

Made in Vietnam— Cut in Cambodia

How the garden furniture trade is destroying rainforests

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THE BUYING PUBLIC SHOULD:

- demand to know the origin of all garden furniture, including the source of raw materials, before purchasing any wooden garden furniture.
- not purchase Vietnamese Garden furniture unless it carries the logo of the Forest Stewardship Council [FSC] or FSC equivalent (*contact the FSC for a list of FSC accredited certification systems—see page 16 for details*).

THE EUROPEAN GARDEN FURNITURE TRADE SHOULD:

- not purchase Vietnamese sourced garden furniture, unless it is certified by the FSC. Currently, it is not possible to obtain FSC certification in Vietnam.
- not purchase garden furniture manufactured from illegally sourced timber.
- stop misleading the public through the widespread use of false labels claiming sustainability. Those companies which have used and persist in using such practices should face prosecution by trading standards authorities.

VIETNAM, CAMBODIA AND THE INTERNATIONAL COMMUNITY:

- Vietnam should immediately end its imports of illegally cut Cambodian timber. This should include all log imports, whether transported directly across the frontier from Cambodia, by boat down the Mekong River, or indirectly through Laos. Vietnam should also end all imports of processed timber from illegal sources, such as the Hero Company sawmill in Ratanakiri Province.
- Cambodia should continue with its efforts to suppress illegal logging and exports to Vietnam, Laos and Thailand, consistent with its declarations at the 1999 Consultative group [CG] meeting in Tokyo. Of particular concern are March 1999 exports of logs to Laos, likely destined for Vietnam.
- The international community should work together with Cambodia and its neighbours, Vietnam, Laos and Thailand to ensure that Cambodia's forestry legislation is adhered to. With Cambodia's neighbours, bi-lateral and multi-lateral donors should consider novel approaches to this issue, including the potential for tying disbursement of assistance to performance in eliminating illegal timber imports from Cambodia. In addition, the international community should explore the potential for the imposition of punitive tariff adjustments for these countries.
- Individual states should prosecute companies involved in the import of products made from illegally obtained raw materials. Companies should also be prosecuted for false "Eco" claims on product labels. If necessary, States should amend their legislation to allow for meaningful prosecution and the imposition of punitive damages for convicted companies.

INTRODUCTION

IN THE LAST 30 years Cambodia's forest cover has declined from over 70% to around 30% of land area. The forests have suffered an almost unprecedented assault from various warring factions and political parties seeking to fund their political and military aspirations.

These illegal loggers rely on a ready market for their timber, and during the past four years a major section of this market has been the boom in the garden furniture trade. Garden Centres and other retailers throughout Europe are stocking garden furniture **MADE IN VIETNAM**. Much of this furniture originates from the illegal, uncontrolled and unsustainable plunder of Cambodia's forests.

Global Witness has been campaigning against deforestation and conflict in Cambodia since early 1995. The focus of the campaign to date has been on the role of illegal loggers, the Khmer Rouge, the Royal Cambodian Armed Forces (RCAF), corrupt politicians and officials in the Royal Government of Cambodia (RGC) and governments of neighbouring countries, particularly Thailand, that have facilitated the illegal timber trade.

On the 26th of December 1996 the Cambodian government wrote to the governments of neighbouring countries asking for their help in the enforcement of a log export ban to take effect from the 31st

December 1996.¹ This ban is still in place but the log exports continued unabated. In early 1998 Global Witness investigators tracked down one of the largest consumers of the illegally exported Cambodian timber: the Vietnamese garden furniture industry. This report, based on Global Witness investigations in Cambodia, Vietnam and the UK, during 1998 and early 1999, sets out the links between forest destruction and conflict in Cambodia, the furniture manufacturing industry in Vietnam and the sale of this furniture in high street stores and garden centres throughout the UK and Europe.

The trade in hardwood garden furniture is big business and is getting bigger. Imports of garden furniture into Norway in 1998, for example, were ninety five times, in monetary terms, what they were in 1990; in the UK, a leading supplier has predicted that 1999 will be a boom year for garden furniture sales.^{2,3}

Until recently the market for hardwood garden furniture was dominated by teak, with those on a more restricted budget tending to buy metal or plastic sets. Over the past four to five years, however, there has been an influx of cheap hardwood garden furniture into the UK and all over Europe. Much of this is **MADE IN VIETNAM**.

In many instances this furniture is marketed on the basis that it is environmentally friendly: "For every fallen tree, a new one is planted so no tropical rain forest need to be destroyed."⁴ The reality of the situation is completely at odds with these claims; most of the timber used in the production of the furniture is either illegally imported from Cambodia, or illegally harvested from natural forests in Vietnam. As such, one would be hard pressed to find something less friendly to the environment or to the way of life of those hill tribes and others who depend on forests for their livelihood.

The Vietnamese garden furniture is visually attractive, solidly built but above all cheap. When faced with the choice between buying teak or "hardwood" garden furniture, at sometimes one sixth of the price, many will choose the latter option. This has created an unprecedented demand; a demand that many companies, be they importers, wholesalers or retail outlets, have been keen to supply, with little regard to the impact that this has on the forests in Vietnam or the forests or people in Cambodia.

By buying Vietnamese garden furniture consumers risk finding out that they are at best contributing to forest destruction in Vietnam, Malaysia, Burma and Laos; countries that in part provide some of the timber used in the manufacture of the furniture. At worst there is a direct link between much of this garden furniture and the enriching of military warlords and the political elite in Cambodia.

CAMBODIA

Background

BETWEEN 1969, when the Vietnam war spilled over into Cambodia, and 1998, when the last remnants of the Khmer Rouge defected to the government side, Cambodia suffered 29 years of constant conflict. It emerged from the genocidal rule of the Khmer Rouge in 1979 with its infrastructure completely destroyed and over 1.5 million dead, including virtually the entire educated class. There then followed a ten year UN aid embargo as a result of US pressure; a hangover from the Vietnam war.

The rebuilding of Cambodia with international support began with the 1991 Paris Peace Accords, the 1993 UN brokered elections (at \$2.8 billion the most expensive UN intervention ever), and over \$2 billion in international support since then.

The Forests

Forests are central to Cambodia's reconstruction. They represent Cambodia's only valuable and easily exploitable natural resource, with the capacity to generate much needed revenue for the national budget. However, they are being exploited at an unsustainable rate with severe economic, social and ecological implications.

A major cause of the unsustainable exploitation of Cambodia's forests is the fact that the 1993 elections returned two Prime Ministers to power; the outright election winner, Prince Ranariddh of the royalist FUNCINPEC party, and former communist ruler Hun Sen of the Cambodia Peoples Party (CPP). This uneasy coalition quickly degenerated into the building of military and political powerbases and, finally, a coup d'etat in July 1997—all funded by the illegal exploitation of the forests.⁵

Since the early 1970's Cambodia's forest cover decreased from over 70% of land area to between 30-35%, with a sharp decline since 1992. The World Bank estimates that Cambodia's forests will be commercially logged out by 2003.⁶

Cambodia's timber was exploited to fund both sides in the civil war. The Khmer Rouge generated \$10-20 million per month from their illegal log trade with Thailand, ironically and knowingly facilitated by the provision of export permits from the Phnom Penh Government, their battlefield enemy.⁵

Outside democratic control the rival political factions awarded virtually all of Cambodia's forests as timber concessions to large foreign timber companies who, almost without exception operate outside any recognised forest management systems. The Cambodian armed forces, split along party lines, effectively control logging on the ground and it is they who, in 1998, presided over the illegal export of massive quantities of Cambodian logs to Vietnam in order to fund Hun Sen's successful campaign to win the July 1998 election.

Implications of illegal logging and deforestation in Cambodia

Economic

In 1997 over \$185 million worth of timber was illegally felled, equivalent to almost half of Cambodia's \$419 million total annual budget.⁵ Only \$12 million reached the treasury. In 1998 this sum declined to only \$5 million, despite a sharp escalation in illegal logging leading up to the July elections.^{7,8}

Ecological

Cambodia's staple foods of rice and fish are threatened by increasing droughts and floods resulting from deforestation. The Tonle Sap (great lake) is the world's richest inland fishery which provides over 60% of the country's protein needs. One EU funded report estimated that at the current rate of siltation the lake will disappear by 2025.⁹

Politics and War

Timber revenue funded much of Cambodia's long running civil war. Cambodia's forests, a state resource, are regarded as a private bank account by leading political parties and the military who exploit timber wealth for their own benefit, resulting in the subversion of democracy in favour of profit.

