EIA Staggering Stockpile Series

GUINEA-BISSAU

AUTHORIZED PLUNDER:
The Rosewood Stockpile Sale
CONTENTS

Summary 1

Stockpiling in Chaos 2

Looting of Guinean Forests: the Human Stories 3

The Backers and Pushers of the Rosewood Sale 6

Cash Back to Traffickers 7

Sale of the Stockpile Generates More Illegal Logging 7

The Step-by-Step Laundering Machine 10

A Sale Process Eroded by Corruption 11

Conclusions and Recommendations 12

ACKNOWLEDGMENTS

This report was written and edited by the Environmental Investigation Agency, Inc. (EIA). This investigation would not have been possible without the work of Not1More (N1M) and Our Resources in Guinea-Bissau. The document has been produced with the financial assistance of the Norwegian Agency for Development Cooperation (Norad), the Tilia Fund and Good Energies Foundation. The contents of this publication are the sole responsibility of EIA and do not necessarily reflect the positions of any donors.

ABOUT EIA

We investigate and campaign against environmental crime and abuse. Our undercover investigations expose transnational wildlife crime, with a focus on elephants and tigers, and forest crimes such as illegal logging and deforestation for cash crops like palm oil. We work to safeguard global marine ecosystems by addressing the threats posed by plastic pollution, bycatch and commercial exploitation of whales, dolphins and porpoises. Finally, we reduce the impact of climate change by campaigning to eliminate powerful refrigerant greenhouse gases, exposing related illicit trade and improving energy efficiency in the cooling sector.

EIA US
PO Box 53343
Washington DC 20009 USA
T: +1 202 483-6621
E: info@eia-global.org
eia-global.org

EIA UK
62/63 Upper Street
London N1 0NY UK
T: +44 (0) 20 7354 7960
E: ukinfo@eia-international.org
eia-international.org

Front cover: Stockpile in the capital Bissau. Source: EIA.
Back cover: Guinean rural community children playing by a tree. Source: EIA.
Year of publication: 2018.
New findings by the Environmental Investigation Agency (EIA) indicate that the current sale of about 180,000 logs, authorized by the CITES Secretariat through the end of 2018, has resulted in the laundering of fresh logs into the unsecured stockpiles, new illegal harvest of vulnerable CITES-protected wild populations, benefits to traffickers who are de-facto controlling the CITES-authorized sale, and multilayered corruption schemes.

Evidence indicates that the government of Guinea-Bissau’s effort to normalize the country’s compliance status under CITES, lift the trade sanction on the country, and then obtain the Secretariat’s authorization for the sale of the rosewood stockpile was particularly driven by the pressure to reimburse a default loan to the International Monetary Fund (IMF), and pushed by the traffickers.

In order to rectify the current situation, EIA recommends:

1. **The immediate suspension** of the sale and export of *P. erinaceus* in Guinea-Bissau;

2. **An investigation** by the Secretariat into the procedures for the sale of *P. erinaceus* stockpiles in Guinea-Bissau and the impacts on standing stocks; and

3. **The development and implementation** of an Action Plan that includes comprehensive inventory, reliable marking and tracking systems, and a transparent disposal plan, with the participation of independent local civil society.

**SUMMARY**

The ongoing sale of “pre-Convention” specimens of *Pterocarpus erinaceus* in Guinea-Bissau has quickly become the archetype of an ill-conceived stockpile disposal process that directly undermines the integrity of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
STOCKPILING IN CHAOS

Over the past 20 years, Guinea-Bissau has known a civil war, two coups, an attempted coup and the assassination of a president by the army.\(^1\) The recurrent political instability has helped make the West African nation a hub for drug and timber trafficking.\(^2,3\)

When the country descended into chaos in April 2012, following a coup, the appointed interim government allowed illegal logging to explode in the country.\(^4\) The surge of illegal logging was also possible at that time due to the availability of massive amounts of cash from cocaine trafficking. After a government crackdown on cocaine, drug traffickers shifted to invest in and launder their dirty money through the timber business.\(^5\) As sources interviewed by EIA recall, during this period it was not uncommon to see dozens of trucks carrying containers full of illegally harvested \textit{P. erinaceus} logs – also known locally as \textit{pau de sangue} or “blood timber” – lined up along the main avenue of the capital leading to the port and ready for export, despite the log export ban in place then.\(^6\)

