

## DLH: a partner in global forest crime

### The global timber trade

**"The purported long-term net benefits of the international timber trade, which are supposed to accrue to the exporting country and trickle down to local communities, need to be reassessed... Buyers of timber produced under [current] circumstances may actually be generating poverty by removing the resources upon which people depend for their livelihoods."** *Forests Monitor, March 2000*

In recent years a number of reports published by the World Bank and the national governments of major timber-producing countries have revealed the extensive nature of illegal activities throughout much of the world's remaining ancient forest regions.<sup>1</sup> These activities cost world governments billions of dollars each year in lost revenue,<sup>2</sup> threaten the survival of countless plant and animal species around the world and jeopardise the livelihoods of millions of forest-dwelling people.

The main driver in this corrupt, destructive and economically inefficient industry is the demand from the international marketplace – that is to say, the demand from importing nations that choose to ignore what is going on in the forest and just carry on with business as usual.

Supplying this demand, and in a key position to influence the state of the world's logging industry, are the large transnational timber traders. Almost without exception, these powerful players have chosen knowingly to continue laundering timber from illegal and destructive sources, often from countries governed by corrupt regimes where rogue logging companies operate unhindered. They supply wood to complacent consumer countries in Europe, North America and Asia who turn a blind eye to its origins.



Cameroon's logging industry is dominated by illegalities – to the cost of the forest

### The DLH Group<sup>3</sup>

**"DLH does not want to purchase wood from companies, which violate human rights or have destructive logging practices. This would not be compatible with DLH's basic values."** *Jørgen Møller-Rasmussen, DLH CEO, 18 July 2001<sup>4</sup>*

Founded in 1908, today the Danish-owned trading giant Dalhoff, Larsen and Horneman AS (DLH) is one of the world's largest timber traders, involved in the procurement, global distribution and marketing of hardwood, softwood, wooden sheet materials and plywood.

In its promotional literature, DLH makes much of its environmental credentials, stating that "we have an obvious long-term interest in ensuring that the natural resources which are the basis of our entire business are preserved in such a way that there will also be timber for generations to come".<sup>5</sup> But in practice, DLH is trading worldwide with companies involved in illegal, destructive and socially disruptive practices – including human rights abuses and arms trafficking.<sup>6</sup>

Throughout the world ancient forests are in crisis. Some 80% of the world's original ancient forest cover is already gone; illegal and destructive logging poses the single greatest threat to what remains. The uncontrolled international trade in ancient forest products fuels this destruction. As part of its campaign to protect what is left of the world's ancient forests, Greenpeace is carrying out investigations into logging companies involved in illegal, destructive and abusive activities and is calling on consumers, trading partners and governments around the world to stop their role in driving this unscrupulous industry.



March 2002 – UNSC expert on arms trade refutes DLH's position on buying OTC timber in the Danish press

## Company profile

Under CEO Jørgen Møller-Rasmussen, the DLH Group reported sales of more than 4.5 billion DKK (US\$557 million) in 2000<sup>7</sup> – more than the GDP of Liberia.<sup>8</sup>

Although DLH is a listed company, the majority of its shares are held by the closely linked DLH and Ellen & Knud Dalhoff Larsen Foundations. In addition, however, just over 20% of its shares are held by major Danish pension funds: ATP (the Danish Labour Market Supplementary Pension Scheme) and the LD (the Danish Employees Capital Pension Scheme).<sup>9</sup>

Table 1: DLH companies worldwide

Company	Description
Dalhoff, Larsen and Horneman AS (DLH)	The parent company with its headquarters in Copenhagen, DLH is a Danish-owned group quoted on the Copenhagen Stock Exchange, and since 1908 has been trading in timber and wood products all over the world. <sup>10</sup>
DLH Nordisk	DLH's hardwoods division dealing mainly with the distribution of hardwoods and veneers. Following the takeover of the East Asiatic Company in 1999, DLH Nordisk is now the world's largest independent timber trader with offices in 24 countries worldwide – including major branches in Brazil, Cameroon, Congo, Gabon, Indonesia and Malaysia. <sup>11</sup> It accounted for 49% of the group's revenue in 2000, with its main markets in the US, Denmark, France and the UK, and growing markets in Asia. <sup>12</sup>
DLH Timber and Board Division	The group's importer, distributor and processor of timber and boards (softwood, plywood and sheet materials) primarily for Scandinavian countries, but also for the rest of Europe. It accounted for 25% of the group's revenue in 2000. <sup>13</sup>
DLH Trae and Byg	The retail division dealing with timber, sheet materials, home improvement and other markets primarily in Denmark. It accounted for 26% of the group's revenue in 2000. <sup>14</sup>

