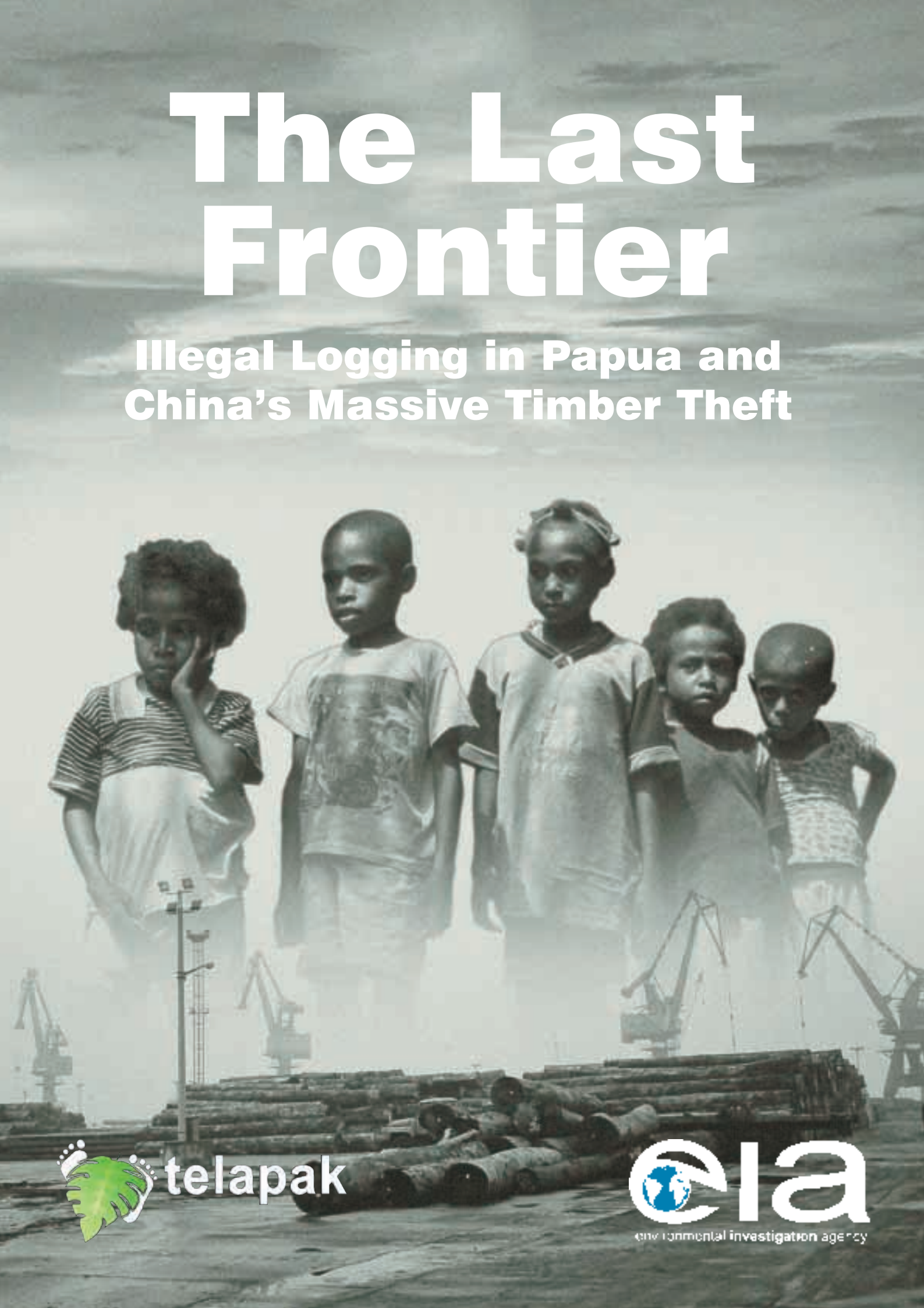
The Last Frontier

Illegal Logging in Papua and China's Massive Timber Theft



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Executive Summary

Asia has already lost 95 per cent of its frontier forests. Most of what remains is confined to the Indonesian archipelago – and the province of Papua in Indonesia is home to the largest tract. This report exposes how these last precious forests are being illegally felled and sold off wholesale to China, which is now the largest consumer of stolen timber in the world.

One timber species – merbau, a luxurious dark hardwood - is the main target of the illegal loggers in Papua. In undercover meetings with illegal loggers, traders and timber buyers, EIA/Telapak have exposed the shocking scale of the billion-dollar merbau trade, and laid bare the details.

The report exposes for the first time the complex web of middlemen and financiers from across the region responsible for masterminding the theft of Indonesia's forests. From the millionaire timber barons in Jakarta and the officials on their payrolls, the story traces the role of multinational companies in Malaysia, brokers in Singapore and log dealers in Hong Kong.

It reveals how in a just a few short years, a small anchorage in eastern China has been transformed into the largest tropical log trading port in the world, while a nearby town has become a global centre for wood flooring manufacture, with 500 huge factories consuming one merbau tree every minute of every working day. Much of this flooring finds its way to consuming countries, including the USA and UK.

Every month, enough stolen merbau is shipped from Papua to produce flooring worth in excess of $600 million at western retail prices. For every dollar spent on luxurious merbau flooring in the west, local forest dwellers receive less than half a cent. Meanwhile forest loss in Indonesia is accelerating, with an area the size of Switzerland lost every year.

Again and again, governments around the world have committed to tackle illegal logging and the trade in stolen wood. So far they have failed to follow up the fine words with concrete actions. This report makes a number of specific recommendations to tackle the damaging trade in stolen timber between Indonesia and China.

Left:
Map of South-East Asia.

Front cover photos:
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Introduction

The issue of illegal logging is justifiably receiving unprecedented political and media attention around the world. A host of governments have made concerned pronouncements and signed declarations and agreements to tackle the problem. At the same time the media has raised public awareness of the cost of systematic timber theft to local communities and precious forest ecosystems.

Yet the global fight against illegal logging is now entering a vital phase when all these fine words coalesce into demonstrable measures to curb the worldwide trade in stolen forest products. So far the prognosis is not good. Many of the political agreements have yet to bear fruit, and there is little evidence of a serious commitment to tackle illegal timber flows.

Indonesia is experiencing the worst rate of deforestation in the world, and has been the focus of much of the international political attention paid to illegal logging. Since the late 1990s, EIA/Telapak have been exposing how the illegal logging business is carried out and naming the chief perpetrators. EIA/Telapak have also been advocating stronger controls on import and sale of stolen wood in the consuming countries of Asia, North America and Europe.

While the last couple of years have seen a series of high profile seizures of cargo vessels transporting stolen logs in Indonesian waters, prosecutions have targeted the ship's crews, while the 'untouchable' timber bosses directing the destructive trade are never apprehended.

Merely prosecuting the transporters of the timber, rather than the true financial beneficiaries of the trade, provides no deterrent. Until the Indonesian government is willing to go after the influential timber bosses making millions of dollars from stealing their country's natural resources, illegal logging will continue unabated.

EIA/Telapak's analysis shows the inexorable eastward shift of commercial timber theft, as the logging bosses line up to secure a piece of the most lucrative remaining spoils – the dense forests of Papua Province. EIA/Telapak have followed the trail from the remote traditional communities of Papua to the dizzying skyscrapers of Hong Kong and Shanghai. Around 300 000 cubic metres of merbau logs are being smuggled out of Papua every month. This massive theft is being organised by powerful syndicates of brokers and fixers, spanning Indonesia, Malaysia, Singapore, India and China. Most of the valuable merbau timber is destined for the voracious wooden flooring factories clustered south of Shanghai. Every working minute a merbau log stolen from Papua is processed in these factories.

The profits from this devastating trade are immense. Local communities in Papua are paid around $11 per cubic metre for merbau logs which are worth around $240 at the point of import in China. All the profits accrue in the hands of a few timber bosses and brokers living the high life in Jakarta, Singapore and Hong Kong while the people of Papua receive a pittance.

Yet it should not be this way. Both China and Indonesia have signed up to a regional Forest Law Enforcement and Governance (FLEG) declaration, including commitments to curb trade in illegal timber. Both countries have also signed a Memorandum of Understanding (MoU) to work together to counter illegal logging. But when it comes down to actions, it seems neither country has the political will to stop the constant flow of illegal timber moving from Papua to China.

The new Indonesian Government of President Susilo Bambang Yudhoyono has pledged tough action against corruption and the timber mafia. It is now time to draw a line in the fight against illegal logging. Time to hold the governments that pledge strong actions to account. Time to go after the timber bosses responsible for the destruction. Time for real enforcement cooperation between nations to halt the scourge of illegal logging. The forests of Indonesia and all those dependent on them cannot wait any longer.

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President Yuhoyono has pledged tough action against corruption and the timber mafia.

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Despite all the political pronouncements illegal logging continues unabated.

The Illegal Logging Crisis

From the steamy rainforests of South America to the snowy climes of Siberia, illegal logging is rampant across the globe, and is driving the accelerating destruction of the world's ancient forests. In most major timber producing countries, including Brazil, Cameroon and Burma, the majority of logging is illegal, and in some the figure is as high as ninety per cent.[1]

Oblivious to legal efforts in producer countries to protect their dwindling resources from a voracious industry, millionaire timber barons are orchestrating an orgy of destruction. Much of this timber is exported to the west as cheap wood products. In Indonesia, which is home to ten per cent of the world's remaining tropical forests,[2] anarchic logging has led to the highest deforestation rate on the planet. An area the size of Switzerland is being lost every year.[3]

The social, financial and environmental cost is staggering. Illegal logging robs producer countries of at least US$15 billion a year,[4] and the loss of forest resources directly affects the livelihoods of more than one billion people in the developing world who live in extreme poverty.[5] As the forests disappear, devastating fires, landslides and floods follow, killing thousands. Illegal logging is also driving many critically endangered species to the brink of extinction.

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***Right*:** **Illegal Loggers in Tanjung Puting National Park, Indonesia.**

The Implementation Gap

There is little doubt that illegal logging is one of the most pressing issues facing the world today. Acknowledging this, at a summit in 1998 the G8 group of the world's leading economies committed to take action.[6] Since then there have been a host of declarations and agreements to combat illegal logging and associated trade, and the issue has remained high on the international political agenda (see table opposite).

In the years since the G8 meeting, reams of studies of the problem have been produced at great expense, and experts from government, industry and civil society have debated at great length over options for action. But so far there has been little tangible impact in the forests or on the trade, and despite all the political pronouncements illegal logging continues unabated.

One of the earliest and most promising developments was the ground-breaking Ministerial Declaration on Forest Law Enforcement and Governance (FLEG), agreed by the countries of East Asia in September 2001.[7] But the follow-up process is currently stalled. There has been no meeting of the agreement's 'task force' for two years, and the follow-up Ministerial originally mooted for 2003 has still to reach the planning stage.

The last few years have also seen the signing of a spate of bilateral agreements between timber producer and consumer states, committing them to work to eliminate bilateral trade in stolen wood. Yet these Memoranda of Understanding (MoU's), so far signed by the UK, Japan, Norway and China with Indonesia, have yet to halt a single shipment. In Indonesia, despite a series of high profile seizures, there has yet to be any case brought against any of the major timber barons. The main timber consuming countries still do not even have laws prohibiting the import or sale of timber or wood products obtained illegally in the country of origin.

Yet there have been glimmers of hope. Some cross-border seizures of illegal timber have occurred, including record hauls in Malaysia and the UK. The listing of ramin wood (*Gonystylus spp.*) - a valuable blond hardwood native to SE Asia - on Appendix III of the Convention on International Trade in Endangered Species (CITES) has been genuinely effective, empowering customs officials to intercept stolen wood in at least seven countries.[8] Indonesia's log export ban, coupled with Malaysia's reciprocal import ban, has dramatically reduced the flow of illegal timber between the two countries. This has brought a

measurable effect in Sumatra, where some illegal loggers are reported to have returned to agriculture.[9] In Malaysian Borneo, authorities also now require the presentation of Indonesian legal documents for imports of sawntimber across the long land border – a unique measure.

