and declaration provisions.

For the Congo Basin Governments

Combating illegal logging is a joint responsibility between producer country and export market governments. Congo Basin governments need to:

- Improve forest governance and timber trade control through increased transparency, strengthened law enforcement and improvement of existing laws;
- Address corruption among officials and companies and deter their complicity in illegal dealings, especially at higher political levels;
- With respect to the export of illegal timber to China, enter into direct exchanges with relevant Chinese government ministries and support them in their efforts to regulate the

top Chinese importers sourcing timber from the Congo Basin via existing Sino-Africa platforms (e.g.: Forum on China-Africa Cooperation);

- Use bilateral agreements on illegal logging and trade, such as Memorandum of Understanding (MoUs) as a basis for collaborative actions and information sharing to combat the illegal timber trade.

Opposite: Clearing of rainforest through fires.
Photo : Thomas Einberger/Greenpeace



Appendix 1

Annual trading volumes of top five and top 20 Chinese companies
(NB: Figures show the percentage of China's import of raw timber from Congo Basin countries during the period 2004-2014 and the percentage that constitutes of each country's annual timber export)

YEAR	RANK	GABON		DRC		CONGO BRAZZAVILLE		CAMROON		CAR		EQUATORIAL GUINEA		CONGO BASIN TOTAL	
		IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT
2014	TOP 5	70.85%	45.70%	62.65%	49.25%	70.85%	61.61%	63.35%	43.92%	80.02%	63.73%	85.67%	82.10%	47.23%	38.91%
	TOP 20	100.00%	64.51%	97.08%	76.31%	98.37%	85.55%	91.85%	63.68%	99.86%	78.55%	100.00%	95.83%	86.16%	70.98%
2013	TOP 5	97.97%	57.12%	47.41%	28.42%	67.45%	55.84%	60.02%	37.27%	69.35%	56.23%	73.47%	72.58%	42.46%	32.72%
	TOP 20	100.00%	58.31%	89.42%	53.60%	96.04%	79.50%	88.82%	55.15%	99.96%	81.07%	100.00%	98.78%	84.26%	64.93%
2012	TOP 5	89.31%	65.60%	53.74%	29.99%	64.85%	55.55%	45.47%	25.32%	68.11%	49.84%	78.85%	77.91%	41.03%	30.60%
	TOP 20	99.99%	73.44%	89.10%	49.72%	95.90%	82.14%	83.46%	46.47%	97.99%	71.69%	100.00%	98.80%	81.85%	60.90%
2011	TOP 5	81.84%	51.13%	56.46%	23.27%	51.28%	43.09%	43.83%	20.50%	70.39%	45.77%	60.63%	58.00%	32.89%	22.45%
	TOP 20	100.00%	62.47%	90.16%	37.16%	92.50%	77.72%	85.75%	40.10%	98.58%	64.09%	100.00%	95.66%	78.73%	53.74%
2010	TOP 5	64.20%	54.77%	68.73%	23.43%	70.35%	57.27%	48.19%	29.11%	76.67%	49.56%	75.76%	73.05%	46.62%	35.26%
	TOP 20	98.46%	84.00%	95.61%	32.59%	97.64%	79.49%	90.99%	54.96%	99.87%	64.55%	100.00%	96.40%	87.44%	66.13%
2009	TOP 5	63.67%	46.30%	72.84%	15.08%	59.06%	51.56%	51.60%	27.50%	64.11%	32.28%	99.24%	80.08%	53.33%	37.30%
	TOP 20	96.78%	70.37%	97.63%	20.21%	97.32%	84.97%	94.81%	50.51%	99.84%	50.27%	100.00%	80.70%	88.39%	61.82%
2008	TOP 5	64.98%	41.42%	60.34%	10.11%	51.58%	39.45%	45.37%	23.64%	58.24%	23.39%	67.79%	67.79%	48.36%	30.93%
	TOP 20	97.57%	62.20%	95.41%	15.99%	95.17%	72.77%	88.79%	46.27%	96.04%	38.57%	100.00%	90.17%	84.52%	54.06%
2007	TOP 5	70.03%	42.75%	66.50%	2.75%	62.85%	43.07%	46.78%	24.68%	67.86%	12.25%	65.27%	57.39%	57.30%	35.27%
	TOP 20	96.26%	58.76%	100.00%	4.14%	95.27%	65.29%	87.91%	46.38%	100.00%	18.05%	100.00%	87.93%	89.25%	54.93%
2006	TOP 5	69.50%	40.84%	80.15%	2.41%	65.71%	41.66%	49.66%	31.35%	85.92%	22.15%	79.11%	68.33%	57.52%	34.85%
	TOP 20	96.97%	56.99%	100.00%	3.01%	97.40%	61.76%	90.76%	57.29%	100.00%	25.78%	100.00%	86.37%	90.21%	54.66%
2005	TOP 5	59.89%	29.87%	97.15%	0.63%	78.81%	53.51%	59.98%	12.34%	88.14%	26.37%	67.80%	54.81%	51.75%	27.38%
	TOP 20	93.40%	46.58%	100.00%	0.65%	98.47%	66.86%	97.15%	19.99%	100.00%	29.92%	100.00%	80.84%	89.23%	47.21%
2004	TOP 5	58.40%	23.68%	96.46%	1.85%	60.03%	38.75%	54.54%	15.22%	97.54%	22.23%	73.57%	59.18%	47.88%	22.88%
	TOP 20	94.87%	38.47%	100.00%	1.91%	95.72%	61.79%	90.30%	25.20%	100.00%	22.79%	100.00%	80.44%	87.14%	41.81%

