

TAINTED TIMBER, TARNISHED TEMPLES:

How the Cameroon-Vietnam
Timber Trade Hurts the
Cameroonian People and
Forests



environmental
investigation
agency



Centre pour
l'Environnement et
le Développement



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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

CED

B.P. 3430
Yaounde, Cameroun
T: +237 243 52 51 51
E: contact@cedcameroun.org
cedcameroun.org

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Ekom Falls in the Littoral Region, Cameroun

Source: Alessio Barviera

EXECUTIVE SUMMARY

According to the Centre pour l'Environnement et le Développement (CED) and the Environmental Investigation Agency (EIA)'s unprecedented investigation, a group of Vietnamese companies operating in Cameroon have been at the heart of the booming illegal timber trade between Cameroon and Vietnam.¹

In just a few years, Vietnam has become the second largest market for Cameroonian timber (after China), while Cameroon has become the largest supplier of tropical logs to Vietnam (accounting for 25 percent of the logs imported between 2016 and 2019, in value).² In Vietnam, Cameroonian logs have replaced the Southeast Asian species that previously filled the market.

Multiple sources told EIA undercover investigators that large African tali (*Erythrophleum ivorense*) logs are now ubiquitous in Vietnam and have become the principal timber used for the construction and renovation of temples across the country. Vietnamese spiritual sanctuaries have been defiled by a trade that has harmed Cameroonian people and forests.

Major shipping lines, including A.P. Moller – Maersk (Maersk), Mediterranean Shipping Company S.A (MSC), Compagnie Maritime d'Affrètement- Compagnie Générale Maritime (CMACGM), China Ocean Shipping Company Limited (COSCO), and Sinoway Shipping Ltd. (Sinoway) have routinely transported timber from Cameroon to Vietnam.

Unprocessed logs account for the vast majority (73 percent in value from 2016 to 2019) of the timber trade between Cameroon and Vietnam, creating little employment and little added value in Cameroon.³ CED and EIA's three years of research further uncovered that the exploding Cameroon-Vietnam timber trade relies on shocking schemes and illegal activities:

1. Widespread Violation of Export Laws:

In order to maximize profits, Vietnamese trading companies have routinely violated Cameroonian laws, including one that establishes the list of prohibited species to be exported as logs, and one that limits the size of processed timber products allowed for export; Vietnamese companies have routinely misdeclared – via their local intermediaries - the species exported to Vietnam as well.

2. Illegal Harvest and Disregard for National Parks:

Vietnamese companies have relied on logs from illegal origin, including those harvested in national parks and, at the time of writing, in the buffer zone of a United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage site.

3. Laundering Operations Covered by Paperwork:

In order to meet the requirements of Vietnamese authorities, trading companies have focused their efforts on obtaining Cameroonian paperwork while disregarding the actual origin of the timber placed on the Vietnamese market. As an example, a senior-level employee from Dai Loi Trading Co. Ltd. (Công ty TNHH Thương Mại Đại Lợi, "Dai Loi"), the largest Vietnamese company operating in Cameroon and one of the three largest timber importers in Vietnam, claimed that he does not care about the origin of the timber even if the timber he is placing on the Vietnamese market were to come from terrorist groups, as long as the proper paperwork is provided. Illegal logs entering Vietnamese sawmills in Cameroon are quickly sawn to erase any evidence of their illegal origin;

4. Tax Evasion:

The Cameroon-Vietnam timber trade has minimally contributed to Cameroon State revenues, since financial transactions are often conducted underground, cash-based and misdeclared. Between 2014 and 2017, exporters from Cameroon reported US \$308 million less than importers in Vietnam.⁴

5. Labor Violations:

According to CED and EIA's investigation, several Vietnamese companies have operated in breach of Cameroonian labor laws, employing for example workers for years without contract. The companies have discriminated and abused Cameroonian workers – generally paid less than seven dollars a day – and have exploited the dire economic situation in the country to dismantle strikes and reject demands for better working conditions.

Several representatives from Vietnamese companies in Cameroon repeatedly told EIA investigators that their goal is to make as much money as possible, as quickly as possible, before Cameroonian law and authorities further regulate and control the sector. A manager from Xuan Hanh told investigators: "We just work here for now. We will leave when we can't make money anymore."

Vietnamese companies' operations have undermined the longstanding efforts toward better forest governance in Cameroon, in particular under the Voluntary Partnership Agreement (VPA) between Cameroon and the European Union (EU). They have profound impact in Vietnam as well. As environmentally, socially, and economically tainted timber has become the primary source of tropical logs for Vietnam, the country and its thousands of processing businesses have now become dependent on an illegal and unsustainable source of raw material. The tainted Cameroonian logs, because of their abundance, size and unfair price, have quickly substituted traditional species, and become, according to EIA's sources, the main source of timber used for the construction and renovation of temples in Vietnam over the past five years.

The large import of illegal timber products from Cameroon poses a concrete and immediate challenge to the ongoing VPA process in Vietnam, as the country recently announced its Timber Legality Assurance System (VNTLAS), which entered into force on October 30, 2020.

A unique array of opportunities and leverage points exist to stop the deleterious trade. The ongoing VPA processes in both countries are important. The recent operation launched by the General Direction of Customs in Cameroon against the illegal export of timber could also be critical. The implementation in Cameroon of pragmatic measures that leading shipping lines have recently taken in other African countries to combat timber traffic could also be a game-changer.⁵

EIA and CED recommend:

Cameroon

- Build on existing inter-institutional efforts to investigate and prosecute Vietnamese controlled companies, including their networks of enablers and collaborators like the "transitaires", focusing efforts on timber sourcing and export, financial operations and labor conditions;
- Declare and enforce a full log export ban.

Cameroon and the EU

- Increase monitoring of the Cameroonian timber trade by using existing databases, platforms, and institutional processes like VPA, in order to detect and respond to emerging suspect timber trade trends.

Cameroon and Vietnam

- Formalize the sharing of data and intelligence, joint investigation and prosecution of forest criminals between the Cameroonian and Vietnamese government, via a memorandum of understanding.

Vietnam

- Vietnamese authorities should officially acknowledge the high chance of fraudulent documentation used to certify legality for timber shipments from the Congo Basin and work with national authorities in the Basin countries to develop an effective system to improve forest governance and enforcement thereby giving credibility to documentation used to mitigate risks of illegality for timber imported under VNTLAS.

Australia, European Union, United Kingdom and United States

- Recognize the high risks associated with the import of timber products made in Vietnam and increase the controls on imports of Vietnamese timber products, particularly when the origin of the timber is Congo Basin.

Shipping lines operating in Cameroon

- Combat illegal timber product trade by strengthening the screening process, increasing shippers' accountability regarding declaration of species, weight, value, and timber product size, and creating a public "blacklist" of offenders.

"Vietnamese spiritual sanctuaries have been defiled by a trade that has harmed Cameroonian people and forests."

CAMEROON-VIETNAM TIMBER CONNECTION

Vietnam has rapidly grown as the second-largest timber processing hub in Asia after China (Figure 1), and is home to over 4,000 timber and furniture processing enterprises which compete to meet the exploding domestic demand as well as to re-export processed timber products to foreign markets.^{6,7,8,9}

Vietnamese timber manufacturers have historically relied on imports of logs from neighboring countries including Cambodia and Lao People's Democratic Republic (LPDR).^{10,11,12} However, as a major Vietnamese trader explained to EIA undercover investigators, "There is no timber left there. There's just African timber. That's the reality." Following a classic boom-and-bust cycle, the trading networks that have exhausted their neighbors forests and been pushed out of business by the enforcement of stricter regulations (including several log export bans) have moved to Africa.¹³ Representatives from several major Vietnamese importers explained to EIA undercover investigators how after getting "very rich" smuggling timber out of Cambodia and Lao PDR,

and because "you couldn't make money from Lao anymore," they have invested their capital in the Congo Basin. As a senior-level employee from the company AFA Trading (Công Ty Cổ Phần Đầu Tư Và Thương Mại, "AFA") explained to EIA investigators: "Before, I was in that business [importing from Laos and Cambodia], but I got more into the wood business with African markets, it is less headaches. You know, for that type of wood, it is more illegal and a lot of hanky panky... With this [timber from Africa] it is less stress and less investment."

This shift is confirmed by global trade data (Figure 3). In 2017, Africa surpassed Asia as Vietnam's largest source of logs and sawn wood in value; the country declaring the import of over US \$512 million worth of timber products from Africa.¹⁴ Across the continent, the Congo Basin is the largest producer of timber for the Vietnamese market, accounting on average for 72 percent of logs imported to Vietnam from Africa, by value, between 2015 and 2019.¹⁵ In just a few years, the Congo Basin-Vietnam trade boomed: in 2005, the Congo

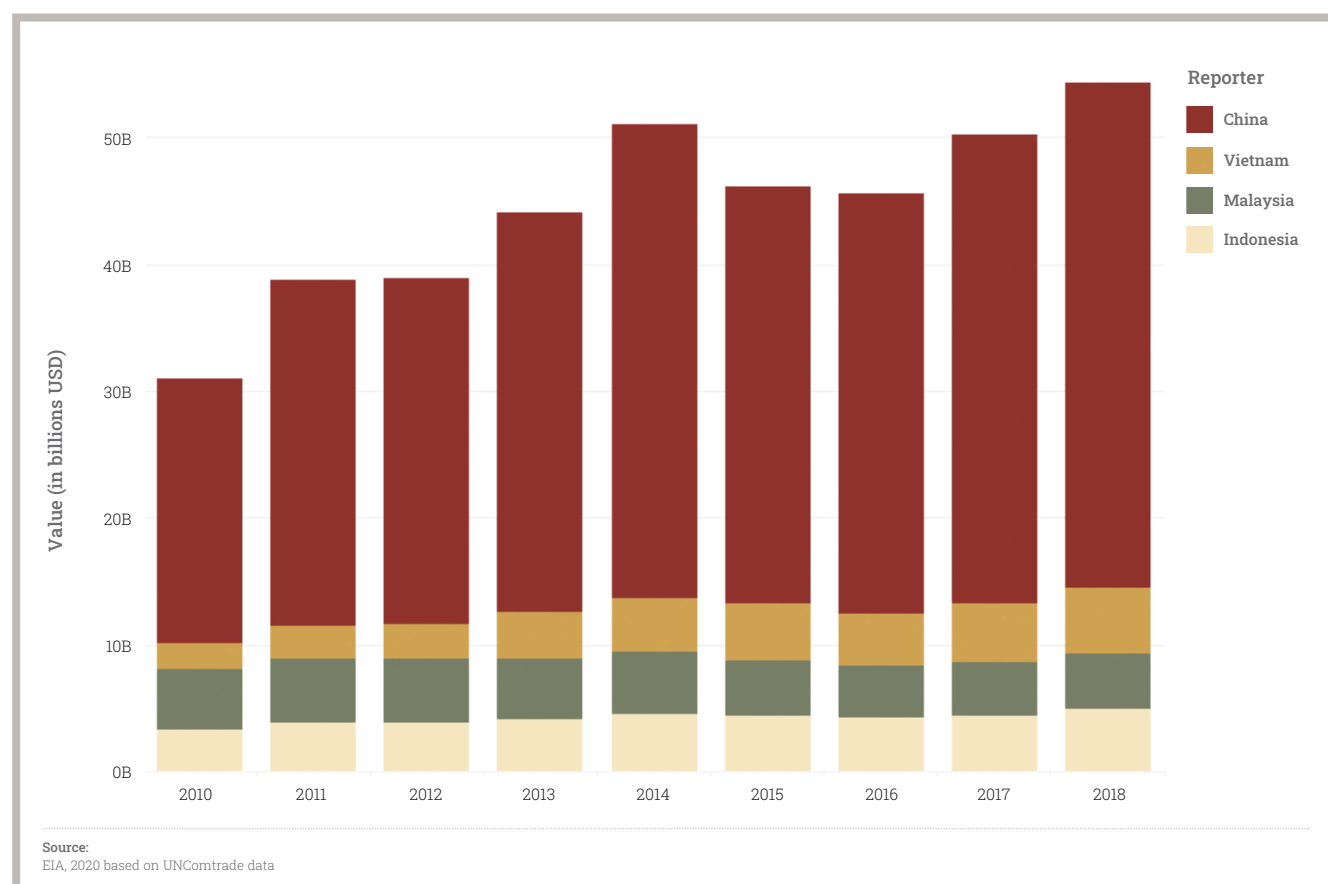


Figure 1
Total of imports and exports of timber from the principal Asian timber processing countries, in value

BOX 1.

CONGO BASIN: THE HOME OF UNIQUE INTACT FORESTS

With almost two million square kilometers of humid forests, the Congo Basin is the second largest tropical rainforest in the world.¹⁸ It spans over six countries (Cameroon, the Central Africa Republic, the Democratic Republic of Congo, Equatorial Guinea, Gabon and the Republic of Congo) and represents more than 90 per cent of Africa's rainforests.^{19,20} Including secondary and savanna forests, the area is approximately half the size of the continental United States (US). The region has long been recognized as a unique center of endemism, a place with a concentration of unique species that are found nowhere else in the world.^{21,22} These exceptionally diverse ecosystems are essential to the lives of the 75 million people – including nearly 150 different ethnic groups – who live in or near the Congo Basin forests.²³ Moreover, as tropical rainforests store

some 25 percent of the planet's total carbon and serve an essential role in global hydrological cycles, the Congo Basin provides climate services to the whole world.^{24,25}

As the forests of the Congo Basin are among the most intact in the tropics (Figure 2), there remains a unique opportunity to preserve irreplaceable wilderness and global environmental services.^{26,27,28} However, major threats such as uncontrolled mining, ill-planned forest conversion for export commodities, frenzied infrastructure development and chaotic commercial logging are ramping up.²⁹ Industrial logging has proven to be a primary factor in forest degradation and a major, often underestimated, source of greenhouse gas emissions from tropical forests.^{30,31,32}



