Investigation Into the Global Trade in Malagasy Precious Woods:

Rosewood, Ebony and Pallisander

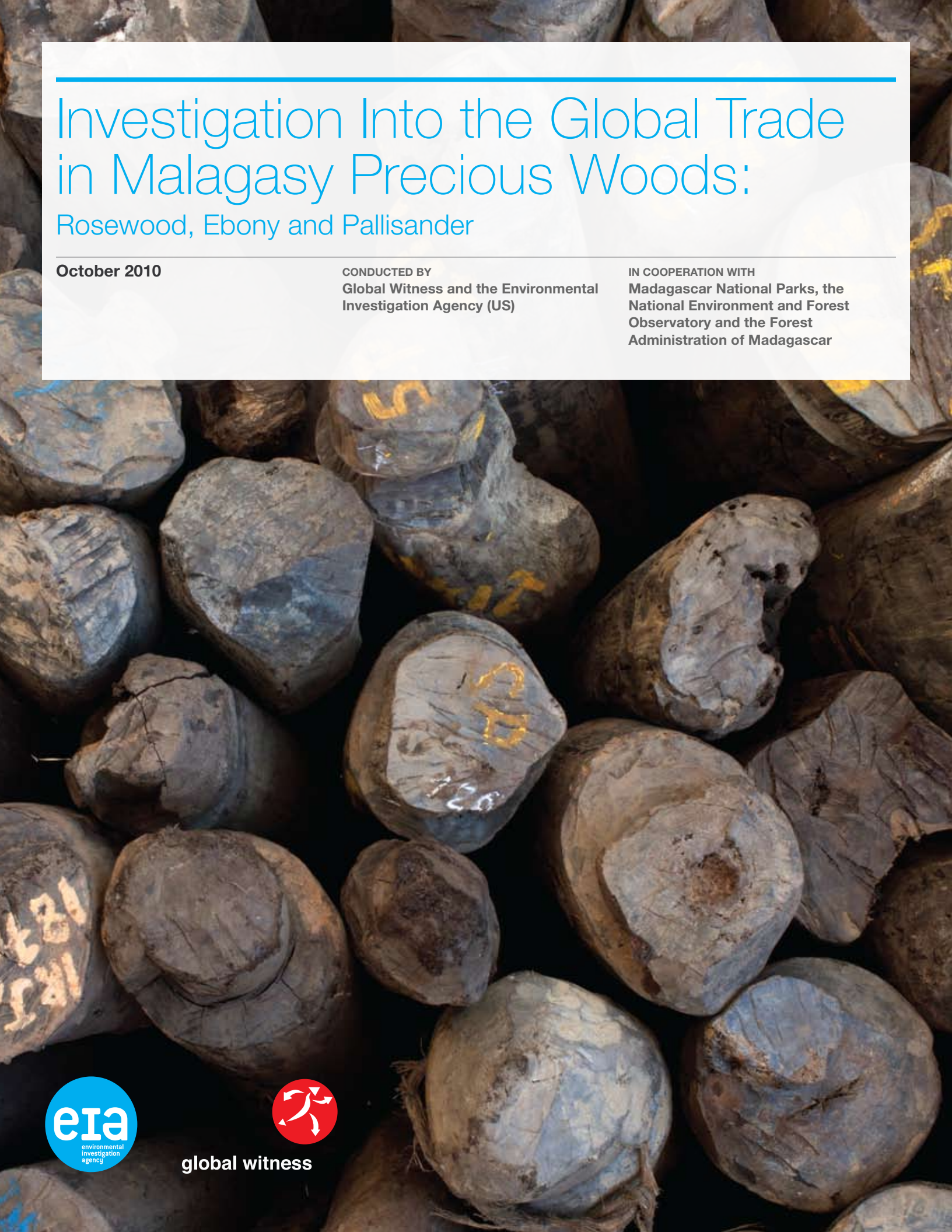
October 2010

CONDUCTED BY

Global Witness and the Environmental Investigation Agency (US)

IN COOPERATION WITH

Madagascar National Parks, the National Environment and Forest Observatory and the Forest Administration of Madagascar



eia environmental investigation agency

global witness



Logging camp in Masoala National Park, August 2009. Over a thousand loggers invaded the park in early 2009, setting up hundreds of such camps.

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ACRONYMS

CITES	Convention on International Trade in Endangered Species
FWS	US Fish & Wildlife Service
ICE	US Immigration and Customs Enforcement
MEF	Ministère de l'Environnement et des Forêts ; Ministry of the Environment and Forests
MNP	Madagascar National Parks

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Executive Summary

In June 2009, Madagascar National Parks (MNP) with an official mandate of the Ministry of the Environment and Forests contracted Global Witness and the Environmental Investigation Agency (EIA) to investigate and monitor the flow of illegally harvested precious wood from the national parks and surrounding areas of Madagascar's SAVA Region. This illicit trade in rare, high-value species such as ebony, rosewood and pallisander serves export markets in China, the United States and Europe, where it is used to manufacture furniture and musical instruments. The quick profits on offer have fuelled a timber rush which has decimated Madagascar's few remaining precious forests.

Our November 2009 report, *Investigation into the illegal felling, transport and export of precious wood in SAVA Region Madagascar*[1], revealed the inner workings of the trade and the extent of the damage. It estimated the traffic's value at up to USD460,000 per day on international markets, with most profits pocketed by a small group of "timber barons", who typically channel the money into overseas bank accounts and property (See Annex 1 for Executive Summary).

This latest report tells what happened next. It traces several important developments since the November publication, and presents findings from our follow-up investigations into the trade flows and consumer markets which facilitate and promote demand for Madagascar's precious woods.

New decrees relating to illegal timber in Madagascar

Following our initial investigation and subsequent campaigning, the Malagasy authorities issued a series of decrees designed to clean up the precious woods sector. Unfortunately, these measures reproduce many of the problems highlighted in our original report. Whilst recognising the illegal nature of the timber, they nonetheless authorise timber exports from specific traders, following payment of a penalty.

This ad hoc authorisation policy simply encourages further logging to replenish the timber stock, in anticipation of further decrees permitting its export. Specifically, the decrees have enabled those particular traders implicated in our first investigation report to export illegal timber.

Recent developments suggest progress may be on the horizon. In March 2010, the new Minister for Forests signed Decree No. 2010-141 (see Annex 2), once again prohibiting the cutting, extraction and export of rosewood and ebony. Recent enforcement actions may indicate a more aggressive stance towards the export of illegally harvested timber, which would be cautiously welcomed. Global Witness and EIA will be monitoring this situation closely.

The Convention on International Trade in Endangered Species (CITES)

Following the recommendations of our first report, in June 2010 the Minister for Environment and Forests submitted a request to the Secretariat of CITES to list all Malagasy *Dalbergia* and *Diospyros* species (to which ebony, rosewood and pallisander belong) on Appendix III of the CITES convention. This would require the certification of the timber's legal harvesting, and allow better tracking and control of these species in the international trade. Until now, however, a lack of understanding between the CITES Secretariat and Madagascan authorities regarding the details of the request appears to have delayed implementation.

United States and European legislative action

Following publication of our report and extensive input from EIA, in November 2009 the United States House of Representatives passed Bill H.R. 839, which strongly condemns *"the illegal extraction of Madagascar's natural resources and its impact on biodiversity and livelihoods of rural communities"*. The bill called upon importing countries to *"ensure that they do not contribute to the demand for illegally sourced precious woods from Madagascar"* and upon *"consumers of rosewood and ebony products to check their origin, and boycott those made of Malagasy wood"*.

Furthermore, in July 2010 the European Parliament passed the "Timber Import Regulation", prohibiting the import of illegal timber and timber products into the European Union market. Like the US Lacey Act (see below), this is a critical first step in stopping the trade in illegal timber destined for US and European markets.

Lacey Act enforcement action

In November 2009, US enforcement agencies used the newly amended 2008 Lacey Act to raid the offices of iconic Nashville-based guitar manufacturer Gibson, on the back of the Global Witness/EIA findings. Gibson is suspected of importing illegal Malagasy ebony via its European trading partner Theodor Nagel GmbH & Co KG. Nagel sourced its timber from trader Société Thunam Roger, based in Antalaha, northern Madagascar. It is difficult to assess the precise impact of this case, but its profile generated significant media interest in the United States and Europe. Our data analysis shows that those who had imported Malagasy timber in the US and Europe prior to this raid have since stopped.

Timber flows from Madagascar to China

This investigation reveals that between 15 and 20 major Chinese buyers are actively involved in the illegal precious wood trade from Madagascar, together accounting for more than 95 per cent of wood purchased from the timber barons of the SAVA Region. One Chinese company claims to have imported over 1,000 containers of Malagasy rosewood in three years, with plans to ship in 1,000 more in the next two years – deals that have come about through what it describes as a "special relationship" with high-ranking officials in the Malagasy government.

Many of these imports are destined for small wholesalers and furniture factories, feeding a highly lucrative domestic market. Rosewood furniture prices range from a few thousand US dollars to almost a million US dollars for top-end products. Although reliable information on the size of the market is not yet available, EIA's enquiries put it in the region of several

1. http://eia-global.org/PDF/Report--Madagascar--Forest--Aug09--English.pdf

hundred million US dollars. The main bulk of products are made for the Chinese domestic market, with small quantities exported to the United States and Europe.

United States and European retail trade in Malagasy precious wood

The United States market for furniture made from Malagasy rosewood remains highly specialised, consisting of relatively expensive pieces imported from China for the Chinese expatriate community. The investigation found only a few European timber dealers stocking Malagasy precious wood due to limited demand. Where stocked it is used for musical instruments, carvings, decorative and luxury office items. Interviews in the United States and European Union countries revealed that most dealers no longer buy Malagasy precious wood because of recent campaigns and publications exposing the pillaging of Madagascar's protected areas.

The shipping industry

Following sustained pressure from Global Witness and EIA, and public campaigns by environmental and conservation organisations, the French shipping company Delmas claimed in a letter to the two organisations dated 5 August 2010 to have ceased transport of rosewood from Madagascar. This followed the issuing of Decree 2010-141, which once again banned all export of precious hardwoods. We continue to monitor further developments and shipping flows.



Containers from Maersk and CMA CGM, the parent company of Delmas, in the port of Vohemar. Both Maersk and Delmas have carried shipments of precious woods from Madagascar since early 2009.

© Toby Smith/EIA/Global Witness

Introduction



Rosewood being transported by bush taxi to Antahala.

© Toby Smith/EIA/Global Witness

In June 2009, Madagascar National Parks (MNP) contracted Global Witness and the Environmental Investigation Agency (EIA) to investigate and monitor the flow of illegally harvested timber from the national parks and surrounding areas of Madagascar's SAVA Region. The trade principally involves rare, high-value species of hardwoods such as ebony, rosewood and pallisander[2]. These species are typically exported as logs or cut timber for use in furniture and musical instruments in China, the United States and Europe.

