

Merbau's last stand

How industrial logging is driving the destruction of the Paradise Forests of Asia Pacific

April 2007

The demand for high end luxury flooring and furniture in China, the US, Australia, New Zealand, Europe and other markets is driving the tree species, merbau, to commercial extinction. A new Greenpeace report reveals how merbau has been severely depleted across most of its original range and what remains is at high risk of extinction in the wild.

Both illegal logging and destructive logging by large companies operating on the island of New Guinea will push merbau to the brink within the next few decades.

China is the world's largest importer and processor of tropical logs and merbau is no exception. Greenpeace has identified four routes by which illegal merbau logs find their way into China's immense timber processing industry, and in March 2007 EIA/Telapak added a new smuggling route out of Indonesia, this time to Malaysia.¹

Merbau – endangered

Merbau was originally found from Eastern Africa through Southern India and onwards to Southeast Asia, Oceania and as far as Tahiti, however today merbau only exists in significant commercial quantities on the island of New Guinea. Even here, the range of merbau has been heavily impacted by destructive and illegal logging and the logging industry has set its sights on these last stands.

Today, a mere 17 per cent of the original merbau range remains outside allocated logging concessions. This portion of the range is safe for the moment, but allocation of new concessions for both logging and bio-fuel production, both on the agenda for Indonesia and Papua New Guinea (PNG), will eventually wipe out these last stands of merbau too.

Merbau is a slow-growing species that takes at least 75-80 years to reach commercial size². It is also a rare species with average densities ranging from only 5 to 10 trees per hectare even in healthy, merbau-rich rainforests. In much of its range, there can be as little as one tree per hectare found. If one imagines that one hectare is equivalent to the size of 13 football fields, it's easy to understand just exactly how rare this species is.

We always import from Malaysia, where it is not monitored by international organizations. In fact, merbau with Malaysian documentation is smuggled in from Indonesia, for they have many channels.

Chinese timber trader,
Guangdong, 2006

Merbau – endangered

Merbau is being stripped from the forest at unprecedented rates, in much the same manner as mahogany was targeted in the Amazon in the 1980s and 1990s. As with mahogany, the high price merbau commands can make logging profitable in areas where costs would otherwise prohibit harvesting of timber, thereby opening up forest areas for further exploitation. At the current rate of officially sanctioned logging, most of the remaining merbau will be gone within the next 35 years (this being the official rotation cycle for logging). However, this figure does not take into account illegal logging, which exacerbates the rate of destruction and will escalate the speed at which merbau disappears.

The World Conservation Union's (IUCN) Red List of Threatened Species 2006 has categorised merbau as 'facing a high risk of extinction in the wild in the near future,' with logging and habitat destruction being the major threats³. However, the IUCN has not done any field research to review the status of merbau since 1998 and in the nine years that have passed there has been a huge increase in logging of this species. The volume of merbau exported from the producing countries indicates that 'the near future' is now.

Merbau - Mahogany of the 21st Century?

Vast areas in the Amazon rainforest are today impoverished because of the single-minded pursuit of mahogany, and thousands of miles of logging roads have opened up the natural canopy, severely disturbing the delicate balance of this unique tropical rainforest⁴. An increase in forest fires is commonly observed in these logged-over areas, and the carbon emissions from such fires are contributing significantly to climate change.⁵

Like mahogany, much of the logging targeting merbau is illegal. It is estimated that between 76-80 per cent of the logging in Indonesia is illegal,⁶ while the World Bank estimates that 70-80 per cent of the logging in PNG is illegal.⁷ With merbau drawing record prices in the international marketplace, it is hardly surprising that it is being pursued with little regard for the law.

Four routes of Illegal Merbau entering China

Greenpeace identified four methods whereby illegal merbau finds its way to China.

Method one: Forged Malaysian Documents to smuggle Indonesian logs

The export of logs from Indonesia is prohibited. In 2005 EIA/Telapak revealed that large volumes of merbau logs from Papua, Indonesia were being smuggled into China with forged Malaysian documents. An Indonesian Government crackdown followed and the availability of 'Malaysian' merbau in China dried up.⁸ A recent EIA/Telapak report revealed that none of the timber mafia bosses involved in that smuggling ring were punished for their crimes, due to corruption in the Indonesian law enforcement and judicial system.⁹ This law enforcement failure sends a message to the timber barons that timber smuggling does indeed pay, and this smuggling route using forged Malaysian documents could easily re-emerge.

