

GREENPEACE

PARTNERS IN CRIME:

The UK timber trade, Chinese sweatshops and Malaysian robber barons in Papua New Guinea's rainforests

Rimbunan Hijau Concession,
Kakola Mountain, Wawoi Falls,
Middle Fly district, Papua New Guinea

Pepsy Diabe stands amidst the devastation of a recently logged mountainside. Rimbunan Hijau ignored the Kosuo tribe's requests not to log on this side of the mountain. ©Scheltema/Greenpeace

HOW GOVERNMENT INACTION AND INDUSTRY GREED ARE FUELLING THE ILLEGAL TIMBER TRADE

Greenpeace's investigation into the UK trade in Chinese hardwood plywood reveals the criminal origins of much of the plywood found on the shelves of ordinary UK builders' merchants.

In the first six months of 2005, Chinese hardwood plywood exports to the UK rocketed by 155%, whilst exports to the UK from Indonesia and Malaysia fell by a quarter. In June 2005, Chinese hardwood plywood represented around one-third of the UK hardwood plywood market.² Some industry sources expect that Chinese hardwood plywood will represent up to half of the UK hardwood plywood market before the end of 2005. Much of this plywood is the product of forest crime.

This crime file, based on Greenpeace investigations, traces the chain of destruction 14,000 miles from UK seller to the scene of the crime. Starting at the door of seemingly respectable UK builders' merchants, the evidence takes us to the timber-strewn backstreets of Jiangsu province in China where thousands of sweatshop factories churn out the plywood in Dickensian work conditions. From China, the evidence leads us back to forest crimes in the Paradise Forest of Papua New Guinea. Here, ruthless 'robber barons' are plundering the rainforests with impunity – their crimes range from illegal logging, to corruption, torture and rape.

Once again, our investigations expose how part of the UK timber trade continues recklessly to fuel the illegal destruction of the world's ancient forests, jeopardising the legitimate trade in legal, environmentally responsible and socially just timber.

Ultimately, action must come from the UK Government and the European Commission. A ban on the import of timber or wood products from illegal sources is the only way to stop this destructive trade.

The overwhelming conclusion is that the robber barons are now as active as they ever were. They are not only free to roam, but are in fact encouraged to do so by persons whose proper role is to exercise control over them ... Only a Commission of Inquiry could hope to unearth the entire picture and unravel the web of deceit.¹

World Bank funded Government Review of Disputed Forest Allocations, Papua New Guinea, 2003

Stoke-on-Trent, October 2005



Wolseley is a major partner in forest crime, selling Chinese hardwood plywood that Greenpeace investigations have linked to a company operating illegally in Papua New Guinea. ©Greenpeace

The Money Trail:

How the buck passes from unscrupulous timber retailers to criminal loggers

THE UK TIMBER TRADE SELLS ILLEGALLY-SOURCED CHINESE PLYWOOD

The UK is awash with Chinese plywood – an anonymous product if ever there was one – which ends up everywhere from ad hoardings to building construction sites. It is sold at builders' merchants – places one does not usually associate with illegality. This includes places like Wolseley Build Centers, leading suppliers of building material with more than 200 stores around the UK. These builders' merchants supply Chinese plywood because it is cheap – no questions asked.

CHINA IS THE WORLD'S NUMBER ONE DESTINATION FOR STOLEN TIMBER

China's timber industry is driving the global destruction of ancient forests. According to the International Tropical Timber Organisation (ITTO), nearly five out of every ten tropical hardwood logs shipped from the world's rainforests are heading for China.⁶ Be it wooden furniture, flooring, doors or plywood, here – in seedy backstreet sweatshops – is where much of the world's ancient forest timber is processed, and where a huge percentage of the world's illegal timber is laundered. About one-seventh of the tropical hardwood used in China to make plywood comes from Papua New Guinea.⁷

MALAYSIAN 'ROBBER BARONS' PLUNDER THE FORESTS OF PAPUA NEW GUINEA

Greenpeace's investigations into China's plywood industry follow logs used in plywood production from China's ports where mountains of logs lie on the quayside – identified by little more than a log trader's mobile telephone number painted on the logs for prospective buyers to contact – back to illegal logging in the Paradise Forest of Papua New Guinea. At the heart of forest crime in Papua New Guinea, we find Rimbunan Hijau.

Rimbunan Hijau is a global conglomerate of companies controlled by the Chinese-Malaysian Tiong family that operates out of Sarawak, Malaysia. Datuk Tiong Hiew King, the founder of Rimbunan Hijau, is ranked by Forbes as South-East Asia's 20th richest billionaire.⁸ His company's timber empire now operates in Malaysia, Indonesia, Papua New Guinea, Vanuatu, British Guyana, Russia, New Zealand, Australia, Gabon, Equatorial Guinea, China and Singapore.



