



# Blood- stained birch

Exposing the EU trade  
in Russian conflict ply

**earth**sight

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Earthsight is a non-profit organisation committed to harnessing the power of primary investigative research and reporting to bring attention to pressing issues of human rights and environmental justice. We aim to get to the core of an issue, using a range of investigative research methods to obtain first-hand, documented evidence of crimes against both people and the planet which is irrefutable and impossible to ignore. By following the money and tracing supply chains, our research also aims to expose the complicity of consumers and financiers in abetting these abuses.

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Valley of the river Anyuy in the Russian taiga.

Source: © Shutterstock



## KEY FINDINGS

- An undercover investigation by Earthsight has revealed widespread laundering of Russian and Belarusian timber into the EU in breach of sanctions put in place in response to Russia's brutal invasion of Ukraine. 'Blood timber' with a retail value of over €1.5 billion is estimated to have entered the EU since sanctions took effect in July 2022. Twenty container-loads continue to arrive every day
- The Russian military profits directly from timber sales, and Russia is among the largest producers of wood in the world. The EU sanctioned wood imports from Russia and its ally Belarus in recognition of the industry's importance to their economies, and in response to appeals by civil society
- Earthsight has spent nine months investigating clandestine trade in the most valuable sanctioned product – birch plywood. Now, we reveal the actors at every stage of the supply chain, from the manufacturing giants in Russia, through the firms laundering their products in China, Kazakhstan and Turkey, to their customers in the EU
- Earthsight found evidence that goods from seven of Russia's 10 biggest birch ply manufacturers are still being sold in the EU. These include two firms whose largest shareholders are billionaire oligarchs who met with Putin on the day Russia invaded Ukraine. One of these, Alexei Mordashov, is also on the EU's sanctions list, while the other, Vladimir Yevtushenkov, controls Russia's largest logging firm. Our evidence also implicates Belarusian state-owned birch ply producers
- Sanctioned plywood is making its way into a wide range of products, including kitchens, flooring, furniture and toys. Birch ply suppliers in China, Kazakhstan and Turkey claimed to Earthsight undercover investigators to be laundering sanctioned Russian wood into the EU. Buyers of birch ply from the same firms, records show, include Walltopia, the world's largest manufacturer of artificial climbing walls. Though we have no proof these European buyers are breaching sanctions or are aware of the risk of the plywood they buy being of Russian origin, other EU firms we met with undercover were all too aware of the provenance of the birch ply in their supply chains
- Illegal, 'blood-stained' birch plywood has entered every EU Member State, our research suggests. The biggest importers at present are Poland, Italy, Germany, Spain, Portugal, Estonia and Greece
- Efforts to enforce sanctions on timber have been ill-coordinated and ineffective, with smugglers easily able to adapt and continue trading. The EU Commission and Member States must take urgent, coordinated action to halt this trade, and Poland, by far the largest importer of 'blood-stained' birch, must use its current Presidency of the EU to lead the charge



Watch the trailer





See the full map

- The producers
- The launderers
- The buyers







**RUSSIA**

**KAZAKHSTAN**

**CHINA**





## INTRODUCTION

**BY 2021, THE EU WAS CONSUMING AROUND 1.7 MILLION CUBIC METRES OF BIRCH PLYWOOD EVERY YEAR — ENOUGH TO PLASTER BRUSSELS FOUR TIMES OVER.**

The EU banned wood products from Russia and Belarus soon after the illegal invasion of Ukraine in February 2022.<sup>1</sup> The move recognised the importance of the forestry sector to the economies of the war-mongering regimes, and the EU's position as the biggest consumer of their wood. Aside from providing tax revenue to the Russian government, Earthsight's research has revealed how the country's timber business is connected to Russian oligarchs with close ties to the Kremlin.<sup>2</sup> We also found that the Russian military directly controls an area of forest more than one and a half times the size of Belgium, and profits from the felling of its timber.<sup>3</sup> In Belarus, meanwhile, the country's largest wood processor is its network of penal colonies, where Earthsight

has found tortured political prisoners being used for slave labour.<sup>4</sup>

Even before the invasion of Ukraine, evidence had shown that timber exports from Russia and Belarus were linked to widespread illegality and corruption, and were arguably already in breach of an EU law banning the import of illegal wood.<sup>5</sup>

By far the most important wood export to Russia's economy is birch plywood. Long valued in construction for its physical properties, in recent years consumption of birch plywood in the US and Europe has skyrocketed as it has taken the interior design world by storm, with multiple social media influencers and design blogs recommending its use in kitchens<sup>6</sup> and furniture.<sup>7</sup>





A burnt-out high-rise as a result of artillery shelling, Ukraine.

Source: © Shutterstock

By 2021, the EU was consuming around 1.7 million cubic metres of birch-throughout plywood every year<sup>8</sup> – enough sheets to plaster Brussels four times over.<sup>9</sup> Before the EU's sanctions on Russian wood products came into effect in July 2022, more than half of this was being supplied by Russia and Belarus.<sup>10</sup>

Retail prices have shot up since then, yet birch plywood remains popular and commonplace in Europe. This raises a question: where is it all coming from?

Over the last nine months, Earthsight has gone undercover to find out. Posing as buyers of a type of high-quality birch plywood that is difficult to come by outside Russia, we had conversations with numerous firms

involved in the trade, including most of the largest Russian manufacturers. We visited companies in third countries through which Russian plywood is laundered. We also went undercover with buyers importing these goods into the EU.

Our findings reveal for the first time the full scale of the sanctions busting. They blow open the secrets of the trade and reveal that birch plywood from seven out of the 10 largest Russian plywood exporters<sup>11</sup> is still being sold in the EU; that Russian plywood is being smuggled en masse into numerous EU member states; and that efforts by authorities to clamp down have been woefully inadequate. As a result, illegal blood-stained birch worth over €1.5 billion has been sold in Europe since sanctions took effect.

**THE EU BANNED WOOD  
PRODUCTS FROM  
RUSSIA AND BELARUS  
SOON AFTER THE  
INVASION TO  
RECOGNISE THE  
IMPORTANCE OF  
FORESTRY TO WAR-  
MONGERING REGIMES.**





# 1. THE PRODUCERS

**AFTER A FEW EMAILS AND CALLS, SEGEZHA WAS QUICK TO ASSURE US OF THEIR EXPERIENCE IN CIRCUMVENTING EU SANCTIONS.**

## PHONE CALLS TO RUSSIA'S LARGEST LOGGING FIRM

Birch ply manufacturing in Russia is highly concentrated. The top 10 biggest firms are responsible for over 80 per cent of total production and exports,<sup>12</sup> and the largest firms are often vertically integrated, with their own leases over vast tracts of forest where they source their timber. These huge firms, often economic mainstays in the cities in which they operate, are also very well connected politically.<sup>13</sup> In Belarus, meanwhile, all three of the major companies making birch ply are state-owned.

Earthright's undercover operatives approached all of the largest producers in Russia and Belarus, posing as buyers looking to import birch plywood into the EU and wanting products of a size and quality that only the leading Russian mills can supply.

It didn't take long to get a bite. After a few emails and calls to contacts from the firm's official website, we received a response by WhatsApp call from Nikita, from Segezha, Russia's largest logging firm and its second-largest birch plywood producer. He was quick to assure us of his experience in circumventing





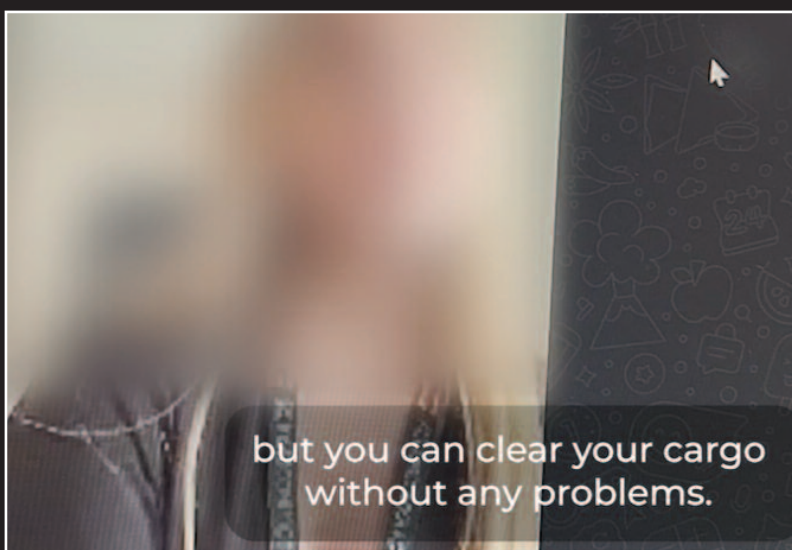
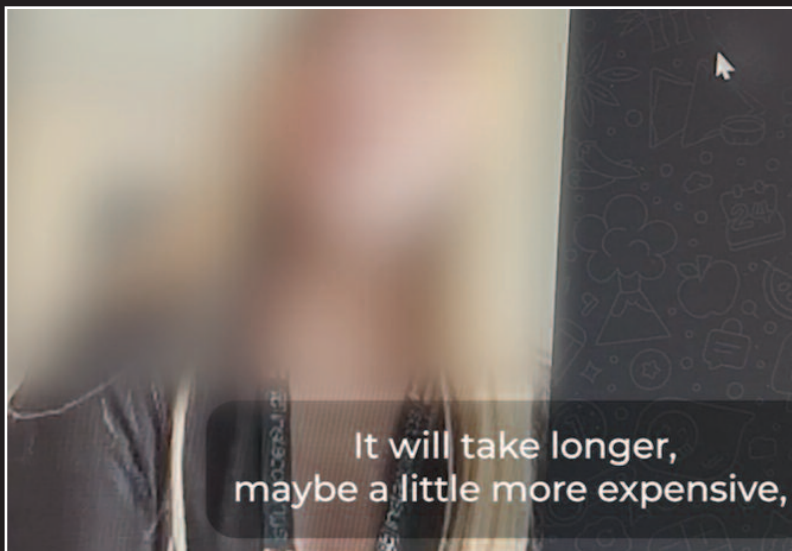
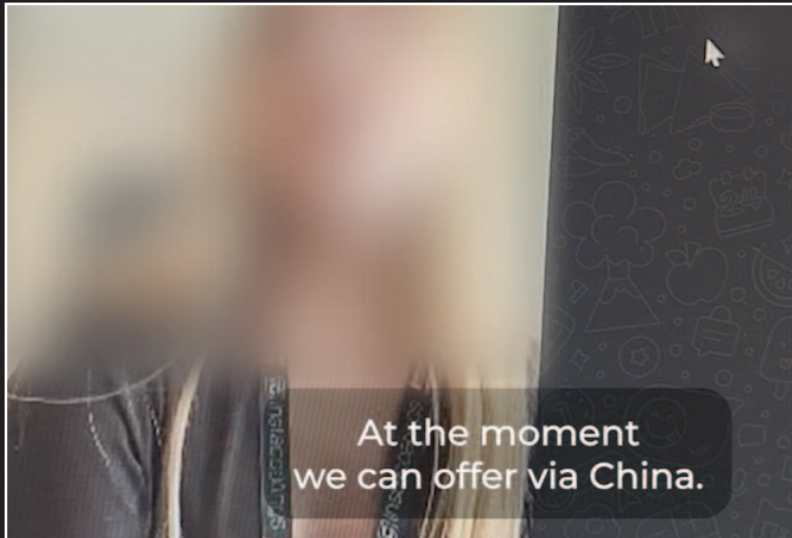
Source: © Earthsight / Shutterstock



Krasnyi Yakor's huge timber plant on the banks of the Vyatka River, a tributary of the Volga.