Of the major importing countries and regions, the European Union (EU) has made the most progress. The EU's 2003 'Action Plan' on the subject is broad in scope, and backed by significant funding.[10] The Action Plan envisages the establishment of voluntary agreements to implement legality licensing schemes between producer and consumer countries as the main means by which to halt cross border trade in stolen wood. But by even the most optimistic estimates, it will be many years before any such system is fully operational. Meanwhile the illicit trade goes on.

In Indonesia, in spite of all the attention and the strong words in recent years, illegal logging continues unabated, and the rate of forest loss has actually accelerated. Over the last three years, EIA/Telapak have uncovered what is perhaps the largest and most destructive single trade route of stolen timber in the world. Leading from the virgin forests of Indonesia's Papua Province to the booming cities of China's Yangtze River delta, this startling case-study dramatically demonstrates that unless governments follow up their fine words with real actions, it will soon be too late.

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***Above and top*: These two pictures of the same timber landing point in Muar, Malaysia show how the country's reciprocal ban on imports of logs from Indonesia has had a real effect.**

Political Agreements and Statements on Illegal Logging, 2001-2003

Forest Law Enforcement & Governance (East Asia) Bali Ministerial Declaration	Sept 2001
International Tropical Timber Organisation (ITTO) Decision on Forest Law Enforcement	Nov 2001
Memorandum of Understanding (MoU) between the UK and Indonesia on Forest Law Enforcement & Governance	Apr 2002
World Summit on Sustainable Development (WSSD) Plan of Implementation, Chapter 45, Para c) regarding forest law enforcement and illegal international trade in forest products	Sept 2002
Asia Forest Partnership (AFP) (main objectives include good governance and forest law enforcement and control of illegal logging)	Nov 2002
Memorandum of Understanding (MoU) between China and Indonesia on Forest Law Enforcement & Governance	Dec 2002
European Union (EU) Action Plan on Forest Law Enforcement, Governance and Trade	May 2003
Memorandum of Understanding (MoU) between Japan and Indonesia on Forest Law Enforcement & Governance	Jun 2003
US President's Initiative Against Illegal Logging	Jul 2003
Forest Law Enforcement & Governance (Africa) Yaounde Ministerial Declaration	Oct 2003

Illegal Logging in Papua Province

New Guinea is the world's largest tropical island, and is divided between the Indonesian province of Papua in the west and the country of Papua New Guinea in the east. The island is famed for its dense forests, its indigenous cultures and its unique ecology, including a host of endemic species. With its intact forest cover estimated at 70 per cent of total land area, New Guinea contains the last remaining substantial tracts of undisturbed forest in the Asia-Pacific region. It is the world's third largest tropical forest wilderness, exceeded only by the Amazon Basin and the Congo Basin.[1]

The island's unique habitat is comprised of a variety of ecosystems, ranging from tropical glaciers and grasslands to coral reefs and mangrove swamps. Such diversity hosts a myriad of plant and animal species, with the island containing five per cent of the world's species in just one per cent of its land area, around two thirds of which are unique to New Guinea.[2]

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***Right*:**
Indonesia's Papua Province is home to a host of threatened species, including Birds of Paradise.

New Guinea's dense forests contain around 11 000 plant species, 60 per cent of which are not found elsewhere, and has more species of orchids than anywhere else in the world. The island is home to an array of endemic animal species, with 56 mammal species, 76 bird species, and 365 fish, amphibian and reptile species confined to New Guinea.[3] This priceless biodiversity spans mammals such as tree kangaroos and Papuan forest wallabies, over forty different birds of paradise, and the world's largest butterfly.

The population of New Guinea is around six million people, with 3.8 million living in Papua New Guinea and 2.2 million in the Indonesian province of Papua. The inhabitants of the island speak over 1100 distinct languages and a have a variety of unique cultures. In terms of Indonesia, Papua is the least populous province with the majority of the inhabitants living a subsistence lifestyle. In recent years the population has become more diverse due to migration from other regions of Indonesia. While Papua province falls below the national average in terms of social indicators such as health, education and infrastructure, it contains substantial natural resources, including minerals, timber, oil and gas.

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***Left*:**
The Knasaimos people - one of many unique cultures of Papua.

Merbau – Logging Target

In the lush rainforests of New Guinea the most valuable tree species is merbau, and it is the main target for the logging industry operating across the island. Merbau is the most commonly used name for the genus *Intsia spp.*, which comprises three separate species – *Intsia bijuga*, *Intsia palembanica*, and *Intsia retusa*. Merbau is also known as 'kwila' in Papua New Guinea, 'ipil' in the Philippines, and 'kayu besi' in West Malaysia.

Merbau trees are found in lowland tropical rain forest, often in coastal areas bordering mangrove swamps, rivers and floodplains. Merbau has a wide distribution stretching across South-East Asia as far as the Philippines and Papua New Guinea, and some Pacific Islands, but in effect heavy exploitation has led to commercial stands surviving in only three countries – *Intsia bijuga* and *Intsia palembanica* in Papua New Guinea and Indonesia, and *Intsia palembanica* in Malaysia. Within Indonesia merbau is virtually confined to the province of Papua. The vast majority of merbau timber in international trade comes from the island of New Guinea.

According to the World Conservation Union (IUCN) merbau is classified as a vulnerable species across its range, while the World Conservation Monitoring Centre classifies Indonesia's merbau population as threatened. Concerns about the over-exploitation of merbau prompted an unsuccessful attempt to list the timber on Appendix II of the Convention on International Trade in Endangered Species in 1992.[4]

Merbau is one of the most valuable timbers of South-East Asia, prized for its strength and durability. The dark timber is widely used for high-class general construction, exterior joinery, flooring, outdoor furniture, decking, beams and cabinet making. Prices for merbau timber vary, but are around $200 per cubic metre for logs and $450 to $600 for sawn timber at the point of export.

Within Papua Province the commercial exploitation of merbau has surged dramatically. Indonesia's merbau log export volumes increased from 50 000 cubic metres in 1998 to 660 000 cubic metres in 2001, more than a tenfold increase in less than four years.[5] Since Indonesia implemented a log export ban in 2001 official exports of merbau logs have ceased, but rampant smuggling has ensured that the dramatic upward trend in merbau exploitation has continued unabated, and is now running at a rate of up to 300 000 cubic metres a month.

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As commercial stands of timber in Sumatra and Kalimantan are increasingly exhausted, the logging industry has shifted eastwards to Papua.

Politics and Forestry in Papua

Both the political system and the forestry sector in Papua Province are mired in uncertainty and conflicting laws. Although such confusion is a consequence of Indonesia's transition to a democratic system of governance involving greater regional autonomy, the ensuing legislative chaos creates grey areas in which the illegal logging business thrives.

In 2001 the Indonesian government passed a law granting special autonomy to Papua, involving the establishment of a Papuan People's Council (*Majelis Rakyat Papua*), recognition of traditional tribal or *adat* land tenure systems, and a greater share of revenue from natural resource exploitation – 80 per cent of income from forestry, mining and fishing, and 70 per cent from oil and gas.[6]

Yet the implementation of the autonomy law has been confusing and controversial. Until now the council, intended to serve as an upper legislative chamber, has not been created, and in 2003 the central government in Jakarta attempted to resuscitate a law dating from 1999 which would divide Papua into three provinces.

In November 2004 the Indonesian Constitutional Court overturned the 1999 law, stating that it was unconstitutional, but ruled that as the nascent province of West Irian Jaya had already been established it should remain, effectively partitioning Papua into two provinces and sowing more legal uncertainty.[7]

Forestry management in Papua is similarly chaotic, with a raft of overlapping and conflicting regulations being issued at the national level in Jakarta, the provincial level in Jayapura, and at the district level.

In 1999 central government issued a decree permitting the allocation of small-scale local concessions of 100 hectares for community forestry. This led to the creation of the KOPERMAS (*Koperasi Peran Serta Masyarakat*) system in Papua, through which local communities could obtain permission to log on their traditional lands. Following widespread reports of abuse of such licences across the country the decree was rescinded in 2002, yet the validity of this action is open to differing legal interpretations and there are now more than 300 KOPERMAS across Papua.

In October 2001 the Ministry of Forestry in Jakarta banned the export of logs from Indonesia, prompting the governor of Papua to issue his own decree permitting the export of merbau logs. Although the export ban has clear legal precedence and does apply in Papua, the action of the governor illustrates the tensions between Jakarta and Jayapura over the control of natural resources. Similarly, in 2003 the provincial authorities issued logging permits for three million cubic metres of timber, twice the amount authorised by the ministry in Jakarta.[8]

While the legal wrangling has created a climate of ambiguity, logging across Papua has surged dramatically. As the commercial stands of timber in Sumatra and Kalimantan are increasingly exhausted, the rapacious logging industry has shifted eastwards to the country's last remaining intact forests in Papua. Between 1989 and 1997 the Ministry of Forestry issued 40 licences for concessions (*Hak Pengusahaan Hutan* or *HPH*) across Papua. In 1991 the annual permitted cut in the province stood at 732 000 cubic metres, but by 1998 the volume had more than trebled to 2.3 million cubic metres.[9]

By 2002 the ministry had issued 54 HPH permits, covering an area of 13 million hectares, almost a third of Papua's total land area. Many of these concessions are linked to Indonesia's biggest forestry conglomerates, such as the Djajanti group which controls over two million hectares in Papua, and military foundations, such as the logging company Hanurata.[10] With the growth of both HPHs and KOPERMAS concessions across Papua, the province's forests are being exploited at an unprecedented and unsustainable level.

Below: **Illegal logging site in protected area, Teluk Bintuni, Papua.**

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© Dave Currey/EIA/Telapak

***Left*:**
Illegal merbau logs awaiting collection, Seremuk, Papua, February 2003.

Illegal Logging in Papua – Modus Operandi

As a consequence of its remoteness, legal uncertainty and bountiful forests, Papua has rapidly emerged as the prime location for illegal logging in Indonesia. The Ministry of Forestry estimates that over seven million cubic metres of timber is smuggled out of Papua annually, equivalent to 70 per cent of the total volume of timber leaving the country illegally each year.[11] The main illegal logging hotspots are Sorong, Manokwari, Fak Fak, Nabire and Serui. At least 300 000 cubic metres of merbau logs are smuggled out of Papua Province every month.

Key characteristics of illegal logging in Papua include: exploitation of the KOPERMAS system; the involvement of military, police and forestry personnel; coordinated international smuggling syndicates; and weak enforcement.

Subversion of Community Logging Rights

While the laudable aim of KOPERMAS was to allow communities to benefit from small-scale localised logging, the system has been grossly exploited by business interests seeking cheap timber supplies.

The usual method is for middlemen, nicknamed 'foster fathers' (*bapak angat*) to make contact with members of a community with substantial amounts of merbau on its land. Often the middleman is a military officer or other official. The community member will be invited to the nearest town, entertained and persuaded to sign a cooperation agreement. This agreement commonly involves a set price for the timber, plus a promise of gifts for the community – commonly a new church, generators or speedboat engines.

Soon after a logging gang arrives in the community's lands, the merbau is felled and loaded onto barges or ships and a derisory payment made. These activities lead to conflict within communities, who often feel powerless to resist the middlemen.

Examples of such exploitation abound. In one case a community in the Sorong region of western Papua was promised Rp 100 million ($10 920) for 3000 cubic metres of merbau, but received only Rp 25 million ($2750) plus sacks of rice and noodles. In another area near Sorong EIA/Telapak investigators met members of a community who were being paid just Rp 100 000 ($11) per cubic metre of merbau under pressure from a military police officer.

