



## European, US, and Australian Markets Are Still Importing Logs from Countries with Full or Partial Log Export Bans

**More than thirty countries have some form of a log export ban. Yet European, American, and Australian companies have been importing logs from these countries over the past five years, indicating a risk of illegal import.**

Over the past several decades, more than 30 countries<sup>1</sup> – most in tropical timber producing areas – have enacted policies to restrict or prohibit the export of raw logs. Yet companies around the world have been importing logs from these countries – indicating a risk of illegal import. In Europe, the USA and Australia, trade regulations against the import of illegally sourced wood products may be being violated, making these companies vulnerable to enforcement action. Since each log export ban is different in its scope, one cannot merely judge all logs as illegal without additional due diligence research. To identify potentially high risk flows of logs, Forest Trends analyzed European, US and Australian log imports from thirty countries with some form of a log export ban over the period 2011-2015.

### Background

Despite their seeming simplicity, log export bans are difficult to enforce for various reasons, ranging from the low capacity of government agencies, confusion caused by misidentification of products or species, to outright fraud and corruption within one or multiple links along the supply chain. Due in part to these enforcement challenges, logs continue to be exported from many countries with full or partial LEBs – in some cases contravening domestic laws and regulations.

The aim of log export ban (LEB) policies has in many cases been both economic and environmental: requiring timber to be processed in-country before export creates jobs and enables higher sale prices (and taxes) for the semi-processed or finished wood products. It is also more difficult for illegal timber harvesters to ‘cut-and-run’ with raw logs stolen from a country’s forests when a log must be transported to a domestic mill, where nearby roads and checkpoints can be more closely monitored. Log export bans are also often politically easier to implement than addressing the more difficult issues that may be contributing to illegal logging or the under-development of a country’s domestic timber industry (e.g., corruption, lack of investment).

30 LEBs are currently tracked by the World Resources Institute (WRI). Export restrictions range from comprehensive bans on all raw or crudely processed logs, to more narrow targeting of certain types of timber, specific tree species, or distinct regions of harvest within a given country. Honduras, for example, prohibits the export of hardwood logs but allows for softwood/pine logs to be exported. In some countries, the wording of the LEB is difficult to interpret, or exemptions can be granted by government officials under special circumstances. WRI’s research into the 30 LEBs are the best available data at the moment on the specifics of each national LEB policy.<sup>2</sup>

<sup>1</sup> As of May 2016, according to research compiled by the World Resources Institute (WRI). WRI lists 34 countries with some form of a log export ban. However, for purposes of this study, log exports from Canada, New Zealand, the USA and Ukraine were not included. This study looks at log exports from the remaining 30 countries.

<sup>2</sup> See here for the full list: <http://www.forestlegality.org/content/logging-and-export-bans>

Because each LEB is different in its scope, one cannot merely judge all logs from LEB countries as illegal without additional due diligence research. Few of the LEBs cover all species with no exemptions, although—for example—the 2014 Myanmar LEB policy does. As such, the presence of a log export ban signals a need for additional risk assessment and mitigation actions by companies in order to ensure that their log imports are not violating the specifics of these countries' log export bans.

In the US, Europe, and Australia, regulated market transactions involving logs in violation of a LEB from the country of harvest are within the scope of the US Lacey Act, the European Union Timber Regulation (EUTR), and the Australian Illegal Logging Prohibition Act (ILPA).

## Findings

In an effort to identify potentially high risk flows of logs, Forest Trends analyzed European, US and Australian log imports from thirty countries with some form of a log export ban over the period 2011-2015. The methodology involved using UN Comtrade data on imports reported by European countries, the US, and Australia categorized under HS Code 4403 (wood in the rough, or roughly squared).<sup>3</sup>

The findings from this analysis show that many European countries, as well as the US and Australia, report significant import flows of logs from LEB countries over the period 2011-2015 (Figure 1 and Table 1), with a total value of US\$199 million (Table 2).

**However, it is important to note that these imports are not necessarily in violation of LEBs, as:**

- **This data shows imports of all logs, while a number of LEBs only apply to certain tree species, wood types, or subnational regions of harvest.**
- **Some LEBs came into effect during the period under examination.**

Thus, the findings should be taken as a starting point for deeper scrutiny of the types of logs that are being imported in particular supply chains, and whether or not these imports violate the specific LEB prohibitions from the various source countries. As noted above, WRI's list of current LEBs is the best available data by which to determine whether or not log imports are in violation of specific country-of-origin policies.

A few key trends emerge from the analysis of European, US and Australian imports over the period 2011-2015:

- 1) Five European countries are responsible for the vast majority of European log imports from LEB countries from 2011-2015: Italy, Germany, France, Belgium, the United Kingdom, and Portugal. Together, they are responsible for 85% of European log imports from the 30 countries with full or partial log export bans.
- 2) Cameroonian log exports are by far the largest source of LEB imports flowing to Europe (Figure 2). In total, European countries imported US\$113.9 million in logs from Cameroon over the five year period, representing 60% of the total log import value to Europe from all 30 LEB countries.
- 3) While the value of European, US and Australian log imports from LEB countries totaled US\$199 million between 2011-2015, the value of log imports have declined steadily each year -- from \$64.9 million in 2011 to \$25.2 million in 2015 (Figure 3 and Table 2). This may be related to EUTR, ILPA, and Lacey Act enforcement, although it is difficult to definitively attribute these declines to enforcement of timber legality statutes.
- 4) The vast majority of Australia's log imports from LEB countries came from Malaysia, but this is a country where the log export ban will vary according to the Malaysian state in which the log has been harvested. Logs from Peninsular Malaysia are banned from export, but other Malaysian states' LEBs are only focused on specific species, or whether total logging has not exceeded a state's quota (Sarawak, for example). Thus, in order to determine the legality of Malaysian log imports, deeper investigation would be needed to identify the location of harvest, whether intra-state transfers have occurred to avoid the more stringent LEBs, and whether any other state-specific LEB restrictions have been violated.

