



**global witness**

**Statement to the Subcommittee on Fisheries, Wildlife and Oceans, Committee on Natural Resources, U.S. House of Representatives**

**By**

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Chairwoman Bordallo and members of the Subcommittee, thank you for the opportunity to share our experience of illegal logging<sup>i</sup> in Cambodia and its impact on the country and its people.

Global Witness<sup>ii</sup> first began exposing illegal logging in Cambodia and its links with conflict, corruption and human rights abuses in 1995. Over the past 12 years we have documented numerous cases of illegal logging across the country, and the resulting social, economic and environmental consequences.

In the time that we have been working on this issue the modus operandi employed by illegal loggers has changed but the power relationships underlying the crime remain the same. Today, as it was twelve years ago, the individuals behind the major illegal logging operations in Cambodia are those with business or familial links to powerful political figures. In other words, the bulk of illegal logging in Cambodia is not carried out by poor people in desperate search of supplementary income. It is an organised criminal activity which enables politically well-connected individuals to generate large amounts of money at the expense of the rural poor. They are assisted in doing so by those elements of the state nominally responsible for protecting the forests and upholding the rule of law: politicians, police and military included.

Whilst our long involvement in Cambodia has given us a detailed insight and knowledge of the country's illegal logging industry, the patterns of abuse observed there are not unique. In many countries where Global Witness works, government and state agents are predatory and civil society is correspondingly weak. In such states, forest resources are particularly vulnerable and illegal logging can become embedded

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<sup>i</sup> Throughout this document, illegally logged timber is defined as any timber which is in violation of provisions of Cambodian law and regulations relating to the acquisition of exploitation rights, logging, means of harvesting, sale, purchase, transportation, import or export of timber.

<sup>ii</sup> Global Witness is an advocacy organisation which exposes the corrupt exploitation of natural resources in order to drive campaigns that end impunity, resource-linked conflict, and human rights and environmental abuses. In 2003, it was co-nominated for the Nobel Peace Prize for its leading work on 'conflict diamonds'.

and thrive. This in turn contributes to patterns of exploitation that are inequitable and geared more towards the profits of individual officials and companies rather than poverty reduction and environmental conservation.

Global Witness views the Legal Timber Protection Act's proposed amendment to the Lacey Act as an important first step towards combating these practices. Taken on its own, the proposed legislation will not completely shut down demand for all illegal timber. However, its effect would certainly be felt by those carrying out the logging by decreasing demand for their product and, ultimately, reducing their profits. Perhaps more importantly though, the proposed changes to the Lacey Act would set a precedent for other countries to follow, and thus help fill the current legal vacuum which provides illegal loggers and their political allies with unfettered access to global markets.

### **The Loss of Cambodia's 'Most Developmentally Important Natural Resource'**

Illegal logging and human rights abuse have a long history of association in Cambodia. Global Witness' early work revealed how, in the last years of Cambodia's civil war, both the Khmer Rouge and the Phnom Penh government used logging to fund military campaigns which resulted in massive loss of life and livelihoods. Our investigations revealed a cross-border timber trade with Thailand worth US\$10-20 million per month. Following our exposé, the Thai border was closed to Cambodian timber – cutting off a critical source of military funding for the civil war. This did not spell the end for the illegal logging of Cambodia's forests, however.

Since the war ended in 1998 Cambodia's leaders have found it hard to kick the habit of treating the country's forests as a personal slush fund for political campaigns, personal enrichment and rewarding key clients. The cumulative impact of this epic mismanagement is that the country's forests – termed by the World Bank as Cambodia's 'most developmentally important natural resource'<sup>1</sup> - have contributed very little towards the post-conflict economy.<sup>2</sup> Instead, funds which should have gone towards the development of this damaged state have been siphoned off via illegal or exploitative logging practices into the bank accounts of the political elite and their cronies.

#### *The Role of the Concessionaires*

In the mid-1990s, senior government ministers secretly awarded between 30 and 40 logging concessions to Cambodian and foreign-owned companies. The contracts signed away over seven million hectares of forest, i.e. 39% of Cambodia's land area, on terms that greatly favoured the interests of the concessionaires over those of Cambodia.<sup>3</sup> All the concessionaires proceeded to break the law or the terms of their contracts or both in order to reap a fast profit (see appendix 1 for further details). Throughout the late 1990s and up until 2002, they were responsible for most of the illegal logging in Cambodia.

