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GPI position paper

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Merger between DLH (Dalhoff Larsen & Horneman) and tt Timber Group.

Greenpeace welcomes the announcement made by DLH to move towards sustainable forest management and their aim to become a global leader in the supply of sustainable tropical timber guaranteed by credible certification.

However, this merger does not guarantee that DLH timber will become eco-friendly in the near future. DLH must dramatically overhaul its purchasing practices, not only its policies, if it wishes to credibly claim that it is moving towards sustainable forest management.

The historical record of DLH is far from positive. Greenpeace has flagged numerous concerns over DLH in recent years, including its trade in timber logged in Liberia at a time the country was in conflict, and its trade with companies involved in illegal or destructive logging in the Amazon, Indonesia and Cameroon. DLH's ongoing trade in timber from Burma (Myanmar) is also widely questioned.

Whilst DLH aims to ensure that all the Group's raw timber originates from sustainable forestry, verified by independent bodies, Greenpeace believes that the core part of its business, trading tropical hardwoods, still uses suppliers in regions where illegal and destructive logging are the norm and not the exception. These include countries such as Ivory Coast, Cameroon, Central African Republic, Gabon, Ghana, Republic of Congo, Brazil, Burma, Indonesia and Malaysia.

Through this merger with tt Timber Group, DLH will control the Congolaise Industrielle des Bois (CIB) concessions in the Republic of Congo (1.4 million hectares). DLH assumes that these concessions will receive FSC certification. However, presently not one hectare of the CIB concessions is FSC certified.

Greenpeace has identified during a field mission a number of key problems and loopholes in the certification process, including;

- Outstanding social issues and the quality of consultation with local communities;
- Construction of an industrial sawmill in Loundoungou close to the Nouabalé Ndoki National park;
- Shortcomings in the forest management plans and in transparency issues.¹

¹The CIB report can be found at

<http://www.greenpeace.org/international/press/reports/CIB-Congo-Brazzaville>

As a result of the mission, Greenpeace has made a number of recommendations for the CIB certification process and for the Government of the Republic of Congo which outline the necessary conditions required to reach the FSC criteria.

FSC certification is a strong tool to reach sustainable forest management but is not the only tool required. To protect the tropical rainforests in Africa more has to be done. The context in Central Africa is complex and a number of guarantees are needed to safeguard the quality of certifications:

- The institutional capacity of local administrations (forestry & environment) is insufficient and must be strengthened to properly monitor industrial logging activities, and to guarantee law enforcement and good governance;
- independent monitoring is a must;
- land use planning needs to be developed to protect the rights of local communities to ensure effective conservation and socially and ecologically responsible forest management;
- alternatives to industrial logging in natural tropical rainforests need to be developed;
- more high conservation value forests need to be protected and mechanisms developed to finance this process.

To become the global leader in the supply of sustainable tropical timber, DLH must switch entirely to FSC timber in the long term, and in the meanwhile ensure that the chain of custody of its world wide trade activities is rigorously controlled to avoid buying and selling illegal, destructive or even conflict timber. Since DLH acts in some highly problematic countries, transparency and corporate responsibilities are even more important. Therefore Greenpeace asks DLH the observance of the “OECD Guidelines for Multinational Enterprises”.

The reference made by DLH to the FSC certification process of the CIB concessions confirms the recognition and importance of FSC as a unique and credible certificate. DLH clients will however need guarantees that FSC timber is not mixed or sold together with timber from doubtful origin. If DLH is serious about becoming a company that can credibly endorse FSC as a core part of its business, it needs to make dramatic changes. These include:

1. Terminating contracts with suppliers who continue to abuse the rule of law (such as illegal logging, arms trafficking, bribery, forced labour, etc) or finance oppressive regimes .
2. Eliminating all timber products derived from all intact ancient forests and other High Conservation Value Forests unless strict conservation safeguards are in place.

Greenpeace hopes that this merger between DLH and the tt Timber Group is indeed a first step towards more sustainable forest management, and that other timber companies will choose to leave the destructive logic of illegal and predatory exploitation that is currently driving a major part of the logging industry.

However, the acquisition of a company that “may” obtain FSC certification of its concessions does not change the core business practices of DLH. Without further action, this acquisition may be nothing more than positioning itself to gain greater access to a specific sector of the timber market and green-washing its image.

The URL for this the position paper

<http://www.greenpeace.org/international/press/reports/timbertakeover>