Human rights

Both legal and illegal timber operations in Cambodia operate without regard to the rights of the rural population. The population are not consulted when concessions are awarded, they are denied access to forest land preventing them from obtaining timber for construction and fuel and are sometimes forced from their land at gun point. Civilians, journalists and forestry officials have been threatened and even murdered by illegal loggers, primarily the military and Mafia style companies.¹⁰

Environmental

Cambodia still possesses some of the largest tracts of lowland evergreen rainforest in mainland south east Asia and areas of high biodiversity, containing many endangered species including elephant, tiger, clouded leopard and Cambodia's national animal, the kouprey. In addition to severe habitat loss and loss of biodiversity resulting from rampant deforestation, endangered species are traded from logging zones for use in traditional medicine, as prestige pets and bush meat. In Virachey National Park, where trees are illegally exported to supply the European garden furniture trade, hunters kill tigers using home made landmines in order to obtain bone for the traditional medicine trade.¹¹

IMPACTS OF LOGGING ON THE FORESTS AND BIODIVERSITY OF CAMBODIA

BY FRIENDS OF THE EARTH

SUMMARY

ANNUAL FOREST LOSS in Cambodia is estimated at a massive 8% per year.¹ Data published in 1971 estimated that there were 65,500 km² of rainforest [divided into four types: lowland, mountain, inland swamps and mangroves]. Adding monsoon forests, the IUCN estimated in 1971 Cambodia had 113,250 km² in total.² However, the Economist Intelligence Unit Ltd in their Cambodia Country Profile estimates that forest covered 74% of Cambodia in 1969 and only around 30% in 1998.

There is also a lack of data on biodiversity resources but estimates of 212 species of mammals, 720 birds, 240 reptiles and 2,300 vascular plants have been given.³ Species of mammals recorded in Cambodia include elephants, Javan rhinoceros, tigers, sun bears, panthers and the elusive kouprey—a type of ox.

Many of the forests in Northern Cambodia are still littered with mines which remain a threat to wildlife, forestry officials and conservation efforts. According to the Cambodian Dept. of forestry, 19% of Cambodian forests are supposedly protected. Reserves have been demarcated on paper along with national Parks in Cambodia but most have never been subject to any conservation management, nor have been adequately mapped.² Some of the reserves lie within military security zones and others have been controlled by the Khmer Rouge.

There are no proposals to protect the mangrove forest.² The freshwater swamp forests around Tonle Sap are amongst the most extensive in S.E. Asia serving as a haven for wildlife and protecting the hydrological regime. The forests in this area serve as a huge sponge absorbing the excesses of the Mekong river during the wet season and conversely releasing water gradually during drier times. The forests are essential in regulating water functions and for providing the right breeding conditions for many species of fish in the Tonle Sap.

LOGGING AND DEFORESTATION

Although the main cause of deforestation has traditionally been clearance for agriculture, logging is the biggest threat to Cambodian forests today.

On December 31st 1996, the Royal Government of Cambodia placed a ban on all exports of logs. Despite this, Cambodia's neighbouring countries continue to import timber from Cambodia. The impacts of logging our tropical forests are well documented.

Logging opens up the forest canopy altering the temperature and humidity which in turn upsets the delicate balance of the ecosystem. This can also render the forest more susceptible to irreversible fire damage. Roads and machinery damage trees left standing and leave the forest fragmented. The fragmentation of forests upsets animals' and birds' feeding, hunting and breeding patterns increasing the competition for food and often leading to a decline in species' numbers. Often logging opens up a previously untouched forest and is an initiation to other activities such as colonisation, hunting for commercial purposes and clearance for agriculture.

In Cambodia, the impacts of logging are real. The Mekong, Tonle Sap and other rivers have been affected by loss of forest cover. The rivers flood more violently and suddenly during the wet season and are low during the dry season. To the many people living along the river this means fluctuating agricultural yields and reduced fisheries. More than 80% of the population lives in rural areas and relies on natural resources for their livelihood.

Areas currently being logged in Cambodia include the tropical forests of the north and east. It has been estimated that much of the (minimum) 260,000m³ of logs exported to Vietnam in 1998 originated in Virachey, Lomphat and Snoul protected areas. These areas are important for the refuge and migration of large wildlife such as elephant, gaur and banteng. They are also believed to shelter small populations of Javan rhinoceros and kouprey. The kouprey (*Bos sauveli*) is also known as the "Forest Ox," and, remarkably, considering it is the size of a large cow, was unknown to science until 1937. Reserves have been set aside in Cambodia for the sake of the kouprey alone, proclaimed by Cambodia's King Sihanouk as their national animal. There have been few sightings of this beast which has confined itself to the war-torn areas of Laos, Cambodia and Vietnam. It is unknown how many kouprey exist in these forests and it is worth pointing out that due to our scant knowledge of this area there are almost certainly species of plants and animals still to be discovered.

REFERENCES

- 1 Food and Agriculture Organisation of the United Nations; State of the World's Forests 1997.
- 2 IUCN; Conservation Atlas of the World—SE Asia, 1991.
- 3 Philip J. Edwards. 1998. OBC Bulletin.

VIETNAM

Public Stance

"Vietnam firmly respects Cambodia's [forest] policy and has advised all provinces and competent authorities to carry out the Vietnamese Prime Minister's order to ban logging exports from Cambodia on December 31st 1996."

VIETNAMESE GOVERNMENT STATEMENT; 31ST JANUARY 1997.

VIETNAM CONTINUES to claim that it fully respects Cambodia's 31st December 1996 log export ban. Responding to enquiries by the Danish Government about illegal log imports, the Vietnamese stated that their government respects the forest policies of Cambodia and stressed further that import of timber from Cambodia has been banned by Vietnam since December 1996 and that the Government is doing what is possible to ensure strict enforcement of the ban.¹²

When pressed by international donors in December 1998 to clarify the situation regarding continued illegal imports of Cambodian logs, Vietnam initially avoided the issue. When further pressed by the World Bank, Vietnam responded that they "cooperate in forest conservation measures with the Cambodian authorities".¹³

Secret Practice

In February 1998 Global Witness saw Vietnamese loggers operating in several districts of Ratanakiri Province, including Lomphat, Andong Meas and Oy Ya Dao, where they have pushed an extensive network of small unsurfaced single track logging roads into the forest, including Virachey National Park in the extreme north-east of the province. Three hundred Vietnamese log trucks, each capable of carrying 25m³ of logs, were operating in Cambodia in February 1998.

Under the auspices of the Cambodian Military, logs from Ratanakiri province enter Vietnam via at least two routes to the north of Route 19 (14°16'00"N, 107°24'50"E and 13°59'50"N, 107°27'00"E), Route 19 itself, and at least two routes to the south of Route 19 (13°38'50"N, 107°35'50"E and 13°20'00"N, 107°37'50"E). Route 19 is the main west-east road from Stung Treng in Cambodia through Ratanakiri to Vietnam.

In February 1998 there were reports of 70 fully laden log trucks crossing the border into Vietnam each day.¹⁴ The traffic so was intense on Route 19 that dust clouds forced villagers to leave their roadside homes; this continued until at least the 1st week of June. In March 1998 large quantities of logs were being exported from Virachey National Park transported on Vietnamese trucks registered in Binh Dinh Province.¹⁴

Once across the border, large quantities of logs are stored inside the Vietnamese Military's border control zone, out of public view. There is at least one log trans-shipment rest area (13°46'69"N, 107°37'41") on Route 19, at the start of the Vietnamese Military's "non-trespass zone".⁵

From these stockpiles the logs are moved to garden furniture manufacturing facilities in the towns of Pleiku, Kontum and Qui Nhon. Some of the logs are trucked directly to the Port of Qui Nhon and from there shipped to Thailand, China and South Korea, or stored for later use by the garden furniture manufacturers.^{5,15}

In early 1998 stockpiles of Cambodian logs held in Vietnam, in the main by garden furniture manufacturers, in Pleiku, Qui Nhon, Song Bé and Bien Hoa amounted to approximately 260,000m³ (90-100,000 logs). This figure does not include the volumes of timber in Kontum, Dac Lac/Buon Ma Thuot or Tay Ninh where it is known that imports of Cambodian timber have taken place.⁵ Nor does it include all stockpiles in the areas that were visited. In Qui Nhon, for instance, it was only possible, at the time, to visit the port and one of the many garden furniture manufacturers. The 260, 000m³ figure should, therefore, be taken as a minimum; the maximum annual sustainable yield for the whole of Cambodia is 500,000m³.¹⁶ At the same time the deals for further importation of Cambodian logs into Vietnam, outlined below (see *Getting Round the Cambodian Log Export Ban*, page 6), were being finalised.

Log imports from Cambodia were at their highest from late December 1997 through to the Cambodian elections in July 1998.⁵ Following the elections imports slowed down, but continued. By September 1998 log truck movements in Kontum, Pleiku and Qui Nhon were minimal; during the rainy season transportation by road is extremely difficult. Despite this over 80 fully laden log trucks were seen at a Forestry Department check point on Route 13, just outside the small town of Chan Than in Song Bé Province, 40km North East of Ho Chi Minh City. The trucks, carrying at least 2,000m³ of old growth timber between them, had recently arrived from Cambodia, having crossed at Loc Ninh and were destined for the VINAFOR stockpile at the Dong Nai Bridge in Ho Chi Minh City.⁵

At the same time log rafts were being floated down the Mekong from Cambodia to Vietnam. Reports suggest that between 4-5,000m³ of logs were crossing the border each day, but it is not clear for how long this lasted.⁵

On the 6th of January 1999 the Cambodian Prime Minister Hun Sen announced a crackdown on illegal logging.^{17,18} The first indications are that this is beginning to have an effect on the log exports to

Vietnam.⁵ But any slowdown is unlikely to affect the garden furniture manufacturers for the foreseeable future, most of which have more than enough timber to fulfil their current contractual obligations. In any event it is likely that the companies will resume the illegal importation of Cambodian timber if demand for their products remains high.

