SUMMARY OF LEGALITY RISKS

Risk Score: 70.9 (Higher-Risk)¹
Conflict State: YES (High Institutional and Social Fragility)²
Log and Sawnwood Export Restrictions in Effect: YES³
Import Regulation in Effect: NO

• Governance challenges and reports of corruption in the Solomon Islands’ timber sector are well publicized.
• Illegal logging is widespread and there are significant risks associated with timber sourced from natural forests on customary land and from large-scale plantations.
• Forest laws are not well-enforced; operators found to be operating illegally rarely are fined or lose their licenses.
• Direct exports to U.S. and EU markets are low while exports of logs to China have rapidly risen. Most of the concessions in the country are owned and operated by Asian companies from China, Singapore, Malaysia, and India.
• NGO reports have documented cases of high-risk timber sourced from the Solomon Islands being used in Chinese-manufactured products that are likely entering European and U.S. markets.
• New reference material has been collected that will support enforcement officials to be able to identify timber harvested in the Solomon Islands.

TRADE PROFILE OF FOREST PRODUCTS⁴,⁵

Total Imports (2019): $7.69 million
Total Exports (2019): $481.21 million. $11.80 million (2.52%) to “regulated markets”⁶

SUMMARY OF HIGHEST PRODUCT-LEVEL RISKS

Exports – Top Products Exported by 2019 Value⁷
• Logs (HS4403)
• Sawnwood (HS4407)
• Veneer (HS4408)
• Plywood (HS4412)
• Hoopwood (HS4404)
FORESTRY SECTOR

Forested Area: 2.52 million ha
(1.27% protected as of 2017)\(^9\)

Deforestation Rate: 0.03% annually\(^20\)

Forest Ownership:\(^{21}\)
- 379 thousand ha publicly-owned (15.0%)
- 2.15 million ha privately-owned (85.0%), primarily by indigenous communities

Certified Forests:
- FSC Certification: 39.35 thousand ha (2019)\(^{22}\)

Domestic Production:\(^{23}\)
- Logs: 3.20 million m\(^3\) (2019)
- Wood Fuel: 135 thousand m\(^3\) (2019)
- Sawnwood: 31 thousand m\(^3\) (2019)
- Veneer: 22 thousand m\(^3\) (2019)
- Charcoal: 1.52 thousand tonnes (2019)

SUMMARY OF HIGHEST SPECIES-LEVEL RISKS

Illegal logging and trade affect many timber species, but highly valuable - often rare and endangered - species that are protected under harvest and/or trade regulations are a key target and at an elevated risk for illegality. The following species are either currently, or have recently, been protected in the Solomon Islands.

CITES-Listed Species (Appendix II):\(^1\)
- **Ramin** (*Gonystylus macrocarpus; Gonystylus macrophyllus*)
- **Rosewood** (*Dalbergia spp.*)

Restricted Species:
The following species can only be exported for scientific research purposes:\(^8,9\)
- **Ebony** (*Diospyros spp.*)
- **Mangrove** (*Rhizophora spp.*)
- **Ngali Nut** (*Canarium indicum*)
- **Tubi** (*Xanthostemon melanoxyylon*)

The following species cannot be exported as raw logs or in unprocessed form:\(^{10,11,12}\)
- **Canoe Tree** (*Gmelina moluccana*)
- **Ironwood, Kwila or Merbau** (*Intsia bijuga*)
- **Kauri** (*Agathis macrophylla*)
- **Ngali Nut** (*Canarium spp.*)

Illegal logging and trade affect many timber species, but highly valuable - often rare and endangered - species that are protected under harvest and/or trade regulations are a key target and at an elevated risk for illegality. The following species can only be exported if the exporter is an approved person and has a valid permit under Part III Section 14 of the Wildlife Protection and Management Act 1998:\(^{13,14}\)
- **Kerosine Wood** (*Cordia subcordata*)
- **Lantern Tree** (*Hernandia nymphaeifolia*)
- **Black Bead** (*Castanospermum australis*)

Other high-risk species from natural forests:
- **Bintangor or Koila** (*Calophyllum spp.*)\(^{15}\)
- **Pencil Cedar or Palaquium** (*Palaquium warburgianum*)\(^{16}\)
- **Taun or Akwa** (*Pometia pinnata*)\(^{17}\)

All tropical hardwood exports should be considered high-risk based on the overall legality risk in the Solomon Islands. Robust third party certification can be considered as a tool to help mitigate this high-risk, but should not constitute sufficient due diligence for legality in and of itself.
The Solomon Islands has only reported timber export data to UN Comtrade for the period up until 2018. This means comparison charts highlighting the discrepancies in the volumes reported by the Solomon Islands and key trading partners such as China, and to a lesser extent India, are currently only possible up until 2018.
TIMBER LEGALITY

- Governance challenges and reports of corruption in the Solomon Islands' timber sector are well publicized.

