



Japan's links to rainforest destruction in Malaysia: risks to a sustainable 2020 Tokyo Olympics

A Global Witness briefing

1. Introduction

As Japan prepares to break ground for the new Olympic Stadium in Tokyo,¹ evidence gathered by Global Witness shows that timber linked to rainforest destruction, illegal logging, and human rights abuses can be found on construction sites across Tokyo. The findings call into question Japan's ability to make good on its commitment to host a sustainable 2020 Olympic Games.²

Japan is the world's second largest direct importer of tropical wood, largely in the form of plywood. Nearly half of Japan's imported plywood is sourced from Sarawak, Malaysia, where intensive logging is destroying some of the last tropical rainforests and threatening the livelihoods of tens of thousands of indigenous peoples who claim the forest as their own and depend on it for their livelihoods.

This briefing explains the risks in Japan's timber supply chain and why Japan must urgently adopt new and effective measures to ensure the timber used for construction projects, including new Olympic venues, is legal, sustainable, and free of human rights abuses.

2. A Risky Business

Since 1990, approximately one third of all timber exported by Sarawak has ended up in Japan. Recent satellite analysis shows that the State is losing its rainforests at one of the highest rates in the world.³ Intensive logging and the spread of oil palm and timber plantations has left less than 5% of its original forests in an intact state.⁴

Logging is now encroaching into the last areas of intact rainforest. Most of this lies within Sarawak's portion of a transboundary conservation area called the Heart of Borneo (HoB), an initiative between Malaysia, Indonesia and Brunei to protect 220,000 km² of rainforest containing an estimated 6% of the world's biodiversity.⁵ A recent analysis of satellite imagery shows highly destructive logging taking place across Sarawak, including in its portion of the Heart of Borneo.⁶

Widespread forest loss is contributing to food insecurity and extreme poverty for the indigenous peoples who depend on the forests and land. In an effort to protect their sources of water, food, medicine and cultural identity, indigenous communities have filed over 200 cases against the Sarawak Government and companies for violation of their native customary rights (NCR) to land.⁷ These rights are recognized by the Malaysian Constitution⁸ and have been repeatedly upheld by the Sarawak Courts.⁹

Over half of Sarawak's total land area is now covered by logging and plantation licenses, much of it controlled by the six largest logging companies, known as the "Big 6" – Samling, Shin Yang,

Rimbunan Hijau, Ta Ann, WTK, and KTS,¹⁰ all of which export timber to Japan.¹¹ Samling, Shin Yang and Ta Ann are currently facing Court challenges by indigenous communities for violating customary land rights.¹² Independent investigations in recent years have found evidence of illegal and highly destructive logging by Samling, WTK, Ta Ann and Shin Yang (see case study below) in rainforests of high conservation value.¹³

"Now, these timber men including the Big Six fell trees as if Sarawak is their grandfather's property. We will put a stop to this. Enforcement will be stepped up. The Forest Department cannot pretend to be naïve or stupid and look the other way when illegal felling takes place."

Sarawak Chief Minister Adenan, September 2015¹⁴

The new Chief Minister of Sarawak Adenan Satem has publicly acknowledged the role of corruption and illegal logging in the unsustainable management of Sarawak's forests, admitting that forest sector enforcement was "very weak because ...some of the officials are corrupt."¹⁵ His statements are consistent with findings by Global Witness¹⁶ that corruption is rampant in the forest and land sectors in Sarawak and has allowed illegal and unsustainable logging to go unchecked.

3. Case Study: Shin Yang

One of the largest suppliers of concrete forming plywood to Japan, Shin Yang Group, has been carrying out highly destructive and potentially illegal logging in some of the last intact rainforests in Sarawak¹⁷ and is embroiled in several legal disputes with indigenous communities over land (see box to the right).¹⁸

By the end of 2014, Shin Yang was decimating a proposed national park in the Heart of Borneo at a rate of 9 km² per month – the equivalent of 42 football pitches per day. High resolution satellite imagery taken in June 2014 shows extensive damage to previously intact rainforest canopy, severe erosion and landslides caused by road building and logging, and clearing of forest within meters of major rivers (see examples on pages 3-4). Given the Sarawak Government typically prohibits logging within 20 meters of major waterways,¹⁹ the evidence raises serious questions about the legality of these logging operations. The full extent of forest loss caused by Shin Yang’s logging operations in the Heart of Borneo between 2001 and 2014 is shown in the figure on page 3.