Current Vietnamese regulations

Decision No. 65/1998/QĐ-TTg Of March 24, 1998 On the Export of Wood Products and Forest Products, and the Import of Raw Material Wood and Forest Products.

(see Appendix for the relevant sections of the regulations)

It is this document that sets out the rules and regulations that apply to the wood and wood products industries in Vietnam. It clearly sets out what can be imported, what sort of articles can be manufactured from which timber sources, and which of these products can be exported.

The main thrust of these regulations is to encourage the use of imported, and plantation timber and discourage the use of timber from natural forests in Vietnam. Only if the wood product for export is "fine art" can Vietnamese timber be used in its manufacture. "Fine art" wood products include musical instruments, statues and wood pictures inlaid with mother of pearl—not garden furniture.

Imported timber, on the other hand, can be used in products destined for the export market, but only if the timber is from a "lawful" source [Article 2]. This precludes the use of Cambodian timber, none of which can be described as lawful because of the December 1996 log export ban; a ban publicly supported by the Vietnamese government. However, contrary to the regulations, and its public support for the ban, the Vietnamese government actively encourages the use of Cambodian timber.

The vast majority of timber exports from Cambodia to Vietnam are as logs, a small proportion, however, is processed. According to Cambodian legislation processed timber is eligible for export, subject to certain strict criteria.¹⁹ But none of the processed timber leaving Cambodia for Vietnam meets these criteria and is, therefore, also unlawful.

It is interesting to note that Cambodia is the only country specifically mentioned in this document and that these imports, uniquely, are to be regulated by one individual, the Vietnamese Prime Minister. The sequence of letters below outlines one instance where this "authority" has been abused.

Getting Round the Cambodian Log Export Ban; Military involvement and political collusion at the highest level.

The garden furniture manufacturers are not concerned by the fact that the importation of Cambodian timber is illegal under Cambodia legislation and therefore cannot be a "lawful" source, as set out in the Vietnamese regulations. As can be seen in the following sequence of letters involvement in, and the sanctioning of other peoples involvement in the cross border trade in Cambodian timber reaches the highest levels in both the Vietnamese and Cambodian administrations.

On the 9th of October 1997 the then Commander of Military Region 1 [MR1] in Cambodia, Major General Seuy Keo wrote to the Chief of the General Staff, Ke Kim Yan requesting permission to collect 12, 865 "illegal" logs, amounting to 27, 000m³, from Ratanakiri [12, 500m³] and Mondulhiri provinces so that the military could export them to Vietnam.²⁰

On the 27th October 1997 Ke Kim Yan wrote to the Cambodian co-Prime Ministers, Hun Sen and Ung Huot asking for their authorisation for the log collection and subsequent export.²¹ The request for the collection of logs was granted, Major General Seuy Keo giving Brigadier General Nuon Phea, Chief of Staff, the go-ahead in a letter dated the 6th November 1997.²²

The co-Prime Ministers in turn wrote to the Vietnamese Prime Minister, and the Minister of Agriculture and Rural Development, on the 7th of November 1997. In this letter they stated that they had authorised the collection and export of the logs and requested that the Vietnamese Prime Minister allow the importation of these logs in to Vietnam by the state run Vietnamese Forest Products Company VINAFOR. Again the request was granted.²³

On the 30th December 1997 Mr Lai Van Cu, Principal Minister in Charge of the Government Office, wrote a letter addressed to the Vietnamese Ministries of Commerce & Industry, Agriculture & Rural Development, Foreign Affairs, the Headquarters of the Maritime Industry and VINAFOR: "The Vietnamese Ministry of Agriculture & Rural Development, together with the Vietnamese Ministry of Commerce and Industry should facilitate "all forestry related companies and businesses" [not just VINAFOR].... so they could "intensively import" their logs from Cambodia.²⁴

On the 1st of January 1998 First Secretary Nguyen Quang Ha wrote another letter to VINAFOR, on behalf of the Vietnamese Minister of Agriculture and Rural Development regarding the importation of the 27, 000m³ of logs from Cambodia. In it he refers to a business contract between VINAFOR and RCAF MR1.²⁵

In a 15th January 1998 letter from the Vietnamese Embassy in Phnom Penh, to the Military Commander of RCAF MR1, Director Mr Le Duc Gia requested a further "100–150,000 m³ of all kinds of round logs".²⁶

It is clear from this series of letters, obtained by Global Witness in February 1998 that what is stated in public, including what has been legislated by both the Vietnamese and Cambodian authorities is completely at variance with deals struck behind closed doors. The Cambodian co-Prime Ministers, who have funded their political aspirations by brokering such illegal deals, did not have the authority to grant permission for the log exports. The Vietnamese officials were also fully aware of the log export ban but despite this sanctioned the illegal imports.

In addition to the prima facie illegality of this deal there are several other significant factors; not least that VINAFOR has signed a contract with RCAF MR1 for the export of the logs, a resource that the RCAF do not have jurisdiction to dispose of. The money generated from the deal is destined for the RCAF and not the Cambodian Treasury. In any event such requests by logging companies and the military to collect "old", "illegal" or "anarchicly felled" logs has long been used as an excuse for renewed cutting, and according to a World Bank funded report is responsible for 95% of all illegal logging in Cambodia.¹⁶

THE VIETNAMESE GARDEN FURNITURE MANUFACTURERS

Garden furniture manufacturers	Production containers per month (40 ft)	Country of origin of timber	Import/Export Companies Supplied
PLEIKU			
30/4 Gialai Ltd.	10	Cambodia, Laos	Beechrow* [Australia], Cattie* [Andorra]
Duc Cuong	5/10 flooring (20 ft)	Cambodia	Beechrow* [Australia], Cattie* [Andorra], ScanCom* [Denmark]
Gialai Forestry 1	Unknown	Vietnam	Top Seal [Hong Kong]
Hoang Anh	30	Cambodia, Malaysia, Vietnam	Anglo Pacific [Thailand], Mam Products [Thailand], Pro-Team [UK], ScanCom [Denmark], Tropic Dane [Denmark]
Le Van Trung	15	Cambodia	Beechrow [Australia], ScanCom [Denmark]
Mai Huan Dung	0	Cambodia, Vietnam	Unknown
Quoc Cuong	25	Burma, Cambodia, Malaysia, Vietnam	Cattie [Andorra], ScanCom [Denmark]
KONTUM			
Kotimex	10	Cambodia, Laos, Vietnam	Beechrow [Australia], ScanCom [Denmark]
Nguyen Tri Tham	Unknown	Cambodia, Laos, Vietnam	Unknown
QUI NHON			
Anvimex	40	Cambodia, Indonesia, Laos, Malaysia, Vietnam	ScanCom [Denmark]
Cong Ha Nung Forest Co.	10	Cambodia, Laos, Malaysia	ScanCom [Denmark]
Forimexco 19	10	Cambodia, Malaysia, Vietnam	ScanCom [Denmark]
Hoabinex	30	Cambodia, Vietnam, Malaysia	ScanCom [Denmark]
Imexbindinh	20	Burma, Cambodia, Malaysia	ScanCom [Denmark]
Nhatrang Shipchandler	60	Cambodia, Laos, Malaysia, Vietnam, Malaysia	Beechrow [Australia], Eurofar [Holland], Li Fung , Test Rite [UK], Timberway
Pisico	15	Cambodia, Malaysia	ScanCom [Denmark]
HO CHI MINH CITY			
Forimex	10	Burma, Cambodia	Beechrow* [Australia], ScanCom* [Denmark], Select [Germany]
Koda	15	Cambodia	Country Gardens [UK]
Phu Tho Corp	30	Cambodia, China, Indonesia, Laos, Malaysia, Vietnam	Eurofar [Holland], Scanply
Vinafor Saigon	5-10	Burma, Cambodia, Laos	ScanCom [Denmark]
Woodprodex	5-6	Burma, Cambodia, Laos, Malaysia	Scansia/De Bejarry [Malaysia/France]

* no longer supplied but supplied in 1998

Pleiku

THE TOWN OF Pleiku is situated in Vietnam's Central Highlands, in Gialai Province opposite the Cambodian Province of Ratanakiri. Each year the garden furniture manufacturing industry in Pleiku consumes in the region of 150,000m³ of timber. Of this 100,000m³ comes from Cambodia, 10,000m³ from Laos and 40,000m³ from Vietnam. Small amounts come from Malaysia and Indonesia but the best timber, in the greatest quantities, comes from Cambodia.^{5,14,34}

Most of the garden furniture manufacturers have stockpiles of between, 2,000 and 5,000m³ of logs. For a medium sized factory producing ten containers a month 5,000m³ represents 10 months supply. Hoang Anh, Quoc Cuong and Van Trung are the largest manufacturers and, in September 1998, were producing 30, 25 and 15 containers each month respectively.^{30,32,34,35} All but one of the factories visited admitted using illegally imported logs from Cambodia, several of these also admitted using illegally cut Vietnamese timber.⁵

In stark contrast to the three largest manufacturers the factories of 30/4 Gialai and Duc Cuong were small, appeared run down and had few people working on the premises. Although both companies manufacture garden furniture for export to Europe their main business is that of logging. In September 1998, 30/4 Gialai and Duc Cuong—together with the Forimexco 19 company (based in Qui Nhon)—^{14,31,34} controlled most of the illegal timber imports from Cambodia. Mr Sinh, the director of 30/4 Gialai is a senior official in the People's Committee of Gialai Province and has been conducting illegal logging operations in Ratanakiri since at least 1996. Forimexco 19 is a subsidiary of the Vietnamese parastatal VINAFOR;⁵ these official links facilitate the illegal imports.

