

Buyers Beware

How European companies buying timber from *Industrie Forestière du Congo* risk falling foul of EU laws

14th March 2019



Buyers Beware

This briefing shows how ten European companies trading in timber from the Democratic Republic of Congo (DRC) risk falling foul of EU laws on illegal logging. The timber in question has been cut and exported by the logging company *Industrie Forestière du Congo (IFCO)*, the DRC's second biggest timber exporter.

In 2018 IFCO inherited two forest concessions from the well-known logging company Cotrefor. Cotrefor had been the subject of numerous reports of illegal logging, as well as allegations that it was controlled by known Hezbollah financiers named on a US Treasury sanctions list.

After looking into the company's vast concession near Baulu in the province of

Tshuapa, we uncovered serious concerns related to the legality of IFCO's logging operations.

These include:

- **Logging outside of boundaries:** Global Witness discovered clear evidence of IFCO logging outside of the approved "annual harvest area" between October and



Photo: IFCO and Cotrefor timber in a Chinese port, March 2019. © Sookie Chang.

December 2017. This directly contravenes DRC forest law and the company's own management plan.

➤ **Logging while suspended:** IFCO's activities were suspended by provincial authorities for several months in 2018 after it apparently failed to pay required taxes, to respect social agreements with local communities or to abide by labour laws. But the company continued its operations, carving out logging roads several kilometres long during this suspension period, most notably in March and April 2018.

WHY THIS MATTERS

European companies risk falling foul of EU laws on illegal timber. Our research into IFCO's international timber business shows that European companies – based in France, Belgium, Portugal, Spain, Italy and Poland – together placed over 1,400m³ of IFCO timber, with a value of approximately €2 million, on the EU market between June and October 2018.

Under the European Union Timber Regulation (EUTR), which came into force in 2013, companies must be able to show they have taken clear steps to reduce the risk that timber imported to the EU has been illegally harvested.

Significant quantities of IFCO timber were also exported to buyers in China, Taiwan and Vietnam during the same period. The current lack of regulation or import controls against illegal timber in these countries brings with it a risk of illegal timber entering broader international supply chains and consumer markets.

Illegal and unsustainable logging is a major threat to climate-critical forests and the communities that depend on them.

The DRC contains over two-thirds of the Congo Basin forest, the world's second largest tropical rainforest, which plays a critical role in reducing the effects of climate change. Illegal and unsustainable logging is one of the main threats facing the forests of the DRC, which provide vital shelter, food, fresh water and a livelihood for tens of millions of people. These forests are also home to thousands of plant and animal species, including endangered forest elephants, chimpanzees and bonobos¹.

European timber importers should take steps to avoid trading with sanctioned individuals and companies. Timber traders must demand full disclosure of IFCO's real owners in order to mitigate any risks that these logging operations are still controlled by companies or individuals that are sanctions-listed by the US Treasury as Hezbollah financiers.

WHAT MUST HAPPEN NOW

Global Witness believes that these legal breaches should be a serious cause for concern for any company that is importing IFCO timber into the EU, and that is therefore obliged to comply with the EUTR.

European traders importing timber from IFCO must ensure that they investigate and address the specific illegalities raised in this briefing, as part of their due diligence. If they cannot eliminate the risk that these illegalities are ongoing, they should cease buying timber from IFCO in order to avoid high penalties under EU timber laws, and to avoid being complicit in the illegal destruction of the rainforest.

In addition, any traders dealing with IFCO should mitigate the risk that the company has ongoing financial ties with any entities

that are sanctions-listed by the US Treasury as Hezbollah financiers. In order to do this they should demand full disclosure of IFCO's real owners.

The DRC's forestry authorities should investigate IFCO's activities during 2017 and 2018. They should seek to establish the extent to which the company's logging operations took place outside of authorised boundaries, and whether the company breached the law by flouting the decision of provincial authorities to suspend their activities.

THIS BRIEFING COVERS:

1. **IFCO AND ITS PREVIOUS GUISES:** Looks at who IFCO is, and some of the controversies linked to its predecessors, the companies Cotrefor and Trans-M.
2. **THE ILLEGALITIES:** Uncovers evidence of illegal and unsustainable logging in IFCO's Baulu concession.
3. **THE INTERNATIONAL BUYERS:** Looks into who IFCO's international clients are, particularly in Europe, and how they may have breached the EUTR.
4. **RECOMMENDATIONS:** Lays out what should happen next.

1. IFCO AND ITS DUBIOUS PREDECESSORS

IFCO is the second largest exporter of timber from DRC to international markets, with clients in a number of EU member states.²

The company directly controls two logging concessions in DRC. One of these is the Baulu concession (CCF 09/11) that is examined in this briefing. The concession covers a total of 278,602 hectares³, an area the size of Luxembourg in the remote forest province of Tshuapa.

The concession has been exploited under three different company names over the last ten years. Prior to being assigned to IFCO, it was held by Lebanese-owned companies called Cotrefor and, prior to that, Trans-M.

Throughout these changes the company's operations and personnel, as well as its logging contracts and other official documents, appear to have remained largely unchanged. While the precise reason for these changes of company name is unclear, they have conveniently served to distance the company from past controversies over links to terrorist financing, as well as numerous allegations of illegal logging.

Between 2005 and 2012, the Baulu concession was operated by the logging company Trans-M, which was part of the Lebanese-owned conglomerate Congo Futur.

In 2010 Congo Futur was placed on a terrorism sanctions list by the US Treasury⁴, as part of an effort to crack down on the financial networks of the Lebanese Shi'a militant group and political party Hezbollah.

In March 2012, Trans-M's largest shareholder Ahmed Tajideen told a Reuters journalist that he controlled both Congo Futur and Trans-M.⁵

Three members of Ahmed Tajideen's family have been placed on the US Treasury terrorism sanctions list, where they are described as Hezbollah fundraisers or financiers.⁶

AFTER THE SANCTIONS LISTING, TRANS-M IS RENAMED AS COTREFOR

Shortly following the sanctions-listing, 'Trans-M' changed its name to Cotrefor,⁷ a name it used from 2012 until 2018. During this period, Cotrefor was the subject of

various accusations of illegal logging,⁸ as well as continued questions about links to terrorist financing.