A construction company uses Chinese hardwood plywood in the renovation of University of London's School of African and Oriental Studies. ©Greenpeace

The UK is by far the largest buyer of Chinese plywood in Europe.⁴



Kona Ebou and her infant stand in front of a bulldozer to protest against an illegal logging road to be built directly through their village.
©Scheltema/Greenpeace

'Robber barons' are illegally logging and destroying the Paradise Forests. Rimbunan Hijau dominates the logging industry in Papua New Guinea, responsible for nearly half of all logs leaving the country.⁹ Illegalities have been documented in many aspects of Rimbunan Hijau's operations, ranging from illegal logging to human rights abuses including torture and rape. But the company appears to be protected by political patronage and its forest crimes go unchecked.¹⁰

From the evidence, Greenpeace believes that virtually all large-scale logging operations in Papua New Guinea can be classified as illegal.¹¹

Our investigation reveals that Rimbunan Hijau's illegal timber is frequently used in the manufacture of Chinese plywood that is sold in the UK.

The moral of our investigation? Buyers of Chinese plywood are turning a blind eye to the social, environmental and legal problems that characterise the logging operations of companies such as Rimbunan Hijau. Further, Chinese hardwood plywood is a typical example of how parts of the UK timber trade continue to fuel the destruction of ancient forests despite repeated promises of their commitment to sustainability. Time and again, when Greenpeace and others expose illegality in one forest region, such as the rainforests of Indonesia, some companies are simply shifting their purchasing – and the problem – elsewhere.

What's The Solution?

The time for political action is now

The solution will not come from industry; it must come from government. The continued failure of the UK Government and European Commission to put in place legislation banning the import of illegal timber and wood products gives unscrupulous traders a carte blanche for the illegal destruction of ancient forests.

Chinese plywood presents the perfect test against which to judge the resolve of the UK Government to deal effectively with the problems of forest crime and the trade in illegal timber.

Binding legislation is required... to prosecute companies and individuals importing or marketing illegally sourced timber and forest products.¹²

EU Parliamentary Industry and Trade Committee, January 2004

China is the number one importer of timber from many countries affected by illegal logging.

In corrupt countries like Indonesia, illegal timber accounts for nearly 90% of all timber traded or processed.⁵

Rimbunan Hijau Concession, Yokoname Mountain,
Central Fly District, Western Province,
Papua New Guinea



Logging by Rimbunan Hijau threatens Yokoname Mountain, the ancestral burial grounds of the Batamo Clan. ©Scheltema/Greenpeace

THE FRONT MEN:

A builders' merchants near you is an accomplice
to global forest crime

It is vital that the industry can demonstrate sufficient evidence
to substantiate any claims made regarding the environmental
performance of Chinese plywood.¹⁵

Letter from UK Timber Trade Federation to members, 27 January 2005

The international trade in illegally sourced wood and wood products only exists because of the
demand from the marketplace.

In 2001, UK imports of hardwood plywood from China were negligible (about 1% of total), and, in
2004, they represented just 6% of the hardwood plywood market.¹⁶ Today, the UK is awash with
Chinese plywood. In June 2005, hardwood plywood imports from China made up nearly 30% of
the UK trade in hardwood plywood.¹⁷ Timber importer Premier Forest Products even proudly
publicises that it supplies Chinese plywood to blockbuster films like Harry Potter and James Bond.

As our investigations have uncovered, much of this plywood is implicated in serious forest crime.

Chinese plywood is directly
undermining companies
who are trying to act
responsibly by undercutting
prices, without requiring
proof the timber is from
legal or responsibly
managed forests.¹³

Scott Poynton, Tropical Forest
Trust, October 2005

**This ply is FSC. If it
wasn't, Greenpeace would
be up our arses straight
away. We do have Chinese
ply, which is cheaper.**

Wolseley Build Center
staff member, Gravesend,
September 2005

Plywood factory, China,
August 2005



A girl working in a plywood mill in China that supplies rainforest plywood to Wolseley Build Centers in the UK. ©Greenpeace

Chain Of Destruction Part I: From a blockbuster film set in the UK to a seedy backstreet sweatshop in China

BUILDERS' MERCHANTS LIKE WOLSELEY ARE THE EVERYDAY FACE OF FOREST CRIME

The Wolseley Group is the world's number one distributor of heating and plumbing products and is a leading supplier of building materials to the professional market. It is listed on the London Stock Exchange, and is a constituent of the FTSE 100 Index. It is a member of the UK Timber Trade Federation's Code of Conduct, which claims that its individual members 'unreservedly condemn illegal logging practices'.

In 2004, sales were £10 billion, of which one-fifth was UK sales.¹⁸ The Group's CEO, Charlie Banks, was named as 2005 Construction Industry Chief Executive of the Year.

Wolseley is the third biggest builders' merchant in the UK after Jewson and Travis Perkins. Despite its claims on legality and certification, Wolseley is a major partner in forest crimes.

Wolseley buys panel products from International Plywood, an account believed to be worth about £700,000 a month. These purchases include Chinese plywood faced with rainforest timber from the Paradise Forest of Papua New Guinea and from Gabon, home to some of Africa's last great apes.

