

FOREST CLEARING AUTHORITY CASE STUDY 2



A NEW FOREST GRAB: THE MENGEN INTEGRATED AGRICULTURE PROJECT

ABOUT THIS REPORT

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Cover image: Rainforest logs from the Mengen concession ready for export

ACT NOW! is a community advocacy organisation based in Papua New Guinea. Its vision is for a ‘gutpela sindaun blong olgeta’ (a just and equitable society) that embraces PNG’s rich and diverse cultural and biological heritage and is based on the principles of sharing, communal land ownership and environmental stewardship.

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TABLE OF ABBREVIATIONS

ENB	East New Britain
FCA	Forest Clearing Authority
FMA	Forest Management Agreement
ILG	Incorporated Land Group
LFA	Local Forest Area
LLG	Local Level Government
MP	Member of Parliament
MRDL	Mengen Resources Development Limited
NFB	National Forest Board
PFMC	Provincial Forest Management Committee
PNG	Papua New Guinea
PNGFA	Papua New Guinea Forest Authority
SABL	Special Agricultural and Business Lease
SGS	Societe Generale de Surveillance SA
TA	Timber Authority
TRP	Timber Rights Purchase
US	United States

EXECUTIVE SUMMARY

For decades, Papua New Guinea has been in the grip of a forest resource grab by primarily Malaysian-owned logging companies. There is a high risk that most of this logging can be classified as illegal, despite being authorised by the PNG Forest Authority (PNGFA). One of the principal types of logging licence that is being routinely abused is the Forest Clearing Authority (FCA). This type of licence is intended to permit forest clearance for agriculture or other land use change, but is being systematically abused to allow large-scale logging of huge tracts of forest.

This case study focuses on a recently approved FCA, the Mengen Integrated Agriculture Project in East New Britain.

Covering 52,500 hectares of community-owned forest in the Inland Pomio area, the project was initiated by Westenders Limited, part of the KK Connections corporate group, one of PNG's largest logging companies. The project has a 14-year licence allowing it to clear discrete areas of forests for agriculture planting.

This case study reveals several serious concerns about the project:

- While the project's logging licence is tied to a proposed agriculture development, analysis shows that in reality the Mengen Project is a large-scale logging project – with its primary purpose to make money from selective logging of high value primary rainforest. It is very questionable whether any of the proposed timber plantation or agriculture parts of the proposal are genuine and would in fact even be viable.
- There is little evidence of land clearing in the project area so far, but clear evidence of selective logging (which is not permitted under an FCA) taking place across large parts of the project area.
- While some landowners appear to have provided signed consent, there has been sustained and well-documented opposition to the project from numerous landowner groups in the area.
- The Mengen FCA covers several areas of international environmental significance, including the Nakanai Karst area, which has received Tentative World Heritage Listing.
- There are credible and concerning reports of police working on behalf of companies in the area to pressure landowners and stifle any dissent.

ACT NOW! is recommending that Westenders Limited, KK Connections Limited and related companies should immediately cease all logging activities in the Mengen Project area and compensate landowners for logging undertaken to date. It is also calling on the PNGFA to cancel the FCA for this project and provide redress to landowners.

The Mengen Project is just one of 24 currently operating FCAs in PNG. The kinds of issues present in this case study have been reported in numerous FCA areas, including in the reports of the SABL Commission of Inquiry. In 2022, the National Forest Board imposed a moratorium on new FCAs and ordered a review of existing projects. ACT NOW! is calling on the PNGFA to publicly release information on the review process, suspend log exports from all existing FCAs until this review is complete and commit to extending the current moratorium on new FCAs until all recommendations and findings from the reviews have been fully implemented to prevent future abuse.

INTRODUCTION

For decades, Papua New Guinea has been in the grip of a forest resource grab by the local offshoots of Sarawak-based logging companies. While recent announcements by Prime Minister Marape have suggested a growing recognition of the important role of PNG's forests,¹ evidence from the ground suggests that for the logging companies and the government offices that facilitate their work, it is business as usual. A recent Timber Legality Risk Assessment published by ACT NOW! has highlighted that most commercial logging in PNG should be classified as illegal, despite the fact it is conducted under licences issued by the PNG Forest Authority.² This echoes concerns expressed by the Bank of Papua New Guinea, which has identified the logging sector as "high risk" as "strong indicators of large-scale corruption and illegal logging in the forestry sector in PNG are well known, well documented and widely accepted".³

One of the principal types of logging licence that is being routinely abused is the Forest Clearing Authority. This type of licence is intended to permit land clearance for agriculture or other land use change, but they are being systematically abused to allow large-scale logging of huge tracts of forest.

In an earlier case study we looked in depth at one such FCA, the Wammy Project, that has been operating in West Sepik Province since 2013.⁴ Now we turn our attention instead to a recently approved new FCA project, the Mengen Integrated Agriculture Project in East New Britain.

The Mengen project has been in operation for two years and covers 52,500 hectares. Like the Wammy project, it highlights how the same issues that plagued the now-notorious Special Agricultural and Business Lease scheme, with its misuse of agricultural leases to facilitate large-scale logging, are continuing today.

This report reveals a number of significant concerns with the Mengen Project and its obvious focus on native forest logging over any kind of agriculture development:

- Failure to obtain genuine landowner consent and documented opposition from numerous local groups,
- The dubious nature of the proposed agriculture projects,
- Failure to follow approved logging plans; and
- Widespread selective logging.

The findings presented in this report are part of a larger scale study into FCAs by ACT NOW! that aims to build a comprehensive data-set on industry practices within FCA areas. The case study presented in this report has been developed using a variety of methodologies including investigative research, satellite imaging technology and field research in the impact area, where interviews were conducted with key informants. These sources were then triangulated in order to identify the most significant legal compliance and human rights issues.

Prior to publication, ACT NOW! wrote to KK Connections, K L Connections, Westenders and Mengen Resource Development Limited to seek their comment on the issues raised in this report. No response was received at the time of publication.

The Mengen Project

The Mengen Integrated Agriculture Project covers 52,500 hectares of community owned forest in the Inland Pomio area of East New Britain Province. The project initiator is Westenders Limited, part of the KK Connections corporate group, one of PNG's largest logging companies. The project has a 14-year licence (FCA 15-22), allowing it to clearfell areas of forests for agriculture planting. The FCA was ostensibly granted to allow planting of kamarere (a eucalyptus species used in flooring, construction and outdoor furniture), canarium (galip nut), taun (a hardwood) and cocoa as well as for cattle grazing.⁵ Other crops or plantation trees mentioned in project documents include oil palm, vanilla, balsa and 'multi-purpose trees'.⁶

The project area includes land that was part of a previous logging concession, the Extended Mengen/Madedua/Bakada Timber Rights Purchase (TRP 14-41).⁷ The concession was variously logged by different companies, including another KK Connections company, G88 Limited, between 1993 and in 2018.⁸ The project area is also adjacent to two other logging concessions operated by KK Connections: the Suikol FCA project (operated by Westenders Limited) to the east, and the Inland Pomio TRP (operated by KK Connections Limited itself and its related company, Chain Reaction Limited) to the south.⁹

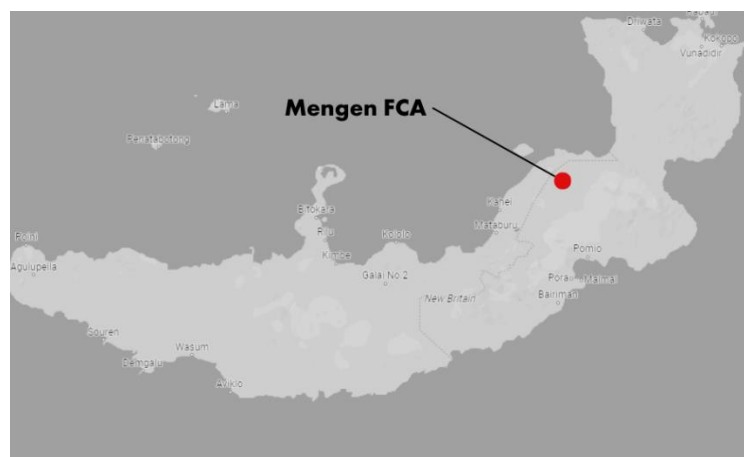


Figure 1: Map of East New Britain Province showing Mengen FCA

The Mengen Integrated Project was instigated by Westenders and a local company, Mengen Resources Development Limited, which purports to represent nine land groups in the area.⁵ While Westenders was the co-applicant for the FCA, the project's five year logging plan was applied for by KK Connections and granted to K L Connections Limited.¹⁰

According to the project proposal it is projected to produce 1 million m3 of round logs. Around a third of total logs are predicted to be taun (pometia pinata).¹¹ The first logs were exported from the Mengen FCA in April 2022 and as at July 2023, KK Connections had exported 51,065 cubic metres of logs from the area.¹²

FOREST CLEARING AUTHORITIES

Logging in PNG is governed by the *Forestry Act 1991* and managed by the PNG Forest Authority (PNGFA), which is responsible for granting logging licences under a range of different concession types.

