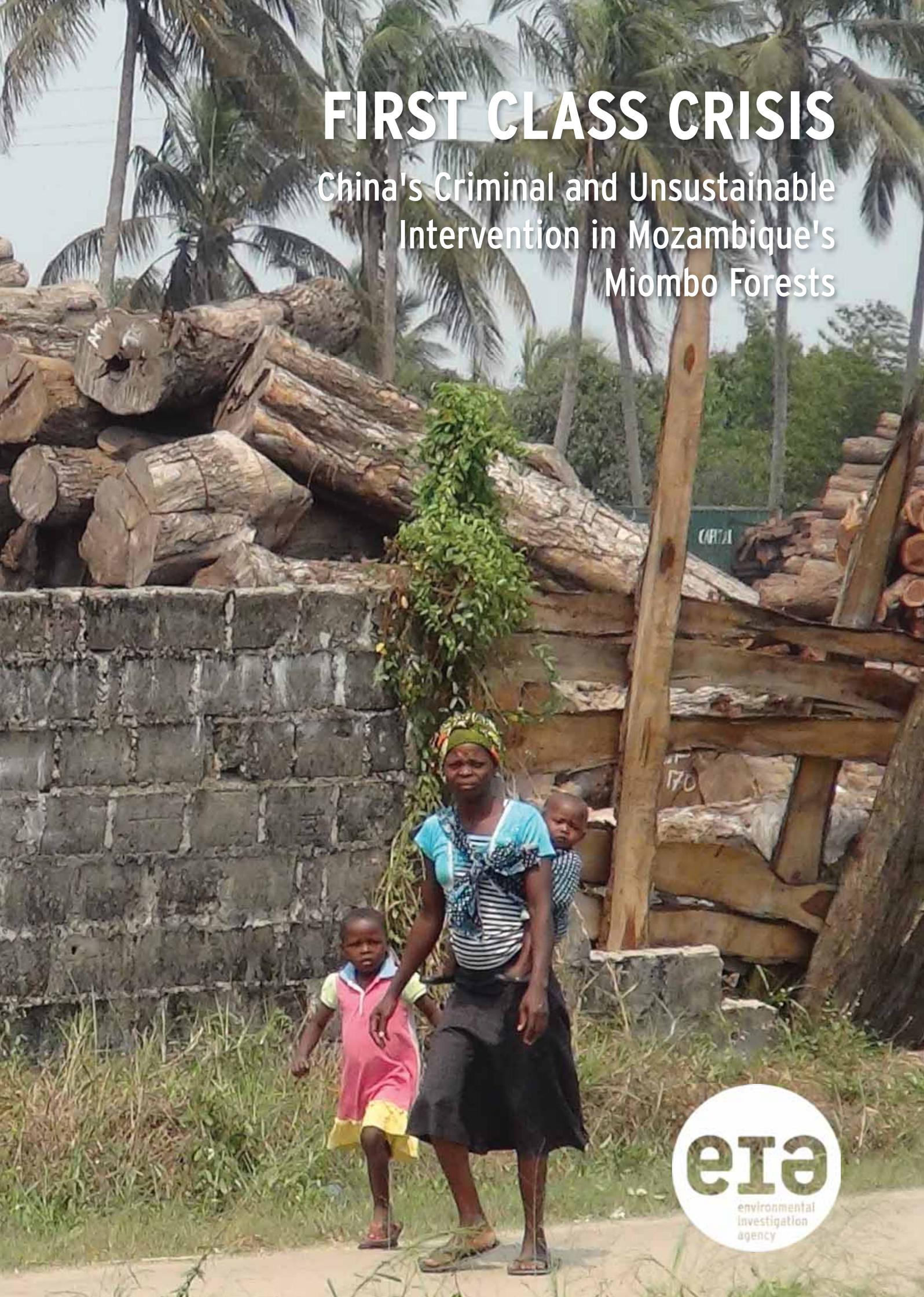


FIRST CLASS CRISIS

China's Criminal and Unsustainable
Intervention in Mozambique's
Miombo Forests



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COVER:

Mozambican woman and child passing a chinese company's log yard in Beira.

All images © EIA

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SUMMARY

This report updates a January 2013 EIA report on forest crime in Mozambique - *First Class Connections*.¹ It details research, investigations and analysis conducted by EIA between mid-2013 and 2014 which found that:

- Over the past seven years an average of 81 per cent of all logging in Mozambique was illegal. In 2013, a staggering 93 per cent of logging in the country was illegal
- The shocking scale of illegality is largely driven by booming timber exports, with 76 per cent of timber exported from Mozambique worldwide in 2013 being illegally cut in excess of reported harvests
- The vast majority of exports (93 per cent on average between 2007 and 2013) were shipped to China. In 2013, when Mozambique became China's biggest African supplier of logs by value, 46 per cent of China's 516,296 cubic metres (m³) of timber imports from Mozambique were also smuggled out of the country, maintaining a pattern and scale of crime by Chinese companies already documented by EIA in 2012
- This illegal logging and timber smuggling has driven harvesting volumes way beyond sustainable levels, despite claims by Mozambican officials to the contrary, raising serious concerns about the Government's ability to credibly manage the country's forest resources
- EIA analysis shows that an excessive focus on just a handful of commercial timber species - for both export and domestic markets - raises the likelihood that commercial stocks will be largely depleted over the next 15 years
- All of this crime and environmental mismanagement has robbed Mozambique's rural poor and wider population of US\$146 million in lost exploration and export tax revenues since 2007
- Despite some evidence of law enforcement by the Mozambican Government, and the promotion by the Chinese Government of voluntary guidelines on legal forestry activities for Chinese businesses, corruption and ineffective governance in both Mozambique and China's business sector are a structural impediment to resolving the crisis
- Multiple Chinese-owned timber companies already exposed by EIA and others continue to smuggle illegal Mozambican timber to China.

