

# Shut the door on illegal merbau!

**An investigation by Greenpeace and Milieudefensie / Friends of the Earth Netherlands on the use of merbau timber for floors and exterior doors in Europe and related illegal timber trade.**

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**GREENPEACE**



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KATE DAVISON

# Summary

## **Forests disappearing due to illegal and destructive logging**

All over the world ancient forests are disappearing as a result of logging and agricultural development. Less than 10 per cent of the planet's land area remains as intact forest landscapes. These ancient forests are not only vital as habitats for people, animals and plants – for our climate, too, they play a crucial role. Furthermore, deforestation is the source of about 20 per cent of the world's greenhouse gas emissions. Forest destruction and forest fires make Indonesia the number three emitter of greenhouse gases in the world.

International demand for wood, paper and other forestry products is the driving force behind the destruction of the earth's forests. The tropical

wood imports into the European Union comes from places such as Brazil, Indonesia, Cameroon, the Democratic Republic of the Congo, Gabon, Ivory Cost, Ghana and Malaysia where large-scale illegal logging takes place. Growing volumes are imported via third countries specialised in wood processing, such as China, which drives up imports of illegal timber. This is partly because Russia, Malaysia, Papua New Guinea, Indonesia, Burma, Gabon and the Solomon Islands are amongst the main suppliers of China's timber imports and there is a substantial risk that their supplies to China comprise illegal timber. It is estimated that half of the EU's timber imports from high risk regions (Russia & Baltic states, the Amazon, Indonesia and Central Africa) are illegally produced.

## Illegal merbau in our floors and doors

Merbau is a tropical timber species, which is often logged illegally. Merbau is popular: the wood is mostly used for flooring and exterior doors. Merbau is the commercial name for wood from the *Intsia spec* tree species, which are marked 'vulnerable' on the IUCN red list. This indicates that the species are considered to be facing a high risk of extinction in the wild. In order to harvest merbau entire forests are destroyed. Merbau trees can now only be found in commercial quantities on the island of New Guinea.

The Netherlands is the chief importer of merbau in the European Union and is the largest end user as well. This is mainly because merbau is the primary type of timber used for exterior doors. The Netherlands imports an estimated 40 to 50 per cent of all merbau to the EU, which equalled approximately 50,000 cubic metres in 2006 (round wood equivalent). Belgium and Germany are second and third largest importers of merbau in the European Union. Compared to the Netherlands other European countries use far less merbau for exterior doors, but use a great deal for up-market flooring.

## Trade routes for illegally logged merbau

Last year the NGOs Greenpeace, EIA and Telapak uncovered four trading routes for illegally logged and exported merbau. These are:

- Forgery of documents, claiming Malaysia as the country of origin for illegal Indonesian timber
- Merbau imports from illegal forestry concessions in Papua New Guinea
- Merbau logs and rough sawn timber exports which fall under the Indonesian export ban
- Smuggling squared merbau logs from Indonesia in shipping containers to China, India and other countries

Estimates are that up to 80 per cent of logging

in Indonesia, the main origin for merbau timber, is illegal. The Netherlands imported about seven million euros worth of rough sawn timber that should not have left Indonesia because it falls under the export ban. The corresponding value for the EU as a whole was in the order of 40 million euros.

## Investigation of merbau flooring and exterior doors in the Netherlands

Greenpeace and Milieudefensie investigated the merbau trade in the Netherlands. They examined two consumer products for this study: flooring and exterior doors.

Greenpeace sent a questionnaire to 300 timber traders and 78 flooring companies. Questions regarded three controversial wood types, including merbau.

Only two timber traders could show a certificate to prove that their wood was produced legally and/ or sustainably of which one was a legality certificate for merbau. One company stated that it would stop trading in merbau on the basis of the information included with the questionnaire, another company stated that it was in the process of phasing out merbau and looking for alternatives. This means that only four companies of the 300 that were part of the survey demonstrated willingness to work towards transparency and social responsibility.

Not one single flooring company of the 78 companies in the survey could prove that their wood types were produced legally and/ or sustainably. Parket Groep Nederland [an association of Dutch flooring companies] answered on behalf of its members that they did not buy wood directly from the source, but from conventional wholesalers and suppliers. It therefore claimed to have no responsibility to investigate whether the wood types they deal in are produced legally and/ or sustainably, or whether they are endangered species.



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LIESBETH SLUITER

Milieudefensie investigated the exterior door market by means of shop inspections, questionnaires and telephone research. The research is done from the perspective of consumers. The investigated door manufacturers, importers, Do It Yourself stores and builders' merchants could not prove that their merbau wood was produced legally and/ or sustainably. Based on shop inspections and brochures, an estimated 76 per cent of the range of wooden exterior doors in Do It Yourself stores and builders' merchants is made of merbau. No exterior doors made from FSC-certified wood are available to retail customers. Four large door manufacturers are able to supply FSC-certified exterior doors, made of an alternative type of wood, but they usually do not serve the retail market. It is estimated that less than seven per cent of exterior doors produced by door manufacturers are FSC-certified.

The investigated companies list Irian Jaya, Sumatra, Borneo, Papua and Surabaya (East Java province) as places of origin in Indonesia for their merbau. Information on illegal logging and trade is publicly available on several of the Indonesian companies known from government data to supply merbau to The Netherlands.

A great deal of misleading information about the legality and sustainability of wood was supplied in all the investigated Do It Yourself stores and builders' merchants. Employees claimed, for example that "All our wood is FSC-certified, even if it doesn't say so", which is incorrect as uncertified merbau was sold for exterior doors. Misleading information was also given by major door manufacturers and importers. Milieudefensie researchers were told that wood was certified or coming from legal sources and that "no ancient forests were cleared for these products" with reference to a range of exterior doors which included uncertified merbau. Companies making these false claims in shops, on websites and advertisement are undermining the competitiveness and the long-term economic viability of companies who are in fact behaving responsibly and have invested in best practices selling certified legal and sustainable products.

### **Investigation into merbau flooring and exterior doors in Europe**

Research was also done on the range of wooden exterior doors in Do It Yourself stores in Europe. In the UK, France, Germany and Finland, far less merbau was found to be used for exterior doors; however, merbau is still used in up-mar-

ket flooring. Dutch door producers claim this is because Dutch building methods differ from those of other countries in Europe. Consequently timber types with a lower natural durability such as spruce, oak and larch can be used in these countries. However, guarantees of sustainability or the legality of timber used in these products were also lacking in the countries researched. The Greenpeace merbau report and campaign have led several retailers and floor producers in Austria, Finland and the UK to stop the sale of merbau.

### **What Greenpeace and Milieudefensie want**

Governments must protect the Paradise Forests, an impressive rainforest that extends throughout Papua New Guinea, Indonesia and the Solomon Islands in the Pacific, to counter the effects of climate change, to significantly reduce loss of biodiversity and to foster sustainable development. The criminal trade in illegally logged wood and the rampant deforestation of the Paradise Forests must stop. Illegally logged wood must no longer be used for consumer products such as merbau floors and exterior doors.

In 2003, the European Union launched the FLEGT Action Plan to combat illegal logging and related trade. The European Union and its Member States are now at crossroads. In the

coming months, they will have to decide either to go forward with strong legislation to protect forests or continue business as usual. Milieudefensie and Greenpeace call upon the European Commission to install environmental legislation which will require that timber and timber products placed on the EU market come only from legal sources and responsibly managed forests. European governments must enforce this legislation. In addition, the Indonesian export ban on logs and rough sawn wood must be respected and merbau should be placed on the appendix III or II of the Convention on International Trade in Endangered Species (CITES) with a limited export quota for processed merbau products.

Companies lose credibility as suppliers of a responsible product when selling merbau. Do It Yourself stores are selling out the Paradise Forests of Asia and the Pacific against dumping prices. Companies must guarantee the use of legal and sustainably produced timber. They must demand this from merbau suppliers as well as develop sustainable alternatives until this can be guaranteed for merbau. Companies must stop giving misleading information to customers. Dutch contractors' and builders' associations should adapt building methods to allow for the use of species with a lower natural durability (in vigor in the rest of the EU) and should use sustainable alternatives for uncertified merbau.







COLIN NICHOLAS

## Chapter 1

# Illegal logging destroys ancient forests

### 1.2 Introduction

All over the world ancient forests are disappearing as a result of logging and agricultural development. Less than ten per cent of the planet's land area remains as intact forest landscapes<sup>1</sup>. These ancient forests are not only vital as habitats for people, animals and plants – for our climate, too, they play a crucial role. Deforestation is the source of about 20 per cent of the world's greenhouse gas emissions. Forest destruction and forest fires make Indonesia the number three emitter of greenhouse gases in the world<sup>2</sup>.