Despite claims on Wolseley's website that all Build Center branches can provide proof of legality of the timber on sale,¹⁹ the company was unable to provide such proof to Greenpeace on several occasions. In the one instance when documentation was provided, it proved neither the origin nor the legality of the timber used in the plywood production and even misidentified the species on sale. Greenpeace investigations have traced plywood sold by Wolseley through Chinese mills to logging companies involved in forest crimes in Papua New Guinea.

Wolseley plays a key role in public procurement, including as a supply partner for councils like Liverpool and Manchester.



Charlie Banks, CEO of Wolseley, named 2005 Construction Industry Chief Executive of the Year. His company 'unreservedly condemns illegal logging practices' but sells plywood from companies implicated in forest crime.

It is well recognised that whilst sustainable sourcing is vital, it is also key that illegal timber is eliminated from the supply chain, from the forest of origin to the end user.³

Wolseley Annual Report 2004



Illegal plywood is undermining sales of plywood from environmentally responsible and socially just sources.

TRADERS LIKE INTERNATIONAL PLYWOOD AND FEPCO PEDDLE STOLEN GOODS
The company will not knowingly purchase goods which are illegally produced or which are manufactured contrary to current legislation. Wherever possible, the company will source its supplies of plywood from manufacturers which have achieved FSC approval or are known to obtain their raw materials from verifiable well-managed forests.²¹
 International Plywood Environmental Policy

International Plywood

Based in Gloucester, timber trader International Plywood is a major importer of Chinese plywood and distributor to Wolseley. It is a member of the UK Timber Trade Federation's Code of Conduct, which claims that its individual members 'unreservedly condemn illegal logging practices'.²² The company was recently awarded *Timber Trade Journal* Plywood Trader of the Year.

Sources estimate that International Plywood currently imports about 10,000m³ of Chinese plywood a month. The Chinese plywood it advertises includes tropical rainforest wood sourced from the Paradise Forest of Papua New Guinea and the Forest of the Great Apes in Africa. It also sells mixed tropical hardwood plywood and Far Eastern plywood – categories that cover a multitude of sins.

Greenpeace investigations have traced plywood sold by International Plywood through Chinese mills to logging companies involved in forest crimes in Papua New Guinea.

Gabon is home to some of Africa's last great apes. One of the main companies logging okoumé in Gabon is Rimbunan Hijau.

*Two-thirds of Gabon's okoumé exports go to China. Main EU importers of Chinese okoumé plywood include International Plywood.*²⁰



'Dragon ply' ready for export to UK where it is sold by companies such as Premier Forest Products. This plywood uses timber from Papua New Guinea's rainforests. ©Greenpeace

FEPCO and Caledonian Plywood

Both companies are members of the UK Timber Trade Federation's Code of Conduct, which claims that its individual members 'unreservedly condemn illegal logging practices'. In 2004, FEPCO was importing up to 3,000m³ of Chinese plywood a month, and Caledonian Plywood was importing 5,000m³ a month. Greenpeace investigations have uncovered timber from Rimbunan Hijau's Turama concession going into the plywood sold by these companies in the UK. Independent investigations have documented illegalities and human rights abuses on this concession.

Premier Forest Products

Premier Forest Products is one of the largest independent importers and distributors of timber materials in the UK. It is a member of the UK Timber Trade Federation's Code of Conduct, which claims that its individual members 'unreservedly condemn illegal logging practices'.²³

Sources estimate that Premier currently imports about 2,000m³ of Chinese plywood a month. The company has been providing the wood for stage sets and props for films such as James Bond, Harry Potter, Charlie and The Chocolate Factory, and Lord of the Rings as well as the TV drama, Casualty. Pinewood Studios, Shepperton and Elstree Studios are amongst the company's prestigious client base. Premier's website boasts that its plywood sourced from China has been used to construct the stages for some of these movie blockbusters.²⁴

UK PORTS ARE ENTRY POINTS FOR FOREST CRIME

Illegally logged timber and wood products like Chinese plywood regularly come into the UK through ports including Portbury (Bristol), Tilbury (London), Liverpool and Felixstowe.

Because there is no legislation banning this trade in illegally sourced timber products, customs officials are powerless to act.

To avoid the Anti-Dumping penalty, I can load this cargo (okoumé plywood from African rainforest logs – normally charged 66% import duty) to Malaysia and re-export to UK for you, under Malaysian ORIGIN where your side will not have to pay for the High Anti-Dumping penalty on the Okoumé Plywood. What we need is additional USD50/m³ on the prices indicated above. Email to UK plywood trader from Malaysian counterpart, March 2005 – this shows one of the many ways corrupt traders are engaged in illegal timber transactions



Veneer mill, Linyi City,
Shandong Province, China, August 2005

An illegal Indonesian meranti log waiting for peeling to make plywood. Operations such as this are typical of China's plywood industry. The billboard shows the late Chinese leader, Deng Xiaoping and reads 'Progress is necessary'. ©Greenpeace

THE CHINA SYNDROME:

China's massive timber industry thrives on forest crime

Some 70% of all China's timber imports come from Asia Pacific countries and China has become the leading market for most of them. In many cases, increasing trade flows are associated with unsustainable harvesting, corruption, illegal logging, and the abuse of indigenous and other forest community rights.²⁶

International Forestry Review vol 6 (3-4) 2004 'Understanding the Chinese forest market and its global implications'

In the last decade, China has replaced the United States as the biggest importer of timber on the planet.²⁷ Fuelled by the cheap availability of illegally-sourced wood such as logs plundered from the Paradise Forest of Papua New Guinea, China's exports of wood products – including plywood – have skyrocketed.