Source: Alessio Baniviera

Figure 2
The heart of the Nki National Park, Cameroon

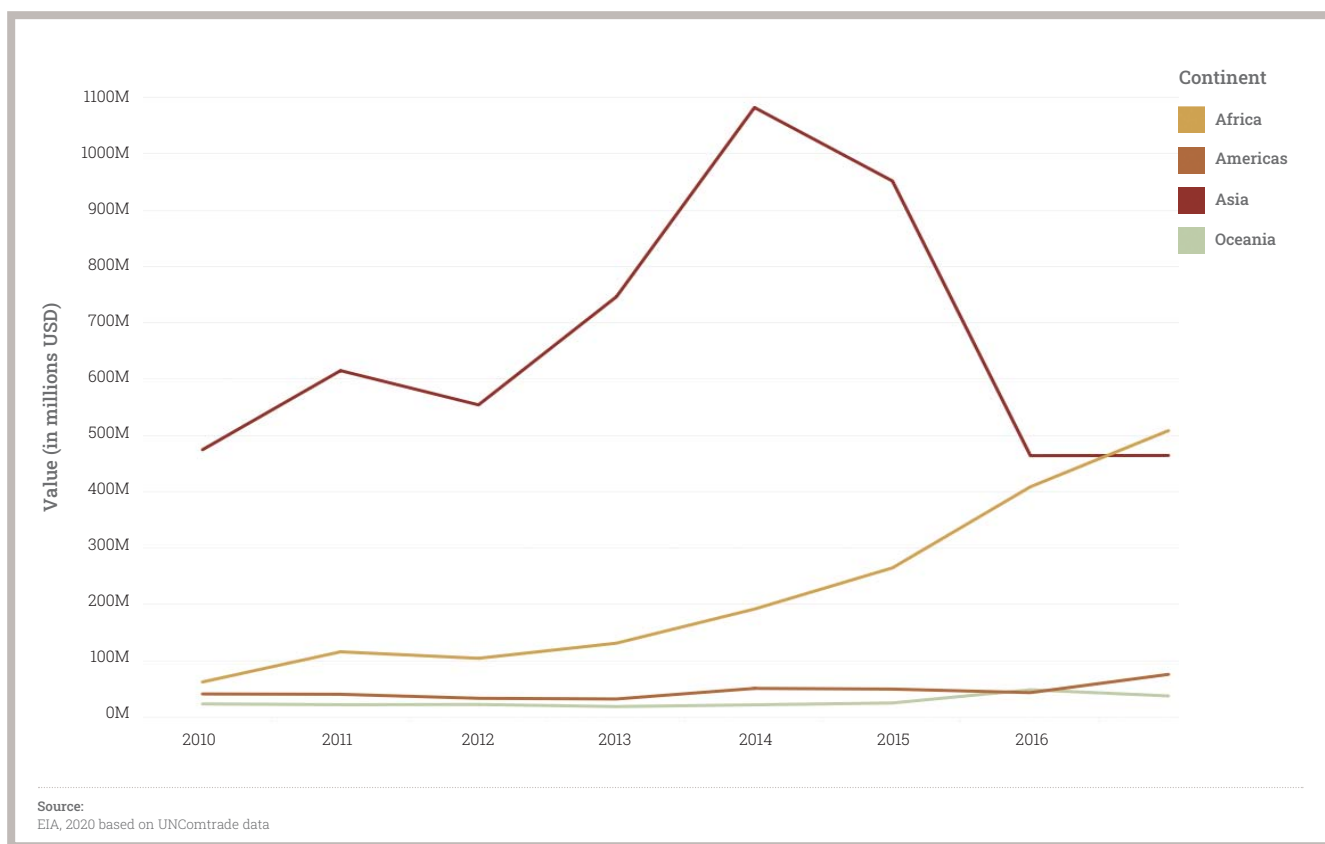


Figure 3
Vietnam imports of timber from tropical countries, by continent, by value

Basin accounted for 7 percent of Vietnam's timber imports by value and, by 2019, this figure had jumped to 73 percent.¹⁶ Vietnam has become a major market for the Congo Basin timber, making both economies increasingly dependent on one another. In less than a decade, Vietnam has become the second largest export market for timber products from the Congo Basin after China, bypassing historical markets such as Belgium, France, and Italy since 2013.¹⁷ The current timber trends between the Congo Basin and Vietnam have strongly tied together the future of some of the last remaining intact forests in the world to one of the fastest growing global timber processing hubs (Box 1).

Tali (*Erythrophleum ivorense*) is the most sought-after Congo Basin species for the Vietnamese market.³³ Between January 2016 and August 2019, Vietnam has declared the import of over 1 million cubic meters of tali, equivalent to 62 percent of all recorded timber imports from the Congo Basin.³⁴ According to multiple industry sources, the trend started approximately 12 years ago, when the first traders started to buy tali and introduce it to the Vietnamese market. The species is now widely used in Vietnam's construction sector. Large-size and straight tali logs in particular have primarily been used for the construction and restoration of Buddhist temples (Figure 4 and 5). A manager from the company HSH Thang Long Import - Export Company Limited (Công Ty TNHH Xuất Nhập Khẩu Hsh Thăng Long, "HSH") explained to EIA undercover investigators:

"HSH: Wood market in Vietnam is growing.

EIA: What do you use tali for? To make furniture?

HSH: To make old houses. All of the old houses or communal temples in Hanoi are made from tali. So it is for temples, tali in homes is very toxic. Tali is quite cheap, but it is durable. It can stay the same after hundreds of years. All the temples dated from five years back are built with African timber, while those dated before five or six years ago, were built with Laotian timber or Cambodian timber.[...] If you go to temples or communal temples you'll see that they are all made from tali."

Doussie (*Azelia pachyloba*), a species classified as vulnerable on the International Union for Conservation of Nature (IUCN) Red List, also referred to as "pachy" or "pachyloba" by Vietnamese traders - has also been massively traded between the Congo Basin and Vietnam.³⁵ Doussie and tali account for about three quarters of all imports to Vietnam from Cameroon in both volume and value (72 percent in volume and 76 percent in value).³⁶ A representative from the company Hai Duong Wood Import-Export Company Limited ("Hai Duong"), one of the largest Vietnamese timber companies in Cameroon, told EIA investigators that doussie is actually what brings "a lot of money" for most of the Vietnamese companies established in Cameroon. He further explained the specific Vietnamese interest in doussie wood:



Figure 4
Cameroonian tali logs processed for the renovation of a Buddhist temple in Vietnam

"Hai Duong: Because of its quality. It has a lot of grains. The texture is nice. Vietnamese people like a lot of grains. You can use it for a long time and it won't crack.[...] Rich people [in Vietnam] buy tables like this [pointing to a large doussie board]. A lot in southern Vietnam. A lot in HCMC [Ho Chi Minh City]. Pachyloba actually mostly goes to HCMC. A lot in the north as well, but mainly tali. Rich people use pachy because it's durable, it has nice texture."

Cameroon is by far the largest timber exporter from Africa and specifically from the Congo Basin to Vietnam. The country is responsible for 65 percent of all the timber products declared as imported by Vietnam from the Congo Basin from January 2010 to December 2019, by value (Figure 6).³⁷ The country has grown as the first tropical country supplier of logs to Vietnam accounting for 37 percent of the tropical logs imported into Vietnam from 2017 to 2019, in value (see Section 4 for details).³⁸

As a well-placed source explained to EIA investigators, the rapid change in the level of trade between Cameroon and Vietnam can be explained by the fast-moving operations set up by a relatively small number - less than twenty - of Vietnamese companies in Cameroon: **"Source D: [...] they are disrupting the market. Unsustainable exploitation. The way they do business just encourages the Africans to harvest illegally more**



Figure 5
Typical use of tali in a Buddhist temple in Vietnam

and it is not sustainable. And if you harvest like that it's extraction. You're both using and destroying the forest."

The rapidly growing illegal and unsustainable log trade between Cameroon and Vietnam has brought chaos into a problematic Cameroonian forest sector that has been on a long path towards legality and good governance.

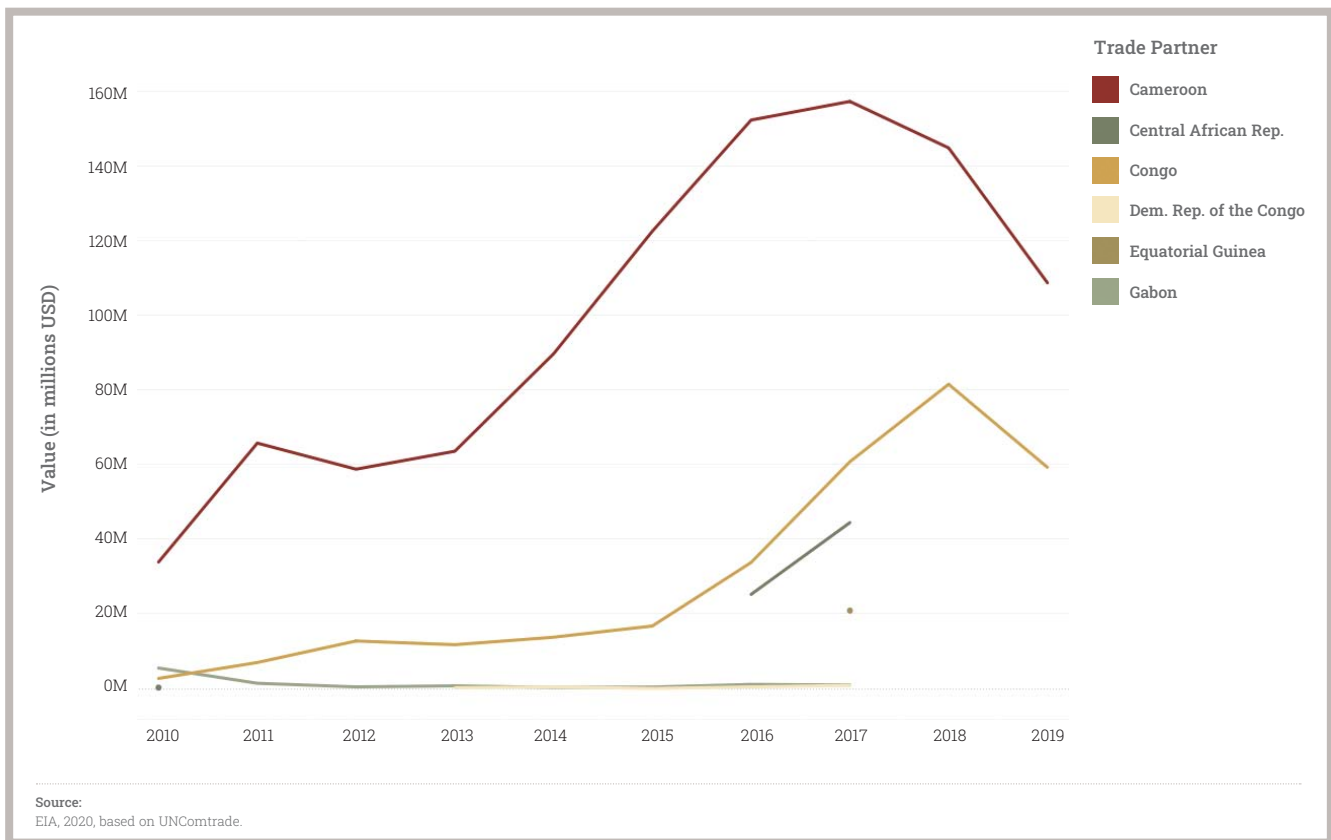


Figure 6
Vietnam log imports from the Congo Basin, by value

DESTROYING FORESTS

Several Vietnamese company employees told EIA investigators that they have found Cameroon to be an auspicious country to establish their underground business. A manager from one of the largest Vietnamese trading companies in Cameroon, explained to EIA investigators how they explored Nigeria, the Democratic Republic of Congo and Sierra Leone before deciding to establish their operations in Cameroon due to "the easy access to the forest." The modus operandi of several of the Vietnamese companies in Cameroon has contributed to the weakening of national forest governance and ongoing efforts to improve it (Box 2).

3.1. Flying Under the Radar

According to CED and EIA's investigation, a small group of companies partially or fully controlled by Vietnamese capital are operating in Cameroon now (see Appendix 1). These companies have been the main operators behind the surge in the Cameroon-Vietnam timber commerce.

The majority are located around the port of Douala for logistical reasons (Figure 7). Most of them have kept a low-profile, operating behind high fences and closed gates, without obvious identifying names (Figure 8). A typical Vietnamese company considered "large" by the sources who spoke to EIA investigators, commonly exports at a minimum 2,500 logs each month, for a total of 30,000 to 40,000 cubic meters of logs traded on average each year (Figure 9).

A manager from company Xuan Hahn explained to EIA undercover investigators the nature of its activity and the role of the sawmills established in the Douala area:

"EIA: Do you manufacture?"

Xuan Hahn: No, just trading. The timber arrives, we saw the timber into square logs, and we sell. We don't manufacture into stuff."

BOX 2.

VPA IN CAMEROON: FROM LEADER TO LAGGARD

Over the period of two decades, efforts to improve forest governance in Cameroon have gone through a full arc, changing the country from a continental leader to a regional laggard.

Starting in July 2000, Cameroon piloted a groundbreaking initiative in Africa known as the independent forest observers.^{39,40,41} Independent forest monitoring quickly became a component of the Voluntary Partnership Agreements (VPAs) - a pillar of the European Union's Forest Law Enforcement, Governance and Trade (EU FLEGT) Action Plan that entered into force in 2003 in response to rising international concerns about the social, economic and environmental impacts of illegal logging and related trade.⁴² Each VPA is a bilateral trade agreement negotiated between the EU and a timber-exporting country, which ensures that all timber and timber products destined for the EU market from the exporting country comply with its laws.⁴³ While parties enter into a VPA voluntarily, the agreement becomes legally binding when both parties have ratified it.⁴⁴

In November 2007, Cameroon started its VPA negotiation with the EU. The VPA was agreed in May 2010, signed in October 2010 and entered into force in December 2011 (following the signature of a VPA in Ghana in 2008 and in the Republic of Congo in 2009).⁴⁵

The commitments laid out in the agreement between Cameroon and the EU are particularly ambitious.^{46,47}

They aim at guaranteeing that one hundred percent of the timber trade between Cameroon and the EU is legal via improvement of forest governance, law enforcement, and transparency in addition to full traceability of all timber produced and processed in the country, including timber destined for the domestic market.

About ten years later, and after numerous workshops, evaluations, reports, and committee meetings, the VPA initiative in Cameroon is considered by many as a stuck process, which has failed to deliver on the enforcement, transparency and traceability commitments. Since 2013, there have been no formal independent monitors in the country. However, some national civil society organizations have developed external forest independent monitoring systems, which are playing a growing role in bringing some semblance of transparency.⁴⁸ The critical requirements of the Annex IV of the VPA on transparency have yet to be fully fulfilled. In particular updated data with respect to the production, forest concessions and timber exports are lacking. After several unfruitful attempts, the development of the critically important legality verification system is in a dire state.⁴⁹ The last reported Joint Monitoring Committee occurred in 2017.⁵⁰



Figure 7

Location of the Vietnamese companies identified by EIA

NB: Not all the companies represented on the maps have been the subjects of EIA's investigation.