Global Witness and EIA undertook initial investigations in 2009 and published findings in November of that year. Our initial report findings from *Report of an Investigation into the Illegal Felling, Transport and Export of Precious Wood in Sava Region Madagascar*[3], estimated this trade is worth up to USD460,000 per day on international markets, with the majority of profits pocketed by a small group of "timber barons", who typically channel the money into overseas property and bank accounts.

Following our initial report and recommendations, Global Witness and EIA carried out further investigations as part of the initial contract with MNP, to trace the supply chains through illegal harvesting, trading, manufacture, and ultimately to consumer markets around the world – the findings of which are in this report.

In parallel, our organisations have campaigned to expose those responsible for perpetuating the trade in illegally harvested wood, both inside Madagascar and abroad, and to pressure relevant actors to bring it to a halt.

2. Ebony is a species of the *Diospyros* genus, rosewood/bois de rose and pallisander of the *Dalbergia* genus. There are 43 species of *Dalbergia* in Madagascar, all but one of which are endemic to this island. Several are particularly valued for the export trade, including *Dalbergia baronii*, *D. louveli*, *D. maritima* and *D. madagascariensis*. The first three species, whose wood is a lustrous deep red, are commonly called bois de rose, which commonly translates into *rosewood* or *Madagascar bois de rose*, locally in Malagasy as andramena ("red trunk"). *D. madagascariensis*, whose wood lacks the red lustre, is commonly referred to as pallisander, locally *palisandre*. Other *Dalbergia* species may also be cut and exported under these trade names to a lesser extent. "Bois de rose", "rosewood", "Madagascar rosewood" and "pallisander" must be considered somewhat interchangeable as trade names for species within the *Dalbergia* genus. (Du Puy, D.J. 2002. The Leguminosae of Madagascar. Royal Botanic Gardens, Kew, UK.; H. G. Richter and M. J. Dallwitz, Commercial timbers, http://www.biologie.uni-hamburg.de/b-online/wood/english/)

3. http://www.globalwitness.org/media_library_detail.php/887/en/field_investigation_into_illegal_logging_in_madaga

Methodology

Following initial investigations in 2009, Global Witness and EIA undertook both desktop and field research to identify flows of illegally harvested precious woods from Madagascar to manufacturing and consumer nations. It identified key actors in the trade, transport, distribution and/or sale of ebony, rosewood and pallisander.

The following steps and activities were undertaken:

- Analysis of documents and follow-up from Phase 1 field investigations
  - Using the shipping manifests, invoices and other documents from Madagascar, we built a database to track the price and volume of Malagasy wood and identify significant players in the trade.
- Web research
  - We researched the retail and wholesale availability of rosewood and rosewood furniture material in the United States, Europe and China.
  - We identified brokers and agents offering Malagasy rosewood and ebony through the Internet.
- Trade databases analysis
  - We examined public databases containing records of trade between the US, Europe and China. The databases typically contain records taken from shipping manifests, and do not represent a complete picture of the level of trade, nor do they contain each shipment of a particular good. Nonetheless, they allow identification of those companies trading heavily in particular commodities, and give a general impression of the relative level of activity.
- Field investigation in Madagascar and China
  - We interviewed relevant actors in the timber trade in Madagascar, from loggers working in camps inside national parks, to drivers transporting logs, to "collectors" purchasing the wood on behalf of larger exporters and financiers.
  - Through covert and official contacts with Chinese and Malagasy companies trading in timber, we traced a full map of the supply chain and identified trading practices among these companies.
- Enquiries in US, Europe and China
  - We contacted enforcement officials in several countries to determine their countries' actions regarding the trade in illegally harvested Malagasy wood.
  - We contacted companies involved in shipping rosewood to alert them to the potential risk of transporting illegally logged wood, and to gain further information about the trade routes used by Malagasy exporters of timber.
  - We contacted retail and wholesale suppliers of rosewood and rosewood furniture to learn more about their supply chains and gauge the level of knowledge in the industry regarding the ultimate origin of the wood used in their products.



Loggers prepare rafts to float rosewood logs downstream inside Masoala National Park, August 2009. Because rosewood is too dense to float, three to five additional trees of lighter wood must be chopped down for each log.

© Toby Smith/EIA/Global Witness

Recent Statutory and Trade Developments

Since the Global Witness/EIA report was issued in November 2009, a number of events relevant to the flow of illegally logged precious woods have transpired within Madagascar and its trading partners. For further background please refer to the first report.

New legislation

Several organs of the Malagasy government have been engaged in issuing a series of decrees attempting to further the "*assainissement*" (cleaning up) of the precious woods sector. Unfortunately, these decrees are strikingly similar in their approach to those described in our previous report: they confirm the illegal nature of the merchandise awaiting export, and authorise the export of an established quantity of timber from particular traders, typically upon payment of some sort of penalty.

Much like the previous decrees, these new authorisations continue to facilitate the extraction and commercialisation of timber from vulnerable and protected areas. Despite firm deadlines in the legislation mandating an end to exports after a given date, timber traders inevitably claim that they have been unable to use their full quota and demand extensions, which are provided in the form of new decrees. These extensions enable the export of yet more illegal timber, which is continuously replaced by freshly cut stock from the forest.

Recent enforcement actions by the new Minister of the Environment, Water and Forests, Gen. Herilanto Raveloharison, suggest that his Ministry may now be taking a more aggressive stance towards the export of Malagasy illegally harvested timber. In July 2010, Gen. Raveloharison was reported to have travelled to the Comoros to deal with an impounded shipment of timber originating from the port of Tamatave.

Legal actions taken by Malagasy authorities since Global Witness/EIA's first report:

- Inter-ministerial Order 38409/2009
  - This Order, issued on 5 October 2009, allowed each of the 13 traders listed previously in Inter-Ministerial Order 003/2009 (See Annex 2) "*agréments d'exportation*" a non-transferable quota of twenty-five 20-foot containers of precious wood for export, valid only once. The decree stipulated that the permission was valid for only 60 days, and that all timber must be exported by 30 November 2009. Exporters were also required to pay a fine of 72 million ariary (approximately €26,000) per container, as stipulated in a previous decree, Inter-ministerial Order 38244/2009.
  - In what appears to be a total contradiction of Order 38409/2009, the Prime Minister issued a note de service on 31 December 2009, which declared that all traders who had fulfilled the conditions of Inter-ministerial Order 38244/2009 were permitted to load their merchandise. No conditions or timeline were specified in the note.
- On 24 March 2010, the government issued Decree 2010-141, which unconditionally banned all harvest, transport or export of rosewood or ebony in all of Madagascar (see Annex 2).
- On 11 May 2010, the Prime Minister issued a service note permitting the export of 79 containers approved for export under Inter-ministerial Order 38409/2009 which had been impounded.

The new legislation introduced since the publication of Global Witness/EIA's first report has no effect on the legal status of the harvested wood. These decrees continue to explicitly acknowledge the "illicit nature" of the wood. Also, as stated in the previous report, the policy permitting the export of illegally logged wood by those who financed its extraction is likely a violation of Inter-ministerial Order 13892 of 25 October 1985, which prohibits restitution of illegal wood to those who have obtained it illegally.

Convention on International Trade in Endangered Species

Following meetings with officials of the Ministry of Environment and Forests in August 2009, Global Witness and EIA worked with the Malagasy governments and the Secretariat of the Convention on International Trade in Endangered Species (CITES) to explore options for providing vulnerable Malagasy tree species with international trade protections. Our organisations worked with the Ministry of the Environment and Forests to formulate a request to the CITES Secretariat to list two of the most threatened genera, *Dalbergia ssp*. (rosewood/bois de rose and pallisander) and *Diospyros ssp*. (ebony) , on Appendix III of the CITES treaty. Appendix III protections require that the country in question issues a certificate of origin attesting to the legality of the timber's harvest, and that countries involved in import of the listed species verify that all import shipments are accompanied by these export permits. In addition, other countries with the same or similar species may also be required to issue certificates of origin to differentiate their exports from those of the country which has chosen to place its population on Appendix III.

On 10 June 2010, the Minister in charge of the Environment and Forests submitted a request to the Secretariat of CITES to list all *Dalbergia* and *Diospyros* subspecies on Appendix III of CITES (see Annex 3). It was also reported that that the Malagasy delegation planned to submit a bid for inclusion in Appendix II by 2013.[4] Inclusion of a species in Appendix II of CITES gives a country broad authority to prevent the level of exports from jeopardising the continued survival of a species.

US Lacey Act enforcement action

On 6 November 2009, agents of the US Fish & Wildlife Service (FWS) and Immigration and Customs Enforcement (ICE) raided the facilities of the Gibson Guitar Company in Nashville, Tennessee. Gibson, an iconic instrument manufacturer and one of the largest American producers of musical instruments, was suspected of importing Malagasy timber in violation of the US Lacey Act, a statute whose amendment in May 2008 made it a federal crime to trade in illegally harvested plants and plant products. (See Box 1 left for text of the amended Lacey Act statute)

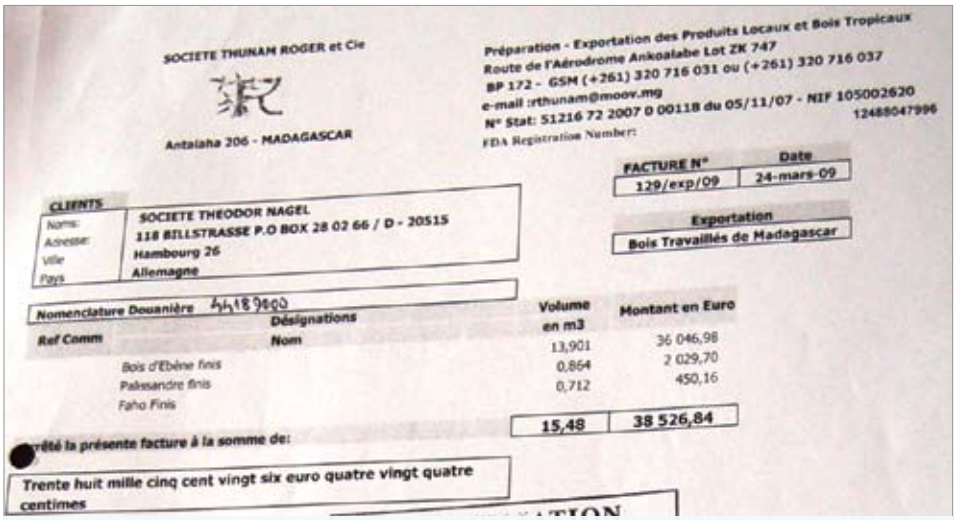
According to trade data, in recent years Gibson imported tons of high-quality Malagasy ebony from a German company, Theodor Nagel GmbH & Co. KG, for use in high-end guitars such as the Gibson J-45, an instrument used by

4. http://wwf.panda.org/?193885/Glimmer-of-hope-for-ravaged-Madagascar--as-precious-woods-nominated-for-trade-restrictions

