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## Environmental Agency Takes Action Against Timber Smuggling

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**Since the signing of the U.S.-Singapore FTA, the amount of illegal Indonesian logs and sawn timber reaching the United States has reportedly increased by 62 percent.**

**Photos**

**courtesy of the EIA**

illegal timber moving through Singapore to the U.S. We were concerned that a lowering of tariffs and increased trade would exacerbate an already critical problem. We also saw it as a great opportunity for the U.S. to follow through on some of its promises on the problem of illegal logging. The Administration had just launched the "President's Initiative Against Illegal Logging" and there was some hope that the U.S. would take some critical steps to address its own role, as the largest consumer of woods products in the world, in driving the problem of illegal timber trade.

Unfortunately, the illegal timber cartels have been stimulated, rather than controlled, by the FTA between the U.S. and Singapore. Wood products imports from Singapore to the U.S. have more than doubled since the signing of the FTA. Since Singapore has no forests of its own, this wood is coming from around Southeast Asia, from countries with notorious, illegal logging problems; for example Indonesia, where production is estimated to be 80 percent illegal. In April of this year, the Washington Post published an exposé of how Singapore had become the hub of the regional illegal timber trade and a major gateway for illegal timber coming into the U.S. Our own analysis

**Each year, more than \$1 billion in losses are incurred by the U.S. timber industry due to illegal logging abroad.**

It has been three years since the U.S.-Singapore Free Trade Agreement (FTA) was enacted, with the goal of enhancing the commercial relationship between the two nations. At the time of the agreement, the annual trade of goods and services between the United States and Singapore approached \$40 billion.

Spelled out in the agreement is the fact that Singapore guarantees zero tariffs on all U.S. goods. It also states Singapore cannot increase duties on any U.S. products, while duties on products entering the U.S. market from Singapore are being phased out in different stages. What is not spelled out, according to the Environmental Investigation Agency, is that the FTA is also "accelerating the destruction of tropical forests in Asia and Latin America," with the United States losing more than \$1 billion annually in revenues from logs illegally harvested abroad and brought in through Singapore through the FTA, resulting in decreased market share for exports and depressed prices in the United States.

An environmental watchdog group, the EIA was established in 1984 to investigate, expose and campaign against the illegal trade of wildlife and the destruction of the natural environment. The EIA works undercover to expose international environmental crime. The organization relies on donations from the public, the support of its members, volunteer fundraisers and the support of charitable foundations.

The EIA is keeping a close watch on the effect of the U.S.-Singapore FTA, especially in light of the fact that the United States is on the cusp of reaching similar agreements with other Asian and Latin American countries.

Alexander Von Bismarck serves as campaigns director for the EIA. Recently, *Wood & Wood Products* talked with Mr. Von Bismarck about timber smuggling in Singapore and its effects on commerce and the environment.

**Wood & Wood Products:** It has been three years since President George Bush signed the U.S.-Singapore FTA. What outcomes have you seen as a result of this?

**Alexander Von Bismarck:** When the trade deal with Singapore was signed, we published a report with specific evidence of large amounts of

shows that in 2005, U.S. customs data reveals at least 6,000 tons of illegal Indonesian timber moving through Singapore to the U.S., a 62 percent rise over 2003, prior to FTA implementation.

**W&WP:** How have the EIA's campaigns affected timber smuggling?

**Von Bismarck:** The EIA is addressing the problem of illegal logging at all levels: from producers, to traders, trans-shipment points, manufacturing and finally consumption. Each part of this chain makes the problem as massive as it is: governance problems in poor countries with valuable timber; traders who smuggle it out for export; manufacturers who disguise its origin; and consumers, such as ourselves, who buy the often cheap products on U.S. shelves.

An investigation by the EIA last year uncovered the largest single illegal timber trade so far: around 300,000 cubic meters of merbau, a highly valuable species, being smuggled out of Papua (Indonesia) to China each month. The report resulted in a massive crackdown by the Indonesian government, which was followed by a doubling of the world market price in merbau, illustrating how much the international trade relied on that illegal source. We then tracked the supply lines from the manufacturing centers on Java and in China, where it is made into flooring, to home improvement chains in Europe and the U.S. The U.S. chains have committed to removing merbau from their shelves.

Our experiences have shown that while our on-the-ground investigations can have an immediate impact on enforcement, the problems will continue unless consuming markets, such as the U.S., take action to control imports of illegally sourced timber. It's especially urgent as the U.S. embarks on a myriad of free trade deals with countries like Indonesia, Malaysia, Thailand and Peru.

**W&WP:** In terms of cubic feet and/or dollars, do you have any estimates as to how much timber has been cut illegally overall and since the agreement was signed?

**Von Bismarck:** Direct imports from Singapore to the U.S. of wood products are projected to be around \$17 million, nearly tripling since the signing of the FTA. A much greater amount reaches the U.S. via trans-shipment through Singapore, which is significant because such operation allows smugglers to alter paperwork and disguise the timber's origin.

From a select database from U.S. customs, we were able to identify nearly 7,000 tons of illegal Indonesian logs and sawn timber reaching the U.S. via Singapore in 2005, a 62 percent increase over 2003, which is simply a case study that illustrates how the law is openly flouted. The most important lesson from the Singapore example is what it says about future trade deals: It was announced to be "a template for other agreements."

**W&WP:** When purchasing imported lumber, what should manufacturers look for to ensure it is not smuggled?

**Von Bismarck:** It's almost impossible to tell; that's why the government needs to assist industry in separating legal from illegal timber.

While tropical hardwoods remain a focus of concern, avoiding them isn't a guarantee either, since species are mis-declared and illegal logging plagues softwood and temperate species. Ideally, the U.S government would get the ball rolling soon to set up systems of licensing and independent verification [such as the Forest Stewardship Council's program] that will allow manufacturers to access the international market with a secure and clean conscience.

More information on the U.S.-Singapore Free Trade Agreement and similar agreements can be found through the Office of the United States Trade Representative at [www.ustr.gov](http://www.ustr.gov) or through the U.S. Department of State at [www.state.gov](http://www.state.gov). For more information on the Environmental Investigation Industry's Campaigns, visit [www.eia-international.org](http://www.eia-international.org).