Sources:

- Chinese import from China customs authorities
- Congo Basin export figures taken from Eurostat, General Administration of Customs of the People's Republic of China, and others - including UN Comtrade - (see Footnote 2 of <http://www.globaltimber.org.uk/rwvolume.htm>) NB

1. Roundwood equivalent ("RWE") volume has been estimated for this table from volume as indicated on other worksheets of this file.
2. This data excludes amounts originating from Republic of Congo or Central African Republic which have reported by importing countries as if from Cameroon (the last country from which they were supplied).
3. Data for Cameroon includes amounts originating from Central African Republic and Republic of Congo which have reported by importing countries as if from Cameroon (the last country from which they were supplied).

Appendix 2

These 27 Chinese importers¹ were selected for interview on the following criteria:

1. The top 20 companies in 2014 in terms of volume of raw logs (HS4403)² imported from the Congo Basin.
2. The next six largest importers in for individual Congo Basin countries that have are not already in the top 20.
3. Other important Chinese importers that have been implicated in illegal timber investigation cases by Greenpeace and/or other organizations.

Top 20 Chinese importers of round log from the six Congo Basin Countries in 2014

RANK	COMPANY NAME	PROPERTY	IMPORT VOL (M3)	CHINESE MKT SHARE	INTERVIEW REQUEST ACCEPTED	NOTES
1	Jiangsu Wanlin Modern Logistics Co., Ltd.	Privately owned	208213	12.1122%	YES	Shanghai Mailin International Trade Co., Ltd., is the subsidiary of the Jiangsu Wanlin Modern Logistics Co., Ltd. They collectively account for 23.6% of China's raw timber import from Congo Basin. In the interview, they both claimed that they were not required to have detailed information of any timber since they act only on behalf of their clients to "clear" goods through customs. However, on its official website, the parent company - Jiangsu Wanlin Modern Logistics Co Ltd. - describes its services as thus: "Wanlin has an experienced international trade team and reliable international suppliers. We have established long-term cooperative relations with Changqing, WTK, France Sanlin and other large international timber suppliers. Our company operates wood agency procurement business from the Far East, North America, Africa, and South America." It can therefore be assumed the company plays an important role in both the sourcing and import of timber.
2	Shanghai Mailin International Trade Co., Ltd.	Privately owned	197918	11.5133%	YES	
3	Zhejiang Great Luck Trading Co., Ltd.	Privately owned	176073	10.2425%	YES	
4	Dejia Wood Industry Co., Ltd.	Foreign owned	124023	7.2147%	YES	The company claims all the timber it trades is legal. However Independent Monitor's reports dating back to 2008 show it has been linked to illegal operations for several years.
5	Wenzhou Timber Group Co., Ltd.	State owned	108549	6.3145%	NO (NOR ANY REASON GIVEN)	
6	Huzhou Huayang Dressing Material Co., Ltd.	Private owned	106661	6.2163%	YES	The company said it always tries to choose legal timber if there is enough supply but if not, then they have no other choice.
7	Jiangsu High Hope Int'l Group Native Produce Import and Export Co., Ltd.	State owned	94,448	5.49%	NO	The company claim they did not import any African timber during the second half of 2014. But according to 2015 data from Chinese customs, they imported 9,052,030KG round log from Cameroon and the Central African Republic between January and September in the capacity of clearing the wood through customs and not necessarily as the final buyers.
8	China Light Resources Import and Export Corporation	State owned	90948	5.2906%	YES	The company expressed concern regarding the traceability of African timber.
9	Shandong Jiangquan Industry, Ltd.	Collectively owned	50759	2.9527%	YES	