There are three logging concession types defined in the Act:

- Forest Management Agreement (FMA): an agreement between customary landowners and the PNGFA for the sustainable management of large areas of forest and selective timber harvesting. Under the contract the PNGFA acquires the long-term rights to manage the forest. The PNGFA is then able to select a logging company to sustainably harvest timber and issue them with a timber permit.
- Forest Clearing Authority (FCA): in contrast to a Forest Management Agreement, an FCA is intended to facilitate large-scale conversion of forested land to agriculture or other land uses. The FCA is granted “for the purpose of clearance of natural forest on areas designated for agriculture or other land use development”.
- Timber Authority (TA): this is used to authorise small-scale harvesting activities. This is defined as the cutting of less than 5,000 cubic metres of timber for domestic processing, the removal of up to 50 hectares of forest for agriculture or other land use change, the clearing of a roadline not exceeding 12.5km in length, or harvesting non-timber forest products or a timber plantation.

On top of this, over a million cubic metres of logs are still exported each year under the historical, pre-1991, licence types, the Timber Rights Purchase Agreement (TRP) and the Local Forest Area (LFA).¹³

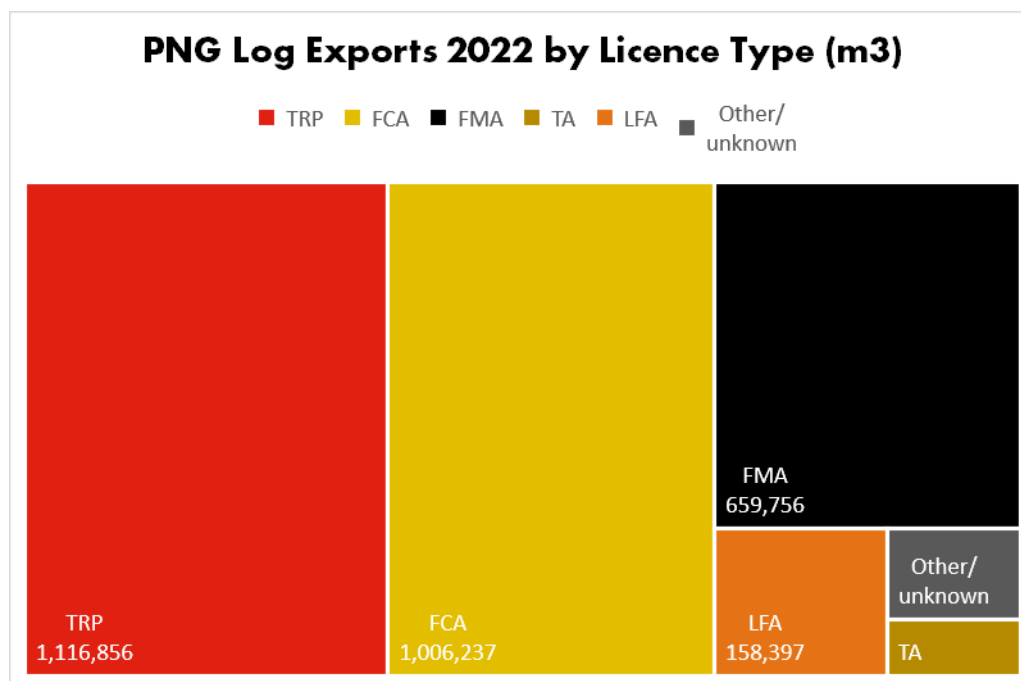


Figure 2: PNG log exports by licence type, 2022. Source: pngiforests.org

FCAs were introduced into the *Forestry Act* in 2000,¹⁴ and were initially granted to holders of Special Agricultural and Business Leases, theoretically to allow land clearing for agriculture or other land use projects.

The requirements in the *Forestry Act* that need to be met before an FCA can be granted make it clear that considering the underlying agricultural (or other land use) project is an important component of the approval process. Before the National Forest Board (the body that oversees the PNGFA) can grant an FCA, it needs to consider a detailed development plan, implementation schedule for the agricultural (or other land use) project, a map showing any areas that are important for conservation or unsuitable for agricultural or other land use development and other information about the project.

The Board also needs to see evidence of landowner consent, in the form of a document that verifies the consent of each resource owning clan, via their Incorporated Land Group or agent. There also needs to be a government report showing that a public hearing was held about the project, close to the project site, and a signed agreement between the landowners and the project proponents.¹⁵

The *Forestry Act* also stipulates that any forest clearing operation should take place in four phases. Each phase is to be subdivided into blocks for clearing of a maximum of 500 hectares. Permission for logging under a second or any subsequent phase may only be granted where “all conditions relating to the development plan and implementation schedule have been satisfied”. There is no mention of permission for selective logging under an FCA.

Rights under an FCA may be suspended “where the planned land use for which a forest clearance authority is granted is not progressing according to the development plan or implementation schedule” or any condition of the FCA is breached.



New logging camp close to the Mengen area

ISSUES IN THE MENGEN PROJECT

A logging project masquerading as agriculture

While the Mengen project is described as an “agro forestry” initiative, analysis shows in reality it is a large-scale logging project – with its primary purpose to make money from selective logging of high value primary rainforest. It appears questionable whether any of the proposed timber plantation or agriculture parts of the proposal are genuine and would in fact even be viable.

For example, the project documentation states the planned area for cultivation is less than half of the total forest area covered by the FCA. The Project Proposal provides that only 22,500 hectares is suitable for planting.¹⁶ The remainder is described as “rocky, steep slopes, mountainous, swamps, gardens, conservations, cultivations, buffers and other existing land used by the inland Mengens”.¹⁷ Of the cultivable area, only 2,500 hectares is deemed suitable for agriculture (cocoa and livestock) with the remaining 20,000 hectares slated for kamarere and galip plantations.¹⁸ These tree plantations are sometimes referred to as “reforestation”. The proposal is clear that a key purpose of the project is “to maximise value of the merchantable sized tree species upon the execution of a Land forest clearance and log harvesting processes”.¹⁹

There is also no evidence from the proposal itself that the project’s cocoa plans are genuine or viable. The proposal includes only a one-page description of the plans for cocoa, accompanied by a two-page budget, that claims significant profit margins over the lifetime of the project.²⁰ There is no map to show where the cocoa will be planted. The costings are also highly questionable. For example, the budget provides for 100 labourers in the cocoa initiative at a total cost of 200 kina per person (US\$54). This is equivalent to seven-days work at the current minimum wage and seems likely to be a significant underestimate of the labour required to develop a new cocoa operation and run it over ten years. No costs are provided for the cocoa dryers or fermentaries and no information is provided on how cocoa would be processed, transported and sold.

The proposal for cattle farming is even less well developed. The central part of the cattle proposal appears to be eight pages cut and pasted from a user manual on cattle husbandry rather than a genuine site-specific plan.²¹ It does not consider the viability of the land for cattle, where cattle sites will be located, what markets the cattle will be sold to, how the cattle will be brought to market, or indeed who will have the expertise to manage a cattle project. The only clue as to where the cattle might be located is limited to one page showing photographs of already cleared land - where no further logging seems necessary.

THE
PROPOSED CATTLE RAISING–FARMING
& HUSBANDRY IDEAL SITE

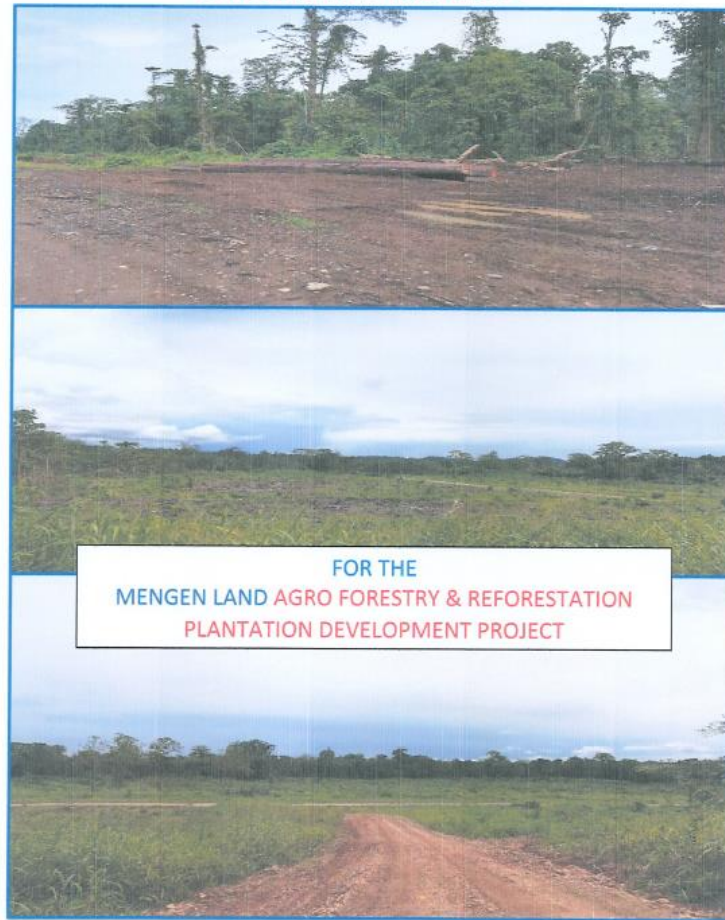


Figure 3: Excerpt page from Mengen Project Proposal

The reforestation and plantation timber component of the project has more detail but still lacks key information. The Project Proposal states that there will be 20,000 ha of kamarere and galip plantations established in the area.²² Kamarere (*eucalyptus deglupta*) is a tropical timber suitable for use in flooring, furniture and joinery. Galip (*Canarium indicum*) produces large, edible nuts. There is an existing small galip nut industry in East New Britain.²³ However, the Mengen proposal does not include plans for harvesting, marketing or selling galip nuts. It instead includes projections for selling the galip trees as timber.²⁴