The Raja Ampat islands off Papua's western tip have been impacted by KOPERMAS logging, despite much of the area being designated as protected nature reserves. Out of the 120 KOPERMAS permits issued for the Sorong region up to early 2003, over 40 per cent were located in Raja Ampat. Yet the islands are home to only 7500 people, and the logging operations have been carried out with the connivance of business interests and local officials.

The military in Papua are involved in every aspect of illegal logging.

In 2002 a local community on the island of Salawati was granted permits for four 100-hectare KOPERMAS concessions in order to raise funds for a new church. A deal was reached with the company PT Wahana Papua for a fee of Rp 30 000 ($3.5) per cubic metre of merbau cut. The company ended up felling 14 000 cubic metres and logged outside the KOPERMAS boundary. In payment the community received Rp 60 million ($6500) in cash, a couple of speedboat engines and a church worth Rp150 million ($15 500), allowing the company to obtain timber worth almost three million dollars on the international market at a cost of just $22 000.

Illegal logging in Papua also involves felling within protected areas, such as the nature reserves of Raja Ampat, and companies owning HPHs logging outside concession boundaries, as well as illegal sub-contracting of HPHs to third parties.

Official Complicity

Companies involved in timber theft from Papua are aided every step of the way by officials from the military, police and forestry department, as long as the requisite bribe is paid.

The military in Papua are involved in every aspect of illegal logging. Several forestry concessions in the province are linked to military foundations, notably the company Hanurata, which controls five concessions in Papua and shares its headquarters in Jayapura with a detachment of troops from the army's special forces.

Military personnel are frequently employed as security for logging operations. One timber dealer based in Jakarta told EIA/Telapak investigators that he had 30 soldiers on his payroll to secure his illicit forest concession. The army is also used to intimidate local communities opposed to logging operations on their lands. A report by human rights observers documented widespread logging-related abuse by troops stationed near Jayapura. The abuses involved intimidation, assaults and rape.[12]

Navy forces operating in the eastern waters of Indonesia have won plaudits for intercepting a series of vessels carrying illegal logs from Papua. Yet in many cases such seizures are carried out when the owner of the timber has underpaid the navy for protection of the shipment. An additional fee is then required to free the ship. The navy is also used by powerful

Below: **Traditional lifestyles are threatened by forest plunder.**

© Dave Carrey/EIA/Telapak

© Dave Currey/EIA/Telapak

***Left*:** **Logs stolen from protected area, Raja Ampat Islands, Papua, February 2003.**

timber bosses to disrupt the smuggling operations of rivals.

In addition to the armed forces, both forestry officials and police are implicated in illegal logging activities. In January 2002 four vessels loading illegal merbau logs near Sorong were detected, yet all but one eluded capture. Investigations into the case reveal the role played by police and forestry officials in allowing the vessels and their cargoes to escape.

The Panamanian-flagged ship MV Africa was detained by sea police laden with 12 000 cubic metres of merbau logs, and the case was passed to Sorong police for processing. Subsequently both the vessel and its contraband disappeared. Following a complaint by a local timber businessman that the police had confiscated his logs to cover up their crime, the case was reopened and five police officers were arrested in December 2004, including the former police chief of Sorong. One of the men claimed he had been ordered to let the vessel go after a bribe of Rp 700 million ($75 000) was paid to a high-ranking provincial police official.[13]

Another vessel caught during the operation was the MV Sukaria, found to be transporting logs without a timber transport document (SKSHH - *Surat Keterangan Sahnya Hasil Hutan*). In May 2002 the police released the ship after local forestry officials claimed there was no case to answer, as the SKSHH had not been issued due to a lack of blank forms in the office. The timber on board had come from a KOPERMAS operating on the island of Waigeo and linked to the office of the Sorong regent (*bupati*), whose secretary had underwritten the costs of setting up the small-scale concession. A fee of Rp 150 million ($16 000) was paid to the forestry office to secure the release of the ship.[14]

Forestry officials from the district office in Sorong have also been implicated in illegally altering the boundaries of nature reserves on the islands of Raja Ampat to facilitate access to valuable merbau trees.

The huge scale of illegal logging and timber smuggling being conducted in Papua could not occur without the involvement of corrupt officials. An experienced merbau trader based in Hong Kong told undercover EIA/Telapak investigators that the average bribe paid to ensure a shipment of illegal merbau logs leaves Papua unhindered is $200 000. The money is shared between the army, navy, police and forestry office.

International Syndicates

The felling and smuggling of merbau logs in Papua is orchestrated by well-organised international criminal syndicates. As a consequence the vast profits from this illegal trade accrue in bank accounts in Singapore and Hong Kong, while the forest communities in Papua are paid a pittance and left to count the cost.

If the KOPERMAS system had been implemented properly, communities could have benefited from the sustainable logging of merbau. In reality, KOPERMAS has served to provide millions of dollars to criminal organisations through the rampant over-exploitation of the species. Any benefits for the people of Papua are negligible and far outweighed by the costs.

Key actors in the merbau smuggling syndicates come from a number of countries in the region. In Jakarta there are a host of timber brokers offering illegal merbau logs, and influential players who guarantee delivery of the illicit

The average bribe paid to ensure a shipment of illegal merbau logs leaves Papua unhindered is $200 000.

cargo for a price of around $50 per cubic metre of timber.

On the ground in Papua are a host of Malaysian companies and individuals who oversee the actual logging, using heavy equipment transported from neighbouring Papua New Guinea and Sarawak.

Companies in Singapore act as vital middlemen in the trade – chartering cargo vessels and barges to transport the contraband timber, and linking sellers of merbau in Papua with buyers in India. Many of the financial transactions for the merbau logs flow through Singapore's banks, including the opening of letters of credit between buyers and suppliers.

Brokers in Hong Kong act as a vital bridge to the Chinese mainland, securing log supplies in Papua and forging connections with buyers in the Shanghai area and Guangzhou province.

Smuggling Methods

The criminal groups directing the trade in merbau from Papua employ a variety of techniques to avoid enforcement action. The easiest method is to pay off the authorities, but this cuts into profit margins. This option is also only open to some, as the coterie of key players in Papua, who maintain close links to military protectors, will take steps to exclude newcomers who lack such contacts and influence from entering the trade.

If simple bribery is not a feasible option, a number of smuggling methods are used:

- False flags on cargo vessels: In 2003 the Indonesian government banned foreign flagged cargo vessels from transporting logs inside Indonesian territorial waters. This method was used by the vessel Bravery Falcon (see boxed text on page 15)[15]
- Barges: As cargo vessels are more prone to interception, smugglers have switched to using steel barges, including high-sided coal barges that can transport up to 5000 cubic metres of logs. Intelligence indicates that the barges sail to Labuan in Malaysia or Davao and Mati in the southern Philippines. Once out of Indonesian waters the logs are transferred to larger vessels and shipped to China and India.[16] Industry sources state that barges laden with merbau logs also sail directly from Papua to China.
- Fake documents: Transportation of all timber in Indonesia requires an SKSHH document. As shipment of merbau logs out of the country is strictly illegal, smugglers often use fake SKSHH documents showing that the timber is destined for sawmills within Indonesia. False SKSHH were associated with the vessels Surabaya Express[17] and Bravery Falcon[18] (see pages 14-15).
- Underdeclaring: Vessels carry up to 30 per cent more logs than are allowed in the loading lists and shipping documents.
- Documents from neighbouring Papua New Guinea, which does not ban the export of logs, are also used to mask the Indonesian origin of merbau log shipments.[19] There are also reports of vessels carrying merbau logs from Papua Province calling at ports in PNG, where additional logs are added and documents procured.[20]

Right:
Logs on board a barge at Labuan, Malaysia, September 2003.

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Enforcement Actions

A series of seizures of illegal merbau logs, both on land and at sea, indicate the strenuous efforts being made by individual enforcement officers to stem the tide of illegal timber flowing out of Papua. Yet in reality the vast majority of illicit shipments reach the final destination unhindered, aided by systemic corruption within enforcement agencies and the judicial system. While effective seizures are rare, successful prosecution of the perpetrators is even rarer.

According to analysis carried out by Conservation International (CI), the Papuan police successfully interdict only three per cent of vessels carrying illegal logs. Eighty per cent of these cases do not result in a fine, and in the small number of cases where a fine is levied it is usually less than $1000. The analysis finds that based on an average profit of $100 000 for illegal logging cases, the threat posed by fines under the current enforcement regime stands at $7, meaning that the incentive to carry out illegal logging is 14 000 times greater than the disincentive posed by enforcement actions. Even when the cost of illegal timber being confiscated is factored in, the incentive is still 1000 times higher than the disincentive.[21] Clearly the low risk of capture and prosecution is a major factor in the explosive growth of illegal logging in Papua.

Effective deterrence is also stymied by the lack of resources given to the relevant enforcement agencies, with only three trained investigators from the Ministry of Forestry assigned to cover the whole of Papua Province.

Overall the level of seizures is a fraction of the total volume of illegal merbau logs shipped from Papua. Between 2001 and 2003 the Papuan police reported 19 cases of illegal logging, involving the seizure of around 100 000 cubic metres of merbau logs, 250 units of heavy logging equipment, and the naming of 68 suspects, of whom 42 were Malaysian nationals. Of this total, just three cases detected in Bintuni and Nabire during the first quarter of 2003 accounted for 76 000 cubic metres of logs and 142 pieces of machinery.[22] Yet based on reliable estimates of at least 300 000 cubic metres of merbau logs leaving Papua every month, the level of seizures is negligible. In three years the police only seized logs equivalent to the amount flowing from Papua every ten days or so.

Efforts to improve the enforcement performance in Papua are hindered by a range of factors, notably: ambiguous laws; lack of cooperation between different enforcement agencies; ineffective cooperation within agencies at the national, provincial and district level; insufficient budgets and staff; and corruption.

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Above: **Cargo ship Asean Premier, seized off Sorong, January 2003.**

In 2003 the governor of Papua Province issued a decree creating an integrated team to control and combat illegal logging in Papua, involving the key agencies such as the police, army, navy, forestry department, Attorney General's office, and community representatives.[23] While such actions are vital to improve coordination, the creation of such a team alone is insufficient to tackle the problem, without adequate resources and a clear commitment to target the leading timber barons operating in the province.

In the meantime the plunder of Papua will continue unabated. Summing up the situation Jhon Poly Menanti, of the Communication Forum of Papuan Generation, said: "*Our forests have been plundered and looted. Yet, as the proprietor of the land, we haven't received a single dollar. Instead, illegal logging has adversely affected the livelihoods of tribal people who earn their living from the forest and its rich biodiversity*".[24]

Papuan police successfully interdict only three per cent of vessels carrying illegal logs.

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December 2003
Mongolian-flagged vessel Bravery Falcon seized by the Indonesian navy while in the final stages of loading over 17 000 cubic metres of illegal merbau logs at Daram Island, west of Sorong (see boxed text on page 15).