In February 2017, Global Witness published a report called ‘Unsanctioned Trade’. This outlined evidence that Cotrefor remained under the control of the sanctions-listed Congo Futur conglomerate.⁹ These allegations were refuted by Cotrefor, who stated that: “today, Mr Ahmed Tajideen plays no role within Cotrefor and appears in none of the company’s documents. Cotrefor has kept Trans-M’s former employees for their skill, ... and their customers”.¹⁰

In October 2017, Cotrefor was named in documents leaked from the *Banque Gabonaise et Francaise Internationale* (BGFI) bank in DRC. Reports on the leak named Cotrefor as one of a number of ‘Congo Futur subsidiaries’ whose accounts were held at BGFI.¹¹

Further attention was drawn to the Tajideen business empire during 2017 and 2018 by a high profile US court case involving Ahmed Tajideen’s brother Kassim Tajideen, who in December 2018, pleaded guilty to money

laundering. According to the Washington Post, “U.S. officials said Tajideen’s prosecution capped ... a three-year investigation into Hezbollah’s global logistics and financing arm.”¹²

COTREFOR TRANSFERS LOGGING CONCESSIONS TO IFCO

In January 2018 the DRC’s Ministry of Environment and Sustainable Development granted a request made by Cotrefor to transfer its logging concessions to a new entity called *Industrie Forestière du Congo*, or IFCO.¹³

IFCO retained many of Cotrefor’s staff in key roles related to sales, finance and logging operations. Official documents seen by Global Witness show that IFCO is run by a Mr Ali Khalil. However, the identity of IFCO’s shareholders is not publicly available.¹⁴

PRIOR ALLEGATIONS OF ILLEGAL LOGGING BY COTREFOR AND TRANS-M

Both Cotrefor and Trans-M have a track record of involvement in illegal logging. They have been accused of breaking

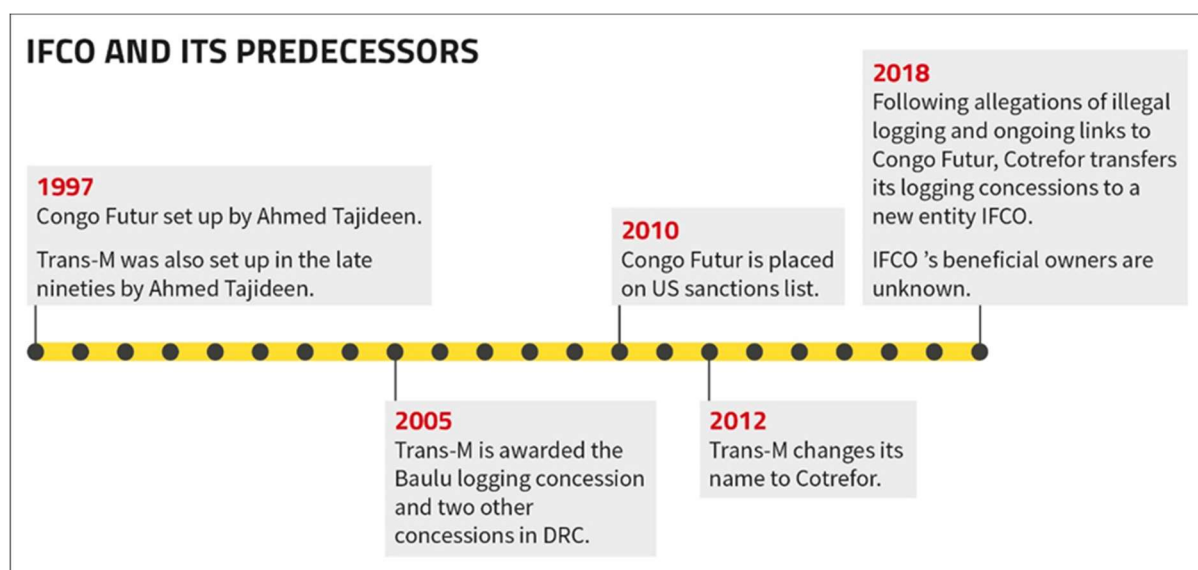


Figure 1: IFCO and its predecessors: ‘Trans-M’, ‘Congo Futur’ and the Tajideen family.

environmental, social and labour laws on numerous occasions.

A 2015 report by Greenpeace accused Cotrefor of “a shocking record of employee mistreatment, unpaid taxes, rampant irregularities in operational procedure with regards to felling trees and exceeding allocated quotas of endangered species.”¹⁵ Independent Forest Monitors in DRC documented a range of legal breaches by Trans-M / Cotrefor between 2011 and 2017.¹⁶

In 2016, Greenpeace initiated a court case in France in relation to several French timber traders who were importing Cotrefor timber from DRC.¹⁷ The case is focused on an alleged failure to comply with the EUTR and is ongoing.

There is a risk that IFCO’s European clients may not be aware that its concessions were

until recently operated under the names Cotrefor and Trans-M. They may therefore fail to consider the significant amount of prior information that is publicly available about illegal activities in these concessions.¹⁸ It is vital that reports of past illegal activities by Cotrefor and Trans-M are examined by IFCO’s current European clients as part of their due diligence, as required by the EUTR.

In addition, given questions regarding Cotrefor/Trans-M’s historical links to sanctions-listed entities, any timber trader dealing with IFCO should obtain detailed information on the identity of the company’s shareholders or beneficial owners, as a basic part of its due diligence.

