

CYCLES OF DESTRUCTION: Unsustainability, Illegality, and Violence in the Hongmu Trade¹



The expanding hongmu (rare and valuable “red wood” used primarily for antique-style furniture in China) trade has driven successive boom and bust cycles all over the world, marked by unsustainable harvest, multiple legal violations (theft, smuggling, corruption), and violence in source countries. As it decimates native stocks of rare and valuable species across the tropics at an unprecedented rate, this trade represents a challenge for the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and its Parties.

The hongmu industry has expanded massively over the past decade. Hongmu log imports into China have increased by 1,300% from 2009 to 2014, accounting on average for 10% of Chinese log imports by value from 2009 to 2015.² China’s hongmu industry is composed of 30,000 companies generating domestic retail revenues of over USD25 billion,³ and has benefited from generous government incentives.⁴

Thirty-three species are recognized as hongmu materials by the Chinese government, and the vast majority are harvested and exported in violation of national laws in producer countries. Because most hongmu species are not protected under CITES, and because the main demand-side country, China, and key trade and processing hub Vietnam, do not prohibit the import of illegally harvested and/or traded timber, illegal wood from these species is legally placed in the markets there everyday.

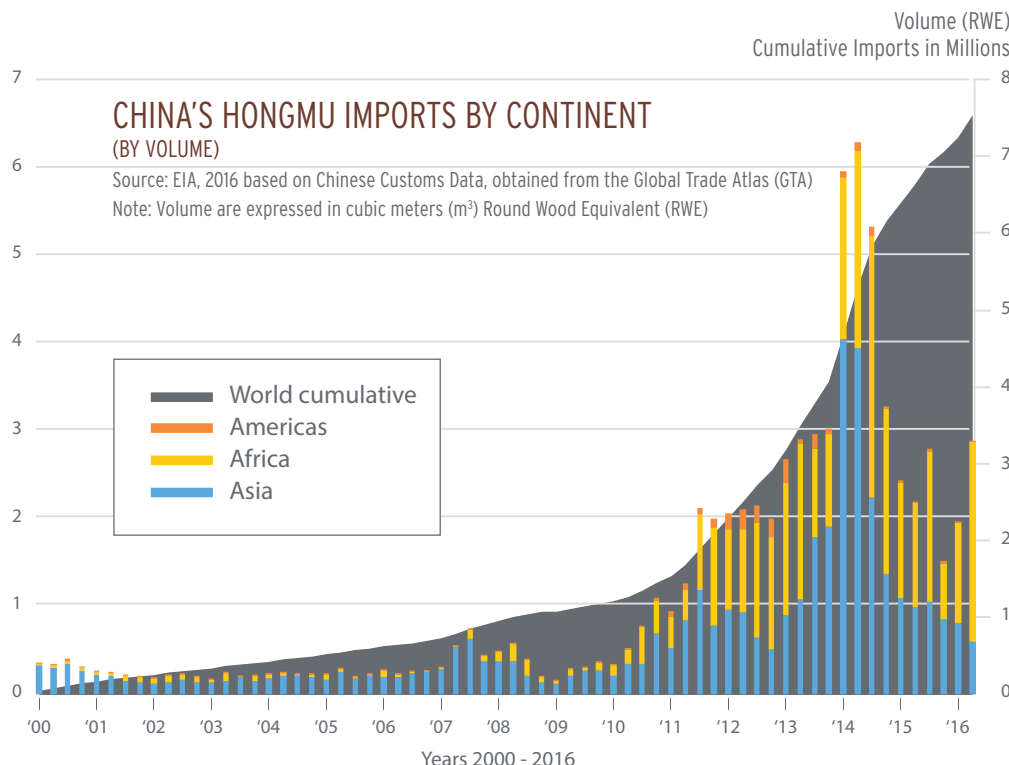
As the 17th CITES Conference of the Parties begins, only eight hongmu species (*Dalbergia cochinchinensis*, *Dalbergia granadillo*, *Dalbergia nigra*, *Dalbergia louvelii*, *Dalbergia retusa*, *Dalbergia stevensonii*, *Pterocarpus erinaceus*, and *Pterocarpus santalinus*) are protected by the Convention. Parties to CITES need to recognize the severity of the threat to the species’ survival, and develop and support proposals to protect any hongmu, lookalike, or replacement species on CITES.

