

**CROSS-
CAMPAIGN**



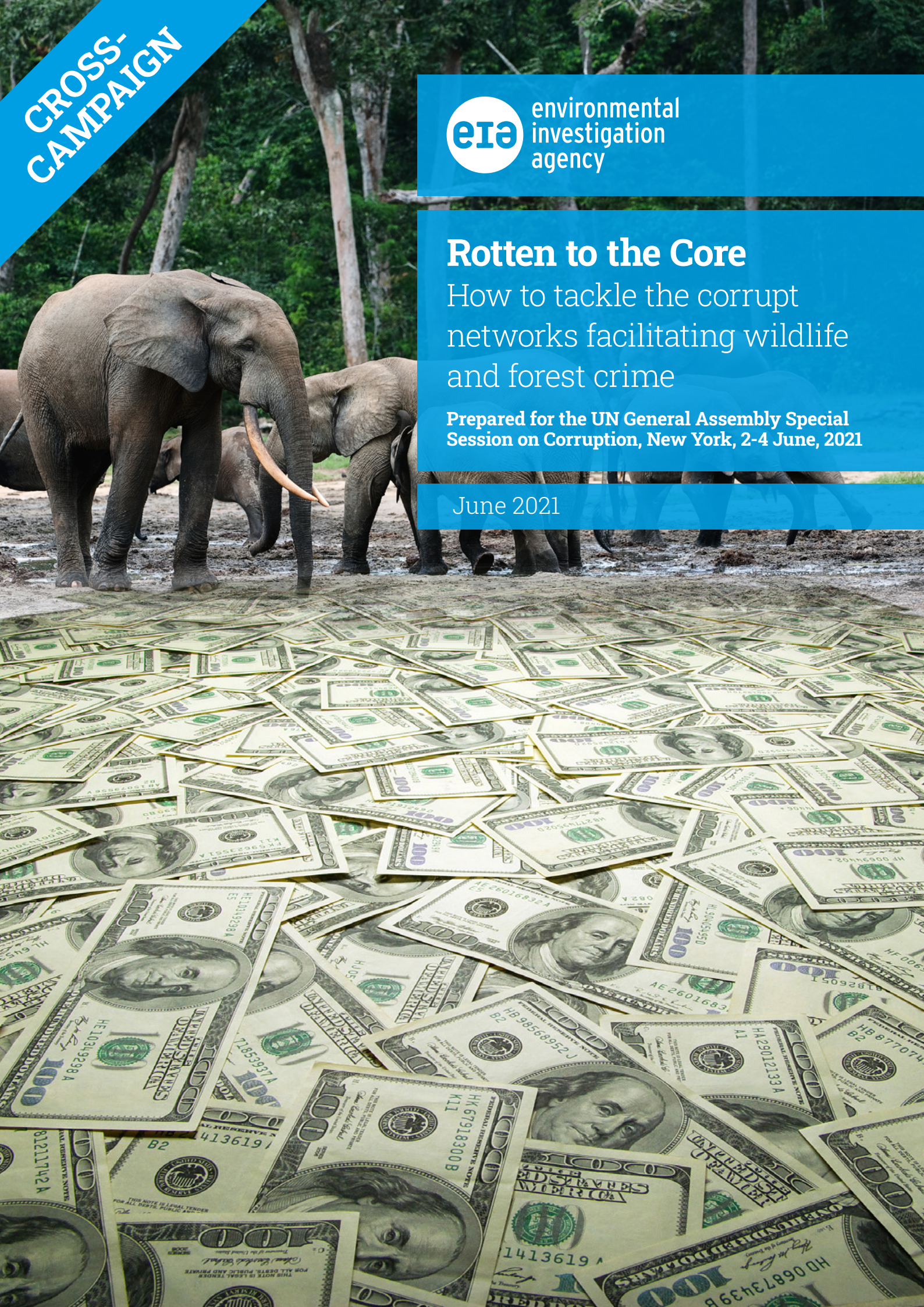
environmental
investigation
agency

Rotten to the Core

How to tackle the corrupt
networks facilitating wildlife
and forest crime

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Introduction

The United Nations General Assembly special session on corruption from 2-4 June 2021 (UNGASS) is an opportunity to highlight the important relationship between environmental crime and corruption and to galvanise governments and relevant agencies into action.