"We always import from Malaysia, where it is not monitored by international organizations. In fact, merbau with Malaysian documentation is smuggled in from Indonesia, for they have many channels. Owing to lots of islands in Indonesia, they log in a small island and transport by towboat, and then the logs are transported by sea from Indonesia to China." -- A state owned import and export trading company in Guangdong, 2006

Method two: Merbau from illegally operating concessions in PNG

As log smuggling out of Indonesia into China became more difficult, some log traders increased their imports of merbau logs from PNG. The volume of merbau logs imported from PNG in 2006 reached 48,000 m³, double 2004's figure. PNG has now become the greatest officially recorded merbau log supplier to China.

Three PNG companies' merbau logs found in Chinese ports

Merbau logs were found in Zhangjiagang port, Jiangsu province from the Turama concession, operated by the notorious Malaysian company, Rimbunan Hijau.¹⁰ This concession is reported as only complying with 3 of 10 criteria required for it to be deemed legal.¹¹

Greenpeace also found merbau logs from other problematic logging operators such as the "Vanimo" concession in Sandaun Province, operated by Vanimo Forest Products (VFP), a subsidiary of the Malaysian logging company WTK. An independent investigation of the concession, ordered by the PNG Government, identified several serious violations of national law and regulations.¹²

Logs from a third PNG company, Low Impact Logging from the "Buhem Mongi Busiga" concession in Morobe Province, were also found in Zhangjiagang port. This concession was also investigated and turned out to be no better than its two larger competitors.¹³

Method Three: Merbau Logs exported to China in violation of Indonesian log export ban

The Indonesian government prohibited any log exports as early as October 2001¹⁴ but according to the import data from Chinese Customs, logs were recorded as coming into China from Indonesia for every month of 2006. A total of 35,806 m³ are officially recorded - in clear violation of Indonesian laws. This volume included an official total of 7,736 m³ of merbau logs.

Method Four: Smuggling of logs as sawn timber from Indonesia

Squared-off logs from Indonesia, which are also banned for export, come into China, falsely labelled as 'sawn timber'.

Greenpeace recently observed an increasing volume of squared merbau logs from Indonesia appearing at large log ports in China. "Squared logs" are minimally processed to become square instead of round. They are then cut into lengths of 2-6 meters and fit perfectly into shipping containers. These are then shipped to China as "sawn timber". Squared logs are, for the purposes of the log ban, considered to be logs not 'sawn timber', but the false description is used to illegally smuggle them through Customs. The reality is that falsely labelled squared logs in containers slip through customs because the description does not raise the suspicions of Customs officials.

EIA/Telapak confirmed this method of smuggling in their new report, whereby one trader was boasting of up to 50 containers a month being shipped to Chinese ports.¹⁵

A new Smuggling Route: Smuggling Merbau from Indonesia to Malaysia

EIA/Telapak also exposed another smuggling route, this time to Malaysia, where barges destined for a port in Kalimantan, Indonesia, were diverted to Sabah or Sarawak, where the timber was stamped as originating in Malaysia.¹⁶

The report revealed that "Malaysian firms offering merbau were getting most of their supplies from Indonesia". Any timber trader purchasing "Malaysian" merbau must therefore be on notice that the timber could likely be illegal Indonesian merbau from the last stands of merbau on the planet.

Urgent Action Required

While stronger law enforcement to combat illegal logging is a crucial step towards truly responsible management of forest resources, it is not sufficient on its own. The continued targeting of merbau by industrial logging companies, legal or illegal, will finish off merbau within the next few decades.

Merbau is hovering on the brink of commercial extinction, and the timber 'mafia' is making a dash to harvest the last of this species, destroying ancient forests that lie in their path. As long as the market tolerates the trade of this endangered species, the logging industry will continue to exploit the resources by whatever means possible. The time has come to put an end to this destruction and severely restrict the global trade in merbau.