Between 2012 and 2014, exporters – most of them being Chinese expatriates – used a battery of subterfuges to get access to vast quantities of rosewood for the Chinese market.\(^7,8\) With the help of high-level officials from the police, forest guard, government and the army they were able to circumvent relevant laws related to harvest and export.\(^9\) Some of the traffickers forged logging licenses, others obtained cutting and export licenses through bribery schemes, and yet others partnered with licensed logging companies (13 at that time) claiming to be processing the wood locally in order to obtain export licenses that they then used for logs instead.\(^10,11,12\) As Mr. Seiti Gassma, Deputy Director of Forestry, explained in 2014: “The legislation says only sawn and processed timber can be exported but laws are violated because thousands of logs are exported to China in containers.”\(^13\)

Traffickers organized armies of loggers and sent them all over the forest areas. Community leaders who stood up against the plunder of their forests were harassed, threatened and beaten (Box 1).\(^14\) As a community member explains: “I was told that whether I accepted or not, they were going to do it anyway... So I accepted.”\(^15\) A high-ranking official from the Forestry Department clarifies to EIA investigators: “During the coup, the members of the military were the ones that cut the timber and took advantage of the chaos to make quick money out of it.”

Community leaders who stood up against the plunder of their forests were harassed, threatened and beaten.
"Timber which is of rosewood species I have not cut any one of those because I have kids. So that if my children grow they can also inherit something good from their parents which is the forest." That is the story Mr. Saliu Emballo was explaining to journalists in 2014, after he had discovered that the trees he was protecting for his children were taken in his absence. About the loggers and their manoeuvres, he explains: "They are Chinese who I saw twice with my eyes, when I left my farm to pay a visit to my wife in Mansoa, they entered my area and do the cutting in my absence."

Living in another Province of Guinea-Bissau, Mr. Fa Braima shares his experience of the illegal logging crisis. "Even if you meet them in the bush to talk to them they will drive you out and now here we are they have the final say over us. I believe that this is not something which is correct." As for Mr. Embalo, the forest is the future for Mr. Braima: "This is almost the fourth year that we have not allowed any cutting because the wood that they are cutting, the size of our forest cannot cope with their demand. Now if we finish everything in the forest what will our children inherit from us. They may not even know what species the rosewood is. I, as a member of the central committee of our village, call on our people and we make a meeting for raising awareness. Let us not look at this small money they are offering us. We can gain even more if we retain our forests intact for the future."
As a result, timber exports from Guinea-Bissau to China exploded in a matter of a few years. The country went from exporting 61 tons of timber to China in 2007 to close to 98,000 tons in 2014 (Figure 2). In 2014, the country exported the equivalent of 4,260 containers or approximately 255,000 trees. While specialized retail shops flourished in China (Figure 3), most of the forested areas in Guinea-Bissau suffered the pressure from the rosewood hunt, including protected areas.

In June 2014, President José Mario Vaz was elected. Following a strong campaign led by local civil society, the new government issued a temporary logging ban followed by a moratorium on all log exports. In April 2015, the cabinet approved a moratorium on all timber felling and exportation for five years. The government also issued an order to seize already cut timber and ban its export. In a matter of days, officials seized 104,000 logs awaiting illegal export to China. The national guard established a task force to seize illegally logged specimens of *P. erinaceus* and protect the remaining wild populations.

The moratorium and subsequent seizures resulted in the accumulation of a massive stockpile of rosewood in Guinea-Bissau between 2014 and 2016. Traders and official representatives told EIA investigators in 2018 that the rosewood stockpile in Guinea-Bissau includes over 400,000 logs and is composed of three distinct types of stocks (Figure 4). There are 500 containers (~60,000 logs) loaded with *pau de sangue* located in Bissau and in the port area, reportedly secured by the government (Figure 5). Then there are 18,000 - 24,000 piled logs (equivalent to 150-200 containers) located in different compounds in the capital, reportedly also secured by the government (Figure 6).

Finally, the largest part of the stockpile is composed of thousands of logs lying around hundreds of mostly unknown locations all over the forest areas of the country (Figure 7). These uncontrolled stocks are estimated to represent between 240,000 and 360,000 logs (equivalent to 2,000-3,000 containers). The moratorium stopped these logs, allegedly cut before the ban was in place, before the traffickers were able to organize their transport to the capital where the port of export is located. No exact information exists regarding the number, volume or even the locations of these hundreds of piles of logs that were never collected nor secured by the authorities.
The country went from exporting 61 tons of timber to China in 2007 to close to 98,000 tons in 2014.
THE BACKERS AND PUSHERS OF THE ROSEWOOD SALE

Guinea-Bissau joined CITES in 1990. In March 2016, because the country had failed to adopt appropriate measures for the effective implementation of the Convention, the Standing Committee recommended the suspension of commercial trade from Guinea-Bissau in all the specimens listed under the Convention. The CITES Secretariat lifted the trade suspension two years later, in January 2018, after the Guinean President passed a decree (Decree No 3/2017) that met the Convention’s requirements. On the same day, the Secretariat notified parties about Guinea-Bissau’s decision to sell 24,339 cubic meters of *P. erinaceus* logs within 90 days “on the basis of pre-Convention certificates.”