The DLH group sources the majority of its hardwood timber from some of the world's most vulnerable ancient forest regions including the Amazon (Bolivia, Brazil, Peru), Central and West Africa (Cameroon, Congo, Ivory Coast, Gabon, Ghana, Liberia) and Asia (Indonesia, Malaysia). It also procures softwoods from European Russia.<sup>15</sup>

## Trading destruction: corruption and destruction among DLH's suppliers

**"Where certified products are not available, DLH will strive to select suppliers with the best environmental performance and co-operate with suppliers towards their obtaining FSC or equivalent certification."**<sup>16</sup> *DLH and certification of wood, November 2001*

Despite DLH's much-publicised environmental statements, evidence compiled by Greenpeace shows that a significant amount of DLH's trade originates from companies known to be involved in illegal and destructive logging practices, the creation of serious social conflict, and even in human rights abuses and the funding of wars.<sup>17</sup> Collectively, their trading partners have a long list of forest and other crimes including the illegal extraction of timber from indigenous lands, funding the supply of illegal weapons to regions of civil war, logging "anarchically" outside authorised logging areas and violating human rights of both forest-dwelling communities and company employees.<sup>18</sup>

**"I don't have the conditions to enforce, for example, all my suppliers ... I would be totally out of the market, if I arrived at a supplier and said 'I want to see your forest management plan', because my competitor is not going to ask him this."**

*Roberto Pupo, President of DLH Nordisk Brazil, March 1999<sup>21</sup>*



*Liberian logging companies such as RTC and OTC helped fuel one of west Africa's most cruel civil wars*

Table 2: Overview of some of DLH's problematic suppliers

Supplier/s	Description
<b>DLH and the Brazilian Amazon</b>	
The 'Santarém Five'	Five large producers/exporters linked to illegal land titles and other legal violations. DLH buys from three of these – Cemex, Madesa and Rancho da Cabocla. <sup>19</sup>
The 'Mahogany Kings'	The illegal mahogany industry in Brazil – which routinely illegally extracts trees from Indian and public lands – is largely controlled by two powerful players, the so-called 'Mahogany Kings'. Between February 2000 and May 2001 DLH Nordisk imported mahogany from five companies linked to the 'Mahogany Kings' – Exportadora Peracchi/Serraria Cotia, Tapajos Timber, Semasa, Juary/Jatoba and Madeireira MCP. <sup>20</sup> Despite a Brazilian government ban on all logging and trade in mahogany, DLH has continued to import mahogany from companies connected to the 'Mahogany Kings'. <sup>21</sup>
<b>DLH and West and Central Africa</b>	
Oriental Timber Company (OTC)/ Royal Timber Corporation (RTC)	Two large logging companies run by Dutch national Gus Kouwenhoven in Liberia; both of these companies have been linked to destructive logging practices, social conflicts, illegal arms trafficking to neighbouring Sierra Leone and the violation of national and international labour laws. <sup>22</sup> In July 2001, DLH announced that it would suspend buying from OTC pending until further investigation. However, in February 2002, Greenpeace revealed again that the company continues to buy from OTC and RTC.
Société Forestière Hazim (SFH)	One of Cameroon's most notorious logging companies, Hazim has been fined repeatedly over the last two years for numerous illegal practices, including logging outside authorised logging areas and cutting undersized trees. The company was also involved in the partial destruction of a Baka 'pygmy' village. <sup>23</sup> DLH is a major buyer of Hazim's timber.
Vicwood-Thantry, Rougier and others	Other companies active in Cameroon, all of which have been repeatedly fined – and even had their operations suspended – for violating national forestry law. <sup>24</sup> Timber from Vicwood-Thantry (SEBC, CFC) and Rougier (SFID, SID) was seen at DLH facilities in the UK and the Netherlands in October and November 2001.
<b>DLH and Russia</b>	
Solombalsky sawmill (SLDK)	In 1999, the DLH group bought almost 100,000m <sup>3</sup> of timber – mainly softwood – from Russia, of which more than half came from the Solombalsky saw mill in the Arkhangelsk region. The mill – which belongs to Arhbum, the biggest pulp and paper company in the region – is known to be sourcing timber from one of the last large remaining large ancient forests of the region (Dvinsky).

