



environmental
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agency

Forests

Acts of Defiance II

US companies break sanctions
to import teak from Myanmar

May 2023



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ABOUT EIA

We investigate and campaign against environmental crime and abuse.

Our undercover investigations expose transnational wildlife crime, with a focus on elephants and tigers, and forest crimes such as illegal logging and deforestation for cash crops like palm oil. We work to safeguard global marine ecosystems by addressing the threats posed by plastic pollution, bycatch and commercial exploitation of whales, dolphins and porpoises. Finally, we reduce the impact of climate change by campaigning to eliminate powerful refrigerant greenhouse gases, exposing related illicit trade and improving energy efficiency in the cooling sector.

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Front cover: the port of Savannah, Georgia - a known entry point for Myanmar teak coming into the US

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Executive summary

Myanmar teak (*tectona grandis*) has been dubbed the ‘King of Woods’ and is prized for its properties – it makes it the most favoured material for decking on yachts, flooring and high-end furniture. The best teak on Earth is found in Myanmar (formerly Burma), a major export of the country and in high demand from customers around the globe, including the United States.

On 1 February 2021, Myanmar suffered a bloody coup that saw a brutal military junta take control of the country; it has been in place ever since.

The junta is now controlling exports of Myanmar teak and enjoying the lucrative proceeds from it that prop up the regime.

The international community responded to the coup by implementing financial sanctions which targeted military leaders, military-controlled companies and other individuals and companies with ties to the military. It is typically prohibited to transfer funds to, or receive goods received from, individuals and entities on a regime’s financial sanctions list.

The Canadian, UK, EU and US governments all sanctioned one of the main bodies of Myanmar forestry sector, namely the State-owned Myanmar Timber Enterprise (MTE). The State Administration Council (SAC) was created by the military the day after the coup and took control of all Government bodies, including the MTE.

The MTE has the exclusive right to harvest and sell timber for export and all revenues it generates through the sale of teak, driven in part by the demand of US and other consumers, directly funds the illegal regime and the cronies who support it. As a result, no-one should be importing Myanmar teak.

The US sanctioned MTE on 21 April 2021 under Executive Order 14014¹, but two years on, 2,760.46 tonnes of the timber have nevertheless been imported into America in direct defiance of sanctions.²

Further, under the Lacey Act 2008, US traders are obliged to establish that their timber imports have been harvested and transported in compliance with the laws of the country where the timber was harvested.³ Using



its analogous law, the EU Timber Regulation (EUTR), EU member states have gone a step further than the US, stating it is impossible to prove that any Myanmar timber has been harvested legally, including when third-party verification is used.⁴ EIA believes that US authorities must share the determination of the EU.

Some American timber trading companies argue that the wood they have imported has come from pre-coup stockpiles, purchased before sanctions were introduced, and that their imports of teak from Myanmar had been independently verified as legally harvested. Due to the lack of transparency and verified chain of custody, even before the coup, it is difficult to know if this is actually the case.

In our first report, *Acts of Defiance* published in December 2022, we revealed how some US traders were ignoring sanctions to import conflict timber from Myanmar. In this updated report, we will show that the trade has not ceased and US authorities are not acting to stop the trade.

However, on 19 April 2023 the Department of Justice held a roundtable to announce a new initiative called the Timber Interdiction Membership Board and Enforcement Resource (TIMBER) Working Group to prioritise timber trafficking enforcement.⁵

EIA fully supports this initiative and urges the inter-agency taskforce to continue its investigations and prosecute those found to be breaking the law.

Above: Myanmar sawmill holding illicit teak

Right: Trade in Myanmar teak continues to flow to international markets





Introduction

Since December 2022, when EIA published the first version of this report, 308.24 tonnes of Myanmar teak have been imported into the US.⁶

If deforestation in Myanmar continues at its current rate, the country's forests will disappear by 2035.⁷ EIA has not been made aware of any action taken against American timber traders dealing in Myanmar teak by US authorities. And the trade continues.

In this updated and expanded edition of the report, we are going further by publishing the names of 12 US companies we found to be responsible for importing teak into the country after the February 2021 coup. Most traders are responding with a general statement that they bought Myanmar teak before the coup and are therefore not breaking any laws, but EIA disputes this. As for Myanmar crony companies, EIA has found that the key players in facilitating this trade are also responsible.

And what is the impact? By closing their eyes to the brutality of the military regime, both traders and those consuming teak for their yachts and floors are supplying much needed hard currency to a junta bankrupting the nation, supporting ever-increasing criminality within the country and enabling corruption.

To date, an estimated 3,463 people, including 363 children, have been killed by the military in response to pro-democracy movements. A further 21,879 people have been arrested, and 154 sentenced to death.⁸ None of these political prisoners have the prospect of a fair trial and as the military extends its air strikes to innocent civilians, the apathy towards the continued trade in blood teak is creating a situation in which this timber is being valued more highly than the civilian lives lost in their fight for a free and just country.

Since the coup, Myanmar – a country already rated incredibly poorly for corruption and criminality⁹ – has seen a proliferation of syndicates within all sectors, including timber. Those monitoring environmental and human rights abuse are facing unprecedented challenges as the military attempts to silence and stop information within Myanmar from reaching the international community. Our knowledge of the timber sector has enabled us to monitor the continued trade in teak from afar, exposing those involved and shining a spotlight on this dark trade steeped in violence and on-going forest destruction.

