

## ILLEGAL LOGGING IN INDONESIA, SOUTH EAST ASIA AND INTERNATIONAL CONSUMPTION OF ILLEGALLY SOURCED TIMBER

---

### Introduction

Last year an adult wild male orangutan stumbled into the main street of a timber town in Kalimantan, Indonesia. He was bewildered and stared at the crowd of local people who had gathered to watch this extraordinary sight. Across the world an American, Japanese or European consumer casually ordered a picture frame, or bought a broom with a wooden handle, a futon bed or a piece of Italian furniture. Without realising the consequences of their actions, these people are buying products that were likely to have been made from timber looted from rainforests like the one that was once home to this orangutan, now driven from his protected forest by commercial illegal logging.

For the last two decades the international community has been aware of rampant logging of tropical forests and vanishing biodiversity but it has taken all this time to seriously seek solutions to this desperate situation. This is not about subsistence logging by local people. It is about the highly organised and vastly profitable international trafficking of timber stolen from the world's dwindling tropical forests.

Illegal logging is estimated to represent 73 per cent of log production in Indonesia, 80 per cent in Brazil and 50 per cent in Cameroon, three of the world's largest tropical timber suppliers. Yet even if you could track an illegally cut tree from a National Park in one of these countries to a port in a timber consuming country, and supply conclusive evidence that it was illegally cut, none of the consuming countries have legislation in place that would allow their enforcement authorities to seize the shipment. By turning a blind eye, consuming nations are colluding with the corrupt timber bosses that provide the chainsaws.

In Indonesia, political instability and the economic crisis have created a situation where law enforcement has broken down. It is widely accepted that the military and police are making huge amounts of money from illegal logging and in the last few years only a few people have been prosecuted. Even Indonesia's National Parks are being rapidly destroyed.

It has taken two years of enormous national and international effort and publicity to get the authorities to act to reduce illegal logging in Tanjung Puting National Park in Central Kalimantan, one of the last strongholds of the orangutan, Asia's only Great Ape. Although the flow of timber from the west of the park has now been stemmed, it continues unabated in the east and the man most responsible for the park's destruction, politician and timber baron Abdul Rasyid, has yet to be prosecuted.

There have been some efforts by politicians and government officials to tackle illegal logging in Indonesia, and the former Minister of Forests banned all cutting and trade in ramin, to try and reduce the pressure on this valuable species and the last areas of swamp forest where it grows. Indonesia has placed ramin on Appendix 3 of the Convention on International Trade in Endangered Species (CITES) with a zero quota, to seek international support for their actions. Yet EIA and Telapak Indonesia investigators have already witnessed illegally cut ramin freely entering ports in Malaysia, the only other producer-country of ramin.

At a newly built Malaysian timber-processing yard EIA and Telapak observed immigration facilities provided for Indonesian seamen, designed to ease the flow of the illegally sourced timber. In Sarawak the state-owned Harwood Company accepts unmarked illegally sourced timber and provides it with the necessary Malaysian paperwork, effectively laundering Indonesian timber on to the world market.

Indonesia is by no means unique in suffering from rampant illegal logging. Across South East Asia the pattern is repeated, with huge quantities of stolen timber flowing across the region's borders and onto the global market.

Illegal logging is often portrayed as small communities cutting a few trees that they were not legally entitled to cut. It is time we dispelled this myth once and for all. In the long run it is the small communities that have the most to lose with their forests destroyed and their resources stolen. The scale of illegal logging is enormous with huge commercial interests at stake.

Illegal logging provides the greediest section of a society with increased wealth and power. It weakens local

communities and breaks down the rule of law. It creates a situation where law-abiding citizens find it difficult to exist without buying into the lawlessness. It thrives on corruption, bullying and violence. Local people lose their resources and central government is cheated out of revenue.

There are a few welcome signs that this plunder of the forests is at last beginning to receive the attention it deserves at government level. The G8 nations have accepted that action needs to be taken and the UK government has started to draw up policy options for these nations plus the European Union. The first regional ministerial conference on Forest Law Enforcement and Governance is taking place in South East Asia which provides an opportunity to look at real solutions to the complex political, environmental and social issues that illegal logging raises.