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January 2002
Indonesian navy detains four vessels carrying illegal logs off Sorong. The vessel MV Africa, carrying around 5000 cubic metres, is quickly released. The vessel Everwise, reportedly carrying around 7300 cubic metres, escapes and is subsequently detained in southern China at the request of the Indonesian government but then released. The Sukaria, carrying 1500 cubic metres of merbau logs, was also released. The Asean Premier, carrying 3000 cubic metres of merbau logs was detained in Sorong harbour.[25]

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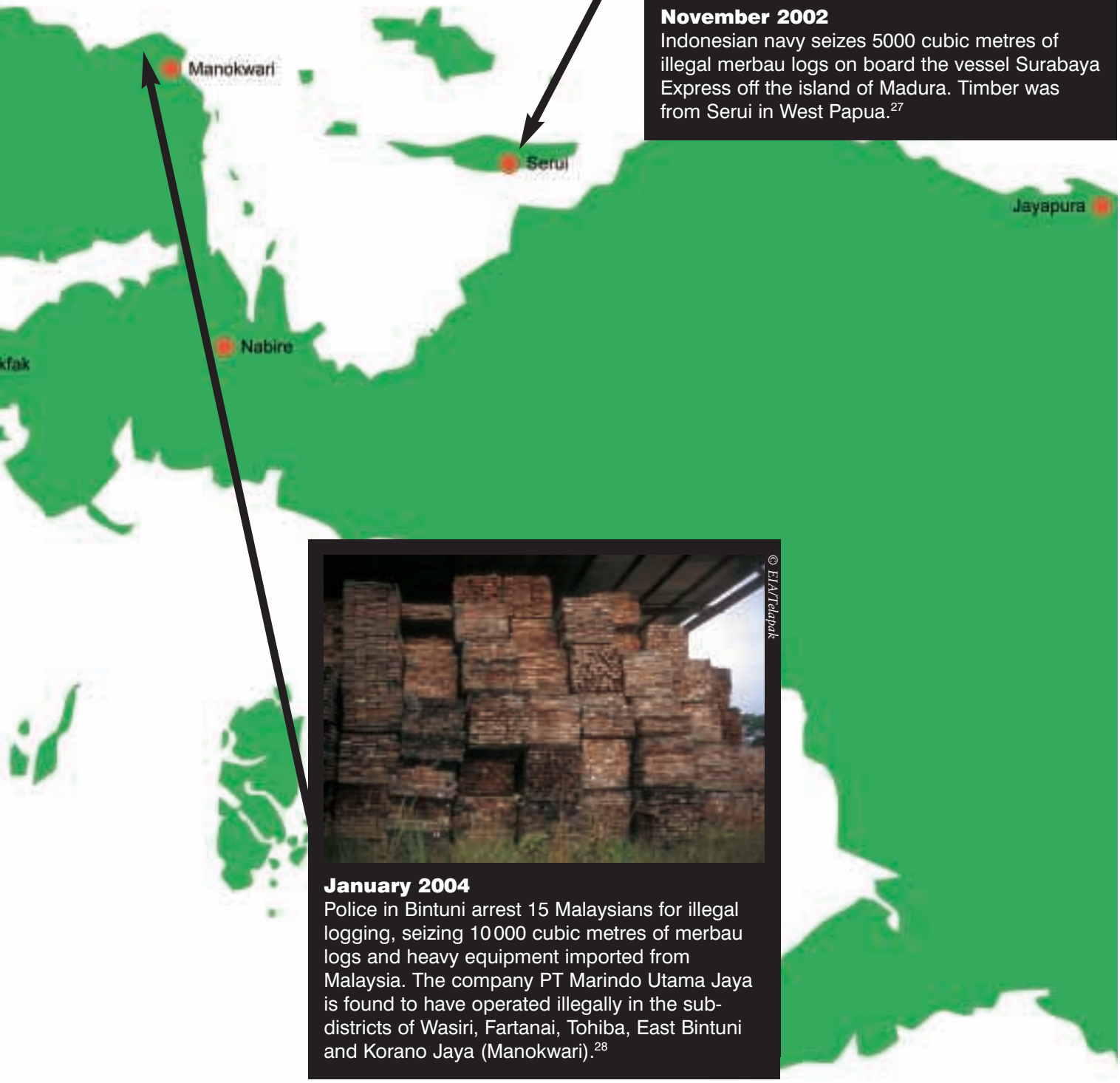
February 2003
EIA/Telapak investigators find 2700 cubic metres of merbau logs awaiting collection at a log pond in Srer, Seremuk district. According to local villagers a senior military police officer owns the timber, and the operation does not have the proper permits.[26]

November 2002
Indonesian navy seizes 5000 cubic metres of illegal merbau logs on board the vessel Surabaya Express off the island of Madura. Timber was from Serui in West Papua.[27]



January 2004
Police in Bintuni arrest 15 Malaysians for illegal logging, seizing 10 000 cubic metres of merbau logs and heavy equipment imported from Malaysia. The company PT Marindo Utama Jaya is found to have operated illegally in the sub-districts of Wasiri, Fartanai, Tohiba, East Bintuni and Korano Jaya (Manokwari).[28]

Major Incidents of Illegal Logging of Merbau, 2001-2004

Nov 2004	Papuan police seize the vessel MV Fitria Perdana for the second time. This vessel is found carrying 5000 cubic metres of merbau timber and heading for Biak Island.[29]
Nov 2004	Papuan police seize 4000 cubic metres of illegal merbau logs and detain Malaysian-flagged vessel KM Godri II. The ship also carried equipment to fell timber in Takar, Jayapura that was to be supplied to two companies - PT Duta Jaya Perkasa and PT Papua Limbah Mewah.[30]
Aug 2004	Croatian-flagged cargo ship MV Mirna Rijeka carrying 16 000 cubic metres of illegal merbau intercepted in the Arafuru Sea in eastern Indonesia en route to Likupan, Manado. In the same month, Singaporean flagged, MV Heng Li seized in Manokwari by the navy.[31]
Jan 2004	Navy impounds two Indonesian flagged vessels KM Fitria Perdana and KM Semangat Lestari carrying a total of 1268 merbau logs near Aru Island, Maluku Province.[32]
Jan 2004	Police in Bintuni arrest 15 Malaysians for illegal logging, seizing 10 000 cubic metres of merbau logs and heavy equipment imported from Malaysia.[33]
Dec 2003	Mongolian-flagged vessel MV Bravery Falcon seized by the Indonesian navy while in the final stages of loading over 17 000 cubic metres of illegal merbau logs at Daram Island, west of Sorong (see boxed text opposite).
Dec 2003	Police arrest two Indonesian employees of PT Sri Mewah Maju Jaya, and seize a tugboat and barge loaded with 9000 cubic metres of merbau logs on Tami River at Womba village in Aifat district, Sorong.[34]
Oct 2003	Source states that vessel MV Irawati loaded 10 000 cubic metres of merbau logs in Papua, and subsequently sailed for Singapore.[35]
Sept 2003	Source states to EIA that vessel MV Lok Prakash carrying 9000 cubic metres of merbau logs heading from Papua to the port of Zhangjiagang in China.
Feb 2003	EIA/Telapak investigators find 2700 cubic metres of merbau logs awaiting collection at a log pond in Srer, Seremuk district.[36]
Jan 2003	Papuan police officers raid the Merdey forest located in Manokwari district, interrogating 9 Malaysian illegal loggers camped within the forest and confiscating 16 000 cubic metres of merbau timber.[37]
Dec 2002	Indonesian navy intercepts MV Niaga 56 in the waters off Selayar Island, South Sulawesi. Vessel owned by PT Pann Multi Finance had on board 1094 cubic metres of merbau logs.[38]
Nov 2002	Indonesian navy seizes 5000 cubic metres of illegal merbau logs on board the vessel Surabaya Express off the island of Madura. Timber was from Serui in Papua.[39]
Sept 2002	The government's Forestry Information Centre reports that 3500 cubic metres of merbau timber and 17 pieces of heavy equipment were seized in Kalobo village, Samate sub-district, Sorong.[40]
Apr 2002	Logging gang prepares a shipment of more than 5000 cubic metres of merbau from Salawati Nature Reserve to be exported to Malaysia.[41]
Jan 2002	The vessel MV Africa, carrying round 5000 cubic metres is quickly released. The vessel Everwise, reportedly carrying around 7300 cubic metres, escapes and is subsequently detained in southern China at the request of the Indonesian government but then released. The Sukaria, carrying 1500 cubic metres of merbau logs was also released. The Asean Premier, carrying 3000 cubic metres of merbau logs was detained in Sorong harbour.[42]
Dec 2001	Local NGO finds two ships flying the Panamanian flag - MV Millennium Dragon and MV Huadi - which left Sorong on 16th December to transport a total of 20 000 metric tons of merbau logs.[43]
Nov 2001	Customs police in Batam, Riau, detect 2500 tonnes (350 logs) of merbau from Papua on a ship bound for Port Klang, Malaysia.[44]

The Bravery Falcon Case

On 9th December 2003 the Mongolian-flagged cargo ship Bravery Falcon was seized by the Indonesian navy while in the final stages of loading merbau logs near the island of Daram, which lies off the western coast of Papua province. The vessel was transferred to Tanjung Priok, Jakarta, under naval guard and the Vietnamese captain and crew detained pending enquiries.

The sheer volume of timber on board the vessel – over 17 000 cubic metres of merbau logs - makes the case noteworthy, and information gathered during the subsequent investigation provides a fascinating insight into the methods used to ship illegal timber out of Papua.

According to testimony by the captain and chief officer of the Bravery Falcon, the vessel was chartered on 26th November by the Singapore company E-Maritime and instructed to sail directly to Daram island, with the final destination to be notified once loading was complete.

Upon arrival at a location three miles off Daram on 2nd December, the vessel was boarded by an Indonesian agent accompanied by a team of labourers and three timber checkers. Over the next week a total of eight steel barges drew alongside the Bravery Falcon, with the Indonesian labourers using the ship's cranes to load the logs. During this time the agent supplied an Indonesian flag for the vessel to fly, and the Singaporean charterer called the captain and instructed him to fly it.

When the detention took place the Indonesian agent presented the navy with an SKSHH document claiming permission to transport 2800 cubic metres of meranti to a company called CV Kalang Group in Banjarmasin, South Kalimantan. The permit was issued by the forestry office in Sorong, with the fees paid by PT Hasrat Wira Mandiri, a company holding a forestry concession in Papua. The captain denied any knowledge of the SKSHH, and stated China as the intended sailing destination after Daram. By the time the vessel arrived in Jakarta under escort the agent had disappeared, leaving the Vietnamese captain and crew to face investigation.

On 24th November 2004 the captain of the Bravery Falcon, Ngo Van Tuan, was sentenced to two years in prison by the North Jakarta District Court for his role in attempting to illegally transport logs out of Indonesia.

Yet information surrounding the case indicates that while the captain is partly culpable, he has been set up as the fall guy, while the real culprits have not been investigated:

- The Singaporean boss of charterer E-Maritime has been publicly named for his involvement in timber smuggling (see 'The Ahi File' on page 20).[45]
- While detained in Jakarta the vessel was boarded by representatives of company Alamanda Mitra Setia, who bought supplies for the crew. This same company was listed as the owner of illegal merbau logs seized onboard the Croatian-flagged vessel MV Mirna off Manokwari, Papua, in August 2004.[46]
- Sources close to the case claim that the seizure took place at the behest of one of the biggest timber barons in Papua, in an effort to disrupt competing smuggling operations.[47]
- The timber from the Bravery Falcon was auctioned in Surabaya in June 2004. The timber was bought by company Tri Tulus for Rp 450 000 ($50) per cubic metre, and immediately sold on for Rp 1.2 million ($130) per cubic metre.

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Military Intimidation of the Knasaimos

In February 2003 EIA/Telapak investigators travelled to the remote region of Seremuk, lying south of the port city of Sorong, to probe allegations of illegal felling of merbau trees on the traditional lands of the Knasaimos people. Within Seremuk the Knasaimos are divided into four sub-tribes, with 52 family groups living in 17 villages. The community lives a traditional lifestyle, relying on the forests and rivers for farming, fishing and hunting.

Discussions with community leaders revealed how in 2001 a captain in the military police called Kaspar Ohoiwirin, based in Sorong, had come to the area - in uniform and armed - scouting for community members willing to sign a cooperation agreement for the exploitation of merbau trees on the Knasaimos land. He quickly concluded an agreement with a member of a local family, and soon afterwards heavy equipment arrived on a barge and logging began. By the time EIA/Telapak arrived in the area, Kaspar had overseen logging at three sites – Tofot, Sayal and Srer.