Source: © Google Earth





Undercover video call with Murashinsky sales representative, Ekaterina, who was keen to tell us how to import goods in breach of sanctions.

Source: © Earthsight

EU sanctions. A confident young man, he talked us through how it would work: China and Turkey were the main channels their company used, he explained.

"You will work with Turkish factory. Contact person, I will give you. Everything through them. In parallel with me. The scheme [story] will be that veneer we sell to Turkey as usual, and you in Europe buy Turkish ply. So me and you do not know each other."<sup>14</sup>

Although he spoke of sending veneer rather than finished plywood to Turkey, it was soon clear that what he was proposing was laundering, plain and simple.

"On our part, what do we do at our plant? We make impersonal labels, impersonal packaging. Then it all goes to the Turkish plant, where it receives all the Turkish clearance, and you end up with Turkish plywood entering Europe."

Nikita said they had last shipped successfully to a Baltic EU state just two weeks earlier.

Segezha's main shareholder, Vladimir Yevtushenkov, is one of Russia's richest men. He controls a vast logging empire of 16 million hectares of forest in Siberia and north-west Russia – an area half the size of Poland.<sup>15</sup> After the invasion, his firm reneged on a voluntary commitment to halt logging in the most intact and biodiverse forests under its control. Soon after that, Segezha began destroying 300-year-old intact forest in a planned wildlife reserve.<sup>16</sup> Yevtushenkov is the subject of sanctions in the EU and UK. To avoid the sanctions impacting Segezha and its parent firm, in April 2022 he reduced his stake to just below 50 per cent, by shifting shares to family members.<sup>17</sup> Segezha itself is not therefore subject to sanctions in the EU. The US has directly sanctioned Segezha's parent firm, Sistema, however, including all subsidiaries, so its wood cannot be sold there.<sup>18</sup>





Segezha stall at a wood show in 2024.

Source: © Earthsight

## A 'PERMANENT STREAM' OF ILLEGAL GOODS

Some 20 miles north of Segezha's main timber processing plant, on the banks of a tributary of the mighty Volga River, lies one of its principal competitors, Krasnyi Yakor. Combined with its subsidiary Parfinsky Plywood, Krasnyi is Russia's fourth-largest birch ply producer.<sup>19</sup>

When we called the phone number listed on Parfinsky's website, we were given a mobile number for Aleksander Stratonov, who the operator described as the company's sales director. He told us he also handled sales for parent company Krasnyi Yakor. To demonstrate his ability to successfully circumvent sanctions, he told us he had recently been able to deliver to Italy, with trucks passing through both Kazakhstan and Turkey.

Aleksander also told us he'd be happy to sell us ply via China. "There they change documents," he said, after which the goods would take another month to reach us in Poland.

Further north still, also in Russia's Kirov region, is Murashinsky Plywood, another of the top 10 Russian birch plywood giants. Its salesperson, Ekaterina, couldn't have been more keen to help us import goods in breach of sanctions.

She presented a whole range of options: the company was currently exporting without difficulty to Bulgaria via Turkey, and they had also sent shipments to Estonia by the same route. Her preference now, though, was to use China as a laundering hub. The "majority of customers use this," she explained, including clients in Germany, Greece, Poland, Italy and Cyprus. She detailed how their Chinese intermediaries were able to provide a whole set of false documents – invoice, certificate of origin, the works. She assured us that their ply had recently arrived in Spain via China without encountering any problems.

Payments would go to the Chinese intermediary, Ekaterina explained, but her firm would handle all the details and remain our key contact

**MURASHINSKY SALESPERSON, EKATERINA, COULDN'T HAVE BEEN MORE KEEN TO HELP US IMPORT GOODS IN BREACH OF SANCTIONS.**



**THE TURKISH ROUTE IS KNOWN INSIDE SVEZA AS 'THE ORIENTAL BAZAAR', WHILE THE OTHER, VIA CHINA, IS REFERRED TO AS 'THE SILK ROAD'.**

throughout. She said they had been very impressed with the abilities of their Chinese partners to 'clean' and re-pack the goods. The Chinese company, she explained, has its own genuine plywood production line and so is able to plausibly claim to have made the plywood themselves and provide documents to that effect.

Far to the west of Murashinsky, some 200 miles south-east of Moscow, lie two factories owned by another birch plywood behemoth, Plyterra. There, we were eventually put in touch, coincidentally, with another sales manager named Ekaterina. She too was happy to detail the successful means by which her firm was still able to sell its goods in Europe. She explained they had partners who could clear goods in Italy for onward shipment anywhere in the EU. The plywood would be declared as Turkish made. She also offered to launder ply via Kazakhstan, but for that we would need to handle our own clearance at the EU end.

Asked for reassurance that the goods would not be seized, she said that the routes she was offering were tried and tested. "I can tell you that right now about 100 trucks are in movement. And they go. Ply is getting produced, trucks are being filled and this whole process is happening continuously... a permanent stream is flowing through this channel, to long-term clients. Right now there are three trucks being loaded."

## THE SVEZA FILES

One company which did not respond to our mystery shopper was Sveza, the second-biggest timber company in Russia<sup>20</sup> and the largest producer of birch plywood in the world.<sup>21</sup> However, internal Sveza documents seen by Earthsight include presentations by sales staff to senior management in which they brag openly of their success in laundering goods into the EU in contravention of sanctions there. Staff even gave nicknames to the different laundering routes used.

As with Sveza's competitors with whom we spoke undercover, the documents show that Turkey and China are being used to launder the company's goods. The Turkish route is known inside the company as 'the Oriental Bazaar', while the other, via China, is referred to as 'the Silk Road'. The Sveza files suggest that these laundering schemes have been established with the knowledge of European clients. One presentation by European sales staff to senior management dating from the beginning of 2023 stated that a total of 2200 cubic metres of plywood were shipped to 11 different clients in the EU with its origin disguised as Chinese during the latter part of 2022, while a further 1600 cubic metres were shipped to the EU via Turkey on behalf of two clients. This indicates that in 2022, illegal Russian plywood from Sveza with a retail value of €38.2 million was imported into the EU. The salespeople were expecting trade through these newly established routes to skyrocket, with 53,000 cubic metres forecast to be shipped in 2023, rising to 85,000 cubic metres in 2025.

The most recent Sveza documents Earthsight obtained, dating from July 2024, list precise amounts of money received in payment from European companies, and confirm that Sveza continues to circumvent sanctions.

Like Segezha, its archrival in the Russian forestry business, Sveza is linked to a powerful Russian oligarch. Behind the company stands Alexey Mordashov, once Russia's wealthiest man, and the owner of a 65-metre-long mega-yacht, 'Lady M', which was seized in Italy in 2022 after he became the subject of EU sanctions.<sup>22</sup> Mordashov, like his fellow oligarch Yevtushenkov, was one of a group of Russian billionaires who met with Putin on the day of the invasion of Ukraine in February 2022.<sup>23</sup>

In an effort to avoid his company being impacted by the sanctions placed on him as an individual, Mordashov shifted ownership of his shares to members of Sveza's management,<sup>24</sup> but the oligarch



Европа								
Ключевые инициативы на рынке Европы (1/3)								
Инициатива	Цель (2025)	Отв.	Статус	Факт 2022 г. тыс. м3	План 2023 г. тыс. м3	План 2025 г. тыс. м3	Рынки	Ключевые результаты
1 Шелковый путь	Создать каналы поставок в Европу через Китай емкостью до 60 тыс. м3/год	Круглов-Морозов А.	L5	2.2	38	60	ЕС	2022: создан канал, работаем с 11 клиентами в Европе Q1: Выполнение БП по реализации Q2: Выход на объем продаж 2200 м3/месяц Q4: Выход на объем продаж 4400 м3/месяц
2 Восточный базар	Создать каналы поставок в Европу через Турцию емкостью до 25 тыс. м3/год	Круглов-Морозов А.	L5	1.6	15	25	ЕС Сербия Молдавия	2022: создан канал, отгружено 1.9 тыс. м3 через 2-х партнеров Q1: Выполнение БП по реализации Q2: Выход на объем продаж 1400 м3/месяц Q4: Объем продаж 1700 м3/месяц, из них 700 м3 с Молдавией подтверждением EUTR

Key initiatives in the European market								
Initiative	Target (2025)	Rep.	Status	Actual 2022, thousand m3	Plan 2023, thousand m3	Plan 2025, thousand m3	Market	Key results
1. Silk road	Create supply channels to Europe through China with a capacity of up to 60 thousand m3 / year	Kruglov-Morozov A.	L5	2.2	38	60	EC	2022: Channel created. We work with 11 clients in Europe Q1: Execution of business plan and implementation Q2: Reaching a sales volume of 2200m3/month Q4: Reaching a sales volume of 4400m3/month
2. Oriental Bazaar	Create supply channels to Europe through Turkey with a capacity of up to 25 thousand m3 / year	Kruglov-Morozov A.	L5	1.6	15	25	EC, Serbia, Moldova	2022: Channel created. 1.9 thousand m3 shipped through 2 partners Q1: Execution of business plan and implementation Q2: Reaching a sales volume of 1400m3/month Q4: Sales volume 1700m3/month, of which 700 m3 with confirmation EUTR

Above: Internal document from Russian plywood producer Svezha, early 2023, with detailed information on its exports of birch plywood to the EU in breach of sanctions.

Left: English translation.

Source: © Earthsight



continues to hold a 49 per cent stake in the company and to profit personally from its activities,<sup>25</sup> including illegal exports of birch plywood to the EU.

Given an opportunity to comment on our findings in advance of this report’s publication, Plyterra, Murashinsky and Krasnyi Yakor all denied any wrongdoing. Murashinsky admitted selling to Turkey and China but said it was “not aware of any resale of our

products to EU countries,” and that its Chinese customers say the goods are sold on the domestic market. The company admitted, however, that it was unable to “track the fate of our products for each buyer.” Krasnyi Yakor said the company does export to Turkey, China and Kazakhstan but “all our export contracts provide for prohibition of re-export of our goods,” so “we are not responsible for the further movement of goods.” Segezha and Svezha did not respond.





