

President Xi Jinping
General Secretary Office
Central Committee of the Communist Party of China
Zhongnanhai Ximen, Fuyou Street
Xicheng District, Beijing 100017
People's Republic of China

Dear President Xi:

We are researchers, members of civil society, and local landowners concerned by illegality and corruption in the forestry sector in Papua New Guinea (PNG). As you prepare to visit PNG for the 2018 Asia-Pacific Economic Cooperation Summit, in recognition of the important economic relationships between China and PNG, we are writing to ask for your leadership to reduce illegal logging in PNG and defend China's global reputation.

Your country's influence in PNG is strong and growing. PNG is one of the newest members of the Belt and Road Initiative, and major related investments in infrastructure, transportation, and agriculture have recently been announced throughout the country. Perhaps nowhere is this relationship more apparent than in the forestry sector. As you will be aware, almost all of the timber PNG produces is bought by China. In 2017, over 87% of our log exports—2.8 million cubic meters of timber—were sold to Chinese companies.¹ Together with the Solomon Islands, PNG produces half of all the tropical logs China imports, making this trade an important one for both our countries.²

We welcome your vision of an 'ecological civilization': requiring industries to become cleaner and more efficient, dramatically reducing air pollution, and banning logging in natural forests across mainland China. At the global level China is emerging as a leader in efforts to combat climate change, which must include keeping forests standing. But China has yet to place the same level of attention on its ecological footprint overseas as it is domestically and ensure that materials it sources from abroad, including timber, are legal and sustainable.

This omission is especially urgent in the case of PNG. For decades, independent assessments have found entrenched corruption, mismanagement, and widespread illegalities in the PNG forestry sector. Research has repeatedly shown that most of our timber exports are likely to have been produced illegally:

- A 2017 assessment of PNG's timber legality risks, published by the sustainability certification organization NEP Con, identified widespread risks relating to corruption and bribery, trade mis-invoicing, and violations of forestry and health and safety laws.³
- These findings are supported by multiple recent reports of illegalities produced by the British think tank Chatham House⁴ and the U.S.-based Oakland Institute⁵, among others. Researchers at Australia's James Cook University and the National University of Singapore describe corruption as "endemic" in PNG's forest industry.⁶

- Organizations including Global Witness⁷ and Greenpeace⁸ have extensively documented violations of land rights linked to large-scale forest clearance that has produced about 30% of PNG's log exports in recent years. The PNG-based organization ACT NOW! has analyzed the PNG government's ongoing failure to remedy that land grab despite repeatedly promising to do so.⁹

The trade in PNG timber irrevocably damages the exceptionally biodiverse forests that our fellow Papua New Guinean citizens rely on and that provide critical ecosystem services to the country and the South Pacific region.¹⁰ It contributes to the destruction of the largest remaining rainforest in the entire Asia-Pacific, which is both an important carbon sink and plays a key role in maintaining the global climate regime.¹¹ Furthermore, this trade impoverishes rural communities by destroying the forest resources their livelihoods depend on, and provides little or no benefit in return. PNG has one of the lowest Human Development Index rankings in the world, while exporting timber worth billions of Yuan per year.¹²

Despite this evidence, our government has failed to act in a strong and effective way, and continues to allow illegal timber to be sold abroad, mostly to China.

In the 'Guidance on Promoting Green Belt and Road' issued by four Chinese ministries in 2017, it was rightly emphasized that Chinese companies operating overseas should comply with laws, regulations and standards in the host country.¹³ We ask that this principle should also apply to Chinese companies sourcing timber from overseas.

Illegal timber imports also put Chinese companies' exports and reputations at risk. Most of China's major export markets for wood products—the U.S., EU, and Australia among them—have laws prohibiting the import of illegal timber or products made with it. This means that if China continues to buy timber that has been cut illegally from Papua New Guinean forests, its companies and their trade partners risk legal and commercial repercussions in selling products made with this wood. Likewise, the reputation of China in promoting an 'ecological civilization' is at risk.

Our experience, in parallel to research conducted by respected and credible international bodies, demonstrates that our own government cannot or will not take effective steps to stop illegal logging within our own borders. But China can. Your administration can require importers to credibly demonstrate that the timber they buy from countries like PNG has been sourced legally and sustainably.