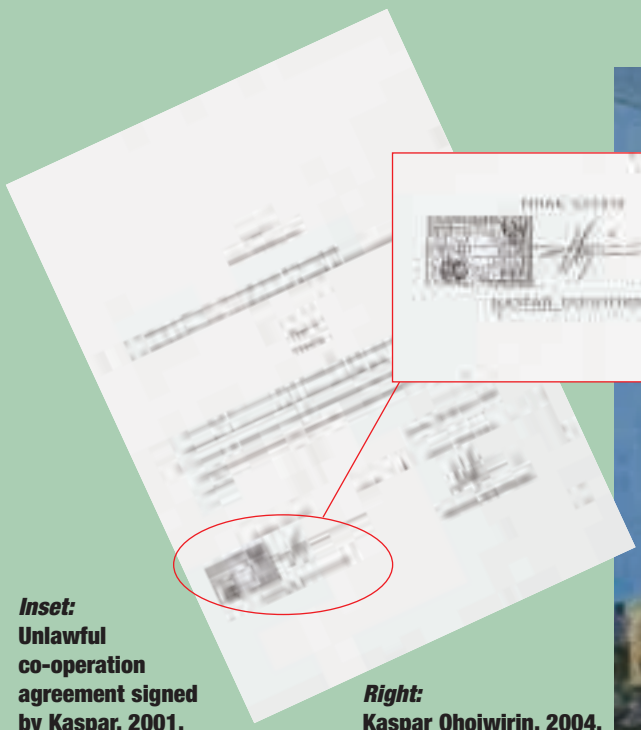
EIA/Telapak witnessed around 2700 cubic metres of merbau logs in a log pond at Srer, awaiting collection by barge for a Malaysian buyer. Community members were being paid just Rp 100 000 ($11) per cubic metre. The logging was taking place against the wishes of the majority of the Knasaimos, and was clearly illegal despite the cooperation agreement, as no logging permit had been issued by the district forestry office in Sorong.

Documents seen by EIA/Telapak showed Kaspar to be working on behalf of the company Rimbunan Hijau Jaya, linked to Malaysian timber conglomerate Rimbunan Hijau. In March 2003 EIA/Telapak reported its findings to the Ministry of Forestry in Jakarta, which in turn raised the matter with the head of the Indonesian military (TNI – *Tentara Nasional Indonesia*) General Endriartono Sutarto. Despite Sutarto pledging in January 2003 to take stern action against any military personnel involved in illegal logging, Kaspar was allowed to continue his logging business and to intimidate the Knasaimos.[48]

As a community leader explained: "*Well, yes I can say that foreign investor in Sorong, are being backed-up by military. It is clear that they are behind them in Papua, as we see that Mr. Kaspar is a Wadanpom [Shadow commander of Military Police] in Sorong, he is behind the business. That is from what we see in the field, military people behind it.*"

In March 2004 Indonesian television reporters ventured to Seremuk to find out the latest on Kaspar's activities. The reporters came across logging operations in the Mlaswat area of Seremuk being carried out by the company Papua Silva Lestari. A field operator at the logging site confirmed that the company was a front for Rimbunan Hijau. A village elder told how the company had already extracted 5000 cubic metres of merbau from the site, and had only paid the villagers seven million Rupiah ($765), not the promised Rp 125 million ($13 650).

The reporters also tracked down Kaspar and found him still involved in the logging. The village head said: "*Mr. Kaspar is like a backing for the company. We are only people. Under intimidation we don't have a choice. Only Mr Kaspar can take the timber at the current price of Rp 100 000, although we are not happy with it.*"[49]



Inset: **Unlawful co-operation agreement signed by Kaspar, 2001.**

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Right: **Kaspar Ohoiwirin, 2004.**

International Timber Smuggling Syndicates

EIA/Telapak research into the massive smuggling of merbau logs from Papua Province reveals the involvement of integrated international syndicates, spanning Papua, Jakarta, Malaysia, Singapore, Hong Kong and the final destinations of China and India.

Analysis confirms that each component of the syndicates plays a defined role – from Jakarta-based bosses securing 'protection' for shipments and Malaysian logging gangs on the ground in Papua, to Singapore-based shippers arranging transport for the logs and Hong Kong-based brokers selling huge quantities of merbau to companies in mainland China. Several major syndicates are in operation, and often compete against each other to secure supplies and develop influential contacts with enforcement agencies.

The scale of the illegal trade in merbau logs is apparent from monitoring of timber trade bulletin boards on the Internet. In a single month in mid-2004 EIA/Telapak logged 25 enquiries concerning Indonesian merbau logs on a single trade website. Postings from prospective buyers revealed a monthly demand of 115 000 cubic metres of merbau logs, while offers to sell totalled 118 000 cubic metres per month. In total these sales offers were equivalent to an annual supply of almost one-and-a-half million cubic metres of merbau logs – all illegal under Indonesia's log export ban. All of the companies seeking merbau logs were based in either China or India.

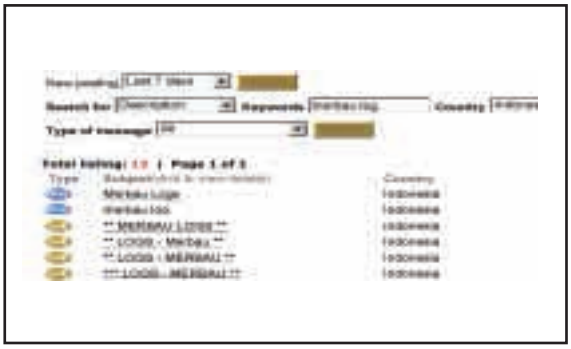
Indonesia: Brokers and Security Providers

Illegal logging operations on the ground in Papua are frequently controlled by brokers based in Jakarta and Surabaya – both major ports and timber trading centres in Java. These brokers usually have links to senior military officers and other enforcement agencies in order to ensure safe passage for the contraband cargo, and are connected to international buyers.

Many of the offers to sell merbau logs on the Internet collated by EIA/Telapak led back to Java-based traders. Using a fake company, EIA/Telapak contacted several of the sellers in September 2004, and found that while the traders were initially cautious, most had merbau stock on hand and were keen to cut a deal, although security of the shipments could not be guaranteed and most sellers preferred to deal on "FOB" terms, meaning they would not be responsible for shipment.

The Jakarta-based company Sinar Remaja advertises as a wood broker specialising in logs. The inquiry by EIA/Telapak investigators was referred to an individual called Slamet Adisubroto. At first he said export of merbau logs from Papua was illegal, but soon asked for details of the amount of logs required. He then responded that he knew of a consignment of merbau logs immediately available in Jayapura, and referred the investigators to a Surabaya-based colleague called Mr Latif. Initially Latif said he could not export the logs as he had not obtained the right documents, and asked whether an Indonesian or foreign vessel would be used for the shipment. A few days later he provided contact details for a Mr Ruslan, based in Sorong, Papua, and explained that he had 12 000 cubic metres of merbau logs in stock ready for export.

The Surabaya-based firm PT Cipta Kayumas Abadi was found advertising merbau logs for export from Sorong in June 2004. In September 2004 EIA/Telapak investigators phoned the company and spoke to 'Deddy'. He explained that the company only had 1000 cubic metres of merbau logs in Sorong and offered to sell on FOB terms. He added that cutting would begin again soon and he expected to be able to offer around 10 000 cubic metres per month. He explained that his boss was a Thai national who had experienced problems with immigration laws in Sorong, but added that it had been sorted out and his boss had just secured a new concession in the Sorong area. A few days later Deddy offered 5000 cubic metres of merbau logs at a price of Rp 1.4 million per cubic metre, based on FOB terms and including documents.



Left: **Internet trading sites receive regular postings from companies offering to buy and sell merbau logs from Papua.**

Malaysian companies and individuals are deeply implicated in illegal logging activities in Papua.

In an email dated 27th September Deddy wrote to EIA/Telapak's fake company: "*My Boss is in Surabaya, and we have stock +/- 5000 m^3 merbau logs, with the price Rp. 1.4 million / m^3, FOB Sorong, included Document. Also maybe we can discuss to make a contract to supply you monthly. If you have interest with our 5000m^3 stock, please hurry up...because someone will take that Merbau tomorrow morning*".

The Jakarta-based firm PT Graha Dharma Sakti claimed on the Internet to be one of the largest timber suppliers in Indonesia, specialising in logs from Papua and operating as an "environmentally-conscious organisation". EIA/Telapak investigators met the head of the company, Yaman Yeo, after an initial phone call enquiring about supply of merbau logs to China.

During an hour-long meeting Yeo revealed that he was in the midst of loading 11 000 cubic metres of merbau in Jayapura port for export to China. He said the buyer was overseeing security for the shipment, and his role was to deliver the logs to Jayapura and organise the loading. Yeo claimed to visit Papua frequently and to employ up to 20 army personnel to guard his concession. He added that he did not have the high level contacts needed to guarantee safe delivery of the shipment, but said that he knew of a couple of people in Jakarta who could secure such a guarantee for $50 per cubic metre of timber. He also explained how false Malaysian documents are frequently used to disguise the Indonesian origin of the logs, and said that he had Malaysian associates who had switched logging operations from Papua New Guinea to Papua Province to cash in on the cheap logs available.

Right:
Jakarta based illegal timber broker Yaman Yeo, September 2004.

© EIA/Telapak

When asked if it was OK to export merbau from Papua, Yeo replied: "*It's difficult, but because the place is quite far away from Jakarta, you can still manage to export it out. All of Indonesia cannot export this cargo, but we still manage because in Indonesia…anything is possible… Even now I'm loading…11 000, in Jayapura, Papua. Tomorrow the vessel will go to China*".

Malaysia: Logging Operations and Logistics

Malaysian companies and individuals are deeply implicated in illegal logging activities in Papua. For instance, between 2001 and 2003 the Papuan police dealt with 19 cases of illegal logging, with 42 of the 68 suspects connected with the cases being Malaysian nationals. The role of the Malaysians in Papua is to provide the heavy machinery and technical expertise required to fell the merbau trees, with a clear dominance by operators from the Malaysian province of Sarawak.

In the largest case involving Malaysians to date, police in the Manokwari region of Papua arrested 15 Sarawakians in January 2004 for their involvement in illegal logging of merbau. During the operation the police seized over 100 units of heavy equipment, four tugboats, three barges and 60 000 cubic metres of merbau logs. The logging operation had been carried out in the Tohiba sub-district without official permission and encroached on the protected area of Teluk Bintuni Nature Reserve.[3]

The accused were all employed by the firm PT Marindo Utama Jaya, yet the company boss Wong Sie King (also known as Wong Ah King and Wong Si Tong) escaped arrest. Wong, a native of Sibu in Sarawak, was the main orchestrator of massive illegal logging around Teluk Bintuni. He formerly worked in Kalimantan and switched to Papua by supplying logging machinery to forest concessions in the province. In Manokwari he built his logging operation through exploitation of KOPERMAS concessions and recruiting local government officials and enforcement officers onto his payroll.

Wong rose to become one of the biggest players in the illegal merbau business in Papua, but his operation was targeted after he failed to pay the requisite level of protection money. His demise has led to intense competition among second-tier players to replace Wong. Field investigations by EIA/Telapak in the Manokwari region in July 2004 found that associates of Wong – notably Su and Ti – were still cutting merbau in the Sabubar region, with Su's operations extending into the Cendrawasih National Park.

© EIA/Telapak

Left: **Logging camp in Manokwari, Papua operated by Malaysian national Mr Ti.**

Other cases involving Malaysians in Papua include:

• In November 2004 police in Sarmi, a region near the border with PNG, detained the Malaysian-flagged vessel Godri II. The vessel was reportedly chartered by Malaysian logging boss Lai Rue Tang to supply two timber companies - PT Jutha Daya Perkasa and PT Papua Limbah Mewah - operating in Takar district.[4]

• In August 2003 police arrested six Malaysians for illegal logging activities in Bintuni. The police seized 1255 merbau logs in the operation, and named one of the chief suspects as Lau Woo, the owner of PT Trillion Abadi Perkasa and a native of Sarawak.[5]

• In January 2003 police in Sorong arrested Malaysian national Hii Eii Sing for his role in illegal logging in the Merdey sub-district of Manokwari. A further nine Malaysians were interrogated, all working on behalf of PT Rimba Kayu Arthamas, a Jakarta-based company with a concession in Papua. The operation led to the seizure of 16 000 cubic metres of merbau logs.[6]

• In October 2002 EIA/Telapak investigators discovered a logging site within the protected area of Batanta Island, Raja Ampat. Workers at the site said the boss was a Malaysian national who had recently switched his operation from West Kalimantan. A barge registered in Labuan, Malaysia, was anchored alongside the site, waiting to load merbau logs.