The use of commercial forestry products such as wood and paper is speeding up the deforestation of the world's last remaining forests. In 2005 Dutch companies imported 8,7 million cubic metres timber products for the building and construction sector (excluding wood based products such as paper, furniture; roundwood equivalents – RWE)<sup>3</sup>. The European Union (EU) annually imports a total of 198 million cubic meters of timber and wood-based products (RWE)<sup>4</sup>. About half of the EU imports comes from Russia and EU accession and candidate countries and about 20 per cent is imported from countries in Africa, Asia and

1 Greenpeace (2007) Roadmap to recovery. The world's last intact forest landscapes

2 Delft Hydraulics report Q3943 (2006) Peat-Co<sub>2</sub>, Assessments of Co<sub>2</sub> emissions from drained peatlands in SE Asia.

3 Aidenvironment (2005) FSC in de markt 2005

4 <http://www.wwf.org.uk/barometer/imports.asp>



South America.<sup>5</sup> WWF shows illegal logging is a significant problem in EU member states and in EU candidate countries<sup>6</sup>. Half of all EU's timber imports from Russia & Baltic states, the Amazon, Indonesia and Central Africa are illegally produced<sup>7</sup>.

Growing volumes are imported in the EU via third countries specialised in wood processing, such as China. China's total exports in wood-based products reached 50 million cubic metres RWE in 2006, with USA, Japan and the EU being the largest markets<sup>8</sup>. EU imports of wood-based products from China are increasing rapidly, which drives up imports of illegal timber.<sup>9</sup> This is partly because Russia, Malaysia, Papua New Guinea, Indonesia, Burma, Gabon and the Solomon Islands are amongst the main suppliers of China's timber imports and there is a substantial risk that their supplies to China compromise illegal timber.<sup>10</sup>

These facts provide more than sufficient reason for Greenpeace and Milieudefensie (Friends of the Earth Netherlands) to examine wooden consumer products, notably floors and exterior doors, to find out whether they also contain illegally logged wood. Merbau, the wood from tree species that grow in the majestic forests of the Pacific, is the type of wood that these products are often made of. In this report we will demonstrate how consumers, timber and construction companies and our governments share the responsibility for the loss of the world's last intact forests.

## 1.2 The majestic ancient forests of the Asia Pacific

The Paradise Forest is an impressive rainforest that extends throughout South-East Asia, Papua New Guinea, Indonesia and the Solomon Islands. Brilliantly coloured flowers grow among the enormous, centuries-old trees. The largest butterfly in the world is found on the island

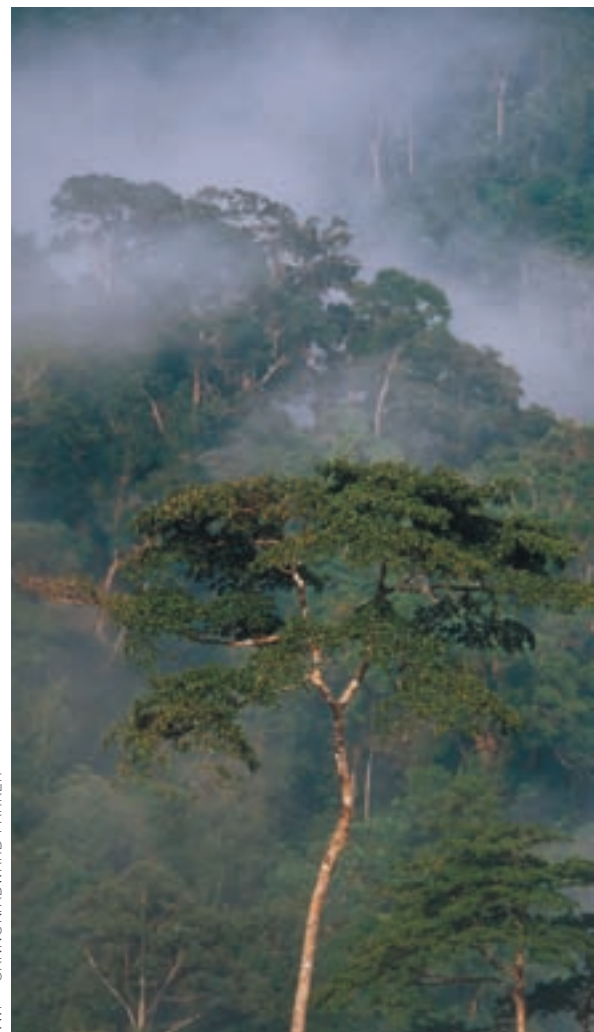
of New Guinea, along with 42 birds of paradise species. Indigenous peoples have lived in this rainforest for many generations<sup>11</sup>. The Paradise Forests house some of the world's greatest biodiversity. About 10 to 15 per cent of all animals and plants on earth can be found in Indonesia. Orang-utans, elephants, tigers and rhinoceroses, and more than 1,500 species of birds comprise this rich ecosystem.<sup>12</sup>

The most intact region of the Paradise Forests is to be found on New Guinea, the largest tropical island in the world, consisting of two Indonesian provinces and the country of Papua New Guinea. It is a true treasure trove of nature: 233 varieties of mammals, such as the tree kangaroo and more than 650 species of birds are dependent on its forests. The extraordinary rafflesia flower, more than a metre high, grows in Indonesia and Malaysia, as do thousands of species

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11 Greenpeace Netherlands (2006) De speurtocht naar illegaal hout, handelsketens ontmaskerd.

12 WRI (2005) The wealth of the poor: managing ecosystems to fight poverty.



WWF - CANNON/ADWARD PARKER

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5 <http://www.wwf.org.uk/barometer/imports.asp>

6 WWF (2005) Failing the forests & WWF press release (21 October 2003) Time for EU to act on illegal logging in Eastern Europe, says WWF

7 WWF (2005) Failing the forests.

8 Forest trends (2006) China and the global market for forest products

9 [globaltimber.org.uk](http://globaltimber.org.uk) (accessed december 2007) The Eu's FLEGT initiative

10 Forest trends (2006) China and the global market for forest products



of orchids. Papua New Guinea accommodates about five per cent of the world's biodiversity, including hundreds of species which can only be found in this ecosystem<sup>13</sup>. Papua New Guinea also houses important cultural treasures. Indigenous peoples living here speak more than 800 languages. For generations the forests have provided these people with food, water, shelter, fuel and medicine<sup>14</sup>.

### 1.3 Indonesia: the highest rate of deforestation

The forests of Indonesia and Papua New Guinea are under great pressure. The Indonesian forests used to cover more than 160 million hectares<sup>15</sup>. However, they are being destroyed by lawlessness, corruption and plundering. In Indonesia, up to eighty per cent of the timber is produced illegally<sup>16</sup>. The international demand for wood, paper and increasing quantities of palm oil are among the key driving forces behind this destruction.

The UN Food and Agriculture Organisation (FAO) states that about 1.87 million hectares of ancient forest is lost annually in Indonesia: this is the highest rate of deforestation of any major forested country in the world.<sup>17</sup> Seventy-two per cent of Indonesia's ancient forests has already been destroyed; the last remaining forests are now at stake.<sup>18</sup> A UNEP study concluded that if illegal logging and forest conversion is not stopped, all ancient forests in Indonesia will have been destroyed by 2022 and lowland forests even sooner<sup>19</sup>.

The situation is not much better in Papua New Guinea. This country has already lost 60 per cent of its intact forested areas<sup>20</sup>. It is estimated that at present cutting rates, the commercial tree species in natural forests in Papua New Guinea will be logged in 13 to 16 years<sup>21</sup>. Malaysian timber companies control the export market for timber in Papua New Guinea. The logging companies have made sure they have the right political connections. Together, six companies control almost 80 per cent of the timber export market in Papua New Guinea: Rimbunan Hijau, Cakara Alam, WTK, Samling, Kerawara and Inno-vision.<sup>22</sup>

These destructive and illegal logging practices worsen poverty for indigenous peoples and the local population, who are dependent on the forests for their livelihood. Land rights and human rights are being violated. According to the World Bank, 90% of the 1,2 billion people living in extreme poverty are directly or indirectly affected by deforestation.

Furthermore, destructive logging causes enormous environmental damage. The survival of the orang-utan, elephant, tiger and rhinoceros is under serious threat in the Paradise Forests. Many plants and animal species are not found anywhere else on earth; their survival depends on these forests.

13 Greenpeace international (2007) Merbau 's last stand: how industrial logging is driving the destruction of the paradise forests of Asia Pacific.

14 Gordon, R., editor (2005) Ethnologue, Languages of the World. SIL International.

15 Forest Watch Indonesia & Global Forest Watch (2002) *The State of the Forest: Indonesia*.

16 Worldbank (2006) Strengthening forest law enforcement and governance. 36638-GLB

17 FAO (2007) State of the world's forests 2007

18 WRI (1997) The last frontier forests

19 UNEP (2007) The stand of the orang-utan – State of emergency: illegal logging, fires and palm oil in Indonesia's national parks.