10	Rizhao Landbridge International Trading Co., Ltd.	Private owned	44538	2.5909%	UNREACHABLE	
11	Guangdong Guangxin Trade Development Co., Ltd.	State owned	43737	2.5443%	YES	
12	China SDIC International Trade Nanjing Co., Ltd.	State owned	38764	2.2550%	NO	The company admitted sourcing problematic timber. They said these were "small logs" harvested by local residents without official authorization. Greenpeace East Asia investigations also found this company was importing illegal timber from Cameroon. The company also claim they pay more attention to the suppliers' capacity to fulfill commitments than to the legality of the wood.
13	Wenzhou Purun Haode International Trade Co., Ltd.	Private owned	37916	2.5443%	UNREACHABLE	
14	Shandong Longsheng Import & Export Co., Ltd.	Private owned	32778	1.9068%	UNREACHABLE	
15	Zhongyi Weaving Fabric (Beijing) Co., Ltd.	State owned	25,599	1.49%	YES	The company claim their source of timber is legal because their supplier is a European company, which they consider alone as a guarantee of legality.
16	China SDIC International Trade Co., Ltd.	State owned	25,339	1.47%	UNREACHABLE	We contacted a subsidiary of the company, China SDIC International Trade Nanjing Co. Ltd. They admitted they sourced suspect timber constituting small amounts of logs harvested by local people without prior official authorization.
17	Zhejiang Shenghua Yunfeng Import & Export Co., Ltd.	Private owned	23,934	1.39%	YES	The company claim its suppliers are European and American companies in Africa meaning, they say, the timber sourced must be legal.
18	Suzhou Port development (Group) Co., Ltd.	Private owned	20,232	1.18%	NO	The company claimed they do not import African timber. But, according to 2015 data from Chinese customs, they imported 52,128,502KG of round log from the DRC, Republic of Congo, Cameroon and the Central African Republic between January and September. This was in the capacity of customs brokers and not necessarily the final buyers of the wood.
19	Suzhou C&Q Wood Co. Ltd.	Private owned	20069	1.1675%	NO (NOR ANY REASON GIVEN)	
20	Jiangsu Sainity Machinery Imp. & Exp. Co., Ltd.	State owned	37916	1.0016%	NO	The company claimed that import machinery and are not involved in the log import business.

1. Importers are companies that declared wood for clearance through Chinese customs. They are not necessarily the owners or final buyers of the wood.
2. Harmonized System (HS) code 4403 covers "Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared."

Six companies not within top 20 Chinese importers of Congo Basin logs, but have imported large volumes of wood from particular countries.

COMPANY NAME	IMPORT FROM	RANK	IMPORT VOL (M3)	MARKET SHARE OF INDIVIDUAL CONGO BASIN COUNTRY'S EXPORT OF LOGS	PROPERTY	INTERVIEW REQUEST ACCEPTED	NOTES
China Plaited Products Import & Export Corp.	DRC	2	13263	12.39%	STATE OWNED	UNREACHABLE BY ALL MEANS.	The company's subsidiary Zhongyi Weaving Fabric (Beijing) Co., Ltd. received our interview. The subsidiary considers sourcing from European company as a guarantee for timber legality.
Shenzhen Haotian forest supply chain Limited Co.DRDC	DRC	3	10384	9.97%	STATE OWNED	YES	The company claimed its supplier is a European company in Africa. Sourcing from European company is considered as a guarantee for timber legality.
China Forestry Materials Corp.	DRC	4	9821	9.45%	STATE OWNED	YES	The company claimed its supplier is a Swiss company in Africa. Sourcing from European company is considered as a guarantee for timber legality.
China Paper Corporation	GABON	1	1247	22.32%	STATE OWNED	UNREACHABLE BY ALL MEANS.	
Shanghai Baoyue Industrial Co.,Ltd.	GABON	3	629	11.67%	PRIVATE OWNED	YES	
Foshan Shunde Jinle Trade Co., Ltd.	GABON	4	530	10.03%	PRIVATE OWNED	YES	

And Vicwood, its illegal activity has been documented by Greenpeace and Global Witness