The Solomon Islands has a total land area of 2.8 million hectares spread over six main islands and 900 smaller islands. The country's size and geographic spread, low government control in the far flung rural regions, and weak central and provincial institutions make governance a significant challenge. Only 13 percent of land is owned by the state (known as “alienated land”). Roughly 87 percent is customary land which is held communally, by a tribe, or multiple groups which hold multi-layered rights to ownership and use of forest. Land disputes are common. The majority of customary land titles are unregistered, which means that there has been no formal survey and boundaries have not been registered. This has created opportunities for corruption and collusion between government officials and logging companies who have been granted permission by the central government to log lands with unclear tenure, but which are often on community and ancestral land. Bribes are reportedly common; landowners either aren’t informed about logging or they are coerced into signing away the rights to log their land. Corruption and collusion are rife precisely because there are a lack of alternative revenue sources for national and provincial governments, as well as for local communities. Despite a number of efforts to reform the processes for allocating timber rights under the Forest Resources and Timber Utilisation Act to restrict corruption in granting logging rights, these have had limited effect.

The Solomon Islands are classified by the World Bank as a state with High Institutional and Social Fragility. Violent unrest between 1998 and 2003 left government institutions inoperable, led to hundreds of deaths and resulted in the largest internal displacement (estimated at 20,000 people) in the Pacific region. Illegal squatting and disputes over the use of customary lands, including for plantations, were central to the conflict. Logging has therefore caused “lasting rifts between and within landholding groups, villages, families and households,” while also reinforcing “gender inequity by systematically excluding women from decision-making and from sharing in the benefits.”

- Illegal logging is widespread and there are significant risks associated with timber sourced from natural forests on customary land and from large-scale plantations.

Logging rates have increased exponentially over the last decade, leading to highly degraded forests. Global Forest Watch data suggests that the Solomon Islands lost 193,000 ha of tree cover between 2001 and 2020, with increased deforestation after 2010. The government’s own Ministry of Finance reports that commercially viable natural forest in the Solomon Islands
will be exhausted by 2036. Global Witness estimates that the Solomon Islands exports nearly twenty times the annual sustainable harvest, and yet logging rates continue to increase. Much of this is illegal, with logging occurring outside allocated areas described within licenses, and on private land without landowner approval. All logging operations above an altitude of 400 meters have been banned since December 2018.

As of 2020, the area of natural forest was estimated at roughly 2.5 million hectares with the area of planted forest estimated to cover about 24,000 ha. In general, there are two main types of plantation operations in the Solomon Islands as outlined by Preferred by Nature:

1. Large-scale operations conducted by large companies, managing plantations of thousands of hectares each. Commonly planted species include: *Eucalyptus deglupta*, *Tectona grandis*, *Gmelina arborea*, *Swietenia macrophylla*, *Campnosperma brevipetioloata*, *Agathis*, *Terminalia*, and *Acacia*.

2. Community plantations managed by villages, families, or church communities throughout the Solomon Islands (on Customary land). Commonly planted species include: (primarily) *Tectona grandis*, as well as *Swietenia macrophylla*, *Eucalyptus deglupta* and *Gmelina arborea*.

Preferred by Nature’s consultation draft timber legality risk assessment for the Solomon Islands identifies risks in almost every category of their evaluation for natural forest sources, with the main risks relating to legal rights to harvest; taxes and fees; timber harvesting activities where logging companies often log outside their concession boundaries, harvest in protected areas or fell protected species; third parties’ rights; and trade and transport.

- Forest laws are not well-enforced; operators found to be operating illegally rarely are fined or lose their licenses.

