

PAPUA NEW GUINEA TIMBER LEGALITY RISK ASSESSMENT, 2023

SUMMARY

Papua New Guinea is the world's largest exporter of tropical round logs and also exports significant quantities of sawn timber, plywood and veneer sheets.

There is a high risk that most of this timber has been illegally harvested. This is despite most timber harvesting operations having been licensed by the PNG Forest Authority.

Documented evidence indicates licences are routinely issued in breach of national laws and regulations and without the informed consent of community forest owners.

There is also well documented evidence that timber harvesting operations routinely breach national environmental laws and regulations and most are not managed in accordance with the principles of sustainable forest management.

Each of these legality risks is examined in more detail below, together with a brief overview of the level of timber exports and a summary of the general level of corruption in Papua New Guinea and the poor standards of governance in the forestry sector.

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1. OVERVIEW OF TIMBER EXPORTS

Timber harvesting in Papua New Guinea (PNG) occurs predominantly in natural forest areas with very little plantation production.

The majority of timber exports are in the form of tropical round logs. In 2022, PNG exported just over three million cubic metres of logs, maintaining its position as the largest such exporter in the world.

Logs from PNG were exported to eight countries, 80% to China, 10% to Vietnam, 2.7% to Malaysia, 2.7% to South Korea, 2.5% to India, 1.8% to Taiwan, 0.6% to Japan and 0.2% to Philippines.¹

Logs from PNG are used in the manufacture of a range of wood products in China, such as flooring, plywood and furniture, some of which is exported to the U.S., EU, Japan and elsewhere.²

There are only a limited number of wood processing facilities in PNG. These produce sawn timber, plywood, veneer sheets and other timber products for both the export and domestic market.

In 2019, the most recent year for which data is available, Papua New Guinea exported 220,000 m³ of sawn wood, 64,000 m³ of plywood, 63,000 m³ of veneer, 7,000 tonnes of charcoal and 288 tonnes of paper.³

The destinations of the sawn timber, plywood, veneer sheets and other timber products from PNG are not well documented but importers include China, India, Japan, South Korea and other countries in South East Asia and Australia.

2. CORRUPTION IN PAPUA NEW GUINEA

Any assessment of the risk that timber is being harvested illegally in Papua New Guinea must be made in the context of the overall level of corruption in the country.

Few commentators would argue with the assessment of the late Prime Minister, Sir Mekere Morata, that corruption in PNG is both 'systemic and systematic'.

According to the PNG office of Transparency International, 'both petty and high-level corruption are widespread and estimated to cost the government billions in lost revenue.'⁴

Papua New Guinea ranks in the bottom quartile globally in the categories 'Rule of Law', 'Control of Corruption' and 'Regulatory Quality' in the World Bank's meta-analysis of 'Worldwide Governance Indicators'.⁵

Papua New Guinea also ranks 130th out of 180 countries in the global Corruption Perception Index published annually by Transparency International (TI).⁶ PNG consistently ranks as the most corrupt country in its region in the TI index, as shown in the image below.

In 2022, Papua New Guinea's CPI score of 30 placed it below its Melanesian cousins the Solomon Islands (42), Vanuatu (48) and Fiji (43), far below its biggest aid donor Australia (75) and below its South East Asian neighbours, Indonesia (34), Malaysia (47) and the Philippines (33).