While both kamarere and galip are suitable to grow in the area, the project proposal does not identify where these trees will be planted. It is stated that 8,300 ha of land will be clear-felled and planted with kamarere in the project's first five-years, but does not include a map of planting locations.²⁵ The only area clearly identified for clear-felling in the proposal is the 20 metre corridor on either side of the logging road, which is to be cleared and reforested with kamarere. Clearing such a narrow corridor would provide just 320 hectares of new planting and it is unclear where the remaining 19,680 hectares of new plantation would be located.²⁶

The conclusions in the Management Plan do not project confidence about the outcomes. The document states:

The suitability of the whole area is generally moderate to low with regard to climatic requirements for the envisaged land utilization types particularly a major reforestation. The soils on the other hand are moderate to highly suitable. The main limiting factors to the production are high rainfall and slope steepness. Slope steepness and identification of suitable tree species are main limitations to reforestation. However, some areas within the designated areas for reforestation have potential for cocoa and coffee but will be intended for the proposed large scale Reforestation Plantation areas. Another limiting factor to the reforestation project is the human factor. **Locals have expressed their concern for cash crops along these areas, rather than trees, particularly Kamarere which will take 15-25 years to mature and be ready for harvest.**²⁷ [Emphasis added]

Landowners in the area have also claimed that Westenders did not do any feasibility studies in preparing the agricultural development proposals. Referring to a community awareness session conducted by the company, landowners claimed:

For a start there was no feasibility study done to establish what the proposed FCA project would be, what the pros and cons of the project are. It was all focused on the Timber Resources that was going to be harvested from the FCA area and not the benefits of the FCA project.²⁸

Local people have also claimed the project is not meeting its projections. The project proposal states that 1,200 ha of land will be clear felled and planted with kamarere in the first year of forest clearance operations.²⁹ However, according to a community leader interviewed by ACT NOW! no planting has occurred in the project area.³⁰ This is consistent with the satellite analysis which has not identified any clearing of forest areas.

Finally, the project's costings do not stand up to close scrutiny. ACT NOW! spoke with an experienced agricultural supervisor who has worked in the area. He estimated that the cost of developing the proposed agricultural project would likely run to K5,000 per hectare, on a conservative estimate. This would put the total cost of the project at 112.5 million kina. There is no evidence in the project documentation that Westenders is prepared to make this size of investment and with the agricultural levy on log exports projected to generate just 3 million kina over 14 years, local communities will clearly not be able to fund the agricultural component themselves.³¹

Logging in breach of the FCA conditions

As set out above, the *Forestry Act* requires that FCAs only be granted for land clearing and that land should be cleared in 500 hectare block phases.

On 27 October 2021, the PNGFA approved the five-year logging plan for the Mengen FCA, covering logging from 2021-26. The approval allowed logging to take place in identified parts of the forest, known as coupes with one coupe being logged each year for the first three years (Coupes 1-3) and Coupe 4 being logged over two years from 2024-25.³²

However, KK Connections' Annual Forest Clearance Plan for the FCA, approved on 23 November 2021, permitted KK Connections to log four blocks in a different area of the forest, Coupe 8. The Annual Plan also allowed an increase in the volume of logs to be harvested from

a total of 53,407 m³ to 58,548 m³.³³ There was no explanation provided for why the location approved for logging was different from that in the approved five-year plan or why the permitted volume had increased.

Analysis of recent satellite images suggests that the actual logging has not complied with either of the approved plans, or with the *Forestry Act*. Instead of being confined to a single coupe, the logging has been spread across Coupes 3,4,5, 6 and 7. These images also demonstrate that the area is being selectively logged rather than cleared. They also show there has been no attempt to adhere to the requirement to restrict operations to 500 hectare blocks, in violation of the *Forestry Act*.

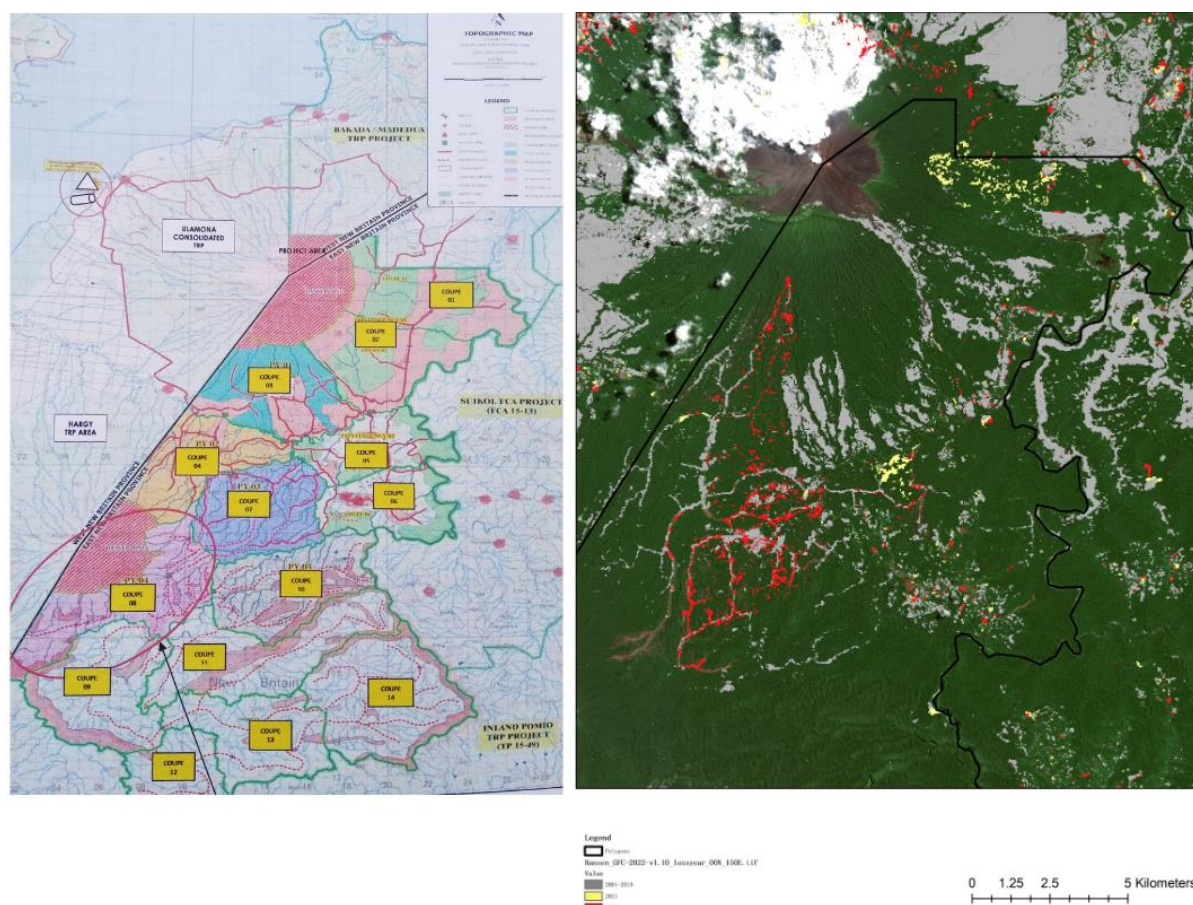


Figure 4 (left): map showing demarcation of coupes in the Mengen FCA area. Source: supplied. Figure 5 (right): satellite image showing areas of logging in 2021 (red) and 2022 (yellow). Source: Global forest change data:- Hansen/UMD/Google/USGS/NASA; Satellite image: Copernicus Sentinel data [2023]

This failure to adhere to the principles of an FCA operation by clearing discrete areas of forest for alternative land uses is hardly surprising when the project proposal is examined in detail. The proposal for the Mengen FCA clearly indicates that the plan is for selective logging rather than land clearing. The Project Proposal states that “harvestable commercial trees” will be felled with chainsaws then skidded out of the forest, before being trucked out and shipped away.³⁴ This is a classic selective logging method and does not clear the land for agriculture as smaller and lower value trees are left in place.