<sup>3</sup> UN Comtrade Database | <https://comtrade.un.org/data/>

- 5) United States log imports from LEB countries came primarily from Nigeria, Brazil, Honduras, Cameroon, Guatemala, and Malaysia. Nigeria's log export ban, in place since 1976, appears to apply to all logs without exception, while Brazil's LEB is only partial, allowing for the export of plantation-grown logs.

### Details on LEB Policies and Trade Trends in the Top Four Countries to Europe

European countries account for 95% of the US\$199M in log imports from LEB countries to the US, Australia, and Europe from 2011-2015; therefore this section focuses on European countries specifically, excluding the US and Australia.

Log imports from Cameroon, Myanmar, Malaysia, and Gabon together account for 86% of all the log imports from the 30 LEB countries into Europe. It is therefore worth digging a bit deeper into where logs from these four countries are headed within Europe, and how this has changed over time.

**Cameroon:** According to WRI, Cameroon has a log export ban on more than 20 species of raw logs which has been in effect since 1999.<sup>4</sup> Other species are presumably legal to trade as logs, and Ayous is specifically mentioned in the LEB policy as legal. As indicated by the graph and table in Figure 4, log imports to the EU from Cameroon fell from a high in 2011, declining steadily through 2014 before rising slightly in 2015. The largest European importers of Cameroonian logs over the five year period were Italy, France, Germany, Belgium, Portugal, the UK, Greece, Spain, and Luxembourg. Of these nine countries, three in particular had significantly reduced their Cameroonian log imports by 2015, namely Germany, the UK, and Spain.

**Myanmar:** In April of 2014, the government of Myanmar issued a ban on the export of all raw logs, aimed at slowing the flow of illegal timber from the country and allowing the domestic industry to develop more rapidly. Among EU countries, Italy and Germany were the largest importers of logs from Myanmar from 2011 through 2015 (shown in Figure 5). However, both countries reduced these imports in 2015, likely in part due to the LEB issued by Myanmar in 2014. While Germany reduced its imports substantially, Italy's imports were still valued at US\$1.5 million in 2015. It is also important to note that in the summer of 2016, the government of Myanmar instated a temporary ban on all logging activity, set to expire in April of 2017.

**Malaysia:** The export of logs from Peninsular Malaysia is prohibited, with very limited exceptions. However, a large proportion of the country's tropical log exports originate from the East Malaysian states of Sabah and Sarawak, on the island of Borneo. The federal government has attempted in the past to put in place temporary log export bans on these states, but these bans do not appear to be in place at the present time. Log imports to the EU from Malaysia totaled US\$14.1 million from 2011 through 2015. Poland, Italy, Germany, and the UK were the largest log importers. With the exception of Poland, each of these countries saw reductions in Malaysian log imports through 2015, as shown in Figure 6.

**Gabon:** Since 2010, Gabon has had in place a comprehensive export ban on logs, boules and through cut logs, which appears to apply to all timber species. Nevertheless, from 2011 through 2015, EU countries imported US\$13.3 million worth of logs from the country. Over that period, France was the largest importer, responsible for US\$9.1 million in trade value. Belgium, Greece, Germany, and the UK were also near the top of the list. However, since 2014 log imports have significantly decreased (Figure 7).

### Recommendations: Verifying the Legality of Log Imports from LEB Countries

The analysis of trade statistics, such as those presented in this information brief, represent only a starting point for further investigation of specific log imports into the US, Europe, and Australia. Digging deeper into trade flows will reveal that the imports either do in fact fall within a window of exemption under the export country's LEB policy, and are therefore legal, or are in fact violating the terms of a LEB policy, and are therefore illegal. Experience over the past 18 months in analyzing trade data and following up with specific import flows have shown the importance of this additional investigation.

<sup>4</sup> In June 1999, an administrative order lifted the log export ban for two dominant species: Ayous and Sapelli. These exceptions allowed for much of Cameroon's logging trade to continue because these two species represented more than a third of all logs exported in 1997. However in August 1999, the government issued another set of guidelines that banned Sapelli exports while allowing for continued exports of Ayous and opening possibilities for the promotion of other currently "under-utilised" species. <http://www.greenpeace.org/international/Global/international/planet-2/report/2000/3/illegalLogging-in-cameroon.pdf>.

This Policy Brief was financed by the DFID Forest Governance, Markets and Climate (FGMC) Programme. It was written by Brian Schaap. The brief reflects the opinion of the author and not necessarily of the donor. The author would like to thank Kerstin Canby for providing comments and editorial suggestions and Lina Scott for her assistance with design and copy-editing.