## 2. THE LAUNDERERS

**EU TRADE DATA SHOWS IMPORTS OF BIRCH PLYWOOD FROM TURKEY, KAZAKHSTAN AND CHINA BOOMING AT THE SAME TIME AS IMPORTS FROM RUSSIA WERE HALTED.**

### ON THE TRAIL IN ALMATY

The importance of Turkey, Kazakhstan and China as laundering points for sanctioned birch is confirmed by EU trade data, which show imports of birch plywood from the three countries booming at the same time as imports from Russia were halted (see Chart).<sup>26</sup>

This pattern was particularly dramatic for Kazakhstan. This large, sparsely forested Central Asian country which shares a long border with Russia had never exported a single sheet of birch plywood to the EU before July 2022.<sup>27</sup> Yet by October 2022, some 230 large truck-loads of birch ply claimed to have been made in Kazakhstan were arriving at the EU border every month.<sup>28</sup>

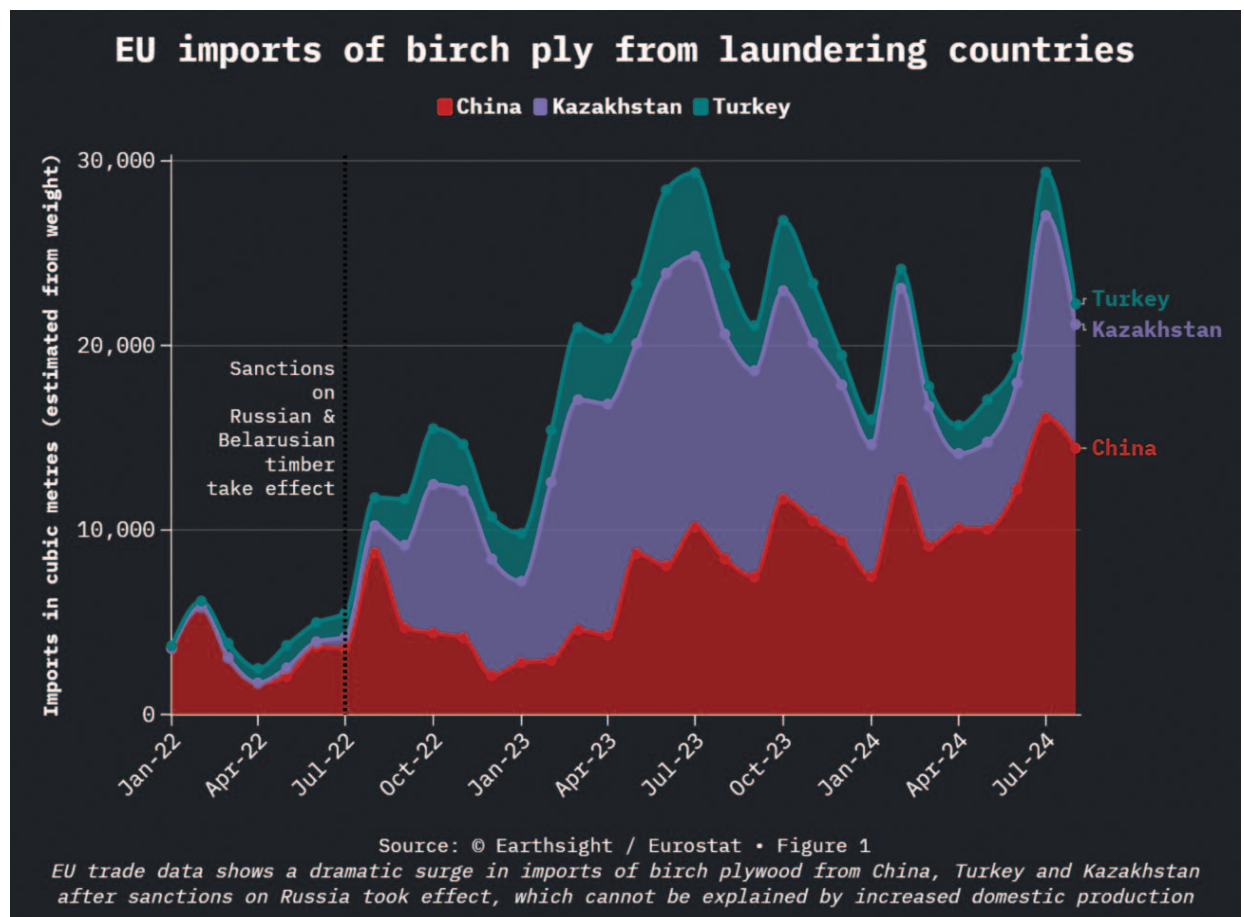
EarthSight obtained Kazakh customs records for these exports, and by trawling through the thousands of rows of data, we found that many of the largest exporters were trading companies, not manufacturers. One of the largest of these traders was a company called Intop Group. Intop Group is a Kazakh firm registered at a residential address – not a factory – in Atyrau, on the

Caspian Sea. It set up a brand new website in early 2023.<sup>29</sup> When we first spoke with Intop in August 2024, they told us right away that their ply were authentically Russian, and that it came from one of three factories in Russia that they cooperate with.


After several chats with Intop's CEO Artur Sadykov, we eventually set up a meeting at a five-star hotel in Almaty, Kazakhstan, at the end of September. This was not an unusual occurrence for Artur, who said he was visited by clients all the time.<sup>30</sup> At the meeting, Artur revealed that in fact they work with six, not three, factories in Russia, as well as four Belarusian factories. Among those he listed were several familiar names: Russian heavyweights Sveza, Segezha, Plyterra and Krasnyi Yakor, and PinskDrev, a state-owned firm in Belarus.

Intop was happy to offer us the plywood his company received without any work being done to it. He could also do a little processing on it, he said, if that's what we needed. Asked how long the plywood they received from Russian firms stayed with them before they sent it on, Artur replied: "It can even not stay at all. If

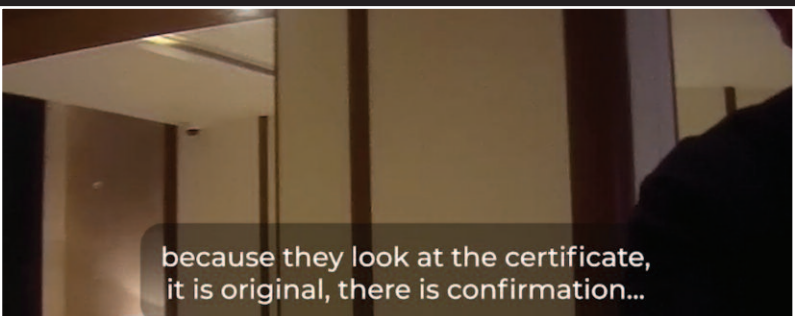




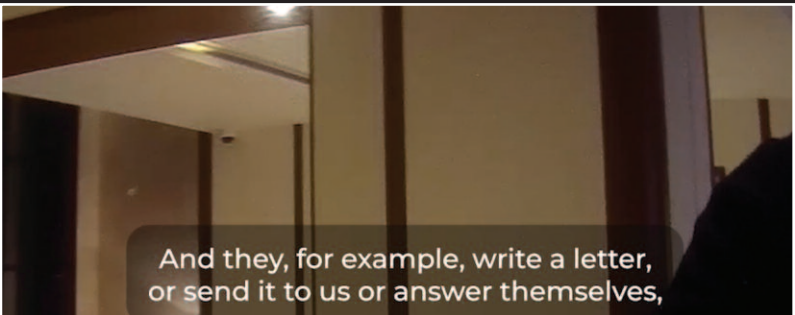




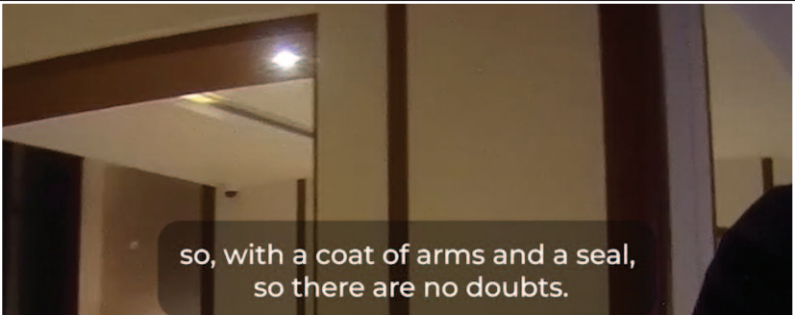
We have a lot of forests in central Kazakhstan. That is, in principle, we get veneer from there.



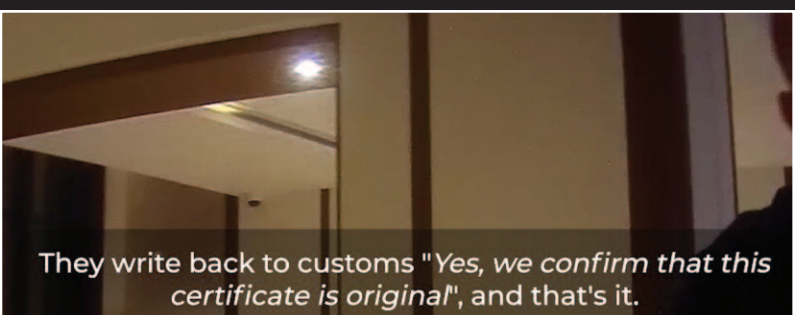
because they look at the certificate, it is original, there is confirmation...



And they, for example, write a letter, or send it to us or answer themselves,



so, with a coat of arms and a seal, so there are no doubts.



They write back to customs "Yes, we confirm that this certificate is original", and that's it.

Recording of Earthsight's undercover conversation with Artur Sadykov, Intop's CEO, at a 5-star hotel in Almaty in September 2024.

Source: © Earthsight

we organise everything in advance, then we can reload [it] right away."

Company representatives also told us they could provide documents we could use to claim that the raw material came from Kazakhstani state forests, if we needed it.

### THE SHELL FIRMS OF KARAGANDA

Another prominent Kazakh exporter identified in customs records, which also did not appear to have any production facilities of its own, is called Initiative 2015. The company began exporting birch plywood in mid-2023, and since then has overtaken all other suppliers to become the largest exporter of birch plywood from Kazakhstan to the EU.

Customs records showed that Initiative's exports were traded via two shell firms based in the city of Karaganda in central Kazakhstan, to which other evidence indicated that Initiative was closely related.<sup>31</sup> When we visited the registered address of one of these shell companies, Euro Plywood, in September 2024, it turned out to be a furniture market. The building manager explained that the firm we were looking for operated under the name PinskDrev. They also provided a mobile phone number.

PinskDrev is a Belarusian state-owned birch plywood manufacturer. We found other evidence to support that PinskDrev was connected to Initiative 2015, and therefore to Euro Plywood. PinskDrev's local Kazakh subsidiary lists on its website an address which is identical to that given on Initiative 2015's website, for example.<sup>32</sup>

Calling the number we had been given, we soon found ourselves across a table from a representative of Euro Plywood. Nikolay was a heavy-set man in his sixties, who took some time to warm to us. He denied being a PinskDrev representative – despite Kazakh corporate filings confirming his ownership of a local subsidiary, PinskDrev KZ<sup>33</sup> – and seemed upset that we had been told of the connection.





Earthsight on location to meet PinskDrev in Karaganda, Kazakhstan..