Demand for rosewood in China has grown exponentially over the past 15 years, from 144,500 m³ imported in 2000 to over 2 million m³ in 2014. After a brief slowdown in 2015, the demand is once again on the rise in 2016 despite a general economic slowdown in China and the government’s anticorruption campaign. Logs, which provide little value-added in source countries, account for approximately 80% of overall hongmu imports. During the first half of 2016, China imported on average the equivalent of 350 hongmu logs per hour.⁵

Volume (RWE)
Imports by Continent
in Hundred Thousands

CHINA'S HONGMU IMPORTS BY CONTINENT (BY VOLUME)

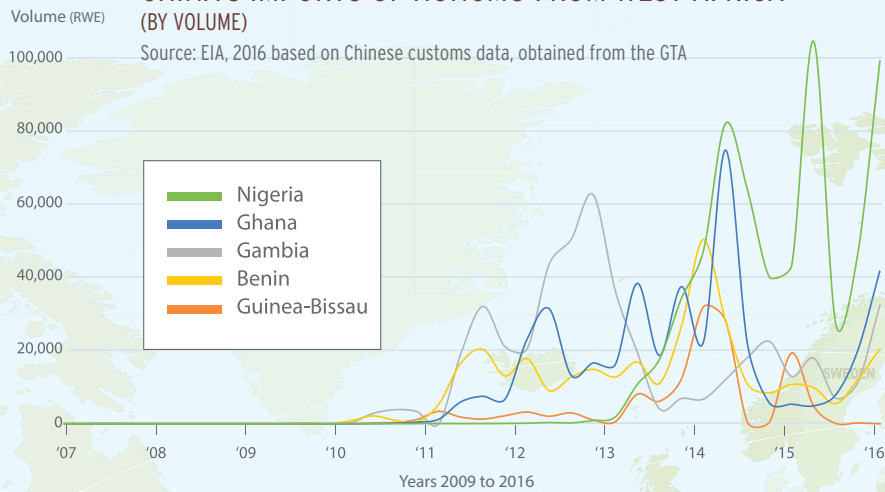
Source: EIA, 2016 based on Chinese Customs Data, obtained from the Global Trade Atlas (GTA)
Note: Volume are expressed in cubic meters (m³) Round Wood Equivalent (RWE)



Volume (RWE)
Cumulative Imports in Millions

Years 2000 - 2016

CHINA'S IMPORTS OF HONGMU FROM WEST AFRICA (BY VOLUME)



Hongmu exports from West Africa have grown more than 1,000 fold between 2010 and 2015. West Africa is now the world's leading hongmu-producing region by volume. The main species is *Pterocarpus erinaceus*, known as "Kosso," found in the dry forests of West Africa, where the unsustainable harvest increases the risk of desertification.⁷ In Senegal's Casamance region, the rosewood trade has fueled rebel activities through the smuggling of Kosso to neighboring Gambia.⁸

2

CANADA

UNITED STATES

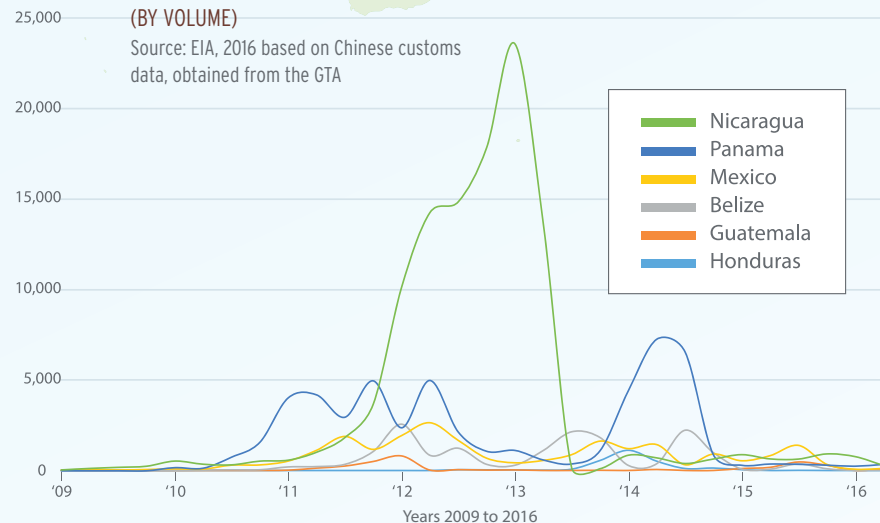
MEXICO
GUATEMALA
Belize
HONDURAS
NICARAGUA
COSTA RICA
PANAMA

