

Project of Independent Observation in Support
of Forest Law Enforcement in Cameroon

**Validated by the Reading
Committee**

Report of the Independent Observer

No. 110En

Central Control Unit – Independent Observer Joint Mission

Title	Ingénierie Forestière Sawmill
Location	Yaoundé
Mission date	06 August 2004
Company	Ingénierie Forestière

Independent Observer Team (Global Witness):

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1. EXECUTIVE SUMMARY

On 5 August 2004, a team from the Central Control Unit (CCU), accompanied by the Independent Observer (Global Witness), conducted an inspection mission to the wood processing unit of the company Ingénierie Forestière (IngF) in Yaoundé. This mission took place within the framework of the routine control programme commenced on 26 July 2004.

Wood processed by this factory originates primarily from the timber extraction titles granted to the logging companies IngF and the Société Forestière et Industrielle du Wouri (SFIW). This latter had apparently signed an industrial partnership contract for the processing of its wood with the IngF sawmill. A copy of the aforesaid contract could not be produced for the mission during its visit.

The absence of a partnership contract between these companies would mean that the sale of SFIW's logs to the IngF sawmill should be subject to the State's retention of a tax on this transaction. When examining the wood transportation documents presented to the mission by the sawmill officials, the Independent Observer noted that they did not bear the name of the purchaser. The documents that must accompany the monthly log purchase statements include *inter alia* the bills of lading and copies of the purchase invoices. If the bills of lading do not indicate the existence of a purchaser other than the holder of the logging title, it is possible that a commercial transaction that would have resulted in taxation is being concealed.

In view of the above, **the Independent Observer recommends:**

- That MINEF continue the investigations initiated by summoning officials of IngF and SFIW to present the industrial partnership contract linking their companies, or failing this, give evidence of the deduction and effective transfer of taxation on the purchase of the logs. Failure to do so would result in tax adjustment measures.

The Reading Committee recommends that the officials of IngF be summoned and charged for the unauthorized logging of the “*akatio*”.

2. RESOURCES USED

- 1 Nissan Pick-up
- 1 Laptop

3. COMPOSITION OF THE MISSION

The mission consisted of Messrs. Kongapé and Neckmen and Ms Manhouli of the CCU, Mr. Bikié of the Data Processing Unit of MINEF and the Independent Observer, represented by Messrs. Djeukam and Moukouri.

4. CONSTRAINTS

No difficulties were encountered in carrying out this mission.

5. MISSION'S FINDINGS

5.1 Observations of the Independent Observer

Two main details were noted by the Independent Observer during this mission:

- The failure to present the industrial partnership contract between SFIW and IngF.
- The bills of lading transporting logs from FMU 10 022 did not bear the name of the purchaser. This failure could lead to the assumption that the logs in question were intended for the processing unit of SFIW.

5.2 Analysis of the Independent Observer

The officials in charge of the sawmill claimed to have a partnership contract with SFIW although they could not prove it. The absence of such a contract would mean that SFIW was selling its logs to the IngF sawmill. This would mean that the bills of lading were incorrectly filled out, and omission of the name of the purchaser could affect the payment of certain duties or taxes on the purchase of logs. In fact, Decree No. 2001/1034/PM of 27 November 2001 provides the basis and conditions for the collection and monitoring of duties, royalties and taxes relating to forestry activities (Article 1), provides for a tax on the purchase of logs or of sawn timber that results from the purchase of logs. For the State to effectively deduct the tax, in addition to the volume of logs bought and copies of the invoices justifying this purchase, the purchaser must provide the certified copies of DF 10s and bills of lading covering the period of declaration.

6. CONCLUSIONS AND RECOMMENDATIONS

The investigations conducted by the Independent Observer did not enable the latter to either confirm or disprove IngF's claim that it had concluded an industrial partnership contract with SFIW.

In view of this, **the Independent Observer recommends:**

- That MINEF continue the investigations initiated by summoning officials of IngF and SFIW to present the industrial partnership contract linking their companies, or failing this, give evidence of the deduction and effective transfer of taxation on the purchase of the logs. Failure to do this would result in tax adjustment measures.

The Review Committee recommends that the officials of the company IngF be summoned and charged for the unauthorized logging of the “*akatio*”