
PRESS RELEASE

World's Biggest Timber Smuggling Racket Exposed Between Indonesia and China

17th February 2005, Jakarta: Rampant smuggling of illegal timber from Indonesia to China is a billion dollar trade threatening the last remaining intact tropical forests in the Asia-Pacific region, the Environmental Investigation Agency (EIA) and Telapak revealed today.

A new report released by EIA/Telapak, entitled “The Last Frontier”, exposes the international criminal syndicates behind the massive looting of merbau trees from Indonesia’s Papua Province. Merbau, a valuable hardwood used mainly for flooring, is being smuggled out of Papua at a rate of around 300 000 cubic metres of logs every month to feed China’s timber processing industry. China’s economic boom has led to it becoming the largest buyer of illegal timber in the world.

EIA/Telapak investigations into merbau smuggling have led from the forests of Papua, to middlemen in Jakarta, Singapore and Hong Kong, and finally to the rapidly expanding timber processing factories of China.

Illegal logging in Papua typically involves the collusion of the Indonesian military, the involvement of Malaysian logging gangs, and the exploitation of indigenous communities. The profits are vast as local communities only receive around US\$10 for each cubic metre of merbau felled on their land, while the same logs fetch as much as US\$270 per cubic metre in China.

M. Yayat Afianto of Telapak said: “Papua has become the main illegal logging hotspot in Indonesia. The communities of Papua are paid a pittance for trees taken from their land, while timber dealers in Jakarta, Singapore and Hong Kong are banking huge profits. This massive timber theft of Indonesia’s last pristine forests has got to be stopped.”

EIA/Telapak undercover investigations revealed a network of middlemen and brokers responsible for arranging shipment of the illegal logs from Indonesia to China. These powerful syndicates pay around US\$200 000 per shipment in bribes to ensure the contraband logs are not intercepted in Indonesian waters, as Indonesia currently bans the export of logs.

The majority of merbau logs stolen from Papua are destined for the Chinese port of Zhangjiagang, near Shanghai, where they are cleared through customs using false Malaysian paperwork to disguise their true origin, in violation of Chinese law.

The logs are then transported to the nearby town of Nanxun, China's main centre for the manufacture of wooden flooring. This town only had a handful of flooring factories five years ago, now there are more than 500 being supplied by over 200 sawmills cutting only merbau logs. Every minute of every working day the Nanxun factories process one merbau log into flooring.

Julian Newman of EIA said: "Indonesia and China signed a formal agreement over two years ago to cooperate in tackling the trade in illegal timber. So far these words have not been matched by actions. The smuggling of merbau logs between Indonesia and China violates the laws of both countries, so there is a clear basis for action. Concerted effort by both governments is needed to put the smuggling syndicates out of business."

Video and still images available on requested. Full version of report available at www.eia-international.org and www.telapak.org

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Editor's Notes:

- Over 70 per cent of Indonesia's original frontier forests have been lost.
- Indonesia has the world's worst deforestation rate, with an area the size of Switzerland being lost every year.
- Indonesia's Papua Province forms the western part of the island of New Guinea. With intact forest cover at around 70 per cent, New Guinea contains the last substantial tracts of undisturbed forest in the Asia-Pacific region.
- The government of Indonesia banned the export of all logs in October 2001.
- Under Chinese customs law it is an offence to falsely declare the origin of imports.
- China's log imports have risen from one million cubic metres in 1997 to 16 million cubic metres in 2002.
- In December 2002, the governments of Indonesia and China signed a Memorandum of Understanding to combat illegal trade in forest products.
- EIA is an independent environmental non-profit group based in London and Washington DC. More information at www.eia-international.org.
- Telapak is an independent environmental non-profit group based in Bogor, Indonesia. More information at www.telapak.org.