3

Although the reported volume from Central America is relatively small, the region has *Dalbergia* species with very limited distributions that are particularly vulnerable to commercial extinction. Since the CITES listings of the five regional species and major crackdowns, the "Chinese controlled wood mafia"⁹ have diversified their smuggling routes, targeting the remaining natural populations located in protected areas. Cocaine traffickers affected by declining revenues have been attracted by the high returns and money laundering opportunities that rosewood trade offers.^{10,11} Misdeclarations of CITES listed hongmu as non-listed lookalike species, forgery of export permits and the collaboration of corrupt officials have multiplied in recent months in Guatemala.¹² All known shipments were destined for China or Hong Kong.¹³ The *Dalbergia* genus listing proposal (Prop. 55) onto Appendix II at CoP17 is essential to stop such violations.

THE GAMBIA
GUINEA-BISSAU
SIERRA LEONE
MAURITANIA
MALI
BURKINA FASO
GUINEA
TOGO
GHANA
LIBERIA
COTE D'IVOIRE
EQUATORIAL GUINEA
NIGERIA
BENIN

CHINA'S IMPORTS OF HONGMU FROM CENTRAL AMERICA (BY VOLUME)



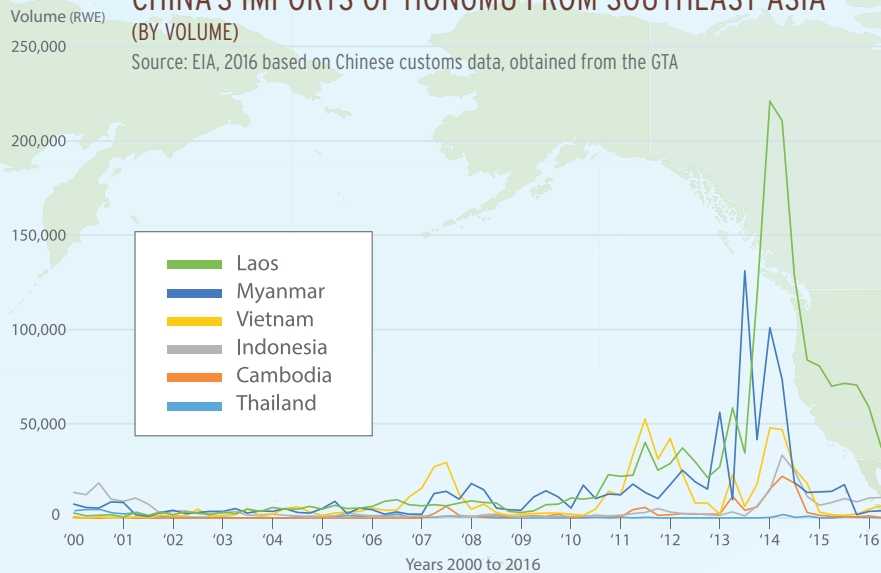
Nicaragua
Panama
Mexico
Belize
Guatemala
Honduras

Gambia is the world's fourth largest hongmu exporter to China in the first half of 2016, despite being one of the smallest countries in Africa with little forest resources. Senegal listed *Pterocarpus erinaceus* on Appendix III of CITES in 2016, but given the unsustainable and illegal harvesting across the region, eight other range States have supported Senegal's initiative and co-sponsored an uplisting proposal (Prop. 57) from Appendix III to Appendix II at CoP17.



CHINA'S IMPORTS OF HONGMU FROM SOUTHEAST ASIA (BY VOLUME)

Source: EIA, 2016 based on Chinese customs data, obtained from the GTA



1

With the commercial extinction of Huang Hua Li (*Dalbergia odorifera*) in China and heavy restrictions placed on the harvest and export of CITES-listed Red Sandalwood (*Pterocarpus santialinus*) in India, Siamese Rosewood (*Dalbergia cochinchinensis*) became the most sought-after hongmu species globally.⁶ Siamese Rosewood was belatedly listed on Appendix II in 2013 and is virtually commercially extinct. Extensive smuggling continues, prompting a proposal (Prop. 53) to strengthen the listing with an amendment from annotation 5 to annotation 4 at CoP17. Now the main South-East Asian hongmu species targeted are Padauk (*Pterocarpus macrocarpus/pedatus*), and Burmese Rosewood (*Dalbergia oliveri/ bariensis*), with Laos and Myanmar providing most of the supply. Both species urgently need CITES protection.