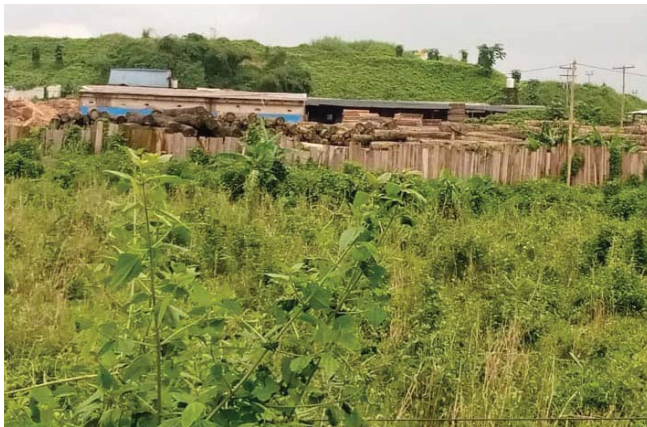


Figure 8
Facades of sawmills and headquarters of Vietnamese timber trading companies in Cameroon

Most of the Vietnamese trading companies have established a deceptively simple business model. For years, these companies have purchased large volumes of illegal and unsustainable timber in order to export a large portion as logs. A smaller portion is processed as squared logs and boards, which in multiple instances are in breach of Cameroonian export laws (see details in Section 4.3). This model relies on the connections that Vietnamese companies have established with timber providers who offer freshly cut logs, and with enablers that facilitate the export of timber products. Removed from the long-term management of the forest and from the formal export of the timber, while settling most of the payments and alleged bribes in cash, the Vietnamese trading companies have maintained a low profile and an almost undetected footprint on Cameroonian forests until now. As a well-placed source explained:

“Source D: They’re not the ones directly violating but rather, they ‘assign’ the Cameroonian companies to do it, and these Cameroonian companies of course have the ‘connection.’ And they will also be the ones taking care of exporting procedures.”

In most cases, the Vietnamese companies do not export themselves but instead rely on agents or “transitaires” to handle the entire export process, as well as any related alleged bribe to Cameroonian authorities. My Doan employee explained that, “Even when our sawmills are big, we are not the ones ‘exporting.’ I mean our names are not even on the bills [of lading].” With this scheme, the Vietnamese companies have established a buffer between themselves and the illegal export of the timber (see Section 4 for details). As EIA investigators found, the



Figure 9
Dai Loi log yard with a long line of delivery trucks coming in

relationship between the Vietnamese companies and their transitaires is very close, as it is the case between Dai Loi, Hai Duong and the transitaire named KN and Co Ltd. (KN-CO), which also operates a sawmill. In one particular conversation, EIA investigators learned how managers from Dai Loi and Hai Duong, worried by the large volume of export declared by KN-CO on their behalf, were seemingly planning on asking them to create a dedicated subsidiary in order to artificially dilute the reported volume of export:

“Hai Duong: Now there is just KN-CO right?

Dai Loi: Just KN-CO, I will soon meet them to demand that they must set up another company, otherwise like last year... Statistics here show that they exported 26,000 cubic meters of sawn timber. Just them alone exported 26,000 cubic meters, so for sure one day or another they will be noticed.[...]

Hai Duong: So you want to sit down with [KN-CO owner] to set up the company?

Dai Loi: First this evening we will tell her she has to set up a new company. KN-CO will be then just there to offer services for other companies. And this new one will exclusively be just for our sawmills. Just for our products...otherwise... just last year they exported 26,000 cubic meters of sawn timber and 7,000 cubic meters of round logs. And if this sawmill goes into operation this year she might have to export 40 to 50,000 cubic meters.”

A manager from AFA explained that the main role of the transitaire is to “solve problems for you,” as he states, “Thousands of containers we have done, no problem.” He continues:

“EIA: We want to approach the very top.

AFA: Then I can bring you like very top people who are, like, very close to the brother of the President. She is helping me to load the containers and her husband is like family to the youngest brother of the president. Very top top people.

EIA: Are they expensive?

AFA: Yes, they are. But you have to talk with them. [...] You will not get lost even one dollar. They are very big people. They have been with me for 10 years, so it's not small time. Even my factory now is taken care of by the people [officials who come to control].”

The use of cash to pay suppliers is a key element for Vietnamese companies to leave a minimal footprint regarding their role in the business and secure a steady supply. As a manager from Xuan Hahn summarized: “Everything here is cash. Cash, cash, cash.” An AFA representative explained to EIA undercover investigators:

“AFA: Every week we have to send about 50 million CFA [from Vietnam to Cameroon], which is about over a 100,000 Euros. Every week we have to send cash.

EIA: All cash? Just to sell the product?

AFA: No, to buy the wood. Because we know the people. When people come with the trucks to our factory, we

have to pay them cash so they offload the wood. That's what you see.”

Cash-based business has allowed several of the Vietnamese companies to absorb timber from illegal and unsustainable origins for years (see following section), while at the same time avoiding paying taxes.

3.2. Fueled by Unsustainable and Illegal Logging For Years

For almost a decade, Vietnamese timber trading companies have provided the Vietnamese market with unsustainable logs from Cameroon. As EIA investigators learned from multiple Vietnamese entrepreneurs, when they first established themselves in Cameroon about ten years ago, they knew little about the country and most of the areas under forest concessions had already been allocated. In this context, their companies rapidly developed their business by purchasing logs in bulk from suppliers who had direct access to the forest or intermediaries who collected trees (Figure 10). This model is still working today.

According to CED and EIA's investigation, an important portion of the timber exported by Vietnamese trading companies originates from unsustainable Cameroonian forest titles, including Sale of Standing Volume (SSV) permits (Box 3). The growing share of the timber cut in Cameroonian forests coming from SSV permits is one of the most concerning trends of the forest sector in the country since it relies on short-term, unsustainable, and opaque exploitation.^{51,52} Vietnamese companies, both directly and indirectly, have been among the primary beneficiaries of the SSV titles and their negative impacts on Cameroonian forest governance. A high-level employee from Dai Loi explains: “We need about 4,000 cubic meters per month, so we collect from the small forests [SSV], from the Cameroonians, the Lebanese, the Chinese people.”



Figure 10
Logs in bulk arriving at a Vietnamese sawmill

INSTITUTIONALIZED UNSUSTAINABLE LOGGING

Logging in Cameroon takes place in forests classified as Permanent Forest Domain (PFD) and Non-Permanent Forest Domain (NPFD). The PFD is composed of forest management units (FMU), council forests, protected areas and forest reserves. NPFD covers community forests, Sales of Standing Volume (SSV, "ventes de coupe" in French), timber recovery permits, among a few others.⁵³ In practice, FMU and SSV account for the vast majority of the declared annual timber production in Cameroon, about 85 percent in 2019.

The most significant differences between FMU and SSV is that, contrary to FMUs, SSVs are short-term logging titles - three years maximum - and do not require the preparation and implementation of a forest management plan. SSVs have a maximum surface of 2,500 hectares, while FMU are allowed to

cover up to 200,000 hectares.^{54,55} While FMUs require companies to make specific investments to guarantee that their operations are sustainable (via a management plan with annually authorized logging areas), SSVs do not require any management plan. The area granted under a SSV permit is entirely open for exploitation.

A SSV was described as a "necessary evil" in the 1990s when the Cameroonian timber sector was going through an important transition.⁵⁶ Thirty years later, and despite multiple official commitments to phase out these titles that perpetuate a State-endorsed extractive exploitation of the forests, much of the national timber production in Cameroon relies on these titles. As presented in Figure 11, the Cameroonian timber sector today is primarily an institutionalized unsustainable sector, as it was in the 1990s.

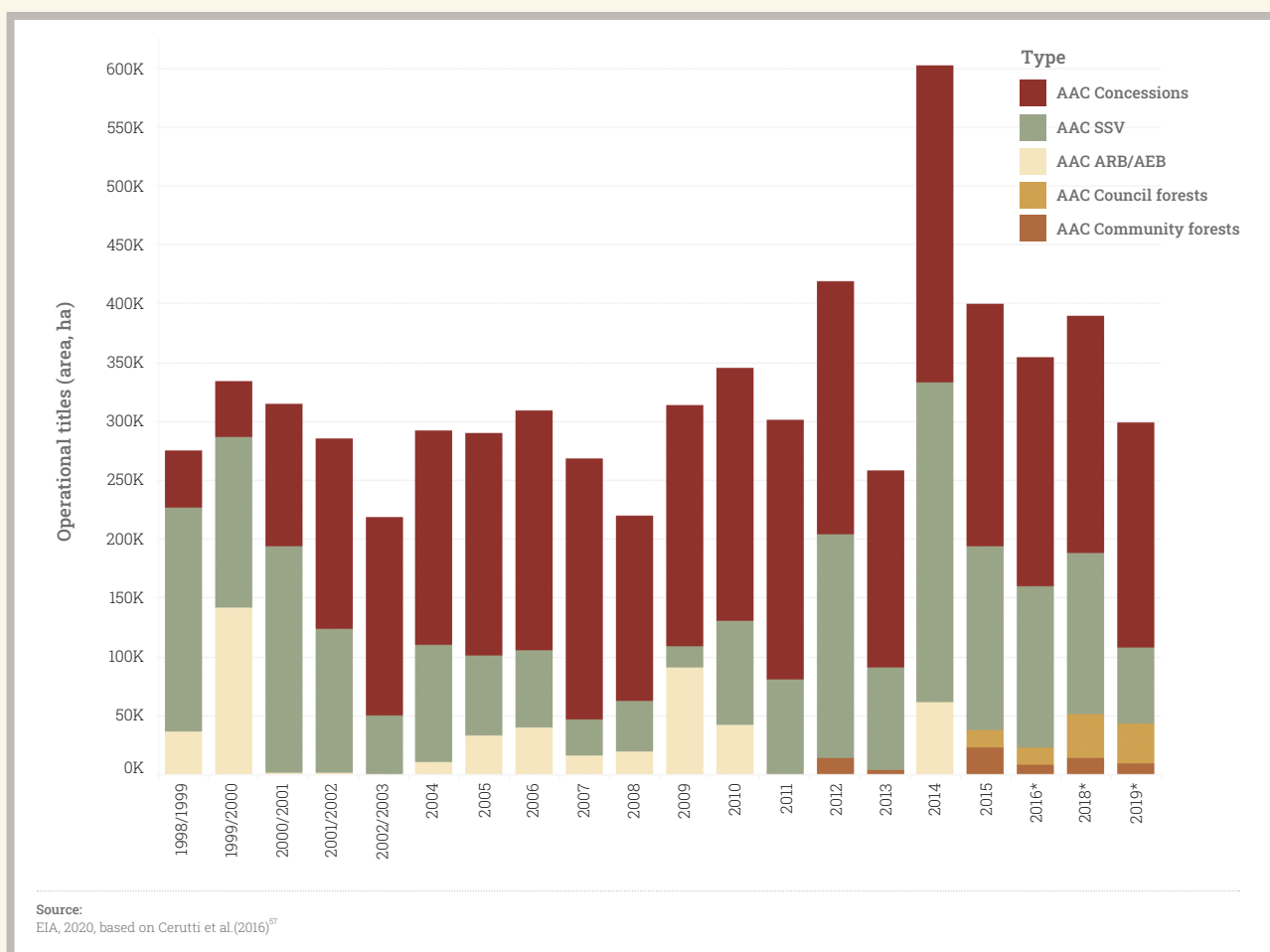


Figure 11
Evolution of the annual allowable cuts granted in FMUs and SSVs

* Based on information available in March 2016, July 2018 and April 2019.

Another Vietnamese entrepreneur explained to EIA undercover investigators, praising the benefit of the SSV for their short-term extractive strategy: "once you finish the big trees, you move to the next forest [SSV]."

EIA investigators found that several Vietnamese companies have also relied for years on illegal timber. One of EIA's well-placed sources explained:

"Source D: So the Vietnamese set up sawmills in Cameroon to collect timber and they collect timber in what we can call 'the black market.' So the Cameroonians - I don't know where they harvest the timber - but basically they bring it to the Vietnamese sawmills and sell it to the Vietnamese... and the Vietnamese often pay this timber with cash.

EIA: Why cash?

Source D: Because this is timber with unclear origin, which is why they need to pay in cash.

EIA: To avoid tax also?

Source D: Exactly. That is the big point of the Vietnamese. I mean they collect timber with that unclear origin."

Another source clarifies to EIA investigators how the sawmills set up by the Vietnamese companies allow them to quickly launder illegal timber by roughly processing them and by erasing any marks or hiding the absence of required marks:

"Source M: Anybody can supply timber to the company.

EIA: Really. When you purchase timber, are you making

sure the timber is legal?

Source M: Not really... Sometimes there is timber that we purchase and it does not have a transport permit ["lettre de voiture"].

EIA: And you buy?

Source M: Yes, we buy.

EIA: And so how do you do when the timber does not have transport permit? [...]

Source M: When it happens, we buy it, and we saw it with chainsaw right away.

EIA: In order to avoid that controllers come and discover it?

Source M: Yes, because we have had an issue like that once."

Another common way some Vietnamese companies have coordinated the laundering of illegal timber is by facilitating the widespread fraudulent use of timber marking. Another source explained to EIA investigators how the Vietnamese-controlled company La Forestière de Moloundou (LFM) has allegedly partnered with the company SEBOCA, which owns the logging title Forest Management Unit (FMU) 09-015, so that their mark ("marteau forestier du titre") can be used on the logs supplied by many other companies and individuals to the Vietnamese sawmill. According to EIA's source the company MECOGECAM in particular has allegedly frequently used SEBOCA's mark on the logs they delivered to the Vietnamese company.