20 Greenpeace international (2007) Merbau 's last stand: how industrial logging is driving the destruction of the paradise forests of Asia Pacific.

21 Forest trends (2006) China and the global market for forest products

22 Greenpeace Nederland (2006) De speurtocht naar illegaal hout, handelsketens ontmaskerd & PNG Forest Authority (2005) Timber Digest,



Deforestation also causes massive emissions of CO<sub>2</sub> in the Asia Pacific region. A recent study by Wetlands International found that the conversion of peat forests and the accompanying forest fires in Indonesia produce 516 megatons of CO<sub>2</sub> emissions. Deforestation has made Indonesia the third-largest emitter of CO<sub>2</sub> in the world.<sup>23</sup>

### 1.4 Merbau: an endangered tree species

Many tree species are registered as endangered or critically endangered due to deforestation and logging. Some, worse still, they are on the brink of extinction. Merbau (also known as kwila) is the commercial name for wood from the *Intsia* tree species, which are listed as 'vulnerable' on the IUCN Red List of threatened species<sup>24</sup>. This means that the species are considered to be facing a high risk of extinction in the wild. Merbau is an extremely popular type of wood for a number of specific products, such as floors, doors and to a lesser extent furniture. Due to the appreciation of merbau's technical qualities and related commercial demand, the remaining merbau population has dropped significantly.

With stands as good as depleted in Western Indonesia and Malaysia, merbau trees are currently only found in commercial quantities on the island of New Guinea. But even there the merbau forests have already been severely harmed. As much as 60 per cent of its habitat has been damaged by destructive and illegal logging. Greenpeace has used satellite mapping to determine where merbau still exists on the island of New Guinea and based on current official logging rates estimates that merbau will be logged to depletion in the next 35 years in most of its remaining range. If illegal logging is included in this estimation, extinction will be reached even faster. World market demand is clearly fuelling this destruction<sup>25</sup>.

Merbau is a slow-growing species that takes at least 75 years to reach commercial size<sup>26</sup>. It is also a rare species, occurring in certain eco-regions only<sup>27</sup>. To harvest merbau forest areas which were previously inaccessible are being developed via a dense network of roads, allowing human influences to be felt deep into the forest.

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23 Peat-co<sub>2</sub> (2006) Assessment of CO<sub>2</sub> emissions from drained peat lands in SE-Asia. Delft Hydraulics report Q 3943

24 [www.iucnredlist.org](http://www.iucnredlist.org)

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25 Greenpeace International (2007) Merbau 's last stand: how industrial logging is driving the destruction of the paradise forests of Asia Pacific.

26 Forestry compendium, CAB international interactive encyclopedia, <http://www.cabi.org/compendia/fc>

27 for an interactive map see: <http://www.greenpeace.org/international/news/merbau-s-last-stand>



COLIN NICHOLAS



## Chapter 2

# Merbau supply chains exposed

### 2.1 Merbau imports to the Netherlands and the European Union

Indonesia and Malaysia are major wood suppliers to the Netherlands: in 2006 Indonesia and Malaysia each accounted for roughly 20 per cent of the 2.6 million cubic metres (roundwood volume) of tropical timber which the Netherlands imported<sup>28</sup>. The amount of wood imported directly from Papua New Guinea remains low, but some might be imported into the Netherlands via China<sup>29</sup>. It is estimated that more

than 80 per cent of the merbau imported to the Netherlands comes from Indonesia and the most of the remainder from Malaysia<sup>30</sup>.

The Netherlands is the chief importer of merbau in the European Union as well as the largest end user. The Netherlands imports an estimated 40 to 50 per cent of all merbau to the EU, which equalled approximately 50,000 cubic metres in 2006 (roundwood equivalent). Measured in wood volume for sawn timber, doors, floors and other manufactures products, Dutch imports amounted approximately to 10,000 cubic metres wood volume in 2006 (assuming roundwood equivalent volume is between 1.8 and 2.5

28 based on Eurostat & <http://www.globaltimber.org.uk/RWEvolume.htm>

29 EIA and Telapak (2006) Behind the veneer, Giant European and North American Manufacturers and Retailers still trading merbau wood flooring of dubious origin, an update to the 'Behind the veneer' report.

30 James Hewitt (2007) The supply of merbau from range states through to end users in The Netherlands – A summary of salient information



times greater than wood volume for the products imported)<sup>31</sup>. Belgium and Germany are the second and third largest importers of merbau in the EU, where merbau is mostly used for floors<sup>32</sup>. Imports include sawn timber and partially manufactured products as well as ready-made doors. In the Netherlands, the common use of merbau for exterior doors – approximately half of all merbau imports – is usually justified with the species' natural durability, which comes into play in a maritime climate. However, in other European countries and coastal areas, other building methods allow for the use of alternative wood types with lower natural durability such as spruce and oak.

## 2.2 Four illegal routes of commerce

Indonesia is the world's largest exporter of merbau. Indonesia does not keep official records of how much merbau it exports, but it is estimated that merbau log export volumes were 50,000 cubic metres in 1998, while in 2001 660,000 cubic metres crossed the border: more than a tenfold increase in less than four years.<sup>33</sup> Exports for 2006 were estimated at 180,000 cubic metres of merbau from Indonesia and 120,000 cubic metres from Papua New Guinea (roundwood equivalent). These are the two largest exporters; however, Malaysia also exports merbau.<sup>34</sup> China is the largest purchaser of merbau, primarily for production into finished products such as flooring and furniture, for the domestic as well as for overseas markets.

Merbau is a very popular wood variety. Currently its price is soaring due to the facts that supplies are running low and that since 2005 there has been more intensive monitoring of its legality. In December 2006 merbau cost about USD600 per cubic metre in Malaysia (sawn timber) and China (logs): indicating an annual rise of 15 per cent and 35 per cent respectively since January 2005<sup>35</sup>. Prices are far lower in Papua New Guinea.

Since 2005 the Indonesian government has been making some efforts to combat illegal logging and trade. For example, in partnership with Australia, the Philippines, Thailand and the United States of America, the Indonesian government convinced the UN Commission on Crime Prevention and Criminal Justice (CCPCJ) to adopt an anti-timber trafficking resolution in April 2007. This urges the members of the CCPCJ to *"take appropriate measures [...] to strengthen law enforcement and related efforts to combat individuals and groups, including organized criminal groups, operating within their borders, with a view to preventing, combating and eradicating illicit international trafficking in forest products, including timber, wildlife and other forest biological resources harvested in contravention of national laws"*<sup>36</sup>. Another example of these efforts is operation Hutan Lestari in Papua where the Indonesian government declared its intent to break up the powerful illegal logging and trade network by going after the financiers and their protectors in the police and military. The enforcement team had seized almost 400,000 cubic metres of timber and confiscated hundreds of bulldozers, ships and barges.<sup>37</sup>

These efforts have been largely prompted by the actions of Indonesian NGOs such as Environmental Investigation Agency (EIA) and Telapak, which have steadily been exposing large-scale illegal logging and trade. However, the ring-leaders of the illegal timber trade – the timber barons and their corrupt contacts in the government – have not yet been apprehended or prosecuted and thus have been able to continue their business relatively undisturbed<sup>38</sup>. In 2006 and 2007 Greenpeace, EIA and Telapak identified four trade routes for illegally logged timber. Investigations showed that when one illegal route was closed down, trade shifted to another. EIA therefore characterised the trade in merbau as the thousand-headed snake.

31 James Hewitt (2007) The supply of merbau from range states through to end users in The Netherlands – A summary of salient information

32 Chen Hin Keong (2006) Review of trade in merbau (intsia species) from major range states to Germany and the EU: a preliminary assessment.

33 EIA (2005) The last frontier: Illegal logging in Papua and China 's massive timber theft

34 Based on Chen H.K., Tong P.S., Hewitt J. and Affres A. for Traffic (2007, unpublished) Review of trade in merbau (intsia spp.) from major range states

35 ITTO (2006) Tropical Timber Market Report

36 UN Economic and Social Council Resolution (2007) Commission on Crime Prevention and Criminal Justice. Sixteenth session: [http://www.cifor.cgiar.org/publications/pdf\\_files/media/UN\\_resolution.pdf](http://www.cifor.cgiar.org/publications/pdf_files/media/UN_resolution.pdf)

37 Telapak and EIA (2007) The thousand headed snake. Forest crimes corruption and injustice in Indonesia.

38 Telapak and EIA (2007) The thousand headed snake. Forest crimes corruption and injustice in Indonesia.



COLIN NICHOLAS

### **Route 1:** **Forgery of documents, claiming Malaysia as the country of origin for illegal Indonesian timber**

Customs data shows that in 2004, almost 900,000 cubic metres of merbau roundwood (whole logs) were imported to China alone, which was claimed to be imported from Malaysia, although that country has limited stands of merbau of commercial size and does not even list merbau on their very detailed list of log exports by species<sup>39</sup>. Much of this wood was most probably logged illegally in Indonesia, as it is illegal to export round wood from Indonesia but not from Malaysia<sup>40</sup>.