We recognize that in order to enable Chinese importers to credibly demonstrate the legality of their timber imports, the PNG Government needs to ensure mandatory independent rigorous third party verification of legality of harvested timber, including a thorough check on the PNG Government's resource acquisition and allocation process for concessions and permits which must be an integral part of the PNG Timber Legality Standard and the associated Timber Legality Verification System, both of which are under development. However, this legality verification does not yet guarantee sustainability of the timber supply. This would guarantee that wood products from China are made with only legal wood and help to safeguard the forests that our people depend on.

Under your leadership, China is moving toward a greener future where nature is protected for the good of the people. We call on you to extend this protection abroad, and prohibit the import of illegal timber into China.

We would welcome the opportunity to meet with Ambassador Xue Bing in Port Moresby to discuss these matters further.

Respectfully signed,

CELCOR (Center for Environmental Law and Community Rights)

ACT NOW!

FORCERT (Forests for Certain, Forests for Life)

Transparency International – Papua New Guinea

Mr. Paul Barker, Papua New Guinea Institute of National Affairs

Mr. Augustine Mondu, Turubu Ecoforestry Forum



cc:

Ambassador Xue Bing, the Embassy of P.R. China to PNG

Counsellor Liu Linlin, Economic & Commercial Counsellor's Office of the Embassy of P.R. China to PNG

Mr. Wang Yi, Ministry of Foreign Affairs

Mr. Zhong Shan, Ministry of Commerce

Mr. Li Ganjie, Ministry of Ecology and Environment

Mr. Zhang Jianlong, National Forestry and Grassland Administration

¹ SGS PNG Ltd. Monthly report for December 2017 to the Papua New Guinea Forest Authority; 2018

² ITTO, *Tropical Timber Market Report*, Vol. 22, No. 17; 1st – 15th September 2018;

https://www.itto.int/files/user/mis/MIS_1-15_Sep2018.pdf

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- ⁴Lawson, S. for Chatham House. Illegal logging in Papua New Guinea; 2014; <https://indicators.chathamhouse.org/sites/files/reports/20140400LoggingPapuaNewGuineaLawson.pdf>
- ⁵Oakland Institute. The Great Timber Heist Continued: tax evasion and illegal logging in Papua New Guinea; 2018; https://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/great_timber_heist_cont.pdf
- ⁶Laurance, W.F. et al.; Predatory corporations, failing forests, and the state of governance in Papua New Guinea; Conservation Letters (4) (2011) 95–100; <https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1755-263X.2010.00156.x>
- ⁷Global Witness. A Major Liability: illegal logging in Papua New Guinea threatens China’s timber sector and global reputation; 2018; <https://www.globalwitness.org/en/campaigns/forests/major-liability-illegal-logging-papua-new-guinea-threatens-chinas-timber-sector-and-global-reputation/>
- ⁸Greenpeace. Up for grabs; 2012; <http://www.greenpeace.org/africa/en/News/news/New-findings-Millions-of-hectares-of-customary-land-stolen-for-logging--/>
- ⁹ACT NOW!, “SABL petition anniversary marks PNG’s greatest ever scandal,” 2018; <http://actnowpng.org/blog/blog-entry-sabl-petition-anniversary-marks-greatest-ever-scandal>
- ¹⁰Shearman, P. and Bryan, J. A bioregional analysis of the distribution of rainforest cover, deforestation and degradation in Papua New Guinea. Austral Ecology (2011) 36: 9-24
- ¹¹Makarieva, A.M. and V.G. Gorshkov, “Large-scale climatic significance of Papua New Guinea forests,” in Bryan, J.E. and P.L. Shearman (eds.). “The state of the forests of Papua New Guinea: measuring change over the period 2002-2014”, University of Papua New Guinea, Port Moresby; 2015
- ¹²United Nations Development Programme; Human Development Indices and Indicators: 2018 Statistical Update; Papua New Guinea; http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/PNG.pdf
- ¹³Guidance on Promoting Green Belt and Road, 2017; <https://eng.yidaiyilu.gov.cn/zchi/qwfb/12479.htm>