DLH also buys significant quantities of timber – including endangered timber species – from Malaysia, Indonesia and other Asian countries, where levels of illegal logging can exceed 70%.<sup>25</sup>

### DLH and the Brazilian Amazon

The largest remaining tropical forest in the world, the Amazon Rainforest is about the same size as Western Europe or the whole of the US. It is thought to be the most diverse ecosystem on earth, supporting countless species of plants and animals – including the magnificent jaguar, whose survival (like that of much of the region's biodiversity) is threatened by habitat loss. The rainforest is also home to some 20 million people including an estimated 180,000 Amerindians, and many more caboclos – traditional forest-dwelling communities of Amerindian and Portuguese origin.

It is estimated that at least 23 million hectares of the Brazilian Amazon have been damaged or destroyed over the last ten years – an area almost half the size of France.<sup>28</sup>

Evidence published by the Brazilian government shows that around 80% of the timber produced in the Brazilian Amazon is illegally extracted.<sup>29</sup> Exporting around 76,000m<sup>3</sup> of timber last year from the Amazon (around 13% of the region's exports)<sup>30</sup> DLH has been buying from key companies that are known to be operating illegally in the region. These include three of the 'Santarém Five' – a group of companies which between them account for more than two-thirds of exports from the port of Santarém<sup>31</sup> – as well as five exporting companies linked to the region's two notorious 'Mahogany Kings'.

The three 'Santarém Five' companies supplying DLH are Cemex, Madesa and Rancho da Cabocla, all of whom have been investigated recently by the Brazilian authorities, following the release of a Greenpeace report on the companies' illegal activities.<sup>32</sup> The Federal Prosecutor investigated Cemex and Madesa and found irregularities in their land titles; IBAMA – the Brazilian Environmental Agency – investigated Rancho da Cabocla and also found irregularities. Between the three of them, the companies have had five forest management plans suspended and a further five cancelled, involving a total area of more than 23,000ha of forest.<sup>33</sup>

The multimillion dollar illegal mahogany industry in Brazil is made up of a series of informal producers and middlemen, largely controlled by two powerful players known as the 'Mahogany Kings'.<sup>34</sup> As the largest international trader in Brazilian mahogany, controlling up to 50% of the international market,<sup>35</sup> DLH Nordisk imported mahogany from five companies linked to the 'Mahogany Kings' between February 2000 and May 2001. The mahogany – coming from the companies Exportadora Peracchi/Serraria Cotia, Tapajos Timber, Semasa, Juary/Jatoba and Madeireira MCP – was imported primarily into the US, the UK, Germany and the Netherlands.<sup>36</sup>

Following the publication of a report<sup>37</sup> by Greenpeace presenting evidence of widespread illegal mahogany extraction, IBAMA issued a Decree in October 2001 suspending the transportation, processing and commercialisation of mahogany for an indefinite period. In December, following further field investigations, IBAMA suspended all remaining mahogany forest management plans in the Brazilian Amazon, except those in the process of certification.<sup>38</sup>

At the time DLH stated: "The environment authorities (IBAMA) in Brazil have already taken action based on Greenpeace's report. If there are mahogany producers in Brazil, which break the law, they should be stopped."<sup>39</sup>

In December 2001, a number of Brazilian timber companies went to court in Belem to contest the October 2001 Decree. The court granted a provisional injunction suspending the application of the Decree on the grounds that it interfered with the constitutional freedom to pursue an economic activity. The court decision forced IBAMA to issue CITES<sup>40</sup> Export Permits to mahogany exporters. IBAMA has said it had no wish to issue these permits and continues to appeal against all court injunctions.

Despite DLH stating that it needs "to work with the authorities (IBAMA) in Brazil and support them in strengthening control",<sup>41</sup> the company has continued to import mahogany linked to the Mahogany Kings, flouting IBAMA's Decrees and other efforts to stop the corrupt and illegal trade in Brazilian mahogany.<sup>42</sup>



IBAMA seized some 21,000m<sup>3</sup> of illegal mahogany during Operation Mahogany between October and December 2001

**"Around the world DLH has again and again expressed its opposition to illegal logging ... we have always stood against felling in indigenous areas and check constantly and meticulously that our suppliers' documentation is in order."**

*RG Spiers, DLH Timber UK, 17 October 2001<sup>26</sup>*



February 2002, Hamburg Germany – post-ban mahogany exported by Jatoba for DLH

## DLH and Africa

The remaining lowland rainforests of West and Central Africa represent some of the last strongholds of species such as lowland gorillas, chimpanzees and forest elephants. These forests support countless other species of plants and animals – including the highly endangered pygmy hippopotamus – and are home to tens of millions of forest-dependent people.