Dutch timber traders purchase merbau from Malaysia as well, where the species is as good as extinct commercially. There is a large probability that this merbau originates from the island of New Guinea with forged 'Malaysian' docu-

mentation<sup>41</sup>. In Singapore EIA discovered the practice of importing logs from Papua, Indonesia in barges with a false destination in Kalimantan, Indonesia. The vessels divert to Sabah or Sarawak in Malaysia, and documents claiming Malaysian origin are forged. The company SPB Cons Marine & Imports Exports confirmed that Malaysian companies use this method for most of their merbau.<sup>42</sup>

### **Route 2:** **Merbau imported from illegal forestry concessions in Papua New Guinea**

A Papua New Guinea Government review concluded that none of the forestry concessions comply with legislation.<sup>43</sup> The Netherlands does not import much timber directly from Papua New Guinea, but does import those products via China.

39 Greenpeace (2006) Sharing the blame: Global consumption and China's role in Ancient Forest Destruction.

40 Greenpeace International (2007) Merbau 's last stand: how industrial logging is driving the destruction of the paradise forests of Asia Pacific.

41 James Hewitt (2007) The supply of merbau from range states through to end users in The Netherlands – A summary of salient information

42 Telapak and EIA (2007) The thousand headed snake. Forest crimes corruption and injustice in Indonesia.

43 Forest Trends (2006) Logging, legality and livelihoods in PNG. Synthesis of Official Assessments of the large scale logging industry. Volume I



### **Route 3:** **Merbau logs and rough sawn timber fall under the Indonesian export ban**

Merbau logs and rough sawn timber are imported directly from Indonesia by countries worldwide. This is thus a blatant violation of the Indonesian export ban. In 2001, the Indonesian government placed an export ban on round wood or logs to exercise some degree of control over illegal logging. A recent study by the World Trade Organisation (WTO), however, concluded that enforcement by the Indonesian authorities of this export ban has failed and is countered by the huge foreign demand for Indonesian roundwood.<sup>44</sup> The export of sawn wood in various forms such as railway sleepers and rough sawn timber has also been banned since 2004.<sup>45</sup> This is detailed in precise language. For example, doorjambs thicker than six cm and wider than 15 cm are not permitted to leave the country. Other forms of sawn timber, such as floorboards (under trade code HS4407), must be strictly monitored by an inspector appointed by the trade ministry. The export of manufactured products is also intended to stimulate economic development in Indonesia.

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44 WTO (2007) WTO Review: Illegal logging continues to plague Indonesia, trade policy review

45 regulations: NOMOR 01/M-DAG/PER2/2006 and NOMOR 02/M-DAG/PER/2/2006

The Netherlands, however, still imports wood which falls under this export ban. In 2006 the Dutch government stated in a letter to EIA that they were unable to effectively enforce this export ban from Indonesia. Moreover, Eurostat data shows that there was actually a peak in the import of sawn timber to the Netherlands in 2005 and in 2006 the Netherlands imported the same volume as it did before the export ban was in place. In 2006 the Netherlands imported about seven million euros worth of rough sawn timber that should not have left Indonesia because it falls under the export ban. The corresponding value for the EU as a whole was in the order of 40 million euros.<sup>46</sup> Furthermore, Malaysia does not recognise the export ban on rough sawn timber, and thus enforcement agencies there cannot keep the wood from entering the country<sup>47</sup>.

### **Route 4:** **Smuggling squared merbau logs from Indonesia in shipping containers**

In this way squared merbau logs are exported from Indonesia to China, India and other countries. The official documentation states that the

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46 Based on Eurostat data

47 EIA and Telapak (2007) The thousand headed snake. Forest crimes corruption and injustice in Indonesia.



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wood is 'sawn timber' which does not raise suspicions with customs officials. According to EIA, this is common practice in the harbour of Surabaya, where illegally logged timber is openly sawn and exported in containers. One syndicate alone, the Lido network, smuggles 3,000 cubic metres out of the country each month, which raises the suspicion that the total volume is tens of thousands of cubic metres<sup>48</sup>.

It is difficult to estimate the amount of illegally logged merbau in the 2006 export figures. It takes place in illegal circles and accurate data is thus lacking. Therefore, the estimates below only provide a rough indication.

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- 48 EIA and Telapak (2007) The thousand headed snake. Forest crimes corruption and injustice in Indonesia.  
 49 <http://www.eia-international.org/files/reports/135-1.pdf> paragraph 2 on page 10 and page 12  
 50 Marcus Colchester (2004) Strengthening the Social Component of a Standard for Legality of Wood Origin and Production in Indonesia. A report prepared for TNC.  
 51 [http://www.itto.or.jp/live/Live\\_Server/400/E-AR-06.pdf](http://www.itto.or.jp/live/Live_Server/400/E-AR-06.pdf) Table 1.1.c and [http://www.itto.or.jp/live/Live\\_Server/3228/mis20070301.pdf](http://www.itto.or.jp/live/Live_Server/3228/mis20070301.pdf) p4 §2 LHC  
 52 NRM Bappenas MFP (2004) Forest future scenario analysis  
 53 Greenpeace (2006) Chains of Destruction. The global trade in illegal timber and why Asia-Pacific governments must act now.  
 54 Forest Trends (2006) Logging, legality and livelihoods in Papua New Guinea: Synthesis of Official Assessments of the Large Scale logging industry.

**Table 1. Amount of illegally logged merbau in**

Merbau export	Estimate of illegal timber content of merbau exports	Rationale for estimate
<b>Indonesia</b>	~ 80%	Nearly all merbau comes from Papua. Less logging took place there, due to stricter governmental monitoring. At least some of the 400,000 cubic metres confiscated in 2005, has nevertheless landed on the international market via smuggling in the Surabaya harbour. <sup>49</sup> Due to the bans on export of logs and rough sawn wood, the merbau logs and perhaps most of the sawn merbau exported from Indonesia during 2006 would have been illegal. Because land rights and boundaries are not officially determined, the status of 80 to 90 per cent of the logging concessions in Indonesia do not comply with legislation <sup>50</sup> . Roundwood production is much higher than the amount of logging annually permitted. <sup>51</sup> According to official figures illegal logging was estimated to supply 76 per cent of Indonesia's timber consumption in 2004. <sup>52</sup> This figure, however, did not account for logs being illegally smuggled abroad to China, Malaysia and elsewhere which increases the figure up to 80 per cent. <sup>53</sup>
<b>Papua New Guinea</b>	>90%	Recent reports supported by the Worldbank and the government of Papua New Guinea (PNG) confirm that the great majority of timber exported from PNG is illegal, mainly because of lack of informed consent of local landowners, fraudulent allocation of concessions and transfer pricing fraud. <sup>54</sup>



## Chapter 3

# Merbau flooring and doors

### 3.1 Research on doors

Milieudefensie (Friends of the Earth Netherlands) investigated wooden doors at eight home improvement (Do It Yourself) stores and builders' merchants in the Netherlands: Gamma, Praxis, Formido, Imabo, Multimate, Karwei, Hornbach and Bouwmaat. The range of wooden exterior doors was examined on the basis of wood type, brand name, country of origin of the wood and information on sustainable forestry management. If this information was not displayed with the products, it was requested from shop employees or the customer service line. This information was submitted to the companies for verification.

In addition, Milieudefensie sent a questionnaire to thirteen door manufacturers and importers which represent the greatest share of the consumer and professional exterior door market. The questionnaire addressed the origin of the wood, guarantees of legality or sustainable forestry management and company policy. Companies researched were Steffex Handelsmaatschappij (Cando doors), Dehagro Deuren (Horizon doors), Skantrae, Houtindustrie Norhtgo, Albo deuren, Austria deuren, Kegro Deuren, Van Bruchem Deurenfabriek, Doornenbal, Weekamp, Susselbeek Vroomshoop, Deurenfabriek Van den Berg en Java Deurenfabriek. These door manufacturers and importers deliver to several markets including Do It Yourself stores and the construction industry.





### 3.1.1 Do It Yourself and builders' merchants

#### The range of wooden doors

The results of the shop inspections show that when buying an exterior door, Dutch consumers, handyman and building contractors have little choice but merbau. Nearly all front doors are made from merbau, with the exception of a few made of meranti. Back doors, balcony doors, exterior doors or garden doors are made from fir, meranti and merbau. In table 2, estimates are given on the percentage of merbau models in the total range of exterior doors. Estimates are based on the total number of models we found during shop inspections and on the number of merbau doors in the manufacturers prod-

**Table 2: Estimated percentage of merbau models in total product range of exterior doors**

Company	Estimated percentage of merbau models in the total range of exterior doors (%)
Hornbach	85
Gamma	70
Praxis	71
Multimate	75 - 85
Bouwmaat	75*
Karwei	67
Imabo	75 – 85
Formido	71
Average	76

uct range. Companies are not willing to provide Milieudefensie with information on sales of merbau doors. This table is therefore based on publicly available information in the shops, brochures and websites visited and researched by Milieudefensie..