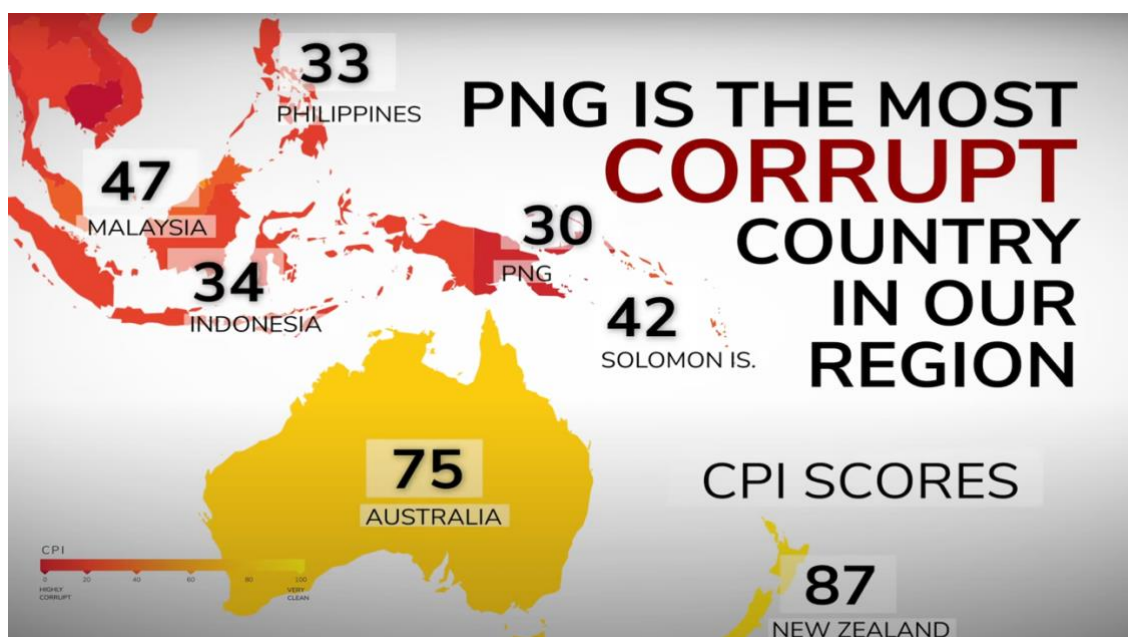


Image: *The Costs of Corruption, 2022. ACT NOW!*

3. CORRUPTION IN THE FORESTRY SECTOR

For decades, the high level of corruption in Papua New Guinea has been highlighted in official reporting as being particularly evident in the forestry sector.

In 1989, a Royal Commission of Inquiry famously described some logging companies as operating like nineteenth century robber barons, roaming the countryside, bribing officials and seizing whatever forest resources they desired.

“It would be fair to say, of some of the companies, that they are now roaming the countryside with the self-assurance of robber barons; bribing politicians and leaders, creating social disharmony and ignoring laws in order to gain access to, rip out and export the last remnants of the province’s valuable timber...”⁷

The Commission report led to drastic reforms of the forestry sector including the enactment of a new Forestry Act in 1991.

The Act established an autonomous Forestry Authority and imposed tighter controls on the allocation of forest concessions for development.

There is little evidence however that the legislative and administrative reforms have had any impact on the behaviours of the logging industry.

Indeed, in 2003, a government appointed review team that had spent three years investigating the development of new forest concessions and extensions granted to existing logging projects, handed to the Prime Minister’s office a confidential report that concluded things had actually become worse since the 1989 Commission of Inquiry.

In his report in the late 1980s Justice Barnett made reference to “Robber barons” of the forest industry roaming the countryside at will. The overwhelming

conclusion of the Review Team... is that the robber barons are now as active as they ever were. They are not only free to roam, but are in fact encouraged to do so by persons whose proper role is to exercise control over them... Only a Commission of Inquiry could hope to unearth the entire picture and unravel the web of deceit".⁸

A Forest Governance Integrity Baseline Report, published by Transparency International Papua New Guinea in 2011, also concluded that things had become worse, not better:

"It appears that despite the Forestry Act 1991, PNG has largely ignored the warnings of the Barnett Inquiry resulting in considerable deterioration in the management of forest resources and increasing levels of illegal logging and corruption."⁹

The report highlighted there was a 'high risk' of corruption throughout the whole process of forest management from undue influence and state capture in the amendment of forestry laws, bribery and collusion in both the acquisition of forest management rights from customary landowners and the award of logging permits, lack of monitoring of logging operations and their environmental impacts, undervaluing and underreporting of log exports to evade taxes, destruction and contamination of food and water sources due to lack of compliance with environmental laws and the unfair distribution of royalties due to landowners.

These conclusions have been endorsed by the international policy institute Chatham House. Its 2014 report *"Illegal Logging in Papua New Guinea"* concluded:

"Illegal practices are widespread, and the weight of available information (including independent reviews commissioned by the government, and the views of private sector experts surveyed by Chatham House) suggests that the majority of timber production in PNG is illegal in some way.