Through undercover meetings with traders, buyers and plywood manufacturers in China, Greenpeace's investigation into the UK market in Chinese plywood has exposed the culpability of those companies engaged in the trade. Questioned as to the source of the timber used to produce the plywood shipped to the UK, most Chinese manufacturers could not identify it. In many cases, they simply answered that 'no one from the UK has ever asked us for that'.

One out of every seven hardwood logs imported into China is plundered from Papua New Guinea's Paradise Forest.²⁸ Today, the volume of exports from Papua New Guinea to China is five times the size it was in 1997. Much of this timber comes through the Chinese port of Zhanjiangang, where the volume of timber coming in from PNG today is 20 times the volume it was just eight years ago.²⁹



East Port, Zhangjiagang, China.
June 2005

East Port in Zhangjiagang is the major port of import for logs from Papua New Guinea. ©Greenpeace

As China's Hunger For Timber Has Grown, So Have Illegal Timber Imports

*For every ten tropical logs shipped
from the world's threatened rainforests,
five are destined for China.²⁵*

The hardwood face veneers are almost certainly coming from illegal sources of supply.³⁰

UK timber traders letter to European Federation of Plywood, November 2004

China is now the largest plywood producing and exporting country in the world.³¹ The total Chinese plywood export market in 1998 was less than 1 million m³, but by 2004 this had reached closer to 11 million m³.³² In 2003–2004, there was a 400% increase in the value of plywood exports to the US alone, with exports to the EU doubling.³³ The UK is by far the largest European market for Chinese hardwood plywood.³⁴

How has China become a tiger in the world plywood market? Disasters such as the 1998 floods that killed thousands of people in China were a direct consequence of forest destruction. This led the Chinese government to ban logging in large areas of natural forest. This ban, coupled with massive growth in Chinese timber processing capacity and a liberalisation of trade barriers, led China to look overseas in its hunger for timber.

According to figures from the International Tropical Timber Organisation (ITTO), for every ten tropical logs shipped from the world's threatened rainforests, five are destined for China,³⁵ making China by far the largest importer of rainforest destruction in the world. In 2003, for instance, China imported more than 7.6 million m³ of tropical logs from the world's rainforests – mainly from Malaysia, Gabon and Papua New Guinea.³⁶ Indeed, China is the number one importer of timber from many countries affected by illegal logging, including areas outside of the tropics, such as the Snow Forests of Far East Russia.

Ultimately, the responsibility for changing this destructive industry lies with consumer countries such as the UK, where desire for cheap products at any price is coming at the expense of the world's ancient forests and the indigenous and forest dwelling people who depend on them.

The Chain Of Destruction Part II:

From China's backstreet plywood manufacturing sweatshops to human rights abuses in the forests of Papua New Guinea

The forests of Zhanjiagang are horizontal: tens of thousands of felled, stripped trees lying on the quayside of China's biggest timber port, far from their roots in Indonesia, Russia, the Amazon and Africa. ... In many cases they are illegal, smuggled from protected rainforests despite China's pledges to tackle the huge international trade in contraband logs.³⁷

CHINA'S PLYWOOD EXPORTS LAUNDER ILLEGALLY SOURCED WOOD ALL OVER THE WORLD

The enormous growth in China's wood processing industry has made the country a world leader in the international trade in timber products. In the booming industrial heartland of eastern China, between Beijing and Shanghai, are the provinces of Jiangsu and Shandong where over 9000 mills are involved in plywood production. Many of these are small veneer processors; a few are major factory producers with thousands of employees.

Attracted by offers of cheap plywood put to them in emails, or through hundreds of websites such as alibaba.com, UK traders have been flocking to China to turn a quick profit from a plywood manufacturing industry subsidised by cheap, illegally sourced raw materials and Dickensian labour conditions.

Tracing back Chinese plywood openly displayed in UK builders' merchants, Greenpeace investigated this industry to find out what really goes into the plywood stocking UK shelves. In visits to eight plywood mills, eight veneer mills and several traders, the following picture was pieced together.



Log from Papua New Guinea at East Port. ©Greenpeace

THE PORT OF ZHANJIAGANG IS A KEY ENTRY POINT FOR ILLEGAL TIMBER INTO CHINA

Just north of Shanghai, the port of Zhanjiagang has been transformed into the world's largest graveyard of rainforest logs, accounting for 53% of Chinese tropical hardwood log imports in 2002.³⁸ Nearly 3 million m³ of tropical timber entered China through the port in 2004, with a reported declared value of €400 million.³⁹ Cargo vessels, bearing more than 300 different species of timber,⁴⁰ come from many of the world's ancient forests including the Forest of the Great Apes in Africa, the Paradise Forest of Papua New Guinea and Indonesia. Logs marked with mobile numbers make procuring illegal timber as easy as ordering a takeaway.