Financial sanctions were implemented to reduce the funds available to the junta, but it appears they are not worth the paper they are printed on. The evidence of trade data is telling – the implementation of US sanctions has had no major impact on the trade of Myanmar teak into the US. Instead, trade has continued at the same levels as before the coup, with the fourth quarter of 2022 seeing some of the biggest monthly imports since the time leading up to and after February 2021.

Moreover, the Lacey Act 2008 places a due care requirement on US importers of Myanmar teak, which

obliges traders to prove it was harvested in compliance with Myanmar laws.¹⁰ Owing to the historic corruption in the forestry sector and now due to the war raging within the country, it is impossible to prove where any teak was harvested within the country. To date, EIA is not aware of any actions taken by US authorities against US teak traders pursuant to the Lacey Act 2008.

It is more profitable for traders to break the law and absorb the risk of penalties than it is to comply with the law. This is a risk traders are willing to take, as there have been no major consequences for others flouting the law, finding loopholes and turning a blind eye to who they are doing business with.

The US Government must act to stop this trade in illegal Myanmar teak. EIA will continue to monitor and expose all those involved. It is crucial that the proper resources needed for law enforcement to act are recognised and political support secured at the highest level to ensure implementation of sanctions.

Above: stockpiled Myanmar teak awaiting export

Trade in Myanmar teak data

Under the rule of the SAC, from January 2022 to March 2023, MTE published the monthly tender announcements for teak auctions, detailing the quantities available for purchase.¹¹

EIA has been following these monthly tender announcements and calculated the total figures published in the MTE tenders.¹² Approximately 28,242.98m³ of Myanmar teak have been made available for purchase from MTE at auction since January 2022, which equates to approximately 17,573 tonnes of Myanmar teak.*

For the 2022 period alone, during which MTE was holding monthly auctions, data from UN Comtrade reports that \$13.2 million worth of Myanmar teak was imported into the US in direct defiance of sanctions.¹³ But the true loss of value of these forests cannot be quantified in monetary terms because of the loss of ecosystem services that teak trees provide. Forests also act as the last line of defence to the people of Myanmar, providing medicines and foods as well as areas of cover in which they can hide from the military.

Right: Singapore port via which large quantities of illicit teak are shipped to the US



The shipping routes

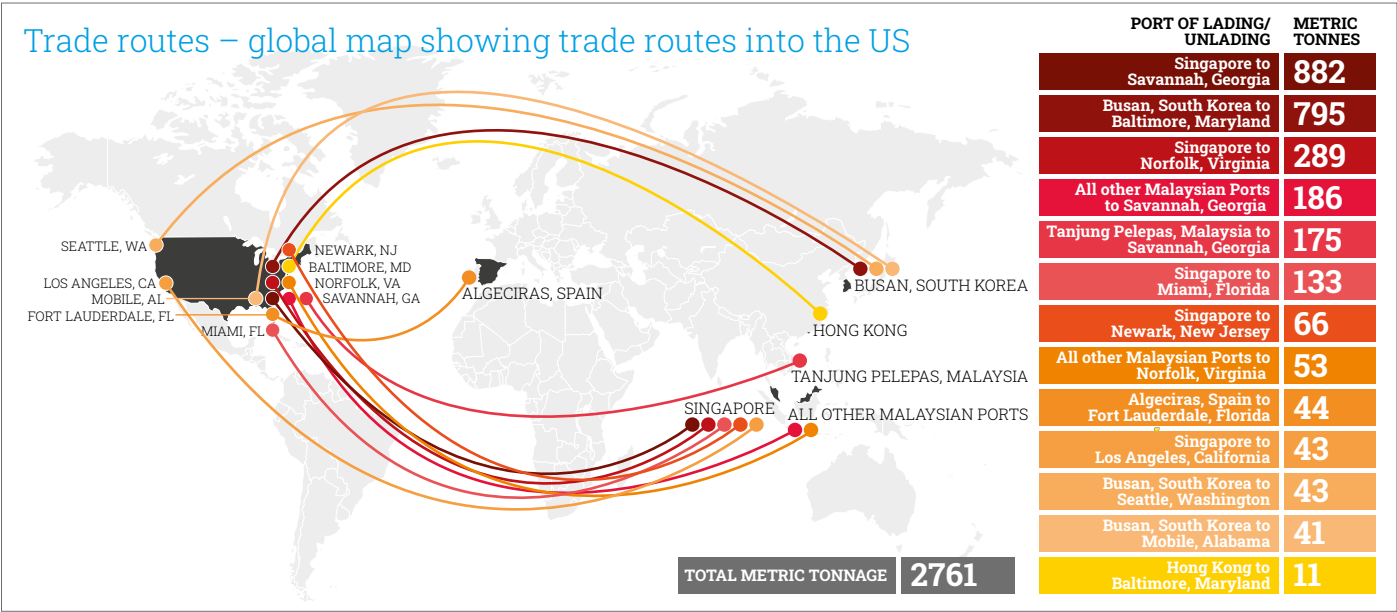
The timber is not typically shipped directly to the US from Myanmar. Instead, containers of teak are placed onto smaller feeder vessels in the Myanmar port of Yangon, which then transport the timber to larger ships bound for the US.