"The types of illegality recorded include: licences being issued or extended in breach of regulations (especially those relating to consultation with indigenous landowners); extensive breaches of harvesting regulations by concessionaires; and, most recently, the abuse of licences for clear-felling forest for commercial agricultural plantations."¹⁰

In an update, based on new empirical research, published in 2020, Chatham House concluded PNG had 'made little progress in addressing illegal logging' since its earlier assessment and 'regulatory mechanisms are weak and there remains a lack of transparency in forest resource allocation and widespread corruption.'¹¹

The Oakland Institute think tank published detailed reports on PNG logging companies in 2016 and 2018 that suggested logging companies in PNG engage in illegal logging, tax evasion and financial misreporting, costing PNG hundreds of millions of Kina in lost revenue.¹²

Preferred by Nature's 2017 legality risk assessment for timber sourced from Papua New Guinea identified multiple risks in every category of their evaluation. This included, for example, failure to obtain the free, prior, and informed consent of customary land owners, bribery in issuance of permits and licenses, failure to monitor compliance with harvesting rules, tax evasion through trade mis-invoicing, labour violations including use of illegal migrant workers and forced labour, and failure to follow CITES-implementing legislation.¹³

Legal Category	Sub-Category	Risk Conclusion	
		Natural forest and privately owned plantations	State owned plantations
Legal rights to harvest	1.1 Land tenure and management rights	Specified	Specified
	1.2 Concession licenses	Specified	Specified
	1.3 Management and harvesting planning	Specified	Specified
	1.4 Harvesting permits	Specified	Specified
Taxes and fees	1.5 Payment of royalties and harvesting fees	Specified	Specified
	1.6 Value added taxes and other sales taxes	Specified	Specified
	1.7	Specified	Low
Timber harvesting activities	1.8 Timber harvesting regulations	Specified	Specified
	1.9 Protected sites and species	Specified	Specified
	1.10 Environmental requirements	Specified	Specified
	1.11 Health and safety	Specified	Specified
	1.12 Legal employment	Specified	Specified
Third parties' rights	1.13 Customary rights	Specified	Specified
	1.14 Free prior and informed consent	Specified	Specified
	1.15 Indigenous/traditional peoples rights	Specified	Specified
Trade and transport	1.16 Classification of species, quantities, qualities	Specified	Specified
	1.17 Trade and transport	N/A	N/A
	1.18 Offshore trading and transfer pricing	Specified	Specified
	1.19 Custom regulations	Specified	Specified
	1.20 CITES	Specified	Specified
	1.21 Legislation requiring due diligence/due care procedures	N/A	N/A

Image: Preferred by Nature risk assessment for Papua New Guinea found specified legality risks in all nineteen relevant sub-categories.

Papua New Guinea's overall risk score was a dismal of 3 out of 100, making it one of the highest risk countries in the world for timber sourcing.¹⁴

In 2019, the Forest Stewardship Council (FSC) produced its own assessment of the risks associated with sourcing timber from Papua New Guinea.¹⁵ Specified risks were documented in 27 out of 31 categories.¹⁶

These international assessments of the levels of corruption, legality and mismanagement in the forestry sector in Papua New Guinea have been endorsed in Papua New Guinea by the Central Bank and the Internal Revenue Commission (IRC).

In an anti-money laundering risk assessment published in 2017, the Bank of PNG 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'.¹⁷

In 2021, the IRC announced a crackdown on the logging industry and accused it of being "one of the most delinquent sectors insofar as tax compliance is concerned", and guilty of "egregious" transfer pricing, "entrenched" tax evasion and "deceptive behaviour."¹⁸

In June 2023, the IRC announced it had completed the first of twenty audits of logging company tax compliance and that an unnamed but 'prominent' logging company was being charged K140 million for illicit tax evasion based on transfer pricing.¹⁹

In 2018, a Global Witness report titled ‘A Major Liability’, graphically illustrated how many logging operations in Papua New Guinea appear to be breaking the law.²⁰ Using analysis of satellite imagery, the report details hundreds of apparent violations of the Forestry Act in major logging operations – all of which hold government permits and all of which export timber.

A Timber Legality Risk assessment published by Forest Trends in September 2021, ranks Papua New Guinea in the highest risk category for illegal timber²¹ and in 182nd place out of 211 countries for the risk of illegal logging.²²

The risk was assessed against 21 areas of law relevant to timber production and national governance scores. The assessment notes ‘there are reportedly serious governance and corruption challenges highly relevant to the forestry sector. Multiple official inquiries and independent studies have documented widespread corruption and failure to enforce laws.’

“All tropical hardwood exports should be considered high-risk based on overall legality risk in PNG.”²³

4. LICENCES ISSUED IN BREACH OF NATIONAL LAWS

In 2022, Papua New Guinea’s reported log exports were sourced from 82 individual logging concessions.²⁴

All 82 concessions operated under a licence issued by the PNG Forest Authority. Logging in 66 (80%) of the 82 concessions was licensed under one of three different types of logging arrangement: a Timber Rights Purchase agreement; a Forest Clearing Authority; or a Forest Management Agreement. These 66 logging concessions produced 90% of the total volume of exported logs.

