

SHIPPING THE FOREST

Millions of Tons of Illegal Timber from Mozambique,

Including Conflict Timber, Are Exported to China for Luxury Furniture





Source: EIA UK

CONTENTS

Executive Summary	2
Mozambique-China: The Timber Connection	3
Box 1: Pau Preto and other CITES-listed species	4
Logging and Laundering Insurgent Timber	6
Cabo Delgado, the Insurgency, and Conflict Timber	6
The Timber Laundering Hub	7
Box 2: “Cabeça Grande”	8
Exporting Insurgent Timber and Illegal Logs	11
When A Log Export Ban Collapses	11
The Racket Chain	12
The Way Out of Mozambique: The Role of Shipping Lines	12
Box 3: The Case of the Stolen Containers and an Apparently Staged Auction	15
For Sale in China	16
Luxury Furniture	16
G20	19
Conclusion	19
Recommendations	20
References	21

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ABOUT EIA

For over 30 years as a non-profit organization, EIA has pioneered the use of undercover investigations to expose environmental crime around the world. Intelligence reports, documentary evidence, campaigning expertise, and an international advocacy network enable EIA to achieve far reaching environmental justice by amplifying local voices, spurring changes in market demand, government policy, and enforcement related to global trade in forest products, wildlife, and other environmental products.

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Source: EIA UK

EXECUTIVE SUMMARY

The Environmental Investigation Agency's (EIA's) multi-year investigation in Mozambique indicates that the timber trade, driven by millions of dollars worth of annual exports to China, violates the log export ban while financing violent insurgents in Cabo Delgado province. According to EIA's findings, the laundering of conflict timber is made possible by systemic corruption in the timber sector, while the transport between Mozambique and China relies on major global shipping lines.

EIA's investigation focused on the trade of plundered wood from Mozambique and the financing of Ahlu Sunnah Wal Jamaah (ASWJ) terrorist insurgents who have destabilized the Cabo Delgado province for the last decade. Well-organized timber traders have laundered illegal timber and timber likely purchased from insurgents, via processing and trading schemes centered around Cabo Delgado's hub city, Montepuez. This trade has likely benefited insurgents while exacerbating the country's rapid forest degradation.

Former Minister of the Environment Celso Correia has estimated that the country loses half a billion dollars per year to illegal logging.¹ Over the years, Mozambique has taken steps to curb the unsustainable and illegal exploitation of timber, including logging moratoria and multiple log exports bans from 2002 to present. Despite these multiple layers of protection, the forest plunder continues, as timber traders traffic the wood by exploiting the chronic instability and corruption in Cabo Delgado, the limited due diligence and oversight of

international shipping lines, and the no-questions-asked Chinese timber import environment. EIA's findings indicate that over 89% of the timber exports (by weight) from Mozambique to China from 2017 to 2023, equivalent to 3.7 million tons or US\$1.3 billion, were shipped in breach of the national log export ban. The timber, purchased from loggers for the equivalent of a few dollars, is eventually sold in China as high-end decking and furniture, and valued at tens of thousands of dollars at Shang Xia's luxury boutiques.

According to EIA's research, major shipping lines, including CMA-CGM, Maersk, and MSC, have played an important role in transporting millions of illegal logs from Mozambique to China, some of them being conflict timber from Cabo Delgado. In this context, EIA calls on shipping lines and importing countries, such as China, to change their current modus operandi, and help support Mozambican authorities put an end to this illegal trade, by upholding domestic laws and international treaty obligations.

MOZAMBIQUE-CHINA: THE TIMBER CONNECTION

Mozambique's forests cover nearly half of the country.² Mozambique is also experiencing rapid deforestation, with forest cover declining from 88% in 1980 to 43% in 2020, averaging a loss of more than a quarter of a million hectares per year.³ The most recent national forest inventory, in 2018, cited sharp decreases in the populations of high-demand species, particularly jambire (*Millettia stuhlmannii*), umbila (*Pterocarpus angolensis*), mopane (*Colophospermum mopane*), and pau-preto (*Dalbergia melanoxylon*). The inventory could not document any standing trees of nkula (*Pterocarpus tinctorius*) that had reached the minimum diameter for permissible cut,⁴ underscoring the unsustainability of current harvest practices. In its 2020 assessment of pau-preto, IUCN reported a decline in the viability and regeneration of the species in Mozambique, and noted increased pressure on the species driven in part by illegal logging and overseas demand.⁵

Illegal logging and trade are a source of an estimated US\$2 million of income per month for the insurgents.