Singapore: Traders and Shippers

The prosperous city-state of Singapore acts as a major regional hub in the illegal logging business. Singapore-registered ships and barges ferry illegal logs out of Indonesia, and its banks hold a substantial portion of the profits generated through illegal logging in Indonesia. These banks are the preferred choice for opening Letters of Credit for illegal timber deals, and its traders have the international connections to find buyers for the logs. Many of the leading timber bosses in Indonesia, such as Abdul Rasyid and Ahong, have companies and bank accounts in Singapore (see boxed text on page 20). The Singapore firm E-Maritime is one of the chief transporters of illegal merbau logs from Papua to China, while the companies Wajilam Exports and Fa Lin specialise in selling Indonesian merbau logs to clients in India.

Hong Kong: Brokers and Buyers

Hong Kong-based trading firms provide the link between suppliers in Indonesia and buyers in the burgeoning timber manufacturing industry of mainland China. Research by EIA/Telapak found that the majority of firms sourcing merbau logs on the Internet are based in Hong Kong. One company alone – Howei Marketing – listed a regular monthly demand of 10 000 cubic metres a month.

Another company called Greatwin Asia has an Indonesian subsidiary called CV Bangkit Perkasa, based in Java, which handles the supply of merbau logs from Papua. The boss of the company, Shelman Siu, met with EIA/Telapak investigators on several occasions and revealed detailed information regarding the supply of merbau logs to feed China's growing flooring industry (see China chapter on page 22).

China and India: Final Destinations

The main goal of the merbau syndicates is to move huge volumes of illegal merbau logs out of Papua and into the emerging markets of China and India. Consumption of merbau in these two countries is escalating rapidly to serve both domestic needs and for processing into flooring and furniture for export. In China the main entry ports for merbau logs are Zhangjiagang and Shenzhen, while in India shipments enter through Tuticorin and Calcutta. Most of the shipments are accompanied by fake documents to disguise the Indonesian origin of the timber.

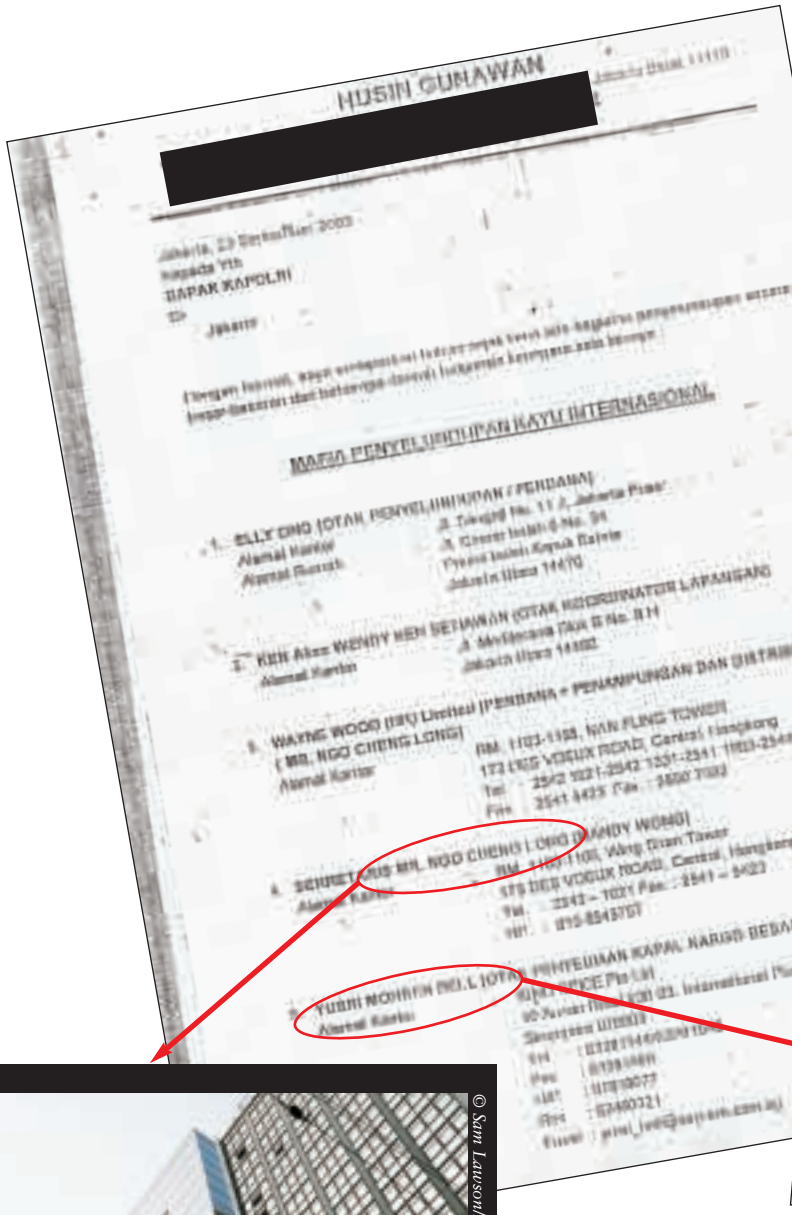
The Ahi File

An insight into the organisation of one international syndicate is provided by revelations from an unlikely source – the elder brother of one of the chief timber bosses operating in Papua.

In September 2003 Husin Gunawan, also known as Ahi, wrote to the Indonesian President, the head of police, the navy chief, and a host of ministers outlining the activities of a major timber smuggling enterprise. He also told his story to the Indonesian business magazine Trust.[7]

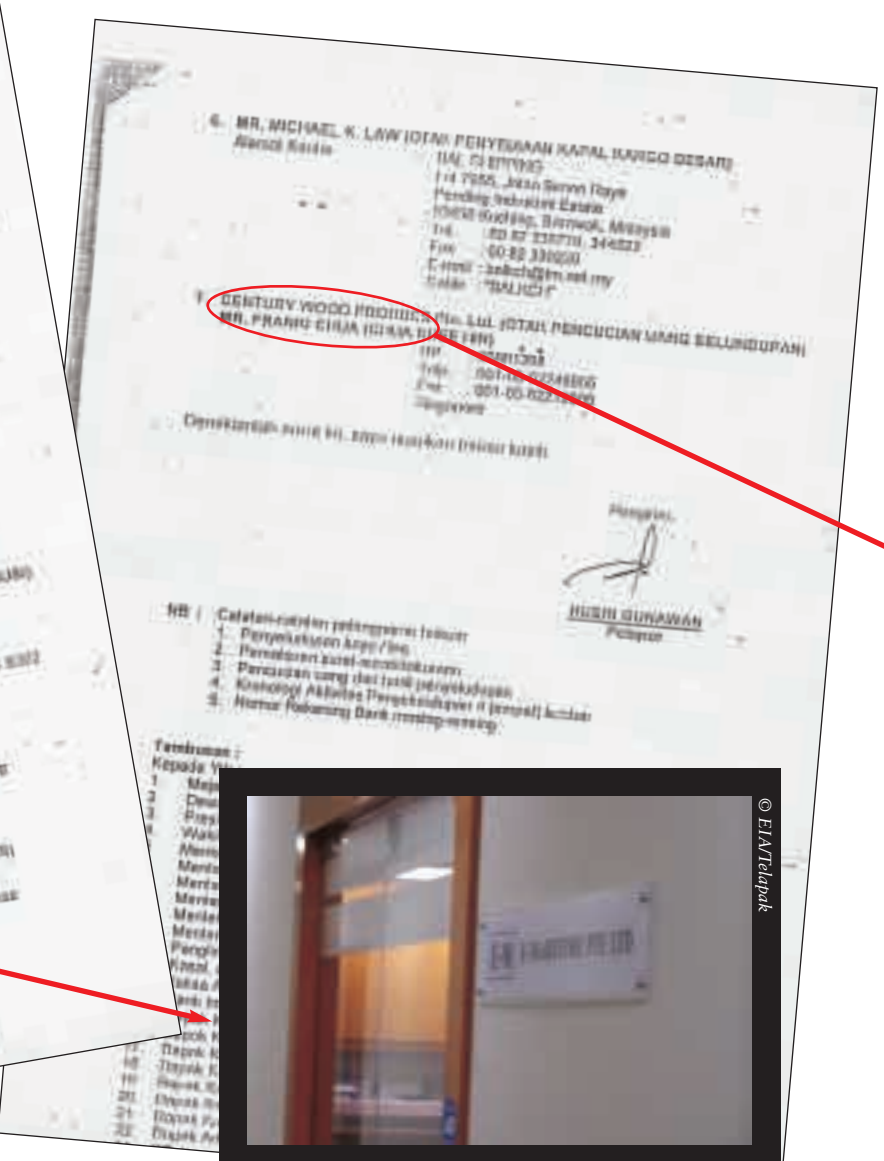
Ahi's role as an insider gave him unique knowledge of how the illegal felling and transport of logs from Papua was carried out. He claimed to have run a timber transport business as one of the components of the syndicate, and stated that the syndicate had used over 50 ships during the preceding two years to move logs out of Indonesia. He named members of the syndicate in Jakarta, Hong Kong, Singapore and Sarawak, and detailed how bribes were commonplace to ensure safe passage of the illicit cargo.

Ahi's motivation for going public was revenge on his younger brother, whom he blamed for the collapse of his transport business. Although the letter he wrote did not mention his brother's name, investigations by EIA/Telapak have discovered the brother's identity to be Heng Ijat Hong, also known as Antonio Yatmoko and nicknamed Ahong. This individual is known to the authorities as one of the main players involved in shipping merbau logs from the western part of Papua Province. Ahong started out in the timber business in Central Kalimantan, and has a long standing association with Abdul Rasyid – a powerful timber boss from Central Kalimantan whose Tanjung Lingga group of companies is responsible for rampant illegal logging of Tanjung Puting National Park.[8] Ahong runs the company Rimau Kalimantan, and also controls the Singapore-based firms Rimau Timber and Rimau Shipping.


HUSIN GUNAWAN
[redacted]
BAPAK KAPOLRI
MAFIA PENYELUNDUPAN KAYU INTERNASIONAL

© Sam Lawson/EIA/Telapak

Ngo Cheng Long:
Said by Ahi to be the main financier of the syndicate and the most powerful member. Long's Hong Kong-based company Wayne Wood places the orders for logs to Indonesia and finds buyers in China. The company's offices (pictured above) are in a prime location on Hong Kong Island.



© EIA/Telapak

Frankie Chua:

According to Ahi, Singapore-based Frankie Chua (Chua Khee Hin - pictured above) of Century Wood Products is responsible for providing fake paperwork for the syndicate's shipments. He produces false official documents such as the Certificate of Origin to mask the Indonesian origin of the logs and to ease entry into destination ports in China. He is also a long standing associate of Abdul Rasyid.

EIA/Telapak investigators came across Chua in April 2003 while gathering information in Singapore on the illegal import of ramin timber from Indonesia. During an undercover meeting with the company Xinzhan Materials to discuss the ramin trade, EIA/Telapak investigators were introduced to an individual counting out $100 bills. The boss of Xinzhan said the man was Frankie Chua and described him as a smuggler and member of the timber mafia. Chua said during the ensuing conversation: "This smuggling is better than the drug smuggling. Drug smuggling is no good. This one is OK." EIA/Telapak investigators were also shown stacks of Indonesian merbau destined for China in the warehouse of Xinzhan Materials.