The logging coupe map above also sits at odds with the agriculture and plantation forestry development plan submitted in the Mengen Project Proposal. That proposal indicated that agricultural planting would take place on only 22,500 hectares of the FCA area. The coupe map, above, appears to divide the entire Mengen FCA area of 52,500 hectares into logging zones. Since less than half this area is required for the purported agriculture, logging should not have been authorised under an FCA for the entire project area.

Under the Forestry Act, the appropriate logging licence for a selective logging operation is the Forest Management Agreement (FMA). Under an FMA, the state negotiates with the landowners to acquire the long-term rights to harvest timber and in turn issues a Timber Permit to a logging company, authorising logging and setting out an annual “allowable cut” to ensure environmental sustainability.³⁵ Applying for an FMA is a much more laborious and intensive process than an FCA application, involving 34 detailed steps.³⁶ These steps include an intensive awareness process among customary landowners, negotiation of terms between government and landowners with consultation at each stage of the process and stringent environmental assessments. While both the FCA and FMA require landowner consent, the FMA process has stricter procedural requirements designed to ensure landowner consent is meaningful. The FMA process also places more restrictions on logging volumes than the FCA as the whole FMA concept is premised on the basis of sustainable forest management. Obtaining an FCA rather than an FMA in this instance allowed KK Connections to bypass these human rights and sustainability requirements.

Community opposition

While the Mengen project is underpinned by signed agreements with at least some landowners, there is evidence that the project did not have the genuine consent of all landowning clans in the area. This is not unusual: lack of landowner consent has been a well-documented problem in the granting of FCAs.³⁷

Who consented to the project?

The proposal documents for the Mengen Project describe it as a partnership between “Incorporated landowner company” Mengen Resources Development Limited (MRDL) and their chosen “development partner”, Westenders Limited.³⁸

MRDL was incorporated in November 2019 and describes itself as a company belonging to one Incorporated Landowner Group, the Extended Mengen Land Group Incorporated. This ILG purports to represent nine land groups: Mio, Kauvaniki, Yee, Remaling, Rukua, Neule, Malo, Gomona, Parole, Lako, Bumba and Gurale.³⁹ While MRDL’s official filings are not up to date, the most recent available information suggests the company has 22 directors who are also the shareholders, all of whom appear to be PNG nationals.⁴⁰ The ILG is not listed as a shareholder.

Granting of an FCA by the PNGFA requires “a verification of the ownership and consent of each resource-owning clan agent (or incorporated landowning group if they have been formed) within the project area”.⁴¹ In the case of the Mengen project, this was evidenced by consent forms signed or marked by 12 people purporting to be clan agents or ILG representatives with ownership rights over sections of the land.⁴² Eleven of those individuals are directors and shareholders of MRDL. These consent forms were witnessed by a Peace Officer from Bago Ward in Central Inland Pomio. There is no evidence of whether the PNGFA undertook any activities

to verify that the signatories were genuinely the clan agents for landowners in their area, or that all landowning clans from the FCA area were included.

The PNGFA was also provided with an agreement between MRDL and landowners in the area.⁴³ The agreement provides MRDL with the right to harvest timber in the Mengen area for a period of 10 years, subject to an FCA being granted. There is just one agreement covering all clans in the area. It states that it is between MRDL and the 12 clan agents who signed the consent forms. The template for this agreement states that one agreement should be signed by each clan, however in this case it appears only one agreement was signed. Attached to the agreement is a schedule with the names and signatures of 128 purported “resource owners” but it does not list which village or clan each person is from. According to the project proposal there are around 400 traditional owners living in the project area.⁴⁴

Documented opposition

Despite the paperwork provided to PNGFA, evidence suggests that a significant group of landowners in the area are opposed to the project. Throughout 2020, landowners in the area wrote to the Provincial Forest Management Committee (PFMC), the National Forest Board, their local Member of Parliament (MP) and the Provincial Police Commander raising objections to the proposed Mengen FCA.⁴⁵



“We the undersigned Clan Leaders of Mengen Land areas and Resources refuse outright to allow KKCL to come in to our area as we have had a negative experience with them in the past operations in our areas under their former name KEREWARA and now KKCL.”

Letter to PFMC signed by representatives of nine clans from Pakia, Bago, Mile, Kemetanme, Muro and Mukulu villages, August 2020

“We the undersigned clan leaders of Pakia, Mile, Mukula and Muro villages of the Extended Mengen Timber Resource area wish to make our stand clear that we refuse to allow KKCL/Westenders to come into our area or to submit any legal information to National Forest Authority bearing our resources. The area is inclusive of Gurale Timber area, Morena, Mante Tamana and Bumba.”

Letter to PFMC signed by clan leaders from Pakia, Mile, Muro and Mukulu villages, September 2020

“We, the majority resource owners of the Area referred to as “Extended Mengen Consolidated” have maintained our stand that we will NOT allow KKCL to log in our Area”

Letter to National Forest Board signed by landowner representatives from Pakia, Bago, Mile, Kemetanme, Muro, Muela and Lele villages and Ward Members for Bago, Navo, Muela, Malboni, Pakia and Mile Wards, November 2020

In these letters, landowners alleged that there had been major failures of due process in the way that the consent for the project was obtained.

Due process was not followed, firstly with only a handful of our Elites currently living in Kokopo who consented for KKCL to develop our Forest Resource Area.

Government's due Process in ENB totally ignored our call, our ownership rights was hijacked, incidents of rogue Police arresting our advocates and putting them behind bars.⁴⁶

Landowners have also raised concerns about a lack of transparency in the process, claiming they were not informed about the Project Development Plan contained in the FCA application, and that only the faction of landowners in support of the application had been given the opportunity to observe the PFMC meeting at which it was considered.⁴⁷

Landowners have also claimed that the formation of the landowner organisation was done in hotels in Kokopo without widespread knowledge of the communities on the ground.⁴⁸ While it appears that a public hearing was held on the project in 2019, there is evidence that this hearing saw significant community objection to the project. According to the Bago community leader, resentment about the project and neighbouring logging and oil palm resulted in a fight at the hearing and its cancellation. As a result no consent forms or community agreements were signed at that hearing. Officials from the PFMC were present with company officials and were pushing community members to consent to the project.⁴⁹ A letter from landowners to the NFB also referred to this public hearing, noting that "the Majority of us voiced a total objection in Meetings, with no amicable outcome."⁵⁰

One of the landowners' letters noted that the landowners had made an agreement with Vanimo Jaya, another logging company operating on New Britain, and preferred that company as a potential development partner.⁵¹

The landowners also raised concerns about KK Connections' failure to adhere to the conditions of its other FCAs on New Britain and called into question the procedures and key elements of the FCA application, including:

- The vetting process for the Environment Permit,
- The vetting process for ILG and clan ownership,
- The cross-cutting agricultural activities and economic plan,
- The social services infrastructure plan, and
- The road infrastructure plan.⁵²

A community leader who spoke with ACT NOW! also indicated that no services have been provided by the logging company so far, and only a few in the community are benefiting. While the project proposal promises that social infrastructure like schools, aid posts, health centres and community halls would be built by the developer and the local government, these, it is said, have not been built to date.⁵³

Environmental issues and protection of sacred sites

The Mengen FCA covers several areas of land of international environmental significance. In particular, the area south of Mt Ulawun forms part of the Nakanai Karst area, which has received Tentative World Heritage Listing based on its significant cultural, natural and ecological value and its biodiversity.⁵⁴ The adjacent Inland Pomio FCA also includes two proposed Wildlife Management Areas (Galue and Pakia WMAs).⁵⁵

The Tentative World Heritage listing for the area is not mentioned in the Project Proposal, not are the two adjacent wildlife corridors. The project's Environmental Permit also does not mention any of these zones or establish any regulations to protect the areas karsts.

The Project Proposal identifies only three sacred sites within the area, admitting that this “is perhaps unusual since traditional knowledge is highly treasured amongst the inland Mengen people”.⁵⁶ The Proposal does not outline how the project proponents went about identifying sacred sites in the area, and it seems unlikely that there would only be three inside the entire 52,000 ha area.⁵⁷

Police intimidation

ACT NOW! has seen credible reports of police working on behalf of KK Connections companies in the area to pressure landowners. In May 2020, the Executive Officer of the local MP for Pomio wrote to the Provincial Police Commander alleging that landowners favourable to KK Connections had engaged police to intimidate landowners who did not support the project.

These individuals have engaged police assistance in their pursuit to subdue the efforts of the legitimate landowners in their quest to protect their land and resources. As stated, it has reached the attention of the Member for Pomio and their Leader that the leaders of the legitimate landowners have been intimidated and locked behind cells for reasons of wanting to protect their resources.⁵⁸

The letter also sought police assistance to mediate between the two groups of landowners.

The Bago landowner representative interviewed by ACT NOW! also stated that community uprisings have allegedly been quashed with threats of police action. He alleged community members had been threatened for following up on company promises of building houses and infrastructure or for calling for replanting in the logged areas.⁵⁹

ACT NOW! has also witnessed police guarding commercial premises owned by the KK Connections group of companies in the Kokopo area.



Logs awaiting export, East New Britain

KK CONNECTIONS IN EAST NEW BRITAIN: BUILDING A COMPANY TOWN?