There are serious and well documented concerns about the legality of each of these types of logging operation.

TIMBER RIGHTS PURCHASES

KEY NUMBERS 2022		
% of total exports	No. of concessions	Volume of logs exported
38%	32	1,170,532 m3

Timber Rights Purchase Agreements are contracts signed by local forest communities that give the State the management rights over their forests. Many of these agreements were signed prior to PNG Independence in 1975, when customary land rights were written into the Constitution, and the agreements were not designed to ensure sustainable forest management or to protect the rights of the local people.

The concept of the TRP agreement was repealed in the Forestry Act 1991 and replaced with the Forest Management Agreement, a new arrangement with strict sustainability requirements and protections for local communities.

The Forestry Act required that old TRP agreements, many of which were for forty-years or more, be renegotiated and replaced with a new FMA. This though did not occur, and not only were the TRP

agreements left in place, when they expired some were extended with no attempt to include new sustainability provisions or obtain the consent of the current generation of local people. In the most blatant cases, some of these extensions have been granted to agreements which had already expired - something the courts have said is illegal.²⁵

Global Witness has published evidence that not only are agreements that have already expired years earlier, being extended in contravention of Forestry Act and the common law, the PNG Forest Authority charged at least one logging company fees equivalent to US\$75,000 for each extension.²⁶ There is no legal provision for such fees to be levied.

In 2022, more than thirty years after the introduction of the Forestry Act 1991, the volume of log exported under old TRP agreements is still nearly double that under the new FMA, which themselves only account for one-fifth of total exports.²⁷ In addition, it is reported that between 2019-21, 63% of logs exported from TRP areas were harvested under agreements that had already expired.²⁸

In 2018, Global Witness published an analysis of logging in four of the largest TRP areas, Wawoi Guavi, Turama, Makapa and Danfu. Global Witness reported multiple violations of the Forestry Act in all four concessions.²⁹

“All operators of the four Timber Rights Purchases (TRP) we examined appear to have repeatedly broken the law. The four TRPs we examined are among the largest of this type currently exporting timber and accounted for 16% of all of PNG’s log exports in 2017.”

In the Wawoi Guavi TRP area, for example, violations recorded included 41 roads where the cleared width exceeded the permitted margins, over 100 examples of logging or road building inside buffer zones around streams and wetlands and logging inside swamps,

Three of the TRP areas examined by Global Witness were still exporting logs in 2022. The 183,912 m3 sourced from the three concessions represented 6% of Papua New Guinea’s total log exports in that year.

In July 2021, the Deputy Chief Justice sitting as a judge in the National Court issued an order calling for ‘an immediate ban’ on any logging in Timber Rights Purchase areas until the Forest Authority and a number of other government agencies provided the court with a series of detailed reports on the environmental impacts of all logging operations in the country.³⁰ It was reported in February 2023, that while the Forestry Authority had not complied with the terms of the court order and logging in TRP areas was continuing, no enforcement action had been taken by the court.³¹

FOREST CLEARING AUTHORITIES

KEY NUMBERS 2022		
% of total exports	No. of concessions	Volume of logs exported
33%	24	949,603 m3

The Forest Clearing Authority is a logging permit that allows the clearing of discrete areas of forest so the land can be used for agriculture or other land use development or road construction.

There is evidence that Forest Clearing Authorities are being routinely abused in Papua New Guinea to allow large-scale logging operations over large areas of forest, in breach of the Forestry Act and the rules designed to ensure sustainable management.

“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.”³²

These concerns have been endorsed by the PNG Forest Authority’s own officers. In a 2017 planning retreat, PNG Forest Authority staff identified managing Forest Clearing Authorities and agriculture clearance as a key priority area.³³ 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.

A 2019 National Forestry Summit organised by the PNG Forest Authority also identified common concerns with Forest Clearing Authorities, including ‘land obtained without consent’, ‘theft of forest resources’, ‘poor to zero benefit sharing’, ‘non-compliance to Legislation and Policies’, and ‘lack of monitoring and enforcement’.³⁴

The Global Witness report, ‘A Major Liability’, published in 2018, describes the systematic violation of land rights in the issuing of Forest Clearing Authorities and details evidence from field investigations that showed FCAs were not being used to convert forest to agriculture projects but for extensive logging operations. The evidence collected, says Global Witness, ‘strongly suggests these permits were obtained fraudulently’. Global Witness also documented ‘concerning signs that due process has been violated when issuing recent FCAs’.