Global Witness has confirmed that Shin Yang’s operations in the Heart of Borneo and the District of Belaga (see box) both supply a Shin Yang plywood mill in Bintulu²³ that sells vast quantities of plywood to the Japanese market through the major trading companies.

Most Japanese trading companies purchasing plywood from Sarawak are customers of Shin Yang,²⁴ and Global Witness investigations identified plywood from the Bintulu mill referenced above being widely used in major construction projects in Tokyo.²⁵

A history of exploitation

“From the forest we get our life... We don’t want the loggers to destroy our land... All the materials of our life and work will be gone.”

Matu Tugang, Chief of Long Jaik in the District of Belaga²⁰

In the District of Belaga, some Penan communities such as the village of Long Jaik have been battling Shin Yang for 30 years in an effort to protect their land against logging and oil palm plantations. During this time, much of the forest has been logged out or cleared, depriving communities of their source of livelihood. When the Malaysian Human Rights Commission investigated the situation of these Penan communities in 2007, it found “pollution resulting from logging and oil palm plantation activities [had] affected the rivers from which the Penans obtain fish and water for drinking, washing and bathing.”²¹ In a last attempt to defend their land, Chief Matu Tugang of Long Jaik and over 40 other families blockaded the logging roads and is now in the midst of a lawsuit against Shin Yang for violating their NCR land.²²

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WOOD TRACKING PROGRAM

**Chain of Custody
 Checklist & Assessment Report**

Shin Yang Plywood (Bintulu) Sdn Bhd

Description of the Supply Chain:
 Shin Yang Plywood (Bintulu) Sdn Bhd purchases raw material (logs) from Shin Yang Timber License and LFF areas within Sarawak; about 60% comes from Shin Yang concession areas while other logs are purchased from local suppliers.

Shin Yang Forest Area	License #	Total Area (ha)	Expiry	Risk Assessment
Anap Muput Zedee Sdn Bhd	T-4317	83,535	18 Feb 2068	PEFC/MTC Certified PMU 0006 Expiry: 24 July 2016 Low Risk planted species: <i>Albizia falcataria</i>
Shin Yang Forestry	LFF 0018	Total: 195,126 Planted: NA	18 Nov 2059	Low Risk planted species: <i>Albizia falcataria</i>
Shin Yang Forestry	LFF 0019	Total: 36,840 Planted: NA	18 Nov 2059	Low Risk planted species: <i>Albizia falcataria</i>
Shin Yang Industry Danna Sinar	T-3342 OT-4377	NA NA	NA NA	High Risk High Risk
Shin Yang Trading	T-3228	NA	NA	High Risk



Excerpt from Chain of Custody report for Shin Yang Plywood (Bintulu) Sdn Bhd issued by Global Forestry Services in May 2015 showing that the plywood mill sources logs from Shin Yang’s timber licenses T/3228 and T/3342 located in the Heart of Borneo and plantation license LFF 0018 located in the District of Belaga.

Plywood from a mill operated by Shin Yang Plywood (Bintulu) Sdn Bhd found at a major Tokyo construction site operated by Taisei Corporation

Shin Yang's destruction of the Heart of Borneo

Shin Yang timber licenses (red) within the Heart of Borneo (green boundary) transboundary conservation area.



A high resolution (50 cm) satellite image from December 2012 of the area indicated by the orange box in the map at the bottom left shows intact, closed canopy rainforest in the Heart of Borneo.

