

THE ROSEWOOD RACKET

CHINA'S BILLION DOLLAR ILLEGAL TIMBER TRADE

AND THE DEVASTATION OF NIGERIA'S FORESTS



KEY FINDINGS¹

- Fueled by the exploding demand for rosewood furniture in China, the species *Pterocarpus erinaceus* – “kosso” – native to the West African forests, has most likely become the most traded tropical hardwood species in the world, despite its listing as a threatened species on CITES Appendix III (effective May 2016) and then II (effective January 2017).
- Amid an economic downturn resulting from falling crude oil prices, the sudden 350% growth in wood exports transformed Nigeria from net importer into a major African wood exporter, with this unprecedented felling devastating thousands of square kilometers of forest.
- Most of the billion of dollars’ worth of wood exported by Nigeria over the past four years was illegal: harvested and/or exported in contravention of state and/or federal laws. The rosewood trade may have benefited the terrorist group Boko Haram.
- Evidence strongly indicates that over 1.4 million kosso logs, worth about US\$300 million, were stopped by Chinese customs officials in 2016, then released in 2017, after Nigerian CITES authorities retrospectively issued approximately 4,000 permits.
- It appears that Mrs. Amina J. Mohammed, former Nigerian Minister of Environment, signed the CITES documents during her last days in office, just before she became the United Nations Deputy Secretary-General.
- The retrospective issuance of thousands of CITES permits is reportedly the result of a grand corruption scheme that involves over a million dollars paid by influential Chinese and Nigerian businessmen to senior Nigerian officials, with the alleged help of Chinese consulate.
- The looting of forests throughout Nigeria is undermining the national effort to mitigate climate change and to fulfill the Sustainable Development Goals.

Credit: Mathias Rittgerott/Rettet den Regenwald





EXECUTIVE SUMMARY²

The illegal trade in precious “rosewoods” is the world’s most lucrative form of wildlife crime.³ Hundreds of people have been killed around the world trying to protect these rare trees from the gangs seeking to profit from the rapidly growing demand for luxury furniture in China.⁴ Having decimated most rosewood species in Southeastern Asia and Central America, this rapacious industry has now turned to Africa, and a dry forest species called “kosso” (*Pterocarpus erinaceus*).⁵ Though little-known outside the region until recently, this slow-growing tree plays a crucial role in supporting the livelihoods of millions of people.⁶

In the space of a few years the volume of kosso logs traded to China eclipsed all other rosewood species. Kosso most likely became the most traded tropical hardwood species in the world and one of West Africa’s largest export commodities.^{7,8} Due mostly to the boom in rosewood exports, by 2014 sparsely-forested West Africa was exporting almost as many logs to China as the densely-forested countries of the Congo Basin.⁹ The level of harvest is highly unsustainable, causing massive social, economic, and environmental impacts all over the region.¹⁰ The brutal degradation of fragile forests has increased the risk of conversion to agricultural uses and desertification.¹¹ The boom began in Gambia and Benin, but as the supply in those countries was exhausted in a few years, the Chinese traders rapidly moved on through other countries in West Africa before settling on the one offering the largest untapped resources – Nigeria.¹²

In a matter of months, the country transformed from being a net importer of wood to being the largest exporter of rosewood logs in the world and one of the largest overall wood exporters on the continent. Between January 2014 and June 2017, an average of more than forty 20-foot shipping containers full of rosewood logs were exported each day from Nigeria to China, equivalent to approximately 5,600 logs or 2,800 trees.^{13,14,15} The international demand for kosso has fueled an unprecedented hunt for trees in Nigeria that devastated thousands of square kilometers of forests in an unstoppable rush from western to northeastern provinces. The chaotic felling of millions of trees, and the degradation of forest ecosystems all over the country, imperil the livelihood

of thousands of people and undermine the national effort to mitigate climate change.^{16,17}

Most of the cutting and trade of *Pterocarpus erinaceus* in West Africa is illegal from the very start.¹⁸ The rosewood logging and export have blatantly violated the harvest and/or log export bans adopted by most of the countries in the region. Sales of the timber have also fueled armed conflict in both the Ivory Coast and Senegal.^{19,20} In 2015, illegal kosso worth almost a quarter of a billion dollars was seized by West African governments.²¹ Yet this remains the tip of the iceberg.