In December 2022, the National Forest Board responded to the concerns of abuse in the use of Forest Clearing Authorities by imposing a 12-month moratorium on the issuing of new FCA permits and ordered an ‘audit’ of existing FCA operations.³⁵

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.

The Forestry Act specifically requires that ‘in order to ensure that the land agriculture actually takes place, any Forest Clearing Authority shall provide that any forest clearing operation shall be authorised in four phases’. Each phase ‘shall represent approximately one quarter of the total area to be cleared’ and ‘shall be subdivided into blocks for clearing’ of a maximum of 500 hectares.³⁶

The Act then specifies that 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’.³⁷

Rights under a Forest Clearing Authority may be suspended ‘where the planned land use for which a forest clearing authority is granted is not progressing according to the development plan or implementation schedule’ or any condition of the FCA is breached.³⁸

There is evidence that these requirements are being routinely breached.

For example, logging in the Wammy FCA concession in East Sepik Province has been ongoing since 2015. In total 410,000 cubic metres of logs have been exported over an eight-year period.³⁹ Yet satellite analysis, conducted in April 2023, appears to show that while selective logging has occurred over a wide area, only 240 hectares of forest has been cleared for possible agriculture planting.⁴⁰

The Wewak-Turubu FCA concession provides another example of what appears to be the clear breach of legal requirements for this concession type. Logging in Wewak-Turubu has been ongoing since 2010. In total 1.1 million cubic metres of logs have been exported over a 13-year period.⁴¹ Yet satellite analysis conducted in 2023, appears to show that while selective logging has occurred over a wide area, almost no forest has been cleared for possible agriculture planting.⁴²

There has though been extensive oil palm planting within the boundaries of the Wewak-Turubu FCA concession - but it has almost all occurred in grassland areas with no forest clearance required. This planting outside of forest areas has led one independent analysis firm to conclude the palm oil produced from the area can be marketed as 'deforestation-free'.⁴³

That FCA licences are being routinely abused to facilitate large-scale selective logging operations is further reinforced by analysis of the size of the concession areas.

Although a Forest Clearing Authority is only supposed to be used to authorise the clearing of trees from an area of forest that is being converted to use for agriculture or other land use development, the average size of the log exporting FCA concessions in 2022 was almost 62,000 hectares.⁴⁴

To put this in perspective, New Britain Palm Oil Limited (NBPOL), the largest oil palm producer in the Pacific region and the largest private sector employer in Papua New Guinea, operates oil palm plantations in five different provinces of PNG and in the Solomon Islands. The total size of NBPOLs oil palm estate, across six provinces, is 90,000 ha.⁴⁵

West New Britain Province is regarded as the oil palm capital of Papua New Guinea. It has the largest and oldest oil palm estates anywhere in the country and is the headquarters for New Britain Palm Oil Limited. The total area of the oil palm estate in West New Britain is just 38,000 hectares.⁴⁶

There is very clearly a high risk that logging companies are using FCA licences not for the clearing of discrete areas of forest for agricultural planting but for traditional selective logging operations, in breach of the requirements of the Forestry Act. Such abuse, where it is occurring, would seem to be sanctioned by the PNG Forest Authority.

FOREST MANAGEMENT AGREEMENTS

KEY NUMBERS 2022		
% of total exports	No. of concessions	Volume of logs exported
21%	10	659,756 m3

The concept of the Forest Management Agreement was introduced in the Forestry Act 1991, as part of the sweeping reforms designed to correct the abuses revealed in the Barnet Commission of Inquiry.

A Forest Management Agreement is a contract between customary landowners and the PNG Forest Authority (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.

Under a properly managed Forest Management Agreement the logging company will select, cut and remove individual trees, leaving the surrounding forest intact to continue its growth.

Although the FMA was introduced in 1991 with the intention of replacing the earlier Timber Rights Purchase agreements and Local Forest Areas, thereby placing all large-scale forest management on a sustainable footing and protecting the rights of customary landowners, some thirty years later, only 21% of log exports were sourced from FMA areas.⁴⁷

Even where timber is being harvested under an FMA, there is substantial evidence that the logging may be illegal.

In 2018, Global Witness published a detailed assessment of logging in the four largest FMA areas then operating,⁴⁸ and found systemic illegalities.⁴⁹

“All operators of the four Forest Management Agreements (FMA) we examined appear to have repeatedly broken the law”.

