

# A Clear & Urgent Case: Why Merbau Should be Listed on Appendix III of CITES

## Executive Summary

- The world's governments have committed to acting to halt illegal logging and the international trade in stolen wood. The UK, EU and China have made specific commitments in relation to imports of timber from Indonesia.
- Listings on CITES are currently the only legal mechanism by which importing countries can halt shipments of illegally sourced wood, and the listing of ramin (*Gonystylus spp.*) has shown that CITES Appendix III listings of timber species can be an effective tool in tackling the trade in stolen timber and wood products.
- The UK and EU have recognised the value of Appendix III listings and have already committed in writing to encourage range states to make greater use of them to control illegal logging. So far this encouragement has not taken an active form.
- Wider measures to tackle illegal logging and associated trade currently being considered or implemented by the countries above will take some time to show results. An Appendix III listing can be acted on without delay and would show tangible results in six months.
- Merbau (*Intsia spp.*) is a prime candidate for listing on Appendix III, as unregulated international trade in stolen Indonesian merbau is threatening the future of the species. Indonesia should list merbau on Appendix III, and the UK, EU and China should provide active support for this measure.

## Introduction

Indonesia's precious tropical forests are being laid waste by an illegal logging epidemic of a higher magnitude than anywhere else in the world. The current deforestation rate stands at a shocking 35,000 square kilometres a year, and analysts estimate that up to 90 per cent of all timber felled in Indonesia is obtained illegally.

The problem of illegal logging in Indonesia is being driven by international demand for cheap tropical timber, principally the markets of China, Japan, the US and the European Union. Only cooperation between Indonesia and the countries receiving its illegal timber will diminish the scale of illegal logging.

Recently there have been encouraging signs that the timber consuming countries are beginning to acknowledge their responsibility to assist Indonesia. The EU has launched an action plan to control imports of illegal timber, the US has launched a presidential initiative, Japan and Indonesia have jointly launched the Asia Forest Partnership and China has signed a Memorandum of Understanding.

Yet despite such policy advances the situation on the ground is deteriorating and urgent steps are needed to stem the flow of illegal timber from Indonesia. The efforts currently being made by countries such as those above are also being hampered by a lack of legislation in consumer countries banning the import of illegally sourced wood.



**Listings on CITES are currently the only legal mechanism by which importing countries can halt shipments of illegally sourced wood**

One mechanism that can be easily implemented and is proven to be effective at garnering support from the international community to tackle the illegal timber trade is listing species on Appendix III of CITES. Indeed, in the absence of broader laws listings on CITES are currently the only legal mechanism by which importing countries can halt shipments of illegally sourced wood.

The listing of ramin trees on Appendix III by Indonesia in 2001 has shown the advantages of this measure, prompting a series of seizures and a reported reduction of illegal logging of ramin inside Indonesia. Since the ramin listing, the UK and Europe have acknowledged the value of CITES Appendix III listings and committed to encouraging range states to make greater use of them to help tackle illegal logging.

EIA/Telapak have documented a huge illegal trade in valuable merbau timber from the Indonesian province of West Papua. There is now a clear and urgent need to list merbau on Appendix III - and there is no reason not to. EIA/Telapak believe that if the world's governments are serious about tackling the trade in stolen wood, they must support this measure.

## Merbau Status and Distribution

Merbau is the most commonly used name for the genus *Intsia spp.* which comprises three separate species – *Intsia bijuga*, *Intsia pelambanica*, and *Intsia retusa*. Merbau is also known as “kwila” in Papua New Guinea, “ipil” in the Philippines, and “kayu besi” in West Malaysia.

Merbau trees are found in lowland tropical rain forest, often in coastal areas bordering mangrove swamps, rivers and floodplains. Nominally merbau has a wide distribution stretching across South-East Asia as far as the Philippines and Papua New Guinea, and some Pacific Islands, but in effect heavy exploitation has led to commercial stands surviving in only three countries – *Intsia bijuga* in Papua New Guinea and Indonesia, and *Intsia palembanica* in Indonesia and Malaysia. Within Indonesia merbau is virtually confined to the province of West Papua. Industry experts estimate that the majority of the merbau timber in international trade originates in the island of Papua.

According to the World Conservation Union

## Indonesia's Appendix III Listing for Ramin

EIA/Telapak investigations into the illegal logging of ramin (*Gonystylus spp.*) within Indonesia's National Parks prompted the government to issue a domestic ban on ramin logging and to place the species on CITES Appendix III in April 2001. Since the listing came into effect in August 2001 there have been a series of seizures of ramin around the world, including the largest cross-border timber seizure to date in Asia.

