

Liberian timber trade fuels regional insecurity

Liberian logging: destroying forests and funding war

"There is overwhelming evidence that the Liberian backed RUF are still operational, nurtured by Taylor and his primary funders – Liberia's logging companies and shipping register. While the logging industry poses a threat to the future of the Liberian forests, both pose a critical risk to national and regional security."

*Global Witness, Taylor Made: the pivotal role of Liberia's forests and Flag of Convenience in regional conflict
September 2001*

Logging is a lucrative business in poverty-stricken Liberia and has long been one of the prime sources of government revenue. Indeed, while Liberia's estimated Gross Domestic Product (GDP) in 2000 was only around US\$450 million, well over US\$100 million of this was raised by the forestry sector in 2000.¹ Following a United Nations (UN) ban on all diamond exports from Liberia in March 2001, logging has become the single largest source of export earnings for the Liberian government.² But at what cost?

Recent reports by a Panel of Experts to the UN Security Council (UNSC) reveal that the Liberian timber industry is involved in both environmental destruction and human rights abuses. This includes driving the destruction of the Liberia's remaining forests and illegal arms trafficking to Revolutionary United Front (RUF) rebels in Sierra Leone.³ Furthermore, according to articles published in the *Washington Post* and the *Mail & Guardian* in 2001, the illicit diamond trade between Sierra Leone and Liberia has been instrumental in laundering capital on behalf of the international terrorist network Al- Qaeda. Kouwenhoven has been named as a key actor in this illicit diamond trade.⁴



Liberia's threatened forests are the last stronghold of the forest elephant in West Africa

Liberia's ancient forests

After years of over-harvesting throughout western Africa, Liberia's forest now represents almost half of what remains of the Upper Guinean Forest Ecosystem, a rainforest belt that once covered the whole of Liberia, plus parts of Sierra Leone, Guinea, the Ivory Coast, Ghana and Togo. It has been identified as one of 25 threatened biodiversity 'hotspots' globally, and supports many species that are found nowhere else.⁵

This forest is home to some 9,000 species of plants and more than 1,300 species of vertebrate animals. It supports the only viable populations of the pygmy hippopotamus (*Hexaprotodon liberiensis*) and represents the last stronghold of the forest elephant (*Loxodonta africana cyclotis*) in West Africa.⁶

Throughout the world ancient forests are in crisis. Some 80% of the world's original ancient forest cover is already gone; illegal and destructive logging poses the single greatest threat to what remains. The uncontrolled international trade in ancient forest products fuels this destruction. As part of its campaign to protect what is left of the world's ancient forests, Greenpeace is carrying out investigations into logging companies involved in illegal, destructive and abusive activities and is calling on consumers, trading partners and governments around the world to stop their role in driving this unscrupulous industry.

"Liberia's forests are of tremendous biological value, harbouring many endemic species and many more that are nearly extinct outside the country. For example, nearly all the remaining viable populations of the Pygmy hippopotamus are found in Liberia."

*Fauna and Flora International,
Restarting Nature Conservation in
Liberia April 2000*



*October 2001, Sète, France –
DLH logs*

Forest crime file: country profile

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March 2002

Liberia's forest is also the lifeline of the country's indigenous communities. The forest provides shelter for their physical, cultural and religious life, including hosting shrines, traditional bush schools and cover for streams. It is also a vital source of foods, medicinal herbs and other materials.