Since April 2021, 1,412.21 tonnes of teak were shipped from Myanmar via Singapore, followed by 878.91 tonnes shipped via Busan, South Korea.¹⁷ The remaining quantities were transported via Malaysia, Spain and Hong Kong.

The Taiwanese shipping company, Clare Freight International (USA) Inc, has transported the largest amount of teak to the US. Since April 2021 and the imposition of sanctions, the company has carried 1,372.42 tonnes of the wood between April 21, 2021 and March 30, 2023.¹⁸

Harmonised System (HS) codes are a standard set of trade labels used across the globe to consistently define products. HS codes are used by customs authorities to monitor and quickly identify which products are being imported or exported. For US imports after 21 April 2021, most of the wood at 1,487.26 tonnes was imported with the HS code 4407.29, followed by 803.51 tonnes imported with the HS code 4407.29.01.31.

Below: Statistics for imports/key ports where teak is flowing into the United States – this is data from 21 April 2021 to 30 March 2023



* Methodology: when conducting our research, we found there was a significant lack of official data available for the harvesting volumes of Myanmar teak

Under Myanmar law, harvesting volumes must be set by the Forest Department via the Annual Allowable Cut (AAC), which determines the maximum number of trees to be harvested in a logging season.¹⁴ However, the AAC has not been made publicly available since the coup.

Unable to establish the actual quantities of harvested teak sold in recent years, we used the following methodology to estimate the quantities of teak that have been made available for sale via the January 2022 to March 2023 MTE auction tenders.¹⁵

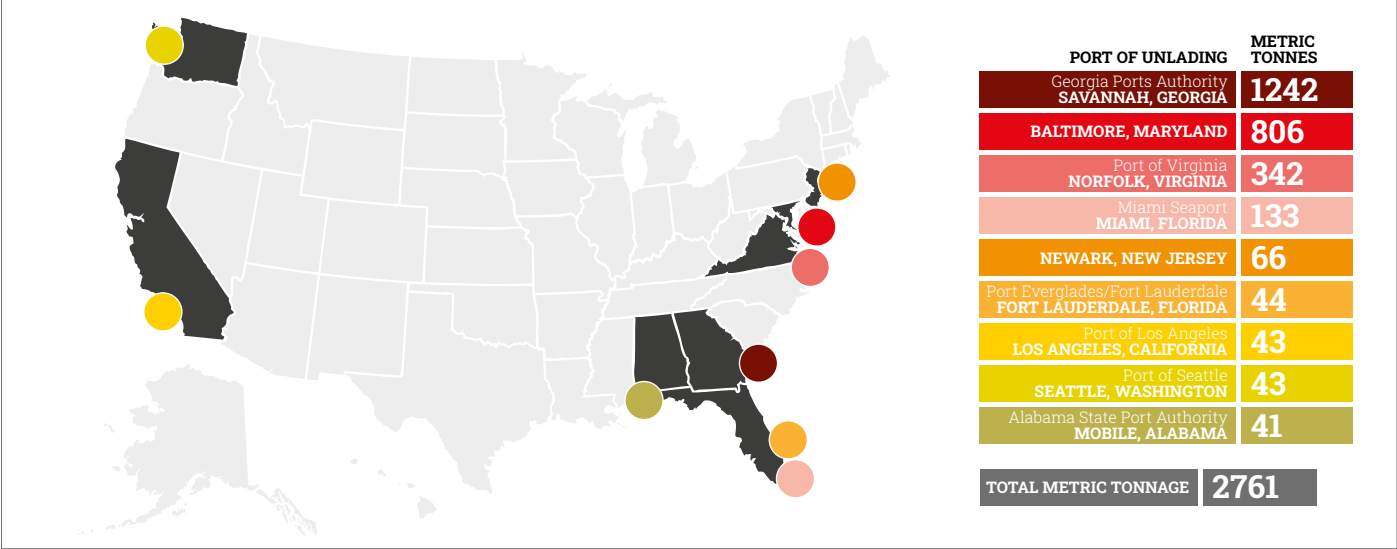
MTE details the quantities of teak logs in the tender announcements in 'hoppus tons' (a traditionally used unit of volume in British forestry). The total

January 2022 to March 2023 figure in hoppus tons was converted to cubic metres using the FAO conversion figure of 1.8027 .

Using an average density value for Myanmar teak (*tectona grandis*),¹⁶ we were then able to calculate the average quantity in kilogrammes of Myanmar teak available for purchase at MTE auctions between January 2022 and March 2023. This is an approximate value, due to varying factors of moisture content and density.

This thought experiment illustrates how difficult it is to reliably determine where timber is sourced within Myanmar, which further obfuscates determinations of legally harvested timber.

US entry ports for Myanmar teak in metric tonnes



Military control of the ports

Apart from running the MTE, the military's influence also extends to the ports of Myanmar. All are administered by the Myanma Port Authority (MPA), a branch of the Ministry of Transport and Communications.

The Minister for Transport and Communications, Tin Aung San, was sanctioned by the US on 11 February 2021.