The 24,339 cubic meters of *P. erinaceus* logs authorized to be sold with pre-Convention certificates represent approximately 1,500 containers, or approximately 180,000 logs, as multiple traders and officials told EIA investigators. The 180,000 logs authorized to be sold will come from the three stocks: the containerized logs located in the capital (18,000-24,000 logs), the piles of logs in the compounds (approximately 60,000 logs), and the uncontrolled logs lying around in rural areas (96,000-102,000 logs). The majority of the pre-Convention logs authorized by the CITES Secretariat will be sourced from the uncontrolled piles.

Multiple well-placed sources in Guinea-Bissau told EIA undercover investigators that the effort by the government to get the CITES trade suspension lifted was primarily motivated by the sale of the rosewood stockpile. This is confirmed by a document from the Secretariat stating: “following the illegal export of a shipment of *Pterocarpus erinaceus* in December 2016, the Secretariat has worked closely with the Management Authority and other relevant parts of the Government, as well as the World Bank Office and the delegation of the European Union (EU) in the country, to assist the Government in its effort to put in place all the legislative measures prior to the lifting of the trade suspension and the possible export of a large stock of pre-Convention timber of *Pterocarpus erinaceus*.” The fact that the authorized stockpile sale was announced the very same day as the lifting of the trade suspension further corroborates this assumption. About four months later, and despite the Secretariat’s statement in January that “No pre-Convention logs of *P. erinaceus* will be exported from Guinea-Bissau 90 days after the date of this Notification (i.e. after 22 April 2018)”, the Secretariat informed Parties that the sale was extended until the “end of 2018.”

Several influential Chinese traders in Guinea-Bissau told EIA investigators that they actively supported the stockpile sale and pressured the Guinean government to make it happen as soon as possible. They explained to investigators how they funded several trips for government officials to meet in person with CITES Secretariat representatives (Figure 7). The Chinese embassy in Guinea-Bissau backed the Chinese businessmen and put pressure on the Guinean government early on, in order to re-open the trade and limit the tax levied. As stated in a letter from the Chinese embassy directed to the Prime Minister and Minister of Finances (Figure 8): “Given the seriousness of this ongoing problem, we request you, your Excellencies, to address the above problem with the utmost urgency.

Another key driver behind the government of Guinea-Bissau’s effort to sell the rosewood stockpile is the pressure to pay off its debt to the International Monetary Fund (IMF). As a matter of fact, the repayment of the loan to the IMF is presented as the very first reason for the creation of the Committee for the Sale and Monitoring of the Process of Export of the Wood Confiscated by the Government (also called the “Sale Special Committee”) in December 2016. The document, signed by Mr. Botche Candé, the President of the Committee, also Minister of State and Interior, states as opening preamble for the creation of the committee in charge of organizing and supervising the rosewood sale: “Taking into account the requirements of the International Monetary Fund (IMF) for the resumption of its Program with the country, after the Executive suspended the rescue operations of the banks in order to restore the defaulted credit.”
Bissau, 22 de Janvier de 2015

A la Primature de la République de la Guinée-Bissau
Au Cabinet du Ministère des Finances et de l’Économie de la République de la Guinée-Bissau

URGENT

Excellences,

Tout récemment, il y a des hommes d’affaires chinois qui portent plainte auprès de l’Ambassade de Chine à Bissau, en disant que la Partie bissau-guinéenne leur fait payer en 2ème fois les frais et taxes de bois qu’ils ont déjà payés sous la Transition. Ces nouveaux frais et taxes s’élèvent jusqu’à un montant de 2 192 500 000, 000 FCFA, et cela dépasse démesurément la capacité de ces hommes d’affaires chinois.

Dans le souci de débloquer la situation qui a trainé depuis 7 mois, et de trouver une solution judicieuse à ce problème suspens, nous sollicitons à la Primature et au Ministère des Finances de bien vouloir revoir les frais et taxes dans l’intérêt des deux Parties.