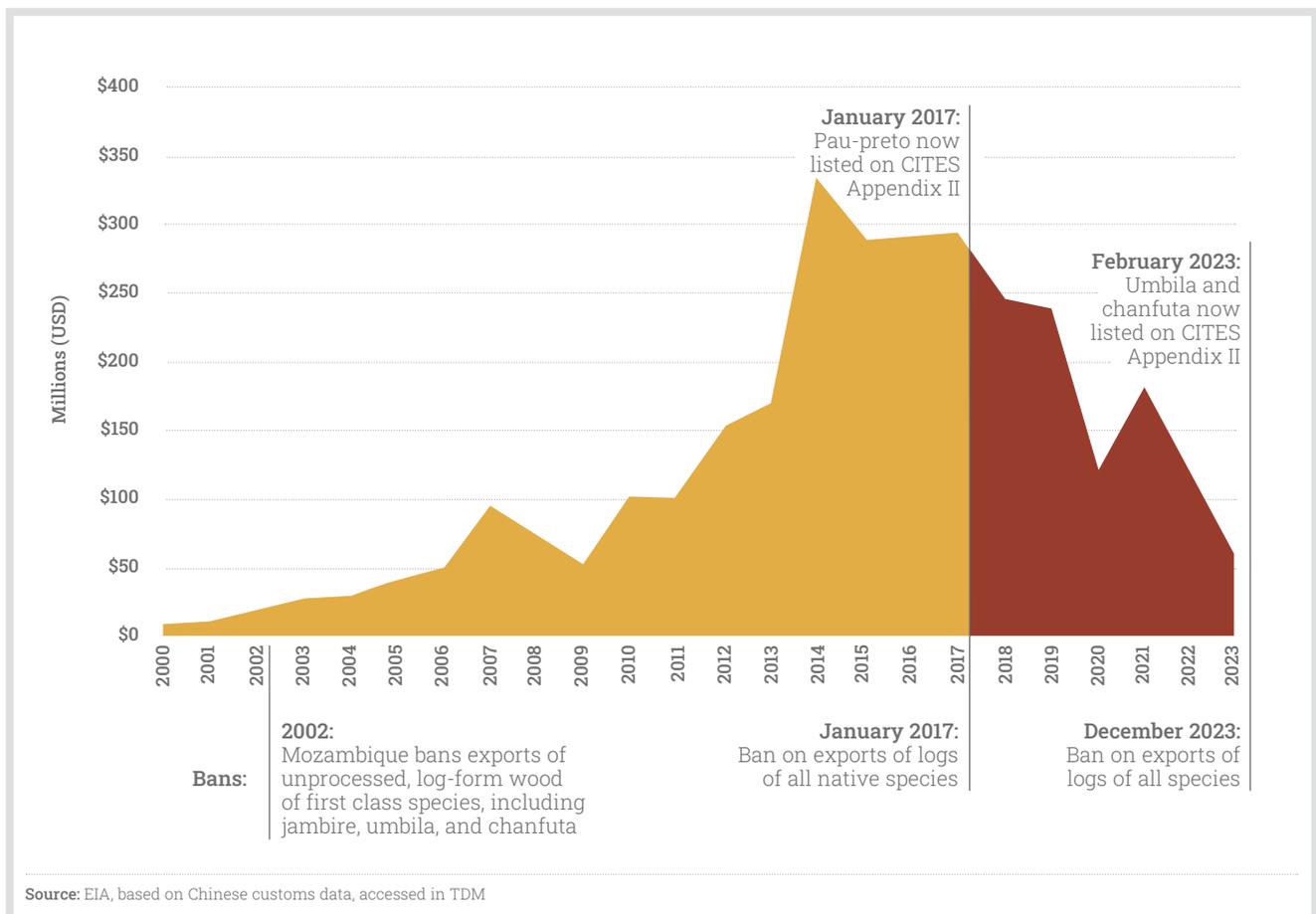


Figure 1
China's imports of unprocessed roundwood (logs) from Mozambique and timeline of export controls.

PAU PRETO AND OTHER CITES-LISTED SPECIES: Are they traded in breach of the international convention?

Pau-preto (*Dalbergia melanoxylon*), also known as African blackwood, and ziguang tan or dongfei heihuang tan (紫光檀/东非黑黄檀) in Chinese, has long been one of the world's most valuable wood species.^{6,7} In ancient times, the wood was carved into thrones and funereal objects for Egyptian pharaohs.⁸ In recent decades, the vast majority of the trade in pau-preto has been destined for use in luxury furniture and fine handicrafts in China, where the wood is classified as a precious rosewood known as hongmu.^{9,10} Tanzania and Mozambique are the last two countries with commercial pau-preto populations.¹¹ As with many other species of hongmu, pau-preto has been overexploited, leading to its designation alongside the entire *Dalbergia* genus on Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 2016¹² (effective January 2017) to better monitor and control its trade.

According to EIA's investigation, China imports the vast majority of pau-preto from Mozambique, and mainly from Cabo Delgado, one of the few provinces with significant volumes of the species.^{13,14} Customs data further supports this, showing very little Chinese imports of hongmu overall from Tanzania. China imported 78,000 tons of hongmu logs from Mozambique between January 2017 and 2023 (See Figure 2), compared with 580 tons from Tanzania.¹⁵

Effective February 2023, chanfuta and umbila (which is sometimes marketed in China as a less expensive substitute for hongmu)¹⁶ have also been listed on CITES Appendix II.¹⁷ To export these species legally, Mozambique authorities must first have conducted a non-detriment finding (NDF) study to show that the trade does not threaten the survival of the species, and issued permits for the volumes contained in each individual shipment of the species. According to EIA's research, no valid NDF studies for this species have been carried out in Mozambique.^{18,19} If no NDF has taken place, by definition any shipment of pau-preto (or other CITES Appendix-II listed species from Mozambique) would violate the international treaty.

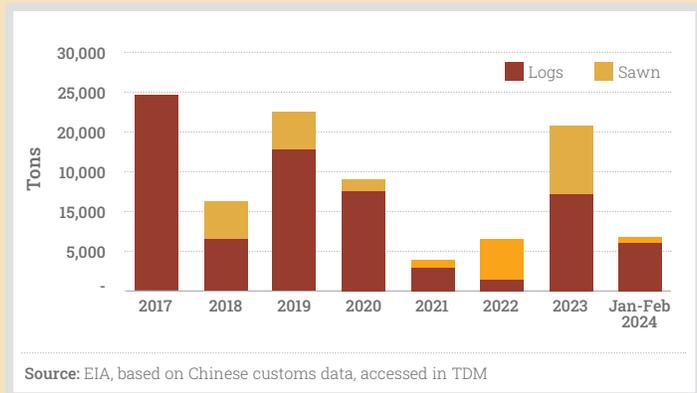


Figure 2
China's imports of pau-preto logs from Mozambique (2017-Feb 2024, tons)



Pau-preto cut in the Ancuabe-Meluco region, Cabo Delgado.



King Tutankhamen's throne.²⁰

China's ties to Mozambique date back to the 1960s, when it provided military assistance in the Mozambican war of colonial independence. Over the decades China maintained friendly relations with the newly independent country, providing aid, financing and building infrastructure, and incentivizing Chinese business investment in Mozambique. As China's domestic economy began growing rapidly in the 1990s, so did its demand for and dependence on imported natural resources. As of 2000, China's "Go Out" policy further encouraged Chinese traders to establish extractive and infrastructure businesses overseas.²¹ In parallel, Mozambique, like many forested African countries, began exporting the majority of its timber to China, most of that as unprocessed logs.²²

Timber plays a vital role in the trade relationship between the two countries, as it is the second-largest commodity exported from Mozambique to China in volume, after titanium ore.²³ As one of the top five African timber exporters, between 2014 and 2022 Mozambique exported over seven million tons of timber, of which six million went to China. Since November 2015, approximately 80-95% of the wood that China imports from Mozambique, totaling more than 4.5 million tons to-date, has been unprocessed.²⁴ Over the years, Mozambique has taken different steps to curb the unsustainable and illegal exploitation of timber. These have included moratoria on logging²⁵ and "Operation Tronco," a special enforcement operation to seize illegal wood.²⁶ The most far-reaching reform is the national log export ban. An export ban on

unprocessed, high value "Class-1" species was originally adopted in 2002.²⁷ In December 2016 this ban was expanded to cover all native species, effective January 1, 2017.²⁸ In December 2023, the government passed a new Forest Law which further expands the log export ban to all species, both native and plantation.²⁹ In addition to the log export ban, in 2018 then-Minister of the environment Correia ordered a ban of the three high-demand timber species of jambire, umbila, and chanfuta, from export in any shape or form.³⁰

Despite these multiple layers of protection, the forest plunder continues. As previous investigations by EIA exposed, illegal logging is rampant in Mozambique, with protected species being targeted by illegal loggers and traffickers.³¹ The log export ban restrictions do not appear to have significantly shifted the forest sector away from exporting raw material overseas.³² Figure 1 shows that Chinese log imports have continued largely undeterred by each progressive log export ban. In 2017, the Minister of the Environment, Mr. Celso Correia, described the situation as being nothing short of a "war" against "organized crime."³³ The Minister estimated that illegal logging cost his country more than half a billion dollars a year.³⁴

The following sections describe how the illegal timber trade between Mozambique and China has relied on and fueled systemic corruption and a violent insurgency, making it one of the most problematic timber flows in the world.