During this time, employees of the concessionaires violated the rights of people living inside or adjacent to forest concessions on any number of occasions. Abuses committed by company staff included denial of access to forest areas, intimidation, rape and, in at least one case, murder.<sup>4</sup>

The environmental impacts of widespread illegal logging were felt both locally and nationally. At a local level, these typically included obstruction of streams that form people's water supply as a result of poor road and bridge construction. At a national level, the overall impacts of the concessionaires' logging were also apparent. Agriculture and fisheries are the Cambodian population's main sources of food. Both are sustained through natural systems of water management within which the forests play an important role. UN agencies cited deforestation as a cause of the severe floods in 2000 that cost Cambodia an estimated US\$156 million.<sup>5</sup>

International donor and NGO pressure did eventually lead the Cambodian government to suspend the concessionaires' logging operations in early 2002. This was followed by a period of donor-government consultations, culminating in a 'road map' for forest sector reform.<sup>6</sup> However, despite public commitments to these reform processes, Cambodia's shadow state has continued to illegally generate money from the timber sector. The same officials charged with implementing reforms have actively subverted them, with the result that illegal logging has continued in a variety of forms and is causing severe damage to Cambodia's remaining forests. The last global forest cover survey by the Food and Agriculture Organization (FAO) found that Cambodia had lost 29% of its primary tropical forest over a five year period.<sup>7</sup>

### **The New Face of Illegal Logging in Cambodia**

In June of this year, Global Witness published its latest report on illegal logging in Cambodia which exposed some of the scams used by illegal loggers in recent times. The report, 'Cambodia's Family Trees', is the result of several years research and details the activities of a group of timber barons who together constitute Cambodia's most powerful logging syndicate. With familial links to some of the country's key political figures, their careers illustrate how the country's political elite has successfully subverted forest management reforms and continued looting a valuable public asset.

The individuals behind the Seng Keang Company logging syndicate featured in our report, although undoubtedly major players in the illegal logging industry, are not the only timber barons in Cambodia. However, their activities and the way in which the group has conducted its business are illustrative of the deleterious impact of illegal logging across Cambodia as a whole. Global Witness investigations into the group's activities over a number of years have charted just how damaging their 'business' has been to local communities, the environment, rule of law and the national economy. Their behaviour has encompassed not only illegal logging but also acts more normally associated with a Mafiosi organized-crime mob, including extortion, bribery, kidnapping, forced imprisonment and attempted murder. The findings of our investigations are summarized below. Further detail and references for the points covered in this document can be found in the main body of 'Cambodia's Family Trees'.<sup>iii</sup>

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<sup>iii</sup> The report can be downloaded from [http://www.globalwitness.org/media\\_library\\_detail.php/546/en/cambodias\\_family\\_trees](http://www.globalwitness.org/media_library_detail.php/546/en/cambodias_family_trees)

### *Introducing the Seng Keang Company: Cambodia's Premiere Logging Syndicate*

The syndicate is led by Dy Chouch, also known as Hun Chouch, his ex-wife Seng Keang, and their business partner Khun Thong. Seng Kok Heang, the brother of Seng Keang, also works for the syndicate. Dy Chouch is the first cousin of Prime Minister Hun Sen. Seng Keang is a friend of the Prime Minister's wife, Bun Rany. Khun Thong is the brother-in-law of Minister for Agriculture, Forestry and Fisheries, Chan Sarun, and father-in-law of the Director General of the Forest Administration, Ty Sokhun. While this syndicate has operated under various different labels over the years, most recently it has been known as the 'Seng Keang Import Export Company Ltd.'

Members of the Seng Keang Company<sup>iv</sup> first came to Global Witness' attention as logging subcontractors for some of the leading concessionaire companies operating in Cambodia in the 1990s. One of their key customers was a logging concessionaire company called Kingwood Industry.

Despite generating large profits from illegally logging within and outside its concession area, Kingwood underwrote its activities by borrowing money from a number of banks and individuals - including from Seng Keang. A source close to the company claimed that it needed to borrow because its directors were laundering sales revenue through affiliated companies in Indonesia, Singapore and Taiwan.<sup>8</sup> By late 2001, Kingwood owed Seng Keang US\$1.9 million. The government suspension on concession logging in early 2002 effectively shut down Kingwood's operation and destroyed the company's chances of keeping up with debt repayments.