It is estimated that almost three million hectares of forest have been damaged or destroyed over the last ten years in Liberia and Cameroon alone. This figure represents almost 10% of the forests in these two countries.<sup>43</sup>

Africa is currently DLH's largest supply region<sup>44</sup> and the company is seeking to expand its operations there. Exporting timber from both Cameroon and Liberia, DLH is buying from several companies that are known to be involved in serious criminal activities. Recent evidence published by the Cameroonian government, the World Bank and the United Nations Security Council (UNSC) details illegal logging on an enormous scale and the abuse of local peoples' and employees' basic human rights, not to mention the well-documented links between the timber trade and arms trafficking in Liberia.<sup>45</sup>

In Cameroon, DLH is buying from numerous companies involved in illegal logging operations, including the country's most notorious logging company – **Société Forestière Hazim** – and several companies of the **Vicwood-Thany** group including SEBC and CFC. These companies have been fined millions of Central African Francs (CFA) for their repeated involvement in illegal forest practices over the last two years.<sup>46</sup> However, these fines represent only a tiny fraction of the estimated revenue of which these companies' illegal activities have defrauded the Cameroonian government. For example, an independent team of experts has calculated that the export value of the illegally cut timber in just one area where Hazim has been logging amounts to more than US\$26 million.<sup>47</sup>



July 2001 – new logging road in East Cameroon

**“A disastrous partnership of loggers and hunters in the Congo basin ... [means that] in as little as ten years ... the world's second biggest tropical forest could be emptied of large mammals; and Africa's great apes – gorillas, chimpanzees and bonobos – could become extinct.”** *The Economist*, 12 January 2002



Liberia's threatened forests are the last stronghold of the forest elephant in West Africa

DLH appears to be the single most important buyer from SFH-L – one of Hazim's four sawmills, located in Lomié in Cameroon's Eastern Province. Looking to build a fourth sawmill in 1998, Hazim originally chose a site on the outskirts of the town of Lomié – an area already occupied by a Baka 'pygmy' village of 200 inhabitants. It was not until Hazim's bulldozers arrived and began to destroy parts of the village – including ancestral graveyards – that the Baka were made aware of the company's intentions. Only in the light of international attention did Hazim finally agree to relocate to another site. The company's mill is now only a few kilometres from the border of the Dja Reserve – a UNESCO World Heritage Site.<sup>48</sup> Hazim has been found guilty of very large-scale illegal logging activities in the Lomié area.<sup>49</sup>

Other suppliers of DLH in Cameroon include **Rougier (Cameroon)**, which has also caused severe social conflicts in the course of its numerous illegal and destructive logging activities.<sup>50</sup>

DLH has also been buying timber from two of Liberia's most notorious logging companies – the **Oriental Timber Company (OTC)** and **Royal Timber Corporation (RTC)**, both of which are run by Dutch national Gus Kouwenhoven.<sup>51</sup> A recent report to the United Nations Security Council described Kouwenhoven as "responsible for the logistical aspects of many of the arms deals involved in arms trafficking between Liberia and Sierra Leone".<sup>52</sup> Furthermore, according to articles published in the Washington Post and the Mail & Guardian in 2001, the illicit diamond trade between Sierra Leone and Liberia has been instrumental in laundering capital on behalf of the international terrorist network Al-Qaeda. Kouwenhoven has been named as a key actor in this illicit diamond trade.<sup>53</sup>

By far the largest and most notorious logging company in Liberia, Gus Kouwenhoven's OTC is characterised by corruption, illegality and a total disregard for the environmental or social impact of its operations. According to a recent report by Global Witness: "*Given that OTC controls approximately 43% of Liberia's forests, this one company will be responsible for the commercial extinction of just under half of this valuable resource. As the record of several of the other big loggers is little better... the future is bleak*".<sup>54</sup>

OTC is believed to have paid President Taylor between US\$3million and US\$5million for its massive concession – the largest in Liberia's history. Although the concession is not legally valid and has never been ratified by the Liberian congress, OTC opens up between 5,000ha and 10,000ha of undisturbed forest every month.<sup>55</sup> Each year, hundreds of thousands of cubic metres of Liberia's forest are exported as OTC logs to consumer countries such as China, Italy and France.