Without a sea-change in how Mozambique's Government and law enforcement community do their jobs, with corruption an ongoing problem, and with no enforceable laws on illegal timber imports in China, Mozambique's forests and forest economy face a bleak future.

The degree to which poor rural communities will bear the burden of Mozambique's ongoing illegal logging crisis - in what is now the second least developed nation on Earth - is a critical development and governance challenge that needs immediate and credible action by all concerned parties.

THE SCALE OF THE CRISIS

ILLEGAL LOGGING RATES IN MOZAMBIQUE

In January 2013, EIA conducted an analysis of the discrepancy between reported Chinese imports of Mozambican logs and sawn timber, and Mozambican licensed harvests and licensed exports, to estimate illegal logging and timber smuggling rates for the country. The analysis suggested that 48 per cent of logging in Mozambique in 2012 was in excess of licensed harvests, due entirely to Chinese imports of Mozambican timber.

In February 2014, Mozambique's University of Eduardo Mondlane (UEM) issued a study estimating illegal logging in Mozambique that incorporated figures on domestic consumption. UEM aggregated estimated domestic consumption volumes with globally reported imports of Mozambican timber, to produce a baseline for "actual consumption". This actual consumption – taken as a proxy for "harvested volumes" across the country – was compared to official licensed harvests.

UEM found that on average 66 per cent of all logging between 2007 and 2012 was unlicensed, amounting to 2,666,942 m³.²

Despite finding very high levels of unlicensed harvesting, the UEM report likely under-estimates the volume of illegal logging over the 2007-2012 period. This is because UEM compared "actual consumption" (reported global

imports plus domestic consumption) with "licensed harvests", rather than with "registered harvests".

"Licensed harvests" are volumes the Government permitted to be harvested nationwide in any one year, while "registered harvests" are those officially recorded to have been actually removed by licensees, within the scope of a larger licensed volume. "Registered harvests" are therefore a more appropriate measure of actual legal harvests by licensed operators.

Extrapolating UEM's statistics for "actual consumption" into 2013, and comparing them to official Government records of actual registered harvests, suggests that between 2007 and 2013 an average 81 per cent of harvesting was not registered and was therefore illegal.³

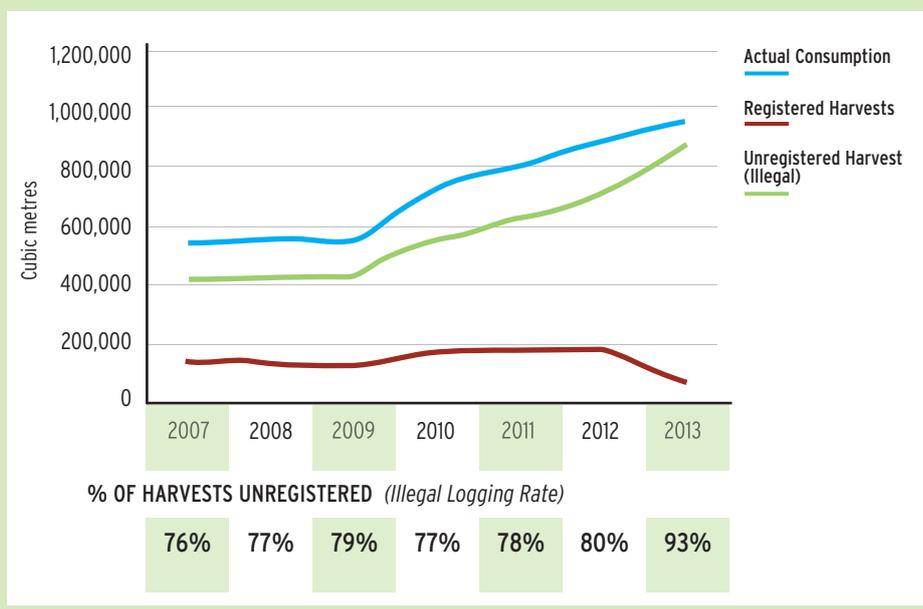
The largest discrepancy occurred in 2013, when 890,220 m³ in excess of registered harvests were consumed through domestic consumption and exports, resulting in a 93 per cent illegal logging rate.

The huge drop in registered harvests in 2013, which dramatically raises the illegal logging rate above average, is a result of numerous simple license holders reportedly ceasing operations due to being unable to comply with a new 2012 simple license law that required more stringent harvesting obligations.⁴ It is clear most continued and increased harvests regardless.



ABOVE:
Felled tree in a forest concession in Cabo Delgado, northern Mozambique.

FIGURE 1: ILLEGAL LOGGING CRISIS IN MOZAMBIQUE (See Annex for figures and sources)



"2013 saw a 93 per cent rate of illegal logging over reported harvests."

“Between 76 and 93 per cent of Mozambican timber imported into China was illegal at source.”



ABOVE: Trucks drive day and night to Mozambique's ports.

DRIVERS OF ILLEGAL LOGGING

While domestic consumption has been growing steadily, and significantly exceeded both licensed and registered legal harvests annually from 2007 to 2013, it is not the key driver of rampant illegal logging in Mozambique's forests.

In 2009, globally registered imports of Mozambican logs and sawn timber boomed, nearly doubling in a single year. Such trade has also risen significantly faster than domestic consumption since 2009 and has exceeded domestic consumption every year since 2011.