Figure 3 (left)
Screen capture from Chinese trader-importer social media post showing Mozambique workers loading pau-preto logs into containers for the trader's business located in China, posted in September 2023.

Figure 4 (right)
Screen capture from Chinese trader-importer social media post account showing the unloading of 6 containers of Mozambique umbila logs in his company's yard in Jiangsu province, China, posted June 2023.

LOGGING AND LAUNDERING INSURGENT TIMBER

Cabo Delgado, the Insurgency, and Conflict Timber

Cabo Delgado is the northernmost province of Mozambique and, with almost half its territory covered by forests, it is one of the country's top timber producing provinces.³⁵ Key commercial species growing in the province are jambire, umbila, chacate preto, and pau-preto. Half the concessions in Cabo Delgado are Chinese-owned, and virtually no Mozambican-owned companies are engaged in the export of timber.³⁶

Since October 2017, the group "Ahlu Sunnah Wal Jamaah" (ASWJ) also known locally as "Al-Shabab" (distinct from Al-Shabab in Somalia), and now linked to the Islamic State,³⁷ has led a violent insurgency in the province. It has perpetrated indiscriminate attacks against civilians, including extrajudicial executions, sexual slavery, recruitment of child soldiers and destruction of civilian infrastructure.³⁸ As of September 2023, more than 6,500 people had been killed and over 830,000 displaced.^{39,40}

The insurgency began in Cabo Delgado's northeastern districts of Macomia, Mocimboa da Praia, and Palma,⁴¹ and spread south and west across the province as well as to neighboring provinces in 2021 and 2022. While insurgents have occupied and/or staged attacks in nearly every single district of Cabo Delgado,⁴² the northeast has remained the insurgency's stronghold, with the areas north of Montepuez and Pemba, and east of Mueda, host to more than 90% of the attacks from insurgents between 2020 to-date in early 2024.⁴³

Today, large areas of northeast and east Cabo Delgado, including Nangade, Muidumbe, and Macomia districts, remain outside the government's reach, and vulnerable to attack.⁴⁴ A recent analysis emphasizes that the state is virtually absent, with civil servants and officials concentrated exclusively in the district headquarters.⁴⁵

The insurgents are known to have engaged in or taxed illicit trade in drugs, rubies, ivory, and timber, to finance their activities.^{46,47} While trafficking of drugs, gemstones, and timber in Cabo Delgado predates the insurgency,⁴⁸ ASWJ insurgents have taken advantage of this illicit trade to "fuel and finance the reproduction of violence."⁴⁹ In December 2023, the government of Mozambique published findings from a national risk assessment on terrorism finance, which includes multiple references to ASWJ's involvement in the "smuggling of fauna and flora products," including wood, and "exploitation of forest and wildlife resources," contributing to a "very

Investigators were told by a well-placed source that 30 percent of the timber logged in Cabo Delgado is at high risk of coming from insurgency-occupied forests.

high level of fundraising" for the insurgency group.⁵⁰ Illegal logging and trade are a source of an estimated US\$2 million of income per month for the insurgents.⁵¹

EIA's investigative findings further indicate that Mozambique's illegal timber trade, fueled largely by Chinese demand and business intermediaries, has contributed to funding the insurgents. Sources confirmed that shipments of timber contain wood procured from insurgency-controlled forests in Cabo Delgado, cut by insurgents.⁵² Investigators were told by a well-placed source that 30% of the timber logged in Cabo Delgado is at high risk of coming from insurgency-occupied forests.⁵³ Sources reported four main forested areas in Cabo Delgado where logging and timber sales took place:

- First, insurgent attacks in **the Nairoto area, in Montepuez district** (See "A", Figure 5; boundaries are approximate) were documented in late 2022 and early 2023,^{54,55} and multiple sources confirmed the existence of insurgency-occupied logging areas and timber collection points in and near Nairoto between 2021 and 2023. These sources described how insurgents settled in a part of Nairoto reportedly near the border with Malawi, and in need of funds, cut and sold timber to local dealers. Investigators were told that insurgents are careful to use middlemen, sometimes shuttling wood back and forth between the logging and timber collection points on motorcycles, to obscure the wood's origins.⁵⁶ All sources stated that the timber would be sold in Montepuez to Chinese timber businesses, including CAM and MOFID – both known as long-time bad actors in the business,^{57,58} as well as to an individual referred to as "Cabeça Grande."

- Second, logging, insurgency and official corruption intersect in the **Muidumbe area** (“B”, Figure 5), including the Muidumbe, Meluco, and Quissanga districts. Muidumbe district in particular which has been under brutal attack by insurgents or fully insurgency-controlled since early 2020.⁶⁶ Conflict monitors have recorded over 120 insurgent attacks in Muidumbe between 2020 and 2024,⁶⁷ and it continues to be listed by independent conflict monitors as an “ungovernable” zone.^{68,69} This area is also densely forested, with ongoing logging activity,⁷⁰ and home to one of Cabo Delgado’s largest forest concession holders, MITI Lda.⁷¹ Ms. Isabel Nkavandeka, former Minister for Parliamentary Affairs and influential Frelimo party member,⁷² also owns a forest concession of 10,000 hectares in Muidumbe,⁷³ which sources confirmed was still operating as of 2023 and selling species, including umbila and jambire.⁷⁴ Sources told EIA that Ms. Nkavandeka earns income by selling the wood harvested from her concession to traders, and that she has no control over what other sources of wood traders mixed in with wood from her concession before exporting the shipments. The alleged corrupt use of her export license to cover illicit timber shipments to China was reported in 2021 when 102 containers of timber were smuggled out and shipped to China, before enforcement actions successfully stopped the trade and caused them to be repatriated (see Box 3). Nine individuals were arrested and reportedly charged, including the Chinese businessman exporting the wood allegedly using Ms. Nkavandeka’s export license; but to EIA’s knowledge, Ms. Nkavandeka has not been charged, nor has her concession or export license been suspended.^{75,76} Sources additionally cited wood cut by insurgents in insurgent-controlled forests in Meluco and Quissanga, which was then traded onward to Chinese dealers in Montepuez.