Legality breaches identified included road clearances wider than the statutory maximum, logging in buffer zones around waterways, logging in areas of high relief, logging on limestone karst and logging in excess of the annual allowable cut.

The four FMAs examined accounted for 95% of all exports from FMA areas and 16% of all PNG's log exports in 2017. Three of the four concessions were still operating in 2022, when they accounted for 53% of all exports from FMA areas.

Between 2000-2005 the Papua New Guinea government commissioned five separate reviews of different aspects of the administration and practices of the logging industry.

The first review included an investigation of what was then the proposed Rottok Bay FMA concession. The review report, published in December 2000, found 'very serious issues of legal non-compliance including false documents, false declarations, misleading statements to the Forest Board by Forest Officers and disregard of landowner concerns'. The review also found inadequate landowner mobilisation and very poor awareness at the community level'.⁵⁰

More than four years later the same FMA project was the subject of a compliance audit that found none of the recommended remedial steps from the earlier review had been undertaken. The review advised against the execution of the project agreement but it went ahead regardless.⁵¹ First log exports from the project were made in 2007.⁵²

The 2000 review also investigated the proposed Amanab 1-4 and Amanab 5-6 FMA projects. The review found that neither project was listed in the National Forest Plan - a mandatory requirement under the Forestry Act. The review also identified that 75% of the forest area in the Amanab 1-4 project area was classified as 'fragile' but logging would only be commercially viable if these areas were harvested, which was in breach of the logging code of practice. Although the project was well advanced and the timber rights had already been acquired from the landowners, the legally required landowner consultation had not taken place and the incorporated land groups were flawed and 'unsatisfactory'. There had been no independent verification of the landowner groups nor their consent to logging, as required by the Forestry Act.⁵³

Three and a half years later, a follow up review found a Timber Permit had been granted despite the serious flaws in the project development process not having been rectified. The review advised the Timber Permit was invalid and void and recommended the Environmental Permit be cancelled. However, logging has been allowed to continue.⁵⁴

5. ABUSE OF CUSTOMARY LAND RIGHTS

In addition to the specific concerns regarding the legality of the different types of licences issued by the PNG Forest Authority, as detailed above, logging can also pose a serious threat to the legal rights and livelihoods of rural communities. These communities rely heavily on their natural resources for basic needs such as food, fresh water and building materials.

Around 85 percent of Papua New Guinea's population live in rural communities which collectively own around ninety-five percent of the total land area.⁵⁵

Although customary land rights are Constitutionally recognised and are protected in all laws, including the Forestry Act 1991, there is considerable and well documented evidence that these rights are routinely violated and that the PNG Forest Authority may be failing to ensure the free, prior, informed consent of community forest owners to logging operations on their land.

Over the past 50-years there have been a number of official inquiries that have revealed how customary land rights are seemingly being ignored in the allocation of logging and agriculture licences and leases.

Government reviews in 2001 and 2004 found that customary landowners were, in general, not giving informed consent to logging operations on their land.⁵⁶ Research conducted since that time has also found repeated instances of logging operations taking place without informed consent from landowners. In particular, a government commissioned review in 2013 found 90% of Special Agricultural and Business Leases it examined, covering more than 5 million hectares of land, did not have genuine landowner consent.⁵⁷

Landowners have extremely limited access to information, awareness of their rights, or involvement in official decision-making processes and those voicing opposition routinely face intimidation and sometimes violence at the hands of police and other actors working for logging companies.⁵⁸ The limited financial returns that are paid to communities are not equitably distributed and rarely reach the poorest and most disadvantaged.

6. UNSUSTAINABLE HARVESTING

Conservation and sustainable use of natural resources is a National Goal enshrined in PNG's Constitution and is a key responsibility of the PNG Forest Authority under the Forestry Act 1991. However, it is reported PNG lost 9 million hectares of forest between 1972 and 2014, with unsustainable logging one of the main drivers of forest loss.⁵⁹

As revealed earlier, more than two-thirds of Papua New Guinea's total log exports in 2022 came from logging operations that are not managed in accordance with the sustainability requirements of the Forestry Act 1991.

Indeed, 31% of total exports came from concessions that allow the complete clearing of forest for agriculture planting or other alternative land uses. A further 38% of exports came from concessions licensed under Timber Rights Purchase Agreements that predate the Forestry Act and where, according to Global Witness, the PNG Forest Authority has confirmed it does not enforce a 35-year cutting cycle.⁶⁰

Compounding the problem of a failure to apply sustainable forest principles in the awarding and management of logging concession licences, evidence suggests there is minimal or no enforcement of environmental regulations and the Logging Code of Practice.