Recommendations

1. The Indonesian and Papua New Guinea Governments should immediately list merbau on Appendix III of the Convention on International Trade in Endangered Species (CITES) with quotas severely restricting the trade in this highly vulnerable species. Governments and the CITES Secretariat must assess the possible upgrade of Merbau on CITES appendices at the 2009 CITES meeting to secure its population from massive logging activities in Indonesia and PNG;
2. The governments of the states where merbau is found should immediately embark on participatory landscape-level planning processes, leading to the establishment of a large-scale network of protected areas;
3. All governments should participate in bilateral and multilateral international cooperation and implement corresponding measures at home to eliminate illegal logging and ban the import of illegally logged timber products.
4. Wood manufacturing companies that continue to purchase merbau for high-end luxury products should immediately adopt credible third-party chain-of-custody procedures to ensure the legal supply of merbau from forest areas located outside Intact Forest Landscapes (IFLs) or other forest areas containing High Conservation Value Forests. As a necessary second step, companies should immediately begin requesting their suppliers to pursue certification according to the standards of the Forest Stewardship Council (FSC) within three years.

Given that less than 10 per cent of the planet's land area remains as intact forest landscapes, Greenpeace is calling on governments to adopt a moratorium on the issuing of new logging concessions and to not allow the expansion of existing concessions into the IFLs in order to safeguard conservation opportunities for the future.

The future of merbau and the future health of the Paradise Forests depend largely on what decisive steps are taken today by both governments and the logging and manufacturing industries. The time for concrete action is now.

- 1 Environmental Investigation Agency/Telapak, March 2007. The Thousand-Headed Snake: Forest Crimes, Corruption And Injustice In Indonesia.
<http://www.eiainternational.org/cgi/reports/reports.cgi?t=template&a=135>
- 2 Forestry Compendium. CAB International. <http://cabi.org/compendia/fc/>. or www.traditionaltree.org
- 3 IUCN. <http://www.iucnredlist.org/>
- 4 Greenpeace International. 2001. Partners in Mahogany Crime.
<http://www.greenpeace.org/international/press/>
- 5 V. D. Werf et al. 2004. Continental-Scale Partitioning of Fire Emissions During the 1997 to 2001 El Niño/La Niña Period. Science, 2 January 2004, Vol. 303. no. 5654, pp. 73 - 76
- 6 Calculation based on NRM-MFP-BAPPENAS. 2004. Forest Futures Scenario Analysis, corrected for the actually approved annual allowable cut in 2004. The 80% figure takes into account massive smuggling of logs to Malaysia, China and other countries, which has been estimated to reach up to 10 million cubic metres per year. See: Greenpeace UK. 2003. Partners in Crime: Greenpeace Indonesian Forests Investigation.
- 7 World Bank. August 2006. Strengthening Forest Law Enforcement and Governance.
- 8 China Customs import and export data.
- 9 Environmental Investigation Agency/Telapak, March 2007. The Thousand-Headed Snake: Forest Crimes, Corruption and Injustice in Indonesia.
<http://www.eia-international.org/cgi/reports/reports.cgi?t=template&a=135>
- 10 Papua New Guinea Department of Planning and Monitoring. 2003. Review of Disputed Allocations. Cover letter to the Chief Secretary dated 25th March, 2003. An independent review launched by the Papua New Guinea government to investigate allegations that the six major new logging concession allocations and permit extensions were unlawful. See also from Greenpeace International: The Untouchables, Thirty Years of Forest Plunder and Rimbunan Hijau Can't Handle the Truth
<http://www.greenpeace.org/australia/resources/reports/deforestation>
- 11 Forest Trends 2006. Logging, Legality and Livelihoods in Papua New Guinea. Synthesis of Official Assessments of the Large-Scale Logging Industry. Volume 1
- 12 Papua New Guinea Review of Current Logging Projects, Department of National Planning and Monitoring. March 2004. Draft Individual Project Review Report No. 3. http://www.forest-trends.org/programs/pacific_rim.php
- 13 Papua New Guinea Review of Current Logging Projects, Department of National Planning and Monitoring. March 2004. Draft Individual Project Review Report No. 3.
- 14 Ministerial Decree Ministry of Forestry, Ministry of Trade, Ministry of Industry, Nomor 1132 Tahun 2001, The Discontinuation Of Log/Chip Raw Material Exports
- 15 Environmental Investigation Agency/Telapak, March 2007. The Thousand-Headed Snake: Forest Crimes, Corruption and Injustice in Indonesia.
<http://www.eia-international.org/cgi/reports/reports.cgi?t=template&a=135>
- 16 ibid