The illegal timber laundering scheme operated by some of the Vietnamese trading companies, via the superficial

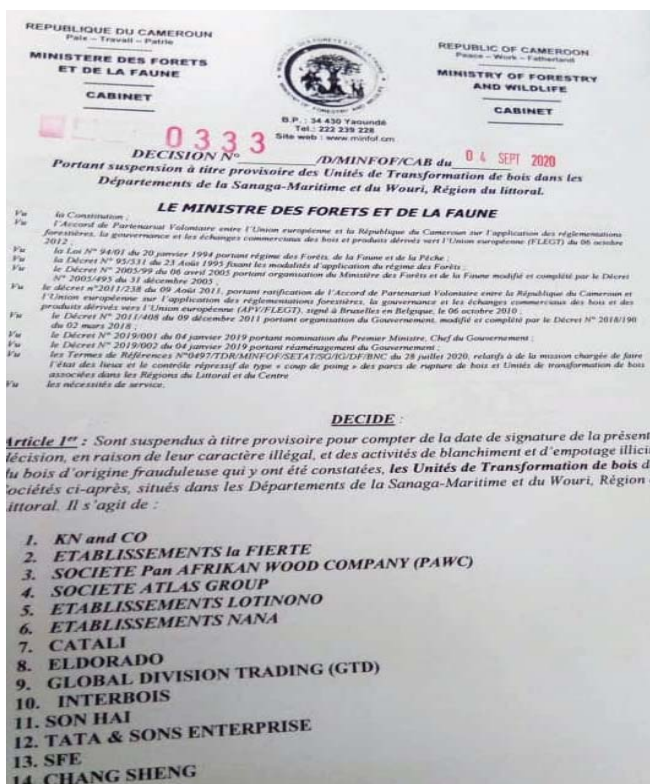
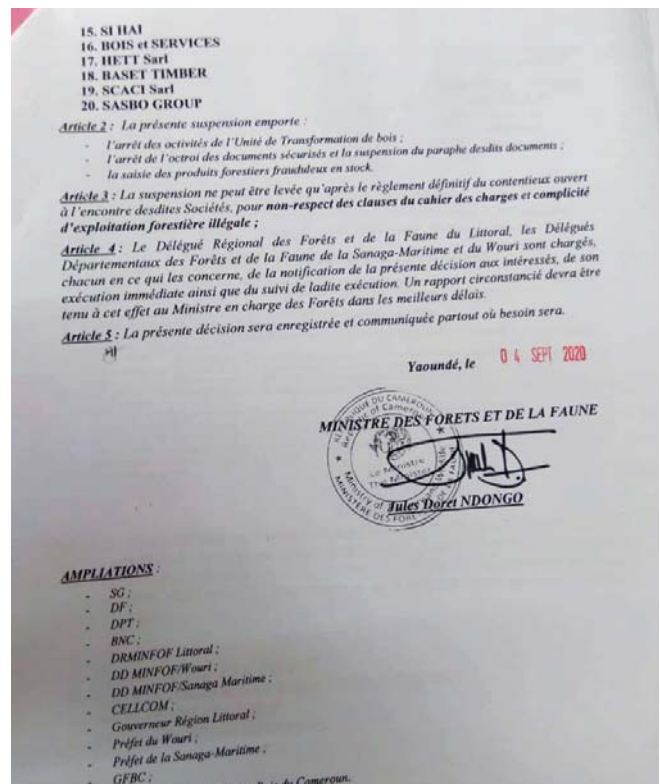


Figure 12
The Vietnamese sawmills recently suspended for laundering illegal timber



Source: MINFOR 2020

processing of illegal logs in their sawmills before export, has recently been targeted by an enforcement operation. Several Vietnamese and their partner companies have been suspended for their “complicity in illegal logging” including: KN-CO, Catali, El Dorado Company Limited, Son Hai and Si Hai.⁵⁸ According to the order from MINFOF the companies have been suspended “due to their illegal nature, and illegal laundering and container loading of timber of fraudulent origin which have been noticed.” (Figure 12).

3.3. New Experts in Illegal Logging

Over the years and as Vietnamese timber trading companies’ networks of accomplices and enablers have grown in Cameroon, these companies have progressively gained greater access to the Cameroonian forest, becoming for some of them experts in illegal logging themselves. In order to better control the quality and size of the log supply, Vietnamese companies have in some cases deployed their own mobile logging teams in the Cameroonian forests equipped with portable sawmill. The logging teams have been active in areas under harvest permits held by other entities, including SSV. They have also been active in areas without permits where logging has not been authorized by the Cameroonian administration, and in areas where logging is strictly forbidden, such as in national parks: “Xuan Hahn: Here is Yoko [point to the map]. Here is the

forest. Here is a national park. I came here the other day. The timber is here [point to the map]: Bertoua, timber; Dimako, timber.

EIA: Mbam and Djerem? Did you go there?

Xuan Hahn: Yeah it's where I went.

EIA: You get the timber in the national park? At Mbam?

Xuan Hahn: Yeah I took timber there.[...]

EIA: But cutting at the national park is allowed?

Xuan Hahn: That's where most of the timber is.”

In order to cover up the illegal logging and carry out laundering operations, despite the fact that their activities are not formally registered and authorized by the Cameroonian administration, Vietnamese companies have developed sophisticated schemes that frequently involve an array of partners. EIA investigators found evidence indicating that in August 2020 the Vietnamese company represented by Le Jessan Tan was illegally logging and laundering said logs in the buffer zone of the Dja Fauna Reserve. This area is a designated UNESCO World Heritage Site and a Biosphere Reserve (Box 4).

According to CED and EIA's investigation, the Vietnamese company represented by M. Le Jessan Tan has partnered with the registered logging entity named Société Forestière ENOUMEDI NOAH JOSS CEDAR (ENJC), represented by Enoumedi Noah Joss Cedar, in order to log tali trees located in the Northern buffer zone of the Dja reserve. This partnership allows the

BOX 4.

DJA FAUNAL RESERVE: A CULTURAL AND NATURAL WORLD TREASURE IN PERIL

Functioning as a unique corridor between the southern Nigerian forests and the Congo Basin, the Dja Faunal Reserve is one of Africa's most species-rich rainforests.⁵⁹ It is also one of the largest and best-protected rainforests in the continent, with close to 90 percent of its area undisturbed.⁶⁰ The Dja Faunal Reserve was founded in 1950, designated as a Biosphere Reserve in 1981, and listed as a UNESCO World Heritage site in 1987.

The Biosphere Reserve covers an area of 800,000 hectares (the World Heritage site is approximately 526,000 hectares). It includes over 30 villages with approximately 4,000 people living in the core area and 40,000 inhabitants in the surrounding area. The main ethnic groups include the Badjoué, Boulou, Fang, Nzimé and two semi-nomadic groups: the Kakas and the Baka pygmies.⁶¹

Over 100 species of mammals have been identified in the reserve, including several endangered primate

species such as the western lowland gorilla (*Gorilla gorilla gorilla*), chimpanzee (*Pan troglodytes*), white-collared mangabey (*Cercocebus torquatus*), mandrill (*Mandrillus sphinx*) and drill (*Mandrillus leucophaeus*). Giant pangolin (*Manis gigantea*), elephant (*Loxodonta Africana cyclotis*), mantled guereza (*Colobus guereza*), and leopard (*Panthera pardus*) are residents of the reserve.^{62,63} The reserve hosts over 350 bird species, including the nearly extinct African grey parrot (*Psittacus erithacus*).⁶⁴

In 2018, a faunal inventory at the Dja Faunal Reserve indicated that populations of forest elephant, western lowland gorilla and central chimpanzee have diminished compared to what the landscape and specific habitats could support. The research showed clear population declines compared to prior surveys, resulting from the growing human footprint in the northern part of the reserve.⁶⁵

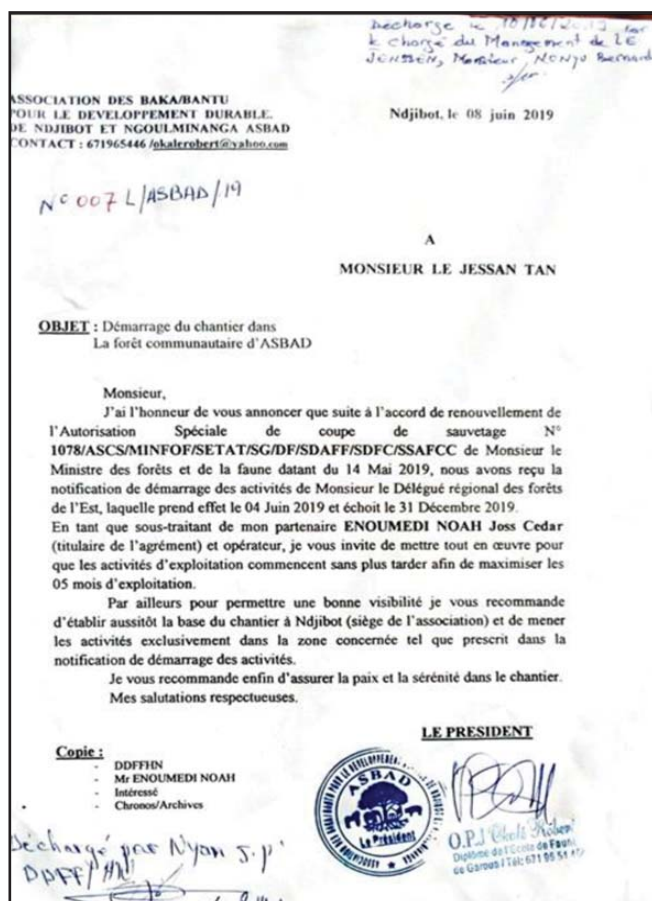


Figure 13
Documents illustrating the relationship between an unregistered Vietnamese company, its Cameroonian intermediary, and a forest community association. NB: Picture on the left hand side: 13a; picture on the right hand side: 13b

Vietnamese company to circumvent the Cameroonian law. In effect, the Forest Code and its Decree of Application establish that foreign entrepreneurs must register their company in Cameroon and must be granted an official accreditation in order to operate in the logging sector and obtain any forest exploitation permit.^{66,67} In order to be granted the accreditation the interested entrepreneur must disclose a series of information and prove its financial as well as technical capabilities.⁶⁸ ENJC worked as an intermediary between the Vietnamese unregistered company and the local population, using its official register as the front-face paperwork for the establishment of a contractual relationship with the local forest community organization named Association Baka Bantou pour le Développement de Ndjibot et de Ngoulminanga (ASBAD) Community Interest Group (GIC – “Groupe d’Interêt Communautaire” in French). In practice, the Vietnamese company has been responsible for the logging activities in the area. The relationship between ASBAD GIC, ENJC and the Vietnamese company is revealed by the official document signed by the president of the ASBAD GIC (Figure 13a). As stated in the document, the logging operation was authorised via a special salvation permit granted to the ASBAD GIC. This type of extraction

permit, unrelated to forest management per se, is known to facilitate opaque logging operations. The document also clarifies that the activities can only take place in the area agreed by the different parties.

As several sources explained to EIA investigators, the Vietnamese logging team only concentrated on tali trees, ignoring the other species covered by the salvation permit. The ASBAD GIC’s president officially informed its partners of his disagreement with the exclusive tali-focused approach taken by the Vietnamese logging team, inviting them to consider four other species, otherwise the association will need to look for another partner (Figure 13b).

As they quickly exhausted the tali trees covered by the ASBAD GIC’s salvation permit, the Vietnamese company, via their intermediary, started to negotiate access with neighboring communities and the Cameroonian private company Société Bois Africain du Cameroun (SBAC), who owns the adjacent Forest Management Unit (FMU) 10-050, attributed in May 2015. Based on these negotiations, the Vietnamese company allegedly moved its logging team out of the ASBAD GIC’s forest and started to operate in breach of Cameroonian law, logging all standing tali trees near Alouma, Massiel Te’emoo, Mekak, and Komba I villages (Figure 14).

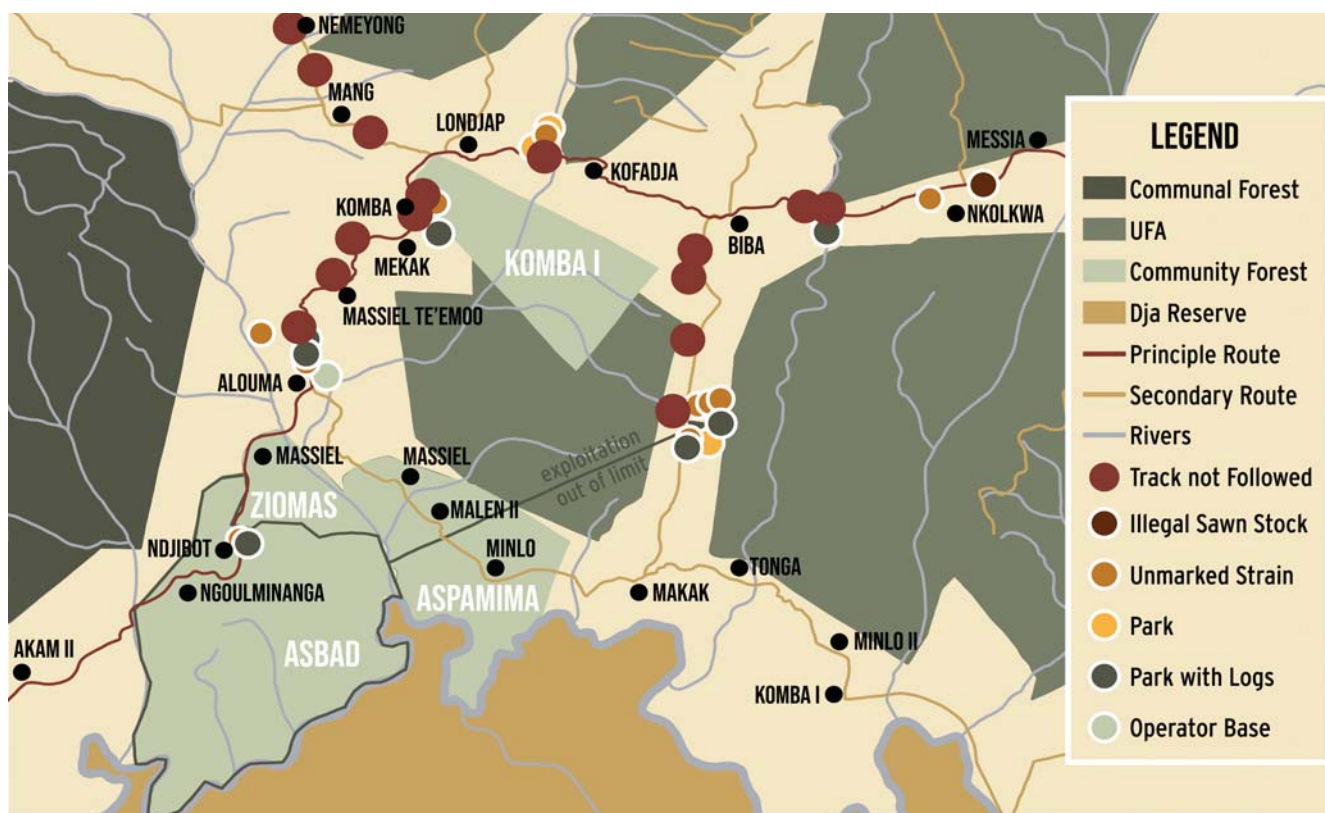


Figure 14
Illegal logging activities around the Dja Faunal Reserve

In the field, EIA investigators identified logs from trees felled outside of the ASBAD GIC's permit with ASBAD GIC marking; trees harvested in breach of the annual authorized volume (unmarked stump); and illegal logging roads opening additional parts of the forest (Figure 15). EIA investigators also witnessed that the transport of illegal logs has frequently taken place in the dead of the night, in order to cover their origin. According to EIA's sources, the paperwork used to transport the logs indicates this timber is sourced from the ASBAD GIC's forest. ASBAD GIC marked logs were seen by EIA's investigators in the sawmill that belongs to the Vietnamese company named Son Hai.

In order to facilitate their access to Cameroonian forests and bypass intermediaries like ENJC in the previous example, while avoiding the registration process, several employees from Vietnamese trading companies told EIA undercover investigators that they have focused their resources on obtaining control of a registered shell company. A Dai Loi high-level employee explained to EIA investigators that his company's current strategy consists of hiding operations behind a front-facing "clean" Cameroonian company, which allows him to gain direct access to SSV permits and logging concessions. As he explained, the front company initially cost him between US \$35,000 and US \$50,000 and that he "can even go bid and buy forest [concessions] with this company."