In the 2018 study by Global Witness, of eight of the largest log exporting timber concessions, hundreds of breaches of environmental regulations and the logging code were identified.⁶¹

An earlier diagnostic mission conducted by the International Tropical Timber Organisation in 2007 found that existing provincial and national level forestry plans were based on “guesstimates” rather than a sound forest inventory, and that “sustainable forest management in its traditional sense is not practiced in PNG at present”.⁶²

Such findings were further endorsed in an analysis published by the Overseas Development Institute in 2007:

*“There has been little development of the strategic planning tools necessary to guide sustainability”.*⁶³

A Forest Trends report in 2006 meanwhile found that harvesting regulations designed to prevent over-logging are poorly enforced and implemented.⁶⁴

The 2000-2005 government reviews of the logging industry also found ‘many breaches of the logging standards go unreported and are not actioned’ and revealed that field-based officers had lost faith that their attempts to impose sanctions would be backed up by senior managers, who ‘take their cue from political leaders’.⁶⁵

The review also found the Department of Conservation was ‘ineffective in the forestry sector’ and its ability to undertake effective monitoring and control had been ‘fatally damaged’. Logging companies had a ‘general contempt’ for environmental and conservation values.

7. CONCLUSION

There is a very high risk that most of the timber harvested in Papua New Guinea is being obtained illegally. This is despite most timber harvesting operations having been licensed by the PNG Forest Authority.

The documented evidence presented above indicates a high-risk licences are routinely issued in breach of national laws and regulations and without the informed consent of community forest owners.

There is also well documented evidence of the risk that timber harvesting operations routinely breach national environmental laws and regulations and most are not managed in accordance with the principles of sustainable forest management.

ENDNOTES

- ¹ *Log Export Monitoring Monthly Report for December 2022*, March 2023, SGS.
- ² *Timber Legality Risk Dashboard: Papua New Guinea*, 2021, Forest Trends.
- ³ 'FAOSTAT', cited in Forest Trends, 2021.
- ⁴ *TIPNG Supports the Establishment of ICAC to Combat Corruption and Help Fix Budget Woes*, Transparency International Papua New Guinea.
- ⁵ <https://info.worldbank.org/governance/wgi/Home/Reports>.
- ⁶ Corruption Perceptions Index available at <https://www.transparency.org/en/cpi/2022>
- ⁷ *Commission of Inquiry into Aspects of the Timber Industry*, Interim Report No.4 Vol.1 at page 85.
- ⁸ *Forestry and Conservation Review Team Report on Confidential Matters*, February 2003, at page 1.
- ⁹ *Forest Governance Integrity Baseline Report Papua New Guinea*, 2011, Transparency International PNG, at page 7.
- ¹⁰ *Illegal Logging in Papua New Guinea*, 2014, Chatham House, at page 2.
- ¹¹ *Forest Policy Assessment Papua New Guinea*, 2020, Chatham House.
- ¹² *The Great Timber Heist*, 2016, and *The Great Timber Heist Continued*, 2018, Oakland Institute.
- ¹³ *Timber Legality Risk Assessment – Papua New Guinea*, 2017, Preferred by Nature.
- ¹⁴ Preferred by Nature global timber sourcing assessment - <https://preferredbynature.org/sourcinghub/timber>
- ¹⁵ FSC Centralized National Risk Assessment for Papua New Guinea (2019), available at <https://connect.fsc.org/document-centre/documents/resource/357>
- ¹⁶ A summary table is available at <https://connect.fsc.org/chain-custody-certification/fsc-risk-assessment-platform>
- ¹⁷ *Money Laundering and Financing of Terrorism National Risk Assessment*, 2017, Bank of PNG.
- ¹⁸ <https://actnowpng.org/blog/blog-entry-irc-adds-more-financial-crimes-logging-companies%E2%80%99-charge-sheet>
- ¹⁹ *Major Logging Operator Charged K140M For Tax Evasion*, 2023, IRC. Accessed on July 10 at <https://irc.gov.pg/news/media-releases/major-logging-operator-charged-k140m-for-tax-evasion>.
- ²⁰ Global Witness, 2018
- ²¹ *Papua New Guinea Timber Legality Risk Dashboard*, 2022, Forest Trends.
- ²² <https://www.forest-trends.org/idat/>. Accessed on 15 September, 2023.
- ²³ *Ibid*, at page 2.
- ²⁴ SGS, 2022.
- ²⁵ See for example, *Jack Apai v Minister for Forests and others* [2018].
- ²⁶ *A Major Liability*, 2018, Global Witness.
- ²⁷ SGS, 2022.
- ²⁸ *Papua New Guinea's forests back in the spotlight*, Filer, 2022, at page 57 - https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4249469
- ²⁹ *Ibid*.
- ³⁰ A copy of the Court order is available at <https://actnowpng.org/sites/default/files/Robin%20Kami%20v%20Aset%20Meriah%20PNG%20Limited%20OoS9%20of%202020.pdf>
- ³¹ <https://actnowpng.org/blog/blog-entry-multiple-logging-projects-appear-be-defying-court-ban>
- ³² Forest Trends, 2021 at page 6.
- ³³ Summary Report Papua New Guinea Forest Authority Retreat, 2018, Government of PNG / PNG Forest Authority.
- ³⁴ Papua New Guinea Forest Summit 2019 Report, 2020, Papua New Guinea Forest Authority.
- ³⁵ Public Notice by the PNG Forest Authority published in The National newspaper, 3 March 2023.
- ³⁶ *Forestry Act [1991] as amended, Section 90B*.
- ³⁷ *Ibid*.
- ³⁸ *Ibid*.
- ³⁹ PNGi Forest Portal website - <https://pngiforests.org/licence/wammy>
- ⁴⁰ *Ten Years Without a Crop: The Wammy Rural Development Project*, 2023, ACT NOW and Jubilee Australia.
- ⁴¹ PNGi Forest Portal website - <https://pngiforests.org/licence/wewak-turubu>