#### Policy on wooden exterior doors

Imabo, Multimate, Gamma, Karwei and Bouwmaat responded to our questionnaire promptly. Imabo stated that customer and shareholder demand is increasing for wood which has been certified for sustainable forestry. Therefore it plans to adopt FSC certification (chain of custody certificate). After it has this certification, Imabo also wants to expand its market activities and to promote FSC. However, at the moment FSC merbau is hardly available and this situation is not expected to change rapidly in the near future. Alternative timber species will have to be used.

In the future Bouwmaat wants to sell 100 per cent sustainably produced wood, but sustainably produced exterior doors are not yet available. Bouwmaat has a declaration from its supplier Dehagro, in which Dehagro guarantees that its wood does not come from illegal sources that it conforms to international and domestic legislation. However, this statement is not backed by any independent control mechanism and therefore it is not a legitimate guarantee for legal timber.

Multimate has no company policy concerning the use of sustainably produced wood in its exterior doors.

Intergamma answers for Gamma and Karwei. The companies policy is aimed at sourcing SSC certified timber where possible and commercially feasible. Nearly all their inside doors are SSC certified. The largest obstacle is merbau exterior doors. Gamma and Karwei are working on alternatives and aim to launch a commercial pilot with an alternative exterior door in 2008.

### **Sustainably produced wood or just hot air?**

It is not possible for consumers to find a single FSC-certified wooden exterior door in the shops nor a wooden exterior door with any other guarantee of legal or sustainable forestry management. Only at Imabo were the Milieudefensie inspectors told that it might be possible to order FSC doors in alternative species.

The information supplied by the shops concerning exterior doors was very similar, however, not in keeping with facts. Time after time, the Milieudefensie shop inspectors were told by shop personnel, customer service employees or websites that the wood used in exterior doors comes from sustainable or legally managed forests. All the investigated companies were guilty of providing misleading information, either in the shops, on the websites or in brochures. These striking examples illustrate this point:

Gamma provided the following information: *"The wood is definitely from a legal source. That is guaranteed by our supplier Steffex."* And at another branch: *"All our wood is FSC-certified, even if it doesn't say so."*

Multimate offered a very different and probably more honest story, namely that merbau *"is definitely illegal wood. If you want legal wood, the price would be 1300 euros. The price goes up every month. We have to compete with Gamma and we have a "lowest price guarantee."*

A Bouwmaat shop assistant said: *"Everything supplied by Bouwmaat is FSC wood, because we are FSC-certified."*

Shop personnel at Karwei asserted that all the wood is FSC: *"It isn't listed on the price tags yet; they are old."*

Imabo has a strong statement on the website (accessed October 2007): *"Our hardwood is responsible and that is a solid claim. At Imabo you can find all types of hardwood for the building sector. Oak, beech, bangkirai and merbau are of course well known. But you can also come to Imabo for lesser-known types of wood, such as iroko and sapeli mahogany. And because we select our suppliers carefully, ensuring they work in an ecologically responsible way, hardwood is no longer taboo at Imabo."*

Different Formido employees provided a variety of stories, such as: *"I can't imagine that any merbau is produced sustainably,"* and: *"We don't have anything else anymore. Formido can't afford it. I've seen those certificates; they should put them up everywhere. CanDo checks everything."*

Hornbach assured *"with 100% certainty the exterior doors – from CanDo as well as Horizon – are FSC certified. We are not even allowed to sell any other wood: FSC is mandatory. Such a large company as Hornbach cannot take the risk. It may be more expensive, but still."* In fact, none of the products discussed in the above statements were FSC certified. On the contrary: they were all made from merbau, the endangered species which is illegally logged on a massive scale.

### **3.1.2 Door manufacturers and importers**

All the doors found at the Do It Yourself stores and builders' merchants discussed above were supplied by one of the thirteen producers or importers included in our questionnaire. This section focusses on the origin of the wood used for exterior doors. Seven of the thirteen companies responded to our questionnaire. In addition, we visited showrooms and called the companies to gather as much information as possible.

### **The range of wooden exterior doors**

Merbau is obviously also the main type of wood used for exterior doors by major producers and importers. The major markets for the companies investigated are Do It Yourself stores, housing corporations, carpenters and the construction industry, construction wholesalers and building contractors. Companies that principally cater for the Do It Yourself sector mostly import ready-to-install doors. Others, which serve a wider market



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in the more-expensive segments, import sawn timber or partially manufactured doors to produce the doors themselves.

The merbau nearly always comes from Indonesia. The investigated companies list Irian Jaya, Sumatra, Borneo, Papua and Surabaya (East Java province) as places of origin. Malaysia and in more general terms 'Asia' are listed to a lesser degree. The same is true for meranti. The complete findings are listed in Annex II.

### Policy for wooden exterior doors

Steffex's policy is to use wood from sustainably managed forests – preferably FSC – where possible and commercially responsible. Nearly its entire line of interior doors is FSC-certified. Steffex faces the largest obstacle in the use of merbau for exterior doors, but claims to be working on alternatives and carrying out technical testing. For Steffex, obtaining declarations of legality concerning merbau is a '*permanent topic of discussion*'. According to the company,

the Indonesian government kept a close watch on illegal logging and trade last year, in particular on merbau. Milieudefensie appreciates the efforts for interior doors, but urges Steffex to include stronger policies including a time line on merbau, since they have been working on alternatives for merbau since the nineties.

Skantrae has its own factory in Indonesia and is unable to obtain FSC merbau there. Using other types of wood is difficult for them. Skantrae does have the desire to use FSC wood. Austria wants to supply FSC, but has been unable to obtain FSC merbau and meranti. Both companies did not provide information on how they want to reach their goal to use FSC wood and seem to lack a time bound policy with concrete goals while continuing the use of controversial timber species such as merbau.

Kegro Deuren is a member of FSC Nederland. Kegro Deuren carries out research on alternative wood species and their possible use in the Dutch market. Their specific objective is to become the FSC door supplier for all of the Netherlands. Kegro Deuren has a time schedule for this: 2006 10 per cent, 2007 20 per cent, 2008 40 per cent and in 2009 60 per cent FSC. According to the company's information, the goal for 2007 has been reached with FSC sapupira and meranti exterior doors.

Van Bruchem Deurenfabriek wants to promote and use FSC wood, despite greater risks of quality guarantee claims due to using alternative types of wood. The company information provides FSC exterior doors, but concrete time lines and goals for the use of FSC timber were not provided to Milieudefensie.

Doornenbal states that how much they will participate in FSC, depends on the market. Milieudefensie finds this a very passive and irresponsible approach as the company will continue to use merbau and other controversial timber species if there is a market for it.

Weekamp's policy is currently being developed. The company wants to start with social covenants and continue towards legal, legally certified, FSC-certified and finally Milieukeur [Dutch Environmental Label]. Weekamp currently works with BRIK declarations of legality from the Indonesian government. In chapter 3.3 information is provided explaining why BRIK declarations do not guarantee legality.



**Table 3: Sustainably produced wood in exterior doors at investigated door manufacturers and importers**

Company	Sustainable wood in exterior doors*	Wood species
Steffex Handelmaatschappij BV	0%	
Dehagro Deuren BV	?	
Skanttrae BV	0%	
Doorwin / Houtindustrie Norhtgo BV	0%	
Austria Deuren BV	0%	
Albo Deuren BV	0%	
Doorwin / Kegro Deuren BV	20% FSC	meranti and sapupira FSC
Doorwin / Van Bruchem Deurenfabriek BV	15% FSC	sapupira, guariuba and purpleheart FSC
TimmerSelekt/Doornenbal	25% FSC	sapupira and robinia FSC
TimmerSelekt / Weekamp	?	tatajuba and sapupira FSC
Deurenfabriek Susselbeek Vroomshoop BV	?	
Deurenfabriek Van den Berg BV	?	meranti FSC
Java Deurenfabriek BV	0%	
average	7% **	

\* Those figures are provided by companies themselves in the Milieudefensie questionnaire and collected during visits of several showrooms. ? means no information was provided nor publicly available.

\*\* This total is likely to be lower, as the companies which did not indicate the proportion of sustainably produced wood (indicated with ?) usually offers no certified wood in their range of exterior doors.

Milieudefensie has no information as to whether the rest of the companies, that did not respond in time, have a policy regarding wooden exterior doors.