© EIA/Telapak

Yusri Mohsen Bell:

Ahi states that Singapore-based Bell is responsible for arranging transport for the syndicate's logs. Although Ahi lists Bell's company as King Spice, the email address indicates that Bell worked for the firm ASP Ship Management Singapore at one time. Further enquiries by EIA/Telapak reveal that Bell set up his own transport company in January 2003 called E-Maritime Pte. Ltd (pictured above). This company owns two vessels – the Panamian-flagged Emir and the Cambodian-flagged Nooraine. Bell is responsible for running a continuous succession of chartered vessels into Papuan waters to collect illegal merbau logs. His company chartered the vessel Bravery Falcon, seized by the Indonesian navy with over 17 000 cubic metres of merbau logs on board and bound for China.

China is the largest buyer of stolen timber in the world.

China – The Giant Awakens

"There lies a sleeping giant. Let him sleep, for when he wakes he will shake the world." Napoleon Bonaparte, 1806.

Napoleon's observation was certainly apt. For many centuries China was the foremost global economic power. Rich in natural resources and with a colossal population, it was only a matter of time before China would return to centre stage.

After decades of colonial oppression, war and civil strife, a massive change in Chinese society was signalled in the late 1970s when President Deng Xiaoping announced "to get rich is glorious". China's subsequent re-emergence is destined to be the number one issue of this century. Led by a booming manufacturing sector, the Chinese economy is doubling in size every ten years, and is now the sixth largest on earth.[1] As a result, more people have been pulled out of poverty in the last three decades that at any time in history.[2] Meanwhile, the country has become the world's factory, feeding a seemingly insatiable demand for cheap manufactured products mainly destined for the USA, Europe and Japan.

China is already the world's biggest consumer of many commodities, such as steel, copper, coal and cement, and the second-biggest consumer of oil, after America.[3] Despite the country's riches, the demand for raw materials to feed China's multitudes of factories has long since outstripped the supply of domestic resources. Turning their sights overseas, many of these companies are now plundering the natural resources of the region – with alarming results.

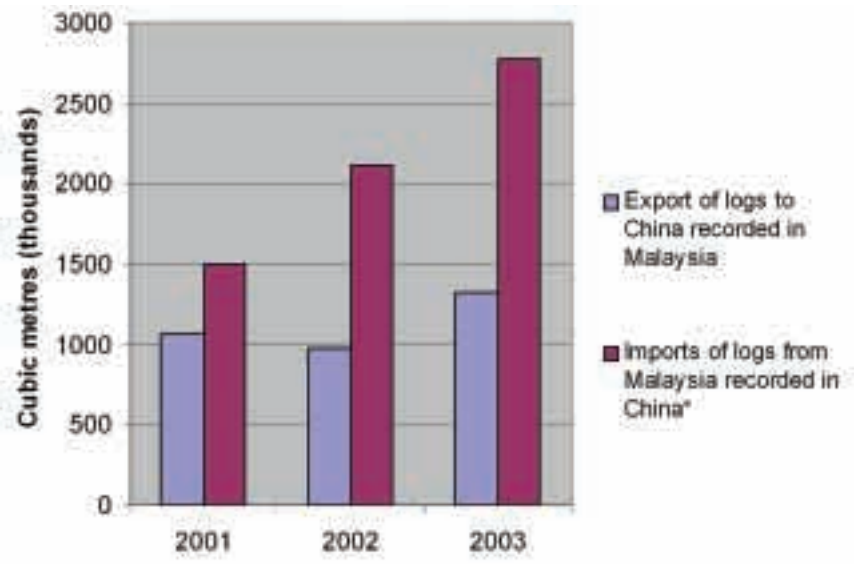
Nowhere is this pattern more striking than with timber. Driven by demand for wood, by the late 1990s China's forests had been ravaged, resulting in disastrous floods which in 1998 killed thousands. In response, the government banned logging in natural forests and implemented a huge tree planting programme. The following year tariffs on imports of logs were eliminated. Since these measures were taken, China's timber and wood product imports have skyrocketed. From one million cubic metres in 1997, imports of logs alone had reached 16 million in 2002, and by 2010 they are projected to reach 100 million.[4] In 2005, China's total demand for timber and wood products is expected to reach 240 million cubic metres.[5] Indonesia's annual legal cut in 2004, by comparison, was only 5.74 million cubic metres.[6] With sustainable supplies unable to meet demand, China's new policies have served to export the destruction wrought on its own forests to those overseas.

Bypassing legal efforts by source countries to protect their remaining forests from this excessive demand, the timber industry in China has become increasingly reliant on imports of stolen wood. China is the number one buyer of timber from many of the countries most affected by the scourge of illegal logging – including Indonesia. The country is the main buyer of wood from Liberia (47% of exports destined for China), Burma (42%) and Cambodia (78%) – all countries where the sale of stolen timber has fuelled armed conflict.[7] China's imports also include illegally logged timber from Cameroon, Gabon, Papua New Guinea and Thailand.[8] The largest supplier of timber to China is Russia, where half of the logging is illegal and losses to the state run as high as US$1 billion.[9] With as much as 44 per cent of imports estimated to have been felled illegally at source,[10] China is the largest buyer of stolen timber in the world.

Right:
China's estimated imports of illegal timber, 2004.

	Volume (million m^3 rwe*)	Value ($ million)
Russia	9.2	706
Indonesia	2.3	367
Malaysia	2.3	342
Burma	1.4	139
Papua New Guinea	0.9	116
Thailand	0.6	71
Brazil	0.5	121
Gabon	0.4	115
Congo	0.4	100
Equatorial Guinea	0.2	36
TOTAL	18.2	2113

*round wood equivalent. Sources: China Customs import data for logs, sawn & ply, Jan-Nov 2004. Dec figs estimated. Source country illegal timber estimates AF&PA, WWF (see section refs 4 & 5), Global Witness (pers. comm.). Malaysia illegal % figure adjusted to account for Indonesian logs disguised as Malaysian. NB: Table does not include imports of illegal timber which bypass Chinese customs.



* Note: Annual China import figures for 2003 are estimates based on recorded figures for January to September

Left: **Since Indonesia's log export ban in late 2001, illegal Indonesian logs arriving in China have been falsely registered as originating in Malaysia - resulting in a huge statistical discrepancy.**

The Indonesia Connection

Of every ten tropical logs shipped worldwide, five are destined for China.[11] As home to some of the largest remaining tracts of tropical forest in Asia, Indonesia has become the country's largest supplier. Chinese import statistics show a dramatic rise in the volume of Indonesian logs entering the country between 1997 and 2001. In 1997 the volume of logs imported from Indonesia was just 31 000 cubic metres, but by 2001 the amount had risen to 1.14 million.[12] During this period imports of Indonesian logs through Nanjing ports grew by 830 per cent.[13] Yet Indonesia's export statistics for the same period hardly registered any change. This is because the growth has been fuelled entirely by illegal timber.

In November 2001, this burgeoning illicit trade led to a diplomatic row, after the Indonesian navy seized three large cargo vessels bound for China, loaded with contraband logs.[14] The vessels were connected to the notorious Indonesian timber baron Abdul Rasyid and his family's company Tanjung Lingga. The shipment contravened Indonesia's ban on log exports, which had been implemented in October 2001 to aid enforcement. In December 2002, the Chinese and Indonesian governments signed a bilateral agreement, pledging to work together to halt shipments of stolen wood.[15]

Unfortunately these measures have had little effect. Few vessels are seized in Indonesia, and those that are seized are often released. In the two years since the bilateral agreement was signed, not a single piece of stolen wood has been halted on arrival in China. While the Indonesian authorities did alert their counterparts in China to at least one vessel en route to China loaded with illegal merbau, no action resulted.[16] Meanwhile Indonesian logs continue to be imported in startling quantities.

Though the volume of logs registered as imported from Indonesia into China did drop sharply in the year following the log export ban,[17] EIA/Telapak research has shown that this is because the logs are being disguised as Malaysian wood. Just as the figures for imports from Indonesia were dropping, those from Malaysia rose. In 2002 China recorded 2.1 million cubic metres of imports from Malaysia – a huge increase on the year before.[18] But Malaysian customs recorded only one million cubic metres of log exports to China in the same period.[19] This indicates that more than half of the logs registered by Chinese customs as Malaysian actually came from Indonesia.

Most of these stolen logs are merbau from the virgin forests of Papua Province. Merbau is the second most common species of tropical hardwood log imported into China, and imports are increasing. More than 280 000 cubic metres of merbau logs were imported into China during the first four months of 2004 – up 148 per cent on the same period the previous year.[20] Total recorded imports for 2004 look set to reach more than 950 000 cubic metres.[21] Despite what the official statistics say, most of these logs originate in Indonesia.

Although there have been a spate of seizures of merbau vessels bound for China, buyers there have clearly not been put off. Internet trading sites alone reveal a demand from Chinese buyers for Indonesian merbau logs of at least 39 000 cubic metres a month, or almost half a million cubic metres a year.[22] Legal merbau exports from Malaysia, by comparison, are a fraction of this – in 2003, Peninsular Malaysia was exporting only 2200 cubic metres of sawntimber per month.[23]

Half a billion dollars worth of tropical logs passed through Zhang-jiagang in 2003.

Zhangjiagang - Log Port

Using undercover techniques, EIA/Telapak investigations over the last six months have exposed the detailed mechanics of the merbau trade in China. Through meetings with log dealers, middlemen, factory owners and officials, they reveal a shocking story. It is a story of how the unfettered market for just one wood product, through sheer scale and speed of growth, is singlehandedly threatening to devastate the largest remaining tract of virgin tropical forest in Asia.

Posing as traders, EIA/Telapak investigators contacted a number of merbau log traders in Jakarta, China and Hong Kong. Sipping tea in the lobby of a five-star hotel overlooking Hong Kong bay, one such trader – Mr Shelman Siu - enthused about the money to be made in the merbau business, and spoke openly of the methods used to smuggle the illegal logs out of Indonesia, including the precise bribes paid to officials. He reckoned that around 60 large cargo vessels, each carrying around 10 000 cubic metres of merbau, arrive in China from Papua every year. They are accompanied by fake Malaysian paperwork including Certificates of Origin, Bills of Lading and Phytosanitary certificates. Most, he explained, are destined for a port called Zhangjiagang:[24]

Shelman Siu: "*All the export of round log from Jayapura, from Indonesia, is like smuggling. They smuggle it. Using Malaysian shipping document.*"
EIA/Telapak investigator: "*So the origin looks different, yeah? They change the origin to make it look like its Malaysian, yeah?*"
Shelman Siu: "*They make a whole set. Country of origin, the whole set of document, Malaysian.* [laughs] *I am expert on this.*"

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Zhangjiagang port lies near the mouth of the Yangtze River. Five years ago it was a sleepy backwater – the poor relation of the big container terminal in nearby Shanghai. Since then it has transformed itself into what is probably the largest trading centre for tropical logs in the world. Giant cargo vessels filled with logs from South and Central America, West Africa and South East Asia line up to unload at the wharfs, day and night. According to recently released data from Zhangjiagang's Inspection and Quarantine Bureau, in 2003 timber imports nearly doubled, reaching a value in excess of half a billion dollars.[25]

Touring the port with one trader, EIA/Telapak investigators drove along between heaps of tropical logs lined up on the shore in stacks stretching for miles. The port doubles as a market place, and the lobby of a nearby hotel has become an impromptu sales floor, pasted with adverts detailing log lots, with photocopied pictures and agents' mobile telephone numbers. Merbau is the most common species advertised.[26]

Above:
The Yangtze river delta is one of China's leading economic zones.

Below:
Logs at Zhangjiagang port, China, November 2004.