The Mengen Project is one of 17 current and past logging operations on New Britain island operated by companies in the KK Connections corporate group, one of the largest logging groups in Papua New Guinea.

The Mengen project operator, Westenders Limited, is described in the project proposal as “a private owned limited company”.⁶⁰ The company is owned by six individuals: Malaysian nationals Kuok Tiang Ling (also known as Kevin Ling), Han Hook See, Chung Kui Law and Ka Tai Lee, Chinese national Jiangfeng Zhang and PNG national Nassain Nakikus. All six are also directors of the company.⁶¹

While legally Westenders may be a privately owned company, in practice it shares a registered address in Kokopo and four overlapping directors and shareholders with KK Connections Limited. KK Connections is referred to as the “holding company” in passing within the project application⁶².

The KK Connections group of companies includes eight actively operating logging companies that operate predominantly in East New Britain Province (see Figure 6 and Table 1).⁶³ KK Connections is one of the largest corporate logging groups in Papua New Guinea by export volume. A further six companies appear to be part of the same corporate cluster, including KKC Sawmill Limited, KKC Veneer Limited and KKC Veneer No 2 Limited – all of which appear to be wood processing companies – and a company called Eastwest Oil Palm Industries Ltd.⁶⁴

THE KK CONNECTIONS GROUP

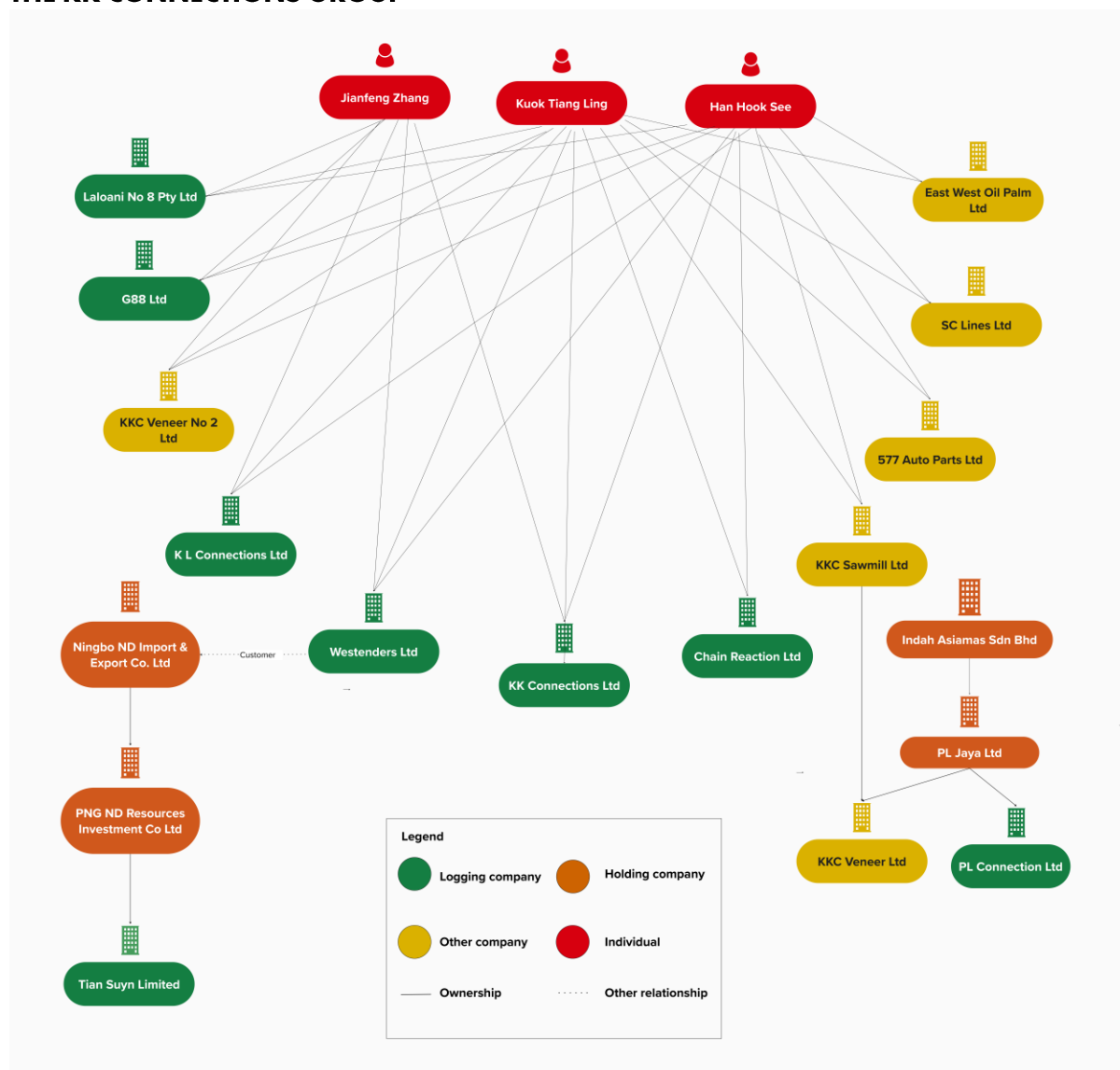


Figure 6: The KK Connections corporate group. Source: filings with PNG Investment Promotion Authority, as at 25 October 2023, supplemented with data from PNGi Portal where company filings were unavailable. Note: not all company shareholders are displayed in this diagram

The paperwork surrounding the Mengen operation highlights how integrated the different arms of this corporate family are. While Westenders was the co-applicant for the FCA, the five-year logging plan for the project was submitted by KK Connections and the approval for that plan was granted to K L Connections.⁶⁵ Two of the companies listed as the end market purchasers also appear to be part of the same corporate family – Ningbo Ying Li Timber Co Limited was a shareholder of KK Connections from 2009 to 2015, while Ningbo ND Import & Export Co is the beneficial owner of another PNG-based logging company in the same corporate family (Tian Suyn Limited).⁶⁶

KK Connections also has historical links to logging company Kerawara Limited. Prior to 2018, KK Connections Limited was listed as a subsidiary of the Kerawara Limited corporate group in official log export reports.⁶⁷ According to evidence at a government inquiry, Kevin Ling

previously worked for Kerawara as an employee before leaving to form KK Connections in 2006 and establishing the Toriu Timbers project in East New Britain.⁶⁸

KK Connections has been praised by the PNG government. In August 2021, Prime Minister Marape heralded KK Connections Limited as demonstrating model compliance with “the Government’s forestry sector policy” particularly with respect to “promot[ing] landowner initiatives and respect[ing] them as equal partners rather than spectators on their own land.”⁶⁹ In March 2023, the Prime Minister attended the opening of KK Connections new veneer mill in the Gazelle district of East New Britain. It is mooted the mill will be included in a new Special Economic Zone.⁷⁰

As well as being involved in logging, Westenders Limited holds two government roading contracts: a contract with the East New Britain Provincial Department of Works for the ‘New Britain Highway Missing Link’ and a contract with the Gazelle District Administration for road works.⁷¹

Table 1: Logging concessions in East New Britain operated by companies in the KK Connections corporate group

Concession	Operated by	Area (ha)	Licence Status	Last export
Suikol FCA	PL Connection Ltd	Unknown	Unknown	2022
Suikol Makolkol FCA	Tian Suyn Ltd	52,000	Expired	2018
Makolkol FCA	K L Connections Ltd	23,656	Expired	2021
Makolkol Kamarere TA	K L Connections Ltd	Unknown	Unknown	2018
Alangili Kamarere TA	Tian Suyn Limited	Unknown	Unknown	2017
Dengenge ‘A’ Integrated Agricultural Project FCA	Laloani No 8 Limited	Unknown	Expired	2022
Dengenge B Agro Forestry FCA	K L Connections Ltd	Unknown	Unknown	2022
Toriu Headquarters FCA	KK Connections Ltd	30,830	Expired	2018
Utnari Land Agro Forestry FCA	KK Connections Ltd	Unknown	Unknown	2022
Seraji & Extension TRP	KK Connections Ltd	31,850	Expired	2022
Taraiwara Ext Agro Reforestation FCA	KK Connections Ltd	22,800	Current	2022
Inland Lassul Baining FCA	KK Connections Ltd	Unknown	Unknown	2019
Inland Pomio (Galae) TRP	KK Connections Ltd & Chain Reaction Ltd	63,668	Unknown	2019
Extended Mengen TRP	G88 Ltd	57,100	Now part of Mengen FCA.	
Bakada TA	Tian Suyn Ltd	Unknown	Now part of Mengen FCA	2016
Mengen Integrated FCA	Westenders Ltd	52,100	Current	2022
Nutuve (Pulpul) TRP	PL Connection Ltd	52,843	Current	2022

Source: PNGi Forests, accessed 13 October 2023. Note there may be overlap between some concessions (for example, where a new FCA or TA has been granted on land previously covered by an expired TRP)

As well as multiple logging concessions, KK Connections operates several log ponds (a large storage yard where round logs are kept for export). The Mengen Project's FCA proposal mentions a company log pond at Bakada Port and other potential log ponds at Vatu, Galilolo and Ibana ports.⁷² KK Connections also owns a sawmilling company, KK Sawmill Limited, which runs a sawmill at the Toriu Project site, and a satellite sawmill at Anasanga Port.⁷³

This concentration of holdings means that northern part of East New Britain risks becoming overly dependent on one company, with KK Connections controlling land use and the major economic activity in the area. As KK Connections is a foreign owned corporate entity, this sits at odds with the objectives of the *Forestry Act 1991*, which aims to “maximise Papua New Guinean participation in the wise use and development of the forest resources as a renewable asset”.⁷⁴ It also sits at odds with Prime Minister Marape's stated aim to “Take Back PNG”. It may also make it harder for landowners to resist the company's logging proposals, as there are few other investors in the area to turn to, and reduces the incentive for KK Connections to provide competitive remuneration or benefits to landowners.