Industrial logging has already destroyed much of the accessible lowland and coastal regions of West Africa's tropical forests. It is estimated that almost 90% of these forests have already been destroyed and what remains is heavily fragmented.⁷

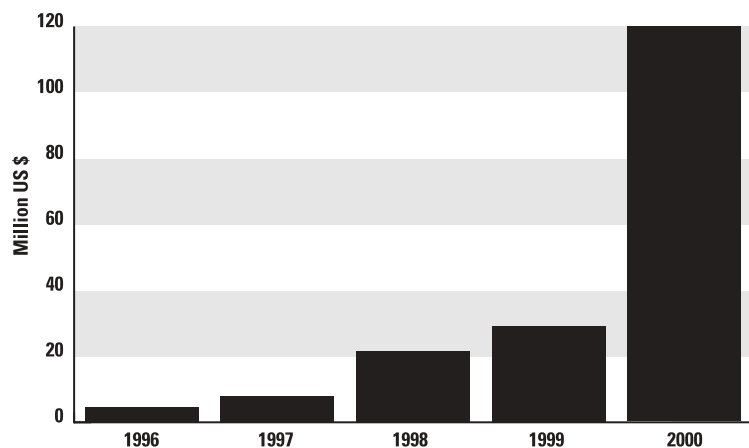


Summer 2001, Italy – DLH imports of OTC logs

The threat of logging

The future of Liberia's remaining forest is now in serious doubt. The European Commission's Joint Research Centre (ECJRC) has recently reported high levels of deforestation in Liberia's remaining lowland rainforests. Intensive industrial logging was named as the primary cause of forest loss.⁹ Meanwhile, just one company – the Oriental Timber Company (OTC) – has recently been granted logging rights to one third (1.6 million hectares) of the Liberia's remaining 4.8 million hectares of forest. According to the Liberian Forest Development Authority (FDA), a total of three million hectares of the forest (around 63%) have already been allocated to logging.¹⁰

Timber Export Values – Liberia 1996-2000



Source: World Trade Atlas cited in Global Witness (2001)

Recent figures reveal that the Liberian timber trade has expanded dramatically over the last five years. The income generated by timber exports has risen from US\$5 million to at least US\$100 million a year.¹¹ This rapid expansion has resulted in an industry that is essentially unregulated.

The implications of an unregulated industry operating this level of forest exploitation are severe, and hold the potential for wiping out vital ancient forest habitats and the endangered species that depend upon them, for displacing communities and for leading to long-term consequences of deforestation including floods, droughts and changes in regional and global climate.

“More than 2.5 million Liberians and future generations of Liberians, as well as the entire West African region, will be hurt by the depletion of our forest resulting in drought and desertification.” *Movement for Democratic Change (MDC) Liberia, Open letter to the United Nations Security Council (UNSC) 15 January 2002⁸*

Key players in the scandal: Liberian timber barons and the international markets

In December 2000, a report submitted by a Panel of Experts to the UN Security Council (UNSC) named Liberia's timber industry as one of several regional players involved in illegally supplying arms to Revolutionary United Front (RUF) rebels fighting the government forces and UN peacekeepers in the war-torn neighbouring country of Sierra Leone. The supply of arms to the RUF broke UN sanctions banning weapons transfers to the country.¹²

The report revealed that the Liberian timber industry was involved in a series of illicit activities, including the acquisition of weapons, and noted that logging roads were also used to move weapons from Liberia to Sierra Leone. It therefore recommended a temporary embargo on Liberian timber exports "until Liberia could convincingly demonstrate that it was no longer involved in the trafficking of arms to, or diamonds from, Sierra Leone".¹³ But in early 2001, China and France – together responsible for two-thirds of Liberia's timber exports – objected, and the timber clauses were subsequently dropped from the final report.¹⁴

Since then, the UK-based environmental and human rights organization Global Witness and the UNSC have both released compelling evidence of the continued involvement of Liberia's president Charles Taylor and the Liberian timber industry in the illegal trade in arms.¹⁵

Their investigations have revealed that:

- taxes from the logging industry have been used by Taylor to maintain brutal paramilitary units involved in human rights abuses
- Taylor tried to acquire several thousand AK-47 assault rifles and an unknown quantity of rocket-propelled grenades from Libya in May 2001
- logging companies have been recruiting and arming ex-combatants, often from Taylor's now-defunct National Patriotic Front, to build up private militias
- a number of companies employ indiscriminate logging practices, which show no regard for their environmental or social impact



Van Kowenhoven who runs OTC and other timber companies

"Van Kouwenhoven is responsible for the logistical aspects of many of the arms deals. Through his interests in a ... timber project in Liberia [OTC], he organizes the transfer of weaponry from Monrovia into Sierra Leone. Roads built and maintained for timber extraction are also conveniently used for weapons movement within Liberia, and for the onward shipment of weapons to Sierra Leone."