By listing ramin Indonesia has enrolled the international community in the fight against illegal logging. Seizures of ramin have taken place in Malaysia, Singapore, the UK, Italy and the US. Field reports from both Kalimantan and Sumatra indicate a reduction in the level of logging since the listing, as timber brokers believe they can no longer find an easy market. While trade in Indonesian ramin does continue, the Appendix III listing has successfully reduced the level of the illegal trade.

**Right: Illegal ramin timber seized in Singapore which was imported without CITES permits**



(IUCN) merbau is classified as a vulnerable species across its range, while the World Conservation Monitoring Centre classifies Indonesia's merbau population as threatened. Concerns about the over-exploitation of merbau prompted an unsuccessful attempt to list the timber on Appendix II of CITES in 1992.

Merbau is one of the most valuable timbers of South East Asia, prized for its strength and durability. The dark timber is widely used for high-class general construction, exterior joinery, flooring, outdoor furniture, decking, beams and cabinet making.

Prices for merbau timber vary, but are around \$200 per cubic metre for logs and \$450-\$600 for sawn timber at the point of export.

### **CITES Appendix III**

The Convention on International Trade in Endangered Species (CITES) is a Multilateral Environmental Agreement regulating the international trade in endangered species of flora and fauna. Trade is controlled through listing species on CITES' Appendices – Appendix I bans international trade, while Appendix II regulates trade through a system of quotas and permits.

While listing on both of these Appendices requires a vote by the 165 countries party to CITES, Appendix III uniquely supports the efforts of range states trying to control trade in a native species by only requiring a simple notification to the CITES Secretariat. In effect Appendix III is an appeal for help by a range state for other parties to assist in controlling illegal trade in a certain species.

To obtain an Appendix III listing the CITES regulations recommend that the following criteria are met: the species is native to the applicant country, the national regulations are adequate to restrict exploitation and to control trade, assistance of other parties to control illegal trade is required, and that consultations are carried out with other range states and the CITES Secretariat in advance of a listing.

Once listed on Appendix III all trade in the species must be covered by CITES permits, and the implementation of the listing is a shared responsibility of all parties, not just the applicant state. In addition the applicant state can choose to impose a zero quota for the Appendix III listing, effectively banning exports of the species from its territory & requiring consumer states to seize any such shipments. Such zero quotas reduce the opportunities for the system to be undermined by abuse and confusion.

Legal exports of Appendix III listed species from other range states are unaffected, save for the need for the relevant governments to issue the appropriate CITES documents.



**Right: Merbau tree in West Papua**

**Information collated by EIA/Telapak indicates a huge illegal trade in merbau logs from West Papua**

## **Illegal Trade in Merbau**

In the years immediately prior to Indonesia's log export ban, which came into effect towards the end of 2001, exports of merbau logs from Papua had begun to skyrocket as the Indonesian timber barons, having almost exhausted the forests of the islands of Sumatra and Kalimantan, turned their attentions to Indonesia's eastern-most province. From around 50 000m<sup>3</sup> in 1998, merbau log exports more than doubled each year, reaching 660 000m<sup>3</sup> in 2001. Since that time within Indonesia there have been numerous seizures of merbau logs destined for export, from both log ponds and foreign cargo vessels. These seizures are clearly the tip of the iceberg, and all the indications are that the growth in exports seen up to 2001 has continued almost unabated since the ban.

Information collated by EIA/Telapak indicates a huge illegal trade in merbau logs from West Papua, with a network of brokers from Singapore and Malaysia facilitating the smuggling of the illegal timber to the principal destinations of

China and India. EIA has also gathered evidence showing the extensive involvement of the Indonesian military in the illegal merbau trade in West Papua. One such case details the activities of a senior military policeman from the town of Sorong who controls illegal logging of merbau in the Seremuk region. EIA has also documented illegal felling of merbau inside nature reserves on the islands of Raja Ampat, an area of rich marine and terrestrial biodiversity containing the world's most diverse coral reef systems.

Illegal logging and trade in merbau is having demonstrable adverse impacts on both the indigenous communities and the environment of West Papua, with smuggling activities centred on the port town of Sorong in the extreme west of the province. From seizures by the Indonesian authorities and intelligence reports EIA/Telapak have documented a series of cases involving over 125 000m<sup>3</sup> of merbau logs (see box). This is a fraction of the total volume of illegal trade in this threatened tree species, a trade that is affecting communities and ecological security across West Papua.