OTC also violates national and international labour laws, particularly regarding worker safety. In addition, it has shown a complete disregard for the rights and customs of local people. Local government officials and Liberian Forest Development Authority representatives inspecting the company's interests have been met with police intimidation and arrest. The private militia it operates to protect its holdings are armed with AK-47 assault rifles.

Kouwenhoven also runs the Royal Timber Corporation (RTC), which operates in the northwest of the country, strategically located on the border with Sierra Leone. In March 2001, the UN imposed sanctions on Liberia for its role in blocking Sierra Leone's peace process. The measures imposed included restricting the travel of certain individuals, of whom Kouwenhoven was one.

Criticism of OTC has been widespread in both the national and international press. Yet President Taylor continues to defend the company, and has responded to criticism by removing those who voice it from office and by the use of police intimidation and arrests.



December 2001, UK – Hazim timber imported by DLH for UK timber trader James Latham



"Kouwenhoven [who runs OTC and other timber companies] is responsible for the logistical aspects of many of the arms deals."  
United Nations Security Council

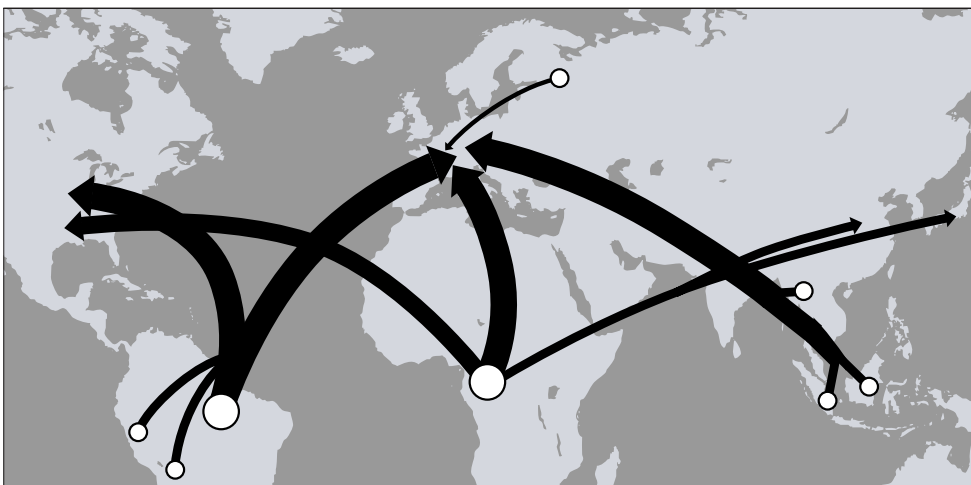


Summer 2001, Italy – DLH imports of OTC logs

In July 2001, DLH claimed it would suspend buying from OTC, following investigations and a letter from Greenpeace, Global Witness and Nepenthes.<sup>56</sup> DLH made it clear that “they do not want to purchase wood from companies which violate human rights or have destructive logging practices as this would not be compatible with DLH’s basic values”. The company announced a full investigation and a reassessment of its position with regard to Liberia. In October 2001, a new UNSC report again documented the role of Gus Kouwenhoven and provided further evidence of OTC’s role in arms trafficking. Independent investigations by Global Witness also revealed ongoing social conflicts in OTC’s operations.<sup>57</sup>

In February 2002, Greenpeace again exposed that DLH’s continuing purchase of large quantities of logs from OTC and RTC.<sup>58</sup> Recent Greenpeace investigations reveal that OTC logs bought by DLH no longer carry the clear OTC marking. OTC is now selling its logs through the Evergreen Trading Corporation (ETC), a company that shares the same address.

### The international market: driving destruction



*DLH trades timber from some of the world’s most vulnerable and politically unstable forest regions, including countries where the rate of illegal logging is as high as 80%*

A key factor driving the activities of unscrupulous players like Hazim, OTC/RTC, the Amazon’s Mahogany Kings and the ‘Santarém Five’ is the complacency of the importing nations and companies around the world, that turn a blind eye to the industry’s problems in their eagerness to maintain cheap suppliers of timber.

