

Three rhetorical questions:

Can one use trade and forest statistics to gain competitive advantage?

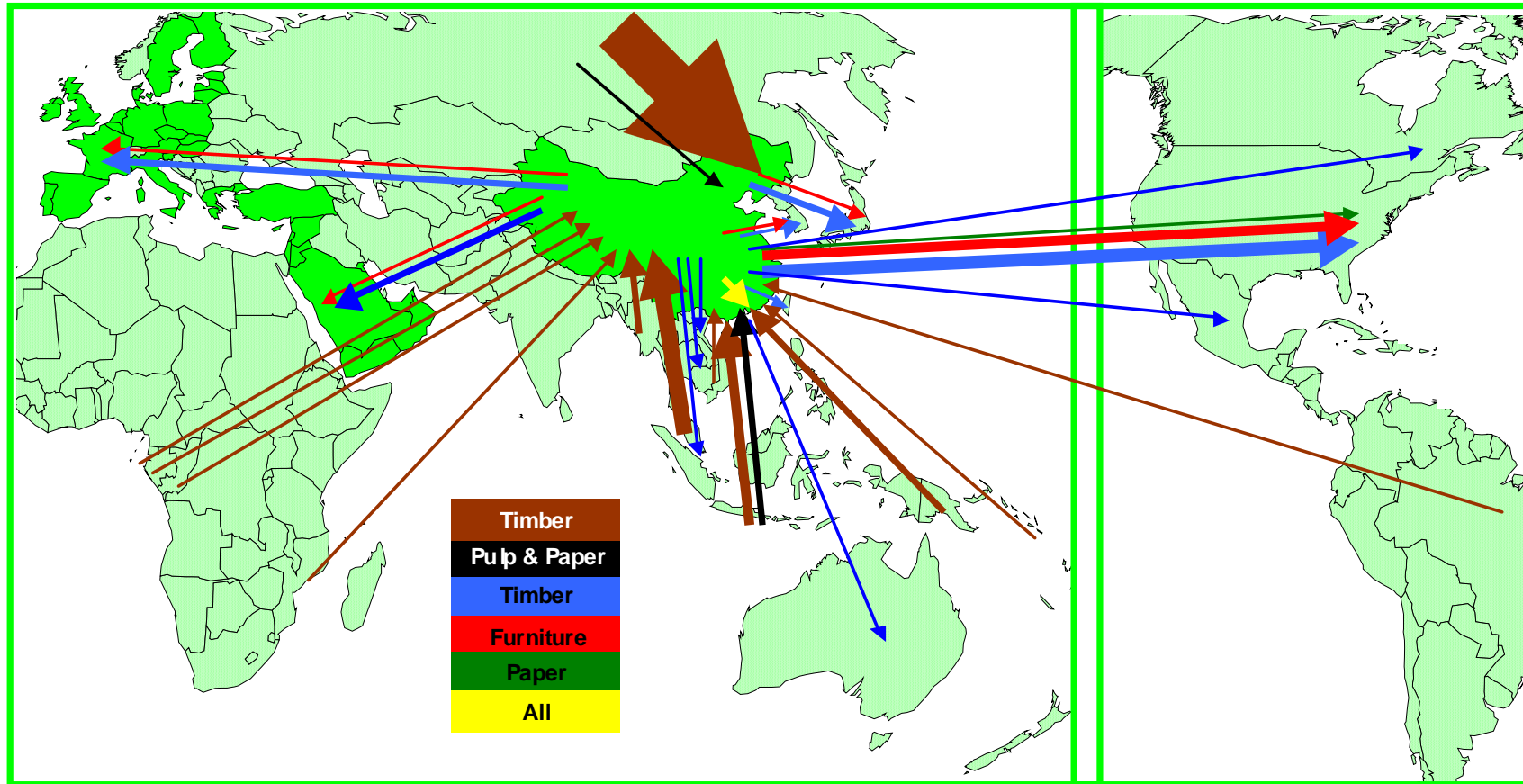
Is illegal production and trade likely to flourish more in a country that publishes poor statistics than in a country that publishes comprehensive statistics?

If the recording and cross-checking of trade and forest statistics is perceived to be rigorous, will this either encourage or discourage illegal trade?