Source: © Earthsight

He nevertheless admitted that since there were simply not enough forests in Kazakhstan, his company was “forced to take I would say from... different [forest]” and that the goods it was shipping to the EU were imported plywood from Russia. He told us his trading company was sending 10-15 trucks of plywood from Initiative 2015 to Poland and Estonia every day, and boasted of having had 59 customs declarations accepted in the EU in September alone. He claimed that Initiative 2015 was carrying out additional processing of the plywood in Kazakhstan, and was doing this sanding and cutting at a facility in Uralsk, located more than a day’s drive to the west of Karaganda, close to the Russian border.

When Earthsight visited the address listed on their website<sup>34</sup> in Uralsk, we saw no sign of any such processing. Perhaps this was a claim made by Nikolay believing it would serve to make the goods legitimate in the EU. In fact, even if this was the case, under international trade rules such minor processing would not change the goods’ official country of origin, and sending them to Europe, as Nikolay admitted to doing, would remain a breach of sanctions.<sup>35</sup>

According to the most recent shipment records from Kazakhstan, almost half of the birch plywood currently being shipped from the country to the EU is coming from Initiative 2015.<sup>36</sup>

## THE SILK ROAD

The Chinese companies Earthsight spoke with were the most brazen of all. After posing as buyers of birch plywood for a European distributor, we were directed to a Chinese agent called Simon. He was happy to help, telling us in detail how he laundered birch plywood from Russian manufacturers Sveza and Murashinsky. Russian ply would be repackaged at his warehouse, and documents were switched to list Chinese companies as the manufacturers, thereby erasing all evidence of a link to Russia.

Another Chinese launderer we identified was even more open about his practices. A representative from Linyi Camel Plywood, a firm based in China’s Shandong province, shared pictures of their warehouse, filled from floor to ceiling with boxes of ply labelled with the logos of Russian manufacturing giants Segezha and Syktyvkar, ready to be laundered.

Linyi Camel’s salesperson named the UK, Romania and Bulgaria as the main markets for his Russian birch ply,<sup>37</sup> and said he had also previously shipped to Poland. Linyi Camel is among China’s largest plywood makers, claiming to ship 800 containers full of plywood a month to over 100 different countries.<sup>38</sup>

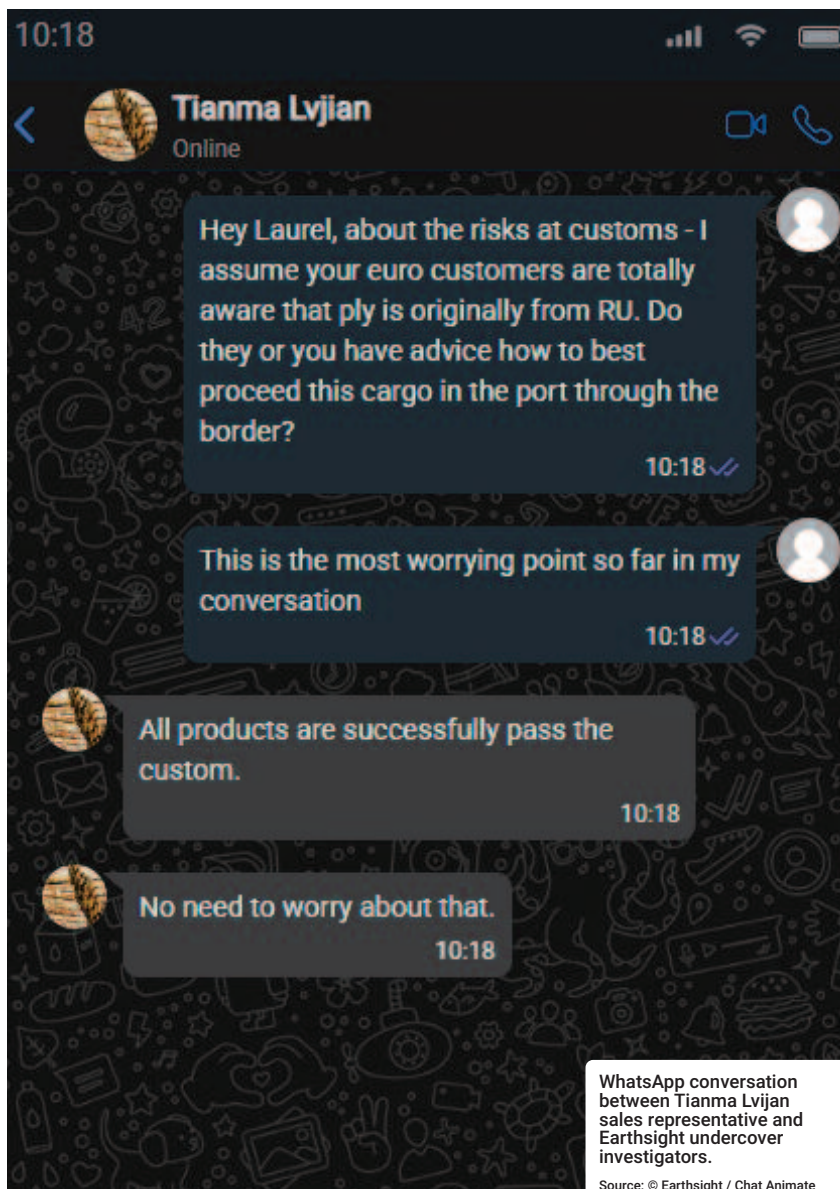
Our two Chinese launderers were happy to provide proof of their

**RUSSIAN PLY WOULD BE REPACKAGED AT HIS WAREHOUSE, AND DOCUMENTS WERE SWITCHED TO LIST CHINESE COMPANIES AS THE MANUFACTURER, THEREBY ERASING ALL EVIDENCE OF A LINK TO RUSSIA.**









**SHE SAID SHE COULD PROVIDE DOCUMENTS FALSELY CLAIMING THAT THE GOODS WERE CHINESE AND MADE FROM BIRCH HARVESTED IN CHINA.**

schemes, including examples of documents giving a false Chinese origin for the wood, and photographs of the plywood in shipping containers before and after being ‘cleaned’ and re-packed.

Linyi Camel even shared a video showing how they placed new stickers on each individual sheet of ply to help aid in the laundering process, at the request of a Romanian client.

In November 2024, Earthsight’s undercover buyer made contact with yet another Chinese company who was more than happy to help. Chinese plywood maker Tianma Lvjian is a large specialist birch plywood

producer, with a sophisticated bilingual website which extols the company’s strong environmental credentials.<sup>39</sup>

Their salesperson offered to supply Russian birch plywood, and sent a video showing their warehouse stacked full with Russian ply. She said she could provide Certificates of Origin and other documents falsely claiming that the goods were Chinese and made from birch harvested in China. She said her firm was shipping this Russian ply to Spain, Italy and Greece and had experienced no problems with European customs authorities. A large shipment of 50 containers had recently left, destined for Poland.





**THE TURKISH PORT TOWN OF GEBZE IS THE LOCATION WHERE GOODS FROM RUSSIA ARRIVE, AND FROM WHICH PLYWOOD DESTINED FOR EUROPE DEPARTS.**

### THE ORIENTAL BAZAAR

The Sveza files implicate a number of firms in Turkey as conduits for their illicit trade to the EU. The giveaway is that these customers, unlike others in their respective countries, are coded in the internal Sveza sales records obtained by Earthsight with an 'E', and the Sveza salesperson listed is from the Europe, not the Asia or Middle East/North Africa sales team. One such company is the Turkish firm SAABR Global Wood. Earthsight obtained from a commercial database and analysed records of all Turkish exports and imports going back to 2019, and found no record of the company before May 2023, when it

suddenly began both importing and exporting birch plywood. All its imports, the records confirm, were from Sveza in Russia. SAABR's exports of birch plywood closely match the volumes it has been receiving from the Russian manufacturer. The records for SAABR give the address of a warehouse in the Turkish port town of Gebze as the location where goods from Russia arrive, and from which plywood destined for Europe departs.

Despite all the birch plywood SAABR is importing into Turkey being dispatched from Russia, by a Russian company, the majority is declared on arrival in Turkey as having been





**Piles of plywood from Russian manufacturer SyPly (from the city of Syktyvkar, Komi Republic) stocked at facilities storing SAABR Global's birch plywood in Turkey.**

Source: © Earthsight

manufactured in Kazakhstan (although some shipments admit to a Russian origin). SAABR's exports of birch ply are listed as having been made in either Kazakhstan or Turkey.

Earthsight's undercover buyer tracked down SAABR's owner, who admitted he used to trade Russian birch plywood, but said he had stopped in early 2024, due to increased tariffs imposed in the EU. When Earthsight visited SAABR's address in Gebze in December 2024, however, we found large volumes of Russian birch plywood remained in stock at the warehouse, and absolutely no sign of any manufacturing or processing having ever taken place there.

Another Turkish supplier we spoke with was a company called General Plywood. Its CEO admitted to having shipped Russian-made ply produced by Segezha to the EU in 2023, including to Slovakia, Romania, Germany and Austria. He also claimed his company had not shipped Russian plywood during 2024, but offered to ship plywood to us via Kyrgyzstan.

Presented with Earthsight's findings in advance of this report's publication, Intop Group denied laundering. The company claimed it used raw materials from local manufacturers in Kazakhstan, and was not legally prohibited from using raw materials imported from neighbouring countries in plywood production. Although the firm admitted sourcing finished plywood from factories in Russia, it stated that this was for sale only on the local market.

Tianma Lvjian "categorically denied" Earthsight's allegations, calling them "baseless." The company said the birch veneers used in its own plywood production are sourced from China and Latvia. Tianma admitted to "cooperate with some RU producer" [sic] but claimed that the Russian-made birch plywood in its warehouse was for sale only in China and outside the EU. The company stated that all its birch ply exports to the EU are film-faced birch-face products, with poplar and eucalyptus cores, unlike the Russian plywood which is birch-throughout. Tianma called Earthsight's undercover methods "unethical" and said that they "undermine the credibility of your investigation and call into question the validity of your claims."

SAABR said it was "not a conduit for illicit trade" and "does business completely within the legal framework." It said Earthsight's findings are "completely distorted from the truth" and are "specially served" information provided by competitors." Euro Plywood and Linyi Camel Plywood did not respond to requests for comment.

**WE FOUND LARGE VOLUMES OF RUSSIAN BIRCH PLYWOOD REMAINED IN STOCK AT THE WAREHOUSE, AND ABSOLUTELY NO SIGN OF ANY MANUFACTURING OR PROCESSING HAVING EVER TAKEN PLACE THERE.**





### 3. THE BUYERS

**BY THE MIDDLE OF 2024, EU FIRMS HAD IMPORTED OVER 600 SHIPPING CONTAINERS FILLED WITH ILLEGAL RUSSIAN PLY FROM JUST THIS ONE KAZAKH MIDDLEMAN.**

#### **'THE CUSTOMER IS OUR LORD'**

In some cases, the manufacturers and middlemen we spoke with undercover actually named EU companies to which they claimed to be shipping their illicit goods. Shipment records obtained by Earthsight identify many more of their customers. Earthsight also went undercover with EU companies, posing as a firm seeking Russian birch ply, to obtain further evidence of their complicity.