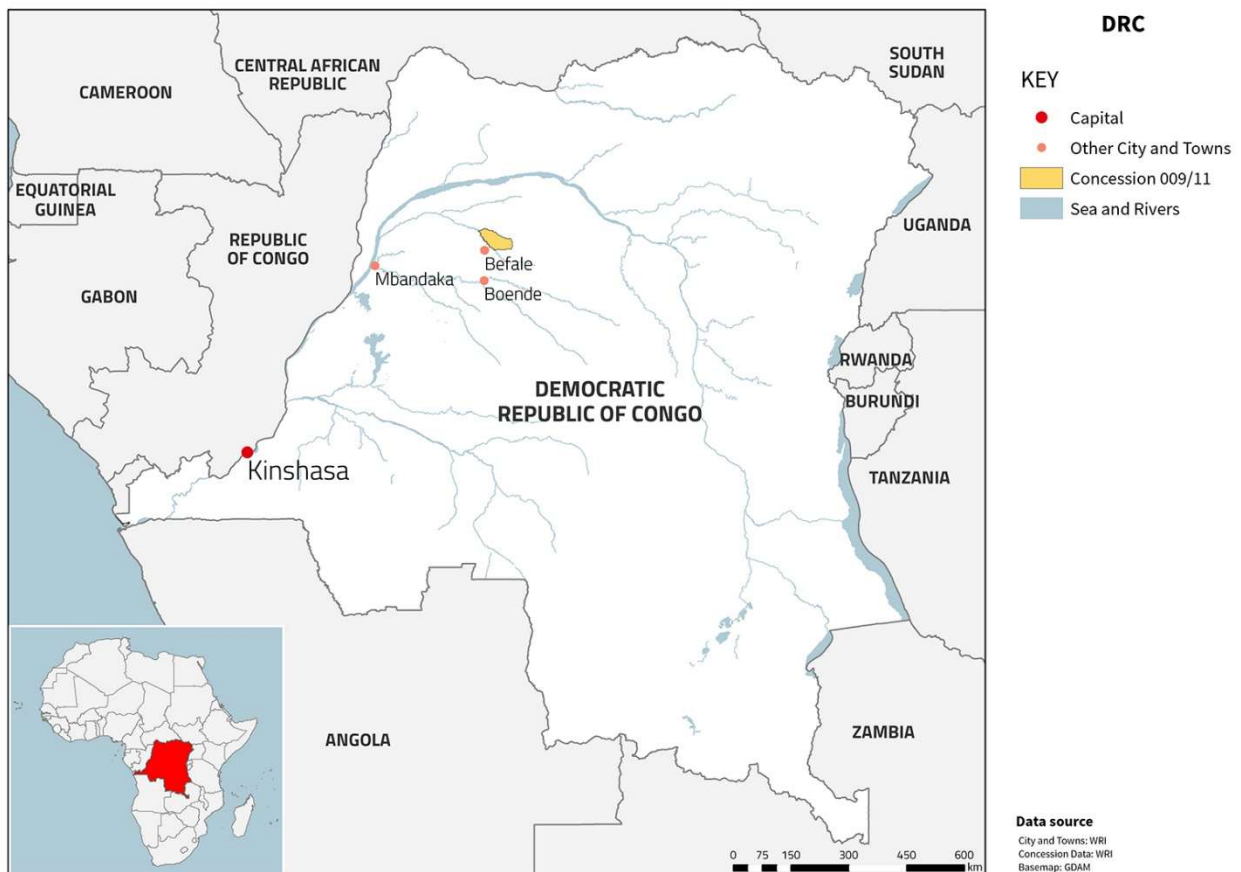


Figure 2: The location of IFCO’s Baulu logging concession

2. EVIDENCE OF ILLEGAL AND UNSUSTAINABLE LOGGING IN IFCO'S BAULU CONCESSION

This section sets out evidence that IFCO and its predecessor companies have been logging illegally and unsustainably in its Baulu concession.

It has done this, not just by logging outside of approved boundaries, but by also continuing to operate while suspended for breaches of Congolese law. In addition, it appears that the company has failed to allow areas of forest to “recover” after logging, undermining any claim to be logging ‘sustainably’. Global Witness has written to IFCO, and its predecessor Cotrefor, asking if

they would like to respond to the allegations in the report. We did not receive any reply.

OUR ANALYSIS

Global Witness has obtained the unpublished 25-year management plan for IFCO’s Baulu concession. This management plan covers the years 2013-2037, and was developed by IFCO’s predecessor Cotrefor. We have reviewed this document along with the concession’s four-year management plan, which covered logging operations between 2011 and 2014. These documents indicate the areas where the company intended to log during specific years, as well as containing information on the history of logging operations in the concession going back to 2006.

We have also examined Landsat and Sentinel satellite images of the concession taken

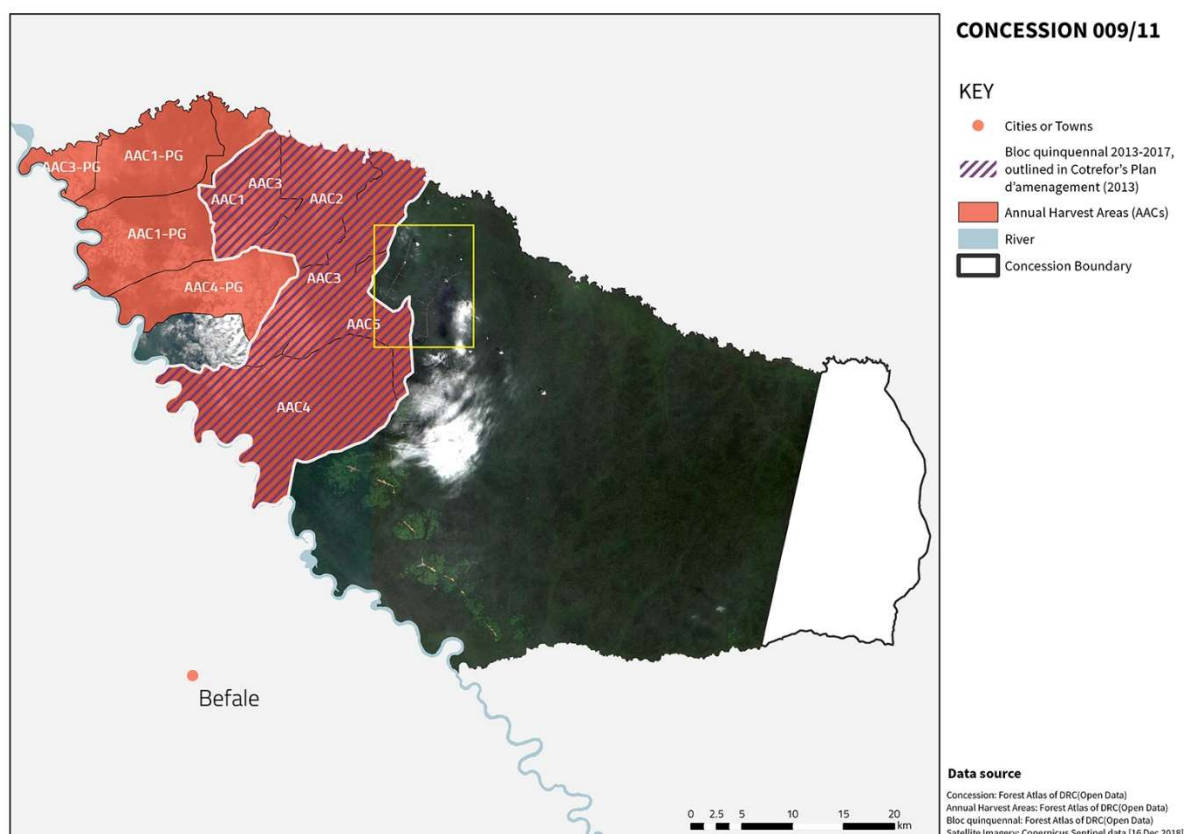


Figure 3: location of logging roads in concession 09/11 that are identified in this briefing.