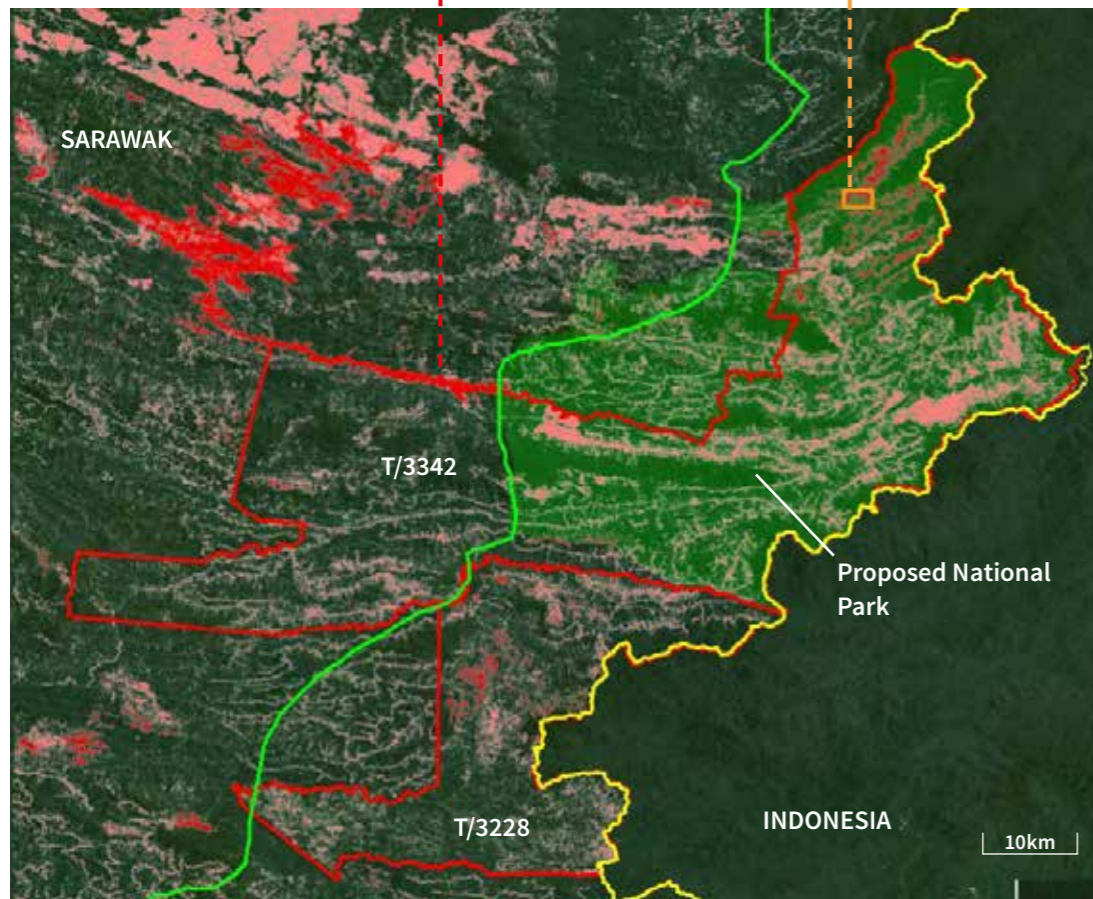


A high resolution (50 cm) satellite image from June 2014 of the area indicated by the orange box in the map at the bottom left shows extensive damage to previously intact rainforest canopy, severe erosion and landslides caused by road building and logging, and clearing of forest within meters of major rivers.



Image Courtesy of DigitalGlobe © 2015

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Viewed using Google Earth

Analysis of LANDSAT satellite imagery shows the extent of forest loss in Shin Yang timber licenses in the Heart of Borneo and a proposed National Park between 2001 and 2013 (pink) and in 2014 (red).²⁶
Source: Hansen/UMD/Google/USGS/NASA, accessed through Global Forest Watch.

- proposed Danum Linau National Park
- Heart of Borneo
- Concession boundaries
- Sarawak/Indonesia border
- Forest loss, 2001-13
- Forest loss, 2014



Enlargement of the area indicated by the red box in the satellite image to the upper right shows an example of extensive logging within meters of a major river (dashed blue line). Logging in river buffers is typically prohibited by Sarawak regulations, raising serious questions about the legality of these logging operations.