Through examining shipment records, we found no fewer than 19 different EU companies have imported birch plywood from Intop in Kazakhstan since the sanctions on Russian and Belarusian timber took effect, shipping the company's goods into eight different EU Member States. By the middle of 2024, they had imported over 600 shipping containers filled with illegal Russian ply from just this one Kazakh middleman. A further 17 companies had purchased from Initiative 2015, the other Kazakh trading company we found to be involved in laundering of illegal wood.

One of the largest buyers of Intop's suspect ply identified in the records is a Polish firm called Alvi-Bel. In June 2024, at a warehouse located in a suburban neighbourhood just outside Warsaw, Earthsight met Yuriy, CEO of Alvi-Bel, and his colleague Alexander. While showing us around the stocks of birch ply in their warehouse, they told us it was still possible to get plywood from three Russian manufacturers, without naming them.<sup>40</sup>

"Production will be same quality as you say, meaning from this country where birch grows and people speak Russian." [laugh] "Customer is our Lord!" they said when we thanked them, using a Polish phrase.

Later, they sent us documents including an example of a packing label that would accompany the shipments of plywood, with the country of origin listed as Kazakhstan. They also shared a report of an inspection carried out by Polish authorities in December 2023 under the European Union Timber

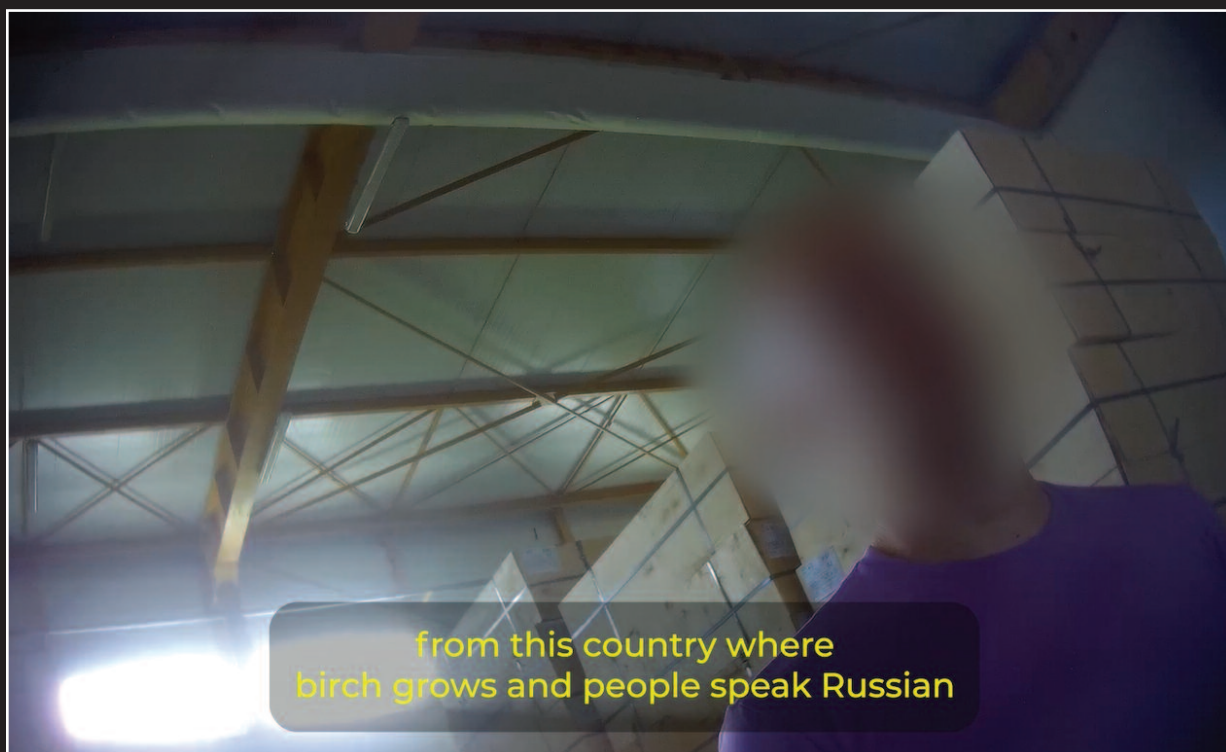




Linyi Camel Plywood warehouse.

Source: © Earthsight

WHILE SHOWING US AROUND THE STOCKS OF BIRCH PLY IN THEIR WAREHOUSE, THEY TOLD US IT WAS STILL POSSIBLE TO GET PLYWOOD FROM THREE RUSSIAN MANUFACTURERS, WITHOUT NAMING THEM.



Hidden camera footage from Earthsight's meeting with Yuriy from Alvi-Bel in October 2024.

Source: © Earthsight



**“AH, ALSO PLYWOOD?  
NOW EVERYBODY IS  
MOVING PLYWOOD.  
EVEN THOSE WHO DID  
NOT BEFORE, NOW THEY  
ALL DO THAT. IT IS A  
GOLD MINE.”**

Artur, from PL Logistic,  
October 2024

Regulation (EUTR), a law meant to halt imports of illegal timber into the EU. The report signed off on Alvi-Bel's risk assessment, including for its timber imports from an unnamed supplier from Kazakhstan, and flagged no violations of the EUTR.<sup>41</sup>

### A 'GOLD MINE'

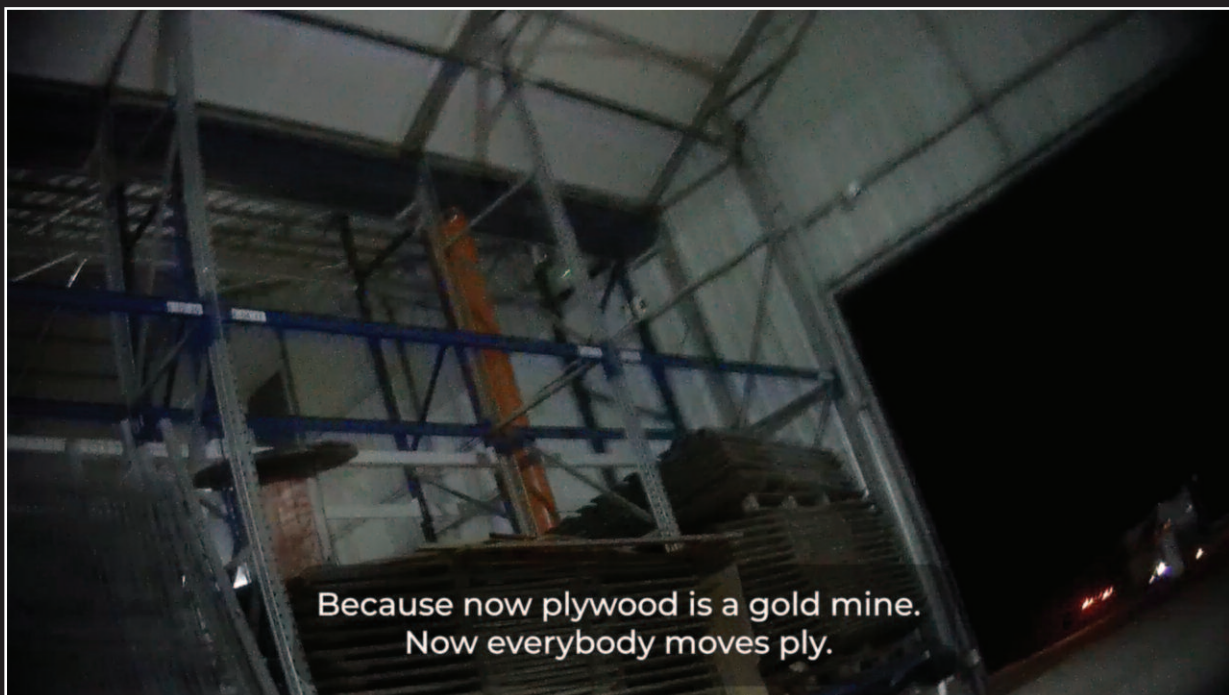
Another European firm who admitted to our undercover buyer to smuggling Russian conflict birch was a Latvian company, Revival SIA. Speaking over the phone, a Russian-speaking representative of the firm named Oleg claimed to be managing a large part of the traffic in banned plywood from Belarus into the EU over the Polish border, including from Belarusian manufacturers PinskDrev, GomelDrev and Rechitza. He also offered us Russian ply from Plyterra. Whether Belarusian or Russian, Oleg told us, everything was reloaded onto trucks for onward sale at his Polish warehouse carrying Chinese documents – trucks which Oleg's customers in Poland and elsewhere in the EU arranged themselves.<sup>42</sup>

Oleg told us about a warehouse that they use as a ply trading hub in Bramki, a half-hour drive from Warsaw, from where trucks bound for Hungary, Czechia, Portugal and Italy departed regularly.

Claiming we were interested in renting a space there, we paid the warehouse a visit in October 2024. It was busy with forklifts moving wooden boxes. “Ply is a gold mine now,” said Artur, originally from Belarus, who managed the place together with his colleague Dmitry.<sup>43</sup>

“By docs this is Chinese, but in fact this is all Belarusian,” Artur told us as we manoeuvred between crates of plywood with Chinese logos and the names of Polish customers. “My colleague also sells ply. You just pay more to the customs agency and you can bring in whatever you want,” he said, laughing.

When we brought up the EU sanctions on timber from Russia and Belarus, the reply came swiftly: “For us no difference – sanctions, no sanctions... we are not border [customs]. We are a warehouse. The only thing is that



Because now plywood is a gold mine.  
Now everybody moves ply.

Hidden camera footage from Earthsight's meeting with Artur from PL-Logistic in October 2024, where he describes the illegal plywood trade as a “gold mine.”

Source: © Earthsight



this [should not be] drugs. We are not border.”

Through Artur, we were referred to Anton from a Polish logistics firm called PL-Trading who offered a number of Belarusian and Russian ply factories as sourcing options. He assured us that if we encountered any scrutiny from customs officials, he could simply write to a Chinese factory and in most cases they would swiftly send official documents or certificates to vouch for the goods in question.<sup>44</sup>

When we asked how reliable this channel was, he said, “We have done it since the beginning of this whole thing [since sanctions began], and we always figured out how to move it through the border, although sometimes week-long delays may happen.”

Given Poland is the most important EU entry point for birch ply, there are likely many more such plywood warehouse ‘gold mines’ dotted around the country.

## **TOYS, FLOORS, FURNITURE, CLIMBING WALLS AND TRAINS**

Alvi-Bel, Revival and many other EU importers we found evidence have been receiving laundered ply are middlemen – importers or distributors who don’t use the plywood for their own manufacturing. It is impossible for us to know where all of their suspect goods are ending up. Our research also exposes many end-user connections, however, including makers of climbing walls, flooring, furniture and toys.