3.4. Paper Matters, the Origin of Logs Does Not

Multiple Vietnamese traders told EIA undercover investigators that they do not care about the actual origin of the logs they export from Cameroon, as long as these logs are accompanied by the needed paperwork. This paperwork serves the triple purpose of transporting, exporting from Cameroon, as well as importing into Vietnam. The paper-focused strategy adopted by Vietnamese trading companies appears to reflect the priorities of Vietnamese authorities. EIA's source explained:

"EIA: So if you reach Hai Phong [Vietnamese port], do you need to bribe there?"

Source R: No, not really. The Vietnamese customs don't care...

EIA: They don't care? They don't care about the origin of the timber?

Source R: They care but how can I say... It is harsh to say, but it is like destroying forest in other people's backyard, not in ours...

EIA: Like what they did in Laos and Cambodia?

Source R: Exactly. So Vietnam doesn't care..."

Several Vietnamese trading companies and importing companies explained to EIA undercover investigators that in effect the legal origin of the timber is not at all their preoccupation, as long as paperwork is provided:

Linwood: "We don't care about [what happened] before, as long as they provide us with timber and legal paperwork."



Figure 15
Evidence of illegal activities around the Dja Faunal Reserve

BOX 5.

HEZBOLLAH-VIETNAM TIMBER ALLEGED CONNECTION: A DEEPER PROBLEM

In 2019, Global Witness raised awareness amongst European buyers about the risk they expose themselves to by purchasing timber products from DRC, where forest concessions had reportedly been controlled by Hezbollah financiers.⁶⁹ Talking to EIA undercover investigators, one of the top managers of Dai Loi stated that many other Vietnamese companies were actually buying from the same source:

“Dai Loi: I bought from a company in Congo. So the owner is a Lebanese, Southern Lebanese. I mean. I don't know their geopolitics but basically it's a

Hezbollah-controlled area. The infamous group. The rebels. So basically his company was accused of supporting Hezbollah... Sponsoring terrorism... And they listed Dai Loi as 'company that buys and brings back to Vietnam'! I read that report and I was like: 'How the hell would I know, I just buy timber!'. [...] I don't understand, there were so many Vietnamese companies buying from that guy but they only listed us? Okay Dai Loi buys, Tai Anh buys, [My] Doan buys, Vinafor buys. Not just me, I don't know why they only listed me.”

A Vietnamese importer further told investigators:

HSH: "In any case, I don't care where the timber comes from. So, he [fellow trader] said that he works in Congo, and he tried to sell padauk to a French [company]. But the French was like... They asked if that timber has anything to do with child labor, or conflict, etc. Would that be a problem in Vietnam? We wouldn't look into the origin of the timber, right? No, it has nothing to do with it! If you have full paperwork, we will buy it, because the Vietnamese customs will not let you in if you do not have the paperwork. We pay tax for the government, we have full paperwork. We wouldn't care less about your wrongdoings. Just give me whatever papers that the customs require: first, the trading contract; second, invoice, packing list; and CO [certificate of origin]. That's all."

Employees from two major Vietnamese established in Cameroon confirmed the evasive approach currently in place. One of them made clear that the origin of the timber is irrelevant, referring to the terrorist group ISIS:

Hai Duong: "The European community here [Cameroon] is pressuring the government to stop exploiting the forest. But I think they are only just pressuring the European companies, they have also been here for a long time..."

Dai Loi: "It does not affect us. We just need authentic CO [certificate of origin], authentic bill [transport permit], and the rest I do not care. Even if you are ISIS, I don't care!"

As a matter of fact, the company Dai Loi reportedly purchased timber from Hezbollah financiers (Box 5). Talking about the issue, a high-level employee from Dai

Loi expressed his concern that only his company was mentioned publicly. The origin of the timber and the potential connection with a terrorist organization did not seem to matter, as he explained "How the hell would I know, I just buy timber!"

The businessmen told EIA undercover investigators they are aware that most of the transport permits ("lettres de voiture") provided by their suppliers have been bought from the authorities. According to the Vietnamese entrepreneurs, the current bribing price for tali logs is US \$916 (CAF510,000) per bill per truck. The common laundering of illegal timber via the issuance of transport permits is a well-known loophole of the Cameroonian logging sector, in particular regarding SSVs.⁷⁰ In effect, the owners of SSVs (see detail Box 3) can sign as many cover contracts as they wish to supposedly supply sawmills, as the forest administration rarely establishes the link and cross-checks the volume of wood "sold" according to the transport permits and the volume authorized for extraction in the SSV.

The widespread use of official documents, stamped by authorities in Cameroon, to cover the massive import of illegal timber into Vietnam is a critical problem. The ongoing VPA process in Vietnam, which would require importers to go beyond the paper trail as they exercise effective due diligence before placing timber on the Vietnamese market, represents an opportunity to dismantle the illegal timber laundering scheme in place between Cameroon and Vietnam (Box 6). Meaningful due diligence by Vietnamese importers could contribute to improve the forest governance in Cameroon and protect Vietnamese temples from tainted timber.

BOX 6.

VPA IN VIETNAM: AN OPPORTUNITY TO PROTECT CAMEROONIAN FORESTS AND VIETNAMESE TEMPLES?

The EU is an important market for Vietnam's forest products sector, making up roughly eight percent of its wood and timber exports by value, in 2019 the value of the exports stood at US \$848 million.⁷¹ Recognising this, Vietnam and the EU started negotiating the VPA in November 2010, with the goal to ensure that all exports of timber products from Vietnam to the EU are free from illegal timber, and to keep the Vietnamese timber supply chain free of illegal timber. The VPA was signed by both parties in October 2018. The agreement came into force in June 2019.

Vietnam is now putting the final pieces in place to ensure that it can issue Forest Law Enforcement, Governance and Trade (FLEGT) licences as required by the VPA, including a robust Timber Legality Assurance System (VNTLAS). The Vietnamese government hopes that the first FLEGT licences will be issued in late 2021 or early 2022.

EIA is a member of Vietnam's Multi Stakeholder Core Group (MSCG) which was established in 2017 by the

Vietnamese government as a focal point for promoting stakeholder participation in implementation of the agreement. The MSCG's members include representatives of Vietnamese industry associations, professional associations, non-governmental organisations, research institutes and government agencies. EIA joined the MSCG in 2019 and has campaigned for a thorough implementation of the VPA commitments, including strong import and export controls under the VNTLAS. EIA has used the official mechanism to provide feedback into the VNTLAS Decree draft in August 2019. Overall, a total of seventy written comments by the MSCG were acknowledged – whilst good progress has been made, some of the concerns were not addressed in the final VNTLAS Decree. The Decree was issued in September 2020 and comes into force on October 30th, 2020. Potential impacts of outstanding issues with future Vietnamese timber import controls are amplified in the investigation presented in this report.

DAMAGING THE ECONOMY

Describing the business they have put into place between Cameroon and Vietnam, a manager from Hai Duong told EIA undercover investigators: “These black people are not so smart. If they could do it, we wouldn’t be here.” Talking to employees from Vietnamese trading companies working in Cameroon, EIA investigators understood that their operations are very lucrative, in the range of US \$3 million net benefit per year for the largest profiteers, starting in year two, after recovering their investment during the first year. Rapid turnover and quick benefit have relied on the purchase of low-cost illegal and unsustainable logs (see previous section), superficial and fast processing, and export in breach of the Cameroonian law, as presented in the following paragraphs.

4.1. Selling Logs, Losing Jobs Creation Opportunity

Vietnam has grown as a major destination for Cameroonian timber, particularly for logs. The country has imported 21 percent on average (in value) of all timber exported out of Cameroon, in 2017 and 2018.⁷² In 2016 and 2017, Vietnam even surpassed China as the largest import market for Cameroonian logs (Figure 16).

The growing Vietnamese - along with Chinese - demand for Cameroonian logs, in particular tali and doussie, has contributed to a massive shift in Cameroon’s export profile. With this shift, the country is back to its raw material exporter status from twenty years ago. In the 1990s the country was still primarily exporting logs to European countries instead of processed forest products (Figure 17). The situation changed drastically in 1999 with the enforcement of the partial log export ban (see Box 7 for details). From 2000 to 2009, Cameroon was exporting more processed timber than logs. The situation reversed after 2009 following the global economic crisis, when European demand for timber collapsed while Asian demand, principally focused on logs, remained strong and grew consistently over the following years.⁷³

Driven by Chinese and Vietnamese demand, Cameroon has returned over the past ten years to a country specialized in providing raw forest products (logs) to foreign hubs (Figure 17). These foreign hubs will then process the logs into high-value products, creating local value added and generating local employment. The current log-centered export trend is particularly apparent in the Kribi port, where thousands of logs are piled up all year long before export (Figure 18).

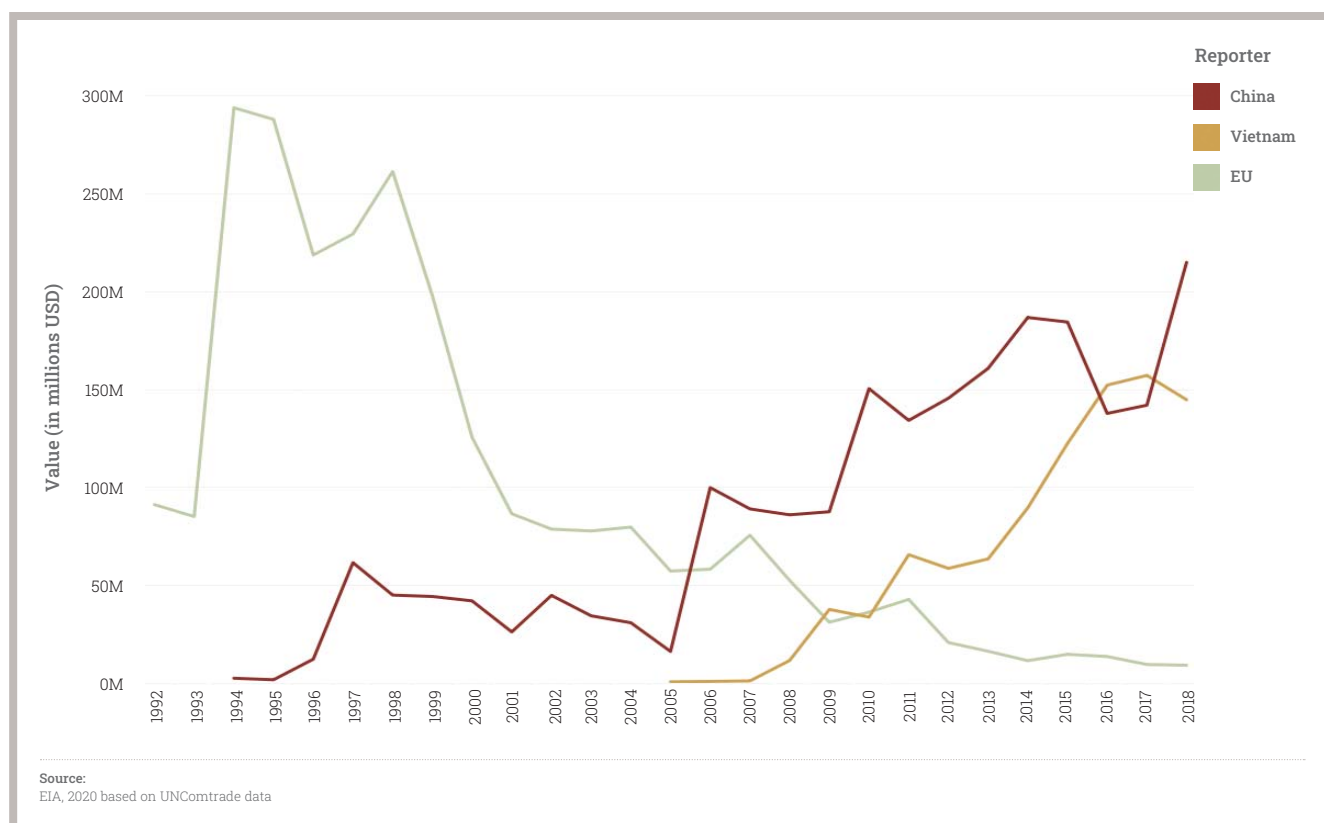


Figure 16
Import of Cameroonian logs by China, Vietnam and the EU, from January 1992 to December 2018, in value

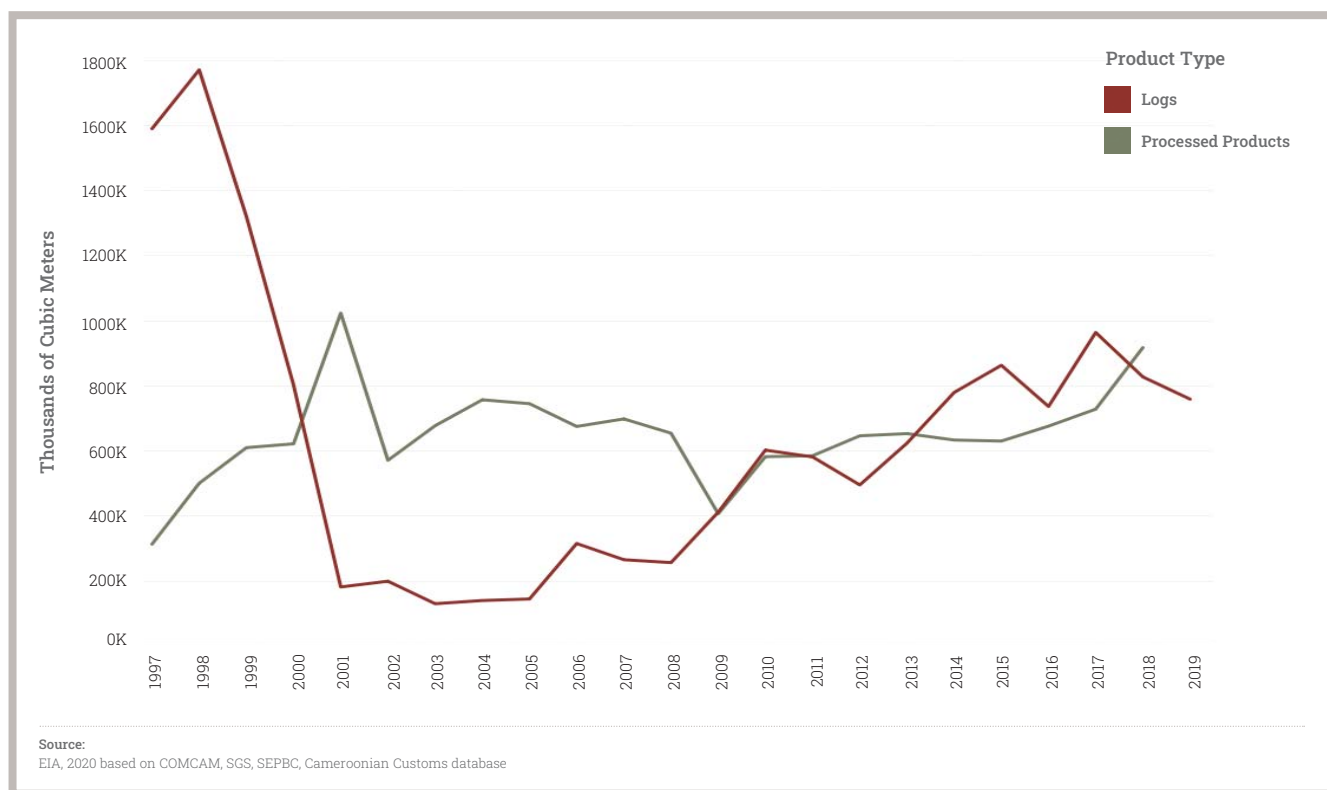


Figure 17
Logs versus processed timber products export from Cameroon to the world, as reported by Cameroon, between 1990 and 2019, in volume