These companies in turn sell the logs to those garden furniture manufacturers that have been unable to make their own arrangements with the authorities in Cambodia. By September 1998, the stockpile of Cambodian timber, five minutes drive from the 30/4 Gialai factory and jointly controlled by Duc Cuong and 30/4 Gialai, had reduced in size from 100,000m³ to 40-52,000m³.^{14,34}

The main buyers from Pleiku are ScanCom International, Beechrow [Vietnam] and Cattie Europa; ScanCom is by far the largest.³⁴

“SNAKE BUSINESS”

LOGGING, the use of defoliants by American forces during the Vietnam War, and the need for fuel by the rural population has reduced Vietnam's forest cover to less than 30% of land area; only 10% of this is untouched primary forest.²⁷ As a result the Vietnamese government has put in place regulations designed to protect the remaining forested areas.²⁸ Similarly Cambodia has banned log exports to preserve its remaining forests. But to remain viable the wood products industries in Vietnam need timber; the regulations are therefore bent, avoided and evaded by companies involved in the trade. This is the “Snake Business” and it takes many forms.

Illegal log importation from Cambodia

The garden furniture manufacturers are aware of the agreement to ban the importation of logs from Cambodia, but the governments of Hanoi and Phnom Penh are “far away”. The local authorities on both sides of the border have long standing and good relationships and they together with the companies work things out for themselves.²⁹ In September 1998 one of the Pleiku based Vietnamese garden furniture manufacturing companies, Van Trung, had several thousand logs in Ratanakiri Province in Cambodia and was waiting for the dry season to export them despite the ban.³⁰

Illegal importation of processed timber from Cambodia

Another Pleiku based garden furniture manufacturer 30/4 Gialai Ltd. Co. has anticipated a stricter enforcement of the log export ban. In February 1999 the company was making final preparations for the establishment of a new saw mill in Ratanakiri Province, Cambodia.³¹ In future logs could be processed prior to export to Vietnam. Whereas the log export ban is absolute, the export of processed timber is permissible subject to certain strict criteria. For the authorities on the border the enforcement of the regulations, therefore, becomes less clear cut. However no processed timber currently leaving across the Vietnam/ Cambodia border meets, or is likely to meet in the near future, the strict criteria.

Mis-declaring the source of the timber

The Vietnamese regulations, concerning the timber and timber products industries, prohibit the use of Vietnamese timber from natural forests under most circumstances. However many of the garden furniture manufacturers use illegally cut Vietnamese timber claiming instead that it originates in Cambodia. Although Cambodian timber is also unlawful, the prohibition of the use of such timber from countries other than Vietnam is not enforced. In fact, the use of illegally cut Cambodian timber has actively been encouraged. This practice was first described by Mrs Loan, director of the Quoc Cuong Private Enterprise. In September 1998 the company, one of the largest in Pleiku, was producing twenty-five 40 ft containers each month for the Danish importers ScanCom. This furniture was made from Xoan Dao timber illegally harvested in Vietnam, but by declaring it as Cambodian timber and bribing customs officials in Qui Nhon Port, Quoc Cuong could make the exports.³²

Garden furniture as fine art

Finished wood products made from domestic natural forest timber are not eligible for export unless they are “fine art” wood products. Some of the garden furniture manufacturers have succeeded in getting round this by carving roses, trees and other motifs on their products.⁵

Misuse of quotas

Mr Hung, from the import export division of the garden furniture manufacturer KOTIMEX based in Ho Chi Minh City, described how import permits for Cambodian timber could be bought from the Forestry Department together with a permit to export an equivalent volume as “finished product”. However because a substantial amount of timber is lost in the manufacturing process the company is always left with a smaller volume of finished product. The excess export quota can then be sold on to another company to hide the use of Vietnamese timber or the company can retain the documentation to cover its own use of illegally cut Vietnamese timber. Alternatively by using some of the Cambodian timber for the domestic market the company would automatically be left with unused documentation for an equivalent volume of Vietnamese timber to be exported. Any timber declared as having originated in Vietnam is liable for a 5% tax.³³

Kontum

Kontum, a small town about 100km north of Pleiku, was also visited in September 1998. There are two garden furniture manufacturers on the outskirts of the town with another in the process of being set up. The largest company, KOTIMEX, is state run and supplies both Beechrow and ScanCom with garden furniture manufactured from timber sourced in Cambodia, Vietnam and Laos. In September 1998 it had a 50,000m³ timber stockpile imported four months previously; of this 30,000m³ was from Cambodia, 20,000m³ from Laos.²⁹

Mr Nguyen Tri Tham is actively involved in the operations of, and has a stake in KOTIMEX. He is also the owner of the third garden furniture manufacturing company in Kontum. In September 1998 this company was only a few weeks away from starting production. However his primary occupation is log transportation from Cambodia and Laos. He owns three log trucks and co-ordinates the activities of a further 27.³⁶

Qui Nhon

The timber requirement of Qui Nhon is greater than that of Pleiku. There are more factories, in the region of 15 compared with 10 in Pleiku and these are, in the main, larger and better run. The largest of these are IMEXCO, ANVIMEX and HOABINEX.^{5,37}

Given the proximity of Qui Nhon to Pleiku it is likely that the timber from Cambodia, Laos and Vietnam is used in similar proportions. However the presence of the port in Qui Nhon does make the use of timber from countries such as Malaysia and Indonesia a more viable option. Even so, according to an official at the state run Vietnam Ocean Shipping Company [VOSCO] in Qui Nhon, most of the timber used by the garden furniture manufacturers in Qui Nhon is from Cambodia and Laos; timber is imported from Indonesia, Malaysia and Burma but the quantities involved are very small.^{5,15} In February 1998 there was a stockpile of 50,000m³ of Cambodian timber inside the port; most of this was to be used by the garden furniture manufacturers.⁵

Logs from Cambodia have arrived, via Pleiku, on a regular basis. Several of the garden furniture manufacturers have contacts in Cambodia and make their own deals. For example Mr Bui Kong Het, Director of Forimexco 19, the Qui Nhon based subsidiary of VINAFOR, visited the Vietnamese/Cambodian border in Gialai Province in early February 1998 to oversee arrangements for the importation of logs from Ratanakiri Province.⁵ Imports by FORIMEXCO 19 are controlled by Mrs Binh.¹⁴

However according to Le van Hong, Director of the large state run company PISICO, the government in Hanoi is making efforts to control the cross border trade and put an end to the ad hoc deals between companies and local officials on both sides of the border.³⁸ This rationalisation of the importation process was confirmed by an official at the Forestry Department in Qui Nhon.⁵ In future it is intended that log importation from Cambodia to Vietnam is carried out by three companies: In the north by VINAFOR in Hanoi, by PISICO in central Vietnam and in the south by a company controlled by the People's Committee of Ho Chi Minh City.³⁸

Each week four ocean-going ships leave the port of Qui Nhon transporting container loads of garden furniture to America, Canada and Europe; most of this trade is directed towards the European market.^{15,39}

Ho Chi Minh City

Of the seven garden furniture manufacturers in Ho Chi Minh City visited in September 1998, all but one sourced the majority of their timber in Cambodia. For some companies, such as KODA, Cambodia was their only source of timber.⁴⁰ Mr Chien, of the Forestry Department in Ho Chi Minh, explained that the whole thrust of Vietnamese government's policy is to encourage the importation of timber from Cambodia and Laos, in order to preserve Vietnam's remaining forests.⁴¹ The only company visited that used exclusively Malaysian timber was producing 2-3 containers of garden furniture each month for the domestic market.⁴²

Forestry Import Export Company of Ho Chi Minh City [FORIMEX]

Tran Dinh Hai, Chief of the Planning Department for FORIMEX, described his company's sources of Keruing and Cho as Cambodia, Laos and Burma; the company did not use Vietnamese timber. However in a separate meeting with Mr Hung, from the Import Export Division, it was made clear that the timber was almost exclusively from Cambodia with some originating in Vietnam. The logs from Cambodia arrive in Ho Chi Minh via Tay Ninh. Frequently the logs are confiscated by customs officials at the border who then sell them back to the company. FORIMEX used to supply both Beechrow and ScanCom but are currently producing ten containers each month for German based company, Select.³³

Phu Tho Corp. Producing, Trading and Services

This company is one of the main suppliers of the Eurofar ECO Line brand, but also supplies a company called ScanPly International Wood Products. Phu Tho use mainly Xoan Dao from Vietnam and Cho from Cambodia and Laos.⁴³