One of the largest importers of birch plywood in Europe is a Bulgarian firm called Walltopia, the largest manufacturer of artificial climbing walls in the world. It holds the records for the tallest indoor and outdoor climbing walls ever constructed,<sup>45</sup> and has also expanded into amusement rides, adventure playgrounds and gyms across the world. Its clients have included National Geographic, DreamWorks and Ferrari,<sup>46</sup> and it even supplied the walls used for qualifying

rounds for speed climbing for the 2024 Paris Olympics.<sup>47</sup>

Prior to sanctions taking effect in 2022, more than 90 per cent of Walltopia’s Russian birch ply imports were supplied directly by Sveza.<sup>49</sup> Since 2023, all its imports of birch ply from Turkey have come through the exact three firms which the Sveza files indicate have acted as Turkish conduits for that company’s laundered wood, including SAABR. Linyi Camel Plywood, one of the Chinese launderers we spoke with undercover, also identified Walltopia as a customer for its illicit goods.

Three other end users were identified through records of shipments from the Kazakh launderers Intop and Initiative 2015.

Wexal, a Polish furniture manufacturer, purchased containers of birch plywood from Intop in Kazakhstan in January and again in February 2024. Wexal’s website claims that its furniture is sold in hundreds of stores across Poland.

The Estonian company Technomar & Adrem was one of Initiative’s biggest customers this year, with all of its purchases routed via PinskDrev-linked Euro Plywood. The firm produces multilayer wood flooring under its own Esta Parket brand, using birch ply or veneer as the base layer. It sells this in the US and across the EU, with Sweden and Germany being major markets, and has supplied flooring to high-profile projects including the Radisson, Hilton and Marriott hotel chains.<sup>50</sup> Bulgarian firm Komfort 2008, meanwhile, has sourced from both Intop and Initiative in 2024. The company makes wood toys using birch ply and claims to “produce items for some of the biggest wooden toy companies in Europe.”<sup>51</sup>

Individual shipment records obtained by Earthsight also reveal some of the European companies buying birch plywood from Chinese launderer Tianma Lvjian, records which mesh closely with the company salesperson’s claims about the EU

**GIVEN POLAND IS THE MOST IMPORTANT EU ENTRY POINT FOR BIRCH PLY, THERE ARE LIKELY MANY MORE SUCH PLYWOOD WAREHOUSE ‘GOLD MINES’ DOTTED AROUND THE COUNTRY.**





Ivaylo Penchev, co-owner of Walltopia, with his Lamborghini outside the company's offices in Bulgaria.<sup>48</sup>

Source: © Guy Martin

**AT A MINIMUM, EU FIRMS SHOULD BE DOING FAR MORE TO EXCLUDE ILLEGAL CONFLICT TIMBER FROM THEIR SUPPLY CHAINS, AND CEASE DOING BUSINESS WITH THE LAUNDERERS WE IDENTIFIED.**

countries its Russian ply was destined for. The top Tianma Lvjian customer revealed in the records is Spanish firm Forest Traffic SL, which received 56 containers full of plywood from June to September 2024 alone.

Forest Traffic claims to be “one of the main plywood wholesalers in the Iberian Peninsula,”<sup>52</sup> but also produces secondary plywood products, mostly made of birch, using the raw wood they import. Their website touts a number of high-profile projects for which they have provided plywood-based products, including floors for Spanish, Swiss, Hungarian and Welsh trains, and the renovation of a tower block in Madrid.<sup>53</sup> Tianma Lvjian’s second largest EU customer, we found, is Italian firm Castellana Legnami, which uses the birch ply to make engineered wood flooring. Unlike the European traders who made admissions to our undercover buyer, there is no evidence that these end users are knowingly trafficking Russian-origin wood. But at a

minimum, they should be doing far more to exclude illegal conflict timber from their supply chains, and should cease doing business with the launderers we identified.

In response to our findings, Technomar & Adrem admitted to buying birch ply from Euro Plywood in Kazakhstan, but said that it was supplied with a certificate issued by an independent organisation which checks and confirms that production takes place within the country. The company stated that Euro Plywood had also provided documents allowing the tracing of raw materials back to forests in Kazakhstan. The company further stated that most of the birch plywood it uses is made in Ukraine.

Forest Traffic told Earthsight it was “both surprised and concerned” by our findings. The company stressed that its due diligence system for timber legality had been reviewed and endorsed by the competent Spanish authorities and that the company



obtains documents from its supplier Tianma which purport to show that the birch veneer is not Russian.

Forest Traffic shared a copy of a certificate issued by international monitoring company Bureau Veritas to Tianma stating that the Chinese firm had carried out due diligence on birch ply made from birch veneer harvested in China and Latvia sufficient to ensure there was ‘negligible risk’ of its being illegally sourced. Forest Traffic said further that information supplied by Tianma is “audited annually by organisations such as FSC,” providing a copy of the company’s FSC Chain-of-Custody certificate as proof.

Forest Traffic admitted that “this does not rule out the possibility that the supplier could be committing fraud by either concealing or misrepresenting the documentation they provide, as your research seems to suggest.”

The company stated that it had sought additional information, and that should Tianma “fail to adequately refute these findings, we will proceed to terminate our commercial relationship with them.” The company stressed that it was a victim of its Chinese supplier, and “in no way a collaborator.”

When we chased our letter to Komfort by phone, a company representative refused to provide a written response, said they would consult their lawyers and stated that they were not responsible, that they were buying the wood online and that it was the government’s fault, without providing other details.

Castellana Legnami said “we completely dissociate ourselves from the truthfulness of your report about import of sanctioned plywood bought from us.” Werxal and Walltopia did not reply to requests for comment.

**OUR RESEARCH EXPOSES MANY END-USERS OF THIS WOOD, INCLUDING MAKERS OF CLIMBING WALLS, FLOORING, FURNITURE AND TOYS.**

End-users of suspect birch plywood identified by Earthsight’s investigation			
Country	Company	Products	Evidence
Poland	Weroxal	Furniture	Sourcing birch plywood from Kazakh firm which admitted to laundering Russian goods
Bulgaria	Komfort 2008	Toys	Sourcing birch plywood from Kazakh firm which admitted to laundering Russian goods
Spain	Forest Traffic SL	Train floors	Sourcing birch plywood from Chinese firm which admitted to laundering Russian goods
Italy	Castellana Legnami	Flooring	Sourcing birch plywood from Chinese firm which admitted to laundering Russian goods
Bulgaria	Walltopia	Climbing walls	Sourcing birch plywood from Chinese firm which admitted to laundering Russian goods
Estonia	Technomar & Adrem	Flooring	Sourcing birch plywood from Kazakh firm which admitted to laundering Russian goods
Source: © Earthsight • Table 1			



## 4. THE FAILURES OF EU AUTHORITIES

**SINCE EARLY 2023, EARTHSIGHT HAS BEEN PROVIDING EVIDENCE TO AUTHORITIES ACROSS THE EU DETAILING HOW SANCTIONS ON RUSSIAN WOOD ARE BEING BYPASSED AT SCALE.**

### FOREWARNED

Though Earthsight's undercover work has exposed the breadth and depth of the illegal birch plywood trade for the first time, the warning signs have been evident for some time.

Since early 2023, Earthsight has been providing evidence to authorities across the EU detailing how sanctions on Russian wood are being bypassed at scale. We have circulated and presented our findings on the 'Sveza leaks' at multiple meetings attended by experts and enforcement authorities as far back as April 2023. In parallel, whistleblowers from within the industry have been issuing their own complaints, while excellent exposés by journalists in Lithuania,<sup>54</sup> Belarus,<sup>55</sup> Poland and Denmark<sup>56</sup> have been published.

Frustrated with the lack of sanctions enforcement, in July 2023 a group of EU producers of birch ply – whose business was being undercut by the illegal imports – sought action under EU anti-dumping rules instead. Prior to the invasion of Ukraine, Russian birch ply had already been subject to

additional import tariffs after an EU investigation found it was being 'dumped' – sold for less than its true cost. The EU producers argued that, aside from also being a breach of sanctions, the Russian ply firms they alleged were laundering their goods via Turkey and Kazakhstan after the Ukraine invasion were also avoiding taxes.

The complaint triggered an EU investigation, which eventually concluded that taxes were indeed being avoided. European officials investigated some of the companies in Turkey and Kazakhstan which claimed to be producing birch ply. None were able to prove they were not laundering Russian-made ply, and all were found to be using Russian raw materials.

Though ply made using Russian veneer or logs but genuinely manufactured in another country would be considered legal under sanctions rules, because its 'country of origin' would not be considered to be Russia, the investigators concluded that not enough additional processing was taking place to mean the tariffs





European Commission President Von Der Leyen shakes hands with Ukrainian President Zelensky in Kyiv, Ukraine, on 20 September 2024.

Source: © Shutterstock

should not apply. In May 2024, additional duties of 15.8 per cent were slapped on all exports of birch ply from Turkey and Kazakhstan to the EU.<sup>57</sup>

Our undercover investigation, however, found that the new taxes had had only a limited impact. Numerous companies trading with the EU had already factored in the increased costs created by these tariffs. For them, they were an acceptable additional expense, perhaps even a tacit signal that the trade had been condoned.

Speaking to Earthsight about the tariffs, Russian manufacturer Segezha's representative said: "This rather looks like legalisation. They [the EU] said, if you cannot beat them, lead them. They threw the 15 per cent customs on top of it and let it [us] work. That is how I see it."

The latest trade statistics offer additional proof that the tariffs have not halted the flow of plywood to the EU. Imports of birch ply from Kazakhstan hit a new high in July 2024, two months after the new tariffs were announced.

## ONE STEP AHEAD

Some enforcement has been carried out by EU authorities, not using sanctions legislation but rather another law, the European Union Timber Regulation (EUTR). This law, intended to prevent imports of illegally harvested wood, requires importers to conduct due diligence on their purchases, and ensure that the chances of the wood having been illegally cut or traded are 'negligible'.

Not long after the invasion of Ukraine, the European Commission concluded that the situation in Russia and Belarus meant it was effectively "impossible" for imports containing wood harvested in either country to be EUTR compliant. Therefore while imports of timber products manufactured in Russia and Belarus are prohibited by sanctions, the EUTR should also in theory be blocking all imports of goods made elsewhere but using Russian or Belarusian raw materials.

EUTR authorities in Lithuania, the Netherlands, Latvia and Belgium, working closely with customs, have all taken action under the law against imports of wood from Russia or Belarus.<sup>58</sup> The penalties that authorities are able to issue for EUTR breaches are often small, however, and do not reflect the seriousness of smuggling 'blood timber'.

Small moves have also been made to enforce the EU's sanctions. After the imposition of increased tariffs and following prompting by competing EU plywood firms, in July 2024 Polish sanctions authorities raided a company that had been importing birch plywood from Kazakhstan. The firm appears to have stopped these imports since.<sup>59</sup>

A few Kazakh ply producers, found by the EU anti-dumping investigation to have been using Russian raw materials and unable to prove they were not laundering finished Russian ply, were recently placed on a sanctions list in Poland as a result.<sup>60</sup> Yet even as Polish authorities take some belated action on the Kazakhstan laundering route, their country's imports of birch ply from

**THE PENALTIES THAT AUTHORITIES ARE ABLE TO ISSUE FOR EUTR BREACHES ARE OFTEN SMALL AND DO NOT REFLECT THE SERIOUSNESS OF SMUGGLING 'BLOOD TIMBER'.**

**USING TYPICAL  
CURRENT RETAIL  
PRICES PER SHEET,  
EARTHSIGHT ESTIMATES  
SUSPECT PLYWOOD  
IMPORTS WERE WORTH  
OVER €1.5 BILLION AT  
POINT OF SALE.**

China have risen, doubling between January and August 2024.<sup>61</sup>

As was clear from our conversations with them, the firms attempting to bring sanctioned plywood into the EU are endlessly innovative, actively exploiting the lack of uniform enforcement across the bloc. They are constantly testing new routes, favouring those for which they know there is little enforcement, and responding to enforcement elsewhere. This means a crackdown on imports to one country soon leads to a spike in another.

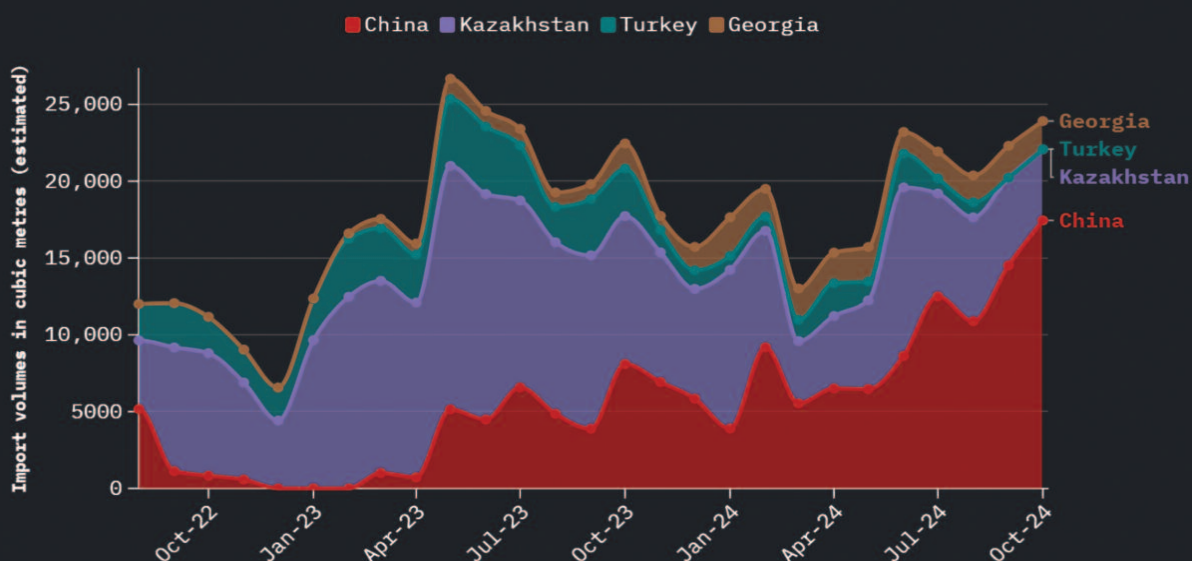
After enforcement led to a reduction in Lithuanian imports of conflict ply, there was an increase in imports in Latvia. Belgium and the Netherlands have managed to all but eliminate their direct imports of high-risk birch plywood, but in the meantime, imports to (or through) Czechia and Slovenia have been rising. With borderless trade within Europe, it is all too easy for buyers to transit-shop. While Poland remains by far the largest destination (representing a third of all recent imports of suspect birch ply to

the EU), much of that wood is now being re-exported. Polish exports of birch plywood to other EU countries have doubled since the sanctions on Russian and Belarusian wood took effect, with Germany and Lithuania among the biggest and fastest-growing buyers.<sup>62</sup>

Launderers have also shown they are able to easily change the countries they use to launder their goods in response to enforcement or increased tariffs. When Turkey and Kazakhstan began to be scrutinised by the EU's trade investigation, more birch ply started being channelled via China. With increased attention on China, new routes are emerging: the latest EU trade data show increasing imports from other suspect countries with little or no production capacity of their own, including Georgia, Egypt and Uzbekistan.<sup>63</sup>

At the initiative of the same industry consortium that complained about Russian ply being routed via Turkey and Kazakhstan, the EU announced the launch of a new anti-dumping investigation into birch ply imports

### Estimated EU imports of illegal birch plywood from Russia and Belarus



Source: Earthsight / Eurostat import data for HS Code 441233 • Figure 2  
Volume estimated from weight using typical average densities. Amounts represent total imports of birch plywood from each country each month, less the amount being imported pre-conflict (Jan 2022)  
Methodological differences mean monthly breakdown estimates, when added together, do not match total estimates across the entire period as cited in the report



from China in October 2024.<sup>64</sup> Yet the failure of the tariffs on Turkey and Kazakhstan suggest equivalent steps against Chinese birch ply will also be ineffective, or at best will likely drive an increase in imports through other emerging laundering routes.

THE BILLION-EURO BUSINESS

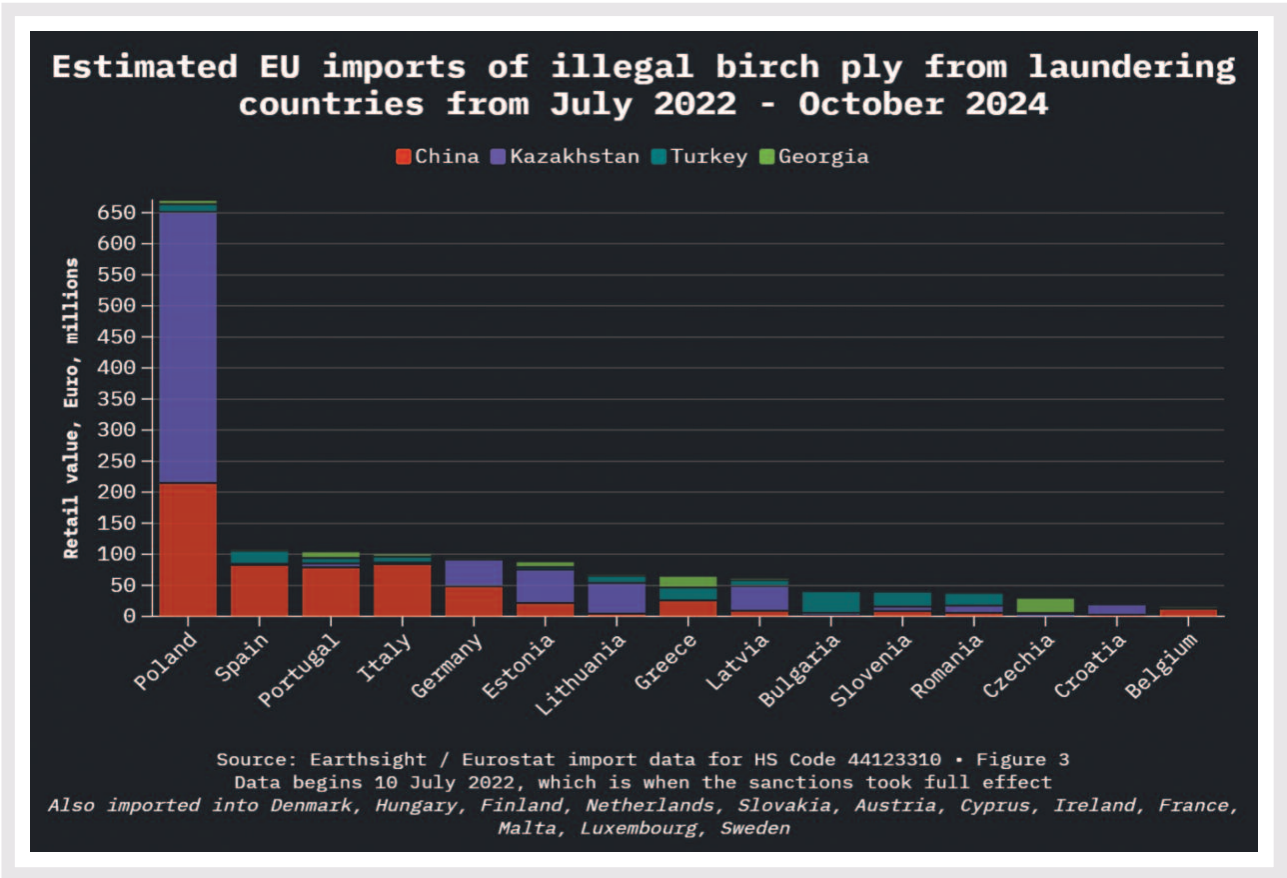
For now, the launderers remain one step ahead. And as our analysis shows, business is still booming.

It is fair to assume that all the additional volumes of plywood imports from known laundering countries since the sanctions took effect are in fact Russian-origin goods. Using that assumption, it is possible to estimate the volume of illegal birch ply entering Europe. That analysis indicates that in the two years from 10 July 2022 (the day sanctions came into effect) to the end of October 2024 (the most recent month for which data are available), 525,522 cubic metres of illegal Russian birch plywood have been imported into the EU from the three

laundering countries highlighted in this report, plus the new suspect origin country of Georgia.

Using typical current retail prices per sheet<sup>65</sup> converted into cubic metres, Earthsight estimates those imports were worth over €1.5 billion at point of sale. Independent research by the consortium of EU birch ply producers, on the other hand, suggests that as much a fifth of all the birch ply on sale in Europe today is illegal ‘blood timber’.<sup>66</sup>

The latest volumes are some of the highest yet seen. At the most recent rates, the data indicate that over 700 cubic metres are arriving at EU ports and borders every day: that is 20 large lorries or shipping containers. Every single EU Member State has received at least some direct imports of suspect birch plywood in 2024, though just seven countries – Poland, Italy, Germany, Spain, Estonia, Lithuania and Greece – were together responsible for 85 per cent of the current trade.<sup>67</sup>







## CONCLUSIONS AND RECOMMENDATIONS

**SANCTIONS COULD BE MUCH MORE EFFECTIVE IF THEY WERE FULLY ENFORCED. AS IT STANDS, AS MUCH AS A FIFTH OF THE BIRCH PLYWOOD BEING CONSUMED IN EUROPE IS ILLEGAL 'CONFLICT TIMBER'.**

### **CO-ORDINATED, CONSIDERED, PRO-ACTIVE RESPONSE**

Our research shows that while laundering is rampant, EU sanctions have reduced the flow of Russian wood into Europe by some 80 per cent. This has starved the Russian regime of exports worth an estimated €10 billion by the end of 2024.<sup>68</sup>

As a result, logging volumes in Russia have fallen by almost a fifth, and an estimated 100 million trees remain standing which would otherwise have been felled.<sup>69</sup>

Yet the sanctions could be so much more effective if they were being fully enforced, and as it stands, as much as a fifth of the birch plywood being consumed in Europe is illegal 'conflict timber'.