A source close to the Kingwood operation informed Global Witness that, in August 2002, Kingwood's Managing Director - a Taiwanese national named Lia Chhun Hua - attempted to cut his losses and leave Cambodia for good. According to this source, he was prevented from doing so by Seng Keang, whose entourage abducted Lia, confiscated his passport and held him hostage in the factory. At this point, the Seng Keang syndicate took control of the Kingwood timber processing factory and all of its equipment. The last confirmed sighting of Lia Chhun Hua was in 2005. Global Witness does not know his current whereabouts.<sup>9</sup>

With the imposition of the logging moratorium in concession areas, the Seng Keang Company needed to look elsewhere to continue sourcing timber for processing at the Kingwood factory. An opportunity presented itself in the shape of the government-mandated rubber plantation in Tumring, Kompong Thom Province. The Tumring Rubber Plantation is situated in the heart of Prey Long Forest - mainland Southeast Asia's largest lowland evergreen forest and an important part of Cambodia's natural heritage.

In October 2002 Chan Sarun's Ministry of Agriculture, Forestry and Fisheries gave permission to the Seng Keang Company to collect wood within the rubber plantation's boundaries.<sup>10</sup> The syndicate soon proved itself uninhibited by the plantation's perimeters, and went on to illegally log in the surrounding Prey Long

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<sup>iv</sup> For the purposes of this document, members of the Seng Keang Company are understood to be Dy Chouch, Seng Keang, Khun Thong and Seng Kok Heang.

Forest. The trees felled in the forest were then laundered via the rubber plantation. This formula – officially-sanctioned clear-felling within a valuable forest – provided almost unlimited scope for laundering illegally-logged timber between 2002 and 2006.

### **Anatomy of an Illegal Logging Operation**

#### *Damage to the local economy*

With the rubber plantation project enjoying political support from the highest level, the syndicate were able to log outside the plantation boundaries with impunity.

Employees concentrated on logging Dipterocarp trees as the most suitable throughout for the syndicate's processing plants. Unfortunately for those people living in and around Prey Long forest, liquid resin collected from the Dipterocarp tree is a key source of additional income.

In recognition of the centrality of resin trees to rural incomes, Cambodia's 2002 Forest Law made it illegal to cut "trees of species that people tap for resin". Between 2002 and 2006 the company's illegal targeting of resin trees seriously damaged the livelihoods of hundreds, if not thousands of families living in the area.

Interviews with loggers and visits to cutting sites in Prey Long suggest that resin-producing trees accounted for at least 50% of the wood processed in the Seng Keang Company factory in its local factory.<sup>11</sup> Resin tappers in Tum Ar village on the edge of the plantation told Global Witness in 2006 that in the past all of the 100 families living there had owned 200-300 resin trees each. In 2006, only 5-6 families had any trees left at all.<sup>12</sup> In Rumchek village in Sokchet Commune villagers reported losing 800 resin trees to representatives of the Seng Keang Company in mid-2005 alone.<sup>13</sup>

According to resin tappers, Seng Keang Company employees would sometimes pay them compensation for cutting their trees. The sums involved were derisory however – US\$1.25-US\$12.5 for a tree whose timber might sell for as much as US\$1,000 in Phnom Penh.<sup>14</sup> These payments were made on a 'take it or leave it' basis.

#### *Intimidation and threats of violence against the local population*

The syndicate was able to maintain their control over the local population through a combination of familial connections, bribery and threats of violence. Their representative in Tumring, Seng Kok Heang, used this technique to establish his own personal fiefdom in the area. A report on plantations published in November 2004 by the UN Office of the High Commissioner for Human Rights made a clear link between this intimidation and the presence in Tumring of Seng Kok Heang, alias Mr 95:

"A man who goes by the name of 'Kae Pram' [meaning 95 in Khmer] (his radio call sign is 95) heads the security guards of Mieng Ly Heng Company, and has a particularly brutal reputation. He is the brother of Seng Keang, the director of Seng Keang Company, the main subcontractor of Mieng Ly Heng. In Roniem village,

people reported that they have been frequently threatened with death for their attempts to block illegal logging and illegal transport.”<sup>15</sup>

Persistent intimidation of this sort gave way to outright violence on 10 July 2005, when Seng Kok Heang is reported to have tried to kill two local men who had played a leading role in protecting villagers’ resin trees.

In March 2006 Minister Chan Sarun issued a decree revoking his earlier authorisations for Seng Keang Company operations, and by September 2006 practically all traces of the Seng Keang Company operation were gone.<sup>16</sup> The precise rationale behind the decision to close the company’s operations is unclear. However, it seems likely that the attempted shooting of two community forest activists in 2005, and the international attention this generated, played a role.