### **Sustainably produced wood or just hot air?**

Based on the questionnaires, further contacts and publicly available information four of the thirteen companies investigated produce FSC certified exterior doors from wood types such as meranti and sapupira. The companies state that the demand for sustainably produced wood is still low, but a steady increase is noticeable. Builders' merchants, housing corporations and government agencies in particular request certified wood. Building contractors are extremely reticent and sceptical about using wood types other than merbau or meranti. An average of less than seven per cent FSC certified wood for exterior doors was found at the companies investigated (see table 3). This percentage is based on the information provided by the companies in the Milieudefensie questionnaire.

In dealings with building contractors, door suppliers are unable to go against the grain. Door suppliers use merbau, because this type of

wood has a naturally high level of durability. That is necessary because construction methods in the Netherlands require that window frames and doors are exposed to rain and wind for long periods – up to one year – during construction and must be able to withstand a lot. Window frames and doors are in fact installed before the walls have been finished. Door suppliers, however, must be able to guarantee the life of the door. In surrounding countries, such as Germany, other methods of construction are used and thus many other types of wood – such as fir and pine, which have lower natural levels of durability – can be used for doors and window frames. In these countries, window frames and doors are built in at a later stage of the building process. Sustainable alternatives for merbau exterior doors do exist on the market. Exterior doors are available from FSC-certified meranti, louro gamela/vermelho, sapupira and guariuba. These FSC-certified woods types are also affordable and thus a realistic alternative in both a technical and commercial sense, according to Dutch timber traders. Several of these species have the 'KOMO label', a technical quality guarantee for use in exterior doors.

During the investigations Milieudefensie received misleading information from door man-

ufacturers and importers websites, information material and customer service lines. Below is a selection of the deceptive information customers are presented with regarding sustainably produced wood.

Norhtgo BV tells its customers that all wood comes from sources which work with replanting schemes, and that no rainforests are destroyed, because *'in the long run we as an industry would then no longer be able to provide wood.'* In their showroom we were told that for every tree that is logged, four others are planted, one of which will be left undisturbed. But there is also a disclaimer: *'There are a lot of criminals in the timber industry. You can never be sure whether your wood comes from an illegal source.'* Norhtgo however, has no way of substantiating sustainability claims for their exterior doors as they donot use verified sustainably or legally produced timber.

Austria assured Milieudefensie investigators that no rainforests are logged.

Albo Deuren warned, *'The quality [of FSC wood] is lower and you have to take into account that the price of FSC wood is four to five times as high as ordinary merbau wood.'* Java Deurenfabriek agreed: *'Well, you could use another type of wood with FSC certification, but in five years you'll probably have to replace it with a new door. That's the difference between merbau and FSC-certified wood types.'* Other companies are however selling FSC exterior doors made from other timber types with good results. Alternative FSC certified timber species have received the 'KOMO-keur' for exterior doors. Java Deurenfabriek further explains in its brochure: *"Responsible forestry management is an extremely important factor. All our wood comes from Sustained Yield Forests. This means that the forest suffers as little damage as possible – clear cutting is taboo – and replanting is required. In*

## EU BOX merbau doors

In various European countries, researchers from Friends of the Earth visited major Do It Yourself stores and builders' merchants to take inventory of their range of exterior doors. The findings are listed below. It is worth noting that far less merbau is used for exterior doors in other countries than in the Netherlands. But as is the case in the Netherlands, practically no FSC wood – with the exception of B&Q – nor information about the origin of the wood is available anywhere.

### United Kingdom

**B&Q** Pine, acacia and oak from FSC mixed sources.

### Germany

**Hornbach** Hardwood, oak, larch and fir from Ikarus Deuren.

**Hellweg** Hardwood, oak, larch and fir from Ikarus Deuren.

**Bauhaus** Spruce and oak from Bauhaus.

Spruce and oak from BSV.

### Latvia

**K-rauta** Pine from Swedoor originating from northern Europe/Estonia/Latvia/Lithuania.  
Plywood and teak from Swedoor.

**Nells** Pine from Rzebtols originating from Russia.

### Finland

**K-Rauta** Oak, beech, pine and birch

**Jite doors** Cherry, oak, walnut, birch, beech and pine

**Starkki** Possible types are wenge, abachi, jatoba, mahogany, merbau from tropical origin.

**(Marronwoods)** But also timber types from temperate regions such as linden and oak are offered.

### France

**Pasquet** Moabi, movingui, Framiné and ayous from Cameroon  
Oak

**Leroy Merlin** Meranti from Indonesia  
Tauari from Brasil

**Lapeyre** Monvingui and okoumé from Gabon  
Tauari from Brasil, offered in FSC  
Meranti from Indonesia and Malaysia  
Okoumé from Gabon  
Oak



short: we support a responsible and social forestry policy.' Java deurenfabriek does not use any verified or guaranteed legal or sustainable timber for exterior doors. On the contrary, merbau is the main species used and it is logged destructively and illegally on a grand scale.

### 3.2 Investigation on flooring

Greenpeace surveyed timber importers and dealers which, according to our information, sell merbau as well as flooring dealers which carry this wood type in their range of products. This was part of a larger investigation into a number of endangered wood species: 300 timber companies and 78 flooring companies were surveyed.

#### Greenpeace asked the companies the following questions:

- From which country and suppliers do you obtain the wood species listed?
- Does your company have a sustainable purchasing policy, by which you can guarantee that the products you deal in originate from a sustainable source?
- How is this policy enforced and how does it affect the listed wood species that you carry?
- If you do not have a sustainable purchasing policy, how do you ensure that the listed wood species do not originate from illegal logging practices?

#### 3.2.1 Timber trader/timber importer findings

*'You can be sure that it is in our own best interests to protect the forests' – quote from a letter from one of the respondents.*

While 300 questionnaires were sent out, a total of 29 timber traders and importers responded. In addition, the Netherlands Timber Trade Association (VVNH) responded on behalf of its members. Four timber traders stated that they do not deal in any of these wood types. One company informed us that it would stop its sale of merbau and wengé on the basis of our information, and another company stated that it was cutting back on merbau and looking for alternatives. Four types of responses were given most often by those who replied:

- respondents who stated that they request sustainability or legitimacy certificates (six



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responses), but did not enclose a copy of this certificate (rendering impossible to check the legitimacy of the certificate)

- respondents who stated that they buy from FSC-certified companies (three responses)
- respondents who stated that they buy from reputable companies (three responses)
- respondents who set no sustainability and/or legitimacy requirements for timber (two responses).

Two companies had a certificate to show that their wood was of legal or sustainable origin of which one certificate was to prove the legality for merbau imported from Indonesia.

Ninety per cent of the companies could or would not demonstrate that the wood types they sell are sustainably or at least legally harvested. The six companies that stated they request legitimacy certificates or sustainability certificates did not send the certificates with their replies. This makes it very difficult to evaluate the truth of this claim. Several companies stated that they buy from FSC-certified companies. The fact that a company has an FSC Chain of Custody certificate, however, only indicates that the company is permitted to trade in FSC-certified wood, but offers no guarantee that the wood it sells is actually FSC-certified. In addition, one group of companies stated that they only buy from 'reputable' companies. This claim is of no value at all, since reputable companies can also import wood which is illegally sourced. Two companies were able to present certifi-

## EU box merbau flooring

**Finland** In Finland, Greenpeace sent out a questionnaire to major parquet producers and Do It Yourself chains about the tropical timber they use and its origin and legality. Almost all parquet producers use merbau as well as other tropical species such as jatoba, iroko and sapeli. Northern species are most common in floorings in Finland, but of the use of tropical species (approximately 5-10 per cent) merbau is most popular. None of the producers could show the legality of their merbau. One parquet producer, Timberwise, stated an intent to phase out merbau as a reaction to the Greenpeace merbau report. All Finnish Do It Yourself chains sell merbau, mostly for floorings.<sup>55</sup>

**Austria** In Austria, merbau is mainly used for flooring. Weitzer, one of the biggest Austrian flooring companies decided to sort out all tropical timber products, starting with Merbau. This as a reaction to the publication of the Greenpeace merbau report in 2007<sup>56</sup>. This case should work as an example to improve sustainability in Austrian flooring industry.

**UK** In the UK pressure from NGOs like Greenpeace has lead to main retailers stopping selling merbau including John Lewis, Travis Perkins, Jewsons, Floors to Go and Wolseley.

cates showing that their wood is legally or sustainably sourced. Additionally, two companies stated that they would stop selling these types of wood. Only four companies of the 300 who were approached, have demonstrated by their response a willingness to work in a transparent and socially responsible manner – which is 1.3 per cent of the companies that were surveyed.

### 3.2.2 Flooring company findings

*'Our members do not directly purchase endangered tree species! All timber is purchased through well-known conventional wholesalers/suppliers. We request that you stop disturbing our members and address these wholesalers/*

55 Greenpeace Finland, S. Harkki and M. Ikonen (2007) Flooring from the jungle of illegal logging

56 Greenpeace International (2007) Merbau 's last stand: how industrial logging is driving the destruction of the paradise forests of Asia Pacific.