All of the traders and mills investigated by Greenpeace confirmed that the rainforest timber used in plywood production came through Zhanjiagang. This is arranged either by buyers sent directly from the mill or by traders acting on a mill's behalf at the port. Decisions are made based on documents that may list only the ship name, and the volume and species available for sale. Traders pick the logs they want from the list, and then transport them to the mills for processing. Buyers also purchase logs at the port and transport them north for auction in the plywood producing centres. Despite repeated requests, none of the traders or mills investigated by Greenpeace was able to provide documents to indicate the legality or the sustainability of the timber on sale.



Truck loaded with African logs heads for processing into plywood. ©Greenpeace



Logs from Papua New Guinea marked with mobile numbers make procuring illegal timber as easy as ordering a takeaway. ©Greenpeace



Dust obscures the view in this plywood mill. Workers labour in 35°C heat with little safety equipment. ©Greenpeace

HOW RAINFOREST ROBBERY IS LAUNDERED IN THREE EASY STEPS:

- 1) From Chinese port to veneer
- 2) From veneer to Chinese plywood
- 3) From Chinese plywood to export

Step one – from Chinese port to veneer

After purchase at the quayside or at auction, logs are transported to one of the thousands of veneer mills in Shandong or Jiangsu province. Logs from across the world’s ancient forests lie piled in the street and in the yards of the mills, offering the full spectrum of rainforest destruction. The veneer mills specialise in certain forms of production: some peel only African logs, others only South-East Asian logs. Thousands of small family veneer mills operate across the region, with machines running throughout the day to strip veneers from the logs as rapidly as possible. Workers labouring in 35°C heat, often living at the veneer mills, are stripped down to the waist with little to no safety protection. When asked what workers are paid, mills refused to disclose wages.

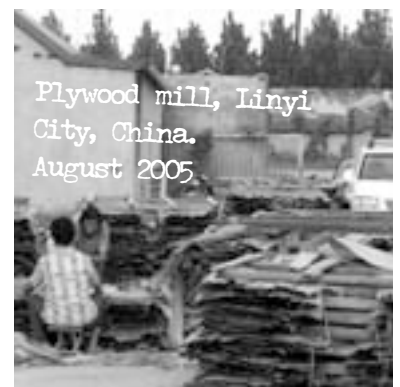
Four veneer mills Greenpeace investigated are known to supply veneers to plywood mills that sell to the UK market. All of these mills were processing logs from the rainforests of Papua New Guinea. One mill also had meranti logs from Indonesia, despite Indonesia’s ban on log exports, and okoumé logs from the Forest of the Great Apes in Gabon, where illegal logging is rampant and goes hand in glove with the bushmeat trade. At these mills, Greenpeace identified Papua New Guinea logs coming from concessions being illegally logged by Rimbunan Hijau as well as other logging companies.

Step two – from veneer to Chinese plywood

From the veneer mills, stacks of tropical veneers are sent to plywood mills to be processed into the final product. These mills produce all types of plywood – generally they will produce whatever the customer stipulates in terms of size, volume and timber species. Repeated requests at numerous mills for information about the legality and origin of the timbers being used drew a blank, indicating that UK buyers have not been asking basic questions of their plywood suppliers. Most mill representatives and traders stated simply that no one had ever asked them such questions. UK companies buying from these mills include International Plywood, Graham Holborn, Premier Forest Products, Montague Meyer, and FEPCO. While most of this plywood is faced with veneers coming from Papua New Guinea, plywood made at these mills uses timber from Indonesia, Gabon and Russia – all from areas where illegal logging is rife.


Step three – from Chinese plywood to export

After finishing, plywood is then trucked to one of the two main export ports at Qindao and Lianyungang, where it is stored in warehouses and exported to ports throughout the UK, EU, USA and the rest of the world. Within months, logs illegally stolen from the world’s last remaining rainforests will end up as cheap Chinese plywood in builders’ merchants, on building sites and on ad hoardings across the UK.



Women preparing veneers for plywood sold in the EU, USA and Japan. ©Greenpeace

Repeated requests at numerous mills for information about the legality and origin of the timbers being used drew a blank, indicating that UK buyers have not been asking basic questions of their plywood suppliers. Most mill representatives and traders stated simply that no one had ever asked them such questions.



Rimbunan Hijau Concession,
Weliyo Village, Middle Fly District
Western Province, Papua New Guinea

Many of the people of Papua New Guinea depend on the forest for their survival. ©Scheltema/Greenpeace

THE SCENE OF THE CRIME:

The Malaysian 'robber barons' are destroying the Paradise Forest of Papua New Guinea to feed the UK's demand for cheap plywood

Overseas logging companies continue to 'mine' the forests at an alarming rate. Across PNG, logging operations have resulted in profoundly negative social and ecological impacts and have been contrary to both PNG's constitution and the long-term economic, ecological, socio-cultural and security interests of PNG and the majority of its citizens.⁴²

Forest Trends, 'China's impact on Papua New Guinea's forestry industry', 2004 – a UK Government funded report

One company – Rimbunan Hijau – dominates the forest industry in Papua New Guinea, accounting for nearly 50% of log exports from the country. China is the principal market for PNG logs.