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Faced with the overwhelming scale of the crisis, West African governments sought international help, through the Convention on International Trade in Endangered Species (CITES). The listing of kosso to CITES in 2016, consecutively on Appendix III and Appendix II, placed responsibility on consumer countries – principally China, but also Vietnam – to prevent imports of illegally sourced kosso. The listing is a major test for the Convention, given that the scale of the trade outstrips any other species it has sought to control. It is also a unique opportunity. For the first time with a heavily traded tree species, CITES is getting involved early enough to make a real difference, before the irrevocable decline of the wild populations.²²

EIA investigators have spent two years exploring this booming illegal trade, including undercover meetings with more than 30 actors in the supply chain, from the arid forests in Nigeria to the sophisticated retail shops in China. Our investigation reveals that almost all the kosso coming from and through Nigeria for the past three years has been illegal.²³ Taraba, the primary producer state has prohibited all felling of kosso.²⁴ All exports of logs occur in contravention of the long-standing Federal log export ban.²⁵ With supplies elsewhere already running dry, loggers have begun smuggling illegal wood from neigh-boring

Cameroon to meet the Chinese demand.²⁶ They have increasingly cut inside the largest West African national park, refuge of the most vulnerable chimpanzee in the world (*Pan troglodytes ellioti*).²⁷

Kosso has also been frequently sourced from areas controlled by the terrorist organization Boko Haram, which may well have profited from the trade.²⁸

Shipping documents are being routinely forged both in Nigeria and China.²⁹ The entire supply chain is rife with corruption and bad governance, from the “taxes” charged by the authorities in Nigeria on wood known to be illegal, to the customs authorities in the Nigerian port signing off on shipments in contravention of the log export ban, to Chinese officials paid to turn a blind eye.³⁰

Thousands of CITES documents have been used in contravention to the core objectives of the Convention.

Most shockingly, EIA’s investigation has revealed that thousands of CITES documents have been used in contravention of the core principals of the Convention.³¹ Since the Appendix III listing of kosso entered into force on May 9, 2016, every single shipment of the timber from West Africa had to be accompanied by an official document issued by the national CITES authorities.³² Flooded with shipments from Nigeria without the requested CITES document or with a fraudulent one, Chinese customs officials began seizing a fast growing number of containers.³³ Evidence demonstrates that by the end of 2016, over 1.4 million kosso logs, worth US\$300 million were detained in Chinese ports.^{34,35}

In response to this enforcement action that imperiled their lucrative business, influential Nigerian and Chinese businessmen revealed to EIA investigators that they “flooded officials with dollars,” paying over US\$1 million in bribes to Nigerian senior officials, including ministers and congressmen.³⁶ According to well-placed sources, these transactions involved the members of the Chinese Wood Association of Nigeria and the members of the wood exporters in Nigeria. EIA investigators were also told that

the Chinese consulate may also have been involved in the scheme and facilitated a meeting with the Vice-President.³⁷ A few weeks later, “the problem” was solved. According to EIA’s investigation, approximately 4,000 CITES documents were retrospectively issued by the Nigerian authorities and were used by Chinese importers to legitimize all of the detained wood.

Based on statements by well-placed sources, trade data analysis and CITES permits obtained by EIA, the former Nigerian Environment Minister, Mrs. Amina J. Mohammed, appears to have signed the thousands of retroactive CITES documents that legalized the timber, and left her office immediately after to take up her new post as United Nations Deputy Secretary-General.^{38,39} Trade data confirms that over one million kosso logs from Nigeria entered the Chinese market during the first half 2017.⁴⁰ Hundreds of furniture factories are currently turning the piles of smuggled logs that slipped onto the Chinese market into elegant beds, chairs, and tables that will be offered in retail shops all over the country.⁴¹

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EIA research demonstrates the challenge that highly organized transnational criminals, motivated by the highly lucrative precious wood business, represents for producing and consuming countries, as well as international conventions. Several thousand permits were allegedly retrospectively issued to legitimize the entry of thousands of detained containers into the Chinese domestic market, escaping detection by Convention oversight. Currently, the monitoring of the implementation of the Convention and the level of international trade in specimens of species included in the CITES Appendices rely on the annual report prepared by the Parties to the Convention.^{42,43} Due to

RECOMMENDATIONS

CITES

- Suspend trade immediately in all CITES-listed timber species from Nigeria.
- Conduct a thorough investigation into the export of *Pterocarpus erinaceus* from Nigeria to China, and make public the results of the investigation.
- Considerably improve transparency, accountability, and monitoring of the licensing system through the creation of a real-time electronic database for all CITES permits and certificates issued, accessible to the Secretariat, all Parties to the Convention, and third parties.

