

PRESS RELEASE

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'ROGUE TRADERS' IN TIMBER SMUGGLING EXPOSED **Environment groups name two kingpins in illegal international trade**

THE Environmental Investigation Agency (EIA) and Telapak today (August 5, 2010) name two of the kingpins in Indonesia profiteering from the hugely lucrative international trade in stolen timber.

In the new report *Rogue Traders: The Murky Business of Merbau Timber Smuggling in Indonesia*, London-based EIA and Indonesian group Telapak identify businessmen Ricky Gunawan and Hengky Gosal as two of the major players in smuggling illicit merbau timber.

The report is the result of the groups' 2009-10 investigations and calls on the Indonesian government to launch criminal investigations into the pair and to protect merbau under the Convention on International Trade in Endangered Species (CITES).

In 2005, the EIA/Telapak report *The Last Frontier* exposed massive smuggling of merbau to China on a scale so breathtaking that the Indonesian government responded with an unprecedented crackdown on illegal logging.

However, despite significant progress being made against illegal logging in the past five years, enforcement action against the main players has stalled. The threat to Indonesia's precious forests remains. In April this year the extent of ongoing illegal logging spurred President Susilo Bambang Yudhoyono to voice his frustration at the lack of progress in prosecuting illegal logging cases through the courts and to order his government's taskforce on eradication of judicial corruption to investigate.

Undercover investigations by EIA/Telapak in the past year followed the illicit merbau trade in China and Singapore, as well as Surabaya, Makassar and Papua in Indonesia. Merbau is a valuable hardwood used to make flooring, furniture and doors. Within Indonesia, almost all merbau trees are found in Papua in the east of the country. Papua's forests form part of the last significant tract of intact tropical forests in the Asia-Pacific region. About a quarter of Papua's forests have gone in the past 12 years.

Following the October 2009 seizure in Jakarta of 23 containers of merbau logs destined for China, India and South Korea, EIA/Telapak investigators posing as timber buyers uncovered a smuggling operation headed by Hengky Gosal which employed bribery and exploited failings in the monitoring system to acquire documentation for the shipment. The seizure exposes serious flaws in Indonesia's system for checking the legality of timber systems, operated by surveyor Sucofindo and wood industry body BRIK (*Badan Revitalisasi Industri Kayu*).

While unwittingly speaking with investigators, Gosal admitted smuggling up to 50 containers a month of merbau square logs (called flitches) to China, in contravention of Indonesia's log and sawn timber export bans. He also claimed to bribe customs officers to ensure safe passage out of Indonesia.

Another illicit timber trafficking hotspot is the city of Surabaya, in East Java, the base of operations for prominent merbau smuggler Ricky Gunawan. EIA/Telapak have submitted several reports on his activities since 2007 to Indonesian

authorities, but he has yet to be investigated; as recently as December 2009, he was still shipping illegal merbau fitches to southern China.

Utilising a variety of methods to circumvent the authorities, Gunawan wields such influence that when one of his China-bound merbau shipments, falsely purporting to be 'bridge components', was detained by Indonesia customs in April 2009, swift intervention on his behalf by some government officials and members of local parliament ensured the timber was released for onward shipment.

EIA Campaigns Director Julian Newman said: "While the huge quantity of illegal timber flowing from Indonesia during the first half of the decade has declined, effective law enforcement against those responsible – the financiers, company bosses and corrupt officials – has been woefully inadequate."

Hapsoro of Telapak said: "It is no wonder the Indonesian President has ordered the country's judicial mafia eradication taskforce to scrutinise illegal logging cases. It should certainly focus its attention on two merbau smugglers named in this report – Ricky Gunawan and Hengky Gosal. It is time for Indonesia to redouble its efforts to combat illegal logging and timber smuggling by going after the main culprits."

URGENT CALL TO ACTION – FROM EIA/Telapak

The Government of Indonesia should:

1. List merbau on Appendix III of CITES, with a sustainable quota for trade;
2. Formally investigate the illegal activities of Ricky Gunawan and Hengky Gosal;
3. Review the effectiveness of Presidential Instruction 4 of 2005 in light of evidence that enforcement agencies still fail to collaborate effectively against illegal logging;
4. Establish a taskforce reporting directly to the President on actions taken against illegal logging.

Interviews, images and footage are available on request; please contact:

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The report can be downloaded at www.eia-international.org or www.telapak.org.

EDITORS' NOTES

1. The Environmental Investigation Agency (EIA) is a UK-based Non Governmental Organisation and charitable trust that investigates and campaigns against a wide range of environmental crimes, including illegal logging. Telapak is an independent environmental organization based in Bogor, Indonesia

2. Merbau is a valuable dark hardwood used to make flooring, decking, outdoor furniture, doors and window frames. Merbau logs in Papua are sold for between \$250 and \$300 per cubic metre. Merbau is heavily targeted by illegal loggers and timber smugglers due to heavy demand for raw timber in China and India, and for merbau products in Australia, the European Union and the US.

3. The Convention on International Trade in Endangered Species (CITES) regulates global trade in threatened flora and fauna. Appendix III allows countries to take unilateral action to restrict trade in species at risk from excessive trade.

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