- Third is the **Mueda district** (“C” Figure 5), home to hundreds of thousands of hectares of commercial forestry licenses, and a main active area of Chinese logging companies in particular.⁷⁷ While parts of the district have experienced insurgency attacks,⁷⁸ Mueda has largely benefited from the protection of South African-led and Rwandan military forces, invited in July 2021 at the request of President Nyusi to supplement the Mozambican army.⁷⁹ The relative security of Mueda has raised the importance of the national route linking Mueda to Montepuez, where the raw timber is packed and prepared for shipping. Multiple sources informed EIA about timber yards in Mueda district where wood is brought from many sources, regardless of their legality. According to EIA sources, the wood is transported from the Mueda collection areas to sawmills in Montepuez, sometimes hidden within the cargo hold of buses (Figure 6).⁸⁰

- Fourth, in the **districts to the south of the province** (“D” Figure 5) and **just over the border in Napai, in neighboring Nampula province**, public sources⁸¹ and EIA sources reported illegal logging taking place in unlicensed concessions, and the wood coming from these areas being brought to Chinese-owned timber

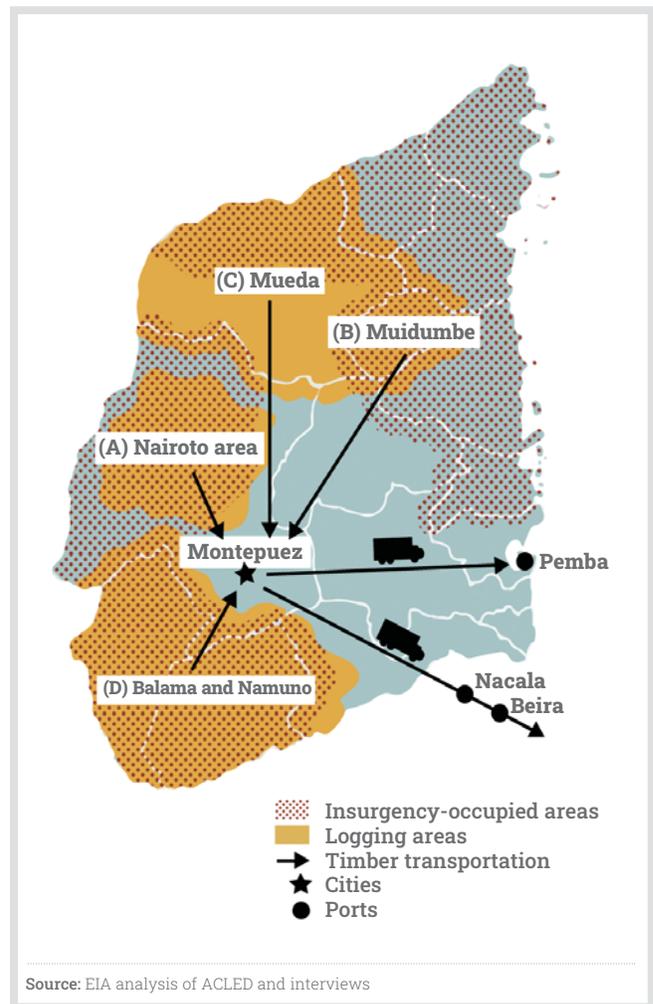


Figure 5
Where insurgency timber sales and timber collection areas overlap in Cabo Delgado.

yards in Montepuez. This southern zone of Cabo Delgado, and Ancuabe in particular, faced a wave of insurgent attacks in 2022 and in early 2024.⁸² Several sources interviewed by EIA stated that these districts were the sources of the wood referenced above that was smuggled out in 102 containers in 2020, including species that were banned for export (See Box 3).⁸³

The Timber Laundering Hub

Montepuez, the capital of the district that shares its name, is Cabo Delgado’s second largest city. The district has become an important mining and trading center since the discovery of one of the world’s largest ruby deposits in 2009.⁸⁴ According to EIA’s investigation, the city also plays a key role in the logging industry and has become a hub for the laundering of insurgent-connected and illegal timber.

Investigators were told that jambire, umbila, and other species of timber are gathered from different collection points in the province, “a good chunk” of which were cut



Source: EIA partner sources

Figure 6
Mueda bus station where small chunks of timber are carried in small chunks in bus cargo holds.

BOX 2.

“CABEÇA GRANDE”

The dealings of a Chinese timber businessman referred to as “Cabeça Grande” in illegally logging wood – including pau-preto and chanfuta from Cabo Delgado’s Quirimbas national park – have been reported for years.⁵⁹ The so-called “Cabeça Grande” is Mr. Yu Guofa, a successful Chinese timber and minerals trader with mining concessions near Montepuez, under the business name Success Investment.⁶⁰ Sources informed EIA that he also has forestry concessions in Chapa, Montepuez district, and in the Mueda and Nangade areas.⁶¹ In conversations with EIA investigators, Mr. Yu acknowledged that approximately 50% of the timber he trades is unprocessed. Trading in unprocessed timber violates Mozambique’s log export ban. He confirmed that he has traded chanfuta and unprocessed logs from Cabo Delgado to China and Vietnam for years, and has helped smaller Chinese timber trading companies do the same.⁶²

Mr. Yu has told EIA investigators that he has ongoing close relationships with President Nyusi and former General Chipande, a prominent backer of the President and highly influential figure in Cabo Delgado.^{63,64} Another source, close to Mr. Yu, told EIA investigators that the General helps Mr. Yu with timber documents.⁶⁵



Source: EIA

Mr. Yu Guofa.



Source: Google Maps (2023), Sawers Cão.

Figure 7
Satellite image of the Sawers Cão facility in Montepuez

in unlicensed forest concessions and community forests.⁸⁵ In the sawmills, illegal and conflict timber is processed together with legal material supplies. As one insider told EIA: “Timber [...] from unlicensed owners, is all mixed up with timber that comes from licensed concessions in Montepuez.”

According to multiple EIA sources, the collected wood is brought to a few Chinese-owned sawmill facilities in Montepuez, including CAM International, Sawers CAO Ltda, and Smocki.⁸⁶ Behind the walls of these sawmills, sources described the efforts by sawmill workers to disguise multiple forms of illegality including export of whole logs, first class hardwoods, and Appendix II CITES species, by mixing illegal wood with legal forms of processed wood before loading the cargo into containers.⁸⁷ At least two of these sawmill operators

In the sawmills, illegal and conflict timber is processed together with legal material supplies.

have a long history of operational illegality: CAM has repeatedly been reported for purchasing and trading large volumes of illegal timber since 2013,⁸⁸ while a person with knowledge of local timber operations told EIA that Smocki is owned by known illegal wood trading company MOFID,⁸⁹ and the name “Smocki” is used

deliberately to obscure the MOFID ownership. Due to its strategic location, Montepuez plays a critical role in the supply chain. Montepuez is considered relatively safe for foreign businesses both in spite of and because of its proximity to a conflict zone. Investigators learned that Asian entrepreneurs can establish their sawmill, with enough security to operate, but also under enough cover due to the insecurity and chaos in the province to operate outside of the law.⁹⁰ These sawmills operate as a timber consolidating and transit hub for wood from across the province. The timber is then containerized and trucked to the port of export.