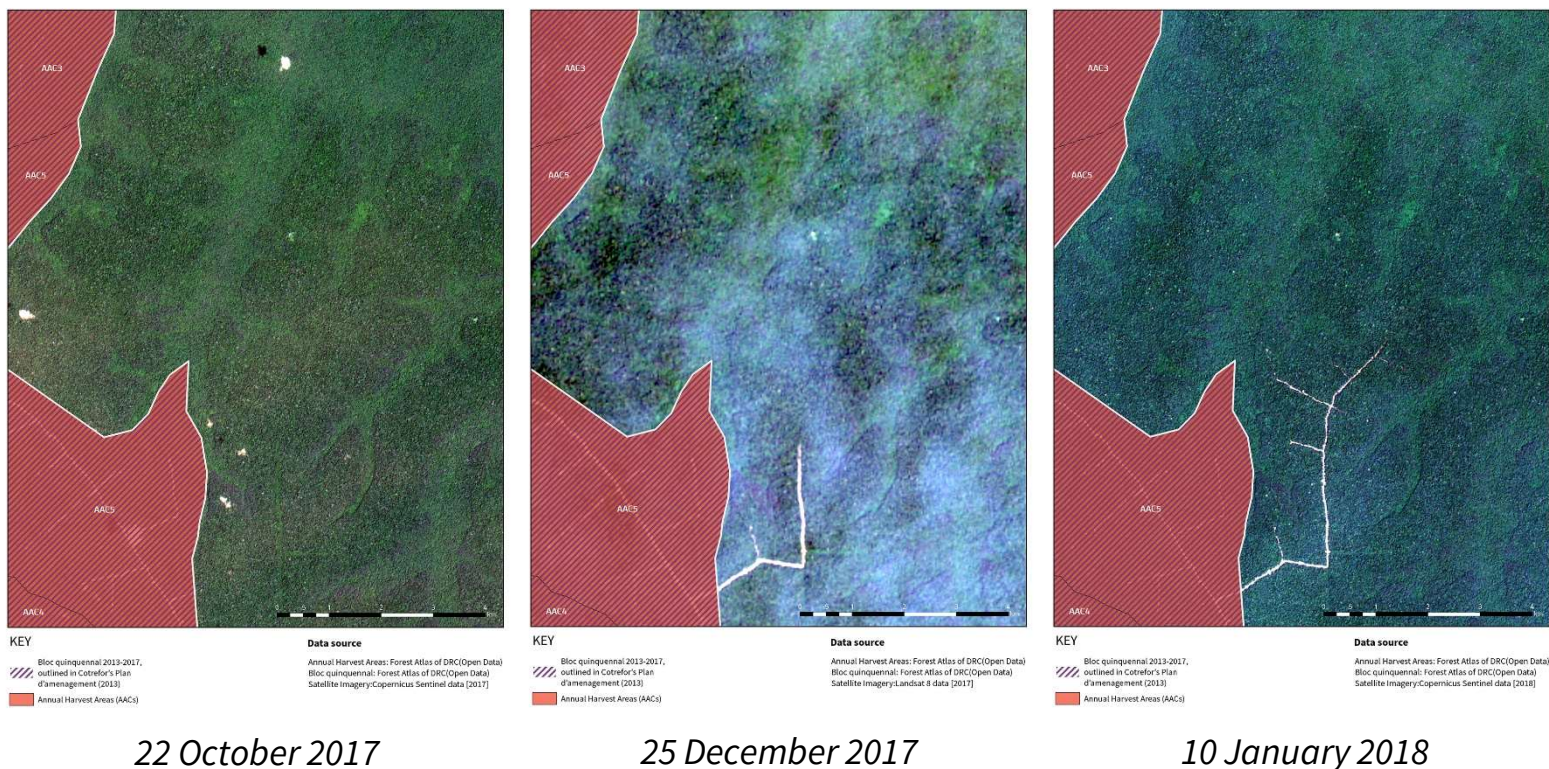


Figure 4: Satellite images showing logging roads outside of the permitted harvest area for 2017

between 2013 and 2018, which show when and where logging activity took place.

The data has been cross-referenced with the location of annual harvest areas for this concession, published on the DRC Environment Ministry’s online ‘Forest Atlas’.¹⁹

LOGGING OUTSIDE OF BOUNDARIES

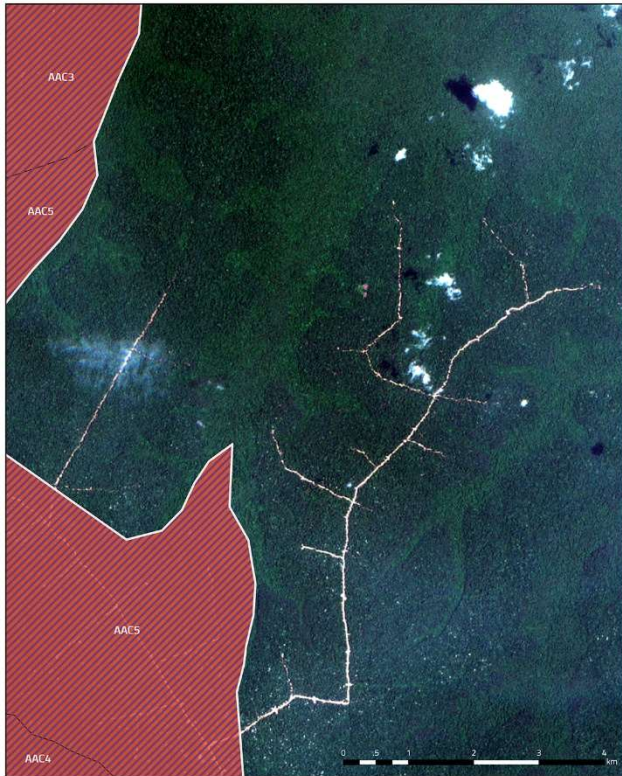
Forest concessions in DRC are sub-divided into 25 annual harvest areas or *assiettes annuelles de coupe* (AAC), one for each year of the contract. Logging operations are only permitted within annual harvest areas that have been opened for logging.

