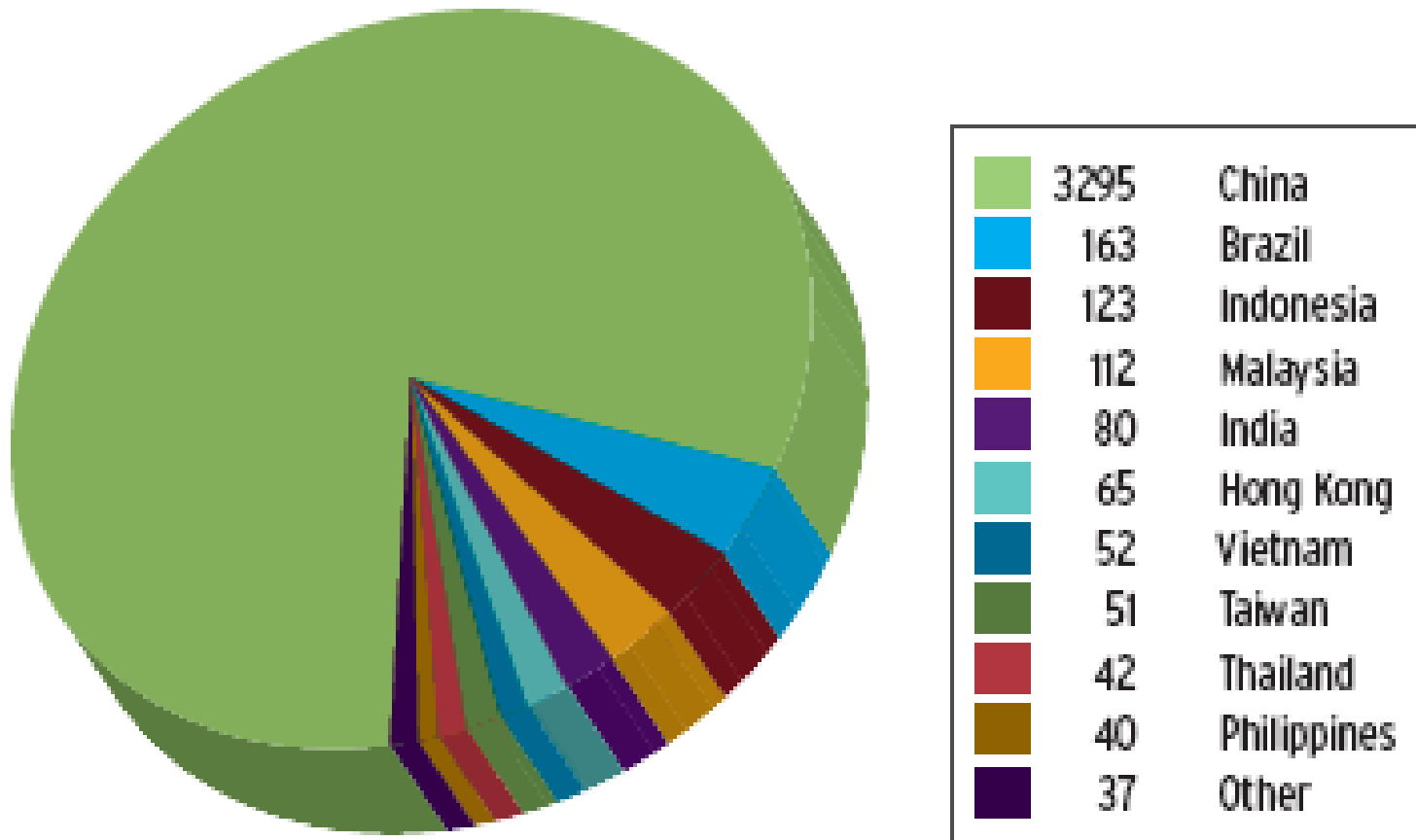




# The Wal-Mart—China Relationship

- In 2004, Wal-Mart and its suppliers comprised 10% of all U.S. imports from China
- If Wal-Mart were an independent nation, it would be China's 8<sup>th</sup>-largest trading partner
- China produces 84% of Wal-Mart's wood products

# Number of import transactions of wood products, based on export country, going to Wal-Mart between May 2006 and April 2007



# Results of EIA's Investigations

- All 8 Wal-Mart wood products suppliers visited by EIA investigators said that Wal-Mart never asks questions regarding the origin of the raw material
- Wal-Mart's only concern regarding raw material sourcing is on finding the lowest price
- The above two criteria leads to wood products supply chains of particularly high-risk
  - *For Example:* Wal-Mart suppliers rely heavily on raw material from the Russian Far East, where up to 50% of logging is estimated to be illegal

## Case Study: Dalian Huafeng Furniture Co. Ltd.

Sends over 200,000 cribs to Wal-Mart per year under the Simplicity brand name

Suppliers include:

– Chuguevskaya LPK

- Investigators observed LPK truck drivers passing cash to police at checkpoints
- buys from Araliya Ltd. and Svetlyanka Ltd., both of which are known locally for illegal logging

– Longjiang Shanglian Imp. & Exp. Co.

- buys timber from some of the worst actors in the Russian Far East
- described to investigators how they pay Russian criminals to secure timber supplies



# Opportunity for Impact

- Wal-Mart's market size and influence over suppliers creates significant opportunity to influence the way wood products are traded in China
- Wal-Mart has recently begun to incorporate sustainable practices into their business model and has shown interest in improving their wood products supply chains
- EIA and Wal-Mart have met several times to discuss their wood sourcing policies and practices