It is already too late for hundreds of thousands of forest dwelling people who have lost their homes and for vast tracts of dense forest biodiversity including some of the last strongholds of the endangered orangutan. Consuming nations must legislate to stop illegally sourced logs and timber products entering their markets, and timber-producing countries must fight the corruption at the core of this issue and co-operate regionally. It will take political courage to act now, but if solutions are not found quickly, it will already be too late for some of the world's last tropical forests.

**Dave Currey, Director**

Environmental Investigation Agency

**A. Ruwindrijarto, Executive Director**

Telapak Indonesia

## **Acknowledgement**

EIA and Telapak Indonesia would like to thank the following organisations and individuals for their help in compiling this report, while stressing that the views contained in the report are the sole responsibility of EIA and Telapak Indonesia: Madanika, Betang Borneo, CIMTROP, HAKIKI, LPS-Air, ARuPA, YLL They would also like to thank the many other community groups, individuals and NGOs working together with EIA/Telapak on the illegal logging issue but for whose safety we cannot name. EIA and Telapak Indonesia would like to thank the Richard and Rhoda Goldman Fund for their support in publishing this report. EIA and Telapak Indonesia also wish to thank the Barbara Delano Foundation, John Ellerman Foundation, Ruben and Elisabeth Rausing Trust, Rufford Foundation, Sustainable Solutions, Josh Mailman, Wildlifeline and other donors for their kind support of their work.

Many thanks to Brian Emmerson and all at Emmerson Press for the printing of this report (Emmerson Press tel: 01926 854400) Designed by Clare Mellor at Full Stop ([clare.mellor@btinternet.com](mailto:clare.mellor@btinternet.com)) Written and Edited by Dave Currey, Faith Doherty, Sam Lawson, Julian Newman, and A. Ruwindrijarto.

Additional Research by M.Yayat Afianto, Hapsoro, Geetha Jayabose, Mardi Minangsari, Nick Mole, and Arbi Valentinus.

## **A REGIONAL OVERVIEW OF SOUTH-EAST ASIA**

---

### **Burma**

Fifty per cent of Burma's total land area is covered by forests, of which 18.6 per cent is protected. Although declared export earnings from teak and hardwoods totalled \$201 million for 2000, these official figures do not reflect the true amount exported as a substantial black market in timber exists between Burma and its neighbours - principally China, Thailand and India. Logging bans in both Thailand and China have resulted in a greater flow of illegal timber from Burma to help satisfy an insatiable demand for tropical timber.

In 1988, in desperate need of funds the Ministry of Forests awarded 42 five-year logging concessions to 36 Thai companies, increasing the area of forest being logged by three times. Despite this officially sanctioned expansion, illegal logging and cross-border timber smuggling also increased. In 1992 the Burmese regime

cancelled all Thai logging concessions but this did not stop the flow of illegal timber from crossing the many borders Burma shares with its neighbours.

By 1994 Thailand's reported log imports from Burma were four times higher than Burma's declared exports. Burma declared no log exports to China in 1995, yet China recorded imports of 500,000 cubic metres.

### **Cambodia**

In 1997 illegal logging in Cambodia stood at over four million cubic metres annually, ten times the legal production, and was costing the government over \$180 million in lost revenue<sup>11</sup>. Field research reveals the movement of illegal timber across borders into the neighbouring countries of Thailand, Vietnam and Laos.

In May 2000 it was reported that illegal exports to all of Cambodia's neighbours were continuing, and involved the collusion of the Laotian, Thai and Vietnamese authorities. Between November 1999 and April 2000 around 130,000 cubic metres of illegal timber from Cambodia entered these three countries.

Timber illegally felled in national parks in Cambodia has been tracked moving along logging roads crossing the border into Vietnam. In 1998, 200,000 cubic metres of illegal logs from Ratanakiri Province moved across the land border into Vietnam. Garden furniture imported into the UK was marketed as coming from well-managed forests in Vietnam, but the true origin was Cambodia.