Nigeria

- Conduct a criminal investigation with the support of INTERPOL into the allegations of grand corruption related to the issuance of CITES documents and into officials’ complicity in the routine export of logs in breach of the national log export ban.
- Permanently prohibit the harvest (state level) and export (federal level) of *Pterocarpus erinaceus*.
- Suspend all wood exports until the investigation by the CITES Secretariat and INTERPOL are completed, and the criminals involved in the illegal export of rosewood are convicted.
- Profoundly reform the timber sector, through a multiscale approach, from the allocation of forest rights to the export of forest products, in order to strengthen forest governance, and effectively dissuade and combat illegal logging and related trade.

China

- Enforce the second provision to Article 164 of the National Criminal Law⁴⁷ that criminalizes bribes given to non-Chinese public officials and to officials of an international public organization.
- Extend the systematic verification of the CITES permits’ and certificates’ validity with the authorities of the countries of origin for all CITES listed timber species.
- Prohibit the import of illegal timber, which has been harvested, transported, or traded in contravention of international or national laws.

reporting issues, comprehensive trade statistics are frequently available only two years posterior to the year the trade occurred.⁴⁴

EIA's investigation exemplifies the "timber challenge" that the Convention is facing: vast amount of CITES listed timber species are traded around the world, with abrupt fluctuations in the volumes at stakes. Nigeria for instance has gone from exporting a few hundred specimens of species included in the CITES Appendices in 2014 and 2015 to more than a million in 2016, according to EIA analysis.⁴⁵ At the time EIA closed the investigation for this report, on September 15, 2017 no data for the trade in

specimens of species included in the CITES Appendices exported from Nigeria in 2016 and 2017 was publicly available.⁴⁶ Sino-Nigerian criminal networks took advantage of the decentralized, opaque, and inadequately monitored CITES permitting system to launder illegally traded wood using CITES paperwork. Under its current permitting system CITES is unable to stop these abuses and to effectively combat the illegal trade in endangered trees.

Our report outlines the urgent actions needed to tackle the rosewood racket.

ENDNOTES (FINDINGS AND EXECUTIVE SUMMARY)