**FOREST TRENDS**

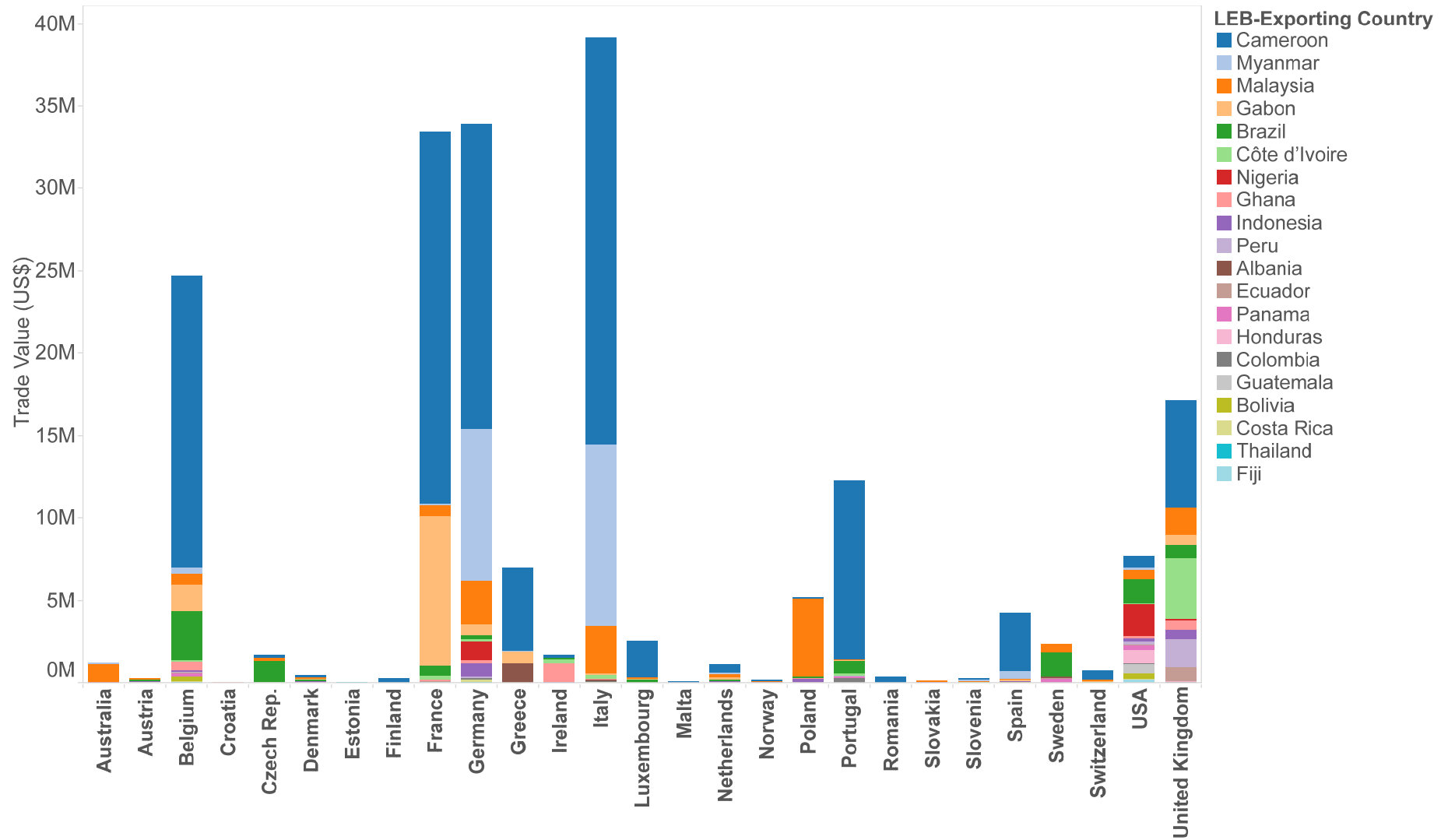
1203 19th Street, NW  
4th Floor  
Washington, DC 20036  
[www.forest-trends.org](http://www.forest-trends.org)

- 1) **Verify proper HS coding:** One rather obvious but nonetheless important factor to consider would be to verify that the trade data are properly coded. Products classified as 'logs' (HS 4403) are sometimes misclassified and are instead a more processed form of timber which should have been assigned a different HS code. In cases when further investigation reveals that the imports in question do not actually fall under HS 4403, these imports would then be exonerated as potential LEB violations. HS code entry errors are known to happen, and in all likelihood some portion (likely small) of the US\$199M in log imports from LEB countries to Australia, Europe and the US from 2011-2015 may in fact have been misclassified as logs.
- 2) **Be specific about exemptions that allow for log exports despite the presence of a LEB:** If the imports are in fact found to be logs, it is possible that they may fall within the windows of exemption that many LEB policies include. Three of the most common categories of exemption are based on tree species, harvest location, or time of harvest—that is, whether or not the LEB policy was in effect at the time the logs were harvested or exported. Log imports from countries with full or partial LEBs may in fact be legal if: the logs are of a species which is exempt from the exporting country's LEB policy; or if the logs were harvested from a subnational region within the exporting country which allows for log exports; or if the log exports occurred before an exporting country's LEB policy went into effect.

If further research reveals the imports to be logs (HS 4403) which are of a species and subnational region of harvest covered by a log export ban, then one can reasonably determine these imports to have a high likelihood of being in violation of the EUTR, the ILPA, or the Lacey Act.

## ANNEX

Figure 1: Total Log Imports from Countries with Full or Partial LEBs to Europe, USA, and Australia, 2011-2015



\*NB: Only the top 20 LEB-exporting countries (by value) are included in this chart, for the sake of visibility.