According to multiple sources, bribery facilitates movement throughout this supply chain, and as a result a number of agencies and authorities tolerate the activity. Chinese traders allegedly pay police and insurgency defense soldiers to look the other way.⁹¹ Sources further asserted that individuals in the Frelimo party benefit from the trade of illegal timber and from the chaos and insecurity caused by the insurgency.⁹² In fact, containers carrying illegal wood are sealed on site in the sawmills, requiring the presence and approval of officials from the Directorate of Land and Forests

(DNTF) and from Customs. EIA sources explained that these officials are often bribed, with one source citing a specific case in which the customs officials present were bribed approximately US\$1,250 (80,000 meticais) to approve the packing of over 80 containers of illegal logs including species specifically banned from export. (Box 3).

As the wood continues on its travels to be exported, multiple sources explained to EIA investigators that Chinese timber traders in Cabo Delgado have secured special rights to move their containerized timber with little to no inspection while in transit between their sawmill in Montepuez and the port of Pemba, reducing the risk of having the illegal contents seized (Figure 7). According to several EIA sources, some of the larger-scale Chinese timber dealers, including Sawers Cao, have obtained special permits from authorities to drive at night in spite of curfews (imposed due to the insurgency). This night driving privilege allows them to avoid paying some bribes that would otherwise go to guards at checkpoints during the day, and assurance of less scrutiny at the port when the trucks arrive in early morning hours.



Source: Estacio Valoi

Figures 8 & 9
Chinese trucks transporting timber from Chinese-owned yards in Montepuez, heading towards Pemba, in UAFL containers. November 2021.



Port of Pemba, Mozambique

Source: EIA UK

EXPORTING INSURGENT TIMBER AND ILLEGAL LOGS

“These are resources protected by legislation and policy so that they can benefit the people of Mozambique, so all these schemes are cheating the country.”

Current official in Cabo Delgado

When A Log Export Ban Collapses

Insurgents and traffickers have taken advantage of the insufficient due diligence protocols by international shipping carriers, including CMA-CGM, APL, Maersk, MSC, and feeder lines like UAFL. In fact, violation of the Mozambican log export ban appears to have increased in recent years. One source familiar with port security estimated that approximately 65% of the timber shipments out of Pemba are in violation of an export ban.⁹³ Pemba is the container port for the province of Cabo Delgado, and since at least 2009 has been one of the country's main ports for exporting timber to China.⁹⁴ In the past few years, a portion of timber cargo has been trucked from Cabo Delgado to be exported from ports further south down the coast: Beira, in Sofala Province, where Maersk has its in-country headquarters,⁹⁵ and

Nacala, the deepest natural port on the east coast of Africa, located in the Nampula province.⁹⁶

According to customs data, logs represented over 90% of timber traded between Mozambique and China from 2017 to 2022 (Figure 10).⁹⁷ EIA’s analysis further showed that between 2019 and 2021, the top exporter, Chinese-owned Jinlong Minxin Madeira, exported over 45,000 tons of timber, and likely violated Mozambique’s log export ban at least 497 times in shipments to China. CAM International, another Chinese-owned major exporter, exported over 7,000 tons of logs in breach of the log export ban between 2019 and 2021.⁹⁸

A small number of species dominate the hundreds of thousands of tons of timber exported from Mozambique each year: Jambire, umbila, chanfuta, and pau-preto.⁹⁹ Other top commercially traded and frequently targeted species for illegal logging include nkula, mondzo, pau ferro, chacate preto (*Guibourtia conjugata*), and mopane.^{100,101} Protected species, which cannot be logged or exported, have also routinely been exported from Mozambique.¹⁰² EIA’s analysis found that Jinlong Minxin Madeira exported at the very least 6,700 tons of mondzo and nkula, two species prohibited from harvesting since March 2018.¹⁰³

The Racket Chain

EIA’s investigation included interviews between 2021 and 2024 with more than 30 sources in Cabo Delgado, Mozambique to gain understanding of how illegal timber is logged and moved through to export. These sources overwhelmingly described bribery and corrupt arrangements between private traders and officials, facilitating the illicit trade. Sources described bribes flowing from Chinese traders to high-level officials, at the Cabo Delgado-provincial and district-level, to agencies including Customs and Tax authorities, the

Ministry of land, Environment, and Rural Development (MITADER); and security and police personnel.¹⁰⁴ According to several sources, the size of timber shipments and level at which officials are bribed correlates to the seniority of the Chinese trading company. That is, the senior companies with more established relationships, such as CAM International, tend to ship larger quantities of timber, and pay off high-level officers at the provincial administrative level and the Port Authority. From those highest levels, sources described to EIA the “racket chain” that trickles down the rungs to lower level officials. Meanwhile, according to these sources, junior Chinese trading companies are less well-connected and also ship smaller quantities of timber; they directly pay low-level bribes to low-level officials such as those at roadside checkpoints.

A source described how traders bribe forestry, customs, and revenue officers, so that their container trucks can off-load with little to no inspection. With processed wood alongside whole logs, the risk of seizure and confiscation is reduced. According to EIA’s investigation, the trucks coming from large Chinese companies are waived through to Pemba’s terminals with no inspection; this unusual privilege is corruptly obtained by bribing officials in security, customs, and tax authorities. Multiple sources confirm that the shipping paperwork for the containerized wood is routinely forged to disguise the species, volumes, and form of the timber.¹⁰⁵

The Way Out of Mozambique: The Role of Shipping Lines

Based on the analysis of available Chinese import shipping data from Mozambique, representing over 10,000 container shipments of timber during the years 2019-2021, 71% of the timber shipped from Mozambique was booked by shipping lines CMA-CGM (including its subsidiary, American President Lines, “APL”), followed by