Any country or company trading with DLH should be aware that they are also buying from Hazim, OTC/RTC and other corrupt companies. By doing so they are contributing to the destruction of the world’s last ancient forests;<sup>59</sup> the economic plunder of countries like Cameroon, Liberia and Brazil that depend heavily on their forest resources; the violation of the rights of millions of forest-dependent people; even civil war and international terrorism.

The main markets for logs and timber from the regions covered in this briefing are:

<b>Brazilian Amazon:</b>	The main market for DLH is Europe – especially France, Denmark, Portugal, Spain and the Netherlands. This is followed by Asia – in particular Thailand, the Philippines, China and Hong Kong – and the US. <sup>60</sup>
<b>Cameroon:</b>	The main market for all wood exported from Cameroon is Europe – especially Italy (19.9%), followed by Spain (14%), France (9.8%) and Portugal (5.6%). <sup>61</sup>
<b>Liberia:</b>	The main market for all wood exported from Liberia is Europe <sup>62</sup> – particularly France (26%) and Italy (12%) – although China (45%) is by far the largest single importer of Liberian products. <sup>63</sup>
<b>Worldwide:</b>	The main market for DLH worldwide is Europe (65%) – especially France, the Benelux countries and Germany. <sup>64</sup>



January 2002, Sète, France – RTC logs purchased by DLH

DLH has sold Brazilian mahogany to companies that have in turn supplied New York's Museum of Natural History; many US and Canadian embassies around the world; and high-profile companies like the UK's Harrods department store and John Lewis Partnership.<sup>65</sup>

Companies buying African timber via DLH include the UK timber traders Lathams (UK), Timbmet and International Timber (St Gobain), the Italian sawmill company Sangiorgi Legnami SpA, the Greek processing company Shelman and the German sawmill and retailer WO Bürich.

Despite a series of high-profile protests between July 2000 and December 2001 highlighting the illegal activities of many of the companies described in this briefing, DLH has, in recent months, continued to trade with some of these companies whilst publicly claiming that DLH aims only to "select suppliers with the best environmental performance".<sup>66</sup> If this is seriously the case, it must now become the corporate responsibility of the senior management and the shareholders of DLH to take a proactive role in policing decisions made by the company's procurement departments around the world to end its role in buying timber from illegal and destructive sources.

## Greenpeace call for action

Many of DLH's timber suppliers have been implicated in illegal and destructive logging and the company's role in causing social conflict has been exposed. As long as DLH continues to flood the market with inexpensive illegal and destructive timber no legitimate company can compete because of the additional costs related to adopting strong environment and social standards, such as FSC. Until illegal and highly destructive logging is brought under control, legal and well-managed forestry on the scale required is impossible.

In the run-up to the United Nations' forthcoming Ancient Forest Summit,<sup>67</sup> the Rio +10 Summit<sup>68</sup> and beyond, Greenpeace is urging governments of all importing countries to immediately stop their role in the destruction of the world's ancient forests by committing to the following actions:

- **stop the destruction**  
by stopping any further industrial activities in intact ancient forest until responsible plans for forest conservation and sustainable use have been agreed.
- **clean up the timber trade**  
by ensuring that timber is produced and traded in a legal and ecologically responsible way;  
by refusing to trade with companies known to be operating illegally or destructively;  
and by demanding that all wood and wood products entering national ports must come from legal and well-managed forest operations according to high social and ecological standards.<sup>69</sup>
- **come up with the money**  
by providing at least US\$15 billion each year to pay for forest conservation and sustainable development.



February 2002 – Greenpeace takes action in the French port of Sète to block the import of Liberian logs, some of which was destined for DLH