Table 1: Total Log Imports from Countries with Full or Partial LEBs to Europe, USA, and Australia (2011-2015)

	Italy	Germany	France	Belgium	United Kingdom	Portugal	USA	Greece	Poland	Spain	Luxembourg	Sweden	Czech Rep.	Ireland	Australia	Netherlands	Switzerland	Denmark	Romania	Finland	Austria	Slovenia	Norway	Slovakia	Malta	Croatia	Estonia	Grand Total
Cameroon	24,681,380	18,505,480	22,556,721	17,696,407	6,473,130	10,839,828	716,803	5,040,082	30,488	3,549,781	2,144,923		238,678	163,260		491,622	589,189	113,898	394,174	260,074		17,657	56,691		33,167			114.59M
Myanmar	11,018,151	9,253,072	123,319	365,305			120,380	15,846	68,015	421,578					34,941	167,343					49,237							21.64M
Malaysia	2,860,532	2,628,234	596,724	643,784	1,632,897	5,469	571,348		4,703,630	25,718	7,136	450,898	155,059		1,153,450	173,711	39,984	49,475		2,822	69,977	1,961	35,016	1,017				15.81M
Gabon	44,712	626,484	9,094,650	1,621,973	590,283	125,252		756,028		27,886	146,025				107,978	11,524	130,839			2,337								13.29M
Brazil	59,695	261,177	643,000	2,955,635	871,702	785,684	1,404,185		1,825	30,471	188,441	1,490,434	1,257,967	77,108		1,292	93,579	40,757		10,244	27,157	8,053		334			10.21M	
Côte d'Ivoire	232,508	143,140	228,300	110,663	3,623,441	99,413	82,216			26,765				279,139		42,054	32,759				121,163							5.02M
Nigeria		1,099,411			123,842		1,942,822		72,332						5,878	1												3.24M
Ghana	20,352	195,976	40,290	535,400	543,860		153,449		28,746					1,133,994		79,823									5,451			2.74M
Indonesia	31,232	813,278	10,607	56,276	617,750		171,523		200,190	258	471				35,334	29,468	5,027	45,076			5,468	894	1,089	100,422	19,346			2.14M
Peru		48,923		27,523	1,687,009	469	172,332										245											1.94M
Albania	38,784							1,175,233				21,411				1												1.24M
Ecuador	6,158	1,392	3,393	4,847	824,857	35,830	85,349		30,011	31,843		24,481				30,160	1,069		9,816									1.09M
Panama	2,148	52,915		245,838		8,121	245,286					317,527				3		15,245			14,253							0.90M
Honduras					13,474		814,947									6,592												0.84M
Colombia	20,881	103,770			43,582	374,470	47,272		26,200	10,155						10,248												0.64M
Guatemala					21,540		601,452									33												0.62M
Bolivia	75,805			242,584			286,511			98																		0.60M
Costa Rica	60,219	135,678		7,670		19,317	83,895		20,100	88,501						42,364					134,693							0.59M
Thailand		59,143	3,735	143,883	28,361								12,692		3,255	5,422		62,698					82,355			3,607		0.41M
Fiji			141,871				175,343								21,146	28,748					21,748							0.39M
Mozambique		189,645	66,980			14,086						10,748				8												0.28M
Lao PDR			434				188,000														20,653							0.21M
Belize	102,084	16,369			3,241		35,425																					0.16M
Philippines	20,148	15,146	2,234		39,143		58,004									401	8,999	936										0.15M
Viet Nam		18,483	4,959	5,053			78,246		145	13,630		119			11,636	442	1,146	218				458						0.13M
Papua New Guinea		67,865		44,466											3,083													0.12M
Cambodia	3,293						92,673									18												0.10M
Madagascar			27,224	3,694													57,708				5,250							0.09M
Nicaragua		14,511					45,289			11,257	5,651					17												0.08M
Sri Lanka		26,973			40,535								1,551			58												0.07M
Grand Total	39.28M	34.28M	33.54M	24.71M	17.18M	12.31M	8.17M	6.99M	5.18M	4.24M	2.49M	2.32M	1.73M	1.69M	1.24M	1.15M	0.84M	0.46M	0.40M	0.28M	0.25M	0.25M	0.18M	0.10M	0.03M	0.02M	0.00M	199.31M

\*NB: Blank cells in the table indicate that no data was reported via UN Comtrade, either indicating that the trade value was zero, or was unreported by the importing country.

Figure 2: Total Log Imports by Year from Countries with Full or Partial LEBs to Europe, USA, and Australia, 2011-2015