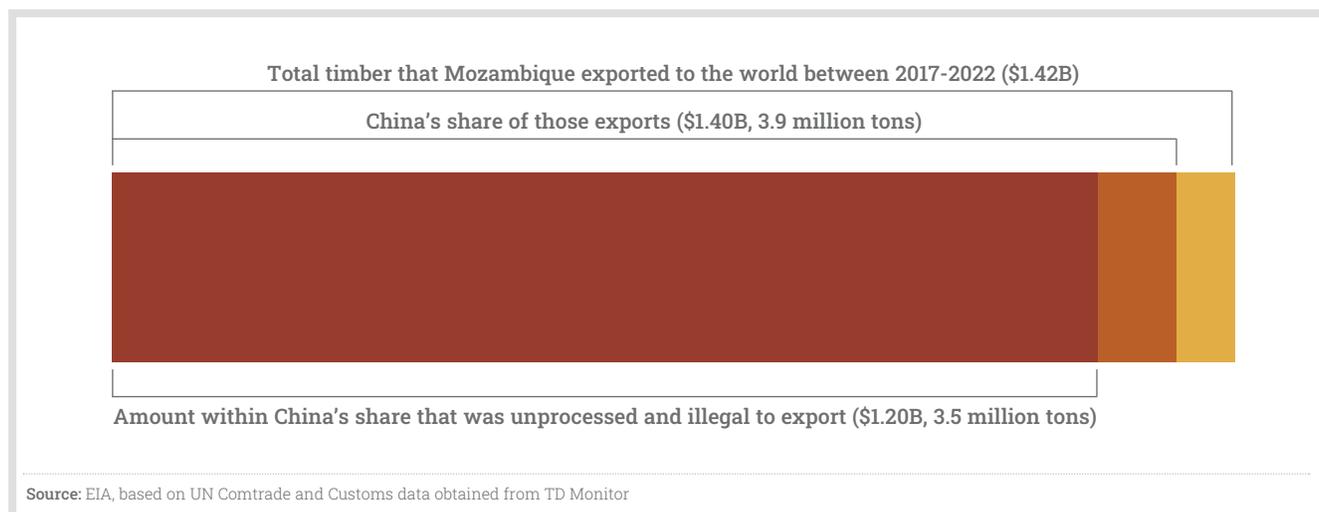


Figure 10
Share of China’s timber and log imports from Mozambique.

“What we do is talk to the Chinese nicely so that we get our share of the bribe, and they take their containers through the port.”

Former official in Cabo Delgado

MSC at 16%, and 13% by Maersk (including Maersk-Sealand, “MSL”).¹⁰⁶ Of the over 10,000 shipments, over 3000 carried wood explicitly described as being in log form, of which 85% were booked by CMA or its subsidiary, APL.¹⁰⁷ It is worth noting that a booking by one carrier often involves a multi-leg shipment aboard multiple vessels, some of which may belong to other carriers. For instance, at least 48 CMA-booked shipments, containing nearly 1,300 tons of log-form wood, were carried for some of the journey aboard the “Maersk Nacala,” a Maersk-owned vessel.

Shipping data for July 2022 through March 2024 showed CMA and Maersk (including MSL) as the sole carriers for timber shipments from Mozambique to China. While CMA was the carrier for 100% (a total of 1,250 tons) of the wood explicitly labeled as being in unprocessed log form, EIA believes it likely that Maersk transported logs in that period under misdeclared HS codes and descriptions. For example, according to the shipping information, Maersk shipped “articles of wood,” under HS code 4421 – a category that is used for various processed and finished handicrafts such as kitchenware handles and clothes hangers – 275 times between Jan 2023 and March 2024; however Chinese customs data recorded zero imports of that category in that time period. For all years combined, CMA-CGM was the most often used carrier of unprocessed wood from Mozambique.¹⁰⁸

Shipping information and EIA sources indicated that most cargo that had shipped from the port of Pemba was frequently being trucked to other Mozambique ports of Nacala and Beira.¹⁰⁹ Remaining timber cargo still being shipped internationally from Pemba is usually carried first by feeder line UAFL to other hub ports, where the timber containers are transferred to major shipping lines to complete their journey, most often to China.

CMA-CGM has had long-standing and comprehensive coverage of Mozambique ports since at least 2014.^{110,111} According to CMA’s website, the company has been aware of the seriousness of the illegal logging and related trade situation in Mozambique since 2016,¹¹² specifically noting the risk of shipping logs exported in breach of processing laws. Similarly, Maersk vessels have often transported unprocessed tropical wood from

Mozambique to China, whether on the first leg of the journey from Mozambique to an intermediate hub port, or for the final leg arriving in China.¹¹³ As early as 2015, Maersk acknowledged that their vessels from Mozambique carried illegal timber.¹¹⁴ Yet that same year, the country manager for Maersk in Mozambique explained how dependent shipping carriers are on timber bookings from Mozambique.¹¹⁵ An EIA source cited the long practice of Chinese traders bribing port personnel in Pemba who were responsible for loading containers filled with logs into vessels on Maersk bookings.¹¹⁶

When given an opportunity to comment about these matters, CMA-CGM responded “The CMA CGM Group operates in compliance with all regulations, policies, and statutes, and remains particularly vigilant in complying with regulations relating to the transport of protected species. [...] Your warning is seriously considered by CMA CGM, and we are going to carry out investigations and in-depth due diligence in our agency in Mozambique. As of today, we are working to ensure that there is no link between our client and illegal financing.”

Maersk responded: “Maersk will not knowingly accept bookings of wildlife or wildlife products, where such trade is contrary to the Convention on International Trade in Endangered Species of Wildlife Fauna and Flora (CITES) or otherwise illegal. Maersk only carries cargo which has been cleared by the respective country’s authorities and that is [in] compliance with applicable laws and regulations. We are aware that there have been challenges in Mozambique, however, banning all export of timber would impact legal businesses making them unable to export their products. [...] Maersk collaborates with authorities, industry partners and NGOs to raise awareness and share information to fight illegal wildlife trade and detect and investigate shipments.”

Regional feeder lines also play an important role in transporting timber with a high risk of being illegal or conflict timber out of Mozambique. As of 2023 United Africa Feeder Line (UAFL), headquartered in Dubai, UAE, was the only container shipping line calling into Pemba port.¹¹⁷ As a regional feeder line, UAFL connects Mozambique to nearby hub ports in Tanzania and UAE, where it transfers cargo to major international carriers like CMA-CGM and Maersk.^{118,119} As the only container line serving Pemba, UAFL is particularly exposed to illegal and insurgency timber from Cabo Delgado, via both its container leasing and shipping services. For example, in August 2020, over 80 containers loaded aboard a UAFL vessel, including 18 containers directly owned by UAFL, were seized by Mozambique authorities at the port of Pemba for holding banned species and unprocessed logs.¹²⁰ After authorities seized and placed these UAFL containers in custody, they were again smuggled out, reloaded aboard a UAFL vessel, and set to sea.^{121,122} This raises the question of what, if any, due diligence protocols UAFL has in place to ensure illegal timber does not get loaded in their containers and shipped aboard their vessels.

