



FINANCIAL SECRETS OF THE FORESTS

HOW SECRECY FUELS DEFORESTATION IN BRAZIL AND CAMEROON



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Authors: Alfonso Daniels, Matti Kohonen, Brián Covaro.

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Founded in 2009, the Financial Transparency Coalition (FTC) Coalition is a coalition of 11 organisations in all continents working to end financial flows, and for a financial system that works for everyone in enabling the realisation of climate and environmental justice, gender justice and human rights. More information about the Coalition can be found at the back of this report or on the FTC website at www.financialtransparency.org

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The FTC's Secretariat is hosted by LATINDADD
Financial Transparency Coalition
c/o LATINDADD
Jr Mariscal Miller 2622, Lince,
Lima 15073,
Peru.

www.financialtransparency.org
info@financialtransparency.org

Graphic Design:

Orlando Tapia Bazán
Project coordinator

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EXECUTIVE SUMMARY

Deforestation and forest degradation are occurring at an alarming rate. In 2025, a total of 4.3 million hectares of tropical primary forest were lost—nearly twice the amount lost the previous year—an area roughly the size of Denmark.

[1] Globally, from 2001 to 2025, an average of 3.7 GtCO₂e per year was emitted in areas where the dominant drivers of loss resulted in deforestation.[2] More than 90% of global forest loss is attributed to conversion into agricultural land.[3]

This undermines biodiversity and destroys the livelihoods of millions of people worldwide, particularly indigenous communities that depend on forests for their survival. Illicit deforestation also generates billions of dollars in illicit financial flows (IFFs), primarily from countries in the Global South, many of which are experiencing crises and are heavily indebted. Globally, environmental crimes are estimated to cause annual losses of US\$110 to US\$281 billion, with illicit logging being the largest category, accounting for US\$51 to US\$152 billion each year.[4]

We analysed illicit financial flows (IFFs) associated with deforestation in both Brazil and Cameroon, two of the top ten countries experiencing the greatest loss of primary tropical forest globally. In 2025, Brazil lost 1.6 million hectares of primary tropical forest, representing a 42% decrease from the previous record year; nevertheless, it remains the most affected country worldwide.[5] A significant portion of this loss was commodity-driven and linked to large corporations. Meanwhile, Cameroon ranked sixth globally in 2025 for primary forest loss, with 110,000 hectares lost, resulting in approximately 130 MtCO₂e in emissions that year, primarily driven by logging and large-scale commercial agriculture.

In this report, we reveal that illicit financial flows (IFFs) linked to illicit deforestation are sometimes higher than previously estimated. We estimate the financial flows associated with deforestation using two methods. First, we analyse import and export data to investigate potential trade mispricing and whether it can be attributed to specific companies. Secondly, we map the value of timber, soy, and beef from illicitly deforested land, relating these to the companies and individuals benefiting from it.

We also demonstrate that secrecy is a key driver behind illicit deforestation. Using the most up-to-date sources of Geographic Information Systems (GIS) data available, we reveal that the secrecy surrounding land, crops, cattle, property, companies, and beneficial ownership transparency systematically prevents the identification of those benefiting from illicit deforestation, allowing them to export their products to the European Union, the United States, the United Kingdom, China, Vietnam, and other markets without restriction.

The implications of this analysis are significant, as it demonstrates that international initiatives aimed at addressing this crisis will ultimately fail or have limited impact unless accompanied by concrete measures to improve public access to asset registries related to land ownership, forestry concessions, and both legal and beneficial ownership registries.

These regulations include the European Union Timber Regulation, effective since 2013, the UK Timber Regulation (UKTR), and the US Lacey Act. The European Union Deforestation Regulation (EUDR), expected to come into force in December 2026, goes a step further by prohibiting companies from selling agricultural products in the EU market that are derived from recently deforested land—defined as land deforested after 31 December 2020—whether the deforestation is human-induced or not.