Report of the Panel of Experts to the United Nations Security Council (UNSC), December 2000

Liberia's timber barons

The UNSC and Global Witness reports have produced strong evidence that several of the twenty-five companies producing timber in Liberia are guilty of causing environmental damage, abusing human rights, running private militia or trafficking illegal arms to RUF rebels in Sierra Leone.

The largest – OTC – is also the most notorious. Other companies implicated in one or more of these scandals include the Royal Timber Corporation (RTC), Mohammed Group of Companies (MGC), the Inland Logging Company (ILC) and the United Logging Company (ULC).¹⁶ In addition, the UNSC 2000 report named three companies – Exotic and Tropical Timber Enterprise (ETTE), Forum Liberia and OTC – as “providing a large amount of unrecorded extra budgetary income to President Taylor for unspecified purposes”.¹⁷



Autumn 2001, La Rochelle, France – MGC logs

Table 1: Some key players in Liberia's timber scandals

Logging company	Description
Oriental Timber Company (OTC)	Run by Dutch national Gus Kouwenhoven – a close associate of President Charles Taylor – OTC is by far the largest and most notorious logging company operating in Liberia. ¹⁸ Kouwenhoven has been described as “responsible for the logistical aspects of many of the arms deals [with the RUF in Sierra Leone]”.
Royal Timber Corporation (RTC)	Gus Kouwenhoven also runs RTC, the second largest timber operation in Liberia. RTC is believed to have vastly under-reported its timber production over the last two years.
Mohammed Group of Companies (MGC)	Mohammed Salamé, Liberian ambassador-at-large based in the Ivory Coast, has been involved in aiding sanctions-busting arms transfers to Liberia. He owns two companies, Salami Molowi Inc (SMI) and Bureaux Ivorian Ngorian (BIN).
Inland Logging Company (ILC)	Maurice and Oscar Cooper, both long-term associates of President Taylor, manage ILC. The company reports that it exported around 20,000m ³ of logs in 2000; indications are that this figure was nearer 50,000m ³ . ILC has a private militia which harass and intimidate local communities in Sinoe county.
United Logging Company (ULC)	Owned by Hussein Fawaz, who also owns Maryland Wood Processing Industry (MWPI) – together the two companies export more than 13% of Liberia's timber. The Chairman of ULC is the son of President Taylor, Charles ‘Chuckie’ Taylor Jr, whom the UN has banned from travelling because of his involvement with arms trafficking.

Sources: UNSC (2000); UNSC (2001); Global Witness (2001)¹⁹

“Given that OTC control approximately 43% of Liberia's forests, this one company will be responsible for the commercial extinction of just under half of this valuable resource. As the record of several of the other big loggers is little better... the future is bleak.”

Global Witness Taylor Made: The pivotal role of Liberia's forests and Flag of Convenience in regional conflict September 2001

Gus Kouwenhoven's Oriental Timber Company

By far the largest and most notorious logging company in Liberia, Gus Kouwenhoven's OTC is characterized by corruption, illegality and a total disregard for the environmental or social impact of its operations.

The company is believed to have paid President Taylor between US\$3 million and US\$5 million for its massive concession – the largest in Liberia's history. Although the concession is not legally valid and has never been ratified by the Liberian congress, OTC opens up between 5,000 and 10,000 hectares of undisturbed forest life every month.²⁰ Each year, hundreds of thousands of cubic metres of Liberia's forest is exported as OTC logs to consumer countries such as China, Italy and France.