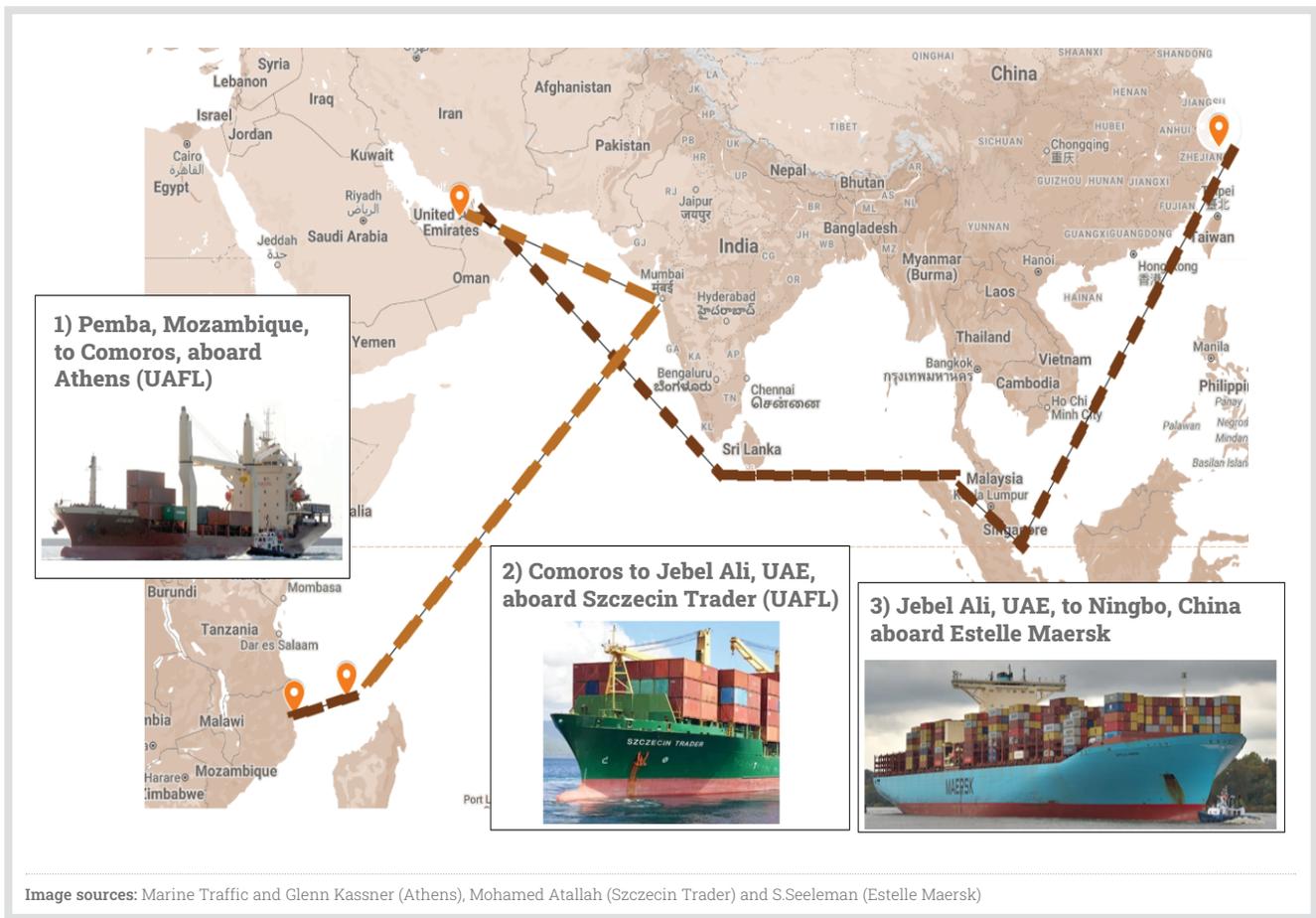


Figure 11
 Example of the shipping journey taken by a batch of smuggled timber containers from Pemba to China in Dec 2020-Feb 2021 aboard UAFL and Maersk vessels.^{123,124,125}

When given an opportunity to respond, UAFL stated that “We are aware of the ban on the export of timber logs from Mozambique and that only the authorised export of processed timber is permitted. UAFL fully complies with local and international law. To our knowledge and best believe, no logs have been shipped with UAFL. To ensure this, UAFL has a strict internal procedure in place.” UAFL described these procedures, in which “local authorities namely Police, CIS (Criminal Investigation Dep), Customs, Aqua & Mitader for Forestry are physically present during stuffing of timber containers in Mozambique to ensure that cargo interests fully comply with local law. If any of the above-mentioned authorities during stuffing do not sign the required documents, cargo will not be permitted for loading. Once local authorities have verified contents of the respective container to their satisfaction, units are then sealed and permitted to be trucked to the load port. Once containers are sealed, the shipping line is not allowed to open the containers for additional checks. We trust the above demonstrates the special efforts and measures taken to ensure that no illegal timber products are being exported. We are very interested to co-operate to ensure that only the export of legal timber takes place.”

Traders bribe forestry, customs, and revenue officers, so that their container trucks can off-load with little to no inspection.

THE CASE OF THE STOLEN CONTAINERS AND AN APPARENTLY STAGED AUCTION

In January 2021, Mozambique authorities announced that 102 seized containers of illegal timber had disappeared from government custody. The Chinese company Feishang Resources was listed as the owner of the wood, and according to public and EIA sources, this company was using an export license "borrowed" from ex-minister Nkavandeka.¹²⁶

The timber, which was in the form of unprocessed logs, was illegal to export. Acting on a tip from EIA, shipping lines UAFL and Maersk worked with Mozambique authorities to have many of these containers returned over the summer of 2021. By November, 73 containers were back in Pemba.¹²⁷

According to the director of the environmental agency AQUA and other officials and reports, the appropriate procedure for disposing of seized, illegal wood, including the wood in this particular case, is through a public auction.^{129,130} Unfortunately, according both to EIA sources and prior published reports, seized and auctioned timber has often ended up back in the possession of the original illegal wood traders.^{131,132} In this case, EIA learned in June 2021 that the timber from the returned containers was stored on the private property of an individual named Dusan Mistic (see satellite image in Figure 12, below). Yet not until March 3, 2022 was a notification of auction of seized wood published in the Noticias newspaper. In May 2022, Mr. Mistic told EIA investigators "That auction is finished, but I bought all the timber myself. 86 containers." Based on available satellite imagery, the timber was on Mr. Mistic's property continuously, both prior to and after the alleged public auction. When given an opportunity to respond on these matters, Mr. Mistic stated to EIA that the wood was stored on his property because the Judicial Court of Cabo Delgado appointed him to be the faithful depositary of the confiscated wood. As a faithful depositary, he could not participate in the public auction because it would be in conflict of interest, and he noted that the wood was sold in auction to a company from Pemba, which he has no ownership relationship with.