The Paradise Forest Of New Guinea Is Priceless

Papua New Guinea is a nation located on the world's largest tropical island, and is twice the size of the UK. The magnificent Paradise Forest of Papua New Guinea forms part of the few remaining significant ancient forests left on earth.

The Paradise Forest shelters regions of unusually rich biodiversity, including many plants and animals that are found nowhere else. The cultural diversity of the Paradise Forest is as astounding as its natural wonder. On the island of New Guinea alone there are more than 1000 languages spoken – that's one-third of all the known languages in the world.



Wawoi River, Central Fly district,
Western Province, Papua New Guinea

Species such as the world's largest pigeon are what makes the Paradise Forest of Papua New Guinea unique. ©Scheltema/Greenpeace

Almost all the land in Papua New Guinea is owned by indigenous communities under customary tenure. Most communities depend on the forests for their livelihood – and have done for untold generations. The forests provide food, water, housing, fuel, transport, medicine and other essentials. Prior to August 2005, logging companies had to acquire prior and informed consent from the customary landowners before logging could legally proceed; now, due to corruption and pressure from logging companies, this law has been amended, removing the rights of landowners to be adequately consulted.

Very few places can match the biodiversity of the Paradise Forest where the volume, variety and biological importance of plant and animal species equate with those of the Amazon and the African Forest of the Great Apes.

The wildlife wonders of Papua New Guinea include the tree kangaroo, the world's largest pigeon, the Queen Alexandra's birdwing – the largest butterfly in the world, with a wing span of over 11 inches, and Salvadori's monitor – the world's longest lizard, as well over 3000 species of orchid. Much of this plant and animal diversity is found nowhere else on earth. Much of this extraordinary biological diversity is critically threatened by rampant illegal logging.

Most large-scale logging activities are not operating within the law.⁴¹
Forest Trends, 'China's impact on Papua New Guinea's forestry industry', 2004 – a UK Government funded report

Rimbunan Hijau Concession,
Log Camp 56, Wawoi Guavi Block 3,
Middle Fly, Western Province,
Papua New Guinea



Landowner Sakas Aonomo and family oppose logging on their land and are trying to prevent further roads from being constructed.
©Scheltema/Greenpeace

Foreign Logging Companies Are Destroying The Paradise Forest Of Papua New Guinea

According to a report funded by the UK Government into the impact of China's industry on Papua New Guinea's forests, the problems with the logging industry are manifest:

- *Still virtually no sustainable forestry projects*
- *Poor logging practices with little compliance to the Logging Code of Practice*
- *Widespread environmental damage*
- *Very few long-term benefits, causing social upheaval*
- *Corruption a persistent problem at all levels of the industry*⁴³

One company – Rimbunan Hijau – dominates the forest industry in Papua New Guinea, accounting for nearly 50% of log exports from the country. Five foreign companies (Rimbunan Hijau, WTK, Samling, Kerawara and Innovision) together control over 80% of the market.⁴⁴ These companies form part of the Malaysian timber mafia – Malaysian logging companies who have stripped the rainforests of Malaysia, and are now scouring the planet for new sources of timber.

These logging companies are often registered as family-owned, allowing them to operate secretly. Many of these companies have political connections that have helped them secure large areas of forest for exploitation. This is certainly the case in Papua New Guinea.

China is the principal market for Papua New Guinea's logs – taking more than 75% of exports by volume for the period January–May 2005.⁴⁵

The biological outcome is catastrophic ... There is little 'selective' about most logging operations in PNG ... The overall implication of PNG's export of raw logs is that it is occurring at the expense of the potential of the industry to continue in a sustainable manner into the future. The forests are being literally mined.⁴⁶

Forest Trends, 'China's impact on Papua New Guinea's forestry industry', 2004 – a UK Government funded report

THE ENVIRONMENTAL IMPACTS OF LARGE-SCALE LOGGING ARE SEVERE

A UK Government funded report finds that 30% of current concessions will be logged out in three years.⁴⁷ According to the report, the 'cutting cycle in operation in Papua New Guinea is neither based on ecological parameters nor respected ... forests are being cut at a rate far in excess of what could possibly be justified on any principle of sustainable management.'⁴⁸ In short, logging companies are plundering the forest and PNG will be logged out by 2020.⁴⁹

THE SOCIAL IMPACTS AND HUMAN RIGHTS ABUSES LINKED WITH LARGE-SCALE LOGGING ARE SEVERE

Allegations of human rights abuses against women working in isolated logging camps are being documented by unions both in PNG and internationally. ... Women claim they are forced to have sex with company officials and the police who work for them. Union officials have taken dozens of statements from women and girls who say they are routinely threatened with guns that are fired to scare them into having sex. Women who become pregnant are faced with a choice of an abortion or facing ejection from the camps, with no way to travel the hundreds of kilometres home.⁵⁰

Local people living within timber permit areas have complained of the abuse of their fundamental human rights by timber companies and by police personnel paid by these companies.