### *Loss to the National Economy*

The loss of income and violence suffered by the local population at the hands of Seng Kok Heang and his cohorts stands in stark contrast to the profits reaped by the company during its reign in Tumring. Because of the illegal nature of Seng Keang Company’s activities, there are no credible official statistics on the amount of timber the firm has cut in Prey Long. Nonetheless, from interviews and Global Witness observations, it is clear that the returns on its logging and timber processing operation have been considerable. Calculated at the 2006 Phnom Penh price for sawn grade II wood of US\$235 per cubic metre, Global Witness estimates that the Seng Keang Company’s minimum yearly output of processed timber from Tumring would be worth over US\$13 million.<sup>17</sup>

According to Minister Chan Sarun, between the point at which it officially commenced operations in Tumring and the end of 2005, the Seng Keang Company paid just short of US\$600,000. In a sense questions regarding the amount Seng Keang Company paid in taxes are academic, given that the vast numbers of trees it cut illegally should not have been felled in the first place. Nevertheless, it is indicative of the overall loss to Cambodia, if only in financial terms, when one considers that taxing the syndicate’s 100,000 m<sup>3</sup> annual round log consumption at the royalty levels applied to grade II wood – US\$54 per cubic metre – would have netted the treasury US\$5.4 million per year.

Whilst Cambodian government timber export figures nosedived after the imposition of a logging moratorium,<sup>18</sup> international trade figures paint a rather different picture of the volume of the country’s timber exports.<sup>19</sup> These figures show that, between 2003 and the end of 2006, China imported from Cambodia a total of 28,000 m<sup>3</sup> of plywood worth US\$16 million. Both plywood and sawn timber exports from Cambodia are taxed at 10% of their value and the total loss to the Cambodian government on untaxed plywood shipments to China between 2003 and 2006 may have amounted to US\$1.5 million.<sup>20</sup> Losses on un-registered sawn timber appear to be double that figure.<sup>20</sup> Global Witness is unable to say with certainty what percentage of these exports involved the Seng Keang Company. However, as the only known industrial-scale producer of plywood and veneer active in Cambodia at the time, it is highly likely that the firm played a significant role in the multi-million dollar trade in plywood. As perhaps the largest sawmill operator in the country, there

is a strong possibility that it accounted for a sizeable share of the sawn wood trade as well.

## **Impunity in Cambodia's Forest Sector**

### *Legal Protection*

The prevalence of widespread illegal logging in Cambodia stands in stark contrast to the legal protections offered to the country's forests and forest-dependent people. Over the past seven years, the Cambodian government has passed a plethora of different laws geared towards clarifying the ownership and governance of forested land. Legal provisions relating to Cambodia's forests include a Land Law, Forest Law and a Community Forestry Sub-Decree.

In spite of these laws, prosecutions for illegal logging in Cambodia are rare and convictions rarer. The impunity offered to the Seng Keang Company over the years offers an insight into how those with high-level political connections have been able to bypass the legal protections afforded to the country's forests and forest-dependent people, thus undermining the rule of law. Appendix 2 of this paper provides a table documenting issues that Cambodia's judicial authority should investigate relating to the activities of the Seng Keang Company.

So far, Global Witness' calls for a credible investigation into evidence of illegal logging presented in 'Cambodia's Family Trees' appear to have been ignored. Instead, the Cambodian government has banned the report and confiscated copies, the Prime Minister's brother is reported to have issued a death threat against Global Witness staff entering Cambodia,<sup>21</sup> and the Cambodian Embassy in London issued a press release demanding a change in Global Witness' leadership and a call to the organisation's donors to cut funding.<sup>22</sup>

## **How US Legislation to Amend the Lacey Act will Help to Combat Illegal Logging and Associated Human Rights Abuse in Cambodia**

Despite the Cambodian government's reluctance to investigate the evidence of widespread and systemic illegal logging and high-level corruption presented in the Global Witness report, it seems other governments may be more willing to take action. Global Witness welcomes the leadership that has been demonstrated by the US in this regard.

- The recently passed 2008 US Senate Foreign Operations contains a provision that the Secretary of State shall send a list to the appropriate congressional committees of Cambodian officials, and their immediate family members, who he has credible evidence to believe are involved in corruption relating to the extraction of natural resources. The following restrictions will then apply:
  - A ban on visas to enter the US.
  - A ban on ownership of property within the US and confiscation of any existing property.
  - A ban on any US citizen engaging in financial transactions to benefit the named officials.