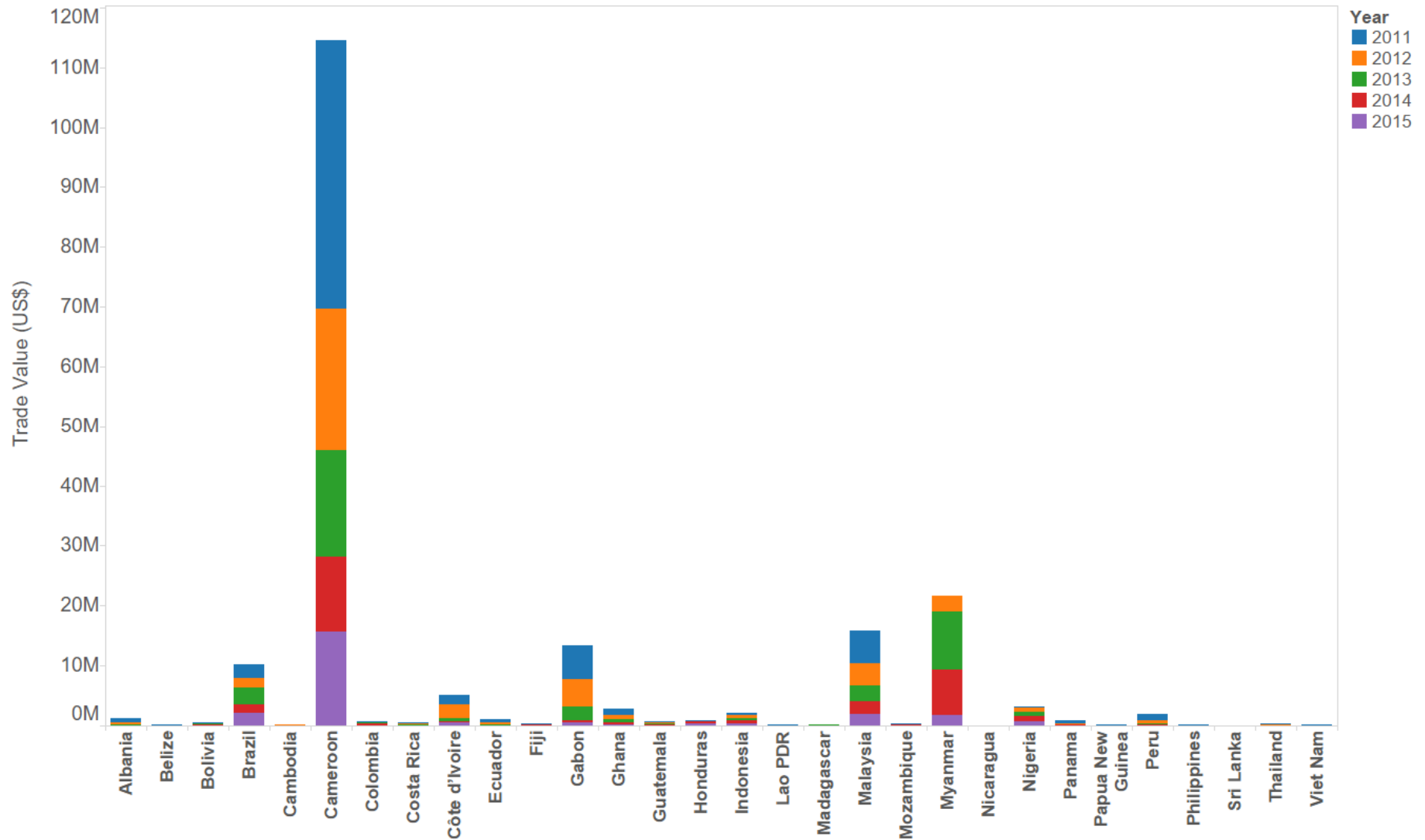


Figure 3: Log Imports by Year from Countries with Full or Partial LEBs to Europe, USA, and Australia, 2011-2015

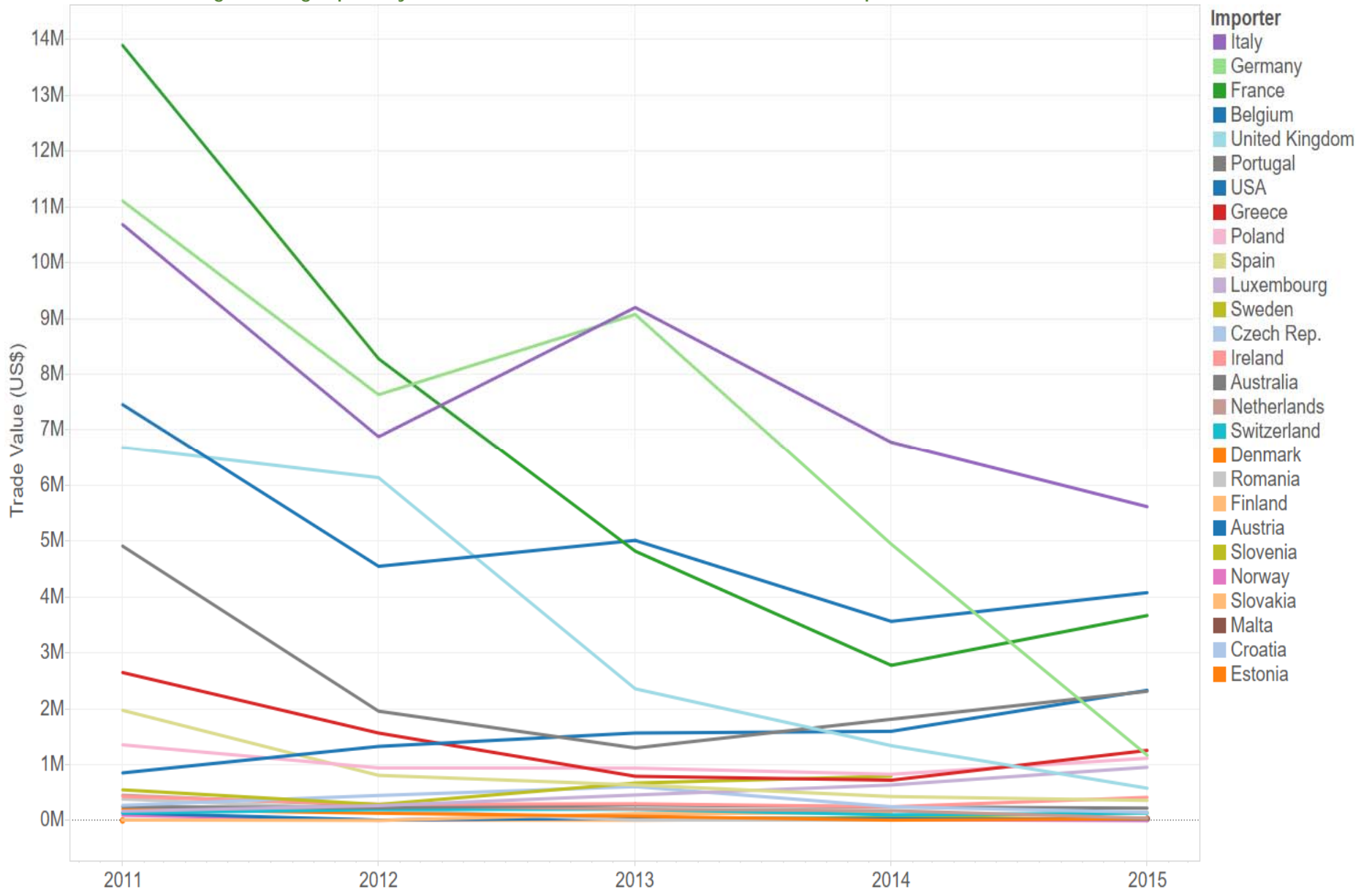




Table 2: Log Imports by Year from Countries with Full or Partial LEBs to Europe, USA, and Australia, 2011-2015