Wildlife and forest crime¹ relies on corruption to thrive. Numerous NGOs, including EIA, have for years been calling on governments to tackle wildlife and forest crime in concert with financial crime and corruption. The United Nations Office on Drugs and Crime (UNODC) identified corruption as the most important enabling factor behind illegal wildlife trade and forest crime.²

In the past five years, the international community has increasingly recognised this interdependent relationship and brought forward its recognition in important international processes: the 2016 Convention on International Trade in Endangered Species,³ the 2019 United Nations Convention against Corruption,⁴ the Financial Action Task Force (FATF)^{5,6} and the 2020

resolution.⁷ These commitments are a step in the right direction, but such is the scale of the problem that further action is necessary.

Wildlife and forest crime are key contributors to habitat destruction and biodiversity loss, impacting our climate and ecosystems and reducing our ability to meet several of the UN Sustainable Development Goals.⁸

A 2019 World Bank⁹ report estimated that the true economic impact of illegal logging, fishing and wildlife trade could be in excess of \$1 trillion. Of this, more than 90 per cent of these losses are from ecosystem services not currently priced by the market. The degradation of forests and the trade in illegal wildlife risks harms to human health, increasing the potential for the transmission of zoonotic diseases.¹⁰

The corruption and criminality associated with wildlife and forest crimes leads to a corrosive impact on governance. The World Bank estimates combined profits illegally laundered from illegal logging and wildlife trade having an estimated market value of between \$37-180 billion.¹¹ These profits represent huge incentives for illegal activity. The World Bank also claims such illegal expropriation costs governments directly too; estimating losses to potential tax revenues of \$7-12 billion annually.

Above: understanding and identifying the hotspots where wildlife and forest crime cross over is increasingly important

How corruption enables wildlife and forest crime

Multiple EIA investigations^{12,13,14,15,16} detail how systemic corruption facilitates wildlife and forest crimes through the sourcing, transiting and consumption of wildlife and forest products.¹⁷

Corruption is evident throughout the trade chain and present in many forms:

➤ **Bribery of high-ranking officials to obtain concessions and permits to gain access to land and forests;**

➤ **Bribery of officials tasked with protecting wildlife and forests to obtain access to protected species;**

➤ **Bribery of port and airport officials, customs officers, law enforcement and port operators at all stages of the trade chain to allow products to bypass scanning and security processes;**

➤ **Corruption within police and investigative units, allowing traders to buy their way out or arrests and prosecution;**

➤ **Bribery or collusion with staff in banks and other financial institutions, allowing large transactions through without their being flagged.**



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Case study 1: Cameroon to Vietnam illegal trade in tropical logs

EIA investigations in Cameroon¹⁸ reveal how the Cameroon-Vietnam illegal trade in tali (*Erythrophleum ivorense*) and doussie (*Afzelia pachyloba*) tropical logs thrives because of systemic corruption.

Vietnamese companies have bribed Cameroonian authorities, including customs and police officers, to mask the origins of illegal timber, which can then seamlessly enter the Vietnamese supply chain. Tali and doussie now make up three quarters of all Vietnamese imports of tropical timber from Cameroon. Vietnamese companies have capitalised on systemic corruption to circumvent restrictions including a log export ban, obtaining fraudulent permits to secure the passage of their illegal goods.

Such corruption thrives and persists because it goes beyond 'rogue individuals'. Instead, networks link scores of corrupt individuals and distribute bribes far beyond the frontline into management structures, thereby creating mutual incentives to continue with corrupt activity and to evade detection. The true extent of these networks can only be revealed through financial investigations, which are few and far between.