Soaring demand for scarce hongmu resources has caused supply chains to expand from Southeast Asia to new frontiers in West Africa and Central America. Nearly half of the world's countries (88 in total) across five continents have been targeted by traders since 2000.

Hunger for hongmu has driven boom and bust cycles characterized by steep rises in harvest and export volumes from individual countries before a sudden collapse, or "bust." The fall corresponds to the rapid relocation of trading networks from one country to the next, following the exhaustion of the species, discovery of a new supply, or to avoid new control measures put in place by besieged governments.

At the climax of the boom and bust cycle, sky-high market prices lead to "whatever it takes" practices to get hands on the precious woods: unsustainable harvesting, habitat destruction, corruption, involvement of organized crime and rebel groups, and violence against enforcement officers and community members. The trade continues to grow despite ten of the top-15 exporting countries in 2015 setting clear log export bans.



A Chinese trader in Nigeria (2016) explains to investigators:

EIA: Do you know if the logs you buy are illegal or not?

Trader: According to law, it is illegal.

EIA: Why?

Trader: Now it is banned [to cut] by the [Taraba] State government, but they [the suppliers] can settle it through paying money to [the government], and thus continue moving logs down to here. There is one thing that is good about Africa, that is money can resolve all problems.

EIA calls on all CITES Parties to:

Support all proposals and decisions to protect hongmu and lookalike or replacement species, specifically:

- Proposal 53 to amend the annotation for the Appendix II listing for *Dalbergia cochinchinensis* to #4 to cover all parts and derivatives commonly found in trade;
- Proposal 54: Inclusion of 13 timber species of genus *Dalbergia*, native to Mexico and Central America, in Appendix II;
- Proposal 55 to list all *Dalbergia* species under Appendix II;
- Proposal 56 to list four species of the genus *Gibourtia* under Appendix II to prevent misdeclaration of hongmu species;
- Proposal 57, transferring *Pterocarpus erinaceus* from Appendix III to Appendix II with no annotation.

The hongmu crisis demonstrates how the appetite from China and other importing countries has triggered the destruction of exceptional forest ecosystems, undermining the livelihood of people who depend on them. Demand-driven illegalities and violence have also spread around the world. The same disastrous impacts of the unchecked demand by China applies to a wide array of timber species coming from tropical and temperate forests.

EIA calls on China and Vietnam to:

- Implement CITES regulations and report results, with special attention to the new amendment of appendices adopted at CoP17;
- Institute and implement a mandatory regulation that strictly prohibits the import of and trade in illegal timber.

Sources include:

- 1 This briefing presents the main results of the Information Document prepared for the 17th Conference of the Parties (CoP17) of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) submitted by the United States and the European Union, at the request of EIA.
- 2 EIA, 2016 based on Chinese Customs Data.
- 3 See: <http://collection.sina.com.cn/jihm/hmsc/20150525/1456187759.shtml>.
- 4 EIA, 2016. *The Hongmu Challenge*. A briefing for the 66th meeting of the CITES Standing Committee, January 2016. London/Washington.
- 5 Based on an average log of 0.32m³ (0.4 x 0.4 x 2.0 m); figure includes both log and sawn hongmu imports.
- 6 EIA, 2014. *Routes of extinction: The corruption and violence destroying Siamese Rosewood in the Mekong*. London, UK.
- 7 Senegal, 2015. *Analysis of the international trade in Pterocarpus erinaceus and its consequences in West Africa*. Information Document submitted at the Twenty-second meeting of the CITES Plants Committee, Tbilisi (Georgia), 19-23 October 2015.
- 8 Gueye, B.S. 2015. *Illegal logging and trade of rosewood: case study of Senegambia*. Presentation by Babacar Salif Gueye, Ministry of Environment, Senegal to Chatham House Illegal Logging Stakeholder Update Meeting, 25th June 2015.
- 9 See: <http://www.insightcrime.org/news-briefs/high-exotic-wood-prices-driving-illegal-logging-in-panama>.
- 10 See: <http://connectas.org/noticia-sobre-el-rosul-mafia-saquea-tesoro/>.
- 11 EIA, 2016. Unpublished source.
- 12 EIA, 2016. Unpublished source.
- 13 See: <http://www.insightcrime.org/news-briefs/nicaragua-timber-trafficking-major-problem-in-centams-largest-forest-reserve>.



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