The government has discussed changes to the logging industry, with Prime Minister Manasseh Sogavare looking to ban all round log exports by 2023. However, to date, very limited action has taken place and monitoring and enforcement of existing law is weak. Companies are rarely fined or suspended or face license cancellations, despite a number of reported illegal activities. Consequently, landowners have started enforcing the law themselves or taking the government to court. Central Island province, for example, successfully blocked new logging and mining operations as of December 2018.

In 2018, an investigation by the Island Sun uncovered “major fraud” in the illegal logging of 5,560 hectares of virgin forest in the Komaridi Reserve in East Guadalcanal which was on a 75-year lease to the government. The Commissioner of Forest, Reeves Moveni, issued a felling license to the company One Pacific Company Ltd (OPC) to log this land. Further investigations found that the Commissioner of Forest had likely broken the law by granting licenses to OPC as well as at least nine other logging companies.

In December 2020, a Malaysian logging company pled guilty and was later fined the maximum penalty possible of $6,232 for illegally logging tubi on San Jorge Island. Tubi is a “regulated and controlled species” which can only be felled and exported on a commercial basis under strict compliance with the country’s Wildlife Protection and Management Act (WPMA). The company’s license has not been cancelled so it can resume operations if it wishes.

- Direct exports to U.S. and EU markets are low while exports of logs to China have rapidly risen. Most of the concessions in the country are owned and operated by Asian companies from China, Singapore, Malaysia, and India.

The Solomon Islands are now the second largest supplier of tropical logs to China after Papua New Guinea. China imports 85 percent of all Solomon Island log exports. Global Witness alleges that Chinese companies alone imported more than twelve times the timber that the Solomon Islands could sustainably produce in 2017. Almost all logging licenses have been awarded to foreign-owned companies based in China, Singapore, Malaysia, and increasingly, India. There are reports that foreign logging companies are using Solomon Islanders, particularly women, to register as domestic logging companies, thus circumventing a moratorium on registering new foreign-owned logging companies. Extensive tax avoidance has been reported by these companies; a World Bank report suggests that resulting foregone tax revenue could be as high as 25 percent.

Some companies have tried to use legitimate licenses for one forest concession, but in another geographic area. National Geographic reported in January 2020 that Malaysian-owned logging company Gallego Resources was found to be illegally logging while operating under a license granted in 2015 for a neighboring area.
Many foreign logging companies are now expanding into other sectors as commercial logging opportunities diminish. The Solomon Islands have significant mineral resources including gold, silver, bauxite, nickel, and lead. Reports suggest that a number of logging operators have reinvented themselves as mining companies and are reportedly taking advantage of the same opportunities created by low government capacity, corruption, and legal loopholes they found in the forest sector.60

The likelihood of transfer pricing, with front companies in Hong Kong and accounts in the British Virgin Islands, have been in the news for the past two decades.61,62

**NGO reports have documented cases of high-risk timber sourced from the Solomon Islands being used in Chinese-manufactured products that are likely entering European and U.S. markets.**

While very few U.S. or EU companies are importing timber direct from the Solomon Islands, indirect imports of illegal Solomon Islands’ timber from China is likely.

Species such as bintangor and pencil cedar are commonly used as veneer face for plywood manufactured in China. An investigation by Chinese media outlet Sixth Tone found that plywood manufacturers did not know the origins of their wood and in some cases used fraudulent documentation of legal origin and Forest Stewardship Council (FSC) certification to reassure buyers in the EU.63

The Environmental Investigation Agency (EIA) published findings from a seven year investigation in 2021, suggesting that European companies may have imported thousands of tons of tropical-faced Chinese-made plywood with a high risk of being illegally harvested in the Solomon Islands. EIA report, specifically, that the volume of FSC-certified pencil cedar-faced plywood sold by China’s largest plywood exporter to its European customers was an estimated 20 times higher than the quantity of plywood that can possibly be manufactured from the limited volume of FSC certified pencil cedar grown in the Solomon Islands.64 In September 2020, authorities in the Netherlands ordered one Dutch importer to cease importing a tropical face plywood product from the Chinese company named in EIA’s investigation as imports were deemed in violation of the European Union Timber Regulation (EUTR).65

**New reference material has been collected that will support enforcement officials to be able to identify timber harvested in the Solomon Islands.**