Specific allegations include:

- People forced to sign agreements at gunpoint and threats of imprisonment and even death.⁵¹
- Use of armed police officers with guns drawn to emphasise the ability of the company personnel to enforce their threats.⁵²
- Use of police 'mobile squads' to quell any industrial unrest amongst logging company employees.⁵³
- Use of firearms by logging company managers to threaten and intimidate local people.⁵⁴
- Torture, physical abuse and unlawful detention of local people by police officers 'employed' by the logging company.⁵⁵
- Rape of female employees by logging company managers and police.⁵⁶

Illegal logging in Papua New Guinea is the norm

In 2004, an independent team of experts working in tandem with a World Bank backed Forestry and Conservation Project completed a review of current logging operations for the Papua New Guinea government. The reports reveal widespread and serious illegalities right across the logging industry. The team's findings were confirmed by the High Court of New Zealand,⁵⁸ which found that Rimbunan Hijau was unable to prove that it was operating legally and sustainably. This followed Rimbunan Hijau's New Zealand subsidiary taking legal action after being kicked out of the NZ Timber Importers Association.

In May 2005, the World Bank announced it was terminating the Forestry and Conservation Project. The \$35 million project was designed to bring some level of governance and legality to the Papua New Guinea forest industry. Despite a condition requiring the Papua New Guinea government to compel logging companies to comply with forest and environmental laws, the Papua New Guinea government failed to act, precipitating the withdrawal of the World Bank from the project. Given the level of corruption within the Papua New Guinea government and its close association with the timber industry, this result is unsurprising. An independent inquiry into corruption in the PNG Forest Service and the actions of the Forest Minister concluded: 'The actions and conduct of the Honourable Minister is wrongful and corrupt and were done in the exercise of deliberate judgment for self enrichment and double dipping of the public purse.'⁵⁹

Further investigations have confirmed that illegality is the norm in Papua New Guinea's timber sector, with one report finding that all the projects investigated were unlawful and calling for disqualification and deregistration of the companies involved in illegal logging.⁶⁰

The forestry situation here gets worse by the day. An internal government report declaring the Government's own policy to be peripheral and moribund has been all but suppressed; and the Forestry Minister has refused to comment in Parliament on it.

Malaysian logging companies, led by Rimbunan Hijau, continue to cut a swathe through PNG's forests with impunity... Meanwhile the country's well drafted forestry laws are chronically breached by the government itself.

In my travels I have been appalled at the huge destruction of the rainforest. And the destruction of forest communities in many areas has been nothing short of a disgrace. Human rights abuses are relatively widespread, and because of the remoteness of the forestry communities they either go undetected or uninvestigated.⁵⁷

High Commissioner in a report to his government – the report was leaked by a PNG Government source



Rimbunan Hijau Concession,
Kosuo tribe land, Papua New Guinea

Landowner Tusuwe Nekiaye in front of a sign erected to try to protect the area from logging. ©Scheltema/Greenpeace

Rimbunan Hijau's logging concessions known to supply the UK operate outside the law

Greenpeace researchers identified logs from three specific concessions in Papua New Guinea going into plywood destined for the UK: Rimbunan Hijau operations at Manus West Coast and the Turama Extension in Gulf Province, and Deegold operations in the Seraji Extension. The plywood from these mills is on sale at Wolseley Build Centers and other builders' merchants throughout the UK. Greenpeace investigations have also found plywood using wood from Turama is being sold through Caledonian Plywood. The Independent Review of Current Logging Operations in Papua New Guinea condemned these operations for numerous breaches of environmental law and human rights abuses.

In one case, the Independent Review Team noted 'the company uses members of the Police Force to assault employees who raise concerns on personnel issues. There is evidence of this abuse, and suppression of workers rights amounting to a violation of human rights by the company'.⁶²

RIMBUNAN HIJAU TREATS WORKERS LIKE SLAVES 'AND SHOULD BE CONDEMNED AT ALL LEVELS'

According to a leaked report from the Papua New Guinea Department of Labour, workers on one of Rimbunan Hijau's concessions were vulnerable to death and injury because of an appalling lack of health and safety standards.⁶³

Workers on some concessions are required to buy their food from exorbitantly-priced company-run stores leaving them with almost nothing by the time they are paid, and unable to leave the camp for their time off. In one case, five workers who died during logging operations were left in the bush and denied a proper burial.⁶⁴

In November 2004, Australian television programme Dateline interviewed a whistleblower within the Papua New Guinea police force. He confessed how Rimbunan Hijau pays Papua New Guinea police officers to protect its operations from disgruntled landowners and workers, and he gave details of the terrible human rights abuses that the company sanctions.⁶⁵

The company's treatment of its citizen employees reflects labour exploitation and slavery and should be condemned at all levels.⁶¹

PNG Department of Labour verdict on a Rimbunan Hijau concession, March 2004

We bashed them up, we hit them with huge irons ... I apologise for what I have done but I followed orders because I wanted bread and butter like any other employee.⁶⁶

Whistleblower PNG policeman who had been operating in one of Rimbunan Hijau's Gulf Province concessions

I don't think there has been any police brutality.⁶⁷

JK Balasubramaniam, Rimbunan Hijau Company Secretary

THE UK GOVERNMENT IS AIDING AND ABETTING GLOBAL FOREST CRIME

Lots of talk, but where's the action?