EarthSight will be sending the full, detailed findings from our investigation to the relevant authorities in Europe. European Member States must take urgent action in response. Poland, as by far the biggest EU entry point for suspect birch plywood, has the most to do. It must get its own house in order quickly, and also use its EU Presidency during the first half of 2025 to ensure better enforcement of these sanctions across the whole of Europe.

Other countries where action is most urgently needed include Spain, Italy, Greece, Germany, Bulgaria, Estonia, Slovenia and Portugal. To be effective, those responses need to go beyond individual culprits and routes identified in our investigation. Authorities must take on board the wider lessons of enforcement to-date, and seek to





Cargo ship Atlantic Navigator II, arriving in Philadelphia, USA, from St Petersburg, Russia, loaded with birch plywood, 12 June 2024.

Source: © Brian Kushner

address root causes. There are three key considerations.

Firstly, the response must be **coordinated**. It is clear that a piecemeal approach is being exploited by traders of illicit Russian birch and will not work. Member States which are currently top destinations must learn from counterparts which have had success in cracking down. The Financial Stability Directorate (DG FISMA) in the European Commission should help ensure coordination among Member States, working with the Environment directorate, the European External Action Service and Europol.

Authorities in Brussels must take action against Member States which continue to fail to enforce the law. The EU's sanctions envoy, David O'Sullivan, should join the effort, including

through urgent engagement with China on the subject of timber sanctions evasion. The European Anti-Fraud Office (OLAF) can play an important role, and should establish a standing committee on timber sanctions enforcement. Within countries, sanctions, customs and EUTR authorities need to work more closely together.

Secondly, the response must be **considered**. It must take into account some of the main lessons from Earthsight's investigation. For example, our evidence shows that due to fraud and ineffective checks, Certificates of Origin for birch plywood from laundering countries clearly cannot be trusted, even if their validity is confirmed via checks with the issuing agency. Customs authorities must demand additional proof.<sup>70</sup>



**MANY OF THE COMPANIES WE FOUND HANDLING ILLEGAL RUSSIAN PLYWOOD CLAIM TO BE ETHICAL, CITING THE FACT THAT THEY ARE ‘CERTIFIED’ BY FSC.**

Harvest documents provided as proof that wood is of non-Russian origin also cannot be relied on as proof of low risk: even if genuine, there is no proof that the wood they relate to is the same as the wood in the product being imported. Independent third-party certification, such as that provided by the Forest Stewardship Council (FSC), the world's largest green label for wood, also cannot be trusted. We found illegal birch plywood is being routinely laundered by FSC-certified companies and provided with false FSC invoices and labels (see FSC section below).

Thirdly, enforcement should be **pro-active**. For example, customs authorities in all Member States should be instructed by EUTR authorities to hold all shipments of birch plywood and not release them for free circulation until EUTR checks are completed. Trade data for birch plywood imports must be monitored continuously, so that new laundering routes are identified early.

### MAKING ENFORCEMENT EASIER

Ultimately, though, addressing this trade may require the rules themselves to be changed. It is very hard to prove where goods were manufactured. By comparison, stable isotope and trace element technology is increasingly capable of showing instead where wood was harvested. Given this, to aid enforcement, the EU should consider amending its timber sanctions on Russia and Belarus to include all products made with wood harvested in either country, regardless of whether the goods imported were manufactured in a third country. In theory, EUTR should already be blocking such products, but it is proving unable to do so. Placing them under the sanctions regime – something for which there is precedent regarding sanctions on imports of Russian steel<sup>71</sup> – would be clearer and easier to enforce, and open the door to more meaningful and dissuasive penalties.

The EU should also consider sanctions against companies involved in laundering birch plywood in third

countries and consider specifically listing individual company owners within and outside Russia as designated persons.

### BROADER IMPLICATIONS

There are also lessons from this investigation which extend beyond the EU and beyond timber. In the US, bizarrely, Russian and Belarusian timber remain unsanctioned. In terms of numbers of shipments, birch plywood is now the largest remaining unsanctioned bilateral trade flow between the US and Putin's warmongering regime. Since the invasion, the US has imported 459,955 cubic metres of Russian 'baltic birch' plywood, with an estimated retail value of \$2.1 billion.<sup>72</sup> It is a stack of shipping containers almost 20 miles high.<sup>73</sup> It is carried to US shores on a small fleet of specialist cargo ships. The biggest suppliers include the very same large Russian producers who admitted to Earthsight's undercover investigators to breaking EU sanctions or whose goods we found were being traded to the EU via middlemen.<sup>74</sup>

Existing Presidential Executive Orders mean the US Treasury Secretary could halt that trade with the stroke of a pen. They must finally heed long-standing calls from Ukraine for the US to halt imports of Russian 'conflict wood'.<sup>75</sup>

There are also lessons here for the wider effort to starve the Russian and Belarusian regimes. It is not only timber sanctions which are not being properly enforced within the EU. The EU must step up its efforts on sanctions enforcement for EU imports more broadly, including by moving quickly to implement and enforce new EU rules requiring Member States to penalize sanctions breaches more meaningfully and work with federal bodies, including Europol, Eurojust and the European Public Prosecutor's Office.

Ukraine's allies have repeatedly stated their intention to "turn up the pressure" on Russia and its allies.<sup>76</sup> It is time for them to deliver on that promise.





## BLOOD TIMBER WITH A GREEN LABEL

Ironically, many of the companies we found handling illegal Russian plywood publicly proclaim themselves as ethical. To demonstrate this, they commonly cite the fact that they are 'certified' by the Forest Stewardship Council (FSC), the world's largest green label for wood.

Alvi-Bel, the Polish trader caught on hidden camera admitting to importing illegal Russian wood, obtained an FSC 'Chain-of-custody' (CoC) certificate in January 2023, around the same time it got into the laundering business. Both of the Chinese plywood manufacturers who admitted to laundering large volumes of sanctioned Russian birch ply into the EU are also FSC CoC-certified, and proudly advertise this fact on their websites.

Intop Group, the Kazakh middleman, obtained an FSC CoC certificate in May 2023, most probably to aid with marketing for its core business of laundered Russian wood. It had its certificate revoked in December 2023, but FSC has not published the reason. Technomar in Estonia, Castellana in Italy and Forest Trafic in Spain

are also all proud holders of FSC CoC certificates. The Polish importer raided by local authorities for alleged smuggling of Russian birch ply is also FSC-certified, and remains so at the time of writing. Tianma Lvjian, the Chinese firm our investigation suggests may be the biggest birch ply smuggler of all, offered to label laundered Russian ply with an FSC claim, at the additional cost of €50 per cubic metre.

Presented with our evidence, FSC may yet revoke some of these certificates. But the fact that so many companies engaged in smuggling illegal wood while holding FSC certificates underlines wider structural flaws within FSC. Earthsight and other NGOs have highlighted numerous cases where FSC has greenwashed illegal and unsustainable timber,<sup>77</sup> including timber from Belarusian penal colonies.<sup>78</sup> In October 2021 Earthsight signed a joint letter along with 33 other environmental organisations from around the world calling on FSC to take urgent steps to prevent repeated abuses.<sup>79</sup> No action was taken. Perhaps this latest scandal will prove a wake-up call.

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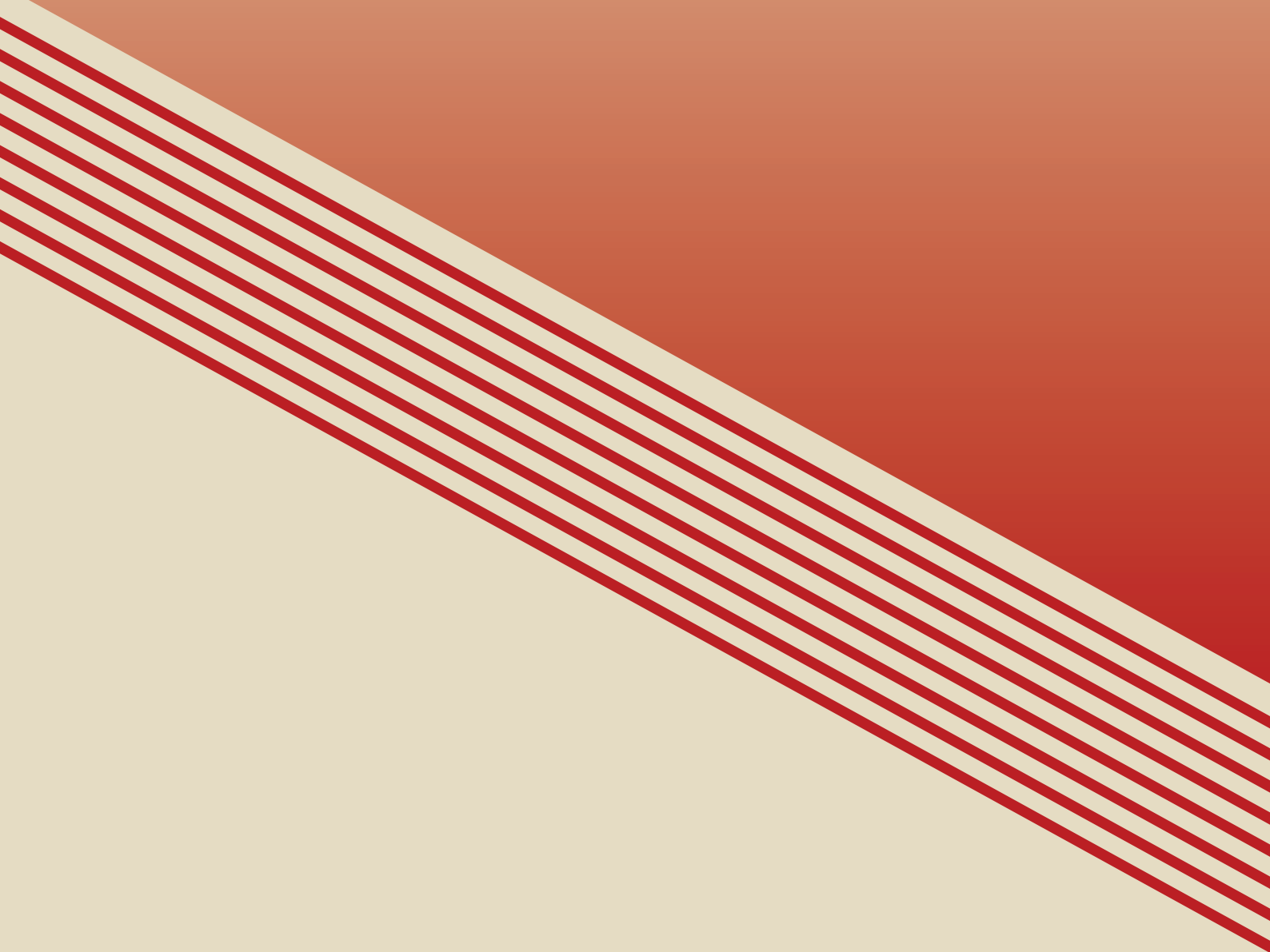


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