It is unlawful for any person –

1. to import, export, transport, sell, receive, acquire, or purchase any fish or wildlife or plant taken, possessed, transported, or sold in violation of any law, treaty, or regulation of the United States or in violation of any Indian tribal law;
2. to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce—
   - A. any fish or wildlife taken, possessed, transported, or sold in violation of any law or regulation of any State or in violation of any foreign law;
   - B. any plant—
     - i. taken, possessed, transported, or sold in violation of any law or regulation of any State, or any foreign law, that protects plants or that regulates—
       - I. the theft of plants;
       - II. the taking of plants from a park, forest reserve, or other officially protected area;
       - III. the taking of plants from an officially designated area; or
       - IV. the taking of plants without, or contrary to, required authorization;
     - ii. taken, possessed, transported, or sold without the payment of appropriate royalties, taxes, or stumpage fees required for the plant by any law or regulation of any State or any foreign law; or
     - iii. taken, possessed, transported, or sold in violation of any limitation under any law or regulation of any State, or under any foreign law, governing the export or transshipment of plants; or
   - C. any prohibited wildlife species (subject to subsection (e) of this section);

Box 1: Excerpt from Amended Lacey Act 2008


SOCIETE THUNAM ROGER et Cie

Antalaha 206 - MADAGASCAR

Préparation - Exportation des Produits Locaux et Bois Tropicaux
Route de l'Aérodrome Ankoalabe Lot ZK 747
BP 172 - GSM (+261) 320 716 031 ou (+261) 320 716 037
e-mail :rthunam@moov.mg
N° Stat: 51216 72 2007 0 00118 du 05/11/07 - NIF 105002620
FDA Registration Number: 12488047996

FACTURE N° 129/exp/09 — Date 24-mars-09

CLIENTS
Noms: SOCIETE THEODOR NAGEL
Adresse: 118 BILLSTRASSE P.O BOX 28 02 66 / D - 20515
Ville: Hambourg 26
Pays: Allemagne

Exportation
Bois Travaillés de Madagascar

Nomenclature Douanière 44,18 9800

Ref Comm	Désignations / Nom	Volume en m3	Montant en Euro
	Bois d'Ebène finis	13,901	36 046,98
	Palissandre finis	0,864	2 029,70
	Faho Finis	0,712	450,16
		15,48	38 526,84

Trente huit mille cinq cent vingt six euro quatre vingt quatre centimes

Image 1: Document showing shipment of precious wood from Sté THUNAM to Theodor Nagel in 2009

the likes of Woody Guthrie and Bob Dylan.[5] Theodor Nagel, a large international dealer in exotic and tropical wood, has had an exclusive working relationship with the Malagasy Société THUNAM Roger for some twenty years, importing semi-finished ebony, pallisander, faho and other woods in significant quantities.

Nagel appears to be the only non-Chinese company currently dealing with Malagasy precious timber, and the quantity of the company's purchases – fewer than ten containers per year – are small compared to those of the Chinese importers dealing with dozens of containers of raw rosewood and ebony. However, Nagel's long history in the SAVA Region and tight, formal relationship with Société THUNAM make it an important player in the region's industry, having played an important role in building the capacity of Thunam's factory.

The Nashville-based Gibson appears to have done a fair amount of work to determine the origin of the wood used in the construction of its guitars, which makes sense from a business perspective given the effect that a wood's quality and consistency can have on an instrument's sound. In 2007, procurement officers from three major American guitar companies – Gibson, Taylor and Martin – were taken by Tropical Forest Trust (TFT) on a fact-finding trip to Madagascar. The object of the trip was to identify sustainable sources of wood suitable for guitar construction and encourage efforts to build a value-added industry in Madagascar that could reliably supply US industry with suitable high-value wood. The trip found that it could take years to create a sustainably managed supply of ebony, and confirmed the dubious legality of wood available for purchase at the time. Despite these warning signs, trade data indicates that Gibson continued to purchase wood from Nagel even after the Lacey Act protections came into effect in May 2008. Gibson CEO Henry Juszkiewicz has since stated that Gibson "takes the issue of responsible wood sourcing very seriously", and responded to the raid with a press release, stating it only purchases legal timber and is *"fully cooperating with agents with the U.S. Fish and Wildlife Service in connection with an issue involving harvested wood"*.

While it is too soon to comment on the long-term effect of the US investigation into Gibson Guitar, the raid resulted in significant media attention on the new prohibition on trade in illegal timber and raised the profile of the issue of illegal extraction of timber in Madagascar. Analysis of trade data and interviews with those who had imported Malagasy timber prior to the raid indicate that this activity has now ceased entirely in the US and Europe.

US House of Representatives resolution on illegal logging in Madagascar

On 4 November 2009, the US House of Representatives passed H.R. 839, in which the House strongly condemned *"the illegal extraction of Madagascar's natural resources and its impact on biodiversity and livelihoods of rural communities"*. The bill called upon importing countries to *"ensure that they do not contribute to the demand for illegally sourced precious woods from Madagascar" and upon "consumers of rosewood and ebony products to check their origin, and boycott those made of Malagasy wood"*.

UNESCO World Heritage "in danger" listing

The World Heritage Committee of the United Nations' Educational, Scientific and Cultural Organization (UNESCO) at its 34th Session in July 2010 "noted that despite a decree outlawing the exploitation and export of rosewood and ebony, Madagascar continues to provide export permits for illegally logged timber." It therefore put the World Heritage Site "Rainforests of the Atsinanana" on its "List of World Heritage in Danger".[6]

5. 5.Paste Magazine, http://www.pastemagazine.com/articles/2010/06/behold-a-dark-horse.html
6. http://whc.unesco.org/en/news/639

Trade Flows I:

Sourcing, Manufacturing and Retail Sales in China

Malagasy rosewood is believed to have first been brought to China by Zheng He during his expedition to the West (1403–1433). The logs he brought back are said to have been made into furniture for the emperors, which is still exhibited in the Forbidden City. It is regarded as high-value material for traditional furniture making, and has recently become a valuable item among wealthy Chinese businessmen and collectors. The China Furniture Association's "Red Wood Department" promotes rosewood furniture as well as furniture made of several other species. The price for rosewood products has quadrupled in the past decade, and dealers in rosewood logs have correspondingly prospered.

Import-export links with Madagascar

There are about 15–20 major Chinese buyers that operate in Madagascar (see Annex 4), buying the timber from the well-known group of timber barons operating in the SAVA Region.[7] While a handful of state-owned enterprises (SOEs) are involved in sourcing rosewood, buyers in Madagascar are predominantly from the private sector, although many are directly or indirectly financed by SOEs.

A company that boasts of importing more than 60 per cent of the Malagasy rosewood sent to China is financed by at least one Beijing-based SOE. This company claims to have shipped over 1,000 containers of rosewood – the equivalent of around 50,000 trees – from Madagascar in the past three years and plans to ship 1,000 more in the next two years. It claims to have a "special relationship" with high officials in the Malagasy government, stating that all business transactions are a result of this relationship. Officials at this company made particular reference to the role of the current president of the transitional government in Madagascar, Andry Rajoelina. Rajoelina made visits to Guangzhou during his time as mayor of Antananarivo, and these officials claimed that the president continues to play an active role in facilitating the rosewood trade. Smaller buyers have varied interests in China: some are government contractors working on African aid projects, while some are from the textile industry in Jiangsu Province, the home of "red wood" furniture manufacturers and the wood port of Zhangjiagang.

Most of the buyers distribute to furniture factories and smaller wholesalers in China. Furniture factories typically place a down payment with an importer once wood is loaded on a ship in Madagascar and an export licence from the Malagasy government is obtained. Upon issuance of a bill of landing, payments from the factories are made to the importers, and ownership of wood shifts to the buyers.

Huangpu in Guangzhou and Zhangjiagang in Jiangsu are the major import points of entry. Hong Kong and Shanghai also bring in substantial amount of logs each year; the logs are then distributed to the inland provinces. Major consuming provinces in terms of using rosewood as raw materials for production are Jiangsu, Zhejiang, Fujian, Guangdong, Hebei, Tianjin and Beijing.

Manufacturing

Factories that make traditional "red wood" Ming- and Qing-style furniture are located in three major areas:

- Jiangsu/Zhejiang/Shanghai area
- Guangzhou/Shenzhen/Fujian area
- Hebei/Tianjin/Beijing area

The total number of factories is estimated at around 300–500. A typical factory usually hires about 150–300 workers, supervised by a handful of highly skilled carvers. Since carving skills are passed down only within families, most of the factories have labour shortages, and workers are paid well. A chief carver can

7. Global Witness/EIA 2009. Report of an Investigation into the Illegal Felling, Transport and Export of Precious Wood in SAVA Region Madagascar; see also list of importers and timber barons in Annexes 4 and 1, respectively.

Image 2: Workers at a sawmill in Antalaha that stocks rosewood logs and produces large quantities of sawn ebony



Image 3: A Chinese buyer weighs rosewood for export in Madagascar's SAVA Region



Image 4: A rosewood trader in Zhangjiagang displays recently imported stock from Madagascar. The logs can be identified by the carved handles used by Malagasy loggers to drag the logs through the forest





Image 5: Traditional carving at a furniture factory in Shenzhen. Factories such as these turn raw logs from Madagscar into valuable luxury items.



Image 6: Rosewood furniture at a trade show in Shanghai. The bed displayed above retails for approximately USD800,000



Image 7: The rosewood cabinet above retails for approximately USD60,000. Shanghai.

earn up to USD100,000 per year, while more junior employees might earn USD10,000.

Traditionally, "red wood" referred to some 33 species from Southern China, India, Burma, Vietnam and other Southeast Asian countries. The most sought-after species are Red Sanders (*Pterocarpus santalinus*) and Hainan Scented Sanders (*Dalbergia odorifera*), but rosewood from Madagascar has become a good substitute for these increasingly scarce Asian species. Due to the difficulties in obtaining rosewood from Madagascar, its ever-increasing retail price, and the fact that similar species are more easily accessed from other East African countries, many of the factories have recently ceased to use rosewood. EIA estimates that more than 50 per cent of the "red wood" factories do not use Malagasy rosewood as their main material due to its high price, but rather keep a small inventory of both raw wood and furniture. Officials at several factories located around Beijing area said that they did not keep a good inventory of rosewood, instead sourcing it after receiving orders for furniture. The situation is similar in the North, where more and more factories are looking into species other than Malagasy rosewood.

Factories that still use rosewood as their primary materials are mostly located in the Jiangsu/Zhejiang/Shanghai area, with a few in Shenzhen/Guangzhou. Of the two factories EIA visited, one makes at least 60 per cent of their products with Madagascar rosewood, and the rest with species imported from Laos and Cambodia.