China - illegal imports and exports of wood-based products (2005 forecast)

(showing illegal flows >c.100,000 cubic metres roundwood equivalent volume)

Note: to be read in conjunction with accompanying commentary

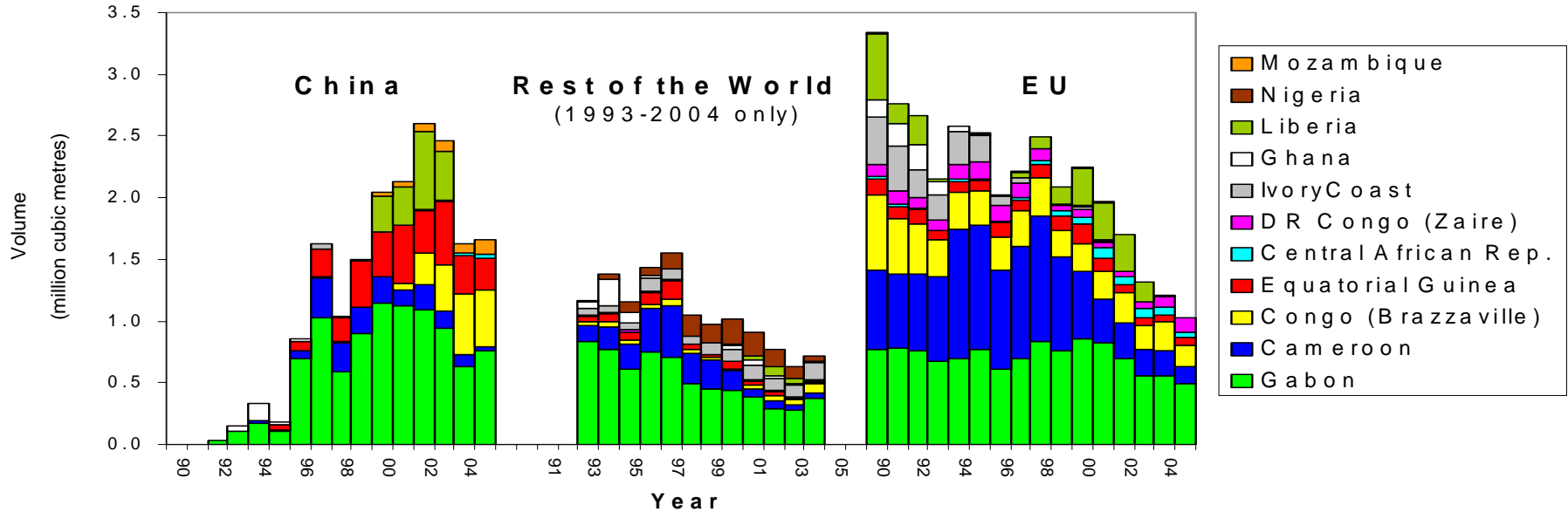


Arrow width directly proportional to RWE volume

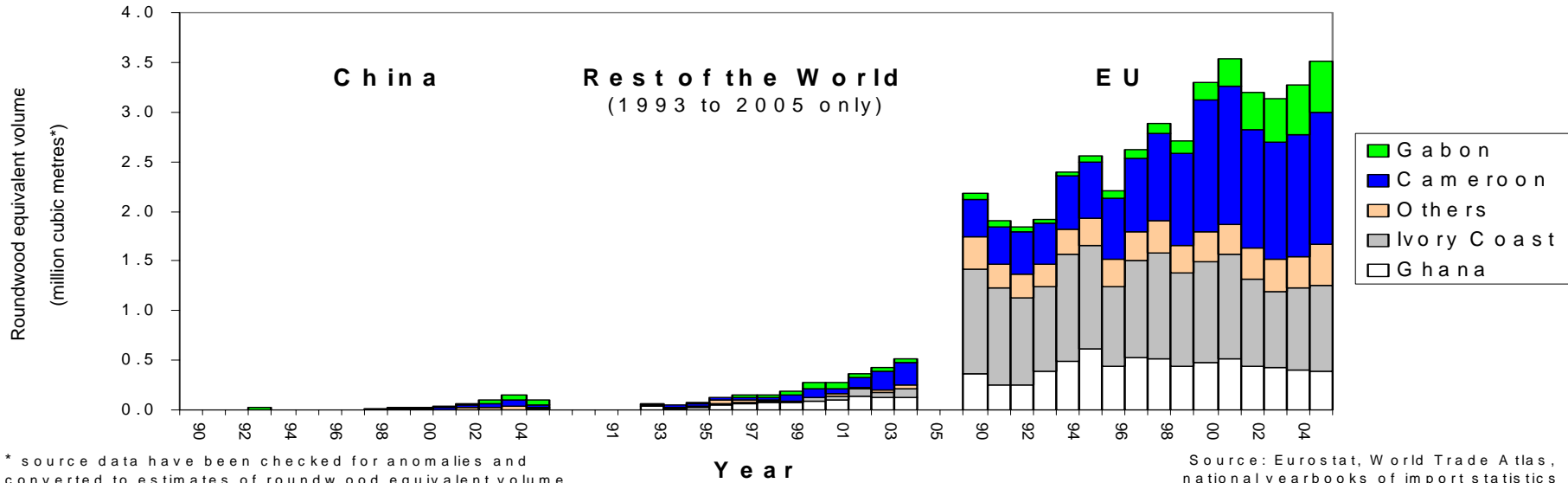
→ Represents 1 million m³ RWE

Source (trade statistics): World Trade Atlas
Source (illegality): see accompanying commentary

China and Africa's exports of tropical logs



China and Africa's exports of other tropical timber



League Table - EU imports from Russia, Malaysia, Indonesia, Amazonia and Congo Basin (2004)

Units: million cubic metres roundwood equivalent volume

	Sum of "Illegal Timber" Imports	Timber Sector		Paper Sector	
		Total	"Illegal" only	Total	"Illegal" only
EU sum	-	42	13	28	7
Finland	4.3	6.3	1.5	12	2.8
Sweden	2.6	2.2	0.6	8.4	2.0
UK	2.3	7.9	2.2	0.8	0.1
Italy	1.4	2.6	1.0	1.1	0.4
Germany	1.5	4.5	1.4	1.2	0.2
France	1.3	3.2	1.1	0.5	0.2
Netherlands	1.1	2.6	1.0	0.4	0.1
Belgium	1.1	2.1	1.0	0.5	0.1
Estonia	0.7	2.5	0.7	0.2	
Spain	0.6	1.2	0.5	0.1	
Denmark	0.5	1.1	0.3	0.8	0.2
Latvia	0.4	1.5	0.4	0.1	
Greece	0.2	0.5	0.2	0.2	
Lithuania	0.2	0.7	0.2	0.1	
Portugal	0.2	0.4	0.2		
Poland	0.2	0.5	0.1	0.4	0.1
Ireland	0.2	0.4	0.2		
Austria	0.2	0.5	0.1	0.2	0.1
Hungary	0.1	0.3	0.1	0.3	
Czech Republic	0.1	0.2	0.1	0.2	
Cyprus					
Luxembourg					
Malta					
Slovakia					
Slovenia					

Source: "Failing the Forests" - WWF 2005



Attempts to combat **global** trade in “illegal timber” risk failure unless they specifically address the bilateral trade flows shown below:

Note: the data refer to 2004 and to the bilateral trade flow shown only

Exporting country	Importing country	Product	% of exporting country's exports of given product	Primary source(s) of illegality	% of this bilateral flow that <i>might</i> be illegal