Mr Nguyen Van Suu (*pictured above right*) described a deal between the Vietnamese and Laos governments whereby a debt owed by the government in Laos was being repaid in timber. Mr Suu had a copy of what he described as an inventory of timber imports from Laos to Vietnam amounting to 20,000m³. This was the first of an expected five such documents. It was not clear whether this deal was genuine or not or if the imports would in fact take place. But, genuine or not, it would generate lots of accompanying documentation, particularly Certificates of Origin, that could be used by Phu Tho to "prove" that all the timber used in their products was from Laos irrespective of the true country of origin.⁴³ Phu Tho had already supplied retail outlets in Europe, concerned about the source of the timber, similar COs from Laos.^{43,44}

Phu Tho have also supplied "Guarantee Letters" affirming that its "wooden furniture are [sic] made with timber that have been harvested from sustainable sources."⁴⁴ In a letter dated 3rd September 1998 Nguyen van Suu described one of the sources of Phu Tho's timber as Cambodia; timber from Cambodia is not sustainably harvested.⁴⁵

However, even if all the timber used by Phu Tho were imported from Laos there are problems; logging in Laos is run by the military, in co-operation with large Asian timber companies. Also some timber imported into Vietnam from Laos originates in Cambodia. In 1998 an export deal was signed by the Thai Pipat Company, facilitated by Pheapimex in Cambodia, to export 100,000m³ of logs to Thailand. Large-scale cutting and exports continued from Cambodia's Stung Treng province, until the Thai Prime Minister Chuan Leekpai closed the Chong Mek border pass between Laos and Thailand. In September 1998 the companies decided, as a result of the closure of the border pass, to export 16,500m³ to Vietnam.⁵

In March 1999 fully loaded Vietnamese log trucks were observed on Route 13 travelling from the Cambodian border, south of Route 18, in the direction of Paxse, in Laos. The Lao authorities were receiving US\$50 per cubic metre of timber for allowing the transportation of logs from Cambodia. Although the logs were labelled as Lao it is unlikely that the logs originated in Laos, as the species involved do not grow in the area.^{5,14} These logs are likely destined for Vietnam.

IMPORT EXPORT COMPANIES

VIETNAM has become, over the past four to five years, one of the major sources of cheap, good quality hardwood garden furniture exported all over the world but predominantly to Europe and North America. The involvement of the various importers in this trade varies a great deal; some such as Scansia, Eurofar and KODA run factories on a joint venture basis with Vietnamese partners.^{40,46,47,48} Beechrow on the other hand does not run any factories but does oversee the purchase of the timber and as such is fully aware of where it comes from.^{49,50,51} Both ScanCom and Cattie have representative offices in Vietnam; but whereas Cattie do not appear to have any workers based in the factories, ScanCom employ a considerable number of people for quality control purposes, but do not control log purchase.^{5,52,53,54} Finally the involvement of companies such as Test Rite, Select, Tropic Dane, Top Seal and Pro Team appears to be strictly limited to the importation of the garden furniture itself.⁵

Garden Furniture manufactured in Pleiku, Kontum and Qui Nhon is exported via the Port of Qui Nhon.

Garden Furniture Importers: Exporting from Qui Nhon Port [Vietnam] 1998

IMPORTERS [Head Office location]

Beechrow (Vietnam) Pty, Ltd. [Australia]
Cattie Europa S.L [Andorra]
Chu Mao Wood Products Co. Ltd. [Taiwan]
Eurofa International B.V. [Holland]
Filmundo Export Ltd [Hong Kong]
Itochu Ltd 5th [Thailand]
Jin Chern Enterprise Corp. [Taiwan]
Jye Dar Co. Ltd. [Taiwan]
L & R Holding Ltd [Hong Kong]
Level World Trading Co. [Taiwan]
Minn Yeh Co., Ltd [Taiwan]
ScanCom International APS [Denmark]
T & T Trading [USA]
Top Seal Co. Ltd. [Hong Kong]
Unisource Ventures Ltd [Hong Kong]
Wa-La-Ha Co. [Taiwan]
Wain Yih International Co. Ltd [Taiwan]
Wanibe and Company Co. [Japan]

DESTINATIONS

Australia, UK
 Belgium, France
 Taiwan
 Holland
 Arabia, Italy, Sweden
 Denmark
 Taiwan
 Taiwan
 Malaysia
 Taiwan
 Taiwan
 Denmark, Sweden
 USA
 Italy
 Holland
 Taiwan
 Taiwan
 Japan

Garden Furniture Importers: Exporting from Qui Nhon Port [Vietnam] 1999

IMPORTERS [Head Office location]

Calaret Osted Works Ltd
Comi Ltd
Eurofar International [Holland]
Li & Fung Trading Ltd
ScanCom International [Denmark]
Sloat Garden Centre
Test Rite Ltd [UK]
Timber Way Ltd
Tropic Dane Trading [Denmark]

DESTINATIONS

Denmark
 France
 Italy
 UK
 Denmark
 USA
 UK
 Canada
 Denmark

Beechrow (Vietnam) Pty Ltd

The Australian based company Beechrow oversees the production of 11 factories in Kontum, Pleiku and Qui Nhon, exporting 350 containers each year mainly to Europe and North America.⁵⁰

Unlike ScanCom Robert Remigio, who runs Beechrow in Vietnam, is actively involved in the purchase of logs; this includes Keruing.^{50,51} All the factories visited in September 1998, including those that supply Beechrow, described the source of the Keruing as Cambodia. As Frederic David, of Beechrow agents FDC, put it:

“Wood is import[ed] from neighbouring country [sic], mainly from Cambodia. As certification a Certificate of Origin Form A will be issue[d] from Vietnam” [his emphasis].⁶¹ Mr David went on to say in a later letter, “Regarding the import of Cambodian timber, we have no any [sic] single problem....As Beechrow is a large timber buyer we did [sic] not face any delay or shortage in timber supply as [the] seller come[s] to us directly.”⁴⁹

FDC, run by Frederic David, is the representative office in Ho Chi Minh City of a French company Carosol based near Paris. FDC/Carosol are agents for Beechrow in France, Canada and the USA. In France FDC supply Beechrow garden furniture to the supermarket chain Carrefour and DIY chain Leroy Merlin; in Canada FDC supply Orca Imports.⁶² In the UK Beechrow, like ScanCom, sell large quantities of garden furniture to Li-Lo Leisure Products.⁶¹

Cattie Europa S.L.

Cattie Europa, run by Alain and Caroline Gauthier, is based in Andorra. Cattie are probably the third largest importers of garden furniture from the Pleiku/Qui Nhon area, importing in the region of 300 containers each year.³⁴ This is exported, in the main, to France and Belgium.³⁹

According to Alain Gauthier the timber used in Cattie furniture is from Vietnam, Cambodia, Laos, Malaysia and Burma.⁶³ Cattie use Keruing [Goi in the brochure] and Cam Xe; most of this will have come from Cambodia. Alain Gauthier claims that even the timber from Cambodia is exploited rationally.⁶⁴ This is not true.⁵

SCANCOM—A CASE STUDY

"I think that the Cambodian wood is maybe the worst wood you can use today, in environmental eyes."

BOJE BENDTZEN OWNER OF SCANCOM, 9TH NOVEMBER 1998.

SCANCOM entered the Vietnamese garden furniture business in 1994. In a country where corruption is endemic, ScanCom's activities could be characterised either by at best naiveté in the extreme, or at worst the company has turned a corporate blind eye to the dubious business practices of the companies manufacturing their garden furniture range.

Since 1994 the business has undergone a massive expansion. ScanCom is now by far the largest buyer of Vietnamese garden furniture exporting in the region of 1, 400 containers in 1998 from 44 factories; they expect to increase this for the 1999 season.⁵ The furniture in each 40ft container is worth in the region of US\$20,000-30,000 depending on its exact composition; this represents an annual turnover of between 28 to 42 million dollars in Vietnam alone.⁵⁵

Based on the ScanCom estimate that it takes 41.7m³ of timber to produce one container of garden furniture, ScanCom alone has an annual requirement of about 60,000m³ of logs.⁵⁶ However ScanCom do not actually manufacture garden furniture. Nguyen van Man, director of KOTIMEX, which supplies ScanCom told Global Witness that it takes in the region of 50-55m³ of timber per container.²⁹ This corresponds to an annual requirement of between 70-77,000m³, in areas of Vietnam, particularly Pleiku and Qui Nhon, where the vast majority of available timber is from Cambodia or illegally harvested in Vietnam.