*suppliers.'* – quote from an email from Parket Groep Nederland

Greenpeace wrote to a total of 78 flooring dealers who were likely to have merbau in their products range. Only two of the flooring dealers responded. In addition, the professional association Parket Groep Nederland responded on behalf of its members. One flooring shop reported that they sold little of this wood and that they inform customers that it is not FSC-certified. The company does not have a sustainable purchasing policy. One company responded seriously to the survey: the company principally buys unfinished flooring from factories in Western Europe and believes that its responsibility starts there. For tropical varieties, the company says that it cannot give a 100 per cent sustainability guarantee and can only ask for information from its suppliers. Parket Groep Nederland reports on behalf of its members that they do not buy their wood directly from the source: they purchase it from conventional wholesalers and suppliers. Therefore, they do not consider it the responsibility of its members to investigate whether the wood types they deal in are legally and sustainably produced or are endangered species.

Not one single company in the flooring sector is able to or willing to prove, through means of a certificate, that their wooden flooring is legally or sustainably sourced. Moreover, Parket Groep Nederland does not believe that its responsibility is to monitor this and places responsibility on the timber traders. This sector seems uninterested in any form of corporate responsibility.

### 3.3 Investigation into the supply chain in Indonesia

After sawing and processing, only 40 per cent usable wood is left from one merbau tree log. Fourteen solid doors can be made from one cubic metre of sawn wood. The journey from the forest to doors and buildings in Europe is long and non-transparent. Logging companies deliver whole tree logs from various forests to a company where it is sawn. Often it is made into doors somewhere else in South East Asia or Europe. In Europe, too, the process from sawn wood to end products involves many businesses in various countries as well as a variety of timber agents and intermediaries e.g. in Singapore.

Dutch door manufacturers and importers guard



information about their trading partners so not much can be said about the origin of wood in exterior doors. They claim that their merbau comes from Indonesia listing Irian Jaya, Sumatra, Borneo, Papua and Surabaya as the regions of origin, whereas Malaysia and Asia are less frequently listed.

In merbau shipments from Indonesia an estimated 80 per cent is illegal timber (see chapter 2.2). Deeper investigation into Indonesian business dealings reveals that the Netherlands indeed is a large market for Indonesian door producers.

38 Member companies of ETPIK (eksportir terdaftar produk industri kehutanan) export merbau to the Netherlands, of which seven are door suppliers (see Annex III). In order to be able to export goods from Indonesia, a company must have an ETPIK permit: to obtain this a company must be a member of BRIK (Badan Revitalisasi Industri Kehutanan). BRIK is a non-profit business organisation which was set up jointly by the ministers of trade & industry and forestry in December 2002. Its primary activity is to accept applications for permission to export processed timber from nearly 4,000 Indonesian timber mills. However, these permits are not definitive proof of the legality of the timber. The company PT Kayu Lapis, which supplies merbau to the Netherlands, is under suspicion of large scale illegal and destructive logging in Papua. (From the Greenpeace Report 2006 Forest Crime File Kayu lapis Indonesia.) The system is based on SKSHH documents, transport documents which are often forged and easily available on the black market.<sup>57</sup> Four Indonesian companies reported they supply merbau to the Netherlands. Either have no ETPIK permit or have not reported their shipments to BRIK.

Milieudefensie researchers called the Indonesian companies which supply merbau to the Netherlands. Nearly all of them told us that they obtain their merbau from legal concessions in Papua. But when we continued to question them on whether it was also possible to buy whole merbau logs (which is illegal), nearly all companies told us that it would be, but at an additional price to cover customs and police expenses. Only PT Cemerlang Selaras Wood Working, PT Sunwood Timber Industries and PT Corinthian Industries Indonesia said that they could not do

this. Four companies (PT Tirta Flora Makmur, PT Artha Kayu Indonesia, PT Inti Prospek Sentosa and PT Sarana Kreasi Lestari) told us that they were unable to show us a timber export permit, because the government did not issue permits to the company. If indeed true, this suggests that their products are illegally exported.

Annex III lists the companies for which public information exists regarding illegal logging and trade or which provided the independent researcher with information indicating illegal logging and trade. This includes several of the total of the companies of which we know from government data to supply merbau to the Netherlands.



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<sup>57</sup> <http://dte.gn.apc.org/60FOR.HTM> and <http://www.wrm.org.uy/bulletin/98/Indonesia.html>



## Chapter 4

# Conclusions and recommendations

### 4.1 Conclusions

- The Netherlands is the largest importer of merbau in Europe. Belgium and Germany are the second and third largest importers. This wood is often illegally logged from the forests of Indonesia, Papua New Guinea and Malaysia.
- In a survey of 300 timber traders, only one provided us with a certificate on the legality of merbau wood.
- In a survey of the flooring industry, not one single company could prove that its wood was produced in a legal and/or sustainable manner. Parketgroep Nederland even clearly announced on behalf of its members that they take no responsibility for the sustainability of the products they deal in.
- Merbau is the most common type of wood used for exterior doors in The Netherlands. None of the major players among the door manufacturers, importers, Do It Yourself shops or builders' merchants that we investigated can prove that merbau wood has been legally and/or sustainably produced. Only four companies are able to supply exterior doors made from alternative FSC certified timber types.
- In shops, on websites, via customer service lines and in brochures, customers are given a great deal of misleading information by these companies on the legitimacy and sustainability of wood.
- Other European countries use far less merbau in exterior doors, but use a good deal of merbau for high-end flooring.
- Last year four trade routes for illegally logged

merbau were uncovered by Greenpeace, EIA and Telapak. World Bank states that 70 to 80 per cent of logging in Indonesia is illegal<sup>58</sup>. Estimates indicate that Illegal merbau exports from Indonesia amount to 80 per cent of total merbau exports. Most of the merbau that is imported to Europe has been illegally logged or traded.

- Public information exists about cases of illegal logging or trade concerning Indonesian companies we know supply merbau to The Netherlands.

## 4.2 Recommendations

It is high time for governments to protect forests in Asia and the Pacific in order to counter the effects of climate change and significantly reduce loss of biodiversity. The criminal trade in illegally logged wood and the rampant deforestation of the Paradise Forests must stop. Illegally logged wood must no longer be used for consumer products such as merbau floors and doors. Governments and companies must adopt strong measures to protect forests and to guarantee that all timber and timber products come only from environmentally responsible and socially just forest management.

<sup>58</sup> World Bank (2006) Strengthening forest law enforcement and governance, report 36638

Companies lose credibility as suppliers of a responsible product when selling merbau. Do It Yourself stores are selling out the Paradise Forests of Asia and the Pacific against dumping prices. Many European timber traders, chain stores, door and floor producers have signed voluntary codes of conduct, covenants and declarations on the use of sustainably and legally produced timber in the nineties or later. This has not substantially changed the import of illegally and destructively produced merbau. It is high time companies start taking sustainability serious, before they truly run out of merbau products because the species is depleted into extinction.

The EU has undertaken its first step to address the problem of illegal logging by adopting an EU Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT) in 2003, of which Voluntary Partnership Agreements (VPAs) with timber producing countries form the cornerstone<sup>59</sup>. The VPAs aim to help timber producing countries improve their governance and law enforcement and to implement a licensing

<sup>59</sup> EU FLEGT Action Plan (2003), [http://ec.europa.eu/development/body/theme/forest/initiative/docs/Doc1-FLEGT\\_en.pdf](http://ec.europa.eu/development/body/theme/forest/initiative/docs/Doc1-FLEGT_en.pdf)

<sup>60</sup> Greenpeace and Friends of the Earth Europe (2007) Position paper. EU public consultation on additional options to combat illegal logging and associated trade.





system to ensure that only legal timber enters the European market. Official VPA negotiations have been launched with a handful of timber producer countries: Indonesia, Malaysia, Ghana and Cameroon. VPAs present an opportunity within these countries to drive change in the forest sector with regards to strengthening governance, improving forest and environmental laws enforcement as well as enabling dialogue between government and civil society. However, VPAs will not be sufficient alone to significantly curb illegal and destructive logging at a global level.<sup>60</sup>

Consequently, the European Commission committed to undertake an analysis of further options to strengthen the action of the EU against illegal logging and related trade. Options include both voluntary approaches and binding legislation. The European Union and its Member States are now at crossroads. In the coming months, they will have to decide either to go forward with strong legislation to protect forests, help responsible business and ensure sustainable human development, or continue business as usual.

According to the European Commissions work program<sup>61</sup> the EU executive plans to publish in 2008, a communication on the 'prevention of the placing on

61 ENDS Europe Daily (25-10-2007) Climate and energy fill the commissions agenda.

62 Milieudefensie Press release (27-11-2007) Activists illegally planted trees in Brussels

the market in the EU of illegally harvested timber and timber products' with possible accompanying legislative proposal. Commissioner Dimas stated 'binding regulations are needed' to combat trade in illegal timber, when he was offered an illegally planted tree by Milieudefensie<sup>62</sup>.