Etant donnée la gravité de ce problème qui traine, nous prions, Excellences, de bien vouloir accorder le bénéfice de l’urgence à la demande susmentionnée.

Veuillez agréer nos salutations distinguées.

Source: Chinese Embassy in Guinea-Bissau

Figure 8
Letter from the Chinese consulate to the Guinean Prime Minister and Minister of Finances, in support of the Chinese businessmen involved in the rosewood trade
CASH BACK TO TRAFFICKERS

Officials from the Forest administration, Special Sale Committee representatives, local traders and international exporters told EIA undercover investigators that the government of Guinea Bissau does not own the stockpiled rosewood logs, and that any interested buyer needs to negotiate sales conditions (volume, quality, price, and payment terms) with the alleged owner of the logs, who are frequently the Chinese expatriates who originally financed the illegal harvest of the timber back in 2014.

They also said that the government of Guinea-Bissau restored the ownership of the confiscated logs to those who alleged to own them initially - the traffickers who financed and organized the largest forest plunder in the history of the country. These traffickers are now selling the illegally harvested wood seized between 2014 and 2016 through a legalization mechanism developed by the government with the support of the CITES Secretariat. Traffickers met by EIA investigators explained that they are now allowed, thanks to the sale authorized by CITES, to sell the timber for their own profit in return for an export tax paid to the government.

SALE OF THE STOCKPILE GENERATES MORE ILLEGAL LOGGING

Logging in Guinea Bissau is prohibited until March 2020, according to the 5-year moratorium that came into force in April 2015, and the export of freshly cut logs of P. erinaceus from the wild has been regulated by CITES since the Appendix II, took effect on January 2, 2017. EIA investigators have obtained evidence that traders and exporters are laundering freshly cut logs into the stockpiles of pre-Convention logs.

Representatives of the Special Sale Committee told EIA undercover investigators that pre-Convention logs from the stockpile are not popular among buyers because their value has decreased substantially over time. Most of them have been kept in the open-air for years causing them to dry out, and many logs show large cracks that make them unsuitable for furniture making. The Special Sale Committee official in charge of the stockpile sale further explained that freshly cut logs are of better quality and can be mixed with old logs and sold as pre-Convention.

Figure 9
Freshly cut logs (unmarked) added to pre-Convention stockpile, region of Oio
He explains:

EIA: Is that possible to have new freshly cut logs mixed with this and send it to me? [...] 

Special Sale Committee representative: Fresh, yes. Exactly. It’s possible. It’s possible. Yes, it’s possible.

The words of the official were corroborated by EIA investigators and local sources who easily found logs freshly cut in different regions of the country, and mixed into older piles of wood that are part of the national stockpile (Figure 8 and 9).

EIA’s sources in Guinea-Bissau witnessed teams of workers moving unmarked logs out of the forest to the city of Bissau in order to be exported under the current “pre-Convention” sales authorization.

EIA undercover investigators and EIA’s local sources have collected evidence that the authorized sale of *P. erinaceus* specimens has triggered illegal logging activities in various regions and districts of Guinea Bissau. For example, investigators witnessed the resurgence of logging activity in the Region of Oio as a consequence of the stockpile sale (Figure 10).

In Oio, illegal fresh cuttings were recently reported by agents of the National Guard. In July 2018, an agent from the National Guard delivered his hand-written report on the surge of illegal harvest in *P. erinaceus* to the authorities in Bissau (Figure 11).

The fact that the current sale is allowing the export of illegally cut specimens of *pau de sangue* has been acknowledged publicly in Guinea-Bissau on several occasions. The Director of the Forestry Department declared on Radio Sol Mansi (national radio) on June 27, 2018, that freshly cut timber was periodically entering the city of Bissau. Three trucks carrying illegally cut logs were identified and stopped on their way to the port that same month (Figure 12).