According to EIA's investigation, the auction was fraught with procedural irregularities: announcements for public auction did not go through normal channels via press release to the media houses. Journalists confirmed to EIA investigators in May 2022 that they did not know whether any auction had yet occurred. As of May 3, 2022, officials at the National Agency for Environmental Quality Control (AQUA) – the agency which oversees auctions for seized wood – told EIA investigators that to their knowledge no auction had been held. A few months later, upon being informed that an auction had been held, AQUA officials stated to EIA investigators their belief that the auction must not have been made public through proper channels.



Source: Google Earth, imagery dated June 2021

Figure 12
Logs from the returned containers, on private property.



Source: Copyright and courtesy of Deutsche Welle

Figure 13
Containers with illegally exported timber to China in the port of Pemba, May 2021.¹²⁸



Large piles of pau-preto logs at Zhangjiagang port, Shanghai (Feb 2024).

Source: EIA

FOR SALE IN CHINA

Luxury Furniture

According to shipping records analyzed by EIA for 2019-2021, the majority of the logs imported by China from Mozambique arrive at the ports of Ningbo, Shatian, and Shanghai,¹³³ and are stored and sold in nearby timber markets. Many of those logs are sold to factories that manufacture flooring and fine furniture, to be sold online or in stores. Some of the hongmu goods, such as those made of pau-preto, are found in rosewood specialty furniture malls (Figure 15). At the highest end of the market, pau-preto furniture is sold in luxury stores across China for prices exceeding US\$100,000. (Figures 16-17).

In 2008, French haute fashion label Hermès partnered with an internationally known Chinese designer to

create luxury brand Shang Xia.¹³⁵ Shang Xia sells housewares and furniture made of hongmu, and specifically of pau-preto.¹³⁶ The items designed and sold by Shang Xia have achieved international renown and been acquired by prestigious auction houses and museums, including the purchase of a pau-preto lacquer box by the British Museum.¹³⁷ EIA investigators have confirmed that as of November 2023, a key designer of hongmu furniture for Shang Xia continues to source pau-preto from Mozambique. This designer's creations for Shang Xia have included a "Da Tian Di" set of chairs and table priced at approximately US\$110,000 (RMB 800,000).¹³⁸ Currently Shang Xia maintains its boutique headquarters in Shanghai, where the "Da Tian Di" set is still sold (see Figure 16). This same set appears to have been sold in some of Shang Xia's international locations, including in Paris (see Figure 17).



Figure 14
 Images from the social media account of a Chinese trader, showing the transformation of imported Mozambique logs into kitchen cabinets. (Identifying information has been blurred by EIA.)¹³⁴



Figure 15
 Furniture of pau-preto (*Dalbergia melanoxylon*) for sale for the equivalent of US\$115,000 in a Shandong province rosewood furniture mall (2023).



Source: EIA

Figure 16
The “Da Tian Di” furniture set at Shang Xia’s store in Shanghai (2023).



Source: Instagram

Figure 17
Instagram post showing “Da Tian Di” furniture at Shang Xia’s Paris location, 2017.¹³⁹



Source: News CN/新华网, October 2016

Figure 18
G20 summit meeting room with hongmu round table and chairs, in Hangzhou, China.¹⁴³



Source: News CN/新华网, October 2016



G20: World Leaders Sitting on Shady Wood

Furniture made of Mozambique timber was featured prominently on the occasion of the 2016 G20 summit in Hangzhou. China took the opportunity to showcase its tradition of hongmu craftsmanship, and commissioned a production run of 1,100 pieces of hongmu furniture.¹⁴⁰ All of the chairs for the heads of state, including President Xi Jinping, were made of pau-preto.¹⁴¹ EIA investigators confirmed that as of March 2024, the manufacturer continues to produce these chairs, each of which is priced at approximately US\$5,600 (RMB 39,900).¹⁴²

Figure 19
Pau-preto chairs provided to each head of state at the summit.¹⁴⁴

CONCLUSION

Timber traffickers are plundering the forests of Mozambique, hastening the country's rapid forest degradation, increasing its climate vulnerability, and financing ASWJ terrorist insurgents, who have profoundly destabilized the country and neighboring states over the past seven years.

According to EIA's investigation, timber traffickers are able to launder timber, which benefits violent insurgents, in Montepuez before moving it to several ports, including Pemba (Cabo Delgado), Beira (Sofala Province), and Nacala (Nampula Province). Major shipping lines, including CMA-CGM, Maersk, MSC, and UAFL, have transported this conflict timber, together with hundreds of thousands of additional logs leaving the country illegally in breach of the national log export ban.

This trade of illegal and conflict timber is made possible by the systemic corruption, frequently described as a "racket chain" that permeates every step of the supply chain from the forest to the port. Once in China, Mozambican hardwood species are used for the production of high-end decking and furniture, worth up to tens of thousands of dollars.

Shipping lines and importing countries, such as China, must change their current modus operandi and help support Mozambican authorities by upholding domestic laws and international treaty obligations, putting an end to this illegal trade that is destroying the forests and harming the people of Mozambique.

RECOMMENDATIONS

Mozambique authorities should:

- Launch an investigation into the rampant illegal logging, transport and trade, and sanction the companies involved accordingly.
- Take measures to effectively combat corruption throughout the forest and timber sector, including increasing resources for selection and training of forest guards, and identifying and penalizing high-level offenders.
- Continue to implement the national action plan to address money laundering risks related to corruption and wildlife trafficking.
- Urgently increase public transparency in the sector, including in the management and auctioning of seized assets, and establishment of traceability in timber supply chains.
- Implement the draft Forest Code revisions, to honor the commitments signed in the 2022 Maputo Declaration to protect the Miombo woodlands.

Chinese authorities should:

- Stop and seize containers carrying logs from Mozambique, exported in breach of the national log export ban.
- Investigate Chinese citizens involved in timber trafficking and enforce Article 164 of the National Criminal Law that criminalizes bribes given to non-Chinese public officials.
- Implement Article 65 of its Forest Code, addressing legality of imported timber products and developing a timber ledger and other traceability mechanisms;
- Cooperate with Mozambique authorities to establish a mutual process of checking and information exchange regarding timber shipments, to honor its commitments to fight the illegal timber trade from the 2023 Sunnylands statement signed by Presidents Xi and Biden.
- Build on the cooperative framework of the China-Mozambique memorandum of understanding, by supporting processing capacity in Mozambique for legally-sourced timber.

CMA-CGM, Maersk and other shipping lines should:

- Immediately suspend shipping logs from Mozambique , and require the same from feeder companies
- Develop and implement a screening process that would prevent the companies from shipping illegal timber routinely, including by requesting the form, species and origin of timber shipments before loading.

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