KEY FINDINGS

- Brazil's cumulative illicit financial flows (IFFs) from timber amounted to US\$2.56 billion between 2013 and 2024, averaging US\$233 million per year, based on the trade mispricing method. Most of these losses occurred between 2018 and 2022, during Jair Bolsonaro's presidency. Furthermore, according to SIMEX, a Brazilian NGO initiative, between 35% and 42% of all deforestation in the Amazon biome across multiple states was unlicensed.[7] Since total timber exports from Brazil amounted to US\$3.6 billion in 2024, we estimate conservatively that US\$1.28 billion of timber exports that year originated from illicitly logged land.
- Land without deforestation permits in the Brazilian state of Mato Grosso alone accounted for a significant proportion of total soy and beef production, equivalent to billions of dollars lost in illicit funds each year. Specifically, land without these permits in this state—which is responsible for a fifth of Brazil's forest loss in 2025[8]—represented 48% of all farmland used for soy production (worth US\$10 billion) and 15% of all farmland used for intensive grazing for beef production in 2022 (worth US\$4 billion).
- In Cameroon, illicit financial flows (IFFs) resulting from trade mispricing in the timber sector caused average annual losses of US\$289 million between 2013 and 2023. This figure is five times higher than the official estimated financial losses for the sector, which stand at US\$59 million per year. Furthermore, the Cameroonian government has continued to grant timber licences to companies previously sanctioned for illicit trade. Despite these sanctions, these companies have still managed to export timber to countries that explicitly prohibit the import of illegally logged timber. In some cases, this has been verified through customs invoices or shipment records from Cameroon to Europe, Vietnam, and China.
- Illicitly deforested land contributes significantly to global greenhouse gas (GHG) emissions. In the state of Mato Grosso alone, cumulative carbon dioxide emissions from 2001 to 2023 associated with illicitly deforested land used for pasture in beef production amounted to 21.84 MtCO₂. This is equivalent to the CO₂ emissions from approximately 2843 million flights between New York and Los Angeles.[9] In the case of illicit deforestation linked to soy cultivation, emissions averaged 10.90 MtCO₂ per year over the same period. This is comparable to the annual emissions from driving 2.3 million typical petrol-powered cars, which is roughly the number of registered vehicles in Greater London, where there were 2.6 million registered vehicles in 2023.
- Financial and land ownership secrecy prevents the identification of individuals responsible for, and ultimately benefiting from, deforestation. In Mato Grosso, for instance, publicly available satellite data only allowed us to map soya cultivation and intensive pasture on recently illicitly deforested land (post-2010) at the plot level. Using publicly available data, we were able to identify the IDs of the plots where these activities occurred, as well as their legal owners. However, information on the beneficial owners of the plots was not accessible. In Cameroon, publicly available satellite data enables the mapping of all main types of timber concessions and the legal owners of the two principal types, namely Forest Management Units (FMUs) and Sales of Standing Volume (SSV, or “ventes de coupe” in French), but not their beneficial owners.



RECOMMENDATIONS

The Financial Transparency Coalition calls for five key measures to trace—and, where appropriate, sanction—those responsible for the destruction of primary forests, ending financial secrecy in the forestry sector and in agricultural commodities that drive deforestation.

- **Beneficial Ownership Transparency (BOT):** Centralised and public beneficial ownership registries should be established, with public access granted to these registries. A mandatory public declaration of beneficial owners should be required for all companies and significant assets, including when acquiring forestry concessions, logging licences, or logging concessions in the forestry sector, as well as in government notices relating to environmental and human rights violations.
- **Tax transparency:** including public country-by-country reporting for large multinational companies and disclosure of taxes paid and tax incentives received by all companies, is essential for tackling tax abuses, harmful tax incentives, and the application of corporate surtaxes in the timber, commodity agriculture, and wood processing sectors. This approach would help to mobilise greater forestry, biodiversity, and climate financing, including within the UN Framework Convention on International Tax Co-operation (UN FCITC).
- **Supply chain transparency:** The cultivation of agricultural crops on land illicitly deforested should be incorporated within broader due diligence obligations, with the declaration of legal and beneficial owners of companies throughout the entire supply chain made publicly available. This approach would enable the exclusion of companies and beneficial owners involved in illicit deforestation and the production of agricultural commodities associated with deforestation risks from export markets.
- **Global Asset Registry:** Governments should publish up-to-date registries of the legal and beneficial owners of assets, including holders of forestry concessions, agricultural land, and crops cultivated. This initiative would contribute to the development of a Global Asset Registry (GAR), an international standard proposed as part of the UN Framework Convention on International Tax Co-operation (UN FCITC) and recognised by forestry governance bodies.
- **Public data on environmental crimes:** Governments should publish data on fines and sanctions related to environmental offences, including illegal logging and breaches of environmental permits. Importing countries should, in turn, recognise these sanctions as violations under their illicit timber regulations and halt the flow of illicit timber based on sanctions and fines imposed in source countries.

END NOTES

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- 2 Ibid.
- 3 FAO Remote Sensing Survey. Tropical rainforests under pressure as agricultural expansion drives global deforestation: detected deforestation from 2000 to 2018.
- 4 INTERPOL. Forestry Crime <https://www.interpol.int/en/Crimes/Environmental-crime/Forestry-crime>
- 5 Global Forest Watch. Brazil. <https://www.globalforestwatch.org/dashboards/country/BRA/>
- 6 Global Forest Watch. Cameroon. <https://www.globalforestwatch.org/dashboards/country/CMR/>
- 7 Wenzel, F. Fake documents, real deforestation drive global trade in illegal Amazon timber. Mongabay (April 16, 2025). <https://news.mongabay.com/2025/04/fake-documents-real-deforestation-drive-global-trade-in-illegal-amazon-timber/#:~:text=No%20punishment%20or%20traceability,harvest%20area%20was%20illegally%20logged>
- 8 Global Forest Watch. Mato Grosso. <https://www.globalforestwatch.org/dashboards/country/BRA/12/>
- 9 Carbon in Context. <https://www.carbonincontext.com/>



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