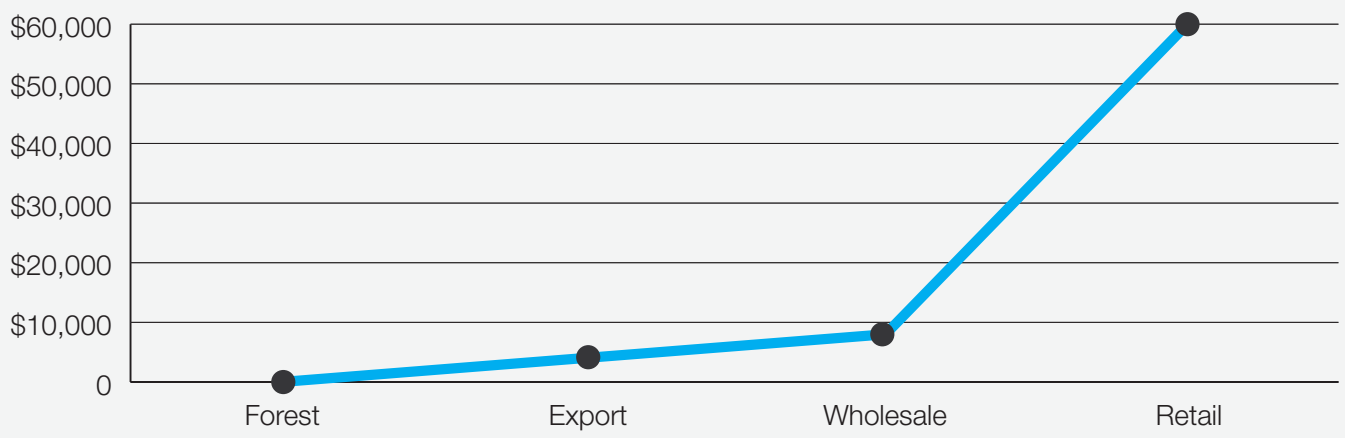
Retail markets

Nationwide, there are around 1,000 to 1,500 retail stores selling rosewood. There are 50–100 retail shops in each of the major cities (such as Shanghai, Beijing, Guangzhou and Shenzhen) and 30–50 in second-tier cities like Suzhou, Hangzhou and Chongqing.

Of the 20 retail shops visited in Jiangsu, Shanghai and Beijing, all sell primarily to the domestic market, and appear to be representative of the industry. Reliable information on the size of the market is not available at present, but based on enquiries at several shops and factories, EIA estimates the annual turnover of the industry at several hundred million US dollars. A piece of rosewood furniture's price typically ranges from a few thousand US dollars to close to a million, depending on the size and intricacy of craftsmanship of the product. The retail price of rosewood furniture has tripled over the last 5–7 years.

Some companies claimed to have sold rosewood in raw or finished form to international buyers, either foreigners living in China or overseas Chinese. However, none could provide any evidence of the actual sale or shipping documents. When contacted, several shops in the US that deal with Asian "red wood" furniture stated that they did not regularly carry products made with true Malagasy rosewood. It is possible that occasional shipments of Malagasy rosewood products pass through these shops in response to special orders, simply because of its popularity in China.

Graph 1: The chart shows the indicative price for the rosewood used in the furniture item in image 7, at different points in the supply chain



Trade Flows II:

US and EU Retail Trade in Malagasy Precious Wood

Rosewood retail sales in the United States

The US market for furniture of the kind made from Malagasy rosewood remains highly specialised, apparently consisting only of relatively expensive imported pieces manufactured in China. Accordingly, retailers target the Chinese immigrant and expatriate community, or customers with a particular interest in East Asian art.

While the United States has imported nearly USD2.5 million worth of products described as "rosewood" from mainland China since 2008, import records do not show any products identified as Malagasy in origin. Importers of certain plant products, including sawn timber and furniture, are required to identify the genus, species and country of origin of the products they import, but this information is not yet available in publicly accessible databases. The majority of products whose country of origin was declared in shipping manifests are identified as Patagonian (from Brazil, Bolivia or Paraguay), Indian or Thai.

While small quantities of rosewood specifically identified as Malagasy in origin have reached US shores since 2005, these shipments all appear to have taken place prior to the current logging crisis.

The range of rosewood furniture available for retail purchase in the United States is considerably down-market from that available in China. Tables and chairs are advertised for USD1,000–2,000, and bed frames may be sold for as much as USD5,000, but craftsmanship does not approach the level of the wares sold in China, in terms of both intricacy and the visible quality of the raw material. Given that the US market appears to be less sophisticated due to a lower overall level of demand, it is unsurprising that retailers place less emphasis on the quality of the material used. Instead, sales pitches tend to focus on the type of design, a reflection of the fact that most of these goods' appeal lies in their exotic nature and Chinese roots.

EIA carried out telephone interviews and site visits with 28 US retail stores and online dealers in ten states advertising rosewood furniture. Those interviewed showed a severe lack of knowledge about the ultimate origin of the raw materials used in their products. Three claimed that their products were manufactured in Thailand or used rosewood of Thai origin. Other merchants reported that they were not aware of the origin of the timber used in their furniture, or that it came from mixed sources. When mentioned, all discounted Madagascar as a possible source for the rosewood.

Malagasy precious woods are also available in unfinished or semi-finished form from several specialty wood suppliers, although quantities appear to be extremely limited and drawn from old stock imported before the beginning of the current political crisis in Madagascar. In contrast to retailers of finished rosewood products, these suppliers tend to have very specific information on the origin and quality of the wood species that they sell, since most of the premium on these products is derived from their scarcity and quality. These companies tended to purchase wood through intermediaries such as Theodor Nagel, rather than sourcing directly from Madagascar or other countries.

Through web sites and phone sales, rosewood planks or even log sections can be purchased in small quantities for prices showing a huge mark-up on the export price of rosewood. For example, one vendor sells planks of rosewood measuring about 4 cm x 4 cm x 38 cm for USD36.50 each – approximately USD60,000–65,000 per cubic metre for a product that is exported for USD2,530 per cubic metre.

These companies are clearly aware of the problematic nature of Malagasy precious timber, with one web site offering the warning: *"Current conditions in Madagascar mean that this wood will become unavailable, as all*

Image 8: Malagasy "bois de rose" offered for sale by a US distributor of semi-finished wood products. The distributor warns that the wood is no longer easily available



Images 9,10: Rosewood samples in the Timber Shop of Theodor Nagel, Hamburg (origin not indicated)





exports have apparently stopped permanently. We have bought more of this wood from old stocks, but we are now paying higher prices as the supply tightens."

Rosewood retail sales in the European Union

Global Witness contacted timber manufacturing and dealer associations in the United Kingdom, Austria, France, Germany, Italy and Switzerland for information regarding the trade in rosewood, pallisander and ebony in these countries. We requested information on the individual species regarding the type of use (furniture, arts and crafts, musical instruments, etc.), volumes, countries of origin, and major traders and processors. However, only associations in Switzerland, Germany and the UK provided responses.

The UK Timber Research and Development Association's database provides information about traders in all timber species. We received responses from two of the four companies listed as trading in these species. One company indicated that they do not deal in hardwoods, contrary to information found in the database, while the other one claimed to have ceased trade in rosewood "due to the recession". When pressed for information about trade prior to the recession, the latter company claimed that it had actually been 10–15 years since they had dealt in rosewood.

From five British traders in rosewood furniture contacted by phone, three stated that they imported their furniture from China, one from a factory in Scandinavia, and one has its own factory manufacturing in England. The latter stated that it imported its rosewood from China, while the others claimed that they didn't know the origin of the rosewood used in the imported furniture. The prices range from £900 for a coffee table, to £1,200 for a silverware chest, to £7,500 for a dining table and 8 chairs.

Because of strict data protection laws, information in Germany is difficult, if not impossible, to obtain. Various requests made to the two main organisations of the forest and timber trade sector in Germany, as well as to Customs and the Federal Office of Statistics, did not result in the release of names of companies and manufacturers dealing in precious wood. Even the names of importers cannot be released according to the German Customs Office. We contacted several timber dealers listed with the German Timber Trade Federation who informed us that only a few traders are stocking these species because of their *"very limited use for mainly music instruments and interior fittings in yacht construction"*, and that the volume traded was no greater than "a lorry load per year". Those contacted maintained that they no longer hold Malagasy precious wood in stock. These are mostly small traders specializing in a wide range of "exotic wood", who sell to manufacturers of musical instruments, carvings and decorative and luxury office items.

The "Grand Island" was mentioned by two timber dealers as a *"no-go zone, since all ebony and redwood can only come from national parks because all other sources were long ago depleted"*. However, from two of the interviews it emerged that Theodor Nagel in Hamburg seems to be the main importer of the three species from Madagascar. Some traders and several small manufacturers told us that those companies still using rosewood originating from Africa *"are not behaving ethically"*; some manufacturers also confirmed the existence of dealers who were contacting them offering rosewood and ebony of dubious origin. No names were given though.

Two traders in Switzerland are listed with the Swiss Timber Trade Federation dealing in ebony, rosewood and pallisander; however only pallisander is indicated as originating from Madagascar. Contacted by phone, one company declared that they have not dealt with these species for the last 10–15 years, and would have almost completely replaced tropical wood with wood grown in European countries and the US due to changing market demands. This change was attributed to criticism and campaigns by Greenpeace and other NGOs *"branding trade in tropical timber as almost criminal"*. Rather than directly answering questions, the owner of the other company referred us to Theodor Nagel in Hamburg, Germany.

Rosewood as material for furniture seems to play no significant role in these countries. As is the case in the US, traders in Germany and Switzerland seem to be aware of the risks involved with dealing in timber that originates from Madagascar.

Of the six traders in France interviewed by phone, three assured us that they did not have any of the three species in stock, whereas one trader held only *"a very little amount of old stock of Makassar ebony"*, the origin of which he claimed not to know. Two companies either bluntly refused to talk to us or avoided an interview by delaying talks. The obvious discomfort of talking to us may be an indicator of the increased pressure exerted on the timber trade as expressed by the Swiss dealer, but also a result of the recent publicity of the Madagascar rosewood trade in illegally logged timber.

All traders interviewed in these countries explained that because of the high price of the species in question they were solely used for interior fittings in luxury yacht construction and for musical instruments, which was confirmed by web research.

Similar to the responses from the interviews in the US market most traders are uninformed about the real origin of the wood. One interviewee stated that they had purchased small amounts of rosewood in the past from India, but acknowledged that the wood actually came from another country.

International Actors Involved in Precious Woods Trade

Shipping companies

Since the publication of Global Witness/EIA's first report, at least one international shipping company, *Delmas*, has continued to ship large quantities of precious woods from Malagasy ports.[8] *Safmarine* (a division of *A.P. Moller-Maersk Group*), *Spanfreight* and *United African Feeder Lines*, three of the companies previously involved in shipments from the SAVA port of Vohémar to China, appear to have desisted as a result of international pressure on shippers. Global Witness /EIA contacted and investigated four other shipping companies to determine if they played a role in transporting illegally sourced timber from Madagascar, but this did not appear to be the case.

DELMAS

Delmas Shipping, a division of CMA-CGM Group, the world's third-largest container shipping line, continued to play an active role in transporting timber from Madagascar to buyers in China. Delmas officials have been repeatedly pressured by a number of environmental groups and have received harsh scrutiny from the international press. The company has not been cooperative in engaging in dialogue with these groups, nor have any substantive changes in their policies or procedures been declared publicly or to Global Witness/EIA.