Global Witness undertook a satellite analysis of the spread of logging roads in IFCO’s Baulu logging concession (CCF 09/11), to ascertain whether the annual harvest areas were being respected.

Our analysis shows clearly that, during 2017, the company logged out of boundaries, creating logging roads that extended between 5 and 20 km into the forest outside of the permitted harvest area.

This analysis was based on Landsat and Sentinel satellite images, taken every few weeks depending on cloud cover. Logging roads can be seen clearly on these high resolution satellite images. The location of logging roads was checked against the approved annual harvest areas and five-year harvest blocs (*‘blocs quinquennaux’*), to establish whether logging operations were being undertaken in the correct area.

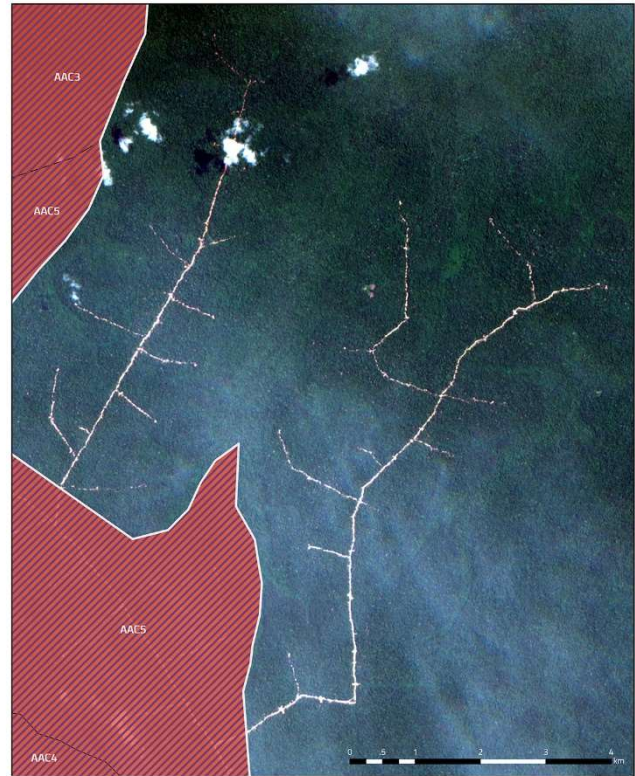
Satellite images taken on 22 October and 25 December 2017 show that between these two dates, approximately 5 km of logging roads were carved into the **forest outside of the permitted harvest area for 2017**. By 10



KEY
 // Bloc quinquennal 2013-2017, outlined in Cotreor's Plan d'aménagement (2013)
 Annual Harvest Areas (AACs)

Data source
 Annual Harvest Areas: Forest Atlas of DRC (Open Data)
 Bloc quinquennal: Forest Atlas of DRC (Open Data)
 Satellite Imagery: Copernicus Sentinel data [2018]

11 March 2018



KEY
 // Bloc quinquennal 2013-2017, outlined in Cotreor's Plan d'aménagement (2013)
 Annual Harvest Areas (AACs)

Data source
 Annual Harvest Areas: Forest Atlas of DRC (Open Data)
 Bloc quinquennal: Forest Atlas of DRC (Open Data)
 Satellite Imagery: Copernicus Sentinel data [2018]

20 April 2018

Figure 5: Satellite images showing growth of logging roads during a period when IFCO's operations were suspended by authorities.

January 2018 these roads had been **extended to measure more than 20 km.**

The areas where the company was permitted to log in 2017 can be identified using maps contained in the company's unpublished 25-year management plan, seen by Global Witness, along with data on annual harvest areas from the DRC's official 'Forest Atlas'.²⁰

It is not possible to ascertain whether operations during 2018 were taking place outside of authorised boundaries, as maps of the 2018 annual harvest area have not been made publicly available. But in view of the extent of logging roads visible in the satellite images, it is very clear that illegal, out-of-

bounds logging took place between October and December 2017.

Cutting down trees outside of the annual harvest areas that are currently open is forbidden by Article 64 of DRC's key legal text on logging operations (*Arrêté 84 du 29 octobre 2016 portant conditions et règles d'exploitation des bois d'œuvre*).²¹ The creation of logging roads through the forest clearly requires extensive felling of trees, as well as being a sign that timber is being extracted for sale. This is therefore a clear breach of the DRC's forest laws.

SUSPENSION OF IFCO'S ACTIVITIES BY THE GOVERNOR OF TSHUAPA PROVINCE

In February 2018, the Governor of Tshuapa province wrote a letter to the manager of IFCO's logging concession in Baulu. The letter stated that the company's operations were henceforth suspended because of a number of specific legal violations.

The governor accused the company of behaving "as if they were in a conquered land or *terra nullius*",²² specifically citing the following legal violations:

- Breaches of DRC's labour laws;
- The non-respect of social agreements signed with local communities by IFCO's predecessor, Cotrefor, and the apparent lack of a social agreement with communities in the area to be logged by IFCO in 2018;
- The non-payment of area-based tax (*taxe de superficie*) and other taxes.

Global Witness understands that the company's logging operations remained suspended by the provincial governor between February and August 2018.

However, analysis of satellite imagery indicates that the company continued extensively logging the forest throughout March and April of 2018, seemingly flouting the ban put in place by the authorities.

FAILURE TO ALLOW AREAS OF FOREST TO RECOVER AFTER LOGGING

The legal framework for industrial logging in DRC is based on the principle that

concessions should be logged "sustainably" within a 25-year rotational cycle. This is meant to allow areas of forest that have been logged to recover for 25 years, before they are logged again.

Global Witness has analysed satellite imagery of logging activities in the Baulu concession since 2013, along with information on the previous history of logging activities that can be found in the concession's management plans. These show that, rather than leaving logged areas to recover for 25 years, the company has often returned to log the same areas of forest within ten years or less.