<b>Importer</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Grand Total</b>
<b>Italy</b>	10,684,983	6,891,258	9,197,815	6,786,736	5,717,290	39,278,082
<b>Germany</b>	11,143,037	7,634,881	9,259,583	4,959,393	1,280,171	34,277,065
<b>France</b>	13,905,369	8,278,643	4,819,769	2,805,046	3,735,614	33,544,441
<b>Belgium</b>	7,455,550	4,553,727	5,012,540	3,566,991	4,122,193	24,711,001
<b>United Kingdom</b>	6,693,390	6,164,283	2,377,830	1,347,763	595,381	17,178,647
<b>Portugal</b>	4,910,479	1,957,572	1,299,298	1,827,629	2,312,961	12,307,939
<b>USA</b>	975,703	1,397,163	1,701,299	1,674,782	2,423,803	8,172,750
<b>Greece</b>	2,648,760	1,566,404	792,994	723,143	1,255,888	6,987,189
<b>Poland</b>	1,355,399	942,546	939,187	828,969	1,115,581	5,181,682
<b>Spain</b>	1,984,257	809,556	638,306	430,622	375,200	4,237,941
<b>Luxembourg</b>	169,175	267,447	458,546	637,417	960,062	2,492,647
<b>Sweden</b>	550,474	288,382	682,635	794,008	119	2,315,618
<b>Czech Rep.</b>	273,354	449,875	608,137	250,006	147,775	1,729,147
<b>Ireland</b>	432,894	291,130	300,729	247,895	416,187	1,688,835
<b>Australia</b>	250,900	230,739	279,260	252,406	227,686	1,240,991
<b>Netherlands</b>	453,924	265,085	205,512	178,159	44,576	1,147,256
<b>Switzerland</b>	143,957	198,519	259,724	103,927	134,857	840,984
<b>Denmark</b>	205,863	131,345	77,086	8,084	36,764	459,142
<b>Romania</b>	385,040		9,134	9,816		403,990
<b>Finland</b>	10,244	3,194	124,852	137,187		275,477
<b>Austria</b>	138,500	9,400	45,817	32,458	25,373	251,548
<b>Slovenia</b>	16,669		26,891	57,290	145,766	246,616
<b>Norway</b>	96,032	7,197	55,539	15,743	1,098	175,609
<b>Slovakia</b>	12,910	8,452	4,851	31,126	44,434	101,773
<b>Malta</b>					33,167	33,167
<b>Croatia</b>	14,383	10,414				24,797
<b>Estonia</b>	3,607					3,607
<b>Grand Total</b>	<b>64,914,853</b>	<b>42,357,212</b>	<b>39,177,334</b>	<b>27,706,596</b>	<b>25,151,946</b>	<b>199,307,941</b>