© EIA/Telapak

© Sam Lawson/EIA/Telapak

Left: **Stockpiled merbau awaiting processing into flooring, Zhejiang Fang Yuan Wood Co. Ltd, Nanxun, China, November 2004.**

Standing next to a pile of large merbau logs, the trader explained that it was an open secret that most of the shipments of 'Malaysian' merbau logs were from Indonesia, and that it is easy to tell the difference from the measurement method used and the marks on the log ends. The Chinese customs officials are careful to make accurate measurements of the logs for tax purposes, but few questions are asked and the paperwork is never double checked with the countries of origin.[27]

Nanxun - Merbau Town

Back in Hong Kong, Siu had also told of a 'merbau town' where most of the logs end up. This town – Nanxun – is a couple of hours south of Zhangjiagang. Like the port, not long ago it was a backwater. Now it is the wood flooring centre of the world. Encouraged by incentives from local government, in just five years more than 500 flooring factories have sprung up, taking over the town. About 70 per cent of the merbau imported into China is destined for flooring – and these companies manufacture most of it.[28]

Travelling to Nanxun as potential buyers, EIA/Telapak investigators visited a number of these companies, and were given guided tours of their operations. The companies explained how merbau is by far the most common species used for flooring manufacture, and that the town churns out at least 2.5 million square metres of the distinctive dark coloured flooring every year - worth more than $200 million at western retail prices. Flooring manufacturers buy their merbau logs from agents in Zhangjiagang acting on behalf of the small coterie of large-scale importers. They are then transported by barge to a suburb of Nanxun, where there are 200 mills geared solely to sawing the species.[29]

Most of the flooring factories in the area are major operations, complete with state-of-the-art equipment, vast warehouses, office buildings and plush showrooms. One of the larger manufacturers, Zhejiang FangYuan Wood Co Ltd, has a $15 million turnover and produces two million square metres of flooring each year.[30] Merbau is the company's number one seller, and EIA/Telapak investigators touring the company's facilities were shown giant warehouses filled with the raw wood, all of which originates as logs from Zhangjiagang. The sound of whining and banging echoed around the main factory building, where a production line was busy cutting, buffing, polishing and varnishing plank after plank of merbau. In another area, women were busy packaging and wrapping up the finished flooring, deft hands working with breathtaking speed. Struggling to keep up, forklift drivers were shuttling the pallets of packaged flooring into shipping containers. At two other factories visited- Lujia Flooring and Fu Ming - the picture was much the same.

Based on figures supplied by industry insiders, EIA/Telapak have calculated that the sawmills and factories of Nanxun consume at least one merbau tree every minute of every working day. The planks of merbau flooring they produce in one year, laid end to end, would encircle the planet.[31]

The factories of Nanxun consume at least one merbau tree every minute of every working day.

Subsidised by illegally sourced raw materials, China's exports of wood products have skyrocketed.

Old Habits Die Hard

Despite China's economic miracle and the scale of its raw material imports, the ecological 'footprint' of China per unit of population is still small. The true behemoths of over-consumption remain the rich countries of Europe, North America and Japan. The average American consumes seven times as much of the world's natural resources as his counterpart in China.[32] It is just that many of the raw materials now pass through Chinese factories first.

Subsidised by illegally-sourced raw materials, China's exports of wood products have skyrocketed in recent years. Shipments of furniture alone had reached $5.3 billion in value by 2002, having increased 25 per cent a year for seven years.[33] The quantities of cheap wooden bedroom furniture reaching the US marketplace from China eventually led to charges of illegal dumping, and retaliatory tariffs were implemented in order to protect US manufacturers who claimed they were unable to compete.

China's wood flooring exports have also expanded dramatically. In the nine months to September 2004, China exported 193 000 tons of wood flooring worth $240 million – an increase of 77 per cent on the same period the previous year.[34] The US is the largest market for Chinese wood flooring exports, accounting for 30 per cent of all sales, worth $96 million annually. Other major markets include Canada, Japan and the UK.[35]

Though the majority of the merbau flooring being manufactured in China is consumed domestically, a significant proportion is destined for export, mainly to Europe and North America. Driven by a 13 per cent tax rebate on log purchases destined for re-export as processed goods, this proportion is also rising fast.

Western companies selling Chinese flooring make the greatest profits from the trade in stolen merbau. Papuan communities receive just $0.46 for the timber needed to make one square metre of flooring.[36] Manufactured and packaged, merbau flooring at Shanghai builder's merchants sells for only $18 per square metre – not much more than the price at the factory gate.[37] The same flooring on sale in a major store in the US or UK costs up to $88 – a mark up of 489 per cent.[38]

At the FangYuan factory in Nanxun, 50 per cent of the flooring production is destined for export. The sales director told EIA/Telapak investigators that the company is currently exporting their semi-gloss merbau flooring to the US, Japan, Hungary and Canada. Just a few

Above:
Documents reveal exports of merbau flooring from Sihe Wood Co. Ltd. in China to Goodfellow Inc., Canada.

© EIA/Telapak

Above:
Goodfellow merbau flooring on sale in the US, January 2005.

© Julian Newman/EIA/Telapak

Left: **Merbau flooring being manufactured in Nanxun, China, November 2004.**

days before, they had dispatched ten containers of flooring - including some merbau - to the US and Canada.[39]

Another flooring company based in the area, Sihe Wood Co. Ltd, is almost totally export-oriented. The slick sales manager explained to EIA/Telapak investigators who visited how the company regularly ships merbau wood flooring to the US, Canada and the UK. Shipping records obtained by EIA confirm that in a ten-month period to May 2004, 26 consignments of wood flooring arrived in US and Canadian ports from Sihe Wood, including at least two of merbau.[40] The importer, Canadian company Goodfellow Inc., sells own-brand merbau flooring through a chain of distributors across Canada and the US - though there is no evidence the company has broken any law or are aware of the potential origin of the wood.[41] One sample seen on sale near Washington DC in early 2005 was retailing for $7.20 per square foot.[42] Sihe obtain their merbau logs from the local market in Shanghai, making it impossible to guarantee their legal origin. The sales manager told investigators that the logs come from Indonesia and Malaysia, and claimed that there were no export restrictions in place in either country. [43]

Though Chinese companies produce most of the world's merbau flooring, a number of the brand name suppliers in the UK and US obtain their flooring or sawntimber from Malaysia.[44] But this alone is no guarantee that the wood is legally or sustainably sourced. When challenged recently by an NGO one such company, after querying their Malaysian suppliers, were told that information regarding the precise source of the wood "does not exist",[45] and that 30 per cent of their suppliers' merbau raw material originates outside the country.[46] There is little merbau left in Malaysia, and log dealers contacted by EIA/Telapak claimed that most of the flooring produced in the country is also made from timber stolen from Papua Province.

Payment made to local community in Papua	US$ 11.00
Price of log at point of export in Papua	US$ 120.00
Price of log on arrival in China	US$ 240.00
Flooring price in China*	US$ 468.00
Retail price in UK or USA*	US$ 2288.00

* Figure is for 26 square metres of flooring, the average amount produced from one cubic metre of logs

Left: **The changing price of one cubic metre of merbau.[47]**

China has signed a bilateral agreement specifically committing the country to halting shipments of stolen timber from Indonesia.

A Memorandum of Misunderstanding

The Chinese government has already acknowledged the importance of tackling illegal logging and associated trade, and made repeated commitments to halt imports of stolen wood. The FLEG East Asia Ministerial Declaration of September 2001, which China endorsed, included a specific commitment to "undertake actions, including cooperation among the law enforcement authorities within and among countries, to prevent the movement of illegal timber".[48]

China has also signed a bilateral agreement specifically committing the country to taking co-operative actions to halt shipments of stolen timber from Indonesia. Article 3 of this 'Memorandum of Understanding' states that the two countries will establish an Action Plan to implement the agreement, and will meet regularly to assess progress.[49] But the Chinese agency which signed the agreement – the State Forestry Administration – apparently lacks the necessary authority to implement it, and the more powerful Ministry of Commerce lacks the will.[50] In August 2003 the Indonesian Ministry of Forestry did send a draft Action Plan, specifically requesting that the two countries establish a task force to tackle the problem of trade in illegal merbau.[51] Yet there has been no formal response from the Chinese side. Two years on from the signing of the agreement, there is no plan, there has been no meeting – and there has been no action.

Despite the lack of action, there is much that could easily be done. All of the merbau log vessels travelling from Papua to China are accompanied by falsified Malaysian papers including Certificates of Origin and phytosanitary permits. According to Chinese customs law, importers of timber must declare the true source of their goods, by presenting a valid Certificate of Origin.[52] In addition, Chinese quarantine laws require that imports of logs be accompanied by a valid phytosanitary inspection certificate issued by the country of export, as well as other paperwork.[53] Potential penalties for falsifying these documents are harsh, including criminal prosecution in serious cases.[54] The fraud currently being perpetrated could have serious implications for China's efforts to control the spread of potentially dangerous pests.

Merbau log smuggling is hardly sophisticated, and enforcement of these laws should not present a major challenge. There are not a lot of places where you can hide or disembark a 20 000 tonne steel cargo vessel filled with logs. Simple cross-checking with authorities in Malaysia would quickly confirm the veracity or otherwise of documents accompanying merbau shipments arriving at Zhang Jiagang. Article 14 of the Regulation of Import or Export (Certification of Origin) specifically states that customs can 'seek help from the exporting country to verify the authenticity of the certificate of origin'.[55] There are even specific markings and labels found on legal Malaysian logs, which are absent from the Indonesian ones at Zhang Jiagang.[56]

The FLEG East Asia Declaration committed governments in the region to explore the possibility of setting up a system of 'prior notification' of legal timber shipments.[57] If Malaysia and PNG – the only other source countries – were to notify China of all legal shipments of merbau logs, illegal shipments from Indonesia could quite easily be picked out, avoiding the need for Chinese customs to revert to their counterparts to verify each set of documents.

Chinese authorities should also urgently examine the legal basis for halting shipments of stolen wood from Indonesia and elsewhere, and strengthen the statutes where necessary. Malaysia's reciprocal ban on import of Indonesian logs, for instance, has been very successful and could be replicated elsewhere. Indonesia and China could also list merbau on Appendix III of CITES – a step which has proved very effective in the case of ramin wood.

Broadly, there is an urgent need for government representatives from China and Indonesia to come together in a spirit of cooperation to turn the fine words contained in the MoU into positive actions to curb the trade in illegal timber between the two countries. By doing so, they could provide a valuable lesson to other countries in the region and farther afield.

Below:
The MV Rong Cheng, seized in 2001 with illegal logs bound for China.

© Mardi Minangsari/EIA/Telapak

Recommendations

The governments of Indonesia and China should hold urgent talks to agree an Action Plan to implement the bilateral agreement on illegal logging and associated trade which both countries signed in 2002. This should include the formation of a task force to counter illegal trade in merbau.

In addition,

The Government of Indonesia should:

- make Papua a priority for enforcement action to tackle timber theft.
- launch an immediate high-level enquiry into the timber barons organising illegal logging in Papua, including military and official involvement.
- prosecute the key timber barons and officials involved in illegal logging and associated trade.
- list merbau (Intsia spp.) on Appendix III of the Convention on International Trade in Endangered Species, with a limited export quota for merbau products.

The Government of China should:

- instruct its Customs General Administration to check the veracity of documents accompanying all shipments of merbau logs claiming to be from Malaysia.
- seize merbau log shipments from Indonesia and prosecute those involved.
- stengthen the legal basis for action by enacting a reciprocal regulation banning the import of logs from Indonesia.
- work with the Government of Malaysia to establish a system of prior notification for all legal shipments of merbau between the two countries.
- offer technical assistance to Indonesia in the field of reforestation, and encourage its timber processing industry to pursue certification systems of a similar level to the Forest Stewardship Council.

Major consuming countries should:

- enact laws banning the import and sale of timber and wood products obtained illegally in the country of origin.

International, regional and national shipping and freight forwarding associations should:

- inform all members of the log export ban in Indonesia and warn vessel owners of the penalties

Timber consumers in China, North America, Europe and Japan should:

- stop buying merbau flooring or wood products.
- purchase only timber and wood products independently certified as legally and sustainably sourced.

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