In October 2009, Delmas dispatched the ship M/V Lea to transport some of the 300-plus containers of rosewood awaiting export in the port of Vohémar. On 3 and 4 October, the ship loaded 91 containers and departed Vohémar for Tamatave, some 600 km south of Vohémar, before sailing to Mauritius. Once in Mauritius, the ship was recalled to Tamatave by Malagasy authorities, where it was unloaded and its cargo seized upon determination that 12 containers lacked the proper permits. A major timber trader, Roger Thunam, was reportedly jailed along with one of his deputies, although charges were not filed.

Despite these events and continued caution from the international community, Delmas continued to participate in shipping wood from Madagascar. When letters from our organizations in September and November 2009 and January 2010 met with no substantive response from Delmas officials, Global Witness and EIA published an open letter (See Annex 5) detailing the company's alleged involvement with the trade in illegally logged timber in Madagascar by drawing attention to the decree granting export authorization (Inter-ministerial Order 38409/2009) that made explicit reference to the *"illicit nature of the products"* (see image on p.17). This letter received wide attention in the French-language press, from sources such as the French business paper Les Echos and the Voice of America's French Africa service.

Delmas's response to this letter was underwhelming; the company strenuously denied charges of transporting illegally sourced timber (see Annex 6). Despite openly stating an offer to provide Global Witness/EIA with full documentation of the legality of the products being shipped, and subsequent requests by us for this information, the company has not yet done so.[9] On 11 May 2010, the office of the Prime Minister of Madagascar issued a communiqué approving shipment of the remaining 79 containers, which Delmas loaded and shipped the following month.

8. With letter dated 5 August 2010 Delmas informed Global Witness/EIA that they ceased transport of rosewood from Madagascar after issuance of Decree 210-141 of 24 March 2010 (see Annex 5).

9. In a response dated 5 August 2010 to a letter informing the company about this report, we were informed that all documents could be seen – at their Headquarters (see Annex 7), whereas the response to our Open Letter did not contain this condition. We will continue to seek access to these documents.



The Kiara, a Delmas-operated ship being loaded with rosewood in Vohemar port, March 2009. After repeated calls from NGOs to stop shipping illegal timber, Delmas announced in August 2010 that it would cease transport of rosewood from Madagascar.

Conditions in Madagascar

for the Control of Illegally Harvested Wood

Since the beginning of Madagascar's political crisis, the Malagasy transitional government (Haute Autorité de la Transition, HAT) has demonstrated conflicting priorities in its management of illegal logging. While repeatedly insisting on the continued illegal nature of harvest, transport or export of precious timber, local and national authorities have issued numerous proclamations providing one-off permissions for those involved in the trade to profit through the export of their goods.

As indicated in our previous report, these authorizations have only served to perpetuate the illegal harvest of precious woods by creating the expectations that all illegally logged wood will eventually be permitted to leave the country, mostly to the benefit of the financiers of this trade. Without aggressive measures to remove the profit motive by seizing and destroying illegal timber, as previously recommended, there is little reason to expect enforcement actions to be effective.

Expected trends in sourcing of precious woods

Our investigations found that Chinese buyers are well aware of pressure from the international community to end the trade in Malagasy precious wood, though most buyers with whom EIA spoke feel that the pressure is a pretence used by the West to address China's growing trade surplus. They also believe that even if the Malagasy government implements a strict ban on export in the near future, it will be temporary, as with previous bans. Buyers attracted by the highly lucrative nature of the rosewood import business quoted the proverb, "He who stays till the end laughs at the end." The common understanding among traders is that they will keep importing rosewood, regardless of the legal circumstances on the ground in Madagascar.

The US enforcement action relating to Gibson in November 2009 appears to have had a chilling effect on demand for Malagasy wood of questionable origin in the United States and Europe. Based on conversations with brokers and traders in precious timber, many companies are now wary of exporting Malagasy timber to the United States, for fear of losing their merchandise through forfeiture or facing civil and criminal penalties, as in the Gibson case. It remains to be seen whether these traders are taking a "wait-and-see" approach pending the resolution of the Gibson case, or if they are exploring a long-term commitment to examine the sustainability and legality of products they import into the United States and Europe.



Ornately carved rosewood furniture is sold for thousands of dollars at luxury malls in Beijing, Shanghai and most major Chinese cities. Rosewood from Madagascar fetches the highest prices of any variety.

Conclusions of Findings

The Malagasy transitional government continues to demonstrate conflicting priorities in its management of illegal logging. Repeated pronouncements on the illegal nature of precious timber stocks have been undermined by numerous one-off permissions for those involved in the trade to profit through the export of their goods. This has perpetuated the illegal felling of timber and the ransacking of Madagascar's precious natural habitats.

However, recent developments may also indicate a new commitment among parts of the government to curb the harvesting and export of precious wood. These include the signing of a further decree prohibiting the cutting, extraction and export of rosewood and ebony, coupled with promising new enforcement actions. This trend is further underlined by the request of the Minister for the Environment and Forests to the CITES Secretariat to list all precious wood species endemic to Madagascar in Appendix III of the CITES convention. This matters because export of such wood will require a permit issued by the state authorities declaring that the wood was legally obtained.

However, without effective measures to remove the profit motive by seizing and destroying illegal timber stocks, as recommended in our previous report, enforcement actions are very unlikely to be effective.

Our market surveys in China, the US and four major EU countries have shown that the main bulk of products are made for the Chinese domestic market with small quantities exported to the United States and Europe. Evidence from interviews in the United States and European Union countries suggests that most dealers no longer buy Malagasy precious wood. This can be directly credited to campaign activities by NGOs and a dramatic increase in media reporting of the plunder of Madagascar's protected areas.

Chinese buyers appear well aware of pressure from the international community to end the trade in illegal Malagasy precious wood. However, they also seem confident that any future government ban on exports will, as previously, prove temporary. Traders generally anticipate being able to continue importing rosewood, regardless of the legal circumstances on the ground in Madagascar. Global Witness and EIA therefore call upon the Chinese government to ban the import of all precious wood originating from Madagascar pending its final listing on Appendix III of CITES, and to follow the examples of the US and the EU legislatures to ban the import of all illegally sourced timber.

The US Fish & Wildlife Service's investigation into Gibson Guitars' suspected import of illegally harvested Malagasy ebony seems to have deeply affected demand for Malagasy precious wood in the United States and Europe. Coupled with legislation on the import of illegally sourced timber in the US and the EU, it is hoped that these traders will take a proactive approach to ensuring their supply chains are clean ahead of the resolution of the Gibson case.



Malagasy rosewood bed on sale for US$1 million, made from about three cubic meters of wood. Less than 0.1% of the profits from such a sale remain in the hands of traders or communities in Madagascar.

Recommendations From This Report

To the Government of Madagascar:

- Act on the recommendations made in Global Witness/EIA's first report (see pages 20ff). In particular, undertake an immediate inventory of all existing stocks of precious wood in all parts of Madagascar. Any wood in excess of the last official inventory of December 2008 should be destroyed
- Cease issuing decrees that temporarily permit the export of illegally harvested timber
- Confirm and clarify Appendix III listing of precious wood species with CITES Secretariat and implement listing as a priority in the next year. Work with supportive parties to write and submit a proposal to an extraordinary session of the CoP in 2011, to amend Appendix II by listing all precious wood species endemic to Madagascar, including look-alike species from other countries

To the Government of the People's Republic of China:

- Apply a temporary moratorium on imports of Malagasy timber in order to support the Malagasy export ban through decreasing the pressure from buyer demand
- Introduce domestic legislation to prohibit the import, export or possession of illegally harvested timber

To the Governments of all consumer countries:

- Introduce domestic legislation to prohibit the import, export or possession of illegally harvested timber

To ministries of foreign affairs, trade and commerce of all OECD countries:

- Advise Chinese counterparts about the role that the Chinese market plays in the trade of illegally sourced Malagasy timber, and of potential consequences under the amended US Lacey Act and European regulations designed to prevent the import of illegally harvested timber

To ministries and government departments in charge of transport and maritime affairs:

- Inform all registered shipping companies about the illegality of timber of Malagasy origin and warn them that there may be legal risks in transporting such timber

To the CITES Secretariat:

- Immediately notify Parties of Madagascar's request to list its endemic precious wood species on Appendix III; Madagascar's precious woods are disappearing too quickly to allow for further administrative delay
- Work with Madagascar's Scientific and Administrative Authorities to initiate all necessary steps to subsequently list these species on Appendix II at the next extraordinary meeting in 2011

To law enforcement agencies in the OECD:

- Cooperate on legal investigations into the origin and legality of precious wood stored at and traded by major importers in OECD member states that export to the United States

To NGOs, researchers and the media:

- Highlight the precarious state of the remaining unique Madagascar forests; expose the commercial and state actors engaged in promoting the trade and its social impacts; and advocate for the establishment of bans on the import or possession of illegally harvested timber in other consumer countries

Art.6 : Etant donné la nature illicite des produits, les opérateurs ayant pu s'acquitter de la transaction sont admis dans la liste de ceux autorisés à exporter exceptionnellement des bois précieux. Les autres opérateurs qui n'ont pas encore honoré leur obligation envers l'Etat disposent d'un délai de 15 jours pour payer la somme prévue dans la transaction s'ils veulent figurer dans la liste des exportateurs exceptionnels. Passé ce délai, les produits en leur possession seront purement et simplement confisqués au profit de l'Etat indépendamment des poursuites pénales.

Excerpt from Inter-ministerial Order 38409/2009), issued in fall 2009, clearly demonstrating state-sanctioned laundering of illegal wood. Translation: "Given the illegal nature of the products, the operators who have paid the transactions are admitted on the list of those who are exceptionally authorised to export precious woods. The other operators who have yet to fulfil their obligations against the State are given 15 days to pay the sum that is prescribed in the transaction if they wish to appear on the list of exceptional exporters. After this deadline, products in their possession will simply be confiscated to the advantage of the State, independently of criminal charges."

Recommendations

from the First Phase of Global Witness/EIA Investigation (November 2009):

With regard to the results of the first phase of the investigation into the illegal exploitation and trafficking of precious woods in Madagascar, the Global Witness/EIA investigative team gives the following recommendations (November 2009):

Immediate measures

Generally: To immediately cease the extraction of precious woods in the entire country and end the illegal export of precious woods.