Below: Yangon, the only Myanmar port through which teak can be exported

MPA is ultimately under the control of the SAC, which took control of all Government authorities on the day after the coup, 2 February 2021. Teak can only be exported from Myanmar via Yangon port.¹⁹ For every container exported from Myanmar, handling charges must be paid to MPA in US dollars. Therefore, for every export of Myanmar teak, handling charges must be paid which ultimately benefit the SAC.



US top 12

Since the coup, 12 US-based companies were responsible for Myanmar teak imports into America. Please see Annex I (p.18) for details of Myanmar companies responsible for supplying Myanmar teak to US companies.

	US Company	Myanmar teak imports since 2021 coup (tonnes)
1	East Teak Fine Hardwoods	1,357.95
2	J. Gibson McIlvain Co Inc	1,200.83
3	Florida Teak (importing under name of Global Dynamics Capital, LLC.)	151.85
4	World Panel Products Inc	62.51
5	Hardwood Co Inc	41.05
6	Yacht Deck	29.06
7	Teakdecking Systems	25.00
8	Techtona LLC	17.72
9	Lumberbest Co Inc	17.42
10	Kingsley Bate Warehouse	14.04
11	Roberts Plywood Co	13.32
12	Cft Cargo Inc	1.56
13	unnamed consignees	26.29

Since US sanctions were imposed on 21 April 2021, payments to (either directly or indirectly), or the receipt of goods from, MTE are prohibited.²⁰ Additionally, US dollar payments to a sanctioned individual or entity are prohibited, as a transaction in US dollars will pass the through the US financial system and cause the bank executing the transaction to violate sanctions.²¹ MTE requires auction participation fees and payment for teak to be made in US dollars. This provision applies to both US and non-US individuals and entities. All Myanmar teak is by default illegal under US sanctions, therefore, there is a *de facto* ban on the teak trade.

Except for Lumberbest and Techtona LLC, the above named companies continued to import teak after the MTE was sanctioned on 21 April 2021.

	US Company	Myanmar teak imports since 2021 sanctions (tonnes)
1	East Teak Fine Hardwoods	1,285.35
2	J. Gibson McIlvain Co Inc	1,148.12
3	Florida Teak (importing under name of Global Dynamics Capital, LLC.)	151.85
4	World Panel Products Inc	51.11
5	Hardwood Co Inc	41.05
6	Yacht Deck	29.06
7	Teakdecking Systems	25.00
8	Kingsley Bate Warehouse	14.04
9	Roberts Plywood Co	13.32
10	Cft Cargo Inc	1.56

Table 1 (left): Myanmar teak imports by US-based companies since 1 February 2021 coup

Table 2 (above): Myanmar teak imports by US-based companies since 21 April 2021 implementation of US sanctions

Since April 2021, East Teak Fine Hardwoods and J. Gibson McIlvain Co Inc have effectively created a duopoly for Myanmar teak imports into the US, with a combined percentage of more than 88 per cent for total imports.²²

The role of the crony Myanmar teak traders in the supply chain must also be acknowledged. Of total US imports since April 2021, 23 Myanmar companies were responsible for the supply of teak. The biggest suppliers were Thein Than Htun Manufacturing Co Ltd with 37.64 per cent of the supply, followed by Unilite Industries General with 11.54 per cent.²³

These Myanmar companies will have purchased teak from MTE at auction, which requires US dollar payments for participation and the purchase of teak. They create the indirect transaction link between MTE and American companies.

The US Government must go further to recognise the connections between these Myanmar companies and the military.



The 'stockpiling narrative' and third-party verification defence

Acts of Defiance explained how traders have sought to corroborate the 'stockpiling narrative' with third-party verification.

The stockpiling narrative is a supposed justification used by traders to argue that their timber has been sourced from stockpiles which existed before the coup and not from newly felled timber. Further, they state that timber sourced from stockpiles was paid for prior to the implementation of US sanctions. They claim that the teak was held by Myanmar companies in log yards and was not purchased at an MTE auction on the US traders' behalf. In doing so, they argue that at the point of purchase of the teak, the military did not hold ultimate ownership of it and did not receive any financial remuneration for the transaction to purchase the teak for export.

EIA opposes this narrative as an excuse to continue to defy sanctions. There are a number of issues surrounding teak stockpiles,²⁴ with a major one being that Myanmar teak is sold only at MTE auctions as lots based on quality. The risk of mixing illegally harvested timber with potentially legally harvested pre-coup timber based on quality is extremely high.

The sale of these lots at auction makes it impossible for operators to trace individual logs back to their harvesting sites. It is prohibited under Myanmar law to sell seized timber at auction, but with the military exerting its

control over the country, it is impossible to determine whether seized timber has been stolen from conflict regions and been bundled into lots sold at auction to profit the regime. No documentation can therefore be regarded as a risk mitigation factor attesting to the legality of teak imports. Whether teak is purchased before or after the coup, it is highly likely that it is illegal. Further, two years after the implementation of US sanctions, it is highly dubious to claim that there is still teak available which was purchased from stockpiles and paid for before the coup.

Nevertheless, traders have sought to support their stockpiling narrative using third-party verification. Third-party verification is service some employ to conduct checks on their timber imports. These service providers claim they can verify the legality of timber harvesting, including through DNA analysis of tree samples to accurately determine geolocations that prove exactly where and when an individual tree was felled.

Some traders seek to rely upon these services as a form of due diligence for their imports.