But despite the huge quantities of timber that are involved, ScanCom cannot say with any real certainty where the timber used in the manufacture of its 1999 range comes from. As Ole Rudi Petersen, Sales Manager for ScanCom in Denmark, explained in a letter to the Swedish Society for Nature Conservation on the 24th January 1999 "The factories that we work with are 100% independent and we are not involved in buying wood logs for them." The situation was clarified by the owner of ScanCom who, when asked if ScanCom had any control over the timber being used in their factories, said "I would say until now, no, there wasn't any reason for us to have it."⁵³

ScanCom is not involved in, and has no control over, the purchase of timber but continues to insist in public it is not using Cambodian timber. This is based on its reasoning that "almost 95% of the wood coming out of Cambodia ... is Keruing" and that ScanCom does not use Keruing.⁵³ It is true that much of the timber from Cambodia is Keruing but many other species are imported from Cambodia including Cho and ScanCom use Cho.^{53,55} For example in September 1998 there were 1,500m³ of Cho from Cambodia at Qui Nhon Port, the Cho used by KODA Woodcraft Pte. is from Cambodia as is the Cho used by FORIMEX in Ho Chi Minh City, a company that has supplied ScanCom in the past.^{33,40,57}

In his letter of the 24th January Mr Petersen goes on to say "We are aware that Cambodian species are used by some Vietnamese factories. However none of these are ScanCom suppliers." However,⁵ in September 1998 all 12 ScanCom suppliers visited by Global Witness had Cambodian timber on the premises.

In contrast to ScanCom's public assertions made to their customers and to NGOs, Edwin van der Sloot, International Planning Co-ordinator for ScanCom in Ho Chi Minh City, is fully aware that a lot of the timber used in their furniture comes from Cambodia. He instead seeks to justify this on the basis that, in his opinion, the use of tropical timber in garden furniture is less destructive than, for instance, slash and burn agriculture or its use as firewood.⁵²

If however, as ScanCom claim, most of its production is based on the use of Vietnamese timber it is illegal for them to export it unless it is plantation timber. As can be seen from the current regulations, natural forest timber from Vietnam can only be exported in "fine art" finished products. Garden furniture is not fine art.²⁸

Apparently these regulations do not apply to ScanCom. According to Boje Bendtzen ScanCom "producers" are in the main owned by timber companies which are in turn State companies, they have a lot of wooden stock and have had permission to use the "old" wood.⁵³ In September 1998 there was little evidence of old wood, at these factories, only freshly cut timber. This fits in with Ole Rudi Petersen's assertion that "The wood we used in the production this [98/99] winter was mainly logged in the spring of 1998."⁵⁴

ScanCom further claims that the factories that it uses are allowed to use Vietnamese timber in the manufacture of export products if they import an equivalent amount of timber.⁵⁵ This may be the case, but most of this imported timber is from Cambodia. It is also true that some of the factories that supply ScanCom do have small stocks of timber from other sources such as Malaysia and Laos. But again ScanCom does not know where exactly it comes from. Boje Bendtzen has suggested that the Malaysian timber is "probably smuggled out of Indonesia."⁵³

According to Edwin Van der Sloot there are two rules for ScanCom in Vietnam. The first of these rules is "Never trust the Vietnamese." The second is "Don't expect, inspect."⁵² Despite this ScanCom has until very recently wholly entrusted the sourcing of timber to its suppliers. This policy is apparently set to change.

The measures that ScanCom has said it will undertake include the purchase of 3,000m³ of Forest Stewardship Council [FSC] certified timber from Malaysia, investigating the possibility of forming a Tropical Forest Trust intended to fund forest managers to achieve FSC certification, and implementing chain of custody systems for their suppliers. ScanCom has also committed to an audit of its suppliers by international auditors SGS Vietnam, to determine the origin of timber used in this year's production.⁵⁹ None of the other major importers have got to the stage of admitting that there is a problem let alone suggesting ways that they might improve. Such moves are certainly moves in the right direction; the use of FSC certified timber, if true, is particularly encouraging.

The SGS audit should also prove interesting and it is to be hoped that the full report will be passed on to ScanCom customers. Mr Bendtzen has already signed a declaration to the Dutch retailers Blokker that "no illegally imported wood from Cambodia will be used in the production."⁶⁰ No commitment was made concerning the use of illegally felled Vietnamese timber.

Kwantum, another Dutch retail group, will also be interested in the results of the audit, as it has stated in the code of conduct for its purchasing policy that it "accepts neither any use whatsoever of wood from illegally felled trees nor the incorporation of such wood within products that [it] buys."⁶¹

However, by March 1999 none of these measures have been demonstrably completed and some, particularly the proposed sourcing of timber from Laos, raise serious concerns. In any event such proposed moves, laudable though some are, do not apply to this season's stock and ScanCom is unlikely to have significant amounts of FSC certified timber available for use in production in Vietnam for several years to come.

ScanCom has agents in France, Spain, Holland, New Zealand and Australia. Its sole agent in the UK is Li-Lo Leisure Products Ltd.⁵³

Scansia Sdn Bhd

Scansia, a Malaysian based company 70% owned by the Norwegian entrepreneur Arve Varleite, has factories in Indonesia and Burma as well as Vietnam. Scanviwood, perhaps the largest of the Scansia joint ventures in Ho Chi Minh City is 60% owned by Scansia Sdn Bhd in Malaysia and 40% by a Vietnamese partner.⁶⁵

Alastair Wallace, who oversees production in Vietnam for Scansia, describes the origin of the timber used in this factory as Burma and Malaysia. As proof Mr Wallace has provided a sales contract and certificate of Sustainable Forest Management for the Malaysian timber, signed by the General Manager of the Sarawak Timber Industry Development Corporation, PUSAKA (see *What to Look Out For*, page 16).

The sales contract for 300m³ of processed timber is sufficient to make ten containers of furniture whereas the production schedule for the factory this year is approximately 450 containers.⁶⁶ According to Peter Rawley of Suncoast, an existing customer of Scansia in the UK, Alastair Wallace confirmed that some timber was bought from Cambodia last year, but this was only a sample order and has not been repeated.⁶⁶ It is not known how much timber this sample order was for.

Cambodian timber is by far the cheapest in the area and, according to many of the manufacturers, of a very high quality. It is therefore surprising that Scansia has also sought to import timber from other countries, despite freight charges that other companies have found prohibitively expensive and yet still produce a competitively priced product.

The use of timber from Burma also gives rise to serious concerns. Widely recognised as one of the most brutal regimes in the world, the Military came to power in 1962. Since 1988 when the current regime (the State Law and Order Restoration Council [SLORC], recently renamed the State Peace and Development Council) took over, the rate of deforestation in Burma has more than doubled. Timber exports have helped pay for the regime's arms purchases and a doubling in the size of the army.⁶⁷

WOODPRODEX, Wood Products for Export Enterprise, a joint venture with Scansia and De Bejarry of France in Ho Chi Minh, also imports timber from Burma; and Cambodia.^{5,46}

In the UK Scansia supply Jacobs Young and Westbury; they in turn supply Argos.⁵

Eurofar International B.V.

"Giving gardens a finishing touch is our mission."⁴⁸

Eurofar International BV has its head office in Tilburg in the Netherlands. It started trading in 1992, mainly importing garden furniture from Japan. In 1993 Eurofar switched to Vietnam. Eurofar now runs a factory 30km outside Nha Trang in Vietnam, taking the entire production from five factories and part of the production of a further two.⁵ Eurofar has three shops in the Netherlands trading under the name Saigon Garden Furniture but also supplies other companies direct.⁶⁸

The company has two lines:

1. The Park Royal Collection:

This collection is manufactured from Xoan Dao. All the Xoan Dao observed at factories in September 1998 was freshly cut in Vietnam and all old growth timber. It is therefore unlikely that, as is claimed, in the Park Royal brochure that it is “*Genuine Plantation Wood*”.

2. ECO Line:

Of all the brands manufactured in Vietnam it is the labelling on this range that makes perhaps the strongest environmental claims for the timber used in its manufacture. But these claims, like the timber used in the products, are unsustainable (see *Roy Firman Ltd*, page 15, and *What to Look Out For*, page 16). ECO Line garden furniture is made from Cho Chi.

Luc Daemen, Account Manager for Eurofar, describes the origin of the timber as Laos.⁶⁹ Phu Tho, one of Eurofar's suppliers provides COs from Laos irrespective of the origin of the timber which includes Cambodia.^{43,45} Another Eurofar supplier, the Nhatrang Ship Chandler Company, claims that it sources timber from Cambodia, Laos and Malaysia.^{70,71} It is therefore surprising that the Eurofar literature praises the efforts made by the Vietnamese authorities on good forest management; no mention is made of forest management in Cambodia, Laos or Malaysia.

Import/Export companies and the companies they supply.