The Ministry responsible for forests should:

- in collaboration with the gendarmerie, the national police and customs, seize all stocks of wood in towns and the countryside and place it under guard of a task force composed of representatives of the relevant ministries (Forestry, Finance, Justice, Territorial Management), law enforcement forces, customs, regional administration, affected communities and civil society
- seize all precious woods in bulk and in containers which are stored in the country's ports, namely Vohémar, Tamatave, Mahajanga
- suspend all extraction and export agreements, as well as accreditation of forest sector operators in the SAVA Region
- maintain the export ban on precious woods in all forms until a controlled forest exploitation management is in place, and promulgate an overriding decree which confirms that all exceptional export authorisations granted since the export ban came into effect in 2002 were issued in an illegal way (*ultra vires*) and are therefore invalid
- initiate the necessary procedures to register *Dalbergia spp*. and *Diospyros spp*. on CITES Appendix III in order to allow better tracking of these species in international trade
- designate an agent to liaise with foreign law enforcement forces and assist in their efforts in combating illegal wood imports
- continue to actively support Global Witness/EIA in their investigation following the phase completed in Madagascar

A task force composed of representatives of the Ministry in charge of forests, law enforcement forces, customs, regional administrations, affected communities and civil society should:

- inventory all stocks of precious wood seized in towns and the countryside
- create aerial and maritime surveillance along the coast of the SAVA Region in order to stop boats transporting precious woods to ships in the open sea
- strengthen the activities of mixed patrols (composed of control agents of MEF, MNP, police, gendarmerie) in order to stop the ground transport of wood to the country's ports and points of embarkation along the coast of the SAVA Region
- reinforce the mixed patrols in the national parks and protected areas
- use most suitable means of communication (radio, public meetings) to inform local populations about the government's efforts in the fight against the illegal trafficking of precious woods, reaffirming the illegality of harvesting precious woods

The Ministry of Finance, jointly with the Ministry in charge of forests, should on behalf of the Malagasy government:

- sell the seized wood in a process supervised by an independent international auditor, representatives of the international community and the civil society
- mount a thorough investigation to establish a list of all actors, Malagasy and foreign, who have previously profited from the illicit wood trade, and to prevent them from participating in the sale of seized wood
- destroy all stocks of precious wood that are not contained in the latest inventories, and maintain the policy of destruction of all seized wood, in order to send a clear signal that it will be impossible to profit from the illicit trade in the future
- establish a special fund for the proceeds from the sale of the seized wood, supervised by a management committee composed of representatives of the relevant ministries (Forests, Finance, Economy, Justice, Territorial Management), civil society, donors and an independent international observer; designate the fund's objectives as to support the management of the national parks, the control of illicit trade in precious wood, and rural development in areas affected by the illegal trade

Medium-term measures

Generally: Improve good governance in the forest sector, strengthen the protection of national parks and protected areas, and take measures to end the international trade in precious woods originating from Madagascar

AT THE NATIONAL LEVEL

The Government should:

- in order to bring to justice those individuals who play a central role in the illegal extraction and trade in precious woods from Madagascar, work in close cooperation with the law enforcement organisations and the judiciary powers of key consumer countries in applying the laws that prohibit the import of wood produced or marketed illegally. This includes the United States (through the Lacey Act) and possibly the European Union (through future legislation)

The Parliament should:

- change the status of ONESF to transform it into a public organisation in order to ensure its independence from the Ministry in charge of forests, probably by bringing it under the authority of parliament
- change the status of BIANCO to transform it into a public organisation in order to ensure its independence from the Prime Minister's Office, probably by bringing it under the authority of parliament
- ensure that agents of ONESF are free from possible repercussions by politically powerful people who have committed forest crimes
- create a committee to coordinate the investigation and litigation of forestry crime cases
- pass legislation which punishes and dissuades the purchase, sale, export and import of illegally exploited forestry products

The Ministry in charge of forests should:

- put into force those texts already developed, in particular the « Projet de textes relatifs aux titres de prélèvements des produits forestiers » ("Development of texts concern-

ing forest products harvesting titles") and the « Projet de loi relative à la répression des infractions à la législation forestière » ("Development of a law governing the repression of violations of forest legislation")
- revise the legal texts regarding extraction, trade and export of precious wood
- recruit and train forest control personnel on national and regional levels
- put into place a tracking system as described in the study on the establishment of a permits and forest products traceability system undertaken in January - February 2007
- put into place an effective chain-of-custody control system of the sort already developed in collaboration with the donors supporting the Malagasy government
- install an independent forest monitor in support of the forest administration aiming to improve transparency and good governance
- establish a task force at the regional level to patrol and enforce the law in the national parks and protected areas and their surroundings, composed of agents of the Ministry in charge of forests, the gendarmerie, the national police and representatives of affected communities and civil society
- publish a list of legal cases, containing the individuals responsible, the damages done and the fines requested or imposed
- educate and raise awareness among the population and regional and local officials about the negative impact of illegal logging of precious woods

The Ministry of Justice should:

- create a special tribunal in Antananarivo to ensure follow-up of litigation cases in the forest sector in order to prevent interference by influential suspects
- ensure the prompt follow-up of all new and pending cases concerning precious woods
- provide the Ministry in charge of forests with a team of high-profile lawyers to prepare cases and to represent the Ministry in courts

The Ministry of Finance should:

- establish an accountancy and transparency system for the collection and (re-)distribution of royalties and taxes derived from the forest sector
- publish annually a list of revenues, transactions and proceeds from the sale of seized wood as well as how the raised funds have been used, in national newspapers and on its web site
- finance through the special fund (from proceeds from the sale of the seized wood) recruitment and training of forest administration agents, the material establishment of a chain-of-custody control system, forest control agents as well as rural development projects in the zones affected by the illegal logging
- determine what happened to the proceeds of the sale of the wood seized in November 2008 and publish the findings

The ONESF should:

- increase the organisation's manpower and train them in the methodology and techniques of independent forest monitoring
- ensure that the names of those responsible for infractions are listed in the agents' monitoring and investigation reports
- collaborate with other law enforcement and anti-corruption organisations, namely the DCAI, the "Department of Legal Affairs and Fight against Corruption of Customs" and BIANCO

AT THE REGIONAL LEVEL

The Ministry in charge of forests should:

- affirm the invalidity of all salvage and collection permits issued by regional authorities (DREF, decentralised administration)
- involve local communities in the management of forests

AT THE INTERNATIONAL LEVEL

- National intelligence services should launch investigations into the international traffic of illegal wood and laundering of money stemming from this trade, and collaborate with investigations launched by foreign and international law enforcement services
- The Government of Madagascar in collaboration with the government agencies of consumer countries should carry out awareness-raising campaigns among buyers and consumers of Malagasy precious woods in consumer countries
- The Government of Madagascar should formally contact relevant countries involved in the transportation, transformation and consumption of Malagasy precious woods, including Mauritius, China, Germany, other European Union countries and the US, to request cooperation to halt the trade in illegally sourced wood
- The Government of Madagascar should issue specific requests to countries receiving illegal Malagasy woods in raw form or as finished products to pass legislation akin to the US Lacey Act amendment, prohibiting the import of illegally sourced wood, and to support the Malagasy efforts to stop illegal wood trade

OTHER ACTORS

Countries involved in the traffic (transport, transformation and consumption) of illegal wood from Madagascar should:

- ban the import of illegally sourced wood, akin to the procedures of the US Lacey Act amendment, and strengthen requirements for importers to perform due diligence on the origin and legality of their purchases
- assist the Malagasy authorities in their efforts to track and seize illegal wood exports, and to repatriate the laundered proceeds of illicit timber trafficking

Donors and diplomatic missions of partner countries to Madagascar should:

- cooperate with the Chinese government in the development of a strategy to raise awareness among Chinese wood importers and manufacturers about the risks and impacts of the import and trade of Malagasy precious woods
- assist the Ministry in charge of forests to put into place a tracking and a chain-of-custody system, to train its agents and to improve their technical capacities
- organise joint training workshops for forest control agents from Madagascar and donor countries
- support the decentralised public administration institutions in implementing rural development projects
- assist the Malagasy government to establish a maritime surveillance and control system
- restore conservation support funding, but only upon the adoption of substantive measures to combat the trade in illegal wood, including those recommended above



A logger at work in Masoala National Park, August 2009.

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Annex 1

Executive Summary of Investigations of Illegal Logging in Sava, Madagascar (November 2009)[10]

In the period since February 2009, a dramatic increase in the felling and cutting of rosewood has been reported in the SAVA Region of north-east Madagascar. As a result, several investigative missions have been sent into the region to gather evidence of these activities. These missions have been organised by the Malagasy Forestry Administration, the management of the National Parks of Masoala and Marojejy, and the Malagasy National Environment and Forest Observatory (*Observatoire National de l'Environnement et du Secteur Forestier*, or ONESF).

In July 2009, two non-governmental organisations – Global Witness and the Washington-based Environmental Investigation Agency, Inc. (EIA) – were contacted by the Malagasy institution, Madagascar National Parks (MNP), to assist their effort in investigating the illegal harvest of precious wood in the SAVA Region, and the associated international trafficking of illegal timber.

The investigation team observed intensive logging of rosewood trees in the northeast of Masoala National Park, and transport of logs to Antalaha. The intensive transport of rosewood in broad daylight, on sections of road policed by Gendarmerie posts, both to the south and to the north of Antalaha, demonstrates a serious breakdown in the rule of law – if not the active collusion of law enforcement authorities with illegal timber traffickers.

The investigation team also observed a serious failure by the Forestry Administration to control both harvesting activities in the forests and the transport of logs to the coast and to Antalaha.

The mission found substantial evidence of the following:

- Breakdown of the rule of law in the SAVA Region with regard to the logging, transport, storage, and export of rosewood
- Ongoing illegal and uncontrolled harvest of about 100 to 200 trees of rosewood per day centred in three locations in the National Park of Masoala and the Mananara Biosphere Reserve
- Confusion regarding the legal framework governing the forest sector and trade and export of precious wood, created by conflicting ministerial and inter-ministerial orders and decrees
- Lack of adherence to laws and regulations governing the forest sector and the harvest, transport, and export of precious wood, on the part of the Ministry of Environment and Forests, or MEF
- Systemic failure to repatriate the proceeds of timber exports, depriving Madagascar of any economic benefit from the trade
- A serious lack of monitoring and control of the harvest, transport and storage of rosewood, and possible collusion of Forestry Administration and law enforcement officials with traffickers of precious wood
- A lack of suitably qualified Forestry Administration agents at regional level
- Widespread abuse of local "small players" in the harvest and transport of illegal wood by "collectors" and exporters (traders)
- Capture of state authorities by the Antalaha traders, and manipulation of the population to – in effect – blackmail the state into authorizing exports of illegal wood and allowing illicit activity in the forests to continue.

It is the conclusion of this mission that all timber awaiting export or already having been exported since 2006 was cut or collected, transported and stored in violation of the regulations in force in the Malagasy forest sector. By giving yet another authorisation, as per Decree 38244/2009, to export the illegally restituted wood the State will lose even more of the much-needed revenues it has already lost through this practice, as well as continue to undermine its own rule of law and enforcement efforts. The people and landscape of SAVA deserve a better development model than illegal resource extraction. Realizing this future will require the combined investment of the government of Madagascar, the international donor community and the private sector.

10. Full report available at http://www.globalwitness.org/media_library_detail.php/887/en/field_investigation_into_illegal_logging_in_madaga or http://eia-global.org/PDF/Report-RogueTraders-July10.pdf

Annex 2

The 13 operators officially recognized as dealing in precious wood as listed in Inter-ministerial Order 003/2009

REPOBLIKAN'I MADAGASIKARA
Tanindrazana - Fahafahana - Fandrosoana

MINISTERE DE L'ENVIRONNEMENT, DES FORETS ET DU TOURISME

MINISTERE DES FINANCES ET DU BUDGET

MINISTERE DE L'ECONOMIE DU COMMERCE ET DE L'INDUSTRIE

ARRETE INTERMINISTERIEL N° 003 /2009
Portant agrément d'exportation, à titre exceptionnel, à l'état brut, de bois de forêts naturelles

ARRETENT :

Article premier : Il est donné, à titre exceptionnel, un agrement d'exportation à l'état brut de bois de forêts naturelles, à chacun des opérateurs mentionnés dans le tableau suivant et conformément aux quantites et natures de bois précieux inventoriés, à condition qu'ils en fassent la demande au Directeur Régional de l'Environnement, des Forets et du Tourisme de la SAVA.