Above: stockpiles of teak in Myanmar



Double Helix Tracking Technologies and the EU Common Position

The most prominent third-party verifier for Myanmar teak is Double Helix Tracking Technologies Pte Ltd (Double Helix), based in Singapore.²⁵

Double Helix claims its services can assess and mitigate risks of illegally harvested timber in customer supply chains.²⁶ Double Helix also states its services determine whether teak has been sold in accordance with sanctions and laws.²⁷

But in recent years, Double Helix's claims have been called into question within the EU.

EIA's 2018 report, *A Tale of Two Laws*, detailed how a breach of the EU Timber Regulation (EUTR) likely constituted a breach of the Lacey Act 2008, as a EUTR breach likely constitutes a predicate offence under the Lacey Act 2008.

Since all Myanmar teak placed on the EU market is illegal under the EUTR, it is EIA's position that all Myanmar teak is contraband under the Lacey Act 2008. Hence, it is crucial that US authorities mirror the position of the EU for teak imports into the US.

In 2020, the EUTR Experts Group published its *Conclusions of the Competent Authorities for timber imports from Myanmar* (aka *Common Position*).²⁸ Even prior to the coup, the Experts Group determined that due to the pervasive corruption in the Myanmar forestry sector, mitigation measures had to go beyond the consultation of Government-issued documentation.²⁹

In addition to the issue of sale of lots of teak based on quality, the ability to check volume data against the

Annual Allowable Cut is not possible, since there is no actual volume data available, nor is it possible to check against harvest permits since the origin data for timber is not available. A comprehensive analysis of Myanmar laws regulating the forestry sector is inhibiting, as most laws are published in Burmese and are not freely available in the public domain. Further, access to forests to check samples is permitted only if an operator or verifier is accompanied by Government officials.

The *Common Position* specifically referred to the methodology of Double Helix for DNA testing, which claimed it could reliably identify the point of harvest, and determined that this methodology was flawed. For it to be accurate, it would have required a large sample area, including the use of samples taken from conflict regions. This would require free access to harvest areas, including conflict areas, to build the bank of data; even prior to the coup, such access was limited.

The *Common Position* determined that for a mitigation measure to be EUTR compliant, an operator importing Myanmar teak must trace the entire supply chain right back to the tree stump and any services provided by third-party verifiers must be completely independent from the Myanmar Government.³⁰

Above: the EUTR Experts Group concluded in 2020 that Myanmar teak imports into the EU cannot comply with the EUTR



MFCC links to the military

Double Helix is one of four verification companies endorsed by the Myanmar Forest Certification Committee (MFCC).³¹

The MFCC was established under the previous military regime in 1998. Prior to the coup, attempts were made to convert an extremely weak and ineffective system run by former Forest Department officials within the MFCC into a strong, transparent and robust system. This was not possible. As a result, any certification from the MFCC is essentially produced by those involved in the forestry sector certifying their own needs, with no independent verification nor civil society monitoring, no complaint mechanisms and no true account of the origin of the timber. It is extremely high-risk to use MFCC certification to meet legality standards and it is astonishing that any company would seek to do so. No credible company would use MFCC certification as it is a clear case of greenwashing.

In a move to tighten its grip, the SAC appointed a military leader, U Khin Maung Yi, as the new Chair of the MFCC. U Khin Maung Yi is also the Director General of the Ministry of Natural Resources and Environmental Conservation. He is currently sanctioned as an individual by the US, meaning all transactions, including any US dollar payments, that involve the property or interests in property belonging to U Khin Muang Yi are prohibited. If it is established that he has the ultimate majority ownership of MFCC, then all transactions with MFCC will be prohibited.

The pre-coup *Common Position* unequivocally states “the services of a company recognised by the MFCC as verification body is ... not an adequate mitigation measure”,³² since it is impossible for a verifier to cover the entirety of the supply chain, provide origin information or reference to legal instruments regulating the forestry sector. Owing to the Common Position, Double Helix’s endorsement by the MFCC should signal to traders that its services cannot accurately determine legality.

In June 2022, the EU Experts Group reiterated its views on Double Helix’s services.³³ The EUTR Experts rejected the possibility for a timber importer to present due diligence that claims to mitigate risk of illegally harvested timber from Myanmar.

Nevertheless, despite the findings of the *Common Position*, in an interview with the *Miami Herald*, the CEO of Double Helix, Darren Thomas, stated he “completely disagree[d]” with the position of the EU that the use of MTE forest documents could not be trusted.³⁴ Double Helix maintained its services are reliable.³⁵

Above: Myanmar teak destined for international markets

In the Dutch courts

In December 2022, the District Court of Amsterdam convicted two individuals, Roelof Dirk Brouwer and Arthur van der Veen, and the company Mercura for breaching the EU Timber Regulation.³⁶ The convicted parties had imported illegal Myanmar teak into the Netherlands via the Czech Republic.

In another blow to Double Helix, the court ruled against the methodologies Double Helix’s used for its services to verify Myanmar teak imports into the EU.

The convicted had relied on Double Helix’s services to conduct a risk analysis and to mitigate the risks of the Myanmar teak being illegally harvested. Double Helix’s services were central to the due diligence system those convicted had falsely believed was adequate for mitigating the risk of illegally harvested timber.