For example, a large area of forest near the village of Lofuko, which falls in the annual harvest area for 2016²³ and which was heavily logged in that year, had previously been logged only ten years earlier by Trans-M in 2006.²⁴

Similarly, the annual harvest area for 2013²⁵, located near the village of Lisoko, was first logged by Trans-M in 2010 before being logged once more in 2013, 2014 and 2015.²⁶

Reopening these areas to logging after such a short period is not technically an explicit breach of DRC law. Nevertheless, these practices strongly suggest that logging operations in the Baulu concession are unsustainable, despite the company having developed a much-vaunted 25-year management plan.

DRC'S FOREST LAWS AND THE THEORY OF "SUSTAINABLE FOREST MANAGEMENT"

Proponents of industrial logging in the Congo Basin argue that logging can be done in a way that does not cause long-term environmental damage – provided that concessions are managed according to a set of principles commonly known as sustainable forest management (SFM).

Under SFM principles concessions should be logged on a rotational basis. Concessions are typically divided into annual logging areas, which are logged according to a 25 to 30-year cycle. The theory behind this is that areas of forest that have been logged are able to recover for 25 years before being logged again.

This theory, while supported by the logging industry, has been contested by a number of scientific studies. Even if SFM was sustainable in principle, legal breaches and abuses of its basic principles like those carried out by IFCO, are almost universal in the tropical timber industry. Nevertheless, the SFM paradigm has been heavily supported by some international donors. The most significant of these is the *Agence Française de Développement* (AFD), which plans on spending at least €52.65m directly and indirectly supporting logging companies in the Congo Basin between 2006 and 2027.²⁷ In fact, Cotrefor is named as a potential beneficiary in a programme currently proposed by the AFD to the mainly Norwegian-funded Central African Forests Initiative.²⁸

In DRC, SFM principles form the basis of the legal framework on how logging companies are supposed to operate.

There are two key documents that outline how logging companies are running their concessions in line with the principles and practices of SFM:

- The logging concession's 25-year management plan (*plan d'aménagement*), which companies are legally obliged to develop within five years of signing a logging concession contract.²⁹
- The logging concession's four-year management plan (*plan de gestion*), which covers operations during the initial period while the 25-year management plan (*plan d'aménagement*) is being developed.

The handful of 25-year *plans d'aménagement* that have so far been approved by DRC's Environment Ministry³⁰ remain unpublished, although many four-year *plans de gestion* are publicly available.³¹

These documents outline how the concession will be operated on a 25-year rotational cycle, by dividing the concession into five-year and annual harvest blocs. It is this system that IFCO has flouted, according to our satellite analysis.³²

Each approved annual harvest area can only be logged once within the 25-year period defined in the management plan. The law allows for annual harvest areas, once opened for logging, to remain open for an additional two years to allow timber to be evacuated. It is explicitly prohibited to log in an annual harvest area that has not yet been opened.³³

Clearly this system would only stand a chance of ensuring a minimum of 'sustainable' logging, if companies adhere to their management plans. In practice that would mean only logging in an annual harvest area during the permitted years.

However, satellite analysis undertaken by Global Witness suggests that this is often not the case.³⁴ Moreover, evidence from local officials and NGOs indicates that forestry inspectors in DRC rarely conduct any checks on whether companies are logging outside of boundaries. These findings have serious implications, not only in terms of the risk of illegal timber exports from DRC, but also for the suitability of the SFM model in countries where official oversight of companies is weak.

3. INTERNATIONAL BUYERS OF IFCO TIMBER AND THEIR LEGAL OBLIGATIONS

European companies have imported significant quantities of timber from IFCO in recent months, although the bulk of IFCO's timber exports are destined for markets in Asia.

At least ten EU-based companies in six different EU member states bought timber from IFCO between June and October 2018, according to documents seen by Global Witness.

These European buyers are: JAF Polska (Poland), France Noyer, Edwood, Angot Bois, Timbearth and Carbon Market Timber (France), TimTrade (Italy), Exott (Belgium) and Interarrod (Portugal), as well as an unconfirmed Spanish buyer.

Global Witness wrote to all of the companies named in this report asking if they would like to respond to our findings. Certain EU timber traders responded. The company France Noyer stated that they source small amounts of "abandoned" timber from IFCO. France Noyer claims that this timber come from areas where IFCO is authorised to log, and that France Noyer has an employee in DRC who verifies this. The company believes that IFCO is operating in full compliance with DRC's laws, and that the necessary paperwork is in place and validated by local authorities.

The Portuguese company Interarrod stated that, while they have previously purchased timber from both IFCO and Cotrefor, they have ensured that they are in full compliance with the EUTR and have undertaken rigorous due diligence in relation to all aspects of IFCO's operations. Their due diligence

system includes documentary evidence, as well as third party checks on timber operations at source. They told us that they were inspected by the Portuguese authority in relation to shipments of Cotrefor timber in 2017.

WHAT IS THE EU TIMBER REGULATION?

The EUTR requires companies' due diligence systems to assess the severity of the risk that timber imports have been illegally harvested.³⁵ The risks of illegal harvesting that are identified in timber supply chains must be mitigated down to a 'negligible' level by companies' due diligence systems.

Each EU member state has designated a 'competent authority' to monitor and enforce companies' compliance with the EUTR. These competent authorities are required to undertake regular checks on the due diligence systems put in place by timber importers, to ensure that they adequately address risks of illegally harvested timber in their supply chain.

Competent authorities have previously been criticised for weak enforcement of the EUTR.³⁶ In October 2017, the European Commission began legal proceedings against Belgium for carrying out insufficient checks on timber importers. In November 2018, the French Government's National Strategy on Imported Deforestation underlined that France's application of the EUTR "will require substantial improvement".³⁷

Because the European companies listed above have placed timber on the EU market, they have specific obligations under the EUTR.