Figure 4: Cameroon Log Exports to Europe, 2011-2015

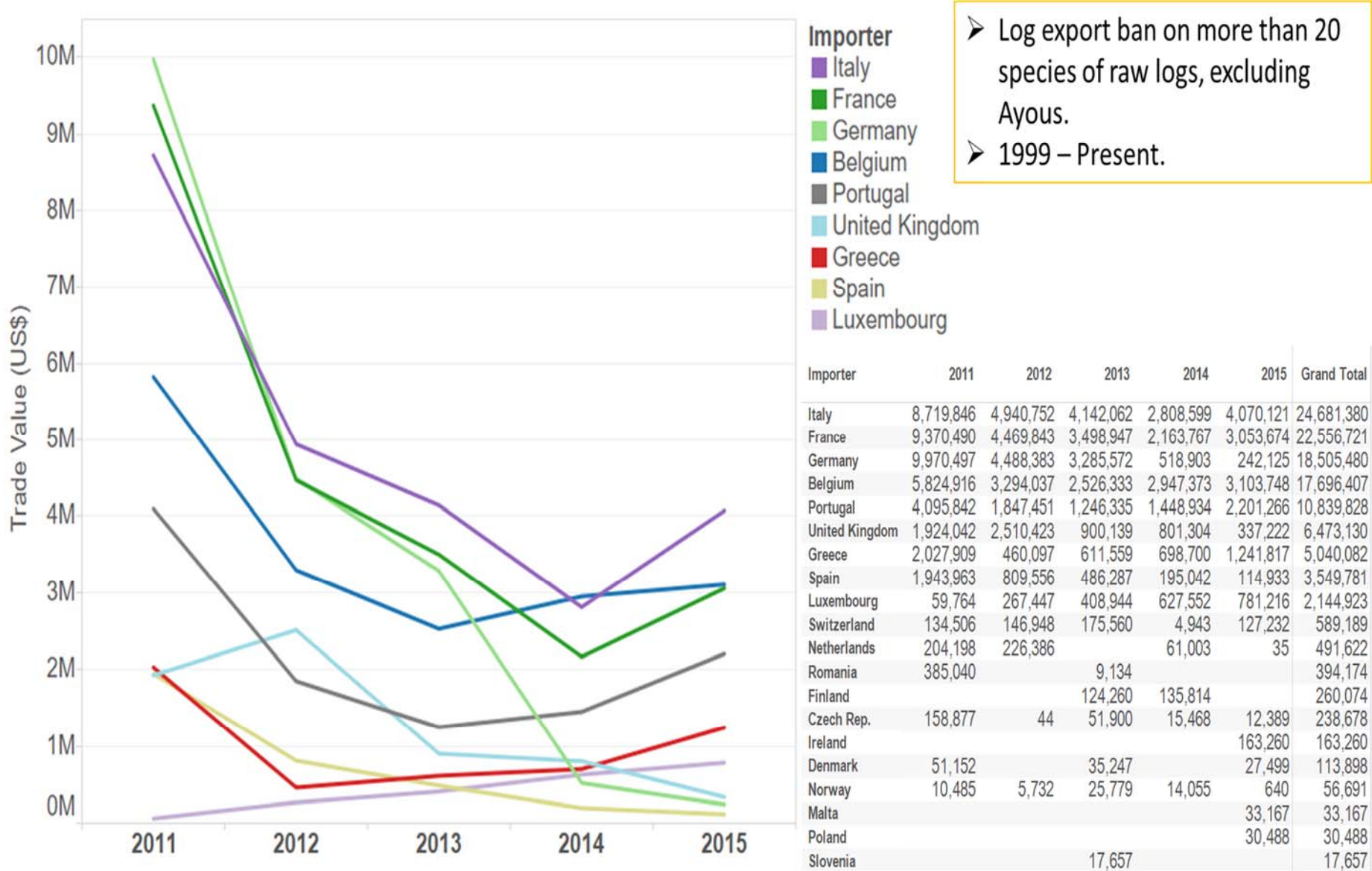
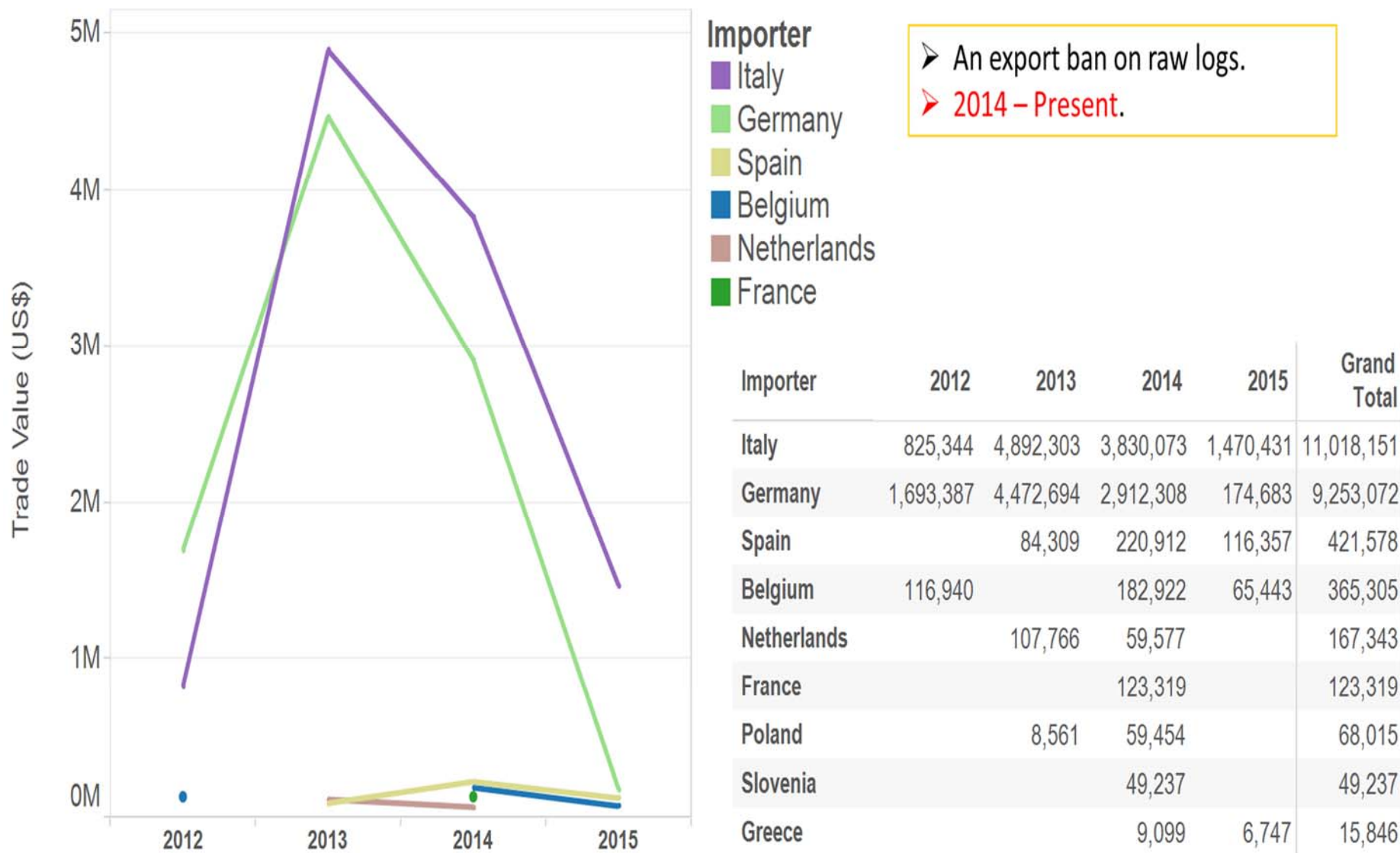
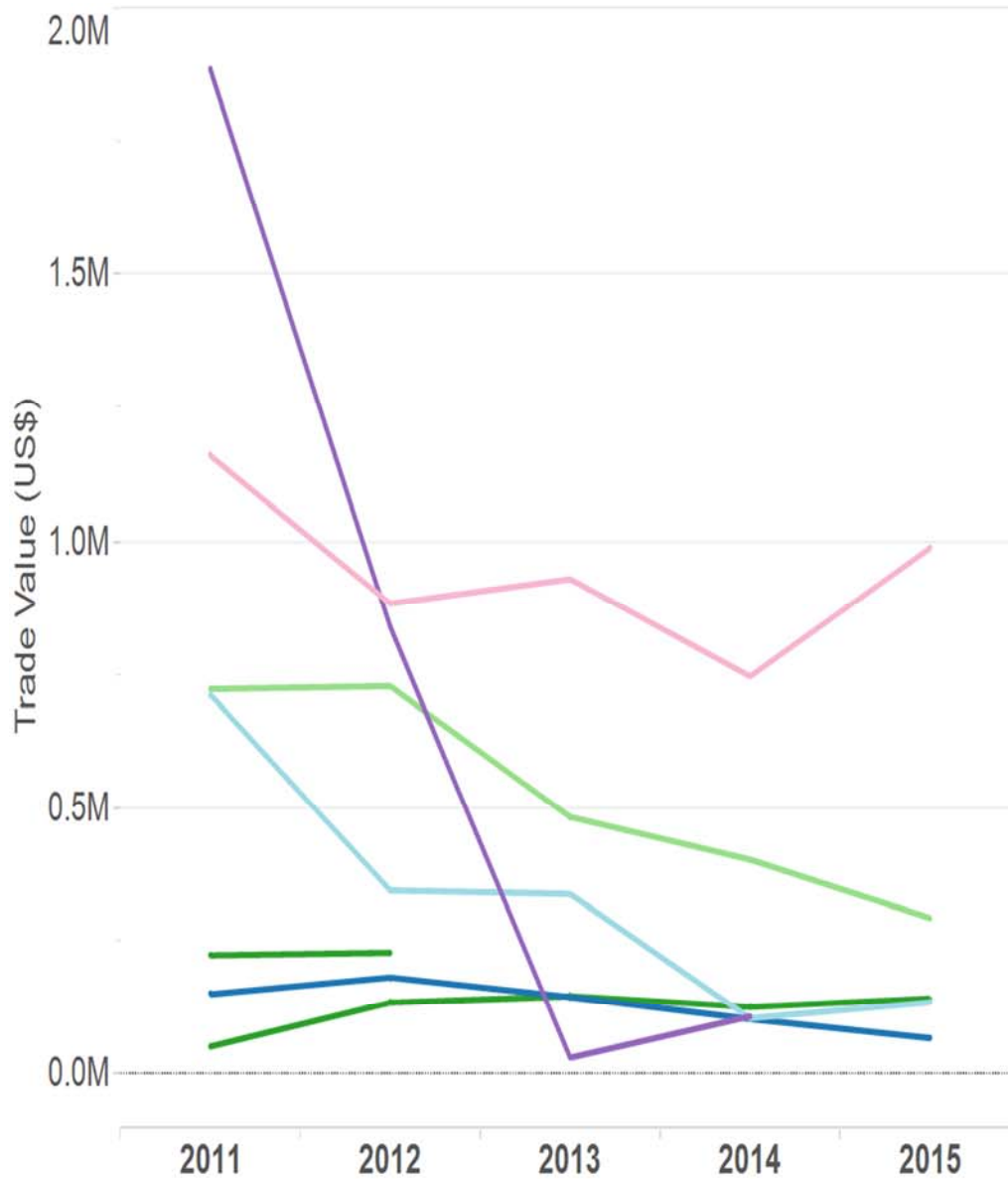


