West and Central Africa: False words and corruption in the logging business

It seems that the road to the global market is paved with good intentions. And it utters void statements, it should be added.

The industrialized world tears its clothes off in the face of corruption, which it attributes to Third World country governments. And the World Bank brings together some of the leading logging companies in Africa –mainly European- with environmental NGOs to discuss issues related to Sustainable Forest Management, in what is called the “CEO Initiative”. However, true meaning should be discovered digging into declarations.

The Danzer Group takes part in the CEO Initiative. However, the Danzer Group is violating key principles in forestry and law as long as they are knowingly financing illegal loggers and bribing public officials. Since its origins in 1932, it has developed into one of the world’s biggest producers of hardwood veneers. In the Democratic Republic of Congo (DRC) and neighbouring Republic of Congo (RC), Danzer Group’s concessions cover more than 4 million hectares of rainforest.

The Group’s holding company is ANBE AG, headquartered in Switzerland, and since 1962, Danzer Group’s international trade in tropical timber has also been based there, through Interholco AG. From there, Danzer Group’s global trading in tropical timber is organized, supporting a logging sector which is fuelling rampant corruption in the region. Interholco procures wood not only from the last rainforests being destroyed in West and Central Africa, but in many cases from companies that have been documented to be involved in illegal logging or, until very recently, associated with arms trafficking activities.

In a confidential report about Danzer Group’s business activities in Africa, written by René Giger, one of the two executive directors of Interholco AG, in April 2003 and obtained by Greenpeace, Giger summarises: “With regards to gifts/frais de mission (baksheesh), three philosophies occur to me in Africa. In Douala (Cameroon) one is blackmailed into having to pay baksheesh amounting to hundreds of thousands of FF (French Francs), and this is also paid out liberally. In Congo (Kinshasa) (DRC), Mr. H… tries to be more restrained but nevertheless is prepared to pay where necessary. At IFO both Mr S.... and Mr D...., are absolutely against such gifts and are also about to rigorously eliminate the old sinecures. Mr S....’s philosophy is not to give any gifts in advance in order to avoid any possible difficulties. If there is any threat of a fine, so-called conditioned cases, he is, however prepared to take care of this by giving a gift.” The way “gifts” are used is explained by Giger’s report in a reference to one of Danzer’s Cameroon subsidiaries, CCIB. According to Giger, the tax authority in Cameroon insists on a “fiscal control”, which he urgently tries to avoid, as there apparently have been “undeclared exports of IHC [Interholco] via Alima F.” Giger casually notes: “Mr. F…. is trying to resolve this matter with FRF 20-30,000 [around €3000-4500].”

Following years of debate, on 7 July 2003, the UN Security Council (UNSC) imposed sanctions on the import of Liberian timbers. The UNSC was forced to take this drastic, unprecedented measure because international dealers such as Interholco had been unwilling to voluntarily stop trading with an

industry that financed Liberian president and warlord Charles Taylor.

Besides exporting Liberian wood supplied by the UNSC sanctioned Inland Logging Company (ILC), Interholco also procured from the Oriental Timber Company (OTC) and the Maryland Wood Processing Industry (MWPI). The OTC's manager, Dutchman Gus van Kouwenhouven, is regarded by the UN as a key figure in the logistics of illegal arms movements to Liberia. The MWPI controlled Port Harper in the south of the country and has also been accused of involvement in illegal arms shipments entering Liberia through this port. Only increased rebel activities and finally the UNSC sanctions stopped Interholco trading with OTC, MWPI and other Liberian suppliers.

Trading in Liberian logs and with the OTC in particular did not, however, prevent the Danzer Group stating, in a letter (10 January, 2002) sent to a German citizen: "The Danzer Group and all its subsidiary companies will do absolutely no business with companies which trade arms ... In our business-to-business relations we make decisions solely in accordance with our standards and in no event do we wish our business relationships to be misused for financing weapons or civil wars."

No more comments…

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