- 1 Unless otherwise noted, the source for the report are EIA's internal investigative reports, photos, audio and video evidence collected during the investigation between March 2015 and September 2017. All documents mentioned related to this investigation are in the possession of EIA.
- 2 Unless otherwise noted, the source for the report are EIA's internal investigative reports, photos, audio and video evidence collected between during the investigation between March 2015 and September 2017. All documents mentioned related to this investigation are in the possession of EIA.
- 3 UNODC, 2016. Wold Wildlife Crime Report. Vienna, Austria.
- 4 EIA, 2016. The Hongmu Challenge. A briefing for the 66th meeting of the CITES Standing Committee, January 2016, London/Washington DC, UK/USA.
- 5 United States of America (USA), 2016. CoP17 Inf.79. Analysis of the demand-driven trade in hongmu timber species: impacts of unsustainability and illegality in source regions. Available at: <https://cites.org/sites/default/files/eng/cop/17/InfDocs/E-CoP17-Inf-79.pdf>. Consulted on August 15, 2017.
- 6 Senegal, 2015. PC22 Inf. 13. Analysis of the International Trade in *Pterocarpus erinaceus* and its Consequences in West Africa. Available at: https://cites.org/sites/default/files/eng/com/pc/22/Inf/E-PC22-Inf-13_0.pdf. Consulted on August 15, 2017.
- 7 Lawson, S., 2015. The Illegal rosewood boom in West Africa: How Chinese demand is driving conflict, corruption and human rights abuses, Presentation to Chatham House Illegal Logging Stakeholder Update meeting, June 25, 2015.
- 8 Ibid.
- 9 Analysis based on UN Comtrade data, 2017.
- 10 Senegal, 2016a. CoP17 Inf.48. Global Status of Dalbergia and Pterocarpus rosewood producing species in trade. Document prepared by Global Eye and submitted by Senegal.
- 11 Senegal, 2015. Op. cit.
- 12 See Section 1 of the report "The Rosewood Rush."
- 13 Based on typical load of 20 cubic metres in a 20-foot shipping container. Internal dimensions of 20-foot container are 5.897 meters in length, 2.348 meters in width, and 2.385 meters in height.
- 14 According to source, on average at least 140 kosso logs are loaded into a 20-foot container.
- 15 According to source, on average two logs are taken from one single tree in the wild.
- 16 Leadership, 2017. Available at: <http://leadership.ng/2017/05/16/effects-uncontrolled-rosewood-exploitation-nigeria/>. Consulted on August 15, 2017.
- 17 Nigeria. Available at: <http://climatechange.gov.ng/climate-knowledge/official-publications/policies/national-policy-on-climate-change/>. Consulted on August 15, 2017.
- 18 enegal, 2016b. CoP17 Prop. 57. Consideration of Proposals for Amendment of Appendix I and II. Available at: <https://cites.org/sites/default/files/eng/cop/17/prop/060216/E-CoP17-Prop-57.pdf>. Consulted on August 15, 2017.
- 19 UN, 2014. Group of Experts on Côte d'Ivoire, report, S/2014/266, April 14, 2014.
- 20 Gueye, B.S., 2015. Illegal logging and trade of rosewood: case study of Senegambia. Presentation by Babacar Salif Gueye, Ministry of Environment, Senegal to Chatham House Illegal Logging Stakeholder Update Meeting, 25th June 2015. Consulted on August 15, 2017.
- 21 INTERPOL, 2016. Available at: <https://www.interpol.int/News-and-media/News/2015/N2015-206>. Consulted on August 15, 2017.
- 22 For background information on CITES and timber trade, consult: Reeves, R., 2015. The role of CITES in the governance of transnational timber trade. Occasional Paper 130. CIFOR. Bogor, Indonesia.
- 23 See Section 3 of the report "A Multi-Million Dollar Trade Rooted in the Violation of Laws."
- 24 Ibid.
- 25 Ibid.
- 26 Ibid.
- 27 Ibid.
- 28 See Box 4 of the report.
- 29 See section 3 of the report "A Multi-Million Dollar Trade Rooted in the Violation of Laws."
- 30 Ibid.
- 31 See Section 4 of the report "Conning the Convention" for details.
- 32 The document being a CITES permit of export, in the case of Senegal (the listing country) or a CITES certificate of origin for all the other countries of the region, including Nigeria.
- 33 EIA, 2017. Unpublished investigative material.
- 34 According to source, on average at least 140 kosso logs are loaded into a 20-foot container.
- 35 See Section 4 of the report "Conning the Convention" for details.
- 36 See Section 4 of the report "Conning the Convention" for details.
- 37 Ibid.
- 38 Ibid.
- 39 Ibid.
- 40 Analysis based on Chinese customs data, obtained from the GTA, 2017.
- 41 EIA, 2017. Unpublished investigative material.
- 42 CITES/UNEP/WCMC, 2013. A guide to using the CITES Trade Database. Version 8. Available at: https://trade.cites.org/cites_trade_guidelines/en-CITES_Trade_Database_Guide.pdf. Consulted on August 15, 2017.
- 43 Each Party is supposed to send a report to the Secretariat or the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) once a year, by October 31 of the year following the one in which the trade occurred.
- 44 Ibid.
- 45 According to a search in the CITES database, 302 specimen were exported by Nigeria in 2013, 356 in 2014 and 626 in 2015: [https://trade.cites.org/en/cites_trade/download/view_results?filters%5Btime_range_start%5D=2013&filters%5Btime_range_end%5D=2016&filters%5Bexporters_ids%5D%5B%5D=53&filters%5Bimporters_ids%5D%5B%5D=all_imp&filters%5Bsources_ids%5D%5B%5D=all_sou&filters%5Bpurposes_ids%5D%5B%5D=all_pur&filters%5Bterms_ids%5D%5B%5D=all_ter&filters%5Bselection_taxon%5D=taxon&filters%5Btaxon_concepts_ids%5D%5B%5D=&filters%5Breset%5D=&web_disabled=&filters\[report_type\]=comptab](https://trade.cites.org/en/cites_trade/download/view_results?filters%5Btime_range_start%5D=2013&filters%5Btime_range_end%5D=2016&filters%5Bexporters_ids%5D%5B%5D=53&filters%5Bimporters_ids%5D%5B%5D=all_imp&filters%5Bsources_ids%5D%5B%5D=all_sou&filters%5Bpurposes_ids%5D%5B%5D=all_pur&filters%5Bterms_ids%5D%5B%5D=all_ter&filters%5Bselection_taxon%5D=taxon&filters%5Btaxon_concepts_ids%5D%5B%5D=&filters%5Breset%5D=&web_disabled=&filters[report_type]=comptab).
- 46 Ibid.