Figure 5: Myanmar Log Exports to Europe, 2012-2015



\*NB: Myanmar's log export ban came into effect on April 1, 2014. Therefore, data reported for imports from Myanmar during 2011-2014 should be viewed with the understanding that the log export ban was not in effect over that full time period. This applies to all Myanmar data presented in this info brief.

Figure 6: Malaysia Log Exports to Europe, 2011-2015



- Importer**
- Poland
  - Italy
  - Germany
  - United Kingdom
  - Belgium
  - France
  - Sweden

➤ In 1972, a ban was imposed on the export of ten species (East Malaysia excluded), and the log export quota introduced in 1976.

➤ Current Status: Undetermined.

Importer	2011	2012	2013	2014	2015	Grand Total
Poland	1,159,240	882,758	928,801	745,844	986,987	4,703,630
Italy	1,884,468	838,929	29,774	107,361		2,860,532
Germany	722,452	727,893	482,752	402,241	292,896	2,628,234
United Kingdom	712,423	344,472	338,019	103,956	134,027	1,632,897
Belgium	149,498	181,148	144,073	102,526	66,539	643,784
France	50,848	133,517	145,765	125,308	141,286	596,724
Sweden	223,057	227,841				450,898
Netherlands	61,817	30,211	37,848	18,755	25,080	173,711
Czech Rep.	13,264	52,875	32,013	22,678	34,229	155,059
Austria	12,897	3,368	11,634	16,921	25,157	69,977
Denmark	15,965	8,603	8,568	8,084	8,255	49,475
Switzerland	220	7,288	26,180	4,552	1,744	39,984
Norway	3,192	1,465	29,760	599		35,016
Spain				14,410	11,308	25,718
Luxembourg	2,562			4,049	525	7,136
Portugal	1,056	495	810	1,051	2,057	5,469
Finland		857	592	1,373		2,822
Slovenia					1,961	1,961
Slovakia	284	733				1,017

Figure 7: Gabon Log Exports to Europe, 2011-2015