- The proposed amendment to the Lacey Act to help combat illegal logging will help to take this message one step further in a move which would be felt not only by the corrupt officials who enable illegal logging in Cambodia, but also by the loggers themselves.

The Lacey Act currently regulates trade in fish, wildlife and a limited subset of plants by making it unlawful to import, export, transport or purchase any that are taken, possessed, transported or sold in violation of any US State or, with respect to fish and wildlife only, any foreign law. The new Act would expand the Lacey Act so that violations of foreign law that apply to plants and plant products (and hence trees) fall within its domain.

If implemented effectively, the proposed amendments would help to address the problem of illegal logging in Cambodia in the following ways:

### *1. Cutting the Demand from Manufacturers: Addressing Regional Timber Flows*

Cambodia's illegal loggers are driven by a strong economic incentive to export their products to overseas markets. Past Global Witness investigations have revealed that much of the logged Cambodian timber is illegally exported to China, Thailand or Vietnam. Statistics suggest that a large proportion of that timber is then processed and re-exported to other markets.<sup>23</sup> The US has been the single largest importer of Chinese goods since 2000 and its share of total imports of wooden furniture, flooring and plywood reached 43 percent of Chinese exports in 2006.<sup>24</sup> It is also a major importer of timber products from Vietnam and Thailand. In 2006, the US imported just short of US\$881 million of timber products from Vietnam and US\$514 million from Thailand.<sup>25</sup> It follows that some of the illegally-sourced timber flowing through China, Thailand and Vietnam could well end up on the US market. By making it illegal to import or sell illegally logged timber, the legislation will increase pressure on Chinese, Thai and Vietnamese buyers to carefully source their products and to avoid the current practice of purchasing illegally logged Cambodian timber. With a reduced income stream flowing from these countries, the economic incentive for illegal logging in Cambodia could be significantly curtailed.

### *2. Cutting the Demand from Consumers: Red Flags for Cambodian Timber Products entering the US*

Proposed changes to the Lacey Act would also expose imports of Cambodian timber to greater scrutiny. Cambodia's laws protecting forested land, combined with a government moratorium on industrial logging in concession areas, make legal, large-scale export-based logging in Cambodia almost impossible. It is worth noting that the only current form of large-scale legal logging in Cambodia - known as the 'annual cutting coupe' - is explicitly designed to provide for domestic timber demand only.<sup>26</sup> The proposed changes to the Lacey Act to include a requirement for basic information on the country where the timber was harvested and species of timber on all timber products would immediately allow US law enforcement officials to identify products manufactured using timber taken from Cambodia as suspect and encourage greater caution on the part of US purchasers.

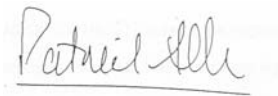
If the proposed amendments to the Lacey Act had been in place at the time of our report's publication, or indeed a over a decade ago, US law enforcements agencies could have been empowered to seize suspect timber products from Cambodia and would have helped to prevent imports such as the special brand of plywood veneer produced by the Seng Keang Company, produced at such a high cost to the Cambodian population, from entering the US market.

### *3. Setting an international precedent to combat illegal logging*

The global lack of legislation to prevent illegally logged timber from entering consumer markets has inevitably meant that over the years, the US, together with every timber importing country, has unwittingly purchased illegally logged timber from large-scale organized crime networks, similar to the Seng Keang Company. By doing so, US markets will have helped to fund the activities of money launderers, corrupt officials and human rights abusers.

US leadership on this issue would provide impetus for proactive actions in other markets such as the EU and other G8 countries. The logical next step for the US would be to take leadership in this field one stage further, and encourage other importers of timber products to adopt similar legislation to put a stop to the unregulated trade in illegal timber. Such leadership is sorely needed. Only when we have strong international action of this nature, will we able to crack down on the activities of ruthless, organized crime networks and their political patrons, who have historically been able to exploit the global gaps in legislation to their advantage.

Thank you.

A handwritten signature in cursive script, appearing to read "Patrick Alley", written in black ink on a light-colored background.