## Endnotes

- <sup>1</sup> For example: Durrieu de Madron and Ngaha (2000); SAE (1997); Independent Review Team (2001); UNSC (2000, 2001); Indonesia-UK Tropical Forest Management Programme (1999).
- <sup>2</sup> World Bank (2001).
- <sup>3</sup> Dalhoff, Larsen and Horneman (DLH) AS.
- <sup>4</sup> Email to Greenpeace, Global Witness and Nepenthes in response to their press release. See Greenpeace et al. (2001).
- <sup>5</sup> [www.dlh-group.com/en/index/dlh-group\\_home/dlh-vaerdigrundlag/dlh-miljo.htm](http://www.dlh-group.com/en/index/dlh-group_home/dlh-vaerdigrundlag/dlh-miljo.htm)
- <sup>6</sup> UNSC (2000) and UNSC (2001), both cited in Greenpeace International (2002a).
- <sup>7</sup> [www.dlh-group.com/en/frameset.html?investor\\_home.html](http://www.dlh-group.com/en/frameset.html?investor_home.html)
- <sup>8</sup> Global Witness and ITWF (2001).
- <sup>9</sup> [www.ldpension.dk](http://www.ldpension.dk) (9.2% share in DLH); [www.atp.dk](http://www.atp.dk) (11% share in DLH).
- <sup>10</sup> [www.dlh-group.com/en/frameset.html?investor\\_home.html](http://www.dlh-group.com/en/frameset.html?investor_home.html)
- <sup>11</sup> [www.dlh-group.com](http://www.dlh-group.com) ; [www.dlh-nordisk.com/profile.html](http://www.dlh-nordisk.com/profile.html)
- <sup>12</sup> <http://profiles.wisi.com/profiles/scripts/corpinfo.asp?cusip=C20851270>
- <sup>13</sup> <http://profiles.wisi.com/profiles/scripts/corpinfo.asp?cusip=C20851270>
- <sup>14</sup> <http://profiles.wisi.com/profiles/scripts/corpinfo.asp?cusip=C20851270>
- <sup>15</sup> [www.dlh-group.com](http://www.dlh-group.com) and Greenpeace investigation 2001/2002.
- <sup>16</sup> [www.dlh-group.com/en/index/frameset/nyheder\\_home/nyh-nyhedsoversigt/nyh\\_shownews.htm?newsid=5312](http://www.dlh-group.com/en/index/frameset/nyheder_home/nyh-nyhedsoversigt/nyh_shownews.htm?newsid=5312)
- <sup>17</sup> See references cited later in the text.
- <sup>18</sup> Greenpeace International (2001a, 2001b, 2002a, 2002b, 2002c).
- <sup>19</sup> Greenpeace International (2001a).
- <sup>20</sup> Greenpeace International (2001b).
- <sup>21</sup> Following investigations by Greenpeace and IBAMA, the Brazilian government declared a ban on all logging and trade in mahogany in December 2001. The ban does exempt mahogany covered by management plans currently in the process of going through independent certification. Sources: IBAMA Decree IN17 (October 2001); IBAMA Decree IN22 (December 2001).
- <sup>22</sup> UNSC (2000); UNSC (2001); Global Witness and ITWF (2001).
- <sup>23</sup> Greenpeace International (2002b).
- <sup>24</sup> MINEF (1999a;1999b; 2000a; 2000b; 2001).
- <sup>25</sup> It is estimated that in Indonesia around 73% of logs are produced illegally. Source: Indonesia-UK Tropical Forest Management Programme (1999); Forests Monitor (1998).
- <sup>26</sup> Letter to Greenpeace dated 17 October 2001.
- <sup>27</sup> Interview with Tracy Romine, March 1999.
- <sup>28</sup> FAO (2001).
- <sup>29</sup> SAE (1997).
- <sup>30</sup> DLH Nordisk acts as both a broker and an exporter of timber and claims to be the region's largest single exporter of timber. Between February 2000 and February 2001, the company exported almost 76,000m<sup>3</sup> of timber. Source: IBAMA export data.
- <sup>31</sup> All five of these companies have been found to be extracting timber illegally in the region.
- <sup>32</sup> In 1997, the Federal Prosecutor asked Greenpeace and IBAMA to investigate 15 forest management plans (FMPs) belonging to nine logging companies in the Santarém region. The investigations revealed numerous inconsistencies in the FMPs and found that 14 of the 15 plans were not being followed. Source: Greenpeace International (2001a).
- <sup>33</sup> Ministério Público Federal (2001a, 2001b); IBAMA (2001).
- <sup>34</sup> The 'Mahogany Kings' are Moisés Carvalho Pereira and Osmar Alves Ferreira.
- <sup>35</sup> Greenpeace (2001b); DLH Inc (US) (pers. comm.)
- <sup>36</sup> IBAMA export data.
- <sup>37</sup> Greenpeace (2001b)
- <sup>38</sup> IBAMA Decree IN17 (October 2001); IBAMA Decree IN22 (December 2001).
- <sup>39</sup> The DLH Group - Environmental News, 22 October 2001.
- <sup>40</sup> Convention on International Trade in Endangered Species on fauna and flora. Brazilian mahogany is listed under Appendix III of CITES.
- <sup>41</sup> [www.dlh-group.com/en/index/frameset/nyheder\\_home/nyh-nyhedsoversigt/nyh\\_shownews.htm?newsid=5243](http://www.dlh-group.com/en/index/frameset/nyheder_home/nyh-nyhedsoversigt/nyh_shownews.htm?newsid=5243)

<sup>42</sup> See Table 2.