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- ⁴² *An update on oil palm expansion in Papua New Guinea*, 2023, Inovasidigital. See also, *Stained Trade*, 2017, Global Witness.
- ⁴³ *Ibid.*
- ⁴⁴ Calculated using data sourced from www.pngiforests.org.
- ⁴⁵ NBPOL, <https://www.nbpol.com.pg/operations.html>. Accessed on 10 June, 2023.
- ⁴⁶ *Ibid.*
- ⁴⁷ SGS, 2022.
- ⁴⁸ Rottock Bay, Amanab 1-4, 5-6, and Middle Ramu 1.
- ⁴⁹ Global Witness, 2018
- ⁵⁰ *Logging, legality and livelihoods in Papua New Guinea: Synthesis of Official Assessments of the Large-Scale Logging Industry*, volume 2, 2006, Forest Trends. At page 10.
- ⁵¹ *Ibid.*, at page 10.
- ⁵² PNGi Forest Portal website - <https://pngiforests.org/licence/rottock-bay-consolidated>
- ⁵³ Forest Trends Volume 2, 2006 at page 24.
- ⁵⁴ PNGi Forest Portal website - <https://pngiforests.org/licence/amanab-blocks-1-4>
- ⁵⁵ Manning, M. and Hughes, P. (2008). 'Acquiring land for public purposes in Papua New Guinea and Vanuatu.' In AusAID (ed.), *Making Land Work — Volume Two: Case Studies on Customary Land and Development in the Pacific*, pp. 241–263. Canberra: AusAID.
- ⁵⁶ Forest Trends Volume 2, 2006.
- ⁵⁷ SABL Commission of Inquiry, 2013.
- ⁵⁸ See for example <https://pngicentral.org/reports/logging-company-sends-police-to-terrorise-village-leader/> <https://www.abc.net.au/pacific/programs/pacificbeat/tensions-grow-along-png-sepik-river-as-logging-threatens/102072082> and <https://actnowpng.org/blog/png-police-brutality-highlights-troublesome-link-loggers>
- ⁵⁹ Logging and Forest Loss in Papua New Guinea, ACT NOW and Jubilee Australia, 2021.
- ⁶⁰ Global Witness 2018 at p23.
- ⁶¹ Global Witness, 2018.
- ⁶² *Achieving the ITTO Objective 2000 and Sustainable Forest Management in Papua New Guinea*. Report of the Diagnostic Mission. April 2007.
- ⁶³ What can be learnt from the past? A history of the forestry sector in Papua New Guinea. Papua New Guinea Forest Studies 1. 2007, Overseas Development Institute.
- ⁶⁴ *Logging, legality and livelihoods in Papua New Guinea: Synthesis of Official Assessments of the Large-Scale Logging Industry*, volume 1, 2006, Forest Trends. At page 41-42.
- ⁶⁵ Forest Trends Volume 2, 2006, at page 78.