The OTC logo

Forest crime file: country profile

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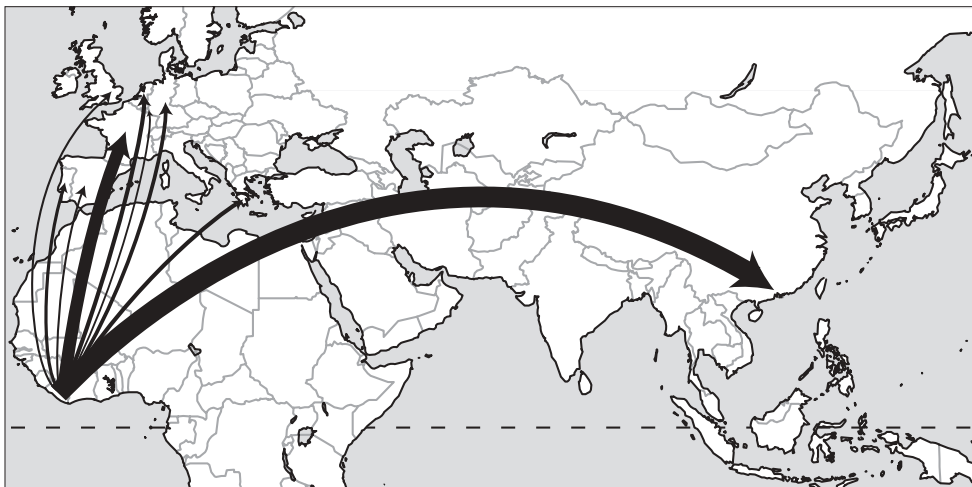
March 2002

OTC also violates national and international labour laws, particularly regarding worker safety. In addition, it has shown a total disregard for the rights and customs of local people. Local government officials and Liberian Forest Development Authority representatives inspecting the company's interests have been met with police intimidation and arrest. The private militia it operates to protect its holdings are armed with AK-47 assault rifles.

Kouwenhoven has been described by the UNSC as "responsible for the logistical aspects of many of the arms deals [with the Revolutionary United Front in Sierra Leone]".²¹ He also runs the Royal Timber Corporation (RTC) in the northwest of the country, strategically located on the border with Sierra Leone. In March 2001, the UN imposed sanctions on Liberia for its role in blocking Sierra Leone's peace process. The measures imposed included restricting the travel of certain individuals, of whom Kouwenhoven was one.

Public outcry against OTC has been widespread in both the national and international press. Yet President Taylor continues to defend the company, and has responded to criticism by removing people from office, and using police intimidation and arrests.

The export market – driving the destruction



The international market for Liberian timber

At least 70% of the wood produced in Liberia is destined for the export market.²³ The key actors driving this destructive, corrupt and destabilizing industry are the countries and companies importing the timber.

Liberia's main log exports have traditionally been to Europe. More recently, however, the market has shifted with companies such as OTC beginning to tap into the rapidly growing Chinese market.

While sources of trade data vary considerably, recent figures show that China (45%) is by far the largest importer of Liberian timber, followed by France (26%) and Italy (12%). In total, the EU is responsible for around 52% of imports.²⁴

Despite a series of high profile Greenpeace protests between July 2000 and December 2001, which highlighted the illegal activities of OTC and other companies involved in the international timber trade, significant volumes of OTC and/or RTC logs have recently been located in China, France, Italy, the Netherlands, Germany and Greece.