Most notably, they are obliged to conduct proper 'due diligence' into the legality of

Table: exports of IFCO timber to European Union, June-October 2018

Date of export from DRC	Buyer	Port of discharge	Volume (m ³)	Timber species	Logs or sawn timber
23/6/2018	Exott, Belgium	Antwerp, Belgium	67	Sapelli	Sawn timber
6/8/2018	TimTrade, Italy	Livorno, Italy	35	Sapelli	Sawn timber
18/8/2018	Edwood, France	La Rochelle, France	46	Sapelli	Sawn timber
20/8/2018	Angot Bois, France	La Rochelle, France	333	Khaya	Logs
25/8/2018	Identity of importer unconfirmed*	Valencia, Spain	453	Etmoe	Logs
25/8/2018	Identity of importer unconfirmed*	Valencia, Spain	97	Iroko	Sawn timber
24/9/2018	JAF Polska, Poland	Gdansk, Poland	33	Sapelli	Sawn timber
29/9/2018	France Noyer, France	Le Havre, France	25	Khaya	Sawn timber
23/10/2018	Interarrod, Portugal	Leixoes, Portugal	200	Tola	Sawn timber
26/10/2018	Timbearth, France	La Rochelle, France	24	Bilinga	Sawn timber
30/10/2018	Carbon Market Timber, France	Fos sur Mer, France	103	Padouk	Sawn timber

**Data seen by Global Witness indicates that these timber shipments were arranged by a Valencia-based company called Troncos y Aserrados Tropicales. Global Witness wrote to Troncos y Aserrados Tropicales about this, and the company strongly denied having imported this timber to the EU. The company said that if their name appears on any 'bill of lading' (shipping document), this does not mean that they are the importer or that they 'own' this timber. Troncos y Aserrados Tropicales informed Global Witness that they have recently imported IFCO timber to Spain, but that this was a CITES-listed timber species (Afrormosia). CITES-certified timber is exempt from any EUTR requirements.*

their timber imports. This means that they should actively assess and mitigate the risk of illegally harvested timber in their supply chains. They can be subject to heavy penalties if found to be importing illegally harvested timber.

Given the information laid out in this briefing, European companies should cease

purchasing timber from IFCO. They must do so to ensure that they are in compliance with the EUTR, unless they are able to fully mitigate the risk that any breaches of the forest law are currently ongoing in IFCO's logging concessions.

IFCO also has a number of important buyers in Asia, such as China Plaited Products and

Shanghai Wooden International Trading (both China), Song Jing Wood (Taiwan), Dai Loi Trading Company and Tai Anh Timber (both Vietnam).³⁸

We are not alleging that any of these Asian companies have broken domestic laws by importing this timber. However, these shipments do underline the need for greater regulatory controls on timber importers in these countries. In the case of Vietnam, effective controls on the legality of timber imports are particularly important given the country's recently signed Voluntary Partnership Agreement (VPA) with the European Union.³⁹

4. RECOMMENDATIONS

TO EU-BASED TIMBER IMPORTERS:

- European companies should cease purchasing timber from IFCO in order to ensure that they are in compliance with the EUTR, unless they are able to fully mitigate the risk that breaches of forest law are currently ongoing in IFCO's logging concessions.
- European clients of IFCO should, as part of their risk assessment, explicitly request information on the shareholders of the company in order to examine whether there are any links to sanctions-listed individuals or companies.
- More generally, EU timber importers' due diligence systems should take into account specific information from third parties about logging companies that they are trading with, including reports written by NGOs and independent forest monitors. Information about potential breaches of local forest laws should be investigated, and importers should cease sourcing timber from 'high risk' sources.

TO EUTR COMPETENT AUTHORITIES IN FRANCE, BELGIUM, PORTUGAL, SPAIN, ITALY AND POLAND:

- Conduct thorough investigative checks on the due diligence undertaken by companies that have imported timber from IFCO. These should include assessing specific risks raised in reports about IFCO's predecessor companies Cotrefor and Trans-M, and the extent to which importers have taken these into account. Companies found to have undertaken inadequate due diligence

should be subject to dissuasive penalties.

TO DRC'S MINISTRY OF THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT:

- An investigation should be conducted on the extent to which IFCO has logged outside of boundaries or in contravention of the suspension of its activities by the Governor of Tshuapa province. The company should be sanctioned according to the DRC Forest Code if they are found to have logged outside of permitted harvest areas.
- Logging companies' 25-year management plan should be made publicly available online by the Ministry. Up-to-date information on logging companies' current annual harvest areas (*'assiettes annuelles de coupe'*) and five-year harvest blocs (*'blocs quinquennaux'*) should also be published, in order to allow closer monitoring of logging companies activities by Congolese civil society organisations.

TO CHINA:

- Put in place mandatory measures requiring all timber importers to carry out due diligence to ensure they do not import timber produced in violation of source country laws.

TO VIETNAM:

- Introduce effective import controls which ban the import of illegally harvested timber, including through enhanced due diligence on high risk imports and full use of dissuasive sanctions, in line with commitments in

their recently signed Voluntary Partnership Agreement with the EU.

biodiversity, particularly in the case of logging companies that have a track record of illegal activities.

TO INTERNATIONAL DONORS:

- Ensure that programmes that are funded in the forest sector in DRC do not provide support to industrial logging, due to its negative implications for the climate, forest-dependent people and

¹ Megevand, C. et al, 2013, *Deforestation Trends in the Congo Basin: Reconciling Economic Growth and Forest Protection* (World Bank), p31.

² According to shipping data seen by Global Witness.

³ Cotrefor, *Plan d'Aménagement 2013-2037 - Concession de Baulu*. p7.

⁴ *Treasury Targets Hizballah Financial Network*, 9 December 2010, www.treasury.gov/press-center/press-releases/Pages/tg997.aspx

⁵ Reuters, *Congo Under Scrutiny Over Hezbollah Business Links*, 16 March 2012,

www.reuters.com/article/2012/03/16/us-congo-democratic-hezbollah-idUSBRE82F0TT20120316

⁶ Reuters, *Congo Under Scrutiny Over Hezbollah Business Links*, 16 March 2012,

www.reuters.com/article/2012/03/16/us-congo-democratic-hezbollah-idUSBRE82F0TT20120316; *Treasury Targets Hizballah Network in Africa*, 27 May 2009,

www.treasury.gov/press-center/press-releases/Pages/tg149.aspx; *Treasury Targets Hizballah Financial Network*, 9 December 2010, www.treasury.gov/press-center/press-releases/Pages/tg997.aspx

⁷ Cotrefor's written response to Global Witness report (2017) stated "Previously named Trans-M, the company was renamed Cotrefor in 2012 after the sale of membership shares to new shareholders".