The court stated that each shipment in the indictment included a delivery order, a certified letter and a legality letter issued by MTE.³⁷ Double Helix had checked these documents for their contents and consistency and then issued a “traceability docket” for each shipment.³⁸ Other than verifying the MTE-issued documents, Double Helix did not conduct any other investigations, such as linking a specific shipment of timber to the stump from which it was felled.³⁹ The court rejected this methodology, ruling that the chain of custody was not complete and was therefore “not sufficient to mitigate the risk for illegally cut timber”.⁴⁰

The court highlighted the core issue surrounding Myanmar teak trade – MTE, which controls the supply of all Myanmar teak and has mixed illegally harvested timber into the supply chain, is “precisely the party that issues the first documents (delivery order and certified letter)”.⁴¹

Double Helix may indeed find that the MTE-issued documents are complete and consistent, but if there is corruption at the source of the chain of custody, the documents will not be authentic.⁴²

Now, post-coup, with a military ruling the country illegally and with a breakdown of the rule of law, it further obfuscates the ability to verify the legality of Myanmar teak. Any MTE-issued documents cannot be deemed to be authoritative and credible because they are issued by a military regime. For the reasons outlined above, it is EIA’s position that a verification of legality of



Myanmar teak is impossible.

Further, any claims by a certification company that it can use DNA technologies to link a specific piece of teak to the stump of the tree from which it came as a means of verifying geo-location must be questioned. Myanmar is currently under siege by the military – it cannot be plausible to suggest that any company can deploy individuals to take physical tree samples found in conflict regions, where the majority of Myanmar’s teak forests are to be found. In the alternative, if samples can be produced, one must question whether there was collusion with the military in order to access these regions.

Owing to the breakdown of law and order in the country, and the ongoing civil war, it is evident that third-party verification should not be accepted at face value. The evidence from the EU shows there is an onus on US authorities to investigate third-party verification documents thoroughly.

EIA maintains it is not possible for third-party verification companies to act independently from the military regime and therefore there is no means of accurately verifying the legality of Myanmar teak

Above: illegal teak seized by Dutch authorities

Right to reply responses

EIA contacted each of the 12 companies responsible for importing teak into the US after the coup to ask if they could show how their respective imports did not breach US laws, namely E.O. 14014 and the Lacey Act 2008.

We received responses from just two, Florida Teak and Lumberbest; both denied they had breached any laws for their respective teak imports.

Neither stated whether the teak they import is legal under the Lacey Act 2008. It is EIA's position that no Myanmar teak imports are legal under the Lacey Act 2008, given the limited information and data available to prove that the Myanmar teak was not harvested in contravention of Myanmar laws.

Henry Yee, of Lumberbest, clarified that the firm had sold its shipment of Myanmar teak to another US company on what is called Free on Board (FOB, a shipment term that defines the point in the supply chain when a buyer or seller becomes liable for the goods being transported) basis in Yangon prior to 1 February 2021 and therefore was not in breach of US sanctions. As outlined in 'Military control of the ports' (p.10), owing to the military's influence over the export of goods from Myanmar, EIA maintains it is likely there will have been an indirect benefit received by the military due to the charges paid for containers exported from Myanmar.

Florida Teak confirmed its reliance on the stockpiling narrative and claims that "[p]rior to April 21, 2021, MTE had already harvested and sold a considerable volume of teak reserves to private trading entities and/or sawmills in Burma, such that teak reserves were already sitting in the possession of third parties to be resold to various purchasers, including US importers."

Florida Teak stated it can prove it did not breach sanctions, saying: "MTE-issued invoices and delivery orders reflect the date on which the teak was purchased from MTE and delivered to private parties in Burma. Through these documents, it is possible to verify the date on which MTE no longer had a financial or ownership interest in the teak for purchase."

Florida Teak said it uses Double Helix's services to verify the legality of its timber imports and "further verify that MTE did not retain any financial or ownership interest in the teak to be imported to the United States after April 21, 2021".

Further, Florida Teak states it "will not import any teak from Burma in which MTE had a financial or ownership interest after April 21, 2021" and that it is "well aware of applicable US sanctions and the Lacey Act". For the reasons outlined above, EIA maintains that there is a high risk both of these laws have already been breached.

If the EU's position is that it is not currently possible to import teak into the EU without breaching EU sanctions or the EUTR, it is reasonable to deduce that this would be the same for US imports in relation to US sanctions and the Lacey Act 2008. In addition, reliance upon third-party verification cannot be used as a smokescreen by traders to justify their imports.

None of the other companies we approached responded to us when we offered our allegations for comment.

Need for enforcement on the US side

As evidenced by the continued flow of Myanmar teak into the US, with 101.46 tonnes recorded in March 2023 alone,⁴³ the US must take action to stop this illegal trade.

US authorities must recognise that American businesses are funding a regime that the US Government is seeking to challenge with the implementation of sanctions. For each and every Myanmar teak transaction occurring after the implementation of sanctions, the Myanmar military is gaining illicit funds to continue their regime.

Further, the US authorities must acknowledge that the trade of Myanmar teak is illegal under the Lacey Act. There must be analogies drawn between the precedents

of EUTR case law in EU Member States and the Common Position given by the EU Commission.

If the US Government is serious about supporting the building of a free and just Myanmar, it must stop the illegal imports of Myanmar teak from entering the country.