Consequently, overall growth trends for “actual consumption” since 2007 are shaped far more by Mozambique's export trade than by domestic use, dramatically increasing illegality rates and taking total required harvests well beyond sustainable limits.

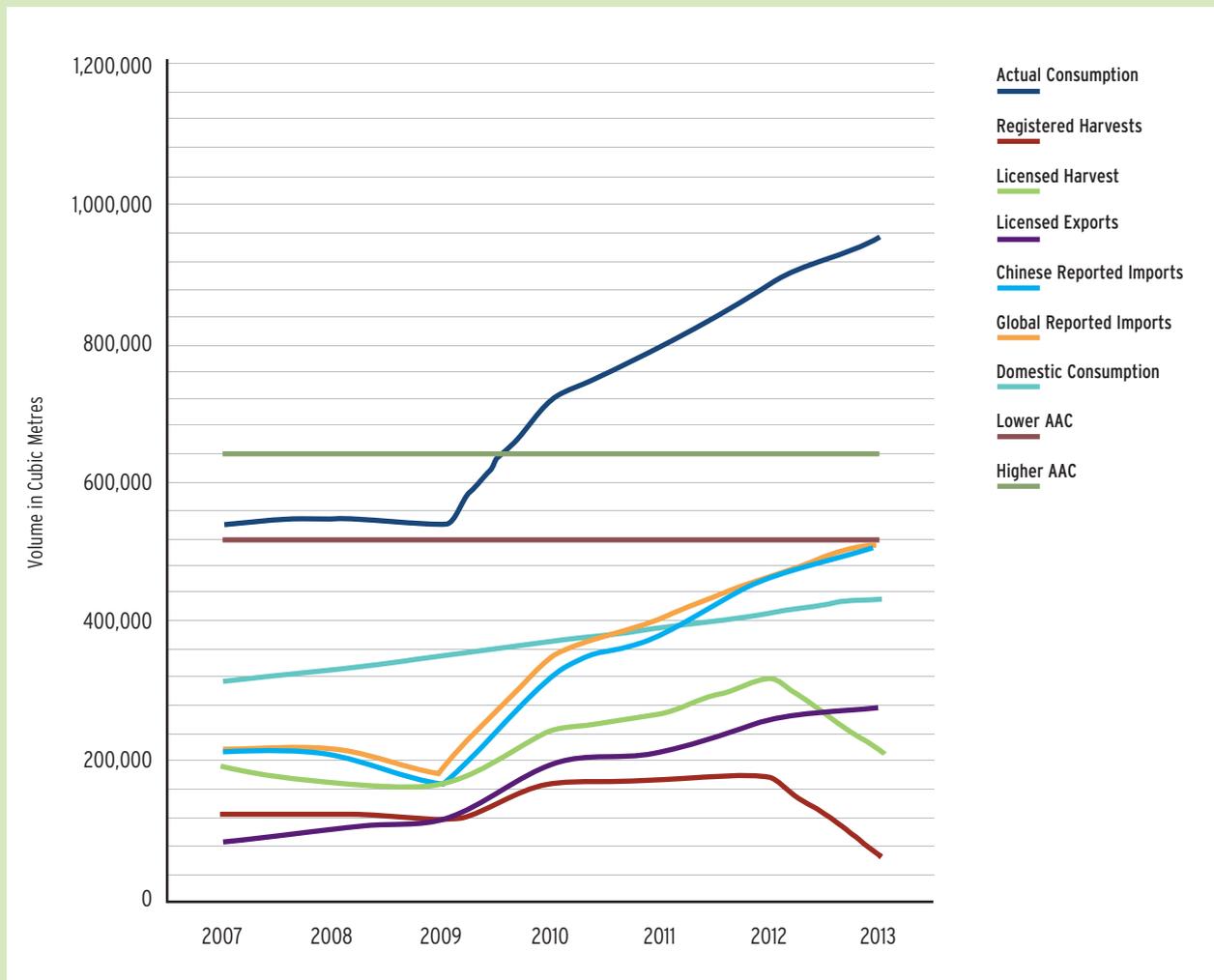
CHINESE IMPORTS DOMINATE CONSUMPTION

Between 2007 and 2013, Chinese imports of Mozambican timber amounted to 2,273,807 m³ – accounting for an average of 96 per cent of globally registered imports of Mozambique wood. In some years, China recorded 99 per cent of total globally recorded timber imports from Mozambique. Chinese demand is clearly responsible for nearly all timber exports from Mozambique, which are in turn now responsible for the majority of the 93 per cent illegal logging rate currently blighting the country.

In 2012, the discrepancy between licensed exports and reported Chinese imports suggested that 48 per cent of Mozambican timber imported into China was smuggled out of the country.⁵

Updating this for 2013 shows a similar trend, with 235,500 m³, or 46 per cent of total Chinese imports from Mozambique, of 516,296 m³ being unlicensed on export, and therefore illegal.

FIGURE 2: CHARTING FOREST & TIMBER TRADE CRIME IN MOZAMBIQUE
(See Annex for figures and sources)





However, with 76 per cent of Mozambique's 2013 export volumes being produced in excess of reported harvests, and factoring in the 93 per cent illegal logging rate in Mozambique the scale of illicit timber in this trade is amplified. It could be argued that between 76 and 93 per cent of Mozambican timber imported into China was illegal at source.

Logging for the Chinese export market has undoubtedly transformed Mozambique's forestry sector into a completely unsustainable crime scene in the space of five years.

China's imports of Mozambican timber will vastly increase during 2014. In the first quarter alone China imported US\$112 million of logs and sawn timber, a 37 per cent increase on 2013 first quarter imports, and amounting to almost 46 per cent of total 2013 imports.⁶

For the first quarter of 2014, as for the whole of 2013, China has registered Mozambique as the biggest source of African timber imports by value, demonstrating the country's increasing importance to Sino-Africa timber trade.

UNSUSTAINABLE TRADE

In July 2013, the Director of Mozambique's Forest Authority (DNTF), Simao Joaquim, was quoted as saying that "log or plank exports to the Asian and European markets is being carried out in line with current legislation", and that the "unbridled exploration of forest resources will not affect the survival of forest species", because Mozambique still has "29,000 square kilometers of virgin forest".⁷ Plenty of evidence suggests that not only is most trade illegal, but key commercial species are fundamentally threatened by unsustainable trade levels on top of already high domestic consumption.

Domestic consumption in Mozambique has never exceeded the Lower Annual Allowable Cut (lower AAC) of 515,000 m³. The AACs set boundaries for the sustainable harvests of Mozambique's commercial timber, beyond which the survival of forests and commercial species are threatened.

By contrast, in 2013 global imports of Mozambican timber alone exceeded the lower AAC, as predicted in EIA's January report *First Class Connections*, due almost entirely to rampant growth in shipments to China.

Similarly, while "actual consumption" (domestic consumption and global reported imports) has exceeded the Lower AAC since before 2007, in 2009 it surged above the Upper AAC (set at 640,000 m³) in just one year, as a direct result of a boom in Chinese imports. Actual consumption has significantly exceeded the upper AAC since 2010.

Since 2007 actual consumption exceeded the lower AAC by 30 per cent and the upper AAC by 11 per cent. 2013 saw a huge 46 per cent of harvests for actual consumption in excess of the lower AAC, and 34 per cent above even the higher AAC.⁸

If Mozambique were to stop exports but maintain domestic consumption harvests would immediately fall below both the upper and lower AACs. However, if Mozambique were to stop all domestic consumption while allowing continued exports (an untenable proposition), harvests would remain above the lower AAC, and likely exceed the upper AAC within two years.

These facts clearly point to export trade as the primary cause of unsustainable logging in Mozambique over the past six years, with China in turn virtually the only driver of these increased exports.

TOP:

Chinese investment billboard in Beira Mozambique.

ABOVE:

Log truck heading south along a highway in Cabo Delgado, northern Mozambique.

LEFT:

Port of Beira.

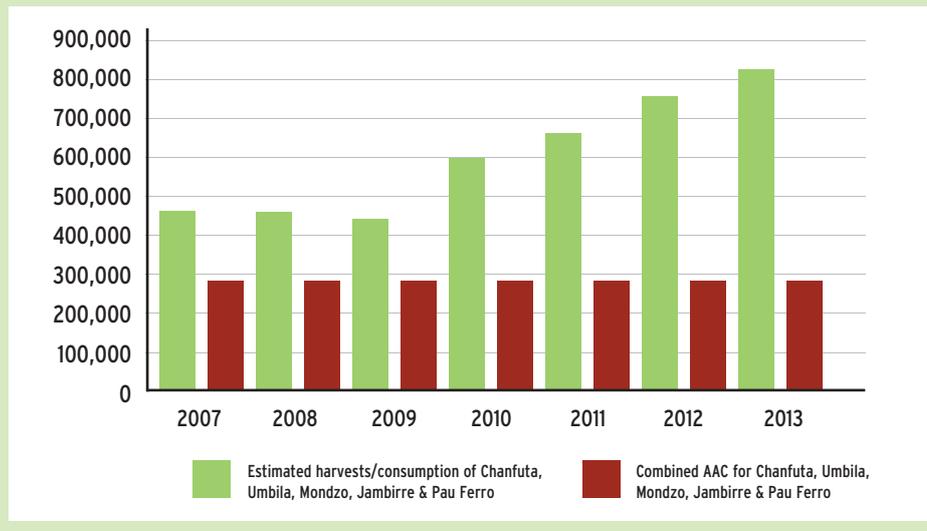
"The export trade is the primary cause of unsustainable logging in Mozambique, due almost entirely to China."

“Up to 2.2 million m³ of five key commercial species have been harvested over and above their combined AACs since 2007.”



ABOVE:
Log yard in Beira with all key commercial species.

FIGURE 3: UNSUSTAINABLE LOGGING: ESTIMATED HARVESTS (85% OF CONSUMPTION) OF CHANFUTA, JAMBIRRE, MONDZO AND PAU FERRO COMPARED TO THEIR COMBINED AAC, IN m³



KEY SPECIES UNDER ATTACK

UEM estimated that 85 per cent of urban domestic consumption focuses on only three species: Chanfuta, Umbila and Jambirre.⁹ This matches testimony EIA investigators heard from traders, who suggested that 90 per cent of exports to China consisted of just five species, Chanfuta, Umbila, Jambirre, Mondzo and Pau Ferro.¹⁰ All of these are classified as “first class species”, meaning exports of these logs are banned. Around 10 per cent of China’s 2013 imports from Mozambique were likely Pau Preto logs, classified as Precious woods in Mozambique.¹¹

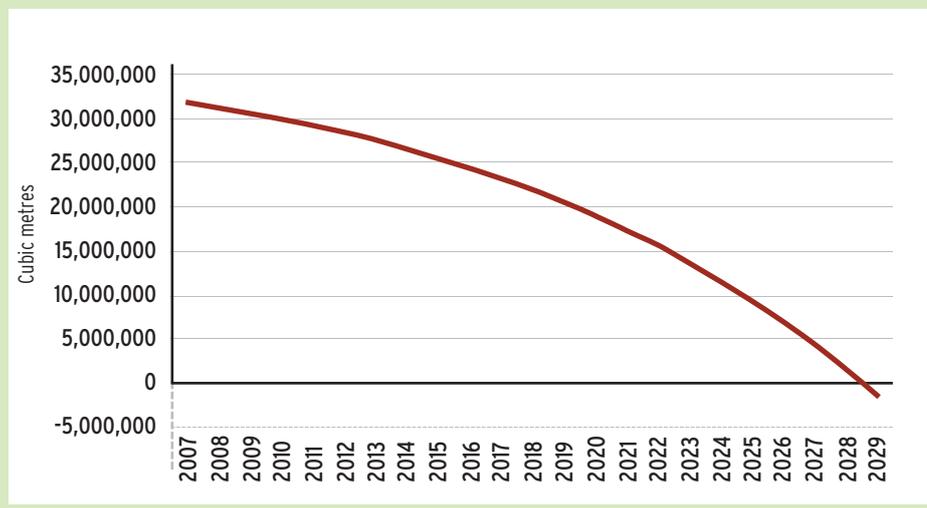
That 85-90 per cent of actual consumption is focused primarily on only 5-6 species raises obvious concerns that AACs for these have been massively exceeded over the past seven years. EIA analysis suggests that up to 2.2 million m³

of these five species have been harvested over and above their combined AACs, threatening their long-term viability.¹²

The Mozambican Government’s 2007 Forest Inventory estimated that the commercially available standing stock of First and Precious class species (as classified by the girths of specific species) was 31,600,000 m³.¹³

Between 2007 and 2013, actual consumption (domestic consumption and global reported imports) rose by an average of 8 per cent per annum. Assuming total consumption continues growing at 8 per cent per annum, the standing stock of first and precious class species would be completely logged out by 2029, in just 15 years. Clearly, growth of consumption at rates seen in the past five years would be devastating for key species and Mozambique’s forests more broadly.

FIGURE 4: FIRST AND PRECIOUS CLASS SPECIES STANDING STOCK (2007) DEPLETION PROJECTION AT 8% PER-ANNUM CONSUMPTION GROWTH



“Booming Chinese demand will see Key species logged out in 15 years.”

“OFF DUTY” FOREST GOVERNANCE

Illegal logging and timber smuggling is costing Mozambique vital development revenues through lost duties and taxes.

No Government data on tax collection from either timber harvests or exports is published, but under Mozambican law, exploration taxes are to be levied against volumes of timber cut by licensed operators, and export taxes against volumes exported.

EIA estimates that in 2012 Mozambique lost almost US\$30 million in uncollected exploitation and export taxes due entirely to timber smuggling to China.¹⁴ However, this sum is calculated purely on the degree to which Chinese imports were unlicensed on export by Mozambique, and how import volumes exceeded licensed harvests.

On the basis that exploration taxes are paid against “registered harvests” (the Government’s record of what was cut by licensed operators), and working on the more comprehensive estimates of unregistered, unlicensed and illegal logging detailed above, EIA now estimates that between 2007 and 2013 Mozambique potentially lost US\$102 million in exploration taxes alone.¹⁵

A further US\$44 million in timber export taxes was also likely lost to the state

between 2007 and 2013 from unlicensed global exports – the vast majority of which were illegally shipped to China.¹⁶

While such taxes could not have been legitimately collected because the activities taxed would be illegal (unlicensed and unreported logging, and timber smuggling), the analysis shows the degree to which forest and trade crimes deprive the Mozambican people not just of future resources but of vital future revenues.

The lost US\$146 million could have covered 30 years of Mozambique’s National Forest Program’s law enforcement system, based on current budgets.¹⁷ Clearly the existing enforcement program is desperately inadequate.

Alternatively, these tax losses would cover almost twice the 2014 state budget for poverty alleviation social programs,¹⁸ in what is now the second least developed nation on Earth.¹⁹

The loss of exploration duties is particularly galling. The 2002 Forest Regulation determines that 20 per cent of exploration taxes should go to poor rural communities, with the aim of incentivising community forest stewardship and promoting community development. But the rate of unregistered harvests suggests that between 2007 and 2013, rural communities in Mozambique lost a potential US\$20 million in taxes due to them.

“Mozambique lost US\$146 million in taxes due to illegal logging and timber smuggling since 2007.”

BELOW:

Working for peanuts:
Mozambique loses millions in tax to the detriment of poor communities.

BOTTOM:

Workers stuff illegal fitches into containers destined for China.



REPEAT OFFENDERS

In September 2013, EIA investigators posing as buyers contacted sellers of Mozambican first class logs in China already exposed in EIA's January 2013 report. The findings reveal that illegal first class timber is still being exported from Mozambique by these firms.

Case Studies in Continued Crime

FAN SHI TIMBER

In 2013, EIA revealed how the company Fan Shi illegally exported first class logs to China by paying bribes.³⁵ Fan Shi Timber is part of a group of family-run businesses owned by three relatives from Fujian; Fan Guoyong, Fan Jinglin and Fan Jinghui. In September of 2013, EIA investigators phoned Fan Shi's Chinese hub and were once again offered illegally exported Mozambican Umbila logs.

SENLIAN

EIA's 2013 report detailed an undercover meeting with Mr Xu from Senlian Corporation during which he mentioned a previous shipment of illegal logs being detained and plans to resume such illicit exports in 2013.³⁶ In a September 2013 phone call by EIA, staff of Shanghai Senlian Timber Industrial Development Co Ltd said that their timber coming out of Mozambique was "half illegal" and offered EIA 20cm thick Wenge fitches - square logs - in violation of Ministerial Diploma no 142/2007.³⁷

PINGOS MARINHA & DONGGUAN YETONG TRADING

EIA's 2013 report detailed how Chinese firm Pingos Marinha circumvented Mozambique's log export ban by adding simple relief carvings to the sides of oversized wood blocks and reclassifying them as "finished products". The company shipped nearly 1,000 containers of raw timber a year in this manner to its Guangdong-based affiliate Dongguan Yetong Trading.³⁸ During a phone call with Dongguan Yetong Trading in September 2013, company staff boasted how they are still able to smuggle banned Mozambican Umbila logs hidden in containers of sawn timber.

XINFEIYUAN

In September 2012, EIA investigators met with Mozambique First International Development (MOFID), which boasted that it was one of the few firms to still be able to ship logs to China, due to high level connections. MOFID had its license suspended in Mozambique for one year in June of 2013 for attempting to smuggle illegal timber to China.³⁹ Despite this suspension, during a phone call by EIA investigators to Mofid's affiliate in China in September 2013, Xinfeiyuan implied that it was still able to import illegal Pau Ferro logs into China.

FOSHAN BOYIDA IMPORT AND EXPORT CO LTD

In 2009 a Chinese-owned company in Mozambique called Kings Way was caught attempting to smuggle illegal timber to China and subsequently fined.⁴⁰ In 2013, Kings Way was caught smuggling illegal timber from Mozambique again, for which it lost its license to operate for one year.⁴¹ Kings Way belongs to Guangdong-based trading company Bo Yi Da Group, with Foshan Boyida Import and Export Co Ltd functioning as the group's headquarters in China. During a phone call with Foshan Boyida in September 2013, staff told EIA investigators the firm was still able to import prohibited Mozambican Wenge and Mondzo logs into China, despite Kings Way losing its license to operate in Mozambique.





FOREST GOVERNANCE CHAOS

SECOND CLASS ENFORCEMENT

In July 2011, the Director of the Forest Authority (DNTF) of Mozambique visited China and met with senior officials of the Chinese State Forestry Administration (SFA) to agree a Memorandum of Understanding (MoU) on joint objectives toward sustainable forest management.²⁰ Priority co-operation themes included law enforcement, technical and financial capacity building of Chinese companies owning forest concessions in Mozambique, and the development and sharing of databases about logging and timber trade.²¹ However, the agreement was not signed and, as of October 2013, was reportedly still under discussion and due to be signed by the end of that year.²² No announcement of the MoU having been signed has since been made.

Following the publication of EIA's 2013 report, international donors, and in particular the Finnish Embassy in Mozambique,²³ sought credible responses from the Mozambique Government to the allegations made. This led the Public Prosecutor's Office to announce an official investigation into the involvement of the current and former Ministers of Agriculture in the illegal timber trade²⁴ Both issued denials.²⁵ Mozambican civil society reacted with scepticism, calling on the investigation to be free of political interference²⁶ – as the Prosecutor's Office has been roundly criticised for being ineffective and politically biased.²⁷

The remaining companies exposed by EIA were to be investigated by the

Department of Wildlife and Forests (DNTF) and the Ministry of Agriculture.

In May 2013, the Chinese SFA and Mozambique's DNTF, organised a workshop for a number of Chinese companies, including some featured in EIA's report, such as Mofid and Pingos Marinha.²⁸ The purpose of the workshop was to remind participants that Mozambican forest laws should be complied with, and to introduce participants to the SFA's Guide on Sustainable Overseas Forest Management and Utilization by Chinese Enterprises.²⁹

The SFA Guidelines, which are voluntary and unenforceable, stipulate that Chinese companies operating abroad should "comply with national legislation" and promotes self-regulation of the industry rather than direct intervention by the Chinese Government in infractions committed by its companies abroad.³⁰

Just one month on from the event, Mofid and other participating companies were caught illegally exporting first class logs to China as usual, precisely what the workshop had sought to prevent.³¹

To its credit, in July 2013 the Mozambican Government announced that exploration licenses for 33 national and international forestry companies had been cancelled for the 2013 season, while a further 44 were issued warnings due to having committed a variety of irregularities, with four companies being banned outright from operating in Mozambique.³²

ABOVE:

Stranded logs in a village in Cabo Delgado, northern Mozambique.

"An MoU on sustainable forest management between Mozambique and China still has not been signed, despite years of discussion."

“The voluntary Chinese guidelines provided little deterrence to repeat offenders.”

However, for attempting to smuggle 20 containers of timber in June of 2013 through the use of front companies, (Henderson International, Jian International and Kam Wam,³³ Mofid had its license suspended for merely one year. This is a minor inconvenience for a company that has consistently committed illegalities over a 10-year period.³⁴

Clearly, the voluntary Chinese guidelines provided little deterrence to repeat offenders. China’s failure to impose penalties on rogue companies, or investigate those sourcing illegal timber from the suspended operators in Mozambique, contrasts with the Mozambican authorities’ laudable, albeit inadequate, attempts at enforcement.

CAPACITY, COMPLIANCE & CORRUPTION

The Permanent Secretary of the Ministry of Agriculture, Daniel Clemente, recently announced that only 500 forest officers police the forest management system, way below the minimum 2,000-3,000 officers required.⁴²

Moreover, a recently published DNTF audit of legal compliance across 37 sampled forest concessions in four northern provinces revealed that in all 37 the supposedly mandatory management plans were not approved until 12 months after the approval of concession contracts.⁴³ Article 25 of the 2002 Forests and Wildlife Regulation clearly stipulates that management plans must be approved prior to

concession contracts, raising the obvious question as to how concession contracts were issued by Governors without approved management plans.⁴⁴

A vital factor is explaining the vast scale of illegal logging in Mozambique is the prevalence of corruption in the sector.

In June 2014, Mozambique's Central Office for the Fight Against Corruption (GCCC) finally reported the findings of its investigation into two Chinese companies exposed in EIA’s 2013 *First Class Connections* report, namely MOFID and Senlian. The investigation was apparently the result of the donor calls for such a probe.

While the GCCC investigation confirmed that both companies had illegally exported logs and evaded taxes, it reportedly found no evidence that Mozambican citizens held shares in the companies. The investigation deemed involvement of officials in illegal exports beyond its scope. EIA had reported links between Jose Pacheco and MOFID, and between Ex-Minister of Agriculture Thomas Mandlate and Senlian.⁴⁵

Other influential members of the political elite are also alleged to be involved in the timber sector. A June 2013 Africa Confidential article reported that Chinese timber firm Casa Bonita “was found to be linked to former head of the Armed Forces, General Lagos Lidimo, and another powerful General - former chief of Defence in Zambezia, Bonifacio Gruveta”.⁴⁶

Access to information is extremely limited in Mozambique. While a draft freedom of information law was submitted to Parliament for debate and enactment in 2005,⁴⁷ its progress has since stalled, seemingly held hostage to the whims of those with direct interests in perpetuating opacity.

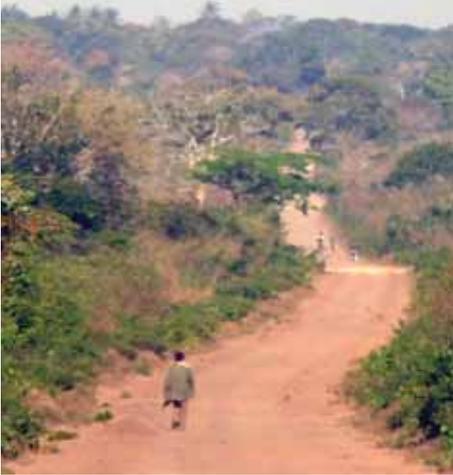
INCREASING ISOLATION

The ongoing and increasing smuggling of logs and sawn timber to China, combined with domestic consumption, generates such high rates of illegality in Mozambique’s forestry sector that virtually all timber exports must be considered illegal. This is increasingly isolating Mozambique from much-needed investment in industry, governance capacity and conservation.

Such realities are directly undermining Government efforts to increase exports of value added timber products, in turn discouraging responsible companies serving other high-value markets from



Mozambican rural farmer walking along a road in the heavily forested region of Cabo Delgado.



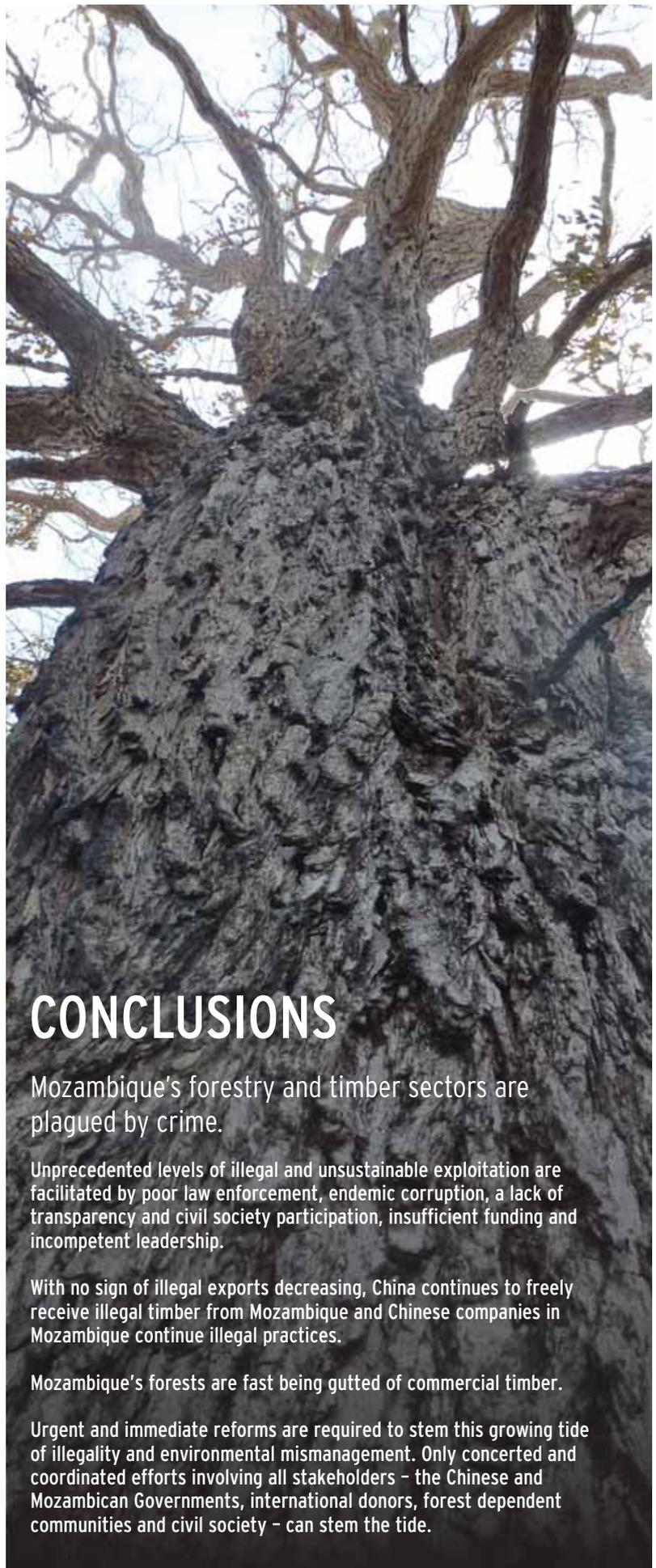
investing in the country's forestry and timber sectors.

For example, the Spanish timber trade federation, AEIM, has advised its members to avoid timber from Mozambique for risk of it constituting a legal breach of the new European Union Timber Regulation (EUTR).⁴⁸

EIA research shows that between the entry into force of the EUTR in March 2013 and May 2014, France, Germany, Italy, Sweden, the Netherlands, Czech Republic and Poland have imported between them a total of US\$10,292,224 of logs and sawn timber from Mozambique. France and Germany imported 50 per cent and 42 per cent of total EU imports respectively.⁴⁹ Given the 93 per cent rate of illegal logging for 2013, little to none of this timber could have complied with due diligence requirements built into the EUTR.

Meanwhile, international donors dismayed by the Mozambican Government's response to the rate of corruption and illegality in the forest sector in Mozambique are reconsidering their forest governance aid provision.⁵⁰

The enormous rate of illegal logging and timber smuggling also puts into doubt the viability of any incipient REDD+ efforts. While the World Bank's approval of the country's Readiness Preparation Proposal in March 2012 provides the opportunity for Mozambique to access USD\$3.8 million to establish a REDD+ strategy,⁵¹ until widespread crime and corruption are eliminated, it seems hard to see how any strategy could succeed.



CONCLUSIONS

Mozambique's forestry and timber sectors are plagued by crime.

Unprecedented levels of illegal and unsustainable exploitation are facilitated by poor law enforcement, endemic corruption, a lack of transparency and civil society participation, insufficient funding and incompetent leadership.

With no sign of illegal exports decreasing, China continues to freely receive illegal timber from Mozambique and Chinese companies in Mozambique continue illegal practices.

Mozambique's forests are fast being gutted of commercial timber.

Urgent and immediate reforms are required to stem this growing tide of illegality and environmental mismanagement. Only concerted and coordinated efforts involving all stakeholders – the Chinese and Mozambican Governments, international donors, forest dependent communities and civil society – can stem the tide.

RECOMMENDATIONS

The Mozambican Government should:

- Immediately institute a moratorium on all timber exports until a new forest inventory has been conducted and domestic consumption is properly understood, better regulated and brought into line with both sustainable and legal limits
- Conduct a new forest inventory and redefine annual allowable cut volumes accordingly
- Significantly improve monitoring and enforcement of timber transports at strategic checkpoints, through both financial incentive schemes for law enforcers and a monitoring programme by independent third parties
- Institute a moratorium on new concessions and simple licenses
- Revoke all forest licences found operating without approved management plans and reduce harvest volumes in those that remain
- Make forest crime a criminal rather than a civil offence
- Institute a wide-ranging and independent investigation into corruption and conflicts of interest in the forest sector
- Replace the current leadership of the Ministry of Agriculture and the DNTF
- Ensure a freedom of information law is approved and instituted in ways that significantly increase transparency in the forest sector
- Significantly increase civil society participation in forest sector governance and decision-making, including providing space and mandates for third party scrutiny of forest management practices.

The Chinese Government should:

- Prohibit the import of illegal timber into China, and enforce that prohibition
- Make compliance with China's Guide on Sustainable Overseas Forest Management and Utilization by Chinese Enterprises mandatory, and incorporate and enforce dissuasive penalties for noncompliance
- Punish Chinese companies that source timber from companies illegally exporting Mozambican timber to China.

International donors should:

- Ensure any forest sector aid is dependent on a complete restructuring of forestry in Mozambique
- Direct all support in the next few years towards a new forest inventory and forest law enforcement.

The European Commission and the Competent Authorities of France, Germany, Italy and Poland should:

- Investigate whether imports of timber from Mozambique since March 2013 complied with the due diligence requirements of the EUTR
- Ensure any future shipments into the EU from Mozambique comply with the EUTR, or are restricted from the European market
- Ensure any incipient negotiations on a possible Voluntary Partnership Agreement with Mozambique focus primarily on bringing forestry into line with sustainable limits, taking into account domestic consumption.



ANNEX

DATA CITED IN THIS REPORT

(All values in m³ unless indicated otherwise)

	2007	2008	2009	2010	2011	2012	2013
Actual Consumption ⁵²	535,818	550,016	538,823	723,717	797,647	884,140	956,540
Registered Harvests ⁵³	128,354	124,867	112,584	167,955	175,871	178,210	66,320
Licensed Harvests ⁵⁴	197,133	166,781	162,954	244,156	270,825	321,370	212,711
Licensed Exports ⁵⁵	86,912	103,087	114,178	199,418	211,995	260,385	280,796
Chinese Reported Imports ⁵⁶	219,701	205,070	162,068	326,196	375,207	468,504	516,296
Global Reported Imports ⁵⁷	219,783	216,763	187,223	352,562	405,643	469,899	521,587
Chinese Imports as % of All Imports	99.96%	94.61%	86.56%	92.52%	92.50%	99.70%	98.99%
Domestic Consumption ⁵⁸	316,035	333,254	351,600	371,155	392,004	414,241	434,953
Lower AAC ⁵⁹	515,000	515,000	515,000	515,000	515,000	515,000	515,000
Higher AAC ⁶⁰	640,000	640,000	640,000	640,000	640,000	640,000	640,000
Unregistered Harvest (Illegal)	407,464	425,149	426,239	555,762	621,776	705,930	890,220



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