World Forest ID66 consortium is building the world's largest geo-referenced wood sample collection. In 2019, it coordinated the collection of over ninety reference samples for species on two of the largest islands in the Solomon’s archipelago. Samples were collected by FSC and entered into Kew Gardens collections. Stable isotope ratio analysis has been performed on all these samples and will support scientific testing for location identification. The samples cover all certified area within the Solomon Islands (FSC is the only certification scheme operating and there is only one FSC certified operation in the Solomon Islands: Kolombangara Forest Products Ltd. All FSC certified area is exclusive to Kolombangara Island).67 As such, once additional samples are collected in other parts of the archipelago, it could be possible to check FSC and certification claims for all timber sourced from the Solomon Islands, as well as FSC certification claims for products sourced from China listing the Solomon Islands as the country of harvest. If Kolombangara Island is found not to be the origin of the timber, this means that the product likely cannot be of FSC origin and therefore should be subject to further investigation as to the true origin. The reference samples could also help determine if products claimed to originate from the Solomon Islands actually originate from the Solomon Islands and not Papua New Guinea or another country.

**REPORTS & ADDITIONAL RESOURCES**

A list of relevant reports and additional online tools to complement this country report are also available at the IDAT Risk website: https://www.forest-trends.org/fptf-idat-home/

**Key Reading:**

4. UN-REDD Programme. 2015. “Solomon Islands: REDD+ Background Document.” UN-REDD Programme.68
METHODOLOGY & TERMINOLOGY NOTES

a Risk scores reflect Preferred by Nature’s Timber Risk Assessment which measures the risk of illegality occurring in 21 areas of law relevant to timber legality, as well as Forest Trends’ national governance scores which provides an average relative governance and corruption risk score for 211 countries globally. Preferred by Nature's scores have been flipped to ensure compatibility with Forest Trends' national governance scores, where higher scores are associated with greater governance and corruption challenges. An average of both the Preferred by Nature and Forest Trends scores has been calculated for 66 countries where both are available as of 2021. For all other countries, the risk score reflects Forest Trends’ national governance scores. Countries scoring less than 25 are considered “Lower-Risk,” countries scoring between 25 and 50 are “Medium-Risk” and countries scoring above 50 are “Higher-Risk.” It is important to note that it is possible to source illegal wood from a well-governed, “Lower-Risk” state and it is also possible to source legal wood from a “Higher-Risk” country. As such, the risk scores can only give an indication of the likely level of illegal logging in a country and ultimately speaks to the risk that corruption and poor governance undermines rule of law in the forest sector.

b The term “forest products” is used to refer to timber products (including furniture) plus pulp and paper. It covers products classified in the Combined Nomenclature under Chapters 44, 47, 48 and furniture products under Chapter 94. While the term “forest products” is often used more broadly to cover non-timber and non-wood products such as mushrooms, botanicals, and wildlife, “forest products” is used to refer to timber products plus pulp and paper in this dashboard.

c Except where otherwise specified, all trade statistics and chart data on the Solomon Islands’ trade with China is sourced from the General Administration of Customs, P.R. China, compiled and analyzed by Forest Trends. All other data comes from UN Comtrade, compiled and analyzed by Forest Trends.

d Regulated markets reflect countries and jurisdictions that have developed operational measures to restrict the import of illegal timber. As of 2021, this included the U.S., Member States of the European Union (as well as the United Kingdom, Iceland, Liechtenstein, Norway and Switzerland), Australia, Canada, Colombia, Indonesia, Japan, Malaysia, and South Korea. Some measures are more comprehensive in scope, implementation, and enforcement than others.

e The Solomon Islands reported “32.2 thousand hectares of forest area within protected areas as of 2017” according to the Food and Agriculture Organizaion of the United Nations (2020).

WORKS CITED


6 UN Statistics Division, “UN Comtrade”; Government of the People's Republic of China, “Customs Statistics.”.


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The Dashboards have been compiled from publicly available information sources to support risk assessments on the legality of timber products entering international supply chains. The Dashboards are for educational and informational purposes only. The Dashboards have been drafted with input from the Environmental Investigation Agency (EIA) and are subject to external peer review. The Dashboards will be updated periodically based on newly available information.

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64 EIA. 2021. The Lie Behind the Ply.


67 World Forest ID, “Protect Forests with Science.”