Patrick Alley  
Director  
Global Witness

## Appendix 1: Chart of Legal and Contractual Breaches by the Concession Companies <sup>27</sup>

	Failure to invest as contract outlines	Failure to make financial deposits	No minimum annual royalty paid	No submission of financial statement	Non-compliance with EIA rules	Unacceptable forest management plan	(Extensive) illegal logging	Breach of Investment Agreement	No submission of EIA report	Inadequate technical training of staff	Operations outside concession	Illegal processing of unmarked trees	Logging without permit	Logging in wildlife sanctuary
Casotim	◆		◆		◆	◆	◆	◆	◆	◆				
Cherndar Plywood	◆		◆		◆					◆		◆		
Colexim Enterprise	◆		◆ <sup>c</sup>		◆	◆		◆		◆				◆
Everbright CIG Wood	◆	◆	◆ <sup>b</sup>	◆	◆	◆		◆		◆				
GAT	◆	◆	◆ <sup>d</sup>	◆	◆	◆		◆		◆				
Hero Taiwan	◆	◆ <sup>a</sup>	◆ <sup>e</sup>	◆	◆	◆	◆	◆		◆	◆			
Kingwood	◆	◆ <sup>a</sup>	◆ <sup>f</sup>	◆ <sup>g</sup>	◆	◆		◆	◆	◆	◆			
Mieng Ly Heng	◆ <sup>a</sup>	◆	◆	◆	◆	◆		◆		◆			◆	
Pheapimex-Fuchan	◆	◆ <sup>a</sup>	◆ <sup>b</sup>	◆	◆	◆	◆	◆	◆	◆				
Samraong Wood	◆	◆	◆ <sup>b</sup>	◆		◆		◆	◆	◆				
Silveroad		◆	◆	◆ <sup>h</sup>		◆ <sup>i</sup>	◆							
Samling				◆	◆	◆	◆	◆						
Superwood	◆	◆	◆	◆	◆	◆	◆ <sup>j</sup>	◆	◆	◆				◆
Timas Resources	◆	◆	◆	◆		◆	◆ <sup>j</sup>	◆	◆	◆				
TPP	◆	◆	◆	◆	◆	◆ <sup>k</sup>			◆	◆				
Voot Tee Peanich	◆	◆	◆	◆	◆	◆		◆	◆	◆				
Youry Saco	◆	◆	◆	◆		◆		◆	◆	◆				

a No proof supplied to support their claims of payment

b No payment in the 2nd or 3rd years

c No payment in 1996 or 1997

d No payment before 31st December 1999

e No payment in the 2nd year

f No payment in 2nd, 3rd or 4th years

g No payment last 4 years

h No payment in last 2 years

i Concessionaire permits Thai companies to log in their concession

j Logging carried out by unknown (illegal and organised) parties

k No existing management plan at all

## Appendix 2: Issues that Cambodia's Judicial Authorities Must Now Investigate

Individuals	Activity	Relevant Laws & Penalties for Violations
Dy Chouch Seng Keang Khun Thong	Apparent detention of Lia Chhun Hua and forced takeover of Kingwood Industry Company	<u>Law on the Aggravating Circumstances of Crimes</u> Article 7: Detention and illegal confinement Penalty: 5-10 years in prison Article 6: Robbery Penalty: 5-10 years in prison
Seng Kok Heang	Reported attempt to kill two community forestry activists	<u>Law on the Aggravating Circumstances of Crimes</u> Article 3: Murder Penalty: 15-20 years in prison
Dy Chouch Seng Keang Khun Thong Seng Kok Heang	Industrial-scale logging outside the boundaries of the Tumring Rubber Plantation and cutting of thousands of resin trees belonging to local people.	<u>Forest Law</u> Article 98: Misuse of a permit to harvest forest products; harvesting forest products without a permit; felling rare tree species and trees that local people tap for resin Penalty: 1-5 years in prison and fines of 10-100 million riel (US\$2,500-US\$25,000) <u>Land Law</u> Article 259: Infringement against public property Penalty: 1-5 years in prison and/or a fine of 5-50 million riel (US\$1,250-US\$12,500) <u>Law on the Aggravating Circumstances of Crimes</u> Article 6: Robbery Penalty: 5-10 years in prison <u>UNTAC Penal Code</u> Article 52: Wrongful damage to property Penalty: 1-3 years in prison
	Transporting millions of dollars-worth of logs cut during these operations	<u>Forest Law</u> Article 96: Transporting forest products obtained via illegal harvesting Penalty: Fine 2-3 times the value of the forest products
	Use of 'firewood' collection permits to facilitate log transportation	<u>Law on Taxation</u> Article 127 & Article 135: Tax evasion Penalty: 1-5 years in prison and/or a fine of 10-20 million riel (US\$2,500-US\$5,000) <u>Forest Law</u> Article 96: Transporting forest products contrary to those described in a transport permit Penalty: Fine 2-3 times the value of the forest products
	Processing these logs	<u>Forest Law</u> Article 96: Processing forest products obtained via illegal harvesting Penalty: Fine 2-3 times the value of the forest products
	Transporting the finished products	<u>Forest Law</u> Article 96: Transporting forest products obtained via illegal harvesting Penalty: Fine 2-3 times the value of the forest products
	Selling these items	<u>Forest Law</u> Article 96: Trading forest products obtained via illegal harvesting Penalty: Fine 2-3 times the value of the forest products
	Payments to officials to protect or turn a blind eye to the above activities	<u>UNTAC Penal Code</u> Article 54: Intentional corruption Penalty: 1-3 years in prison

