



global witness

## **A DISHARMONIOUS TRADE – October 2009**

Additional media materials: *quotes and company case studies*

### **1. The ‘snake businesses’ of smuggling timber – quotes from those involved**

Bribery, false papers, transportation at night and avoiding checkpoints are just some of the ways timber traders are using to get around the import restrictions on the Burma-China border. These quotes are extracted from Global Witness’ report, *A Disharmonious Trade: China and the continued destruction of Burma’s northern frontier forests*, available at [www.globalwitness.org](http://www.globalwitness.org)

*“The closure does not matter to us. There is always a way to solve a problem naturally.”*  
Employee at leading timber processing company in Ruili, Dehong Prefecture, April 2006 p18

*“I am most afraid of getting caught by the Burmese military government army. [...] We avoid them by having many scouts working around the military camps. Every big logging company has a walkie-talkie system to pass on information and news between the logging workers and to tell them what to do, to stay or to move out, or to hide somewhere – it all depends on the movements of the military.”* Logger, Nabang, Dehong Prefecture, May 2006 p12

*“Don’t worry about proper procedures. We can arrange it all for you. If you bring money, then business is simple.”* Timber businessman, Sudien, Dehong Prefecture, Yunnan Province, May 2006 p18

*“Everybody knows another pass where there is no official checking point, no checking at all - and timber can be transported over with no problems.”* Timber trader, Dian Tan, Baoshan Prefecture, January 2007 p19

*“Depending on your actual power you can move timber in as you like by smuggling in the evening.”* Timber businessman, Yunnan Province, 2007 p 21

*“You do not have to care about any procedures. If you bring money, business is simple. When you get the timber to Yingjiang you simply change the SFA certificate for timber transportation, and it can be transported anywhere in China. That’s all”* Timber trader, Yunnan Province, 2007 P22

*“[...] the situation of timber trade in Pian Ma is very complex and hard to deal with. In some situations we, representatives of the government, can only open one eye and close another.”* Customs official, Yunnan Province, January 2007 p30

### **2. Company Case Studies: Burmese teak still available despite import restrictions**

During September and October 2006, Global Witness looked into the availability of timber originating from Burma at flooring companies on China’s east coast. Researchers visited three wholesale outlets, thirteen high street retail stores, and fourteen flooring manufacturers, mostly in or near Shanghai.

We uncovered widespread use of teak from Burma in the manufacture of flooring, along with other high value species such as black walnut. All but one of the fourteen companies visited said that it was still possible for them to obtain timber from Burma across the land border despite the import restrictions. Several companies admitted to an involvement in smuggling timber across the Burma-China border.

These companies all export wood flooring throughout the world, including to the EU and US. Several US-based companies are currently advertising Burmese wood flooring despite the fact that the US Lacey Act now bans commerce in illegally obtained timber and wood products.

#### **Shanghai Detangu Wood Co., Ltd. (p49)**

The flooring manufacturer Shanghai Detangu Wood, which is located on the outskirts of Shanghai, has over 100 employees and a monthly output of five containers of which 40% is for the domestic market and 60% for the international market. Teak along with black walnut is sourced from Burma and mainly exported to England, Japan and America.

Its main investor Charles Pan, manager of the Taiwanese company Flooring Yao Enterprise Co., Ltd., explained the following to Global Witness during a visit to Shanghai Detangu Wood when six of its senior staff were present: *"Yes, there has been problems with the supply [of wood from Burma] because the Burma government imposed a ban on illegal logging and the Chinese government sealed off the border. But as everything else in China, there's always a way. Other factories may have problems, but we are fine. [...] We purchase teak and black walnut in Kunming – it comes from Burma of course. It can reach Shanghai in five days once the purchase has been made. [...] The border with Burma is sealed off for the moment, and we have to play 'guerrilla war' with the authorities and smuggle the timber out of Burma. [...] I have been to the border, of course. Burma and China are only divided by a thin river so you can see each other clearly across the river. On the bank at the China side, you often see some little timber processing factories popping up from time to time, sawing logs that have been transported secretly across the river. Then they disappear when the government cracks down. [...] My company will not have a problem with supply – we have good connections. But we will also try and get teak from official channels. But it takes so much longer to get officially obtained logs and often the good quality ones are bought by companies from Thailand and Malaysia who have good connections with the Burma authorities [...] We do need teak. The rich people from America and Israel and other places need teak to decorate their decks. It won't be a problem for me. I've been in the trade for 18 years. I have my little ways."*

#### **Jiangsu Zhangjiagang Yongan Building Materials Co., Ltd. (p50)**

The Jiangsu Zhangjiagang Yongan Building Materials Co., Ltd. is located in Jiangsu Province near Shanghai. The company is family-owned and was established ten years ago.

Despite first claiming that all its supplies were imported legally the company representative later admitted to Global Witness that this might not always be the case. *"Burma is a dodgy country with so little transparency. It is so hard to tell which method is legal and which is not. For us, it is important to get some supply. If you strictly follow the rule, then you'll never get anything. Yes, the border is sealed, but golden teak is not that tightly controlled. And some people are specifically engaged in this sort of business. And we get our supply through them. Stable supply."* <sup>Error!</sup>  
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#### **Jiashan Longsen Lumbering Co., Ltd. (p51)**

During Global Witness' visit to the Jiashan Longsen factory, in Zhejiang Province near Shanghai, a truck with teak from Burma arrived at the company compound. One of the two sales representatives Global Witness researchers were speaking to said, *"See, we got this overland. Smuggled in of course. Tell your colleague that we can guarantee the supply. We Chinese are very resourceful. We are the best at finding holes. Otherwise, how can we continue to do the business?"*

The company, which had 320 workers and an annual output of about 60,000 m<sup>2</sup> of engineered and solid flooring, had been affected by the border restrictions. Supply was now less certain and prices had gone up by 30% during the previous 6 months. However, the company representatives were keen to stress that it could still meet customer demand. If interested, the company could deliver 4,000-5,000 m<sup>2</sup> of teak flooring within 40-45 days.