⁸ For example: Greenpeace Africa, 2015, *Trading in Chaos: The impact at home and abroad of illegal logging in the DRC*; https://www.greenpeace.org/archive-africa/Global/africa/publications/forests/2015/Trading_In_Ch_aos.pdf

⁹ Global Witness, 2017, *Unsanctioned Trade: How US purchases of rainforest timber risk breaking terror sanctions*.

<https://www.globalwitness.org/en/campaigns/forests/us-consumers-risk-funding-hezbollah/>

¹⁰ Public statement by Cotrefor, 17 February 2017; <http://www.cotrefor.com/wp-content/uploads/2017/03/Reply-Global-Witness-Feb-17.pdf>

¹¹ See for example: The Sentry, 2018, *Bank Scandal in Congo*, <https://thesentry.org/reports/bank-scandal-in-congo/>

¹² Washington Post, 6 December 2018, *Lebanese businessman accused of funding Hezbollah pleads guilty to money laundering*; https://www.washingtonpost.com/local/legal-issues/accused-lebanese-hezbollah-financier-pleads-guilty-in-us-to-money-laundering-plot/2018/12/06/831b4fdc-f979-11e8-863c-9e2f864d47e7_story.html?noredirect=on&utm_term=.e16f33d76833

¹³ Arrêté ministériel 002/CAB/MIN/EDD/AAN/KTT/05/2017 du 18 janvier 2018 portant autorisation de cession de deux concessions forestières de la société Cotrefor en faveur de la

société Industrie Forestière du Congo. (Copy held by Global Witness)

¹⁴ Ibid.

¹⁵ Greenpeace, 2015, *Trading in Chaos: The impact at home and abroad of illegal logging in the DRC*, page 3; <http://www.greenpeace.org/eastasia/publications/reports/forests/2015/Trading-in-Chaos/>

¹⁶ Resource Extraction Monitoring (REM), 2011, *Rapport de Mission 1*; Observatoire de la Gouvernance Forestière, (OGF), 2013, *Rapport de Mission 1*; OGF, 2014, *Rapport de Mission 2*; OGF, 2017, *Rapport de Mission 7*. All reports are available online at: <http://www.observation-rdc.info/Rapports.html> and <http://ogfrdc.cd/publications/rapports-2>

¹⁷ Jeune Afrique, *Bois : plusieurs acheteurs de la société congolaise Cotrefor dans le viseur de la justice française*, 31 January 2017.

¹⁸ See previous references to Greenpeace, 2015, *Trading in Chaos*; and reports by Resource Extraction Monitoring and Observatoire

¹⁹ The Forest Atlas is published by the Congolese Environment Ministry with the support of World Resources Institute. Atlas Forestier de la République Démocratique du Congo : <https://cod.forest-atlas.org/>

²⁰ Ibid.

²¹ Article 64 of this legal text reads "it is forbidden to fell trees in annual harvest areas that are not open for logging, on the basis of the management plans in place". In the original French this legal text reads : « sont interdits notamment...l'abattage des arbres dans des assiettes annuelles de coupe non ouvertes à l'exploitation sur la base du plan d'aménagement forestier ou du plan de gestion en vigueur. »

²² Letter to IFCO from the Governor of Tshuapa Province, February 2018. See Annex 1.

²³ Assiette Annuelle de Coupe no. 4 in Bloc Quinquennal no. 1.

²⁴ See Annex 2 for maps of previous logging activities, taken from management plans for concession 009/11.

²⁵ Assiette Annuelle de Coupe no. 1 in Bloc Quinquennal no. 1.

²⁶ See Annex 2 for maps of previous logging activities, taken from management plans for concession 009/11.

²⁷ Summary of forest-sector programmes of the AFD, Proparco, the Fond Francais pour l'Environnement Mondial and other instruments in the Congo Basin, 2006-2027. Provided by the AFD on 19 October 2017.

²⁸ Fonds National REDD+ de la RDC, *Vers une mobilisation de la finance climat pour le développement durable de la RDC, Document de programme au Fonds National REDD+, Lot n°4 – Programme de Gestion durable des forêts, Version 2018-03-22 (Version finale envoyée au FONAREDD)*, p102.

²⁹ Article 5, Arrêté Ministériel 034 du 03 juillet 2015 fixant la procédure d'élaboration, de vérification, d'approbation, de

mise en œuvre et de suivi du plan d'aménagement d'une concession forestière de production de bois d'œuvre.

³⁰ *Plans d'aménagement* have been approved for ten of the DRC's logging concessions. In total there are 57 logging concession in the country according to the most recent official figures. See: <https://www.medd.gouv.cd/v2/index.php/plus-d-actualites/333-carte-du-processus-d-amenagement-des-concessions-forestieres>

³¹ Ministry of Environment website: www.medd.gouv.cd/v2/index.php/textes-legaux/category/6-contrats

³² Logging concessions must be divided into (i) 5-year blocs (*blocs quinquennaux*) and (ii) annual harvest areas (*assiettes annuelles de coupe*), one for each year of the 25-year concession contract.

³³ *Arrêté 84 du 29 octobre 2016 portant conditions et règles d'exploitation des bois d'œuvre.*

³⁴ In addition to the findings regarding IFCO contained in this briefing, extensive evidence of other logging companies cutting outside of boundaries was documented in our report

Total Systems Failure, 2018, www.globalwitness.org/en/campaigns/forests/total-systems-failure.

³⁵ Illegal harvesting is defined as failure to comply with 'applicable legislation' in the forest sector in the country of harvest. This includes laws on forest management and on timber harvesting in general.

³⁶ See for example Client Earth, 2018, *Analysis: weak enforcement of EU Timber Regulation throughout Europe*. <https://www.clientearth.org/enforcing-the-eu-timber-regulation-eu>

³⁷ Ministère de la Transition Ecologique et Solidaire, 2018, *Stratégie nationale de lutte contre la déforestation importée 2018-2030*. Page 6. https://www.ecologique-solidaire.gouv.fr/sites/default/files/2018.11.14_SNDI_0.pdf

³⁸ Shipping documents seen by Global Witness.

³⁹ The VPA is a bilateral trade agreement that aims to promote trade in legal timber from Vietnam to the EU. See: www.euflegt.efi.int/background-vietnam