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Global Witness urges Liberian President not to sign risky logging contracts

The Liberian President Ellen Johnson-Sirleaf should refuse to sign four 25-year forest management contracts which have been ratified by legislators despite warnings by NGOs of serious flaws in the allocation process, Global Witness said today.

Investigations by Global Witness and Liberian NGOs reveal strong evidence that some of the companies bidding for the forest management contracts (FMCs) have breached Liberian law, and lack the financial capacity to operate. One is linked to notorious Malaysian timber giant Samling.

"If President Johnson-Sirleaf signs these logging contracts, she is sending a worrying signal that the law can be ignored by the Government when it is convenient," said Natalie Ashworth, campaigner at Global Witness. "Is the President happy endorsing contracts with companies which have already made it clear that they do not intend to play by the rules?"

One of the logging firms whose contract has been ratified, International Consultants Capital (ICC), breached Forest Development Authority Regulation 103-07 by transferring ownership of 92.5% of its shares the day before bid opening. Atlantic Resources, meanwhile, appears to have violated the Public Procurement and Concessions Law's provisions on collusion, in its collaboration with another firm. Global Witness was present at the bid opening ceremony at which Atlantic's technical proposal was delivered in the envelope presented by fellow bidder Southeast Resources.

Atlantic Resources and Southeast Resources are both linked to and are financially dependent upon the notorious Samling group of companies. The Samling group has a long and well-documented record of illegal logging and conflicts with local communities, notably in Cambodia, Guyana, Malaysia and Papua New Guinea. Samling is also linked to one of the winners of the first round of FMC allocations, Alpha Logging.

Background checks into the bidding companies by the government-commissioned due diligence contractors found that three of the companies – Atlantic Resources, ICC and Geblo Logging Corporation – do not possess the financial resources with which to make the required investment.

Meanwhile, the Government of Liberia has been in negotiations with international partners for financial support to preserve its forests as part of the REDD mechanism (Reduced Emissions from Deforestation and Degradation). However the government has not provided an overview of its needs and the technical support it requires to enable these negotiations to proceed.

"Signing these logging contracts would let in cowboy companies which are very unlikely to provide the jobs that Liberia desperately needs. It would also close the door on alternative uses of the forest which could generate more income and employment opportunities for Liberians over the long term," said Ashworth. "Liberia is being offered money by its international partners to preserve the forests. Discarding this option in favour of logging makes no sense. We urge the President to face down the industry lobby and say no to these disastrous deals."

Contact: Natalie Ashworth +44 207 492 5869 or +44 7968 160377; Mike Davis on +44 207 492 5893 or +44 7872 600860; Amy Barry: +44 207 492 5858 or +44 7980 664397

Notes to editors:

1. Forest management contracts are contracts between the Liberian government and companies which allow the latter to log in a demarcated concession area under certain conditions. The contracts that the Liberian

legislature has ratified are: FMC F – Euro Liberia Logging Company; FMC I – Geblo Logging Corporation; FMC K – International Consultants Capital; FMC P – Atlantic Resources Ltd.

2. Information on Samling's operations in other countries can be found in the background briefing, *Background investigations into companies bidding for Liberian forest management contracts*, 15 July 2009, available at www.globalwitness.org/samling.

3. REDD (Reduced Emissions from Deforestation and Degradation), is being discussed at the international climate change negotiations under the UN Framework Convention on Climate Change (UNFCCC). These negotiations are culminating in an international meeting in December this year in Copenhagen. Deforestation is responsible for around 20% of annual greenhouse gas emissions, and Liberia has been presented with a rare opportunity by international donors for interim support, prior to the establishment of an international mechanism, in order to preserve its forests to prevent carbon emissions. This is dependent on the Liberian Government's commitment to reducing deforestation and degradation.

Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses.