

Illegal logging in the Russian Far East and Siberia

P. VANDERGERT¹ and J. NEWELL²

¹ Director, Forests Monitor³, 69a Lensfield Road, Cambridge, CB2 1EN, UK

² Research Associate in the Department of Geography, University of Washington, USA

Email: pvandergert@forestsmonitor.org, newell@u.washington.edu

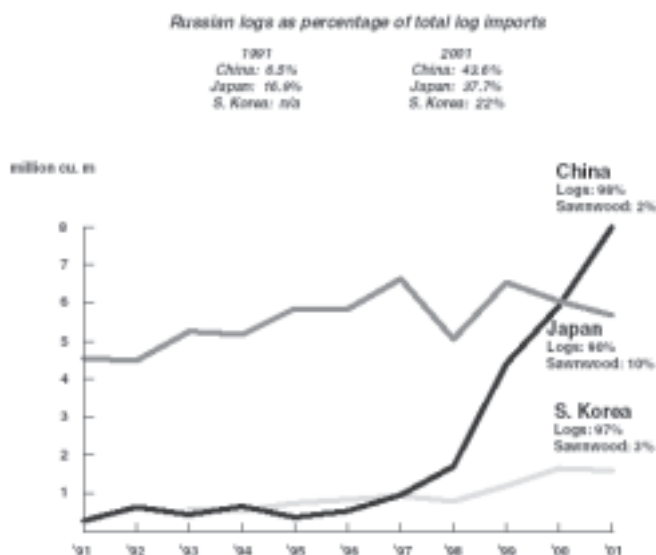
INTRODUCTION

The vast forests of the Russian Far East and Siberia represent one of the last great forest wildernesses in the world, containing large expanses of boreal and northern temperate forest types. These forests are of global importance as habitat for rare and endangered species, for the richness of biodiversity in areas such as the Sikhote-Alin Mountain Range and Sakhalin Island, and to help mitigate against the effects of global climate change. They are also home to tens of thousands of indigenous peoples for whom the forest is a spiritual as well as physical space and which also provides traditional livelihoods for many thousands more forest-dependent people. However, despite the seeming vastness of the forests in the Russian Far East and Siberia, research has shown that they are becoming increasingly fragmented, particularly in the accessible southern areas of Siberia and the Russian Far East (Global Forest Watch Russia 2002), and much of this fragmentation is as a result of industrial forestry.

The nature of forestry operations has changed dramatically over the past decade as central control over forest management has diminished, and liberalisation and privatisation have become the new mantra. There is much uncertainty at the local and regional level as to who has responsibility for regulating forestry operations and laws are often unclear.

Whilst officially recorded timber production in the Russian Far East has declined over the past decade, this masks the unregulated and unrecorded timber production that has characterised much of the industry during this period. Although some large forest concessions exist, these are not the norm. Logging takes place supposedly under licence from the authorities, with volumes and species to be felled in a particular area specified. Sustainable forest management principles are rarely on the agenda.

Domestic timber consumption remains below levels of the 1980s and exports of raw logs to the principal consuming markets of China, Japan and South Korea dominate the industry. Whilst exports to Japan and South Korea have remained reasonably steady, exports to China increased four-fold in the space of four years, see Figure 1 (FoE Japan in prep.). This coincided with internal measures in China to reduce domestic timber harvesting, largely in response to the massive floods that occurred in the late 1990s. During the 1990s the shift from domestic processing and consumption to the export of raw logs, the proliferation of operations as a result of privatisation and liberalisation, and the lack of regulatory capacity facilitated the increased criminalisation of logging operations and the cross-border trade. The social, environmental and economic consequences of this out-of-control industry are evident throughout the region.



Note: 2001 figures for China are estimated based on first three quarters.
 Log and sawnwood statistics are for 1999 (China) and 2001 (Japan, South Korea).
 Sources: Japan Lumber Importers Association; Japan Ministry of Finance, 2002.

FIGURE 1 Russian timber exports to North-east Asia, 1991–2001

METHODS OF ILLEGAL LOGGING

The extent of illegal logging in the region has been estimated at anywhere between 20% and 100% of total harvest levels (FoE Japan in prep). WWF Russia estimated that illegal logging in Primorsky Krai, one of the main timber producing areas in RFE, was about 50% in 1999, or the equivalent of around US\$150 million in lost revenue (WWF Russia 2002). Recent research by two Russian NGOs, BROCC and Greenpeace Russia, found that illegal

trade in timber in Primorsky varied depending on the region, ranging from 80% of total trade in western and central administrative districts (which primarily supply the Chinese market) to 10–15 % in eastern districts (which supply the Japanese market) (BROC, pers comm. August 2003). The illegal logging methods are varied, including logging without permits, logging with fake paperwork, logging outside permitted areas, logging more than the permitted volume, logging protected species, logging in protected areas and mis-declaring species. Penalties stipulated in both criminal and civil legal codes are too weak to be effective deterrents, with fines so low that companies can still operate illegally more profitably than operating legally. Even when timber is confiscated, the payment of bribes will often result in the timber's re-release. Corrupt law enforcement and municipal officials reportedly re-sell seized timber to exporters as 'legal' timber and share the revenues between themselves. (WWF Russia 2002; BROC, FoE Japan and PERC, 2000)

Privatisation forced many large, formerly state-owned logging and wood processing companies to cut back on production and lay-off workers, with severe economic consequences. As a result, some unemployed workers started their own logging firms, leading to a proliferation in the number of operators. In Buryat Republic, Siberia there were formerly 96 logging enterprises, and this has mushroomed to over 7,000 (BROC, FSF and Forests Monitor 2001). Most smaller operations log illegally and as a result their production is not recorded. They often

operate for a few years only and then disappear before the authorities catch them. If caught, their operations are often assumed by local mafia, leaving small independent operators with no income.

With regard to who is undertaking illegal logging, criminal gangs increasingly control much of the industry, with Chinese as well as Russian mafia being implicated. In spring 1999 the Department for Fighting Organised Crime (DFOC) of the Primorsky regional police uncovered a Chinese organised crime group operating in Krasnoarmeisky Raion, with a timber storage area and headquarters in nearby Dalnerechensk. Illegal ash and oak stockpiles with fake documents were being exported to Japan. Research by BROC in 2002 and 2003 indicates the increasing involvement of government officials in these kinds of mafia-controlled operations.

The long borders with China and the large number of export points have meant that movement of timber across the border is often unregulated. Since the mid-1990s, there have been repeated articles in the newspapers reporting the export of illegally harvested ash, oak, Korean Pine and lime timber through Primorsky's smaller, more remote ports. Uncontrolled export points also exist upriver from Khabarovsk along the Amur River, where timber is delivered across the river into China. Figure 2 shows the main official crossing points for timber, the three largest being the railway crossing points. Some of the timber on these official crossing points will be illegal timber that has fraudulent documentation. In addition to these main

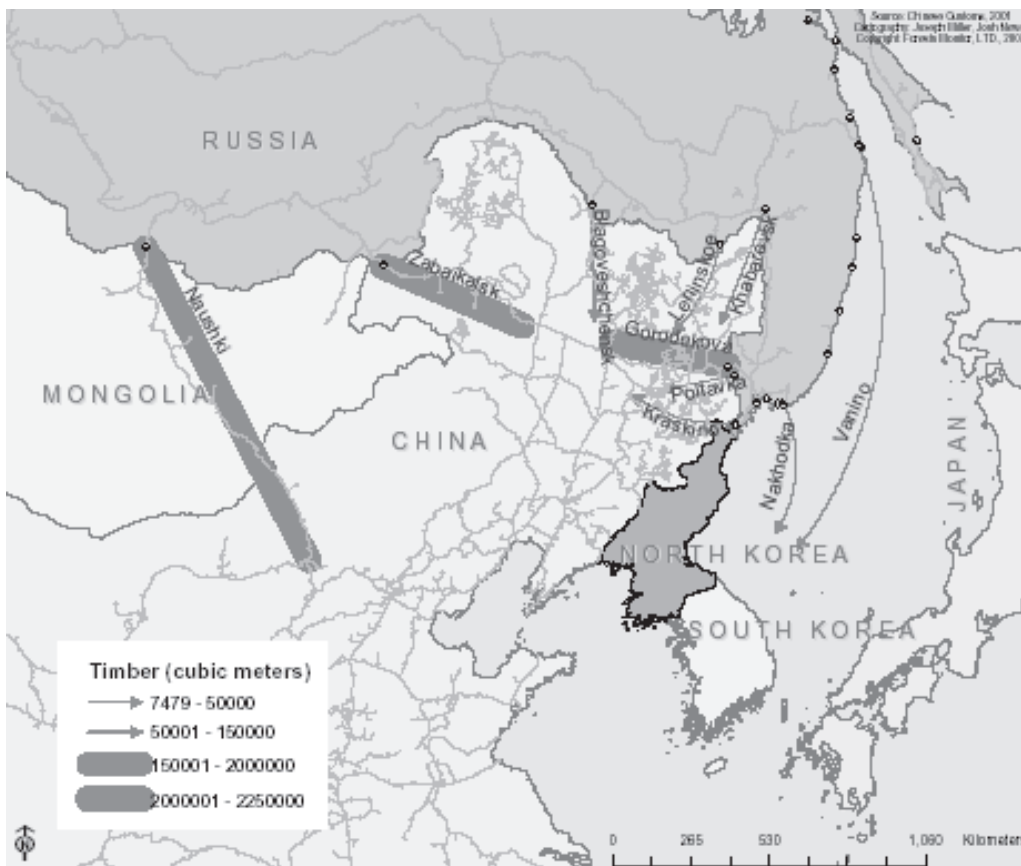


FIGURE 2 *Timber exports to China*
 Taken from FoE-Japan, Forthcoming, *The Russian Far East: A Reference Guide for Conservation and Development*

crossing points, there are numerous small crossing points along the borders. Some of these crossings have recently been closed. In 2002, for example, the Primorsky Krai administration reduced the number of timber export points to China from 100 to 14 controlled points. Nevertheless, traders have been able to circumvent the new restrictions, with illegal timber being laundered into the legal consignments of logs and boards being sawn close to the logging site.

In order to sell timber, companies must provide documentation. They use fraudulent shipment declarations, which list inaccurate prices, grades, species and volumes. For example, high value logs will be mis-labelled as low-grade pulp logs in order to avoid taxation in Russia. Fake transport certificates and forged logging and export licences are also regularly used, being widely available on the black market in Primorsky and Khabarovsk Krai. Since 2001 attempts have been made to make licences more difficult to counterfeit, but fake documentation is still being produced.

Corruption amongst officials is a severe problem, hindering official attempts to crack down on illegal activities. The harsh economic conditions have led individuals and authorities charged with regulating the industry to seek personal profit from the forestry sector. For example, some authorities have taken a creative approach to generating income, such as the practice of mis-using salvage logging rules to undertake commercial logging operations has been widespread, as has the taking of bribes amongst officials to issue documents or to ignore illegal activities. Increasingly, corrupt officials are linked with organised criminal operations.

As a result of the increase in raw log exports at the expense of domestic processing in the 1990s, many processing plants closed, causing severe unemployment in some towns. Extreme poverty and lack of alternative employment opportunities force people to undertake illegal felling of trees, often working for a pittance for criminal gangs in slave-like conditions. As these are the people actually felling the trees, they often bear the burden of risk if caught. In some towns the closure of the local wood processing plant has led to mass unemployment. Harvesting products from the forest is the only way to earn any income. For example, individuals interviewed by NGOs in the village of Vedenka, in the district of Dal'nerechinskii, admit to taking part in logging operations, asking few questions about whether the operations are legal or illegal. The gangs drop them in the forest for 18 days at a time, during which they harvest as much wood as they can before being picked up again. They are not provided with any supplies for those 18 days. The people who contract the men to log in the area know of the lack of opportunity and the desperation to make money. Consequently remuneration is very low. A team is paid around US\$2 per cubic metre for oak or ash and this has to be split between the loggers on each team. These timbers are sold in China or Japan for around US\$70 to US\$100 per cubic metre, ensuring significant profit for the middlemen and exporters

(BROC, FSF and Forests Monitor, 2001; BROC, FoE Japan and PERC, 2000).

Whilst at all levels of the administration in Russia officials have declared their commitment to tackling illegal logging and corruption, from President Putin to local administration governors, the reality is that many officials continue to profit from the growth in the illegal sector. Even those who declare a willingness to tackle the problem lack the funds to take action or are at times intimidated into turning a blind eye because of fear of violence. Federal and regional governments have developed concrete policies to combat illegal logging, only to find them compromised by internal corruption. Corruption is the principal obstacle for effective measures to reform the industry – it has to be tackled before regulation and enforcement can be systematically introduced.

HOW NGOs ARE CONTRIBUTING TO TACKLING THE PROBLEM

NGOs have been working hard over the past few years to raise awareness of illegal logging in the Russian Far East and Siberia through research and information campaigns locally, nationally and internationally. Russian NGOs have worked with partners such as Friends of the Earth Japan, Pacific Environment & Resources Centre, and Forests Monitor to expose the extent of the trade and to document illegal activities in the forest. Two NGOs based in the Russian Far East and Siberia, Bureau for Regional Outreach Campaigns (BROC) and Friends of Siberian Forests (FSF), have been spearheading efforts to increase awareness of the problem, both nationally and internationally. They have identified and worked with those officials who are trying to enforce the laws in order to build partnerships with the authorities to systematically investigate and prosecute the perpetrators. Such pressure appears to be paying off, with the State Customs Committee in Primorye deciding to close a number of smaller border crossings that were being used for the export of raw logs to China. Officials from the Far East Operating Customs (FEOC) have made a commitment to releasing recent statistical material, including data on the volume of timber exported to China. Several cases have been started against corrupt officials in Primorsky and the number of seizures of illegal timber has been increasing.

BROC and FSF have also started working with Forests Monitor on a project to build local NGO capacity to monitor illegal logging and the timber trade, and to use this information through media and advocacy work. The project is funded primarily by the European Union and is a two year project consisting of training workshops and practical field missions for up to 28 groups throughout the region, as well as the production of a monitoring handbook for Russian NGOs. The project partners believe that such capacity building will create a cadre of committed NGOs in the region who can produce accurate documentation on actual cases of illegal logging. In turn the aim is to publish

such information to create an enabling environment for governance of the forestry sector at the local level and to provide an effective way of supporting and encouraging official enforcement measures. The project is part of Forests Monitor's programme to promote civil society involvement in monitoring of the forestry sector, in order to build governance from the bottom-up.

In conclusion, illegal logging is one of the most significant threats facing the forests of the Russian Far East and Siberia. Over-harvesting is becoming a significant problem in some parts, whilst frontier forest areas are increasingly being opened up in the search for raw logs to export to neighbouring countries. Corruption is rife and, together with the lack of capacity to enforce regulations, facilitates the criminalisation of the forestry sector. As a result, the State loses millions of dollars of revenue a year and local people and the environment are exploited, whilst unscrupulous individuals profit at the expense of sustainable development. Tackling the problem will not be easy, but a start is being made by authorities and NGOs. They need the financial and logistical support of the international community in order to foster an industry-

based on good governance and sustainable forest management principles that take account of local peoples' needs and aspirations and provide long-term developmental benefits as well as environmental protection. Without fundamental changes in the industry and its supposed regulators, economic hardship and environmental degradation will continue to be the facts of life in the Russian Far East.

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