Nom et Prénoms ou raison sociale de l'opérateur	Lieu de dépôt	quantité de bois de rose		quantité de bois d'ébène
		rondin	plaquette	rondin
1. LAISOA Jean Pierre	Belle Rose Antalaha	3 838	15 094	NEANT
2. BEMATANA Martin	Akoalabe Antalaha	1 704	37	NEANT
3. SOA Elia Rolaine	Ambalahoraka Antalaha	92	53	NEANT
4. RAMILIALISON Arland	Ankoalabe Antalaha	3 437	NEANT	NEANT
5. BEZOKINY C. Claude	Ambondrona Antalaha	3 814	279	NEANT
6. BODY Thierry	Antsonasona Antalaha	563	NEANT	1 027
7. CHAN HOYLANE	Ankoalabe Antalaha	288	NEANT	NEANT
8. PATRICIA Soa	Belle Rose Antalaha	616	1 947	NEANT
9. NDAHINY Grégoire	Manolotsoa Antalaha	123	237	NEANT
10. MALOHELY	Maherifody Antalaha	45	2 111	NEANT
11. Sté THUNAM Roger	Ankoalabe Antalaha	NEANT	8 802	NEANT
	Andranomasinkely I Vohemar	NEANT	14 384	NEANT
12. Ets RANJANORO	SMPI-Antalaha	1 727	3 696	NEANT
	4 Minutes Antalaha	3 772	2 642	NEANT
	Analamandrorofo-Sambava	NEANT	49	NEANT
	Andranomasinkely-Vohemar	NEANT	12 920	NEANT
13. GURERRA William	Fotobato-Ambalabe Antalaha	751	NEANT	NEANT
TOTAL		20 770	62 251	1 027

Article 2 : Pour chaque envoi et sur la base de documents commerciaux de vente avec désignation du ou des acheteurs-destinataires, et jusqu'à l'épuisement du stock mentionné dans l'article 1 ci-dessus, une demande en bonne et due forme est à adresser au Directeur Régional de l'Environnement, des Forets et du Tourisme de la SAVA qui délivrera une autorisation d'exportation de la quantité demandée après constatation sur place.

Annex 3

Decree 2010-141

SGFF

REPOBLIKAN'I MADAGASIKARA

Tanindrazana-Fahafahana-Fandrosoana

MINISTERE DE L'ENVIRONNEMENT

ET DES FORETS

DECRET № 2010 - 141

Portant interdiction de coupe, d'exploitation et d'exportation de bois de rose et bois d'ébène à Madagascar

LE PREMIER MINISTRE, CHEF DU GOUVERNEMENT

Vu la Constitution ;

Vu l'Ordonnance № 2009-001 du 17 mars 2009, conférant les pleins pouvoirs au Directoire Militaires ;

Vu l'Ordonnance № 2009-002 du 17 mars 2009, portant transfert des pleins pouvoirs à Monsieur Andry Nirina RAJOELINA ;

Vu la Décision exprimée dans la lettre № 79-HCC du 18 mars 2009 ;

Vu l'Ordonnance № 2009-012 du 18 décembre 2009 relative à la réorganisation du Régime de la Transition vers la IVème République ;

Vu l'Ordonnance № 60-128 du 03 octobre 1960 fixant la procédure applicable à la répression des infractions à la législation forestière, de la chasse, de la pêche et de la protection de la nature ;

Vu la Loi № 97-017 du 08 août 1997 portant révision de la législation forestière ;

Vu le Décret № 97-1200 du 02 octobre 1997 portant adoption de la Politique Forestière Malagasy ;

Vu le Décret № 98-782 du 16 septembre 1998 relatif au régime de l'exploitation forestière ;

Vu le Décret № 2001-068 du 24 janvier 2001 fixant les modalités de vente des produits forestiers saisis ou confisqués ;

Vu le Décret № 2004-935 du 05 octobre 2004 complétant le Décret № 2000-355 du 06 juin 2000 abrogeant le Décret № 88-340 du 06 septembre 1988 et fixant les modalités de gestion des comptes de commerces « Action en Faveur de l'Arbre » au niveau central et régional ;

Vu le Décret № 2005-849 du 13 décembre 2005 portant refonte des conditions générales d'application de la Loi № 97-017 du 08 août 1997 portant révision de la législation forestière ;

Vu le Décret №°2001-1123 du 28 décembre 2001 fixant les modalités de gestion des Fonds Forestiers National, Provincial et Régional ;

Vu le Décret № 2009-1388 du 20 décembre 2009 portant nomination du Premier Ministre, Chef du Gouvernement ;

Vu le Décret № 2009-1161 du 8 septembre 2009, portant nomination des membres du Gouvernement ;

Vu le Décret № 2009-576 du 08 Mai 2009 fixant les attributions du Ministre de l'Environnement et des Forêts ainsi que l'organisation générale de son ministère,

Sur proposition du Ministre de l'Environnement et des Forêts :

DECRETE :

Article premier: Les dispositions du présent décret ont pour objet d'interdire la coupe, l'exploitation et l'exportation de bois de rose et de bois d'ébène à Madagascar.

Article 2 : Dorénavant, l'exploitation, la coupe, le transport, la commercialisation et l'exportation de bois de rose et de bois d'ébène sont interdits.

Article 3: La mise en œuvre de cette interdiction est assurée par le Ministère de l'Environnement et des Forêts et ses démembrements.

Article 4: Toutes personnes s'adonnant à la coupe, à l'exploitation et à l'exportation des bois de rose et d'ébène sont passibles de poursuites pénales.

Article 5 : Les dispositions antérieures contraires restent et demeurent abrogées.

Article 6: Le Vice Premier Ministre chargé de l'Intérieur et les Ministres chargés de l'Environnement et des Forêts, des Finances et du Budget, de la Justice, du Commerce, de la Sécurité Intérieure, de l'Aménagement du Territoire et de la Décentralisation et du Secrétaire d'Etat chargé de la Gendarmerie sont, chacun en ce qui le concerne, chargés de l'exécution du présent Décret, qui sera publié au Journal Officiel de la République de Madagascar

Fait à Antananarivo, le **24 Mars 2010**

PAR LE PREMIER MINISTRE,
CHEF DU GOUVERNEMENT



Albert CAMILLE VITAL

LE VICE PREMIER MINISTRE CHARGE
DE L'INTERIEUR

MANORO HANTA Cécile

LE MINISTRE DES FINANCES
ET DU BUDGET

RAJAONARIMAMPIANINA Hery

LE MINISTRE DU COMMERCE

RAKOTONIRINA Jean Claude

LE MINISTRE DE L'ENVIRONNEMENT
ET DES FORETS

Général RANDRIAMIANDRISOA Edelin Calixte

LE MINISTRE DE LA JUSTICE

RAZANAMAHASOA Christine

LE MINISTRE DE LA SECURITE INTERIEURE

RAKOTOMIHANTAHARIZAKA Organès

LE MINISTRE DE L'AMENAGEMENT DU TERRITOIRE
ET DE LA DECENTRALISATION

ANDRIANAINARIVELO Hajo

LE SECRETAIRE D'ETAT CHARGE DE LA
GENDARMERIE

Général RAVELOMANANA Claude

3231 SGFF
20 APR 2010

Annex 4

Letter of Minister of the Environment and Forests to CITES Secretariat

REPOBLIKAN'I MADAGASIKARA
Tanindrazana – Fahafahana – Fandrosoana

MINISTERE DE L'ENVIRONNEMENT ET DES FORETS

SECRETARIAT GENERAL

DIRECTION GENERALE DES FORETS

DIRECTION DE LA VALORISATION DES RESSOURCES NATURELLES

SERVICE DE LA GESTION DE LA FAUNE ET DE LA FLORE

Antananarivo, le 10 JUIN 2010

Le Ministre de l'Environnement et des Forêts,
et L'Organe de gestion Madagascar

à

Monsieur Le Secrétaire Général de la CITES
15, Chemin des Anémones
Case Postale 456
CH-1219 CHATELAINE – GENEVE
Fax : 4122 797 34 17
Mail : info@cites.org
SUISSE

N°284 10/MEF/SG/DGF/DVRN/SGFF

O B J E T : Proposition d'inscription à l'annexe III

Monsieur Le Secrétaire Général,

Nous avons l'honneur de vous adresser la présente lettre pour une demande d'inscription de nos espèces *Dalbergia spp* et *Diospyros spp* (que nous appelons communément : bois de rose, bois d'ébène et palissandre) pour les raisons suivantes :

1- Malgré le fait qu'un cadre légal et réglementaire sur leur exploitation et leur commercialisation existe depuis longtemps, ces espèces de bois ont été sujettes à un commerce illégal, principalement international. Ce commerce illégal s'est particulièrement aggravé pendant la crise politique nationale de 2009 ce qui nous a fait sortir un décret portant sur l'interdiction de coupe, d'exploitation et d'exportation de ces bois précieux de Madagascar. Cette dernière réglementation en date du 24 Mars 2010 et numérotée 2010-141 renforce les décrets antérieurs afin d'assurer une mesure de contrôle pour l'application de ce texte législatif dont nous demandons l'inscription de ces espèces en annexe III de la CITES

2- Bien que nous avons 120 espèces dans le genre *Diospyros spp* et 50 pour le genre *Dalbergia spp*, toutes endémiques, nous demandons l'inscription de toutes les espèces pour une meilleure efficacité de contrôle étant donné la difficulté de leur identification.

Une note plus détaillée relative à l'application de la résolution Conf. 9-25 (Rev.COP 14) est jointe à cette lettre ainsi que le décret 2010-141 du 24 Mars 2010 ainsi Madagascar demande l'appui des autres Parties à la CITES pour son application.

Comptant sur votre compréhension, nous vous prions de recevoir, Monsieur le Secrétaire Général, l'expression de nos salutations les meilleures.