### **What the Dutch government and its European partners must do:**

- Contribute specifically to combating illegal and destructive logging in Indonesia immediately, by enforcing on the European end the Indonesian export ban on roundwood and rough sawn timber, and directing customs officials in European countries to strictly enforce it.
- Support the placing of merbau on appendix III or II of the Convention on International Trade in Endangered Species (CITES) with a limited export quota for processed merbau products.
- Within the scope of the EU FLEGT action plan: Call for, and support, the rapid adoption of a European legislation, that would prevent illegal and destructive timber and timber products from being placed on the EU market.
- European governments must also speed up the implementation of green public procurement policy, which would favour the purchase of wood products labelled as FSC certified.





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### **We call upon the European Commission to:**

- Within the scope of the EU FLEGT action plan: immediately present an environmental legislative proposal that supports both developing and developed countries in their efforts to regulate and conserve their natural resources by requiring that timber and timber products placed on the EU market come only from legal sources and responsibly managed forests.

### **Companies must:**

- Guarantee the use of legal and sustainably produced timber. They should insist on this from their merbau suppliers as well as develop sustainable alternatives until this can also be guaranteed for merbau.
- Adopt a policy for the use of 100 per cent sustainably produced timber, such as FSC

wood. The focus should be on regionally produced timber species.

- Respect codes of conduct they have signed up to.
- Stop giving misleading information and instead provide truthful and transparent consumer information. This includes ensuring that employees are well-informed about sustainably produced wood and that they can promote its use.

Bouwend Nederland [builders' association] and building contractors in the Netherlands must start using sustainable alternatives to uncertified merbau and at the same time change their construction methods to allow for the use of wood with a lower natural level of durability for window frames and doors. Those methods are in vigor in the rest of Europe where species such as oak and spruce are common for exterior doors.

## Annex I

### Do It Yourself and builders merchants range of wooden exterior doors found during Milieudefensie shop inspections

Company	Wood variety	Brands	Sustainable forestry certificate
Imabo	merbau	Skantree, Weekamp, Albo, Norhtgo, Austria and Horizon	No
	meranti	Weekamp, Albo, Austria	No
	okoume	Weekamp	No
	spruce (mahogany)	Norhtgo	No
Hornbach	merbau	Cando, Horizon, Java deuren	No
	hardwood	Horizon	No
	spruce	Horizon	No
Formido	merbau	Cando	No
Karwei	merbau	Cando	No
	hardwood	Cando	No
	spruce	Cando	No
Gamma	merbau	Cando	No
	hardwood	Cando	No
	spruce	Cando	No
Multimate	merbau	Cando, Skantree	No
Bouwmaat	merbau	Horizon, Weekamp, Skantree, Java Deuren	No
	meranti	Horizon	No
	spruce	Horizon	No
Praxis	merbau	Cando	No
	hardwood	Cando, Riverdoors	No
	spruce	Cando	No



## Annex II

### Door producers and importers range of wooden exterior doors from Milieudefensie research

Company	Wood variety	Supplier	Origin
Steffex Handelmaatschappij BV (Cando doors)	merbau		Indonesia, Irian Jaya
	meranti		Indonesia, Sumatra and Borneo
	spruce		
Dehagro Deuren BV (Horizon deuren)	merbau	(Dutch) timber agents in Indonesia	Indonesia
Skantrae BV (Signo)	merbau		Indonesia, Irian Jaya
	merbau		Indonesia, Papua
Doorwin / Houtindustrie Norht-go BV	merbau		Malaysia
Austria Deuren BV	merbau	Java Deuren	Indonesia
	meranti	Java Deuren	Indonesia
Albo Deuren BV	merbau		
Doorwin / Kegro Deuren B.V.	merbau	Doorwin Trading	Indonesia, Surabaya
	meranti	Doorwin Trading	Malaysia-Indonesia
	combined doors (different species)	Doorwin Trading	Chile (hdf)
	sapupira		
Doorwin / Van Bruchem Deuren-fabriek BV	merbau	various	Asia
	sapupira	Van Den Berg	Brazil
	meranti	various	Asia
	guariuba and purpleheart		
TimmerSelekt/Doornenbal	merbau	Van de casteele	unknown
	sapupira	Reef	Brazil
	robinia	Lamido (sawmill)	Hungary
	larchwood	Withagen	Austria/Czech Republic
TimmerSelekt / Weekamp	merbau	various	Indonesia, Kalimantan
	meranti	various	Indonesia, Sumatra
	tatajuba	various	Brazil, Amazon and Guyana
	sapupira	various	Brazil, Amazon
	spruce	various	Czech Republic, South Moravia
Deurenfabriek Susselbeek Vroomshoop BV	merbau		
Deurenfabriek Van den Berg BV	merbau		
	meranti		
Java Deurenfabriek BV	merbau		Indonesia
	teak		
	meranti		Indonesia

## Annex III

### Indonesian companies trading merbau to the Netherlands

Indonesian companies that supply merbau to the Netherlands*	Illegal logging and trade information	Source	Merbau products
PT PRABU JAYA	not in BRIK data list on export to the Netherlands	BRIK list, see also § 3.3	doors, flooring, moulding
PT SURYAMAS LESTARI PRIMA	not in BRIK data list on export to the Netherlands	BRIK list, see also § 3.3	doors, moulding
PT SULARD TIMBER	not in BRIK data list on export to the Netherlands	BRIK list, see also § 3.3	door frames
PT MEGA UTAMA INDAH	not in BRIK data list on export to the Netherlands	BRIK list, see also § 3.3	moulding
PT. ARTHA KAYU INDONESIA	lack of timber (export) permits	personal conversation (end 2007)	moulding
PT TIRTA FLORA MAK-MUR	lack of timber (export) permits	personal conversation (end 2007)	flooring
CV GESTRINDO TIMBER	illegal logging case: 7 containers with timber seized by police (2006)	<a href="http://www.suaramerdeka.com/harian/0602/25/nasb.htm">http://www.suaramerdeka.com/harian/0602/25/nasb.htm</a>	general
PT HARGAS INDUSTRIES INDONESIA	social conflicts and illegal and destructive logging in Aceh, including non payment of taxes logging in buffer zones, logging outside permitted area.	<a href="http://dte.gn.apc.org/47Ach.htm">http://dte.gn.apc.org/47Ach.htm</a> & Down to Earth (2004) Aceh: logging a conflict zone	mouldings
PT INTI PROSPEK SENTOSA	lack of timber (export) permits, court case on illegal logging (2007), smuggling merbau from Papua.	personal conversation (end 2007) & <a href="http://www.media-indonesia.com/berita.asp?id=137787">http://www.media-indonesia.com/berita.asp?id=137787</a> & <a href="http://www.indopos.co.id/index.php?act=detail_c&amp;id=283843">http://www.indopos.co.id/index.php?act=detail_c&amp;id=283843</a>	mouldings
PT KAYU LAPIS INDONESIA	Large scale illegal and destructive logging in Papua	Greenpeace (2006) Forest crime file. Kayu Lapis Indonesia.	moulding, flooring, doors
PT SARANA KREASI LESTARI	lack of timber (export) permits	personal conversation (end 2007)	doors
PT TANJUNG KREASI PARQUET IND.	Kreasi staff admit that they cannot be sure where the company's merbau comes from or if it is legal.	<a href="http://www.eia-international.org/files/reports117-1.pdf">http://www.eia-international.org/files/reports117-1.pdf</a> .	flooring
PT TAMBUN KUSUMA	Labor conflict	<a href="http://www.bwint.org/default.asp?Index=829&amp;Language=EN">http://www.bwint.org/default.asp?Index=829&amp;Language=EN</a>	furniture, construction materials

Other Indonesian companies that supply merbau doors to the Netherlands are: PT MANUNGGAL SUKO JAYA, PT CEMERLANG SELARAS WOOD WORKING, PT CORINTHIAN INDUSTRIES INDONESIA, PT PROFILINDAH KHARISMA, PT SUMATERA TIMBERINDO IND., PT SUNWOOD TIMBER INDUSTRIES\*

Other Indonesian companies that supply merbau (products) to the Netherlands are: CEMERLANG, PT WANA ANDALANBERSAMA, PT KERAMINDO MEGAH PERTIWI, UD MENARA MAS, PT INTISURYA CITRATAMA, CV JATI MAKMUR, CV KARTIKA GRAHA, PT KARYA GUNA EKATAMA (KAGE), PT KARYA GUNUNG PUDUNG, CV KARYA MINA PUTRA, CV INDONESIA SAKTI, CV GRAVITY MERINDO, CV ANUGERAH SARANA TEKNIK KAYU, PT ASMON KARYA UTAMA.\*

\* These companies export merbau to the Netherlands according to official BRIK data and trade information provided by the companies' websites.