Left: Cameroonian tali logs being processed for the renovation of a Buddhist temple in Vietnam

Case study 2: Wang Minzhong

EIA's work has also found numerous instances where individuals in powerful positions exploit a lack of oversight and transparency and act corruptly. In 2019, Wang Minzhong,¹⁹ former head of the Beijing wildlife and nature reserve office, was found to be registering wildlife products as legal stockpiles and approving trade permits for various wildlife species.

It was also discovered he had been accepting bribes in the form of money and luxury goods to allow

numerous companies to obtain multiple administrative approvals and trade in protected species. In October 2020, he was charged with corruption and sentenced to 13 years in prison, as well as a fine of RMB 800,000. Approximately RMB 53.7 million (\$8.21 million²⁰) was to be recovered in confiscated assets.

Left: enforcement authorities around the world are still regularly seizing ivory from the illegal wildlife trade

Case study 3: Labora Sitorus

A further example of systemic corruption, this time involving law enforcement, can be found in the work of EIA and our partners in Indonesia. In January 2013, Indonesian enforcement officials seized 2,264 m³ of merbau (*Intsia*) that had been shipped from Sorong, in West Papua, to Surabaya, in East Java, with an estimated value of \$20 million. The Indonesia Financial Transaction Reports and Analysis Center (PPATK) revealed that, over five years, more than \$127 million had passed through the bank accounts of businesses linked to Labora Sitorus, a low-ranking policeman. This included transactions from Sitorus to senior police officials.²¹

Investigations into Sitorus' timber company, PT Rotua revealed Sitorus was able to recruit loggers precisely because they knew him to be a policeman and that he had been doing this, undetected, for at least six years.²²

In September 2013, Indonesia's Corruption Eradication Commission, the Komisi Pemberantasan Korupsi (KPK), conducted a probe into the case because of the alleged high-level police corruption²³ Sitorus was jailed for eight years on charges of money laundering, overturning an original two-year jail sentence and \$4,000 fine. In September 2014, the sentence was further reviewed and Sitorus was ordered to serve 15 years in prison and pay a five billion-Rupiah fine (\$380,000), with all his assets seized. Adding to the stench of corruption around the case, Sitorus twice absconded from prison, but in March 2016 he turned himself in and began serving his sentence.²⁴

Left: Labora Sitorus, corrupt police officer and head of a timber trafficking syndicate

Recommendations

The corruption that drives wildlife and forest crime is extensive and systemic and will be difficult to stop; arrests of 'rogue individuals' will not prevent further corruption. However, there are steps which EIA believes could be effective.

Corruption thrives in places where individuals or groups exploit positions of authority for personal gain. The solution to this is greater accountability of these individuals to their citizens and communities, which will be assisted through greater transparency. Creating transparency and accountability requires:

- safeguarding the role of civil society and the media in reporting on, and uncovering, corruption;
- improving public availability of information, specifically regarding:
 - progress made in implementing action against corruption and associated criminality (specifically in publishing UNCAC and UNTOC peer reviews and the results of the ICCWC indicator toolkit, where available);
- registers of beneficial owners of companies and assets held by key officials whose responsibilities touch on wildlife and forest crime (including customs, police, wildlife and forest agencies, CITES authorities, environmental, trade and economic ministries, border officials);
- lists of Politically Exposed Persons - in countries where wildlife and forest crimes are notable risks, governments should introduce a PEP register, which contains the full legal names (both in local language and in English) of government officials and members of their immediate family.

Corruption will continue unless enforcement is effective. Governments should:

- target corruption investigations within enforcement agencies where evidence is brought to suggest such agencies are corrupt;
- establish and resource multi-agency task forces, including anti-corruption agencies, to tackle wildlife and forest crime;
- increase use of anti-corruption laws at the national level against perpetrators of wildlife and forest crime;
- continue to improve the application of anti-money laundering powers against wildlife and forest crimes;
- integrate into ongoing discussions on asset recovery the need to have clear, transparent and effective processes to recover those assets linked to wildlife and forest crimes;
- review possibilities for extra-territorial enforcement mechanisms against perpetrators of grand corruption, including where this is linked to wildlife and forest crimes.

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