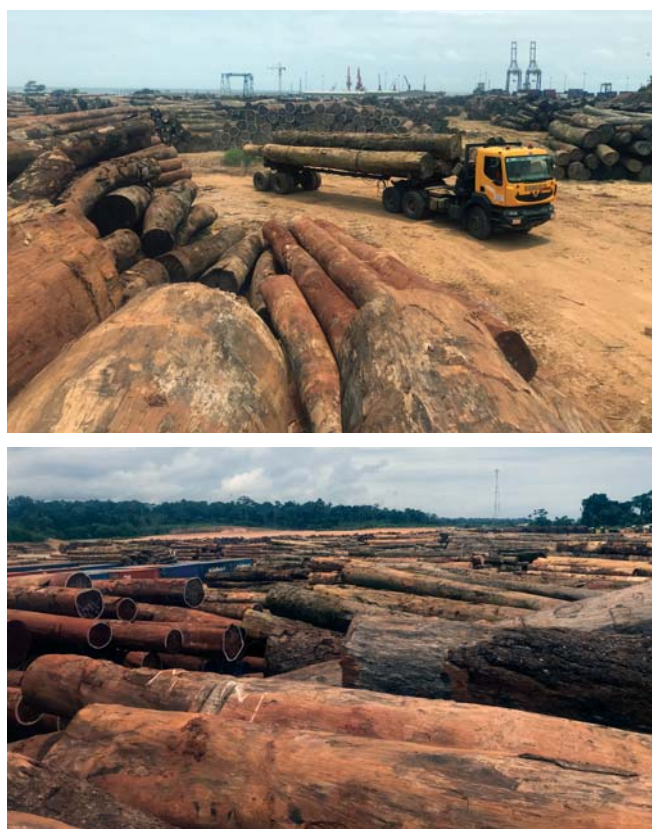


Figure 18
Log yard in the Kribi port

As shown in Figure 19, Vietnamese timber demand has concentrated on Cameroonian logs as opposed to processed timber products. Between 2015 and 2018, 82 percent of the timber imported from Cameroon to Vietnam were logs and only 18 percent further processed products, in value.⁷⁴ As shown in the following paragraphs, the log-centered trading strategy adopted by the Vietnamese companies operating in Cameroon is at the heart of their business model, even if it implies the routine violation of Cameroonian laws that regulate timber exports.

4.2. Illegal Export of Logs

Since November 1999, Cameroon adopted a partial log export ban that strictly prohibits the export of certain timber species in the form of logs (Box 7). Based on trade data analysis, EIA estimates that at the very minimum, 132,000 cubic meters of logs have been exported from Cameroon to Vietnam in breach of the partial log export ban between January 2016 and July 2020.⁷⁵ This includes 84,000 cubic meters of doussie (\$40.2 million), 16,900 cubic meters of mukulungu (*Autranella congolensis*) worth US \$5.7 million, 15,000 cubic meters of sapelli (*Entandrophragma cylindricum*) worth US \$6.6 million, 6,000 cubic meters of padouk (*Pterocarpus soyauxii*) worth \$2.1 million, and 3,900 cubic meters of movingui (*Distemonanthus benthamianus* Baill.) worth US \$900,000. This estimated illegal flow represents a total of US \$58 million and accounts for 11 percent of the total volume of logs exported to Vietnam

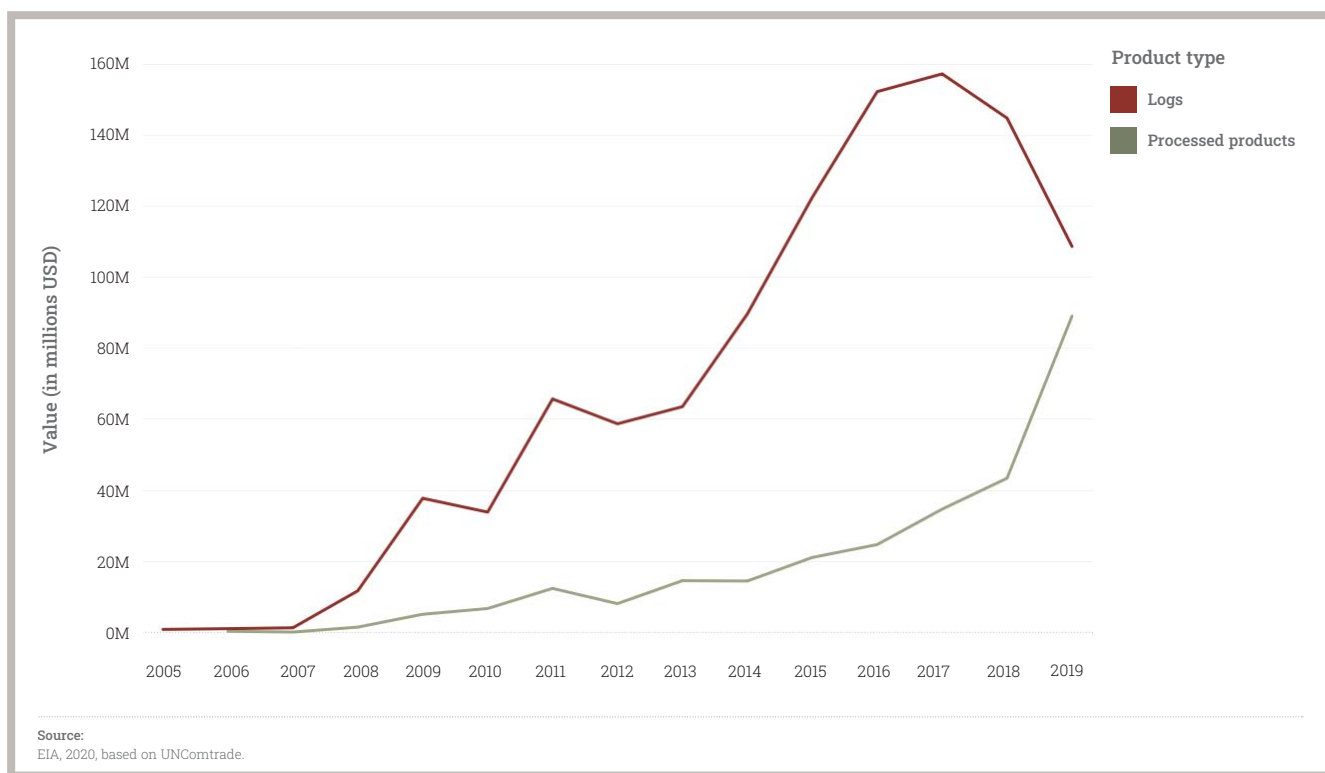


Figure 19

Logs versus processed timber products exported from Cameroon to Vietnam, as reported by importer, from January 1990 to December 2019, in volume

(13 percent of the total value). These volumes and values of logs not allowed for export from Cameroon have been recorded by the Vietnamese customs as imported from Cameroon. They likely represent a small fraction of the actual level of smuggling of logs out of Cameroon. As several Vietnamese entrepreneurs explained to EIA undercover investigators in practice the violation of the partial log export ban is happening daily in Cameroon.

A manager from AFA, one of the largest importers of African logs in Vietnam with a strong presence in Cameroon, explained to EIA undercover investigators how his company is routinely violating the Cameroonian partial log export ban:

“EIA: Do they [Cameroon] have bans over certain species?

AFA: Yes, they have.

EIA: And it is not a problem?

AFA: No problem! A lot of species, we still can get it without any problem. Like pachyloba [doussie] is banned, sapelli is banned, wenge is banned, pao rosa is banned, but no problem. We are still loading everyday. Chinese and Vietnamese are still loading everyday. You make the deal with the customs: ‘Okay, for this, how much? You have to pay extra CFA 100,000 (US \$179), CFA 150,000 (US \$269). Okay, deal!’

EIA: Per shipment? Every shipment?

AFA: Per lumber cubic meter.”

A senior-level employee from Dai Loi, the largest Vietnamese company established in Cameroon, explained to EIA undercover investigators how the breach of the partial log export ban is business as usual:

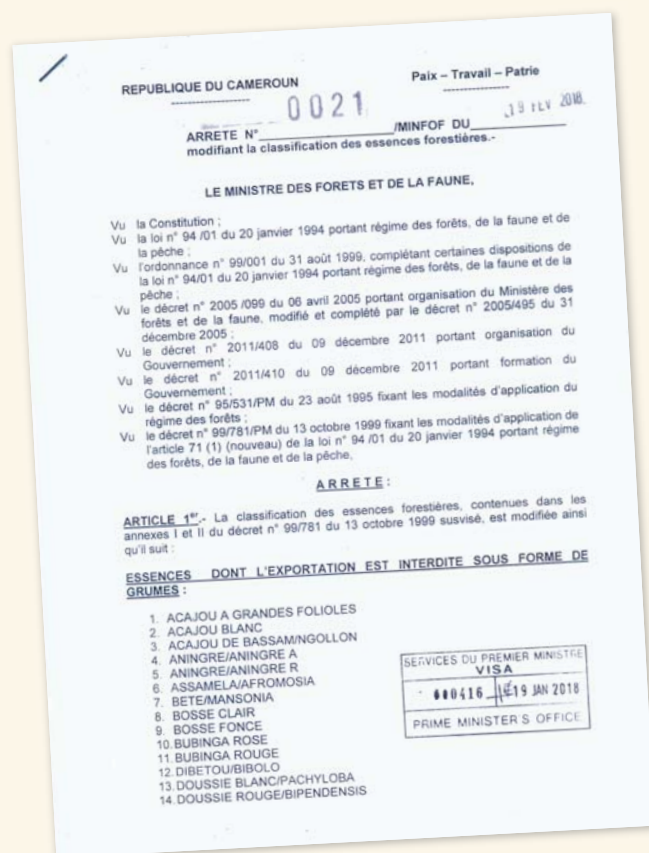
“Dai Loi: Sometimes the government does not allow you to export but you still can export by some way... Pay some money to customs and then you still can export. The same way in everywhere, you just pay money. And the problem is that the timber you buy, it must be not more than what you can sell. Then it can be worked out. After that they don't care. In Vietnam we also don't care because the government they also don't know which one is illegal, which they [Cameroon] cannot export, which one is for export.”

As a complement to bribing officials, a well-placed source told investigators that misdeclaration was also common to circumvent the partial log export ban. Vietnamese trading companies have frequently misdeclared the oversized square logs of doussie they export as another species that is not subject to the partial log export ban. EIA's source explained:

“Source K: For tali you can export round logs, but for pachyloba [doussie] you cannot. But they can still do it, why? Because they declare a different type of timber, not pachyloba [doussie].

EIA: But it is easy to differentiate between different types of timber? For example, with the customs officer...

THE CAMEROONIAN PARTIAL LOG EXPORT BAN SAGA



Timber is Cameroon's second most important export commodity after crude oil.⁷⁶ In order to encourage the development of a domestic processing industry, and create added value locally, Cameroon adopted a total log export ban in January 1994.⁷⁷ The ban was supposed to come into effect in 1999, following a five-year transition during which 70 percent of the national production was expected to become processed locally. The law states: "After this period, the export of logs is prohibited and all national production is processed by the local industry."⁷⁸ But, under pressure from the private sector, a Presidential Order cancelled the implementation of the total ban in October 1999.⁷⁹

A few weeks later in November 1999, a Prime Minister decree established a partial log export ban based on species and levels of authorization.⁸⁰ Importantly, the decree gave the Minister of Forests the discretion to change the species that are subject to the ban.⁸¹ In October 2001, the Minister of Forests and Wildlife (MINFOR), established a list of species subject to the ban that is still in effect today (the list is periodically shared with exporters as shown in the Figure 20).⁸² While bosse (*Guarea cedrata*), bubinga (*Guibourtia tessmannii*), doussie (*Azela pachyloba*), iroko (*Milicia excelsa*), pao rosa (*Bobgunnia fistuloides*) and wenge (*Millettia laurentii*) logs are included in the ban; tali (*Erythrophloeum ivorense*) is not.

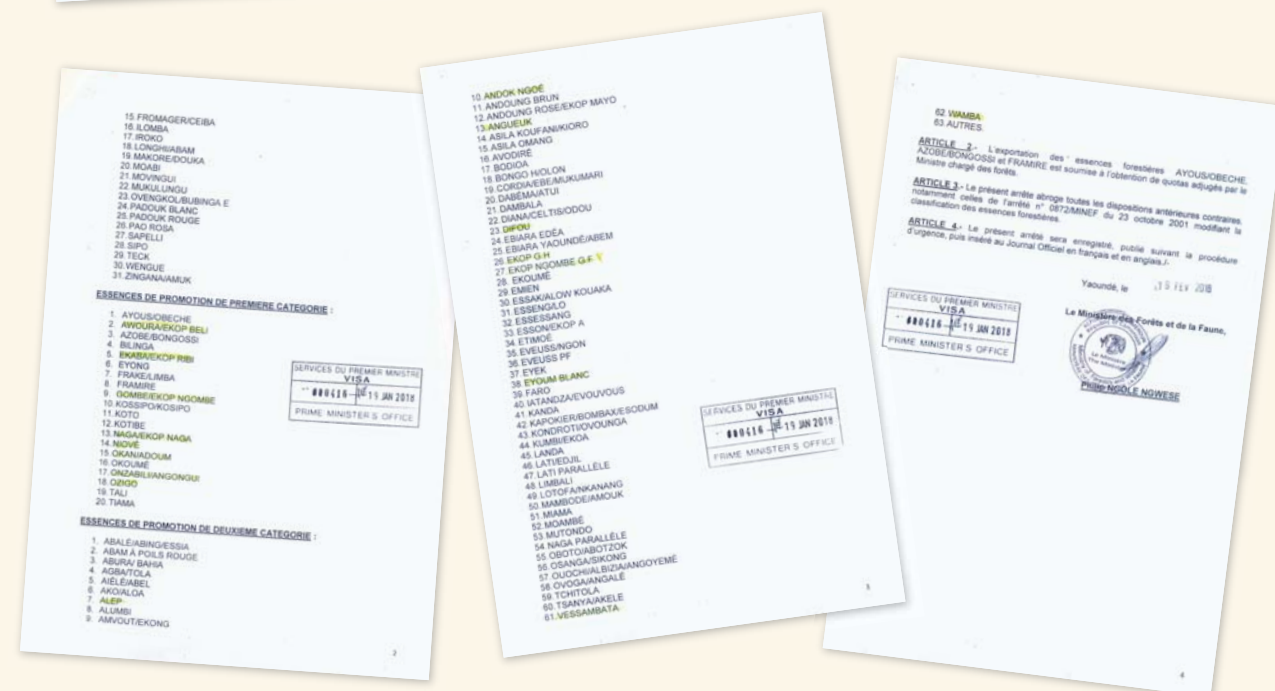


Figure 20
The official list of species subject to the partial log export ban

Source K: It's very easy, but the issue is if you bribe, they won't differentiate...