Import/Export Companies [Head Office location]

Beechrow (Vietnam) Pty, Ltd. [Australia]

Cattie Europa S.L. [Andorra]

Danish Bamboo [Denmark]

Eurofar International B.V. [Holland]

Leif Thor AB [Sweden]

ScanCom International aps [Denmark]

Scansia Sdn. Bdh. [Malaysia]

Tropik Møbelfabrik AB [Sweden]

Xin Dao [China/Holland]

Wholesale/Retail Companies [Head Office location]

Carrefour [France], **HDF-Bolagen AB** [Sweden], **Leroy-Merlin** [France], **Li-Lo Leisure Products Ltd.** [UK], **Mercantile International Ltd.** [UK], **Orca Imports** [Canada], **Roy Firman Ltd.** [UK], **Vinatrade (Europe) Ltd.** [UK]

Auchan [France]

Unknown

Roy Firman Ltd. [UK], **Saigon Garden Furniture** [Holland]

Unknown

Blokker B.V. [Holland] [via **Story N.V.**], **BRAFAB** [Sweden], **Dänisches Bettenlager** [Denmark], **Kwantum Nederland B.V.** [Holland], **Li-Lo Leisure Products Ltd.** [UK], **Roller** [Germany]

Comad International A/S [Denmark], **Jacobs Young and Westbury** [UK] **Suncoast UK** [UK]

Unknown

Unknown

Wholesale companies and the retail outlets they supply

Wholesale companies [Head Office location]

Comad International A/S [Sweden]

Li-Lo Leisure Products Ltd. [UK]

Mercantile International Ltd. [UK]

Roy Firman Ltd. [UK]

Innovators International Ltd. [UK]

KODA Woodcraft Pte Ltd. [Singapore]

Jacobs Young and Westbury [UK]

Test Rite International (UK) Ltd. [UK]

Pro-Team Sports [UK]

Unknown

Retail Companies supplied

Asko Möbler [Sweden]

Robert Dyas Ltd. [UK]

Kennedys Garden Centres [UK] [via **Han-DIY-Man**], **Options** (North Finchley) [UK] [via **Han-DIY-Man**]

Robert Dyas Ltd. [UK]

Carpenter's CARGO HomeShop [UK], **Duchy Timber** [UK]

Country Gardens Garden Centres [UK]

Argos Distributors Ltd. [UK]

Great Mills (Retail) Ltd. [UK]

Unknown

Continent, Cora, Hamburger Kontor [Germany], **Jardine International Ltd.** [UK], **Schaumstoff Luebke** [Germany], **Staunton Harold Nurseries** [UK], **Systeme U** [France]

UK IMPORTERS AND RETAIL OUTLETS

THE AWARENESS of the source of the timber used in the manufacture of garden furniture varies greatly between companies. Almost without exception the major importers and wholesale companies appear to know, or at the very least suspect, where the timber is from. In general the retail outlets are less well informed about the origin of the timber. But it is not clear whether they have chosen not to enquire about the timber's origin, or have simply not thought to.

Investigations in February 1998 in Vietnam revealed one of the major exporters, Beechrow, supplied three major UK importers Li-Lo Leisure Products, Mercantile International, and Roy Firman. Each of these companies was visited between May and June 1998.

Roy Firman Ltd

Roy Firman Ltd, based in Eastbourne East Sussex, stocks a wide range of garden furniture which in 1998 included Vietnamese garden furniture. It was not possible to ascertain the scale of the business that Firmans was doing in Vietnam in 1998, but in 1995 the company placed a contract for 150 containers. Michael Firman, a director of Roy Firman Ltd, confirmed that the Vietnamese furniture was manufactured in Pleiku and shipped out of Qui Nhon.⁵

Although Firmans were supplied by Beechrow, the garden furniture seen in Eastbourne was the ECO Line brand supplied by Eurofar; with the distinctive ECO Line labels attached (see *What to Look Out For*, page 16):⁵

“Genuine Plantation Wood”

“All the wood used in the manufacture of this product is harvested from sustainable managed sources....Environmental friendly wooden article. This article is an environmental friendly product and is cultivated under strict government regulations. It is made from trees which had to be cut down in order to keep a well balanced forest. For every fallen tree a new one is planted so no forest need to be destroyed. This high quality natural product does not harm the environment either during its production stage or on disposal.”⁷²

When asked about the claims made on the label Mr Firman responded “sustainability, forest management Vietnam forget it. They’ll never get it, no matter what anyone tells you, it’s impossible.” He went on to say “In Vietnam, yes there is nice labelling and we can make certain certificates, not make them, but there are certificates available.” Mr Firman knew that the labels were inaccurate but continued to supply the furniture to companies such as the garden centre chain Country Gardens and Robert Dyas Ltd. Michael Firman also told Global Witness that Cambodia was a possible source of the timber used in the manufacture of the garden furniture.⁵

Li-Lo Leisure Products Ltd

Li-Lo, based in Barking in Essex, was visited on the 27th May 1998. Li-Lo which imports large quantities of garden furniture from Beechrow [Vietnam] are also the sole agents for ScanCom in the UK.⁵³ When asked about the source of the timber used in the manufacture of the Vietnamese ranges Lawrence Gilbert, the company owner, said that “..they buy the logs from Cambodia.” In 1998 Li-Lo supplied the Vietnamese garden furniture to Robert Dyas Ltd.⁵

Both Li-Lo and Firmans were contacted by Channel 4 Television in July 1998, and asked about the source of the timber used in the manufacture of their Vietnamese ranges. In stark contrast to the answers given earlier to Global Witness, both companies stated categorically that the timber had come from Laos.⁷³

Mercantile International Ltd

Mercantile International is the holding company of Romac International Products, a company set up to market Mercantile’s garden furniture range. In June 1998 Global Witness met Kevin Shurmer, who ran Romac on behalf of Mercantile, at the Mercantile showroom in Leicester. Mr Shurmer, described in February 1999 as a “sales assistant” by John Collins Managing Director of Mercantile, used to be Sales and Marketing Director of Li-Lo.^{5,74}

When asked about the origin of the timber used in the manufacture of the Vietnamese furniture Mr Shurmer responded “well, all the wood comes from Cambodia, because they don’t have any wood in Vietnam....Yes it’s [the timber] dried in Vietnam. But Cambodia, you see they are just raping the country, and it’s causing huge problems out there...” Mr Shurmer went on to say that certificates of sustainability could be provided but “in Vietnam it isn’t worth the paper it is written on, but it’s a piece of paper, it looks official.”⁵

In 1998 Mercantile supplied Han-DIY-Man who in turn supplied the Kennedy’s garden centre chain.⁵

Vinatrade

This company, run by Paul Lucas, imports 27 containers from Beechrow annually. Like the other Beechrow clients, Mr Lucas is aware that the Keruing garden furniture supplied by his company is from Cambodia.⁵¹

Innovators International

Another importer, Innovators International, has a representative office in Vietnam and import large volumes of garden furniture into the UK. Innovators’ customers prefer Keruing. Richard Rosen, of Innovators, explained that most of the timber used in Vietnam is from Malaysia or Cambodia because the Vietnamese have “clamped down on logging”.

All the factories in Vietnam visited in September 1998 that had Keruing, imported it from Cambodia. When asked for proof that the timber used in the manufacture of Innovators' Vietnamese garden furniture was from Malaysia Mr Rosen supplied a Malaysian Certificate of "Sustainable Forest Management" (right).⁵ However, later investigations showed that this certificate was for Malaysian timber used in the production of garden furniture manufactured in Malaysia, and did not apply to the Vietnamese range.⁷⁵

Innovators' Vietnamese Tivoli set was on display at Carpenter's CARGO HomeShop in March 1999 (right). Innovators also supply Duchy Timber owned by the Grand Duchy of Cornwall, Prince Charles' main source of income.⁷⁶

Mail order

Vietnamese garden furniture was also widely available by mail order in 1998. Cosmo Ltd. who described the factories manufacturing their furniture as being in "...the highlands of Cambodia...." advertised one set in the June 1998 issue of Sainsbury's Magazine.^{77,78} Scotts of Stow produced a brochure in 1998, featuring Vietnamese garden furniture, in association with the Daily Telegraph. Scotts also had a stand at the Royal Horticulture Society Chelsea Flower Show 1998 where it was selling Eurofar's ECO Line range.⁵

World Wide Fund for Nature [WWF] 95+ Group

This is a group of companies committed to sourcing timber from well-managed forests. Given the potential problems associated with Vietnamese garden furniture it is rather surprising that it was also available in stores owned by members of the 95+ Group. In 1998 B&Q, Habitat, and Great Mills (supplied by Test Rite International) stocked it. It is to be hoped that these companies have sufficiently strict auditing mechanisms in place to ensure that no Cambodian timber is used in their products.

According to Jenny Young, one of B&Q's garden furniture buyers, the company is "... working with [their] Vietnamese supplier to ensure that he doesn't get illegal timber and that he is using it from a forest that [they] know of and that the Vietnamese government are happy with....I mean again we are working with him and with the Vietnamese government towards FSC but I mean we are not there." The B&Q range is made out of Keruing.⁷⁹ It is not known if this Keruing is from Cambodia but most of the Keruing used by garden furniture manufacturers in Vietnam is from Cambodia.

WHAT TO LOOK OUT FOR

THE MAJORITY of garden furniture on sale in 1998 was described as being made from either "Teak", "Iroko" or "Hardwood". Very little Teak is used in Vietnam and no Iroko; the use of these timbers is beyond the scope of this report, although harvesting them has its own environmental impacts in the source countries. Much of the furniture made of "Hardwood" was from Vietnam and it was, almost invariably, the cheapest in the store.

A lot of the Vietnamese furniture is also accompanied by labels claiming that the timber used in its manufacture is from sustainably managed sources or from plantation timber (see above). If the timber is from Cambodia such statements are untrue.⁵ Vietnam is currently spending large amounts of money on replanting barren areas of the country but these efforts have been largely unsuccessful to date, so it is highly unlikely that any plantation timber is being used.¹⁴ In any event all the timber documented in 1998 was old growth timber from primary forests and meaningful certification for the majority of Vietnam's forests is a long way off.