Recommendations

- **Thoroughly review any third-party verification documents that accompany Myanmar teak shipments.**
- **Enforce sanctions against Myanmar teak traders, both within and outside the US.**
- **For US authorities to support the newly created Timber Membership Board and Enforcement Resource (TIMBER) Working Group⁴⁴ in ongoing investigations and ensure the prosecution of those trading in Myanmar teak undermining sanctions and the Lacey Act 2008.**
- **For US authorities to work with EU competent authorities to ensure a consistent enforcement approach on Myanmar Teak.**



Annex I - Myanmar shippers

21 April 2021 – 30 March 2023

	Myanmar Shipper	Myanmar Teak Shipments since April 2021 sanctions (tonnes)	Percentage of total Myanmar teak shipments
1	Thein Than Htun Mfg. Co.	1039.13	37.64
2	Unilite Industries General	318.43	11.54
3	Water Solutions Co., Ltd.	212.10	7.68
4	Pa Pa Wadi Co., Ltd.	180.91	6.55
5	Shwe Sin Linn Htun Co., Ltd.	170.14	6.16
6	National Wood Industries Ltd.	141.98	5.14
7	Yadanar Tin Co., Ltd.	98.27	3.56
8	Myat Noe Thu Co., Ltd.	71.37	2.59
9	Myanmar Technologies Industries Co. L	70.06	2.54
10	Super Sun International Trading Ltd.	57.17	2.07
11	K M I Co., Ltd.	56.08	2.03
12	Win Enterprise Ltd.	52.89	1.92
13	Chit Po Co., Ltd.	47.95	1.74
14	Jewellery Teak Timber Co., Ltd.	38.59	1.40
15	Swel Hein Group Co., Ltd.	37.00	1.34
16	Royal River Co., Ltd.	33.21	1.20
17	Maha Nadi Maritime Services Co.	32.97	1.19
18	Praise International Mining Co., Ltd.	23.96	0.87
19	Saung Hnin Cherry Co., Ltd.	21.00	0.76
20	Golden Pollen Mfg. Co., Ltd.	20.34	0.74
21	Aung Thit Min Co., Ltd.	18.71	0.68
22	Tharaphu Decor Co., Ltd.	16.64	0.60
23	United Wood Industries Co., Ltd.	1.56	0.06
Total		2760.46	100.00

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2. Data from Panjiva.com, 30 March 2023.

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7. BTI 2022 Country Report Myanmar, page 26. Available at: https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2022_MMR.pdf

8. Assistance Association for Political Prisoners: <https://coup.aappb.org/> as of 4 May 2023

9. In 2021, Transparency International's Corruption Perception Index ranked Myanmar at 140 out of 180 countries for corruption. In 2022, Myanmar's ranking fell further to 157 out of 180. Available at: <https://www.transparency.org/en/cpi/2022>. The Financial Action Task Force (FATF), a global body that aim to stop corruption, blacklisted Myanmar in October 2022. Only two other countries, North Korean and Iran, are currently blacklisted by FATF. Countries are blacklisted when there are significant deficiencies within a regime to address serious issues of corruption, organised crime and terrorism. FATF recommends that all jurisdictions apply enhanced due diligence for all business relations and transactions with Myanmar. Details of blacklisting available at: <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2022.html>

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14. Ministry of Natural Resources & Environmental Conservation, "Myanmar Chain of Custody Process Documents and Actors". Available at: [https://www.forestdepartment.gov.mm/sites/default/files/Documents/\(R\)Myanmar Timber Chain of Custody Process_.pdf](https://www.forestdepartment.gov.mm/sites/default/files/Documents/(R)Myanmar%20Timber%20Chain%20of%20Custody_Process_.pdf)

15. F. Padovani, "The Measurement of Forest products". Available at <https://www.fao.org/3/AC628E/AC628E11.htm>

16. Shri Ram Shukla and Suman Kumar Sharma, "Estimation of density, moisture content and strength of Tectona grandis wood using Near Infrared Spectroscopy" Maderas, Cienc. tecnol. vol.23 Concepción 2021 Epub 13-Ene-2021. Available at: https://www.scielo.cl/scielo.php?pid=S0718-221X2021000100418&script=sci_arttext "The average wood density of teak was 622,20 kg/m3 ± 48,36 kg/m3 at 12 % ± 2 % moisture content. The coefficient of variation was 7,77 % and density values ranged from 525,89 kg/m³ to 805,20 kg/m³"

17. Data from Panjiva, 30 March 2023. Data for the period of 21 April 2021 to 30 March 2023.

18. Data from Panjiva, 30 March 2023.

19. Ministry of Natural Resources & Environmental Conservation, "Myanmar Chain of Custody Process Documents and Actors". Available at: [https://www.forestdepartment.gov.mm/sites/default/files/Documents/\(R\)Myanmar%20Timber%20Chain%20of%20Custody%20Process_.pdf](https://www.forestdepartment.gov.mm/sites/default/files/Documents/(R)Myanmar%20Timber%20Chain%20of%20Custody%20Process_.pdf)

20. Executive Order No. 14014, 86 Fed. Reg. 28 (February 10, 2021), Sec. 2. (a)-(b). Available at: <https://www.federalregister.gov/documents/2021/02/12/2021-03139/blocking-property-with-respect-to-the-situation-in-burma>