IMPORT FROM	MARKET SHARE OF INDIVIDUAL CONGO BASIN COUNTRY'S EXPORT OF LOGS	COMPANY NAME	PROPERTY	INTERVIEW REQUEST ACCEPTED	NOTES
CAMEROON	0.11%	Vicwood Industry (SuZhou) Co.,LTD	PRIVATE OWNED	YES	The company claimed all the timber it trades is legal, while its illegal activity has been documented by Greenpeace and Global Witness.
CAMEROON	0.11%				

Interview documentation with the 16 rest companies.[5] [6]

COMPANY NAME	DATE OF INTERVIEW	AWARENESS ABOUT ILLEGAL TIMBER	HAVE ANY OF YOUR CUSTOMERS REQUIRE LEGALITY CERTIFICATIONS?	WHAT KIND OF DOCUMENTS CAN BE LEGALITY VERIFICATIONS?	DO YOU WANT TO RECEIVE INFORMATION ABOUT ILLEGAL TIMBER SUPPLIERS? WILL YOU REFER TO THIS INFORMATION WHEN CHOOSE SUPPLIERS?
Jiangsu Wanlin Modern Logistics Co., Ltd.	2015/10/30	Our major business is the "clearing" of goods through customs barriers for importers. We don't know much about the source of timber.	Not Clear	Import Documents required by Chinese custom (bill of landing ,commercial invoice ,packing list) , including certificate of origin and certificate of inspection issued by local government	Not Clear
Shanghai Mallin International Trade Co., Ltd.(The subsidiary of Jiangsu Wanlin Modern Logistics Co., Ltd.)	2015/10/30	Our major business is the "clearing" of goods through customs barriers for importers. We don't know much about the source of timber.	Not Clear	Import Documents required by Chinese custom (bill of landing ,commercial invoice ,packing list) , including certificate of origin and certificate of inspection issued by local government	Not Clear
Zhejiang Great Luck Trading Co., Ltd.	2015/10/30	NO	NO	Import Documents required by Chinese custom (bill of landing ,commercial invoice ,packing list) , including certificate of origin and certificate of inspection issued by local government	No, our procurement staff in African has his own judgements
Dejia Wood Industry Co., Ltd.	2015.9.7-11	not clear	All the timber we trade is legal	We have concession in Africa, we have cutting permission	No, we don't need this.
Huzhou Huayang Dressing Material Co.,Ltd	2015.9.7-11	Our timber is mostly imported from Republic of Congo, which is more legal. The situation in DRC is worse. We heard of illegal timber in DRC via media report.	Some customers require FSC timber, but there is hardly FSC timber in Africa. Some customers require details of timber including logging country/area/volume, but it's impossible to provide this information because even our supplier doesn't have it.	The regular documents required by Chinese custom. FSC certification for those big customers	We'd like to choose legal suppliers if we have the choice. If not, there is nothing we can do.