CUSTOMERS AND FINANCIERS

Financing

Two of PNG's commercial banks are mentioned in the Mengen Project's FCA application. Westenders Limited is listed as having an account with Bank of South Pacific's (BSP) Kokopo Branch.⁷⁵ In 2022, BSP published its Environmental and Social Risk Management (ESRM) Disclosure Statement, which requires it to assess its clients' environmental and social plans, policies or practices against established benchmarks, and then take action on non-compliance.⁷⁶ BSP has advised ACT NOW! that, in compliance with its ESRM policy, “all logging activities including production or trade in wood and other wood products sourced from unsustainable managed forest are considered excluded activities”.⁷⁷

ACT NOW! wrote to BSP seeking information on its relationship with KK Connections, but did not receive a response prior to publication of this report.

Australia-New Zealand (ANZ) Bank was also listed as the ‘proposed banker’ for both MRDL and KK Connections Limited in the FCA application.⁷⁸ In an email to ACT NOW!, ANZ advised:

We can't comment on the specifics of former or current customers, however, we can confirm we do not have a relationship with any of the companies in your letter [KK Connections and other companies identified as part of the same corporate group]. Our approach to banking the forests and forestry sector in PNG has evolved over a number of years in line with our regional presence and strategy. ANZ has limited appetite in this sector and will only consider customers that are certified and maintain their certification by the Forestry Stewardship Council (FSC).⁷⁹

In response to follow up queries, ANZ declined to comment on whether it had previously held a banking relationship with KK Connections or related companies, but advised that its approach to the logging sector had been in place for “many years”.⁸⁰

KK Connections companies have also previously received financing from non-bank lender Heduru Moni Limited (which trades as Moni Plus), as reported in ACT NOW!'s and Jubilee Australia's 2023 report, *Lending to the Loggers*.⁸¹ Heduru Moni is a finance company focused on personal loans, asset financing, term deposits and foreign currency payments. Financing for KK Connections companies has included:

- Financing provided to G88 Limited in 2020 for five Toyota Landcruisers;
- Financing provided to K L Connections in 2019 for seven Toyota Landcruisers;
- Financing provided to KK Connections in 2017-18 for four Isuzu trucks and 21 Toyota Landcruisers.⁸²

The value of this financing is likely to exceed K6 million (US \$1.6 million). Heduru Moni has not responded to multiple inquiries regarding these transactions or provided any information on its policies in relation to the logging sector.

Purchasers of the wood

The Mengen Project proposal also identifies the proposed buyers of the timber from the concession, both in PNG and overseas. The listed potential PNG buyers include:

- Central Mart Ltd
- Marhow Enterprises Ltd
- BNBM Ltd
- AES Timbers Ltd
- CPL Group of Companies
- JJ Holdings Ltd
- Leon Hardware Ltd

Proposed overseas buyers are from China, Malaysia, Japan, Taiwan and The Philippines.

Table 2: Target overseas buyers of wood products from Mengen FCA c

Location	Company	Round logs (%)	Sawn Timber (%)
China	Ningbo Yongli Lumber Co Ltd	25	10
China	Ningbo ND Import & Export Co Ltd	20	10
Malaysia	Popular Mart Co Ltd	05	-
Taiwan	Profit Grand Enterprise Co Ltd	05	-
Taiwan	Shining Star Corporation Limited	05	05
Japan	Sojitz Corporation	05	05
Philippines	Southern Mindanao Wood Products Inc	05	-
	SUBTOTAL	70	30

Source: Project Proposal, page 18.

The two Chinese buyers, which are identified to take 65% of the round logs and sawn timber, appear to both have current or past links to KK Connections. Ningbo ND Import and Export Co is the ultimate owner of Tian Suyn Limited, the company responsible for logging in the Bakada concession (which now forms part of the Mengen concession), and the neighbouring Suikol concession. Two of the shareholders of KK Connections were shareholders of Tian Suyn until 2021. Ningbo Yongli Lumber Co Ltd appears to be part of the China-based Ningbo Yongli Wood

Group.⁸³ A similarly named company, Ninbo Yongli Timber Pte Ltd, was a shareholder in KK Connections from 2009-2015.⁸⁴

While ACT NOW! does not have evidence of improper related party transactions in this instance, previous investigations into the practices of logging companies in PNG have identified significant risks for transfer mispricing.⁸⁵ In June 2023, the Internal Revenue Commission (IRC) imposed a K140 million tax penalty against a prominent logging operator for engaging in illicit tax evasion, specifically through transfer pricing.⁸⁶

One of the other listed potential purchasers from the Mengen concession, Sojitz Corporation, is a major Japanese trading company. It has previously been criticised for buying wood from illegal logging concessions in Papua New Guinea. In response to an investigation by Global Witness in 2017, the company said it would “not handle wood obtained through illegal logging” and would “seek to mitigate any negative impact” on human rights.⁸⁷ ACT NOW! sent an inquiry to Sojitz Corporation about the matters raised in this report but did not receive a response prior to publication.

FCAS NATIONALLY

PNG is the world’s largest exporter of unprocessed tropical logs. Just under one-third of those logs are currently harvested from operations authorised under an FCA.

HOW FOREST CLEARING AUTHORITIES ARE BEING USED TO STEAL OUR FORESTS



Forest Clearing Authorities (FCAs) are supposed to enable clearing of small, discrete areas of land for agriculture or other land uses. Instead, they are being used as a cover to allow foreign companies to steal PNG’s forests through large-scale logging operations.



FCAs are responsible for **1/3 of PNG’s total log exports.**



An average FCA is 58,595ha – the size of **7,324 rugby fields.**



Just over 1 million m3 of logs were exported from FCAs in 2022. This is enough to fill more than **27,000 shipping containers.**



Over 1.25 million hectares of land is covered by 24 active FCAs operations – **52 times the size of the NCD** (National Capital District).

While FCAs are intended to be granted only in situations where discrete areas of forest need to be cleared for an agricultural or other land use project, there are numerous reports of FCAs being misused for large-scale selective logging operations. For example, in 2018 Global Witness detailed evidence from field investigations that showed some FCAs were not being used to convert forest to agriculture projects but for extensive logging.⁸⁸ Global Witness also raised concerns about illegality in the granting of new FCAs, after the end of the SABL scheme. Forest Trends' 2021 Timber Legality Database also reports:

Forest clearance permits intended for agricultural development, often used as a pretext for gaining access to timber, have become a major source of logs exported from PNG over the last decade. These permits are frequently issued illegally and without transparency or due process, in particular violating laws around customary land rights.

FOREST TRENDS, 2021

These concerns have been endorsed by the PNG Forest Authority's own officers. In a 2017 planning retreat, PNG Forest Authority staff identified managing FCAs and agriculture clearance as a key priority area. It was noted that "existing procedures are not being fully implemented due to developers bypassing elements of the process and political pressure for developments to go ahead." The workshop made a number of key recommendations for the future management of FCAs including, "develop only 500ha blocks at a time" and cancellation of "non-compliant" FCAs.⁸⁹

In September 2023, ACT NOW! and Jubilee Australia published *Ten Years Without A Crop*, a case study on the Wammy FCA project in West Sepik Province.⁹⁰ That report revealed how another Malaysian owned logging company has been allowed to selectively log an area of over 100,000 hectares since 2013 under the guise of establishing an agriculture project that has never eventuated.

In December 2022 the National Forest Board responded to the concerns of abuse in the use of FCAs by imposing a 12-month moratorium on the issuing of new FCA permits and ordered an audit of existing FCA operations.⁹¹

This moratorium has not impacted the existing and ongoing FCA operations and the PNG Forest Authority has not responded to calls to conduct the auditing of these operations through an open and transparent process.

CONCLUSION AND RECOMMENDATIONS

This report identifies a number of significant concerns with the Mengen Project and its obvious focus on native forest logging over any kind of agriculture development. The project has failed to obtain genuine landowner consent, as required under PNG law, and has faced documented opposition from numerous local groups. There is insufficient evidence to conclude that any of the proposed agricultural projects underpinning the FCA are viable. Some agricultural activities mentioned in project application documents, such as the proposed cattle operation and the briefly mentioned vanilla and oil palm plantations, appear to have been concocted for the purposes of obtaining timber rights. Westenders Limited has failed to follow approved logging plans and has undertaken widespread selective logging, in violation of the Forestry Act.