### **Laos**

Laos has significant problems in the protection of its forests. Forest cover in the country has dropped dramatically from 70 per cent of the land area in 1940 to less than 40 per cent today, and a large part of this can be attributed to illegal logging. A year ago it was reported that community groups in Laos estimate that the volume of illegal logging is at least one-sixth of the legal harvest.

Laos has an export ban of teak from the country, but despite this, rampant commercial illegal logging occurs and in most cases Thailand is reported to be the main importer of both teak and rosewood. Laotian statistics on logs exported to Thailand are only half of the volume recorded as imported from Laos by Thai authorities. As a result of the amount of illegal timber in the system, in 1997-8 the State received only a third of the royalties owed from logging.

### **Malaysia**

In the mid 1990's it was estimated that one third of all logging in Malaysia was illegal - yet few successful prosecutions have been made. Ten years on from recommendations by an International Tropical Timber Organisation mission to Sarawak to dramatically reduce the log harvest, the State continues to log far in excess of the volumes considered to be sustainable.

As domestic supply of logs has declined, Malaysia's timber industry has increasingly exploited instability and poor enforcement in neighbouring Indonesia to secure plentiful supplies of cheap illegal timber. In the quest for tropical timber Malaysian logging companies have also expanded their operations into rainforests across the tropics, and have been implicated in illegal logging activities in a number of countries including Cambodia and Papua New Guinea.

See 'Indonesia's Illegal Logging Epidemic' for detailed information on Malaysian imports of illegal timber.

### **Thailand**

Thailand's porous border with Burma provides a convenient cover for illegal timber stolen from national parks and forest plantations within Thailand but claimed to come from its neighbour. In January 1998 it was reported that a sawmill in Tak province had its licence suspended after 13,000 teak logs from Salween National Park were found at the mill. In a later inspection of the logs it was found that 4,000 of the confiscated logs had gone missing.

At the same time the Thai government was under pressure from Thai timber companies to re-open a border check point to allow 'left over' timber from Burma into Thailand for export. This was known to be a way to smuggle illegally felled teak logs out of the Salween National Park and falsely document them as Burmese logs.

It has been estimated that 1.5 million teak logs have been illegally felled from the Park and bribes worth Bt100 million (\$2.7 million) had been offered in exchange for the teak logs from Thailand to be falsely documented as being felled in Burma.

Illegal logging in Thailand's National Parks are not the only source of illegal timber. Illegal logging also occurs in the Forest Industry Organisation's plantations in the north of the country. It has been reported that ten forest plantations in the area are threatened by illegal loggers.

A logging ban introduced in 1989 meant a dramatic decline in the availability of legal domestic timber, and resulted in Thailand's voracious timber industry resorting to relying on trees illegally felled within the country or illegally imported from neighbouring states including Cambodia, Vietnam and Laos. After the logging ban came into effect Thailand's Royal Forestry Department also decentralised its enforcement of illegal logging operations to the provincial level - resulting in the destruction of a large number of natural forests and plantations.

In one incident in 1997, Thai officials seized a massive haul of illegal teak logs and sawn wood that according to those involved were legally imported from Laos. Police officials suspected the teak had in fact originated from Burma - showing how the source of timber exported from Thailand can be easily obscured.

### **Vietnam**

Sixty per cent of Vietnam's forest cover was destroyed during the war with the United States. Vietnam's remaining forests are being lost at a rate of 1.4 per cent a year, and it has been reported that with the present rate of deforestation there will be no substantial forest cover left by the year 2020.

While it is estimated that up to one million cubic metres of timber is illegally extracted from protected areas within the country each year, Vietnam is also a major importer of illegal timber, mainly from Cambodia. Despite a 1996 ban on log imports from Cambodia imposed by the Vietnamese government, by 1998 seventy fully laden trucks of logs illegally cut in Cambodia were crossing the border into Vietnam each day, with much of the timber destined for export to Europe as garden furniture.