COMPANY NAME	DATE OF INTERVIEW	AWARENESS ABOUT ILLEGAL TIMBER	HAVE ANY OF YOUR CUSTOMERS REQUIRE LEGALITY CERTIFICATIONS?	WHAT KIND OF DOCUMENTS CAN BE LEGALITY VERIFICATIONS?	DO YOU WANT TO RECEIVE INFORMATION ABOUT ILLEGAL TIMBER SUPPLIERS? WILL YOU REFER TO THIS INFORMATION WHEN CHOOSE SUPPLIERS?
China Light Resources Import and Export Corporation	2015.9.7-11	Many African timbers are illegal. Law enforcement is weak in Africa. If the export of a species is prohibited in country A, some companies will transport this specie to country B, which allow the export.	We only trade legal timber. We don't trade endangered high value species	We only trade legal timber. We don't trade endangered high value species	We only do business with familiar suppliers. And the timbers we purchased have been traded for several rounds, it's impossible to figure out the logger. Recently, less and less companies trade African timber.
Shandong Jiangquan Industrial Co., Ltd.	2015/10/30	Not clear. But We've heard there is illegal timber in Gabon. Illegal timber is always linked to endangered high value species	Most of our customers are in linyi, Shandong province. They never asked for timber legality certifications. We don't have foreign customers.	Some documents issued at the time of logging, and some documents issued by local custom in Africa. I'm not clear about the detail..	Yes. Our company just trade legal timber. Our internal policy is strict. We will not cooperate with companies which trade illegal timber
Guangdong Guangxin Trade Development Co., Ltd	2015/11/02	Yes, we've heard about that before. But as a state owned company, we are never involved illegal activities. Illegal activities are usually linked with endangered species. Most of this kind of timber is smuggled.	Our products have passed are in compliance with the rigorous standard. In local government there would be an inspection certificate and acertificate of origin, and then customers claim their products through bill of lading. If the customer has special requirements, they need to apply for relevant documents from local government by themselves	certificate of origin, certificate of inspection, issued by local government	Our company only trade legal timber. We never considered purchasing from illegal logging companies
China SDIC International Trade Nanjing Co., Ltd.	2015/10/10	Yes. The "small logs" cut by the local people without government's permission raise the most problem, mainly in Mozambique, Ghana, where the forest management is weak. SDIC has sourced this kind of timber a few years ago, but the volume is very small.	NO	Import Documents required by Chinese custom , certificate of origin and certificate of inspection issued by local government	No. Compared with the source of timber, we pay more attention to the suppliers' capacity to fulfill our requirements. And since the company doesn't buy timber directly from loggers but from traders, it is impossible to trace back the origin of the wood. European and American traders are still the main players in Africa, but Chinese traders are more and more active in local market.
Zhongyi Weaving Fabric (Beijing) Co., Ltd.	2015.9.7-11	No. Our supplier is a European company with high standard. [7] Our supplier information is confidential.[8]	NO	It depends on Chinese custom's regulations. Some endangered species need import permission.	No. We believe in our supplier.
Zhejiang Shenghua Yunfeng Import&Export Co., Ltd.	2015/11/02	No. Our wood all comes from legal channels, in collaboration with some European and American suppliers in Africa. Supplier information is disclosed	Our wood is mostly for our own use. Our procurement staff in Africa is incharge of the supplier selection.	certificate of origin and certificate of inspection issued by local government	YES
Shenzhen Haotian forest supply chain Limited Co.DRDC	2015/11/02	Yes, our timber is from DRC. We cooperates with a famous european supplier which has concession in DRC. The name of the supplier is confidential . But this company is big, it owns 70% of the forest resource in DRC.	Our customers are mostly in domestic China. Usually we need to provide documents required by Chinese government, like inspection and quarantine certificates	Documents required by Chinese custom	Yes. Timber trade is not the unique business in our company. We have other business as well. It's not worthy to violate the law for just one project. We are careful in selcting suppliers. Illegal timber is mainly from small loggers in Africa.
China Forestry Materials Corp.	2015.9.7-11	Our company purchase timber from a Swiss supplier, not from Africa. Our supplier information is confidential.[9] [10] We've heard about some companies trading illegal timbers, but we don't know much about the detail.	No. If they demand, we can provide this. There is few customers for FSC timber, some of our FSC timber is unsalable	Our business is legal. All timber is traded with the permission of local governments, via a Swiss company, some of our timbers have FSC.	It doesn't matter with our company. We do our business legally. The one who break the laws should be punished.
Foshan Shunde Jinle Trade Co., Ltd.	2015.9.7-11	NO	N/A	The regular documents required by Chinese custom, such as certificate of origin, certificate of inspection etc.	N/A
Shanghai Baoyue Industry Co., Ltd.	2015/10/30	No. The timber we imported is in compliance with the regulations of local custom, we have official documents issued by local government.	If there is requirement from customers, we can provide FSC certification. But we never imported FSC timber so far.	The regular custom clearance documents required by Chinese custom	Yes. We'd like to receive this kind of information
Vicwood Industry (SuZhou) Co.,LTD	2015/11/02	Definitely yes. Endangered Species with high quality can easily become the target of illegal logging.	Yes. Both our domestic and foreign customers requires for legality certification. For example, the loggins permission issued by local government, or FSC.	Required in the regulations, the export license, certificate of origin, certification of quarantine and inspection etc.	We have forest resource in Africa.

Photo : Unmarked timber is observed on a truck in the private port of the Lebanese-owned company Cotrefor in Kinkole.

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- lxxxviii. The Lacey Act is a 1900 U.S. law that bans trafficking in illegal wildlife. In 2008, it was amended to include plants and plant products such as timber and paper. This legislation is the world's first ban on trade in illegally sourced wood products. The 2008 amendments to Lacey Act also included a requirement that wood products importers make a declaration describing their product(s), including the scientific names of all tree species included in the product, the country of origin, the volume, and the value. The declaration requirement does not apply to all wood products, but it covers solid wood. Providing false information is punishable under the law.
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