Responsible retail outlets should know where the timber used in the manufacture of their garden furniture is from. But as the furniture is frequently not labelled, the only way to find out is to ask. If the retailer cannot answer the question it would be advisable not to buy the furniture. However a simple "it's from plantation forests in Indonesia" is not sufficient either. They should be in a position to provide proof in the form of certification; if they cannot, again it would be advisable not to buy. The strictest form of certification is provided by the Forest Stewardship Council. If the furniture is not certified by the FSC, or under an equivalent system, the timber is unlikely to have come from a well managed forest.

INDEPENDENT CERTIFICATION

The Forest Stewardship Council [FSC] is an independent international organisation which provides an international standard for sustainably harvested timber. The FSC brings together groups such as timber traders, indigenous people's organisations and environmental groups such as WWF and Friends of the Earth.

Timber companies who want to produce or sell timber and timber products to FSC standards undertake to follow strict harvesting guidelines and undergo independent verification from the concession to the end user. The FSC logo is the nearest thing to a guarantee that the timber concerned really does originate from sustainable sources.

NON-FSC CERTIFICATION

Some countries have certification schemes that are roughly equivalent in standard to FSC but have chosen not to adopt FSC itself (contact the FSC for a list of FSC accredited certification systems). On the other hand there are other certification systems far less strict and independent set up simply to give the timber industry "green" credentials; this has muddled the waters and created confusion amongst commercial buyers and consumers. These schemes mean very little.

This has led further to abuse of even these timber industry sponsored systems. In Vietnam companies can create their own certificates of origin or they can pay the authorities to do it for them.^{33,43} Bills of sale for small quantities of timber have been accepted as proof of the origin of much larger quantities of timber.^{5,66} Many of the certificates supplied to UK retailers are either out of date, illegible or in a foreign language. Amazingly these wholly inadequate “proofs” of origin have, in many cases, been accepted at face value by the retailers.⁵

How to Contact the FSC:

UK

Tel 01686 413 916 **Fax** 01686 412 176

Email fsc-uk@fsc-uk.demon.co.uk

Website www.fsc-uk.demon.co.uk

International Headquarters (Mexico)

Tel +52 951 46905 **Fax** +52 951 62110

Email fscoax@fscoax.org

Website www.fscoax.org

CONCLUSION

THE INDUSTRIAL-SCALE illegal timber trade in Cambodia has been used to finance top level corruption, played a key role in the outcome of Cambodia's recent elections and provided secret revenue for the Cambodian military, not to mention its central role in funding both the Khmer Rouge and the Government in the country's long-running civil war.

The Vietnamese Garden furniture industry has played a key role in the facilitation of this trade, illegally importing vast quantities of Cambodian logs. Together with European importers and retailers, the industry continues to mislead the consumer into believing they are buying a sustainable product. Nothing could be further from the truth. The reality is that to buy Vietnamese garden furniture, made out of Cambodian timber, is to directly contribute to the destruction of Cambodia's forests that, at the current rate of extraction, will be commercially logged out within the next four years.

APPENDIX

Decision No. 65/1998/QĐ-TTg Of March 24, 1998 On the Export of Wood Products and Forest Products, and the Import of Raw Material Wood and Forest Products.

Set out below are the Articles relevant to the garden furniture industry (unofficial translation).

The Prime Minister Decides:

Article 1:

1. Finished wood products mean wood products that are manufactured through technological process, which have a definite use value, are ready for daily use, but cannot be used as raw material for further processing into different products.

3. Fine art wood products are finished wood products manufactured by hand or machine or by hand combined with machine which are finished through techniques of chiselling, carving, engraving, latching, and surface-decorated with lacquer, silt or varnish of various kinds.

5. Timber of group 1A and group 2A are precious and rare timber from natural forests of a group on the list of plants issued together with Decree 18-HDET of January 17 1992 of the Council of Ministers.

Article 2:

*Wood products from **lawful** timber sources, which are eligible for export include:*

1. Fine art wood products processed from [domestic] natural forest timber [excluding those of group 1A], imported timber, of various kinds and planted forest timber, which include the following types:

3. Finished wood products made of planted forest timber or imported timber.

[Clauses 1.2 to 1.7 go on to give examples of what is considered a fine art wood product for example statues, wood pictures inlaid with mother of pearl, musical instruments, wood furniture marquetry and high quality coffins.]

Article 3:

Imported raw material and forest products.

4. Wood imported from Cambodia shall be subject to the separate regulation of the Prime Minister.

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Cambodia's forest cover has declined from around 70% of land area in the early 1970's to 30-35% today. Illegal logging is carried out under the auspices of the Royal Government of Cambodia, the Royal Cambodian Armed Forces, neighbouring countries and various armed factions.

The logging industry is extremely corrupt and affects Cambodia's agricultural base (rice and fisheries), its environment and economy, with particular implications for fiscal transparency, Cambodia's stability and human rights.

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“QUOTE” UNQUOTE

As can be seen from the following quotes the level of understanding, about the timber and wood products trade in South East Asia varies greatly from company to company.

ON FOREST MANAGEMENT IN CAMBODIA:

“I think that the Cambodian wood is maybe the worst wood you can use today, in environmental eyes.”

BOJE BENDTZEN, OWNER OF SCANCOM, NOVEMBER 1998.⁵³

“...they [Vietnamese garden furniture manufacturers] buy the logs from Cambodia....They've got very big reserves of wood but they are all controlling now...all countries are controlling forestry now.”

LAWRENCE GILBERT, OWNER OF LI-LO LEISURE PRODUCTS, MAY 1998.⁸⁰

“But Cambodia, you see, they are just raping the country and it's causing huge problems out there, and so there's a bit of an anti.”

KEVIN SHURMER OF ROMAC INTERNATIONAL PRODUCTS, A COMPANY INVOLVED IN THE MARKETING OF MERCANTILE INTERNATIONAL'S GARDEN FURNITURE RANGE, AND EX HEAD OF MARKETING FOR LI-LO LEISURE PRODUCTS, JUNE 1998.⁸¹

“Please be inform that we are [sic] forest and woods we use are exploited rationally, even to Cambodia.”

ALAIN GAUTHIER, DIRECTOR CATTIE EUROPA, FEBRUARY 1999.⁶⁴

ON FOREST MANAGEMENT IN VIETNAM:

“[it's made from] reclaimed wood, not forestation [sic] wood...they don't cut trees down particularly for that.”

EMPLOYEE OF ROBERT DYAS LTD, JULY 1998.⁸²

“...well, all the wood comes from Cambodia, because they don't have any wood in Vietnam.”

KEVIN SHURMER, ROMAC INTERNATIONAL PRODUCTS, JUNE 1998.⁸¹

“...sustainability, forest management, Vietnam—forget it. They'll never get it no matter what anyone tells you. It's impossible.”

MICHAEL FIRMAN, DIRECTOR OF ROY FIRMAN LTD, MAY 1998.⁸³

“At the end of the day a regulation in Vietnam is as good as how many dollars are in an envelope.”

PAUL LUCAS, OWNER OF VINATRADE, FEBRUARY 1999.⁵¹

ON CERTIFICATION AND LABELLING:

“But we have got no problem on certification. I mean we normally kill that issue very quickly by producing this. And there is nothing devious in what we do I can assure you.”

RICHARD ROSEN OF INNOVATORS INTERNATIONAL, SEPTEMBER 1998.⁸⁴

“...Vietnam is Cowboy Country....If you want stamps, you get stamps...you get the certification, but it's worth nothing.”

XIN DAO REPRESENTATIVE AT GARDEN AND LEISURE EQUIPMENT EXHIBITION (GLEE), SEPTEMBER 1998.

“And you can even have a certificate from the actual government. In Vietnam it isn't worth the paper it's written on, but it's a piece of paper, it looks official.”

KEVIN SHURMER, ROMAC INTERNATIONAL PRODUCTS, JUNE 1998.⁸¹

“In Vietnam, yes there is nice labelling and we can make certain certificates—not make them, but there are certain certificates available.”

MICHAEL FIRMAN, DIRECTOR OF ROY FIRMAN LTD, MAY 1998.⁸³

“You've got to be very wary of these documents. It's from a third world country, it's from Vietnam, they need the dollars. They will sign a document if it's needed to be signed.”

PAUL BROOKS OF THE TRADITIONAL GARDEN SUPPLY COMPANY/SCOTTS OF STOW LTD, MAY 1998.⁸⁵

ON BUYER AWARENESS

“The source of timber doesn't appear in any way on export documents.”

ALAIN GAUTHIER, DIRECTOR CATTIE EUROPA, FEBRUARY 1999.⁶⁴

“Homebase are even worse because they send their own QC [Quality Control] people into the factory and into the forest to make sure it's [good forest management and strict chain of custody] done. But you tend to find that the [smaller] garden centres don't give a monkey's where it is from.”

KEVIN SHURMER, ROMAC INTERNATIONAL PRODUCTS, JUNE 1998.⁸¹