China	USA	Furniture	70%	Imports, IRW production (except with CofC back to forest source)	40%
China	USA	Plywood	70%	Imports, IRW production (except with CofC back to forest source)	40%
Malaysia	Japan	Plywood	40%	Laundering (including through Free Trade Zones)	?20%
Indonesia	Japan	Plywood	40%	Gazettement, Concessions, Operations	90%
Indonesia	China	Pulp	50%	Fraud, Operations	>50%
Eastern Russia	China	Logs (esp. hardwood)	70%	Concessions, Operations , Customs fraud	30%-60%
Burma	China	Timber	60%	Operations , And Conflict	90%
Papua New Guinea	China	Timber	60%	Concessions, Transfer Pricing, Operations	90%
Republic of Congo	China	Logs (esp. okoumé)	70%	Concessions, No milling, Operations	90%
Equatorial Guinea	China	Logs (esp. okoumé)	80%	Concessions, No milling, Operations	90%
Gabon	China	Logs (but not all)	40%	Concessionaire tax arrears, Management plans	70%

Source: <http://globaltimber.org.uk/IllegalTimber.htm>

Simple additional procedures for customs authorities to adopt - to enable import documentation to be cross-checked with export declarations and thus inhibit illegal trade (especially transfer pricing and fraud):

All countries should publish their trade statistics by port of entry or departure. Several countries (including China and Indonesia) already do so.

In addition to import or export value, all countries should publish statistics of a physically measurable quantity (at least weight) which can be related to roundwood equivalent volume.

For most traded species, the species' (latin) name should be declared to customs - irrespective of the product. The species which determines how a composite product is marketed (e.g. the surface layer) should be the named species. That species determines the product's legality.