EIA investigators also found that the current inventory and marking of the stockpile, using a simple oil-marked system, is unreliable and vulnerable to laundering. According to testimonies from National Guards and undercover meetings with EIA investigators, only 50 percent of the volume allowed to be sold by the CITES Secretariat had actually been marked at the time of the investigation. EIA undercover investigators found many un-marked logs lying in the forest presented as part of the stockpile by traders and alleged owners. This elementary marking and the absence of marking at all on a significant portion of the logs destined to be exported under the pre-Convention process directly contradict the Secretariat’s statement, according to which: “The logs in the stockpile to be exported under paragraph b) have been marked during the inventoring with a unique identifier for each log. A list of the identifiers will be attached to each of the CITES pre-Convention certificates.”
Figure 12
Report on recent illegal logging activities and stockpile of freshly cut logs

Figure 13
Containers loaded with freshly cut logs stopped by authorities in June 2018
THE STEP-BY-STEP LAUNDERING MACHINE

As a representative from the Commission in charge of supervising the sale of the rosewood stockpile explained to EIA investigators, the “plan” is to first sell 1,500 containers as pre-Convention, then 2,000 or 3,000 more, and then another 2,000-3,000. As he further explains: “of course CITES does not know about it...” The ultimate objective is to sell the “big stock in the forest” using the pre-Convention scheme (Figure 13).

Other sources explained to EIA investigators that it is the strategy of the traffickers to take advantage of the pre-Convention scheme by continuously extending the deadline for the sale in order to progressively sell all the resources of the country. Traffickers and agents from the administration told EIA investigators that it was certain that the country will be able to extend the deadline for the sale, despite the initial notification limiting it to 90 days. Unfortunately, this prediction has come true: a few months after the first notification, the Secretariat, at the request of the government, notified CITES Parties of the extension of the sale period.

The sale of pre-Convention timber has turned into a laundering scheme used by traffickers to sell freshly cut logs. The demand for fresh logs has triggered illegal logging of *P. erinaceus* in Guinea-Bissau forests. The uncontrolled sale of pre-Convention specimens has happened in violation of Appendix II, since illegally harvested specimens are integrated into the stockpile. The uncontrolled export of *P. erinaceus* specimens which resulted in increased illegal logging of wild populations also contradicts the conclusions and recommendations from the International Workshop on Tree Species in CITES (La Antigua, Guatemala, 7-9 February 2017), which states inter alia that an analysis similar to a Non-Detriment Finding (NDF) should be conducted for any sale to ensure that it does not detrimentally affect the standing stocks.
A SALE PROCESS ERODED BY CORRUPTION

Several powerful traders and exporters explained to EIA investigators that the pre-Convention sale was a unique opportunity for them to make a quick profit facilitated by corruption.

Mr. S: ‘It mainly involves officials to sign the documents. Signatures need to be collected from all the specialists to proceed. The key here is to bribe.’

Mr. X: ‘There are also officials’ sons selling logs to us. No ordinary people will do this business. All of them are connected in some way. You won’t find ordinary people selling in large quantity. Only the connected people dare to do this.’

Mr. T: ‘They [high-level government officials] just make sure your logs get out of the country through their personal connections. With CITES in the way, this cannot be done with just some random personal connections. They will put half of the money you paid in the tax system, and take the other half for themselves with no receipt. Customs is controlled by the military and operates independently from the government. You cannot get the shipment out without connections in the customs.’

The high-level corruption described by traders and exporters to EIA investigator stands in sharp contrast with the lack of resources available for local officers from the forest administration who dare to go after the current fraud and criminal operations (Figure 14).

“It mainly involves officials to sign the documents. Signatures need to be collected from all the specialists to proceed. The key here is to bribe.”
CONCLUSIONS AND RECOMMENDATIONS

EIA’s investigation exposes the real motives behind the disastrous ongoing stockpile sale in Guinea-Bissau. *Pau de sangue* trees are felled despite the 5-year moratorium, mixed into a poorly secured stockpile and sold as pre-Convention timber to China. The operation has been sponsored by traffickers who organized the illegal harvest and trade of the logs before they were seized, and is supported by international organizations including the IMF and the World Bank. EIA recommends:

- the immediate suspension of the sale and export of *P. erinaceus* in Guinea-Bissau;
- an investigation by the Secretariat into the procedures for the sale of *P. erinaceus* stockpiles in Guinea-Bissau and the impacts on standing stocks; and
- the development and implementation of an Action Plan that includes a comprehensive inventory, reliable marking and tracking systems, and a transparent disposal plan, with the participation of independent local civil society.

REFERENCES

4. Ibid.
9. Ibid.
16. Based on GTA data and taking into account that a 20-foot container carry 23 tons of *P. erinaceus* equivalent to 120 logs. Each tree usually yields two logs.
20. Ibid.
25. As documented by EIA in several West African countries, 20-foot containers are usually filled with 120 logs of *P. erinacea*. 26. CITES Secretariat, 2017. SC69 Doc. 27.
28. CIMA, 2016. 1o Encontro de trabalho realizado no dia 7 de 12 de 2016.
29. Ibid.