<sup>43</sup> FAO (2001).

<sup>44</sup> [www.dlh-group.com](http://www.dlh-group.com)

<sup>45</sup> See specific references cited in the text.

<sup>46</sup> See Greenpeace International (2002b, 2002c) and references cited therein.

<sup>47</sup> Auzel et al. (2001).

<sup>48</sup> Mentens (2001).

<sup>49</sup> Hazim was fined for illegal logging practices in concession UFA 10-029, where it operated as a subcontractor for the Cameroonian Secretary General of Defence. Hazim also used concession 10-029 for a large-scale illegal logging operation in the adjacent concession 10-030. Source: Greenpeace International (2002b). Both concessions are located in the Lomié area, East Cameroon.

<sup>50</sup> MINEF (1999a); MINEF (1999b); MINEF (2000a); MINEF (2000b); MINEF (2001).

<sup>51</sup> OTC is linked to the Hong Kong-based Global Star Holdings, which is part of the Djan Djajanti Group in Indonesia. Djan Djajanti has taken responsibility for 70% of the capital investment in the [OTC] concession. Source: UNSC (2001).

<sup>52</sup> UNSC (2000).

<sup>53</sup> Douglas (2001); Beaumont (2001). The *Washington Post* and *Mail & Guardian* have recently revealed possible links between President Charles Taylor – who, according to the UNSC, has misappropriated hundreds of millions of US dollars from the Liberia's logging industry – and Al-Qaeda. See also UNSC (2000).

<sup>54</sup> Global Witness and ITWF (2001).

<sup>55</sup> The company did not carry out a single environmental or social impact study before driving a network of criss-crossing roads through Liberia's pristine forest. OTC has flagrantly violated FDA and contractual regulations, and the company has plundered neighbouring forest concessions. Source: Global Witness and ITWF (2001).

<sup>56</sup> Greenpeace et al. (2001).

<sup>57</sup> UNSC (2001).

<sup>58</sup> [www.greenpeace.org/pressreleases/forests/2002feb25.html](http://www.greenpeace.org/pressreleases/forests/2002feb25.html)

<sup>59</sup> DLH Nordisk sources its hardwoods mainly from Africa (33%), South America (32%) and Southeast Asia (27%), with smaller volumes coming from the temperate zones of Europe (6%) and North America (2%).

[www.dlh-nordisk.com](http://www.dlh-nordisk.com)

<sup>60</sup> IBAMA export data; [www.dlh-nordisk.com](http://www.dlh-nordisk.com)

<sup>61</sup> ITTO (2000). Additional markets include China and Hong Kong (10.8%) and Japan (1.3%).

<sup>62</sup> In total, the EU is responsible for around 52% of imports. This figure includes also Greece (3.6%), Netherlands (2.75%), Spain (2.4%), Portugal (2%), Germany (2%), UK (0.5%), and Belgium and Luxembourg (0.3%). Source: World Trade Atlas cited in Global Witness and ITWF (2001).

<sup>63</sup> World Trade Atlas cited in Global Witness and ITWF (2001). Indonesia also imports some product from Liberia (2%).

<sup>64</sup> Other markets are Asia (16%), the US (15%) and Africa/Middle East (4%). [www.dlh-group.com](http://www.dlh-group.com)

<sup>65</sup> Greenpeace International (2001b), Greenpeace investigations 2001.

<sup>66</sup> [www.dlh-group.com/en/frameset.html?miljo\\_home.html](http://www.dlh-group.com/en/frameset.html?miljo_home.html)

<sup>67</sup> The Ancient Forest Summit is the sixth Conference of Parties to the Convention on Biological Diversity. It will be held in April 2002, in The Hague, The Netherlands and will have a mandate to agree a ten-year forest programme in preparation for Rio + 10.

<sup>68</sup> Rio + 10 is the United Nations' World Summit on Sustainable Development which will take place in Johannesburg in August/September 2002.

<sup>69</sup> The Forest Stewardship Council (FSC) is currently the only international certification and labelling system that uses globally endorsed ecological performance standards, ensures a traceable chain-of-custody from production to final consumption, and brings together a broad range of environmental, social and economic stakeholder interests.

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