**Below: The ship Asean Premier, detained off West Papua in January 2002 carrying illegal merbau logs**



## Cases of Illegal Merbau Trade Since November 2001



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*January 2004:* Police in Bintuni, West Papua, arrest 15 Malaysians for illegal logging and seize 10 000m<sup>3</sup> of merbau logs and heavy equipment imported from Malaysia.

*December 2003:* The Indonesian navy intercepts the cargo vessel Bravery Falcon (see picture at left) loading merbau logs off the island of Daram, West Papua. The vessel is found to be flying a false Indonesian flag and has 17 000m<sup>3</sup> of merbau logs on board. The crew state the intended destination is China.

In the same month police in the Aifat district, near Sorong, seize a barge carrying 400 merbau logs with a volume of 9 000m<sup>3</sup>.

*October 2003:* Vessel Irawati is reported to be sailing from West Papua to Singapore with a load of 10 000m<sup>3</sup> of merbau logs.

*September 2003:* Vessel Lok Prakesh reportedly sailing from West Papua to the port of Zhangjiagang in China with a cargo of 9 000m<sup>3</sup> of merbau logs.

*February 2003:* EIA/Telapak field investigation documents 2 700m<sup>3</sup> of cut merbau logs awaiting collection at a loading point in Srer, in the Seremuk district of West Papua. Research shows there are no legal permits for logging operations in the area.

*January 2003:* Police raid a logging camp in Manokwari district, West Papua, and discover 16 000m<sup>3</sup> of illegal merbau logs. The operation results in the arrest of nine Malaysians linked to the company PT Rimba Kayu Arthamas.

*November 2002:* The Indonesian navy intercepts the vessel Surabaya Express off the island of Madura, north of Java. The vessel is carrying 5 000m<sup>3</sup> of illegal merbau logs from the Serui district of West Papua.

*October 2002:* EIA/Telapak field investigation discovers large merbau logs awaiting loading inside a nature reserve on the island of Batanta, Raja Ampat.



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**Above: Illegally-felled merbau logs, Seremuk, West Papua**



**Above: Illegal merbau logs on board the vessel Surabaya Express, November 2002**

*September 2002:* The Indonesian government reports that 3 500m<sup>3</sup> of illegal merbau logs have been seized from Kalobo village, Sorong district of West Papua.

*April 2002:* A local NGO finds 5 000m<sup>3</sup> of merbau logs being prepared for shipment at three sites within a protected nature reserve on Salawati Island, Raja Ampat.

*January 2002:* The Indonesian navy detains four vessels carrying illegal logs off the coast of Sorong. The vessel MV Africa, carrying 5 000m<sup>3</sup> is quickly released. The vessel Everwise, reportedly carrying around 7 300m<sup>3</sup>, escapes and is subsequently detained in southern China at the request of the Indonesian government but then released. The Sukaria, carrying 1 500m<sup>3</sup> of merbau logs is temporarily detained in Sorong then released. The Asean Premier, carrying 3 000m<sup>3</sup> of merbau logs is detained in Sorong harbour pending investigation.

*December 2001:* A local NGO reports that two Panamanian-flagged cargo vessels – Millennium Dragon and Huadi – have left Sorong carrying 20 000m<sup>3</sup> of merbau logs.

*November 2001:* Police in Batam, Riau province intercept a ship carrying 2 500m<sup>3</sup> of merbau logs from West Papua, bound for Port Klang in Malaysia.

In addition to these cases EIA/Telapak research reveals a thriving international trade in Indonesian merbau logs, despite the country's log export ban. On a single timber trade website EIA/Telapak found 25 trade enquiries relating to merbau logs. The postings from interested buyers revealed a monthly demand of 115 000m<sup>3</sup> for merbau logs, while sale offers for merbau logs totalled a monthly supply of 118 000 m<sup>3</sup>. On this single website sales offers were equivalent to an annual supply of nearly one-and-a-half million cubic metres of merbau logs.

The website revealed a number of companies seeking to export merbau logs from Indonesia, with an available monthly supply of 35 000m<sup>3</sup>, while demand from buyers for Indonesian merbau logs stood at

78 000m<sup>3</sup> a month, almost a million cubic metres a year. All the companies seeking to buy merbau logs were based in either China or India. Legal merbau exports from Malaysia are a fraction of this total— during the last three years Peninsular Malaysia has been exporting an average of only around 2 250m<sup>3</sup> a month of sawn merbau.