	Establishing an informal association dedicated to undertaking the above activities	<u>UNTAC Penal Code</u> Article 36: Organised crime Penalty: 3-15 years in prison
Chan Sarun	Issuing a permit that provided a cover for industrial-scale logging outside the boundaries of the Tumring Rubber Plantation and cutting of villagers' resin trees	<u>Forest Law</u> Article 100: Officials directly or indirectly allowing activities contrary to the Forest Law Penalty: 1-5 years in prison and fines of 10-100 million riel (US\$2,500-US\$25,000) <u>UNTAC Penal Code</u> Article 69: Complicity Penalty: the same punishment applicable to the principal offender
	Authorising construction of a veneer factory and sawmill by Seng Keang Company within Prey Long forest	<u>Forest Law</u> Article 30: Prohibition on constructing sawmills within 5 kilometres of the Permanent Forest Reserve Article 100: Officials directly or indirectly allowing activities contrary to the Forest Law Penalty: 1-5 years in prison and fines of 10-100 million riel (US\$2,500-US\$25,000)
Chan Sarun Ty Sokhun	Selling hundreds of jobs in the Forest Administration.	<u>UNTAC Penal Code</u> Article 38: Extortion Penalty: 3-7 years in prison and a fine of double the sum of money extorted; prohibition on standing for election or holding public office for 2 years after sentence served
Hing Bun Heang Dy Phen	Demanding and receiving payments from subordinates	<u>UNTAC Penal Code</u> Article 38: Extortion Penalty: 3-7 years in prison and a fine of double the sum of money extorted; prohibition on standing for election or holding public office for 2 years after sentence served
Hak Mao	Transporting millions of dollars-worth of logs and timber products sourced from areas where there are no legal harvesting operations	<u>Forest Law</u> Article 96: Transporting forest products obtained via illegal harvesting Penalty: Fine 2-3 times the value of the forest products
	Managing and protecting the transportation of goods on which the requisite import duties have not been paid	<u>Law on Taxation</u> Article 127 & Article 135: Tax evasion Penalty: 1-5 years in prison and/or a fine of 10-20 million riel (US\$2,500-US\$5,000) Article 128 & 136: Obstruction of implementation of tax Penalty: 1 month to 1 year in prison and/or a fine of 5-10 million riel (US\$1,250-US\$2,500)
	Collecting, storing and delivering these items	<u>UNTAC Penal Code</u> Article 51: Receiving and concealing stolen goods Penalty: 1-5 years in prison

