

For Timber Trade, Many Routes Lead Through Singapore

Illegal Indonesian Exports Are Concern

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SINGAPORE -- A Singapore timber trader boasted that the cargo he had sent to India was a hardwood known as merbau, prized for its use in elegant flooring and door and window frames. The species has been so heavily logged in Southeast Asia that conservationists consider it threatened. But the trader stressed in a recent telephone interview that the logs he ordered were from Papua New Guinea, where log exports are legal.

Environmentalists who investigated the 2005 deal, however, said the timber was probably smuggled out of neighboring Indonesia, where all log exports are banned. And a Papua New Guinea customs official who looked at the documents accompanying the shipment concluded they were forged.

Like many cases in the murky world of timber trade, the deal involved businessmen in different countries sending money and wood across many borders. Sometimes, illicit wood ends up as furniture and flooring in the homes of unsuspecting Americans. And the transaction lines often run through Singapore, which has become a vital physical and financial hub in the Asian timber trafficking trade, according to environmentalists.

In just two months last year, the Indonesian navy seized 314 containers of timber and pulp in the waters between Sumatra and Singapore, which lie on opposite sides of the 40-mile-wide Malacca Strait. The boats and barges were headed to Singapore, Indonesian police said. They carried false documents listing the cargo as wood moldings, when they were actually carrying sawed timber, which Indonesia has banned for export, officials said.

An Indonesian government crackdown on illegal logging last year resulted in more than 1,200 arrests, but many of the major alleged criminals remain at large, including more than 10 individuals in Singapore, Indonesian national police said.

"They feel secure there," said Anton Bachrul Alam, the national police spokesman, noting that the two countries do not have an extradition treaty.

The Singapore government stresses that it does not condone illegal activity. People who break Singaporean laws will be prosecuted, officials said.

Illegal wood, even without forged documents, often makes it out of Indonesia and into or through Singapore and other ports, despite Indonesia's ban on sawed timber and log exports. And even if the timber is logged illegally, there is nothing illegal about importing it into another country unless that country bans the imports.



In two months last year, the Indonesian navy seized 314 containers of wood from boats and barges headed to Singapore. The shipments were suspected of originating in Indonesia, which bans export of logs and sawed timber. (A. Ruwindrijarto -- Environmental Investigative Agency)

Twenty-four hours a day, seven days a week, cranes at the ports here lift hulking containers onto waiting ships, waterborne couriers moving 60,000 containers a day -- making Singapore the world's maritime transshipment capital.

Immigration and customs authorities conduct rigorous checks for drugs, weapons and other contraband entering and leaving Singapore. But "transshipment goods do not enter the commerce of Singapore, as it does not cross the customs line," Trade Ministry officials noted. "Any timber, if it indeed passed through Singapore, merely switched ships here."

In the first 10 months of 2005, U.S. ports received about 3,840 tons of Indonesian sawed timber that had been transshipped through Singapore, up from 2,600 tons the year before, according to U.S. customs data analyzed by the Environmental Investigation Agency, a nonprofit organization with offices in Washington and London. The agency obtained the data from a subscription database maintained by the commercial Port Import Export Reporting Service.

U.S. officials said they felt the more pressing issue was helping Indonesia fight illegal logging. Last week in Washington, trade officials from both countries announced that they would work toward an agreement to combat illegal logging in Indonesian forests.

According to Singapore Trade Ministry data, in 2005, about 126,300 cubic meters of sawed timber, the equivalent of forest area the size of Arlington County, was imported into Singapore from Indonesia.

Singapore officials said they could not be expected to enforce other countries' laws.

"If there is evidence of smuggling offenses into Singapore and that Singapore laws have been breached, our authorities will do what is within their legal powers," the Trade Ministry said in an e-mail reply to questions from The Washington Post.

"The most robust solution to smuggling is to deal with the problems at source," the ministry said. "Destination ports could perhaps play a part, as the shipments would have to pass through customs checks to reach their buyers. At transshipment ports, most shipments merely stay a few hours. It is not possible or even feasible to check each and every shipment."

In February 2005, the Environmental Investigation Agency issued a report exposing a massive smuggling trade in which up to 300,000 cubic meters of merbau logs a month -- worth more than \$600 million retail -- were being illegally cut in Indonesia's Papua province and shipped to China and India. Often, Singaporean traders were involved in the deals, the environmental group alleged.

Some of those logs were shipped by Wajilam Exports Pte., according to the environmental group. Wajilam's director, Tarun Mehta, insisted in a telephone interview that the shipments were legal and came from Papua New Guinea.

In two transactions, Wajilam and another Singaporean firm shipped 21,626 cubic meters of logs to India via Davao, in the southern Philippines, the Environmental Investigation Agency reported.

The logs went by barge to Davao, where, according to documents and interviews with Philippine officials, they were hoisted onto ships bound for Hong Kong and India. The accompanying documents listed the logs' origin as Papua New Guinea.

But Waliya Abilo, Papua New Guinea customs' director of investigations, who examined the papers at the agency's request, concluded that the documents had been forged. He said the way the forms were filled out did not match those usually issued by his customs office.

Asked whether the logs were actually from Indonesia and the documents forged, Mehta replied: "I wouldn't know absolutely anything about that. I was just the exporter, [with the] beginning point from Davao, that's all."

Last year, the Indonesian government's Financial Transaction Reports and Analysis Center, which tracks money laundering, filed a report with police about suspected timber smuggling involving more than 50 transactions from a Singapore bank account to two bank accounts in Indonesia. The transactions totaled \$10 million over two years, investigators said.

Those accounts fed a series of other accounts in Indonesia belonging to local military, police and Forestry Ministry officials and timber company representatives in several Indonesian provinces with serious illegal logging problems, the investigators said.

The money-laundering unit has not yet asked Singapore about the account, held in the name of a Malaysian timber company, because the case is still being investigated, said Yunus Husein, head of the Indonesian Financial Transaction Reports and Analysis Center.

Singapore officials said Singapore was "fully committed" to the international effort against money laundering. "If there is evidence to show that proceeds of crime have been laundered in Singapore, we will not hesitate to investigate the matter and take appropriate enforcement action," said Stanley Norbert, a police spokesman, in an e-mail reply on behalf of the police and the Monetary Authority of Singapore, the nation's financial regulator.

But based on inquiries in previous money-laundering cases, Husein said, he is not optimistic that Singapore would respond. "I think because Singapore wants to keep its status as the region's financial center," he said, "they keep secret information about bank accounts."

Norbert acknowledged that Singapore aims to preserve "the integrity" of its financial sector. But, he said in his e-mail, "banking confidentiality is never absolute." He said that in Singapore, bank account information may be provided as part of a police investigation.

In Singapore, officials said they conduct stringent checks for an endangered hardwood species called ramin, a blond wood noted for its fine grain that grows primarily in Indonesia. Singapore reported imports of sawed ramin from Malaysia, but not Indonesia, in 2004 and 2005. But a wood-products manufacturer in the booming Guangzhou area of southern China told an Environmental Investigation Agency investigator in November that Indonesian ramin, most of it smuggled, often finds its way into the market through Singapore.

"Singapore is the place to be if you want to look for ramin," the manufacturer said.

Singaporean officials asked for proof. "Singapore authorities stand ready to take action," trade officials said in their e-mail, "should reliable and detailed information that illegal trade in ramin is taking place through Singapore be made available to us."