Summer 2001, Ravenna, Italy – ILC logs for IHC; Interholco is the Swiss subsidiary of the Germany Danzer group

"On the up side, production from Liberia continued at a steady increase, exporting logs destined mainly for French buyers." *Timber Trade Journal*, January 2001²²



January 2002, Sète, France – RTC timber

One of the most important buyers of OTC/RTC logs in Europe is the Danish multinational timber trader DLH Nordisk.²⁵ Listed on the Copenhagen Stock Exchange, DLH Nordisk has offices in 24 countries worldwide, making it one of the world's largest international timber traders. Its major markets are the US, Denmark and France, with Europe accounting for more than two-thirds of all DLH sales.²⁶

Following investigations by Greenpeace and other NGOs, DLH was exposed, in July 2001, as a major buyer of logs from OTC and RTC.²⁷ DLH claimed it would suspend buying from OTC. DLH made it clear that "they do not want to purchase wood from companies which violate human rights or have destructive logging practices as this would not be compatible with DLH's basic values". The company announced a full investigation and a reassessment of its position with regard to Liberia. In October 2001, a new UNSC report again documented the role of Gus Kouwenhoven and provided further evidence of OTC's role in arms trafficking. Independent investigations by Global Witness also revealed ongoing social conflicts in OTC's operations.²⁸

In February 2002, Greenpeace again exposed that DLH's continuing purchase of large quantities of logs from OTC and RTC.²⁹ Recent Greenpeace investigations reveal that OTC logs bought by DLH no longer carry the clear OTC marking. OTC is now selling its logs through the Evergreen Trading Corporation (ETC), a company that shares the same address.

Another company also buying from OTC is the Greece-based plywood and flooring producer Shelman. Sourcing logs from OTC, MGC and ULC, Shelman sells processed wood – as plywood, flooring, chipboard, veneers, sawn timber and mouldings – all over the world. A large proportion of its sales are within Greece itself, but the US and Canada are also consumers, especially for flooring.³⁰

Other companies known to be buying logs from these companies include the Dutch logger and importer Wijma (buying from OTC and RTC), the German logging and processing companies Feldmeyer-Group (buying from RTC through its trade subsidiary 'tt') and Danzer-Group (buying from OTC and ILC through its trade subsidiary IHC-Interholco),³¹ the Italian producer of railway sleepers Tecnoalp (which bought from OTC in 2001) and many more throughout Europe.

Any company buying from these suppliers should therefore be aware that it may be contributing to the destruction of Liberia's forests or even be buying from OTC, RTC or other Liberian companies implicated in the environmental and social scandals uncovered by organisations such as the UNSC and Global Witness.



January 2002, Greece – ULC logs imported by Shelman

Greenpeace call for action

Liberian logging companies have been implicated in illegal and destructive logging. In addition, their role as a threat to regional security and human rights has been exposed. In the run up to the United Nations' forthcoming Ancient Forest Summit³², Rio+10³³ and beyond, Greenpeace is urging governments of all importing countries to immediately stop their role in the destruction of Liberian forests by committing to the following principles:

- **stop the destruction**

by stopping any further industrial activities in intact ancient forest until responsible plans for forest conservation and sustainable use have been agreed.

- **clean up the timber trade**

by ensuring that timber is produced and traded in a legal and ecologically responsible way; by refusing to trade with companies known to be operating illegally or destructively; and by demanding that all wood and wood products entering national ports must come from legal and well-managed forest operations according to high social and ecological standards.³⁴

- **come up with the money**

by providing at least US\$15 billion each year to pay for forest conservation and sustainable development.



February 2002 – Greenpeace takes action in the French port of Sète to block the import of Liberian logs

Endnotes

¹ Estimated by Global Witness based on figures published in the World Trade Atlas: Global Witness and ITWF (2001); UNSC (2001)

² The contribution made by the forestry sector is even more important now than in the past, following the UNSC imposed ban on Liberia's diamond trade in UNSC Resolution 1343 (2001) adopted on 7 March 2001 "until Liberia demonstrates convincingly that it is no longer involved in the trafficking of arms to, or diamonds from, Sierra Leone" UNSC (2000)