## References

- <sup>1</sup> World Bank, 'Structural Adjustment Credit to Cambodia', 2000.
- <sup>2</sup> Global Witness, 'Deforestation without limits', July 2002, p.3. Between 1994 and 2000, the Cambodian government collected US\$92 million in timber royalties.
- <sup>3</sup> The World Bank, *Cambodia – A Vision for Forestry Sector Development*, 1999, p.i; Asian Development Bank Sustainable Forest Management Project, *Cambodian Forest Concession Review Report*, 2000, p.20.
- <sup>4</sup> Global Witness interviews with local residents, 2000; UN Cambodia Office of the High Commissioner for Human Rights, *Land Concessions for Economic Purposes in Cambodia*, November 2004.
- <sup>5</sup> Cited in Global Witness, 'Deforestation without Limits', July 2002, p.3.
- <sup>6</sup> The 'road map' for forest sector reform is also known as the Independent Forest Sector Review. It can be downloaded from <http://www.cambodia-forest-sector.net/>.
- <sup>7</sup> FAO, *Global Forest Resource Assessment 2005*, Annex 3 – Global Tables, p. 233, <http://ftp.fao.org/docrep/fao/008/A0400E/A0400E14.pdf>. (Last downloaded 18 March 2007)
- <sup>8</sup> Interviews with a confidential source, 2003 and 2004.
- <sup>9</sup> In February 2007 Global Witness wrote letters to Lia Chun Hua as well as Seng Keang, Dy Chouch and Khun Thong and other Kingwood shareholders to ask about Lia's current whereabouts. At the time of publishing, Global Witness has not received any responses to these letters.
- <sup>10</sup> This authorisation is referred to in Ministry of Agriculture, Forestry and Fisheries 'Permission to Establish a Veneer Factory Granted to Seng Keang Import Export Co. Ltd', September 2004.
- <sup>11</sup> Interviews with loggers 2005; field observations 2005 and 2006.
- <sup>12</sup> Interviews with resin tappers, 2006.
- <sup>13</sup> Interviews with local residents, 2005.
- <sup>14</sup> Interviews with villagers and loggers, 2005.
- <sup>15</sup> UN Cambodia Office of the High Commissioner for Human Rights, *Land Concessions for Economic Purposes in Cambodia, A Human Rights Perspective, Annex 1*, November 2004.
- <sup>16</sup> Global Witness field observations, September 2006.
- <sup>17</sup> Interviews with timber traders, 2006.
- <sup>18</sup> Forest Administration, 'Cambodia: Forestry Statistics 2004', May 2005.
- <sup>19</sup> World Trade Atlas (for 2003 and 2004), <http://comtrade.un.org/>; China Customs Statistics Yearbook (for 2005) and China Customs (for January to November 2006).
- <sup>20</sup> UNESCAP, 'Trader's Manual for Least Developed Countries: Cambodia', 2003, [http://www.unescap.org/tid/publication/t&ipub2320\\_part3.pdf](http://www.unescap.org/tid/publication/t&ipub2320_part3.pdf). (Last downloaded 10 April 2007); National Bank of Cambodia, 'Stock Taking on Restrictions of Capital Flows', August 2006, <http://www.aseansec.org/carh/Capital%20Account%20Regime%20files/Cambodia%20Capital%20Account%20Regime.pdf>. (Last downloaded 10 April 2007).
- <sup>21</sup> References to this threat are drawn from an article by Douglas Gillison and Yun Samean, published in the Cambodia Daily on June 5 2007. In it, the Prime Minister's brother and Kompong Cham provincial governor Hun Neng is quoted as saying: "If they (Global Witness staff) come to Cambodia, I will hit them until their heads are broken."
- <sup>22</sup> The press release can be viewed at [http://www.globalwitness.org/media\\_library\\_detail.php/566/en/global\\_witness\\_must\\_stop\\_activities\\_and\\_defamation\\_to\\_discredit\\_the\\_image\\_of\\_the\\_royal\\_government\\_of\\_cambodia\\_from\\_now\\_and\\_for\\_good](http://www.globalwitness.org/media_library_detail.php/566/en/global_witness_must_stop_activities_and_defamation_to_discredit_the_image_of_the_royal_government_of_cambodia_from_now_and_for_good).
- <sup>23</sup> See for example [http://assets.panda.org/downloads/G8\\_meeting\\_June2002.pdf](http://assets.panda.org/downloads/G8_meeting_June2002.pdf); <http://www.globaltimber.org.uk/china.htm>; <http://www.globaltimber.org.uk/indochina.htm>; Deutsche Press Agency, *Vietnam's furniture exporters running out of wood*, June 11, 2007; in its Tropical Timber Market Report of 1-15 November 2006, the ITTO states that roughly 70% of timber which China imports is subsequently exported.
- <sup>24</sup> Forest Trends, *China and the Global Market for Forest Products: Transforming Trade to Benefit Forests and Livelihoods*, March 2006, p.11; Peter Goodman and Peter Finn, 'Corruption Stains Timber Trade - Forests Destroyed in China's Race to Feed Global Wood-Processing Industry', April 2007.
- <sup>25</sup> United States International Trade Commission, ITC Trade Dataweb, <http://dataweb.usitc.gov/>.
- <sup>26</sup> Statement on Agriculture Sector Development, Delivered by H.E. Dr. Chan Sarun, Minister of Agriculture, Forestry and Fisheries at Cambodia Development Cooperation Forum, June 19-20, 2007, [http://www.cdc-crdb.gov.kh/cdc/first\\_cdcf/session1/statement\\_chansarun\\_eng.htm](http://www.cdc-crdb.gov.kh/cdc/first_cdcf/session1/statement_chansarun_eng.htm) (last downloaded on September 7, 2007).
- <sup>27</sup> Asian Development Bank Sustainable Forest Management Project, 'Cambodian Forest Concession Review Report', April 2000.