On this basis, ACT NOW! concludes that all logging in the Mengen FCA area should be considered illegal, and all timber exported from this area considered illegal timber.

ACT NOW! makes the following recommendations.

The Mengen Project

ACT NOW! recommends that:

- 1 Westenders Limited, KK Connections Limited and related companies should:
 - (a) Immediately cease all logging activities in the Mengen Project area;
 - (b) Rehabilitate areas that have been degraded due to illegal selective logging;
 - (c) Provide compensation for any illegal logging activities and associated environmental impacts to the customary landowners.
- 2 The PNG Forest Authority should:
 - (a) Immediately stop any further logging in the Mengen FCA, stop any further log exports and seize any logs already harvested;
 - (b) Cancel the FCA for the Mengen Project (FCA 15-22);
 - (c) Investigate whether Westenders Limited, KK Connections Limited or related companies, have committed any of the offences in section 122 of the *Forestry Act 1991* and, if so, impose the relevant penalty;
 - (d) Provide compensation for any illegal logging activities and associated environmental impacts to the customary landowners.
- 3 The Royal PNG Constabulary should:
 - (a) Open a criminal investigation into the possible theft of forest resources from the Mengen FCA area and conspiracy to defraud landowners.
- 4 Banks and all institutions with anti-money laundering obligations providing services to companies in the KK Connections corporate group should:
 - (a) Review their risk exposure and discontinue any arrangements that could be connected to funds generated from the Mengen Project or the activities of companies mentioned in this report

Forest Clearing Authorities

The Mengen Project is just one of 24 currently exporting FCAs in PNG. The kinds of issues present in this project have been reported in numerous FCA areas, including via the SABL Commission of Inquiry. These concerns may have prompted the PNG Forest Authority's 2022 moratorium on issuing new FCAs. This moratorium is very welcome in light of the well documented legal and human rights concerns in relation to FCAs, but does not go far enough.

ACT NOW! therefore recommends that:

- 5 The PNG Forest Authority should:
 - (a) Publicly release information on its ongoing review of FCAs, including a schedule of the FCAs being reviewed and the findings of each review;
 - (b) Undertake public consultation, including and especially with affected landowners and civil society organisations, as part of the review of each FCA;
 - (c) Suspend log exports from all existing FCAs until this review is complete;
 - (d) Commit to extending the current moratorium on new FCAs until all recommendations and findings from the reviews have been fully implemented to prevent future abuse;
 - (e) Immediately establish a public register as required under the Forestry Act.

ANNEX A: TIMELINE OF KEY DOCUMENTS

Date	Event
October 2019	Agreement signed between Mengen Resources Development Ltd and Westenders Ltd to develop the Mengen Agro-Forestry and Reforestation Plantation Development Project
November 2019	Mengen Resources Development Limited incorporated
November 2019	Governor of East New Britain wrote to the Secretary, Department of Agriculture and Livestock in support of the Mengen project.
18 November 2019	Environment Permit issued to Mengen Resources Limited for the Mengen Land Agro-Forestry & Reforestation Plantation Development Project
7 January 2020	Member for Pomio wrote to the Secretary, Department of Agriculture and Livestock in support of the Mengen project
23 February 2020	Chairman of the Pakia Wildlife Management Area wrote to the Chair of the National Forest Board to object to the renewal of the Timber Permit within the Inland Pomio TRP.
16 March 2020	Representatives from Manu, Bago, Muro, Pakia, Kemetanme, Mile and Muela villages wrote to the member for Pomio Open electorate objecting to the proposed KK Connections FCA in their area.
28 May 2020	Chairman of the Pakia Wildlife Management Area, supported by a number of community representatives, wrote to the Chair of the Pomio District Development Authority to object to the renewal of the Timber Permit within the Inland Pomio TRP.
4 September 2020	Clan leaders from Pakia, Mile, Muro and Mukulu villages wrote to PFMC to object to the proposed Project
22 October 2020	The Executive Officer for the Pomio MP wrote to the ENB Provincial Police Commander raising concerns about police intimidation of landowners.
10 November 2020	Landowner representatives from Pakia, Bago, Mile, Kemetanme, Muro, Muela and Lele villages and ward members in the area wrote to the National Forest Board to object to the Mengen Project
27 Oct 2021	PNGFA approved 5 year Forest Clearance Plan for the Mengen Project (2021-26)
23 Nov 2021	PNGFA approved 2021-22 Annual Forest Clearance plan for the Mengen Project

ENDNOTES

¹ In October 2023, the Prime Minister called for PNG to be recognised as a “forest nation” on the global stage. In 2021, he told the UN General Assembly that PNG’s forests were “a significant asset for our planet”. The Marape government has also committed to curb and ultimately ban PNG’s round log exports. See: Department of Prime Minister and National Executive Council (2023) “Prime Minister Hon. James Marape Emphasises Papua New Guinea’s Commitment as a ‘Forest Nation’”, Media Release, 31 October, available at: <https://pmnec.gov.pg/prime-minister-hon-james-marape-emphasises-papua-new-guineas-commitment-as-a-forest-nation/> (accessed 6 November 2023); G S Maribu (2021) “PNG’s Prime Minister Wants to Save His Country’s Rainforest. He Can’t Do It Alone”, *The Diplomat*, 1 October, available at: <https://thediplomat.com/2021/10/pngs-prime-minister-wants-to-save-his-countrys-rainforest-he-cant-do-it-alone/> (accessed 6 November 2023); The Marape government has also committed to curb and ultimately ban PNG’s round log exports.

² ACT NOW! (2023) *Papua New Guinea Timber Legality Risk Assessment, 2023*, Port Moresby: ACT NOW!, available at: <https://actnowpng.org/sites/default/files/publications/Timber%20Legality%20Risk%20Assessment%202023.pdf>

³ Bank of PNG (2017) *Money Laundering and Financing of Terrorism National Risk Assessment*.

⁴ ACT NOW! and Jubilee Australia (2023) *Ten Years Without a Crop: the Wammy Rural Development Project*, Port Moresby and Sydney: ACT NOW! and Jubilee Australia.

⁵ Mengen Resources Development Ltd and Westenders Ltd, “Project Proposal, Mengen Land Agro Forestry & Reforestation Plantation Development Project”, undated, p. 12 and 16 (hereafter “Project Proposal”).

⁶ Project Proposal, p 12 and 16; Letter from KK Connections to National Forest Board, 30 September 2021.

⁷ It appears as though this TRP was initially three separate concessions that were later consolidated. It is described as a single concession on the PNGFA website (<https://www.pngfa.gov.pg/index.php/projects/timber-projects/west-new-britain-province-timber-projects>), but as three concessions in the Project Proposal (see page 9).

⁸ PNGi Forests, “Extended Mengen”, available at: <https://pngiforests.org/licence/extended-mengen> (accessed 18 October 2023).

⁹ Project Proposal, pp. 6, 8 and 9.

¹⁰ Letter from KK Connections Limited to PNGFA, 30 September 2021; Letter from PNGFA to K L Connections Limited, 27 October 2021.

¹¹ Project Proposal, p. 6.

¹² Societe Generale de Surveillance (SGS) (2023) Log Export Monitoring - Monthly Reports, December 2022 and April 2023.

¹³ PNGi Forests, Summary of log exports by licence type, <https://pngiforests.org/> (accessed 6 July 2023).

¹⁴ *Forestry (Amendment) Act 2000*.

¹⁵ *Forestry Act 1991* (as amended), s 90A and 90B.

¹⁶ Project Proposal, Cover letter (np).

¹⁷ Project Proposal, p. 15.

¹⁸ Project Proposal, p. 16.

¹⁹ Project Proposal, p. 14.

²⁰ Project Proposal p 63-64. There is also a detailed budget and income projections for the cocoa project, without detail on how these income projections are to be achieved and indeed whether the land is suitable for cocoa.

²¹ Project Proposal, p. 68-74.

²² Project Proposal, p. 16.

²³ The Galip Nut Company, <https://www.galipnuts.net/about/> (accessed 18 October 2023).

²⁴ See Project Proposal, p. 17.

²⁵ Project Proposal, p. 39 and p. 45.

²⁶ Project Proposal, Cover Letter.

²⁷ Project Proposal p. 60.

²⁸ Letter from Mengen Landowners to Member for Pomio Open, March 2020.

²⁹ Project Proposal, p. 17.

³⁰ ACT NOW! interview with landowner representative, Kokopo.

³¹ Project Proposal p. 11. The Agriculture Levy for the project is K2.00 per m3 of logs exported. The proposal projects that the Project will export 1 million m3 of logs.

³² Letter from Managing Director, PNG National Forests Service, to Managing Director, K L Connections, dated 27 October 2021.

