

Lao forests feeding Vietnam industry, group says

July 28 2011, By DENIS D. GRAY , Associated Press

(AP) -- Despite an export ban, Vietnamese companies are smuggling logs from the once rich forests of Laos to feed a billion-dollar wood industry that turns timber into furniture for export to the Europe and the United States, an environmental group said Thursday.

The London-based Environmental Investigation Agency alleged that the Vietnamese military was heavily involved in bribing Lao officials and then trafficking the timber on a massive scale to wood processing factories in neighboring [Vietnam](#). This was denied by the government and military.

Laos, with some of the last intact [tropical forests](#) in the region, in 1999 slapped a ban on the export of raw timber and says it is expanding its forest cover. But there are widespread reports of rampant logging, often associated with the country's mushrooming dam projects and agricultural plantations.

"Vietnam is almost annexing areas of Laos to feed its own industries. The only winners in Laos are corrupt government officials and well-connected businessmen," Julian Newman, an EIA staffer, said at a news conference. The group focuses on environmental crime worldwide.

Vietnamese Foreign Ministry spokeswoman Nguyen Phuong Nga denied the allegations.

"There is no smuggling of timber from Laos by the Vietnamese

military," she said. "Vietnam pays special attention to environmental protection, strictly forbids smuggling and illegal exploitation of timber."

She said all "smuggling and illegal exploitation of timber will be strictly dealt with in accordance with Vietnamese law. The governments of Vietnam and Laos have been and will be coordinating to prevent all smuggling activities including timber smuggling."

Hanoi has acknowledged in the past that its [forestry industry](#) is unsustainable and it is currently negotiating with the European Community to certify its exported wood products as having originated from legal sources.

Vietnam, which exports some \$4 billion worth of wood products, banned domestic logging in 1997.

In an undercover operation in 2010 and 2011, the group said it tracked logs in Laos obtained by three Vietnamese enterprises as they made their way across the porous border to factories in Vietnam. It estimates the enterprises yearly smuggle some 8.8 million cubic feet (250,000 cubic meters) of wood worth some \$80 million.

One of the three was identified as the Vietnamese Company of Economic Cooperation, or COECCO, an enterprise run by the Vietnamese army and headquartered in the city of Vinh. The company has been in the logging business in Laos for two decades, EIA said.

But officials for the company in Vietnam said it had a license from the Lao government to import logs, obtaining them in exchange for roads and irrigation projects it has built in the country.

The company announced on its website last month the opening of bids for more than 1.2 million cubic feet (34,000 cubic meters) of logged

lumber imported from Laos. The officials declined to give their names, citing policy.

The Lao government, as part of its 2020 forestry strategy, says that it will "strictly implement the export ban on logs and sawn timber." The ban is covered in a 1999 law and a number of subsequent government orders.

Commenting on the military company's imports, Newman said it may have engineered a "one-off deal" because of its close ties with powerful Lao officials.

International aid agencies in Laos frequently complain that provincial power brokers often make their own business deals with foreign companies, sometimes in contravention to central government laws and regulations.

Video shot by EIA showed trucks hauling piles of logs from Laos into Vietnam and featured both Lao and Vietnamese businessmen talking about bribing Lao government officials to allow the illegal exports. EIA says its investigators posed as potential buyers.

Laos' export ban is also routinely flouted by companies supplying the wood industries of neighboring Thailand and China, EIA said.

EIA first exposed the illegal cross-border trade in 2008 and said that little has changed on the ground since, although the Vietnamese government is moving toward some kind of control.

"By the time the deals (with EU and others) are signed, there won't be any forests left in Laos. Vietnam needs to get its act together and move quickly," Newman said.

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