All evidence points to a burgeoning international trade in Indonesian merbau logs, which is directly undermining Indonesia's attempts to protect its dwindling forests through a log export ban. Although the log ban has resulted in a series of seizures of merbau by the Indonesian authorities, it is clear that the vast majority of consignments of illegal Indonesian merbau logs are reaching the international timber market.

**Below: Illegal merbau logs on board the vessel 'Bravery Falcon', February 2004**





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***If the world's governments are serious about tackling the trade in stolen wood they must support this measure***

## **A Clear Case for Action**

Merbau meets all of the recommended criteria for a CITES Appendix III listing. This vulnerable tree species is being subjected to intense commercial pressure. Demand for Indonesian merbau is driving illegal loggers into the remotest districts of West Papua, disturbing fragile ecosystems and traditional communities.

Evidence gathered by EIA/Telapak shows a burgeoning illegal trade in Indonesian merbau logs, with the country's log export ban being routinely ignored by timber companies in China and India. While some merbau logs are processed into sawn timber within Indonesia, domestic consumption is negligible. The rampant illegal logging of merbau in Indonesia is being driven by overseas demand. *(cont over page...)*

***Above left: Rampant illegal logging of merbau is adversely affecting traditional communities in West Papua***

## **Why an Appendix III listing of merbau would help**

- It would provide a legal justification for importing countries including the UK, EU and China to seize shipments of stolen wood from Indonesia and would provide a mechanism for some quick successes under the bilateral agreements which already exist between these countries.
- If the measure received cooperative support from Indonesia, China, the EU and perhaps other range states such as Papua New Guinea, a listing could also provide a useful model for progressing regional co-operation under the East Asia Forest Law Enforcement and Governance (FLEG) initiative.
- It would enable the Indonesian Ministry of Forestry to overcome military and police corruption and widespread abuse of decentralisation in West Papua. These factors are currently hampering their ability to enforce the law regarding the cutting and export of merbau from West Papua, including the ban on the export of round logs.
- Above all, it would dramatically reduce the market for stolen merbau, thereby undermining some of Indonesia's most powerful illegal timber syndicates and providing a disincentive for theft of merbau trees from West Papua. This would be a major step forward in protecting the largest remaining expanse of natural forest in Indonesia and in securing a future for the local communities dependent upon it.

The majority of seizures of merbau in Indonesia have been bound for China, and most of the companies discovered on the Internet attempting to buy Indonesian merbau logs are Chinese. There are indications that China's merbau imports are primarily used for flooring, a sector growing at an annual rate of 20 per cent a year and currently producing 100 million cubic metres of wooden flooring annually.

Despite the efforts of the Indonesian authorities to seize merbau logs inside the country, it is clear that the assistance of the international community is urgently needed to stop the species from being exploited to the brink of commercial extinction.

Indonesia has already attempted to persuade China to ban imports of merbau logs under a joint Memorandum of Understanding signed in December 2002, but CITES Appendix III offers a better

solution for enrolling international support to tackle the illegal merbau trade. The European Union's emerging action plan on Forest Law Enforcement, Governance and Trade intended to control trade in illegal timber specifically recommends the use of CITES Appendix III listings and states that the EU will "encourage wood-producing countries to use voluntary listing of timber species under Appendix III". In 2002 the UK government also committed in writing that it would "encourage range states to make greater use of Appendix III listings as a means to control illegal logging".

The example of ramin shows that an Appendix III listing for a timber species that is being indiscriminately and illegally logged can succeed in reducing logging levels and empowering the international enforcement community to seize illegal timber. Merbau must be added to Appendix III as a matter of urgency.

## Next Steps

Indonesia, with the active assistance, encouragement and support of the UK, EU and China, should immediately inform the CITES Secretariat and other range states of their intention to list *Intsia spp.* on Appendix III of CITES, providing an opportunity for dialogue prior to action. Indonesia should note that while CITES recommends such dialogue, CITES does not require that Indonesia shelve plans to list merbau if another range state disagrees with the decision without just cause.

After a due period of 90 days to allow for comments, the Indonesian Ministry of Forestry should issue a Ministerial Declaration banning all cutting and export of merbau, and should simultaneously send a letter to the CITES Secretariat informing them that Indonesia was placing *Intsia spp.* on Appendix III with a zero quota and under annotation #1, meaning that all recognisable parts and products as well as logs and sawntimber would be included. Ninety days later, the listing and Ministerial decree would come into effect. This should allow for industry to move legal stocks of merbau already gathered and for customs authorities to make preparations for implementing and enforcing the listing.

If the above process was set in train today, illegal shipments of merbau logs could be being seized in China and other markets in six months time.

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