³³ Note: the time period of the annual plan is November 2021 to October 2022, while the five-year plan is October 2021 to September 2022. Source: Letter from PNGFA to KK Connections re Approval of the 2021-2022 Annual Forest Clearance Plan for Mengen Integrated Agro-Forestry Project (FCA 15-22) East New Britain Province.

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- ³⁴ Project Proposal, p. 33.
- ³⁵ See *Forestry Act 1991* (as amended) sections 57-86.
- ³⁶ APEC Experts Group on Illegal Logging and Associated Trade (2021) “Timber Legality Guidance Template for Papua New Guinea”, available at: <https://www.apec.org/docs/default-source/groups/egilat/2021/0308apec-experts-group-on-illegal-logging-and-associated-trade-egilat-timber-legality-guidance-templa.pdf> (accessed 6 November 2023) at p 11-12.
- ³⁷ See ACT NOW!, *Papua New Guinea Timber Legality Risk Assessment*, p. 7-9.
- ³⁸ Project Proposal, p. 12.
- ³⁹ Project Proposal, p. 23. As MRDL has not re-registered with the PNG Investment Promotion Authority since the latest registry upgrade, its details are not available online.
- ⁴⁰ PNGi Portal, “Mengen Resources Development Limited”, available at: <https://pngportal.org/search/?q=%22MENGEN+RESOURCES+DEVELOPMENT+LTD%22> (accessed 17 October 2023).
- ⁴¹ *Forestry Act 1991* (as amended) s 90A(f)
- ⁴² Project Proposal, Annex, pp. 138-158.
- ⁴³ Project Proposal, Annex, pp. 158-164.
- ⁴⁴ Project Proposal, p. 36.
- ⁴⁵ A list of correspondence is at Annex 1.
- ⁴⁶ Letter from Mengen and Extended Mengen Landowners to National Forest Board, 10 November 2020.
- ⁴⁷ Letter from Mengen and Extended Mengen Landowners to National Forest Board, 10 November 2020.
- ⁴⁸ ACT NOW! interview with landowner representative, Kokopo, September 2023; Letter from Mengen Resource Owners to PFMC, 7 August 2020.
- ⁴⁹ ACT NOW! interview with landowner representative, Kokopo.
- ⁵⁰ Letter from Mengen and Extended Mengen Landowners to National Forest Board, 10 November 2020.
- ⁵¹ Letter from Mengen and Mengen Extension Land Owners to Member for Pomio Open electorate, 16 March 2020.
- ⁵² Letter from Mengen and Extended Mengen Landowners to National Forest Board, 10 November 2020.
- ⁵³ Project Proposal, pp. 30 and 80.
- ⁵⁴ UNESCO, “The Sublime Karsts of Papua New Guinea”, <https://whc.unesco.org/en/tentativelists/5064/> (accessed 26 October 2023).
- ⁵⁵ Letter from James Cook University academics to National Forest Board dated 6 May 2020, regarding Renewal of TP 15/49 within the Inland Pomio TRP.
- ⁵⁶ Project Proposal, p.55.
- ⁵⁷ Conservation and Environmental Protection Agency, Environment Permit issued to “Mengen Resources Limited”, 18 November 2019.
- ⁵⁸ Letter from Executive Officer for the Pomio MP to Provincial Police Commander, East New Britain Province, 22 October 2020.
- ⁵⁹ ACT NOW! interview with landowner representative, Kokopo.
- ⁶⁰ Project Proposal, p. 21.
- ⁶¹ Certificate of Good Standing, “Westenders Limited”, 13 March 2023, accessed from PNG Investment Promotion Authority on 15 October 2023.
- ⁶² Project Proposal, p. 28.
- ⁶³ Most companies have been grouped within the KK Connections corporate group based on having common shareholders and directors (see Figure 6). Tian Suyn Limited is considered a member of the KK Connections corporate group as it is a subsidiary of one of KK Connections’ largest customers (Ningbo ND Import & Export Co Limited), and because Kuok Tiang Ling and Han Hook See were directors and shareholders of Tian Suyn until 2021. PL Connection Limited is considered part of the KK Connections group as it is wholly owned by PL Jaya Limited, which is co-owner of KKC Veneer Limited, and shares a registered address with KK Connections Limited.
- ⁶⁴ ACT NOW! and Jubilee Australia Research Centre, *The New Timber Barons: The Companies Logging the Rainforests of Papua New Guinea*, Port Moresby and Sydney: ACT NOW! and Jubilee Australia, available at: https://actnowpng.org/sites/default/files/publications/The%20New%20Timber%20Barons%20-%20October%202022_o.pdf p 7
- ⁶⁵ Letter from KK Connections to National Forest Board, 30 September 2021; Letter from Managing Director, PNG National Forests Service, to Managing Director, K L Connections, dated 27 October 2021.
- ⁶⁶ For more detail on this and other corporate connections see ACT NOW! and Jubilee Australia, *The New Timber Barons*, p. 7.
- ⁶⁷ ACT NOW! and Jubilee Australia Research Centre (2021) *The Money Behind the Chainsaws: How Commercial Banks Support Destructive Logging in Papua New Guinea*, Port Moresby and Sydney: ACT NOW! and Jubilee Australia, <https://www.jubileeaustralia.org/resources/publications/banks-logging> at p 39-40.

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- ⁶⁸ Commission of Inquiry into SABL, Transcript of Proceedings, 16 November 2011, at p. 19, available at: https://landmatrix.org/media/uploads/actnowpngorgsitesdefaultfilescoi_sabl_46_waigani_16_november_2011pdf.pdf (accessed 15 October 2023).
- ⁶⁹ Prime Minister James Marape, Facebook post, 13 August 2021, available at: <https://m.facebook.com/PNGPRIMEMINISTER/photos/a.104198830988519/60353107721956/> (accessed 27 October 2023).
- ⁷⁰ Donald Nangoi (2023) “Veneer mill to boost local economy”, *Post Courier*, 15 March, <https://postcourier.com.pg/veneer-mill-to-boost-local-economy/>
- ⁷¹ Project Proposal, p. 25.
- ⁷² *Forestry Act 1991* (as amended) s 90A(f)
- ⁷² Project Proposal, p. 14.
- ⁷³ Project Proposal, p. 14.
- ⁷⁴ *Forestry Act 1991*, Preamble.
- ⁷⁵ Project Proposal, page 25.
- ⁷⁶ BSP (2022) “Environmental and Social Risk Management (ESRM) Disclosure Statement” available at: <https://www.bsp.com.pg/media/1cvncpzp/environmental-and-social-risk-management-disclosure-statement.pdf>
- ⁷⁷ See ACT NOW! (2022), “Banks Move to Stop Logging Finance but Gaps Remain”, ACT NOW! Blog, 21 September, <https://actnowpng.org/blog/blog-entry-banks-move-stop-logging-finance-gaps-remain> (accessed 2 November 2023).
- ⁷⁸ Project Proposal, pp. 22-23.
- ⁷⁹ Email from ANZ PNG to ACT NOW!, 23 October 2023.
- ⁸⁰ Email from ANZ PNG to ACT NOW!, 8 November 2023.
- ⁸¹ ACT NOW! and Jubilee Australia (2023) *Lending to the Loggers: How the Non-Bank Sector is Financing Forest Destruction in Papua New Guinea*, Port Moresby and Sydney: ACT NOW and Jubilee Australia, available at: <https://actnowpng.org/sites/default/files/publications/Lending%20to%20the%20Loggers%20WEB.pdf>
- ⁸² PNG Personal Property Securities Registry, Records of Security Interests, G88 Limited (25 October 2023); K L Connections Limited (25 October 2023); KK Connections Limited (8 May 2023). Available at: <https://www.ipa.gov.pg/str/index.aspx> (accessed 26 October 2023).
- ⁸³ Information on this company is available at the website of subsidiary Jiuhe Landscape Wood Industry, which appears to share an address with Ningbo Yongli Lumber Co. See: <https://jiuheningbo.cn.china.cn/company-information.html> (accessed 27 October 2023).
- ⁸⁴ See: ACT NOW! and Jubilee Australia, *The New Timber Barons*, page 7.
- ⁸⁵ Frederic Mousseau and Peiley Lau (2016) *The Great Timber Heist: The Logging Industry in Papua New Guinea*, Oakland; the Oakland Institute.
- ⁸⁶ IRC (2023) “Major Logging Operator Charged K140M For Tax Evasion”, 26 June, <https://irc.gov.pg/news/media-releases/major-logging-operator-charged-k140m-for-tax-evasion> (accessed 18 October 2023).
- ⁸⁷ Global Witness (2020) *Bending the Truth*, London: Global Witness, at p. 8.
- ⁸⁸ Global Witness (2018) *A Major Liability: Illegal logging in Papua New Guinea threatens China’s timber sector and global reputation*, London and DC: Global Witness, at p. 13-14.
- ⁸⁹ PNGFA (2017) “Summary Report Papua New Guinea Forest Authority Retreat”. Port Moresby: PNGFA at p. 26 and 32.
- ⁹⁰ ACT NOW! and Jubilee Australia Research Centre, *Ten Years Without a Crop*.
- ⁹¹ Public Notice dated 22 February 2023.