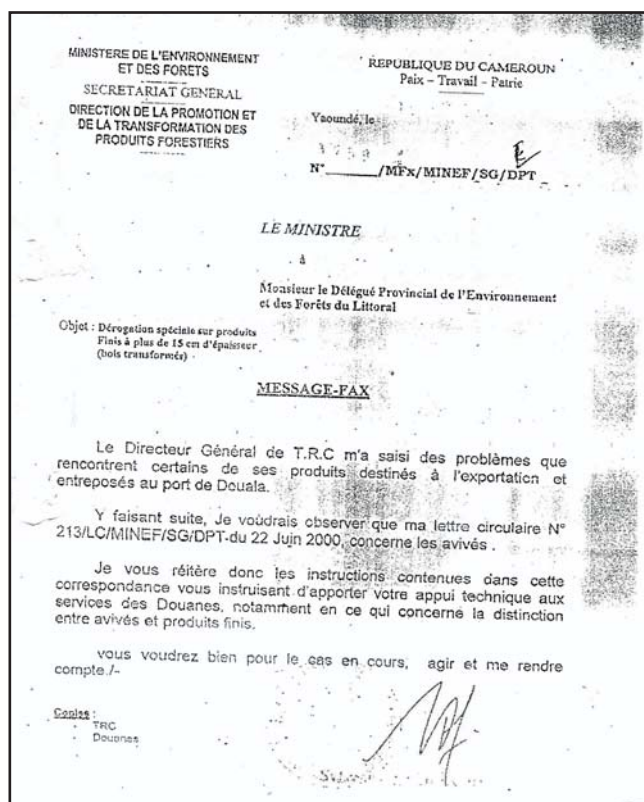
EIA: So the bribing takes place at the port?

Source K: You bribe at the port... But honestly, if your timber has unclear origin at the storage yard, you have to bribe there already and then at the port. Because if your timber comes in the factory/storage yard, and it has unclear origin, you need to bribe to get through control."

4.3. Illegal Export of Sawnwood

Species that are not allowed to be exported as logs must be processed in Cameroon. The level of mandatory processing, commonly defined by the maximum size of the timber products authorized for export, is established by a Cameroonian regulation.⁸³ For many years, the Cameroonian Ministry in charge of forests has called the attention of the exporters to the fact that, per the regulation in place, sawn timber products exported out of Cameroon cannot exceed 15 centimeters in thickness (Figure 21).

According to EIA investigators' direct observations and information from multiple well-placed sources, the squared logs and boards, in particular doussie, commonly exported by the Vietnamese companies, often fail to respect the Cameroonian law. Most of them are thicker than the maximum legal size (15 centimeters)



Source: MINEF, 2000

Figure 21

The official allowed maximum size for processed timber export



Figure 22

Typical squared logs seemingly exported in breach of Cameroonian legislation

authorized for export. Figure 22 shows a few examples of oversized timber products about to be exported by Vietnamese companies.

These larger dimensions are primarily driven by the demand in Vietnam, as explained by a source: “Vietnamese [in Cameroon] mainly saw the timber with thickness over 250 [millimeters, equivalent to 25 centimeters] because for Asians, the thicker the more valuable. 250 is for a door frame usually.” A manager from AFA explains how the bribing scheme for the illegal export of logs also works for over-sized boards: “But if you want, no problem you pay extra CFA 100,000 per metric cube, they let you go.”

Several managers from Vietnamese companies in Cameroon told EIA undercover investigators that the disrespect of the squared logs size limit is at the heart of their business model. As employees from two major Vietnamese companies explained, shipping oversized logs allows their companies to accelerate the squaring, loading and shipping processes. In turn, this allows the company to ship massive volumes in short periods of time - a few weeks only from the standing tree in the forest to the loaded container about to ship to Vietnam - and receive payments that are immediately used for the purchase of new logs.

The violation of the size limit for the export of timber products - prohibited to be exported as logs – allows the company to have a fast turnaround and manage the cash flow they need for their informal and cash-based business transactions (see details in Section 3.1). According to several Vietnamese entrepreneurs, respecting the size limit with the export of typical “four by six” boards (four inch thick by six inches wide) - would considerably slow their operations and inevitably lead them to bankruptcy. A senior-level employee from Dai Loi shared this view, “They will force us to saw everything later on... If it's four by six, we're done! All the [Vietnamese] sawmills will be done! Sawing four by six takes time.”

As for the export of logs in breach of the partial log export ban, the export of timber products in violation of the maximum size allowed is only possible because of the bribery of officials, including customs and police agents stationed on the roads that lead to the port. The co-owner from Hai Duong confirmed to EIA undercover investigators the frequent hide-catch-bribe cycle his company plays with the police in Douala:

“EIA: Are there police here [on this road] normally?
Hai Duong: So many of them! We passed by this road twice, they stopped us twice, we had to give them money twice. One day, we tried to go the other way but they still stopped us. That day [we] were caught twice. We turned back with the guy's timber truck, they called us out and caught us again.”

4.4. Export Misdeclaration and State Revenue Loss

The timber trade between Cameroon and Vietnam has another key feature: official records show that the trade is massively under-declared on the Cameroonian side. As shown in Figure 23, there is a major discrepancy between the value of timber products Cameroon reports as exported to Vietnam and what Vietnam reports as imported from Cameroon. This gap is particularly striking for the trade in logs. Between January 2009 and December 2017, the discrepancy amounts to a total of US \$421 million (US \$356 million for logs and US \$65 million for processed products).⁸⁴ Not only has the discrepancy in value increased on almost an annual basis, but in the proportion of the value misdeclared as well (from 36 percent in 2009 to 54 in 2017, with an annual average of 41 percent).⁸⁵

This discrepancy, which amounts on average to US \$90 million each year between 2015 and 2017, indicates a loss in tax revenue for Cameroon, as confirmed by EIA's well-placed source:

“Source K: Where is the illegality? It is declaring different types of timber to pay less tax. For example, if the timber [price] is 10 cents, they say it is 5 cents, or 3 cents, etc. so the taxable amount is less. And secondly, a [20-foot] container is 23 cubic meters and they would declare 12 cubic meters.

EIA: Half of it... And it's still ok?

Source K: Yes. You just need to pay for it.”

A Dai Loi manager explained to EIA undercover investigators how misdeclaring the volume is a common practice amongst Vietnamese entrepreneurs operating in Cameroon:

“EIA: So everybody sells more than they should?

Dai Loi: Yeah. And they can use small volume for exportation and actually the volume is always much bigger. Let's say we [apparently follow] the recommendation, let's say for 1,000 cubic meters. But actually we export for 5,000.

EIA: Really?

Dai Loi: Yeah, you can pay money... Yeah, the Asian people, we know how to do it. Even the black people they also do the same.

EIA: Yes, of course.

Dai Loi: The black people from government, they also want money.”

It is essential for the Cameroonian government to crack down on the misdeclaration of exported volume, the misdeclaration of species, the export of logs in breach of the partial log export ban, and the routine export of sawn timber products that exceed the maximum size allowed by the Cameroonian regulations. The General Direction of Customs should focus on these fraudulent practices as part of the unprecedented “Fight Illegal Timber Trade Export” (FILTTRE) operation, launched in collaboration

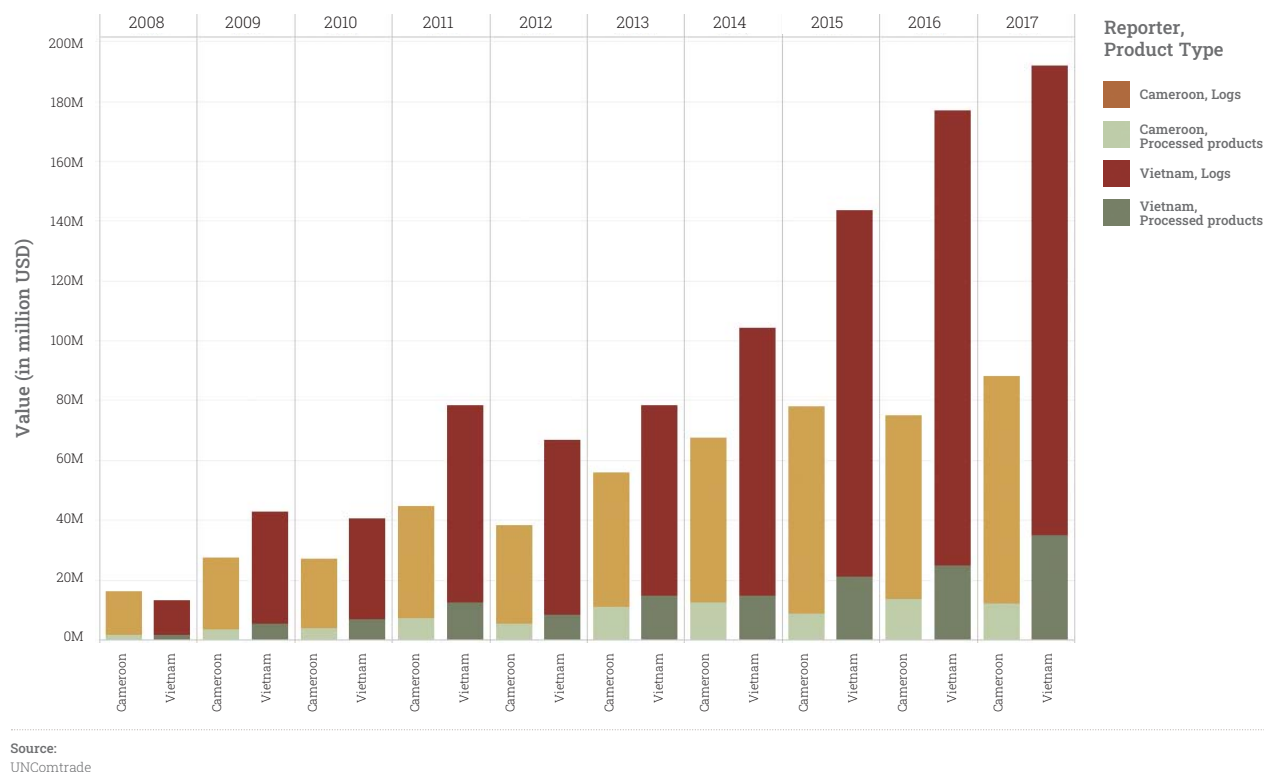


Figure 23
Cameroon-Vietnam trade discrepancy, by value

REPUBLIQUE DU CAMEROUN
PAIX-TRAVAIL-PATRIE
MINISTRE DES FINANCES
DIRECTION GENERALE DES DOUANES
Site Web: www.douanes.cm / www.customs.cm

REPUBLIC OF CAMEROON
PEACE-WORK-FATHERLAND
MINISTRY OF FINANCE
DIRECTORATE GENERAL OF CUSTOMS
Email: gcb.douanes.cameroon@gmail.com

N° 3951 /MINF/DGD/DGD2/CS Yaoundé, le 1^{er} 0 SEPT 2020

ORDRE D'OPERATION « FILTIRE »

Il est organisé au sein de la Direction Générale des Douanes, dans le cadre de la lutte contre la contrebande et les grands trafics, une opération spéciale, placée sous la supervision du Directeur Général des Douanes, chargée du contrôle de la régularité des opérations du commerce extérieur portant sur l'exportation du bois, baptisée: **Fight Illegal Timber Trade Export « FILTIRE »**.

I. Objectif :
Déployée par la Direction Générale des Douanes, en synergie avec le Ministère des Forêts et de la Faune, elle vise à travers les contrôles systématiques de la prise en charge et de la régularité des exportations de bois du Cameroun :

- la lutte contre le blanchiment des bois nationaux à travers le faux transit, comme mode opératoire.
- L'Optimisation de la sécurisation de nos recettes d'exportation ;
- L'Amélioration des statistiques du commerce extérieur.

II. Zone d'intervention :
Les contrôles seront effectués par étape dans les Régions de l'Est (BELABO, YOKADOUA, MOLOUNDOU, DJOUM), du Littoral (Douala) et du Sud (Kribi) du Cameroun.

III. Durée de l'opération :
Trois (01) mois renouvelable après production et validation du rapport de la première phase.

IV. Composition :

- Superviseur :** Le Directeur Général des Douanes
- Coordonnateur :** NDO Gervais Eric, Chef de la Division des Enquêtes Douanières et de la Surveillance (DGD2) ;
- Coordonnateur en second :** EKOLLE Félix MENGALLE, Commandant du Groupement Spécial d'Intervention Douanière ;
- Officier Logistique chargé de la liaison avec les équipes de terrain :** DIMA Quentin Achille, Chef de la Cellule de la Surveillance Douanière ;

5- Analyse et traitement des données : MINE OKON, Chef Cellule des Analyses, de la Programmation et du Suivi de la mise en œuvre du Contrôle Douanier.

6- Chef des Opérations : EPOH MBAPPE Ardant, Capitaine des Douanes ;

7- Membres :

- SONGO ISSA Ezéchiel, Adjudant Principal des Douanes ;
- MVOGO ONANA Armand, Adjudant Principal des Douanes ;
- NSOUMLONG Aïme Césaire, Adjudant Principal des Douanes ;
- AMVELA ADA, Contrôleur des Douanes ;
- SAMBA Blaise Désiré, Brigadier des Douanes ;
- OMBEMOU Jean Jacques, Brigadier des Douanes ;
- MBELLE Stéphane, Préposé des Douanes ;
- AYISSI Jean Pierre Junior, Cadre contractuel d'Administration.

V. Poste de Commandement Central :
Le Poste de Commandement Central de l'opération est installé dans les bureaux de la Division des Enquêtes Douanières et de la Surveillance, sis à la Direction Générale des Douanes à Yaoundé, au quartier MVOG MBI.

VI. Poste de Coordination Opérationnelle :
Les équipes seront réparties dans les Régions comme suit :

- Région du Littoral (Douala)
- Région de l'Est (Bertoua)
- Région du Sud (Kribi)

VII. Moyens Logistiques :
Des bureaux de travail et des matériels roulants, indispensables au déploiement efficace de l'opération, mis à leur disposition par les Chefs des Secteurs des Douanes.

VIII. Moyens Humains :
Les équipes de mission peuvent faire appel à des personnes ressources (internes ou externes à l'Administration), en cas de besoin, après autorisation de la Coordination Centrale.