³ UNSC (2000); UNSC (2001) The UNSC (2000) report states "that logging trucks and logging roads near the border with Sierra Leone are used to provide the rebels from the Revolutionary United Front (RUF) in Sierra Leone with arms and provisions"

⁴ Douglas (2001); Beaumont (2001). The Washington Post and Mail & Guardian have recently revealed possible links between President Charles Taylor – who, according to the UNSC, has appropriated hundreds of millions of US dollars from the country's logging industry – and Al Qaeda. See also UNSC (2000)

⁵ Myers et al (2000)

⁶ Peal A (2000); Myers N et al (2000)

⁷ TREES (1998)

⁸ MDC (2002)

⁹ TREES (1998)

¹⁰ UNSC (2000)

¹¹ Global Witness and ITWF (2001) reports total timber production in 2000 of 934,000 cubic metres, with a world market value of US\$187 million. However, both Global Witness and UNSC (2001) note that official statistics are likely to underestimate real exports by 50% to 200% as a result of tax evasion and undeclared timber flowing through the Ivory Coast

¹² UNSC (2000)

¹³ Pratt D (2001)

¹⁴ Lewis (2001) In 2000, China (45%) and France (26%) were responsible for more than two thirds of Liberia's timber imports (World Trade Atlas cited in Global Witness (2001); Pratt (2001)

¹⁵ Global Witness and ITWF (2001); UNSC (2001)

¹⁶ UNSC (2000); UNSC (2001)

¹⁷ UNSC (2000)

¹⁸ OTC is linked to the Hong Kong-based Global Star Holdings, which is part of the Djan Djajanti Group in Indonesia. Djan Djajanti has taken responsibility for 70% of the capital investment in the [OTC] concession. Source: UNSC (2001)

¹⁹ Information from Global Witness and ITWF (2001) unless stated otherwise

²⁰ The company never carried out a single environmental or social impact study before driving a network of criss-crossing roads through Liberia's pristine forest. OTC has flagrantly violated FDA and contractual regulations, and the company has plundered neighbouring forest concessions. Global Witness (2001)

²¹ Global Witness and ITWF (2001); UNSC (2000)

²² TTJ (2001)

²³ This is based on a production figure of 934,006m3 (Central Bank of Liberia) and total exports of 645,541m3 (World Trade Atlas). Both sources cited in Global Witness and ITWF (2001).

²⁴ World Trade Atlas cited in Global Witness and ITWF (2001) This figure includes also Greece (3.6%), Netherlands (2.75%), Spain (2.4%), Portugal (2%), Germany (2%), UK (0.5%), Belgium-Luxembourg (0.3%). Indonesia also imports some product from Liberia (2%).

²⁵ DLH Nordisk is the hardwoods division of Denmark's DLH (Dalhoff Larsen and Horneman) Group

²⁶ www.dlh-nordisk.com

²⁷ Greenpeace, Global Witness, Nepenthes (2001)

²⁸ UNSC (2001).

²⁹ www.greenpeace.org/pressreleases/forests/2002feb25.html

³⁰ A full list of US/Canada distribution offices is published on the Shelman website www.shelmangr.com

³¹ All of these companies make statements in support of sustainable forest management

It is possible that Interholco is the exclusive buyer of ILCs logs. UNSC (2001) states that logs from ILC are sold exclusively "through a Swiss company"

³² The Ancient Forest Summit is the 6th Conference of Parties to the Convention on Biological Diversity. It will be held in April 2002, in The Hague, The Netherlands and will have a mandate to agree a ten year programme on forests in preparation for Rio + 10 which will take place in Johannesburg in August/September 2002.

³³ Rio + 10 is the United Nations' World Summit on Sustainable Development which will take place in Johannesburg in August/September 2002

³⁴ The Forest Stewardship Council (FSC) is currently the only international certification and labeling system that uses globally endorsed ecological performance standards, ensures a traceable chain-of-custody from production to final consumption and brings together a broad range of environment, social and economic stakeholder interests

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