LE DIRECTEUR GENERAL DES FORETS

RAKOTOARISOA Jean Noel
Ingénieur des Eaux et Forêts

LE MINISTRE DE L'ENVIRONNEMENT ET DES FORETS

LE GENERAL DE BRIGADE
RAVELOHARISON Herilanto

Annex 5

List of Chinese companies named as recipient (*destinataire*) of shipments (compiled through investigation from various sources)

COMPANY	LOCATION
CECIEC Tianjin International Trading Co., Ltd.	Tianjin
Chang Sha Wei Chu Seed Industry Ltd. Co.	Changsha
Changshu Jinbianf Craft Furniture Co., Ltd.	Changshu
China Artex Corporation Fujian Co., Ltd.	Fuzhou
China Jilin Forest Industry Group Import & Export Co. Ltd.	Dalian
China National Forest Product Industry Co. Ltd.	Beijing
China Tushu Shanghai Pudong Imp. & Exp. Corporation	Shanghai
Dalian Rising International Trading Company	Dalian
Dalian SK International Freight Forwarding Co., Ltd.	Dalian
Dalian Yulin Imp & Exp Co. Ltd.	Dalian
Dougguan Silver Dragon Commercial Co., Ltd.	Dongguan
Foshan Everlasting Enterprise Co. Ltd.	Foshan-Guandong
Foshan Nanhai Guicheng Youway Co., Ltd.	Foshan
Guangzhou Peijia Imp & Export Trading Co., Ltd.	Guangzhou, Cina
Herowise Engineering, Ltd.	Hong Kong
HH International Trade Co., Ltd.	Tianjin
High Hope International Group Jiang Knit Wear & Home Textiles Imp & Exp Corp Ltd.	Nanjing
Jiang Su Guotai International Group	Zhangjiang City
Jiangsu Skyrun International Group Co., Ltd.	Zhangjiang City
Jilin Haitianxia Rosewood Co., Ltd.	Chang Chun
Key Win International Trading Ltd.	Hong Kong
Xiamen High-Water Logistic Co. Ltd.	Hong Kong
Ocean Trading Co.	Shanghai
Shanghai Hongsheng Industry & Trade Co. Ltd.	Shanghai
Shanghai King Yird International Trading Co., Ltd.	Shanghai
Shanghai Silk Group Co. Ltd.	Shanghai
Shanghai Tan Tan Trade Co Ltd	Shanghai
Tianjin Winstar International Trading Co., Ltd.	Tianjin
Uan Long Creates the World Co. Ltd.	Zhang Jiangang City, Jiangsu Prov
WoodintI Trade Co. Ltd.	Jiangsu
Wuxi Guangming Group Im. Ex. Co., Ltd.	Wuxi
Wuxi Shi Zhou Ye Textiles Co., Ltd.	Wuxi
Zhejiang Willing Foreign Trading Co., Ltd.	Hangzhou
Shanghai Senhuan Wood Co., Ltd.	Shanghai
Jiangsu Xiangtang Group Import & Export Co. Ltd.	Tai Cang City
Foshanketongtra, Ltd.	Foshan
China Meheco Traditional Medecines & Health Product Import & Export Co Ltd	Beijing
China National Forest Product Industry Co Ltd.	Beijing
Citic International Co Ltd.	Beijing
Yick Po International Investment Trading Co.	Hong Kong

Annex 6

Open Letter to Shipping company Delmas



Mr. Jean-François Mahe
Director-General
Delmas Shipping
1 Quai Colbert BP 7007X
76080 LE HAVRE CEDEX
France

15 March 2010

RE: Open letter to Delmas Shipping Company

Dear Mr. Mahe,

We are writing, once again, to express our grave concern with your company's involvement in the transport of timber from Madagascar which has been declared illicit by the Malagasy authorities, as we had informed you in our letter dated 29 November 2009. Following communications with your company in June 2009, you assured us that Delmas has "a very strict commitment to ethical and environmentally sound business practices" and would "never load containers which have not got all green lights from local authorities". However, our field investigations in Madagascar and numerous local reports indicate that Delmas has transported several shipments of wood that appears to be of illegal origin – both prior and subsequent to your assertion this past June. This matter is particularly urgent in light of the imminent departure of a Delmas vessel that is currently loading hundreds of tons of rosewood at the port of Vohémar, in northeastern Madagascar.

On the heels of a military coup in early 2009, political chaos and the withdrawal of financial assistance from the international community opened Madagascar's national parks to exploitation by unscrupulous timber traders. Despite a total ban on logging, the government of Madagascar has been unable to prevent the looting of thousands of rare trees by bands of illegal loggers and the irreversible damage to the environment that it causes. These loggers are typically paid less than $5 per day by the timber barons who finance their activities and arrange for Delmas vessels to export their illegal merchandise. Audits performed by our organizations at Malagasy banks and the Ministry of Finance determined that only a small part of these illicit profits remain in Madagascar. Even in the short term, only a handful of individuals profit from the permanent destruction of Madagascar's most precious natural resource—its unique biodiversity.

Our organizations contacted your office on two more occasions following our June letter, each time in response to reports that Delmas ships were loading illegal Malagasy timber. On 29 November 2009, we informed you that the Malagasy government had decreed all precious wood destined for export in the country to be illegal, a matter detailed in our investigative report, which is available in French and English. We have not received further responses or any commitment from Delmas to cease shipments of illegal timber.

By transporting timber of dubious legality, Delmas risks not only its reputation, but civil and criminal penalties as well. For example, the U.S. Lacey Act, as amended in 2008, prohibits import, transport or trade in wood and wood products that were acquired illegally in the country of origin. A raid by U.S. authorities on the Gibson Guitar company in November 2009 reportedly targeted shipments of illegal rosewood from Madagascar. If Delmas has facilitated the transport of illegal Malagasy timber to the United States, your company could be held liable in U.S. courts. Similar legislation is likely to take effect in Europe later this year.

Delmas is the only global shipping company that persists in transporting wood from northeastern Madagascar in the face of compelling evidence of illegality. We urge Delmas to suspend further shipments of Malagasy wood immediately. We reiterate our willingness to work with your company to establish a policy to ensure that its business practices do not facilitate criminal and unethical activities that are harmful to the environment, the local economy and local communities.

Thank you for your attention to this matter. We look forward to your response.

Sincerely,

Andrea Johnson
Director of Forest Campaigns
Environmental Investigation Agency
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Reiner Tegtmeyer
International Forest Expert
Global Witness
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Annex 7

Delmas response to EIA and Global Witness

DELMAS

Direction Générale

Andrea Johnson, Director of Forest Campaigns,
Environmental Investigation Agency
et Reiner Tegtmeyer,
International Forest Expert,
Global Witness

Le Havre, le 17 Mars 2010

Objet : Votre lettre ouverte du 15 mars 2010

Messieurs,

Dans le cadre des nombreux échanges que nous avons avec votre organisation depuis 2009 à propos de l'exportation de bois de rose de Madagascar, je vous rappelle que le Groupe CMA CGM et sa filiale DELMAS réalisent l'ensemble du chargement des marchandises qu'ils transportent dans le plus strict respect des réglementations nationales et internationales et dément formellement toute accusation de participation à un quelconque trafic de bois à Madagascar.

Comme vous le savez, le Groupe CMA CGM s'est engagé à ne charger aucun conteneur de bois qui serait suspect ou illégal. Afin de prévenir tout chargement de bois illicite, nous avons souhaité obtenir de la part des autorités souveraines malgaches toutes les garanties de traçabilité de l'origine des bois à charger. Dans l'attente d'une réponse des autorités souveraines et compétentes, à notre initiative, nous avons alors suspendu tout chargement de ce type de bois. Les conteneurs qui ont été chargés récemment concernaient des marchandises autres que le bois de rose (vanille, girofles, bananes, etc.).

Au titre de cette démarche, je vous confirme que nous avons reçu la note gouvernementale N°218 – PM/SP.09 du 31 décembre 2009 du Premier Ministre malgache faisant référence à l'Arrêté N°36244 du 21 septembre 2009 relative à l'exportation des bois précieux, et la Note d'Application du 16 février 2010 signée par l'ensemble des ministères concernés (Ministères malgaches du Commerce, des Finances & du Budget, de l'Environnement & des Forêts), pour l'exportation de 274 conteneurs.

Parallèlement à la réglementation en vigueur, nous avons pris des mesures supplémentaires qui viennent renforcer les procédures strictes et rigoureuses de contrôle et de vérification des exportations du bois de rose mises en place par les autorités malgaches compétentes.

Cette procédure renforcée prévoit un triple contrôle :

- un engagement écrit des 19 exportateurs de bois de n'exporter que du bois licite,
- un double contrôle et un visa par le service des douanes,
- un contrôle et un visa par la Task Force Environnementale de chaque conteneur candidat à l'exportation.

Par voie de conséquence, je vous réitère notre engagement à charger seulement le bois ayant obtenu les autorisations gouvernementales nécessaires, le visa des douanes, et le document de validation de chaque opération d'exportation visé par l'exportateur, les douanes et la Task Force.

Nous tenons à votre disposition, si besoin en était, tous les documents autorisant cette exportation et nous vous confirmons que les chargements effectués sur nos navires sont tous licites au terme de la réglementation malgache.

Je vous rappelle par ailleurs l'engagement de notre Groupe en faveur de la protection de l'environnement

En espérant avoir répondu à votre demande et en vous remerciant de votre vigilance, je vous prie d'agréer, Messieurs, l'expression de mes sincères salutations.

Jean-François Mahé
Directeur Général DELMAS

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www.delmas.com

CMA CGM group

Recommendations From This Report

To the Government of Madagascar:

- Act on the recommendations made in Global Witness/EIA's first report (see pages 18-19). In particular, undertake an immediate inventory of all existing stocks of precious wood in all parts of Madagascar. Any wood in excess of the last official inventory of December 2008 should be destroyed
- Cease issuing decrees that temporarily permit the export of illegally harvested timber
- Confirm and clarify Appendix III listing of precious wood species with CITES Secretariat and implement listing as a priority in the next year. Work with supportive parties to write and submit a proposal to an extraordinary session of the CoP in 2011, to amend Appendix II by listing all precious wood species endemic to Madagascar, including look-alike species from other countries

To the Government of the People's Republic of China:

- Apply a temporary moratorium on imports of Malagasy timber in order to support the Malagasy export ban through decreasing the pressure from buyer demand
- Introduce domestic legislation to prohibit the import, export or possession of illegally harvested timber

To the Governments of all consumer countries:

- Introduce domestic legislation to prohibit the import, export or possession of illegally harvested timber

To ministries of foreign affairs, trade and commerce of all OECD countries:

- Advise Chinese counterparts about the role that the Chinese market plays in the trade of illegally sourced Malagasy timber, and of potential consequences under the amended US Lacey Act and European regulations designed to prevent the import of illegally harvested timber

To ministries and government departments in charge of transport and maritime affairs:

- Inform all registered shipping companies about the illegality of timber of Malagasy origin and warn them that there may be legal risks in transporting such timber

To the CITES Secretariat:

- Immediately notify Parties of Madagascar's request to list its endemic precious wood species on Appendix III; Madagascar's precious woods are disappearing too quickly to allow for further administrative delay
- Work with Madagascar's Scientific and Administrative Authorities to initiate all necessary steps to subsequently list these species on Appendix II at the next extraordinary meeting in 2011

To law enforcement agencies in the OECD:

- Cooperate on legal investigations into the origin and legality of precious wood stored at and traded by major importers in OECD member states that export to the United States

To NGOs, researchers and the media:

- Highlight the precarious state of the remaining unique Madagascar forests; expose the commercial and state actors engaged in promoting the trade and its social impacts; and advocate for the establishment of bans on the import or possession of illegally harvested timber in other consumer countries

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