IX. Appui Stratégique :
Les équipes de mission peuvent requérir l'appui des Autorités Administratives et Judiciaires des Régions, ainsi que les Forces de Défense et des Forces de Maintien de l'Ordre, en cas de besoin.

LE DIRECTEUR GENERAL DES DOUANES

Copie :

- MINFI (ATCR) ;
- Tous Gouverneurs des Régions LT ; ES ; SU (ATT) ;
- Tous Chefs Secteurs Douanes LT 1B2 ; ES ; SU 1B2.

Foged Edwin Nwaga

Figure 24
Launch of the "Fight Illegal Timber Trade Export" operation



Figure 25

Cameroonian timber is containerized before being transported to the port, where containers are loaded on shipping lines' vessels.

with MINFOF on September 10, 2020. This operation aims at stopping the irregularities in Cameroon's timber exports, with specific attention to the ports of Douala and Kribi (Figure 24).

The export illegalities and in particular the noticeable misdeclaration schemes that are taking place in Cameroon should also be closely watched by the shipping line companies involved in the trade between Cameroon and Vietnam. According to EIA's sources, several world leading shipping lines have routinely transported timber between Cameroon and Vietnam.

This includes A.P. Moller-Maersk, Mediterranean Shipping Company S.A (MSC) and Compagnie Maritime d'Affrètement-Compagnie Générale Maritime (CMA-CGM) for the transport of containers, as well as China Ocean Shipping Company Limited (COSCO) and Sinoway Shipping Ltd. (Sinoway) for the transport of logs (Figure 25). Several of these companies have recently taken pragmatic measures to stop the illegal trade in conflict timber from The Gambia.⁸⁶ Others have yet to act.

Representatives from Vietnamese companies in Cameroon told EIA undercover investigators that the disrespect of the squared logs size limit is at the heart of their business model.

The creation of a "blacklist" of export wrongdoers, further scrutiny into the declared volume, value, and weight of timber, as well as increasing the exporters' accountability based on their declarations and the booking procedures, could play a major role in combating the illegal export of timber in Cameroon.

EXPLOITING AND HARMING PEOPLE

"Building a sawmill here is like...bringing civilization to this place, right? It's enlightening them." This is how a high-level manager from the Vietnamese timber company Hai Duong describes Cameroon, his host country. Most of the Vietnamese expatriates who talked to EIA undercover investigators shared a similar racist and colonialist view, which translates into how the Vietnamese companies have treated their Cameroonian employees. As a high-level manager from My Doan stated:

"My Doan: Just give them [Cameroonian workers] a low salary, here it is just CFA 45-50,000 [US \$76-85 per month], but don't give them our real rate. [...] It's CFA 3,500-4,000 maximum (US \$6-6.8). And CFA 3,000 (US \$5.1), if lunch is included."

Several Vietnamese employers have taken advantage of the low legal minimum wage in Cameroon (approximately US \$65 per month), one of the lowest in the region.^{87,88} They also have operated their sawmills in breach of the Cameroonian labor law, in particular regarding the obligation of signing a short or long term contract with their employees (Article 23 of the labor

law).⁸⁹ As a consequence several of the Cameroonian employees working in Vietnamese companies do not receive monthly payslips in breach of the Article 61 of the labor law.⁹⁰

Vietnamese entrepreneurs who spoke with EIA investigators explained how they have refused to enter into long-term labor agreements with their Cameroonian workers in order to pressure them and limit their rights. This information was confirmed by a Cameroonian employee of a Vietnamese company who, speaking under the condition of anonymity, explained to EIA investigators that he has been working for more than three years in a Vietnamese sawmill without any contract with his employer:

"EIA: How does it work? Do you have a contract?"

Worker: No contract. You know these people [Vietnamese] you are lucky enough when they keep you. Because it is not a joke, if you don't work hard, they don't keep you.

EIA: So you are good with them?

Worker: Until now, I don't have a contract!

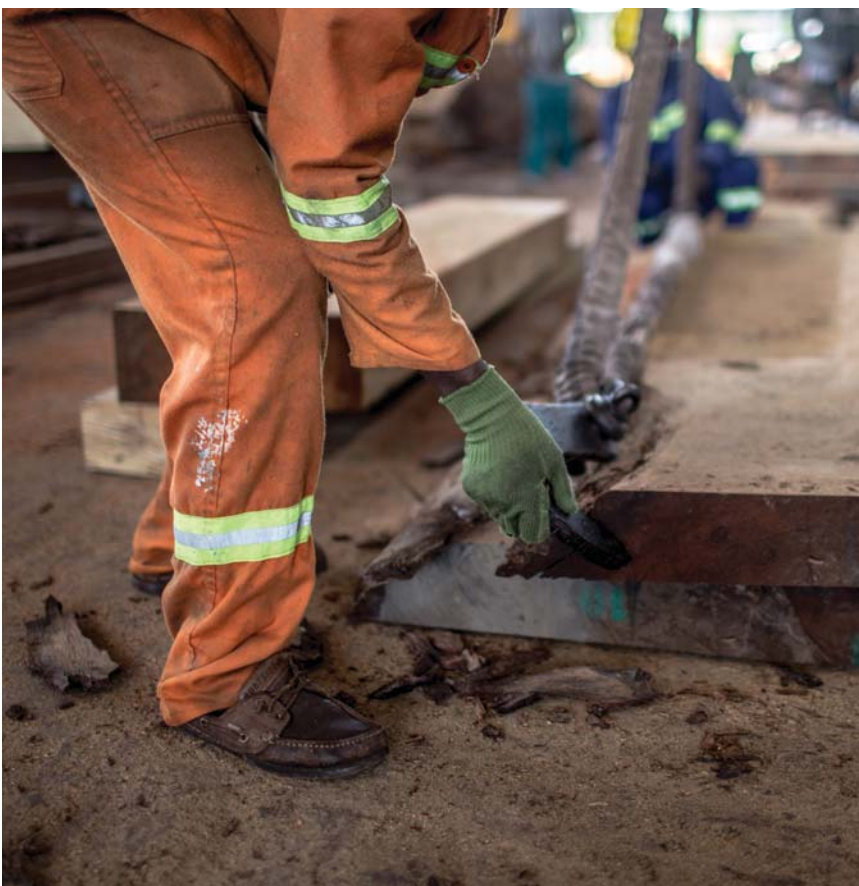


Figure 26
Workers in a large Vietnamese trading sawmill in Cameroon

EIA: What? You work for them without a contract?

Worker: Yes.

EIA: This means that overnight they can dismiss you, what would you do?

Worker: That's it, that's how it is."

When workers have threatened to strike in order to obtain their legal rights, several Vietnamese owners or managers have strongly pushed back, as they explained to investigators:

"Hai Duong: They put up a strike last time at my sawmill, I had to play tough. I told them: 'if you want to strike, just stay home for the whole month.' Then they were just wandering around the sawmill, then finally I asked them to go to work the next day. You have to know their weakness. If they don't have job, they don't have money.[...]. The second day I told all our [Vietnamese] brothers to stay at home, [Mr. C] went to



Figure 27
Working conditions at the Son Hai company

the sawmill to fix some machines and said the workers were lying there begging to go to work the next day because they couldn't stand it. It was just one day!" The dependance on the job offered at the Vietnamese sawmill was also described by the worker who talked to EIA investigators:

"Worker: The salaries are not good, but it is simply because the employees have no other choice. If they don't take it, what can they do? Especially the ones who have families...[.]

EIA: Don't you fear that tomorrow they can fire you?

Worker: What can I do? Tomorrow they can kick me out. This is because now I don't have like a work that I think is good.

EIA: If someone else would offer you a job, how much would you ask as salary?

Worker: CFA 150,000 [US \$270] would be enough for me.

EIA: Are you sure?

Worker: Yes, I would start with this for the work and my employer would not be disappointed because with the experience I have I can give advice to the new ones."

This approach towards the Cameroonian labor force has direct consequences for the health and safety of the workers, as explained by My Doan manager: "But there are always bad stories... I mean for our sawmill, there had been several small accidents: people losing a finger or a leg, etc." (Figure 26).

The abuse of the local workers by Vietnamese companies has been reported in the Eastern region of Cameroon, where students employed by the company Son Hai and their Cameroonian partner FACOGES-CAM Sarl complained about the poor working conditions.⁹¹ Pictures shared by the employees show workers unloading large logs with wooden levers without any protection (Figure 27). They also reported that their employer did not comply with its multiple commitments to offer them fair and safe working conditions, and the authorities contacted, including the Ministry of labor and Social Security and the Direction of the National Social Insurance Fund (Caisse Nationale de Prévoyance Sociale - CNPS), did not follow up.⁹²

The poor labor conditions offered by some of the Vietnamese companies to their Cameroonian workers reflect the disdain they have for them, as an employee from Xuan Hanh seemed to explain to investigators:

"EIA: How many people do you have here?

Xuan Hanh: At this sawmill, we have four admin people, 15-16 Vietnamese sawing workers, and 50-60 of those black guys helping.

EIA: Do you have to pay them a lot?

Xuan Hanh: No, the black are cheap. VND100,000 [US \$4.3] per day. Not including food. That is like CFA 2,500 per day.

EIA: That is just too cheap.

Xuan Hanh: Because that is enough. Because actually they are just really stupid...[.] They are just really dumb. They are very stupid, they are hungry."

CONCLUSION AND RECOMMENDATIONS

Forest governance in Cameroon is at a crossroads. As initiatives like the VPA have stalled, seemingly illegal operators have preyed on Cameroonian forests, people and the economy.

Since 2014, a growing number of Vietnamese timber trading companies have started to operate in Cameroon. They have played an essential role in the steep increase in the timber trade between Cameroon and Vietnam. CED and EIA's investigation indicates that the timber trade flow between one of the largest African timber exporters and one of the largest Asian processing hubs is rife with seeming illegalities – from logging to export, all of which has directly undermined forest governance in Cameroon. Largely secretive, misdeclared, and cash-based, the trade has primarily benefited the Vietnamese companies instead of the Cameroonian economy. Discriminated against and exploited Cameroonian workers have also been victims of this supply chain.

This environmentally, socially and economically tainted timber has become the primary source of tropical logs for Vietnam, thus making the country and its thousands of processing businesses dependent on an illegal and unsustainable source of raw material. The tainted Cameroonian logs, because of their abundance, size and unfair price, have quickly substituted traditional species, and become, according to EIA's sources, the main source of timber used for the construction and renovation of temples over the past five years. Tainted timber has tarnished Vietnamese temples. It is also posing a concrete and immediate challenge for the ongoing VPA process in Vietnam, as the country recently announced its TLAS.

As highlighted in EIA's research, a series of measures can be taken by Cameroon, Vietnam, importing countries and shipping lines to break the deleterious scheme:

CED and EIA recommend:

Cameroon

- Build on existing inter-institutional efforts to investigate and prosecute Vietnamese controlled companies, including their networks of enablers and collaborators like the "transitaires", focusing efforts on timber sourcing and export, financial operations and labor conditions;
- Declare and enforce a full log export ban.

Cameroon and the EU

- Increase monitoring of the Cameroonian timber trade by using existing databases, platforms, and institutional processes like VPA, in order to detect and respond to emerging suspect timber trade trends;

Cameroon and Vietnam

- Formalize the sharing of data and intelligence, joint investigation and prosecution of forest criminals between the Cameroonian and Vietnamese government, via a memorandum of understanding.

Vietnam

- Vietnamese authorities should officially acknowledge the high chance of fraudulent documentation used to certify legality for timber shipments from the Congo Basin and work with national authorities in the Basin countries to develop an effective system to improve forest governance and enforcement thereby giving credibility to documentation used to mitigate risks of illegality for timber imported under VNTLAS..

Australia, European Union, United Kingdom and United States

- Recognize the high risks associated with the import of timber products made in Vietnam and increase the controls on imports of Vietnamese timber products, particularly when the origin of the timber is Congo Basin.

Shipping lines operating in Cameroon

- Combat illegal timber product trade by strengthening the screening process, increasing shippers' accountability regarding declaration of species, weight, value, and timber product size, and creating a public "blacklist" of offenders.

APPENDIX 1:

List of the companies controlled partially or totally by Vietnamese capital identified by EIA.
Not all of these have been the subjects of EIA's investigation.

NAME	LOCATION
Catali Afrique Sarl (CATALI)	Near Douala (Littoral Region)
Bois-Cameroun	Near Douala (Littoral Region)
Son Hai Exim (SHE)	Near Douala (Littoral Region)
Lemawood	Near Douala (Littoral Region)
KN AND CO LIMITED (KN-CO)	Near Douala (Littoral Region)
Long Hung (LH)	Near Douala (Littoral Region)
El Dorado	Near Douala (Littoral Region)
Societe Belinga & Fils	Near Douala (Littoral Region)
Si Hai Sarl	Near Douala (Littoral Region)
Societe CUSH Company Cameroon Sarl (CUSH)	Near Douala (Littoral Region)
Bois de Yaoundé	Near Yaoundé (Center Region)
Sonic Bois	Near Yaoundé (Center Region)
S2ETBED	Near Yaoundé (Center Region)
Kailintong	Near Yaoundé (Center Region)
Société Cameroon Transformation Wood (SCTW)	Near Bertoua (East Region)
Société Camerounaise de Bois et Débités (SCBD)	Near Bertoua (East Region)
SCBO	Near Bertoua (East Region)
Vicam International Corporation Limited Enterprise (VICAM)	Near Bertoua (East Region)
Tian Cheng International (TCI)	Near Bertoua (East Region)
FACOGES-CAM SARL	Near Bertoua (East Region)

ACRONYMS

AFA	AFA Trading
ASBAD	Association Baka Bantou pour le Développement Durable de Ndjibot et de Ngoulminanga
BL	Bill of lading
CMA-CGM	Compagnie Maritime d'Affrètement-Compagnie Générale Maritime
CO	Certificate of origin
COSCO	China Ocean Shipping Company Limited
EIA	Environmental Investigation Agency
EU	European Union
FLEGT	Forest Law Enforcement, Governance and Trade
FMU	Forest Management Unit
GIC	Groupe d'Initiative Communautaire
HSH	HSH Thang Long Import - Export Co. Ltd.
IFCO	Industrie Forestière du Congo
ISIS	Islamic State of Iraq and Syria
LPDR	Lao People Democratic Republic
MINEF	Ministry of Environment and Forestry
MINFOF	Ministry of Environment and Forests
MSC	Mediterranean Shipping Company
NPFD	Non-Permanent Forest Domain
PFD	Permanent Forest Domain
SBAC	Société Bois Africain du Cameroun
SSV	Sale of Standing Volumes
TLAS	Timber Legality Assurance System
UNESCO	United Nations Educational, Scientific and Cultural Organization
US	United States
VPA	Voluntary Partnership Agreement

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EIA US

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

CED

B.P. 3430
Yaounde, Cameroun
T: +237 243 52 51 51
E: contact@cedcameroun.org
cedcameroun.org