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High resolution satellite imagery processed and distributed by Apollo Mapping.



Plywood mill run by Shin Yang Plywood (Bintulu) Sdn Bhd that sources logs from the Heart of Borneo

4. The need for reform

The large volumes of timber linked to rainforest destruction, illegal logging, and human rights abuses that Japan imports from Sarawak is indicative of systematic weaknesses in Japan's regulation of the timber trade and efforts by Japanese companies to carry out due diligence on their timber supply chains.

Japanese companies continue to buy large volumes of Sarawak²⁷ timber despite being made aware of the extensive legal, social and environmental risks. Japanese companies are under no obligation to consider legality in their procurement of timber, and most claim the timber is legal based on Japan's existing voluntary standards²⁸ despite evidence demonstrating their ineffectiveness.

Moreover, the Japanese construction sector is highly dependent on plywood from Sarawak. Government estimates indicate that nearly all plywood used for concrete formwork is tropical wood,²⁹ much of which is supplied by Sarawak.³⁰ Concerns about the Japanese construction sector's exposure to risks of sourcing illegal or unsustainable timber have been raised by the Tokyo Metropolitan Government in the context of construction projects in Tokyo.³¹

As a first step to ensuring a responsible supply chain, the Japanese Government must call on companies to not trade in illegal timber and require a level of due diligence sufficient to ensure companies are able to comply. This will help to level the playing field for those companies already attempting to ensure their timber products are produced legally. Where the risk of illegal logging is high, such as in Sarawak, companies must take extra measures to know their supply chain, including information gathering and risk assessments by reputable independent experts, and take the necessary steps to mitigate any risks identified.

Japanese companies must go beyond ensuring legality and identify and mitigate risks of human rights or environmental abuses linked to their supply chain, consistent with emerging international standards.³²

The Tokyo Olympic organizers can set an important precedent and fulfill their commitment to a sustainable 2020 Olympic games by requiring their contractors to conduct due diligence and ensure that all timber used for Olympic construction projects and other purposes has been sourced legally, sustainably, and ethically.

Endnotes

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8. Article 161A (7) of the Federal Constitution of Malaysia and Section 3 of the Sarawak Interpretation Ordinance (Cap. 1 1958 Ed). The Federal Constitution of Malaysia requires recognition of native customary rights on an equal basis with non-native property rights, under the principle of equality, and prohibits the compulsory acquisition or use of the land without compensation, under Article 5 (right to life) and Article 13 (right to property).
9. See, for example, *Nor Anak Nyawai & Ors v Borneo Pulp Plantation Sdn. Bhd. & Ors*, No. 22-28-99-1 [High Court Sabah & Sarawak, 12 May 2001]; *Tr Sandah ak Tabau & 7 Ors v Kanowit Timber Sdn Bhd & 2 Ors* [High Court Sibiu Civil Suit No 21-2-2009], www.kehakiman.gov.my/directory/judgment/file/Q-01-463-2011.pdf
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11. Based on private communications with Japanese trading companies and annual reports of Sarawak companies.
12. *Shin Yang*: [22-11-2004] *Jawa Lawing & Ors. vs. Shin Yang Forestry Sdn. Bhd. & Ors.*; [21-03-2009] *TR Matu Tugang & Ors. vs. Shin Yang Forestry Sdn. Bhd. & Ors.*; Samling: [22-46-98] *Kelasau Naan & 3 Others vs. Samling Plywood (Baramas) Sdn. Bhd. & 5 Ors*; [21-07-2010] *Lija Agang & 3 Ors vs. Samling Plywood (Miri) Sdn Bhd & 2 Ors.*; [21-4-2011] *Racha Anak Urud. & Ors. vs. Ravenscourt Sdn. Bhd. & Ors.*; Ta Ann: [SBW-21NCVC-2/8-2014] *Sumen Bin Gasan & Ors. vs. Sarananas Enterprises Sdn.*
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30. *Mokuzai Kenzai Weekly*, No. 2009, March 23 2015, p.6, and trade statistics.
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