21. Executive Order No. 14014, 86 Fed. Reg. 28 (February 10, 2021), Sec. 4. (a) "Any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited." Available at: <https://www.federalregister.gov/documents/2021/02/12/2021-03139/blocking-property-with-respect-to-the-situation-in-burma>

22. Data from Panjiva.com, 30 March 2023.

23. Data from Panjiva.com, 30 March 2023.

24. We detail further the issues surrounding the stockpiling narrative in Acts of Defiance 1 at pages 6-8. Available at: <https://eia-international.org/report/acts-of-defiance-how-us-traders-are-ignoring-sanctions-to-import-conflict-teak-from-myanmar/>

25. World Panel Products and Teakdecking Systems have also reported using Double Helix services for teak imports.

26. <https://www.doublehelixtracking.com/>; EIA has presented its findings in a previous investigation for the report Croatian Connection Exposed, in which EIA found Double Helix documents included in shipments of Myanmar teak imported into Croatia. The investigation found that a Croatian company, Viator Pula, had been used as a middle-man operator to land Myanmar teak in the EU by other European companies and

thus circumvent liability under the EU Timber Regulation. In the documents obtained by EIA from the Croatian authorities, Double Helix-issued "traceability dockets" were found among the papers used by Viator Pula, assuring EUTR legality of the Myanmar teak. Report available at: <https://eia-international.org/report/the-croatian-connection-exposed/>

27. <https://www.doublehelixtracking.com/news/constructive-guidance-european-importers-myanmar-teak>

28. Conclusions of the Competent Authorities for the implementation of the European Timber Regulation (EUTR) on the application of Articles 4(2) and 6 of the EUTR to timber imports from Myanmar. Available at: <https://ec.europa.eu/transparency/expert-groups-register/core/api/front/document/47575/download>

29. Conclusions of the Competent Authorities for the implementation of the European Timber Regulation (EUTR) on the application of Articles 4(2) and 6 of the EUTR to timber imports from Myanmar, page 6. Available at: <https://ec.europa.eu/transparency/expert-groups-register/core/api/front/document/47575/download>

30. Conclusions of the Competent Authorities for the implementation of the European Timber Regulation (EUTR) on the application of Articles 4(2) and 6 of the EUTR to timber imports from Myanmar, page 6. Available at: <https://ec.europa.eu/transparency/expert-groups-register/core/api/front/document/47575/download>

31. United Forestry Services, Nature Watch Co., Ltd., Myanmar Forest Association are also recognised by MFCC. See Myanmar Forest Certification Committee Forest and Product Certification, available at: <https://myanmarforestcertification.org/certification/>

32. Conclusions of the Competent Authorities for the implementation of the European Timber Regulation (EUTR) on the application of Articles 4(2) and 6 of the EUTR to timber imports from Myanmar, page 7. Available at: <https://ec.europa.eu/transparency/expert-groups-register/core/api/front/document/47575/download>

33. <https://ec.europa.eu/transparency/expert-groups-register/core/api/front/document/85164/download>

34. Miami Herald, "How Florida wood traders navigate ban on repressive regime's rare teak: Tree DNA tests", <https://www.miamiherald.com/news/state/florida/article272557908.html>. This article was part of the "Deforestation Inc." investigation led by the International Consortium of Investigative Journalists. <https://www.icij.org/investigations/deforestation-inc/>

35. <https://www.miamiherald.com/news/state/florida/article272557908.html>

36. [ECLI:NL:RBAMS:2022:7442_Rechtbank Amsterdam_81/052725-22 \(rechtspraak.nl\);](#) [ECLI:NL:RBAMS:2022:7438_Rechtbank Amsterdam_81/052765-22 \(rechtspraak.nl\);](#) [ECLI:NL:RBAMS:2022:7435_Rechtbank Amsterdam_81/052769-22 \(rechtspraak.nl\);](#) [ECLI:NL:RBAMS:2022:7432_Rechtbank Amsterdam_81/052745-22 \(rechtspraak.nl\);](#) [ECLI:NL:RBAMS:2022:7430_Rechtbank Amsterdam_81/052755-22 \(rechtspraak.nl\);](#) NRC, "Superyacht builders close their eyes to illegal teak trade", 3 March 2023. Available at: <https://www.nrc.nl/nieuws/2023/03/03/superyacht-builders-look-away-at-illegal-teak-trade-a4158553>

37. Judgement ECLI:NL:RBAMS:2022:7435, 12 December 2022. Page 10 of 20. Available at: <https://www.prosecutionservice.nl/documents/publications/2022/12/22/judgement-ecli-nl-rbams-2022-7435>

38. Judgement ECLI:NL:RBAMS:2022:7435, 12 December 2022. Page 9 of 20.

39. Judgement ECLI:NL:RBAMS:2022:7435, 12 December 2022. Page 12 of 20.

40. Judgement ECLI:NL:RBAMS:2022:7435, 12 December 2022. Page 11 of 20.

41. Judgement ECLI:NL:RBAMS:2022:7435, 12 December 2022. Page 12 of 20.

42. Judgement ECLI:NL:RBAMS:2022:7435, 12 December 2022. Page 12 of 20.

43. Data from Panjiva.com, 30 March 2023.