Despite endless statements by the UK Government going back to 1997, there is currently no legislation in place in either the UK or the EU that prohibits illegal timber from openly crossing our borders. While a great deal of effort has been put into international initiatives to tackle illegal logging and the trade in stolen wood, the unwillingness to adopt prohibitive legislation means illegal timber continues to pour through UK ports. Happy to stem the flow of bras and panties, European governments are paralysed when it comes to illegal timber – a much worse evil!

In May 2003, the European Commission published an Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT). This committed EU member states to a number of steps meant to address the illegal timber trade. Nearly three years on there is still no action, with the focus of debate on Voluntary Partnership Agreements (VPAs) between the EU and timber producing countries. While Greenpeace has been supportive of some elements of VPAs, on their own VPAs will fail to tackle the import of illegal wood, as the case of Chinese plywood illustrates:

- They will not address trade through third party countries, such as China, where laundering of illegal and destructively logged timber is rampant, as illustrated in this crime file.
- They will only apply to timber producing countries that agree to enter into such agreements.
- If negotiated in secret with producer governments where corruption and weak forest governance are common, without meaningful civil society participation, they may legitimise illegal and destructive practices.

As a major consumer and importer of timber, we recognise the need to take a lead internationally in developing measures to combat illegal logging and the international trade in illegally logged timber and timber products. Illegal activity damages more than just the environment; it robs industry and governments of important income, distorts prices and, more importantly, it damages people's livelihoods.⁶⁹

Elliot Morley, 4 April 2002

THE UK TIMBER TRADE FEDERATION CALLS FOR POLITICAL ACTION

Cheap imports of illegal timber and the non-compliance of some firms with basic environmental standards destabilises international markets, threatens jobs and creates unfair competition. Without a clear European framework, companies that behave responsibly and want to invest in sustainable practises will always be at a disadvantage.⁶⁸

John White, Chief Executive of the UK Timber Trade Federation, 16 April 2005

The TTF is not alone in wanting legislation. Over 180 NGOs and 70 progressive EU companies including B&Q, Homebase, Habitat and IKEA have called on the European Commission to introduce legislation that will lead to clear rules in Europe for fair competition and sustainable markets.

Despite the positive action of some TTF members towards environmentally responsible and socially just purchasing practices, many of TTF member companies identified in this report continue to buy and sell illegal wood products. Greenpeace urges the Timber Trade Federation to expel members who are known to be trading in illegal timber.



Rimbunan Hijau Concession,
Log Camp 56, Wawoi Guavi Block 3,
Middle Fly, Western Province,
Papua New Guinea

Landowner Sakas Aonono on a stockpile of logs. His family opposes the logging companies and face an uncertain future as logging threatens to destroy their land. ©Scheltema/Greenpeace

GREENPEACE DEMANDS

Stop the destruction

The UK Government and the European Commission must act immediately to ban the import of illegal timber, and seize timber products identified in this report.

Clean up the trade

Retailers such as Wolseley Build Centers must immediately cease retailing plywood where legality and responsible logging cannot be guaranteed.

The Timber Trade Federation should expel companies, such as International Plywood, known to be engaged in the import of timber products from illegal sources.

Support the solution

UK timber traders should adopt purchasing policies that support environmentally responsible and socially just forest practices, such as those embodied by the principles of the FSC.

FSC IS THE ONLY GUARANTEE TO TRUST

The Forest Stewardship Council (FSC) is the only internationally recognised forest certification scheme on the market that can give rigorous and credible assurance that timber products come from legal and responsibly managed forests. It is also the only system supported by major environmental groups as well as progressive timber companies and many indigenous peoples' organisations.

This is because all products carrying the FSC logo must meet the FSC Principles and Criteria of Forest Stewardship, which cover environmental, social and economic issues. The FSC logo can only be used on products whose chain of custody has been audited and monitored. This requires that the timber be tracked through all stages of processing – from the forest to the final labelled product.



FSC-GBR-628

FSC Trademark ©1996 Forest
Stewardship Council A.C.

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Rimbunan Hijau Concession,
Wawoi Guavi district Block 3,
Emename Reserve, Middle Fly District,
Papua New Guinea



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Greenpeace is dedicated to protecting the world's remaining ancient forests and the plants, animals and peoples that depend on them.

We promote real alternatives such as products certified by the Forest Stewardship Council (FSC), which ensures that timber comes from environmentally responsible and socially just forest management.

We investigate and expose the trade in illegal and destructively logged timber.

We challenge governments and industry to end their role in ancient forest destruction.

We support the rights of forest peoples.

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