



EIA BRIEFING DOCUMENT ON TIMBER AND RELATED CITES ENFORCEMENT FOR THE 65TH MEETING OF THE CITES STANDING COMMITTEE (GENEVA, JULY 7-11, 2014)

Please find below the comments of the Environmental Investigation Agency (EIA) on the provisional agenda items for the 65th meeting of the CITES Standing Committee (SC65). In addition to the comments enclosed herein, EIA as a member of the Species Survival Network (SSN) also supports and associates itself with the comments submitted by SSN. EIA's comments on SC65 agenda items regarding timber and related enforcement matters are as follows:

SC65 Doc.20.1, Needs assessment for strengthening the implementation of CITES

EIA supports the mechanisms and recommendations proposed in SC65 Doc. 20.1. **Recent EIA investigations have found that Appendix II (Annotation 5) listed *Dalbergia cochinchinensis* (DC) is smuggled into Vietnam from Lao PDR, Cambodia and Thailand in contravention of the CITES listing.**¹ It is exported, either by land or sea, to the Hongmu industry in China as either "semi-finished" products, therefore not requiring CITES permits, or as concealed raw logs, therefore evading CITES permit requirements. The investigations found that underground logistics organisations had emerged across the Mekong specializing in circumventing CITES controls, therefore greater coordination of implementation and enforcement by CITES management authorities is required across the region. Additionally, no Non-Detriment Findings have been published that demonstrate how CITES export permits issued for *D.cochinchinensis* are in line with scientifically proven stocks.

EIA is becoming increasingly concerned that as stocks of *D.cochinchinensis* become ever more exhausted the Hongmu trade will seek look-alike species, including *Dalbergia bariensis* (DB) and *Pterocarpus macrocarpus* (PM) from Myanmar. EIA investigations found from Chinese import statistics that imports of Myanmar Hongmu woods had soared over the last 2 years, indicating that these species may follow a similar fate as that of *D.cochinchinensis*. EIA is concerned that Myanmar's CITES Management and Scientific Authorities are ill equipped to deal with a surge in demand for *D.bariensis* (DB) and *Pterocarpus macrocarpus* and require assistance to strengthen institutional capacity in order to respond to the imminent illegal trade threat against these species.

SC65 Doc. 20.1 reiterates Decisions 16.30 and 16.31 and provides a revised deadline for Parties to make inputs to Notification 2014/013 and for Parties to submit their responses to the questionnaire on "Needs assessment for strengthening the implementation of CITES". EIA notes in SC65 Doc 20.1 (para 4) that no response had been received from Myanmar, Cambodia or Lao PDR.

EIA recommends that the Standing Committee:

- investigate the implementation of CITES in Vietnam, Lao PDR and Cambodia in relation to the CITES Appendix II listing of *D.cochinchinensis*, with the intention of enhancing the capacity of national and regional enforcement organisations;
- direct the CITES Secretariat to undertake a review of the reports and Non-Detriment Findings from range states of *D.cochinchinensis* to determine whether or not permits are justified by scientifically credible non-detriment findings, in order to enhance the capacity of range states to properly implement the CITES listing of the species;
- urge Myanmar, Cambodia and Lao PDR to take part in the "Needs assessment for strengthening the implementation of CITES" identified in Decision 16.31 and that Parties assist with funding for the study referred to in Decision 16.31; and
- urge Myanmar to consider proposing *D.bariensis* and *Pterocarpus macrocarpus* for listing on the Appendices of CITES.

SC65 Doc. 22, National Laws for Implementation of the Convention

EIA would like to highlight a serious non-compliance issue wherein **Hong Kong has failed to amend national legislation as required by CITES that gives effect to the Appendix-II listings of *D.cochinchinensis*, *D. stevensonii*, *D. retusa*, and *D. granadillo*, *Dalbergia spp.* (populations of Madagascar) and *Diospyros spp.* (populations of Madagascar).** These Appendix-II listings were adopted at CoP16 in March 2013. This is particularly important for the trade in *D.Cochinchinensis* and *Dalbergia spp.* of Madagascar, as recent EIA investigations have documented that Hong Kong is used as a laundering hub to smuggle shipments of these species into China.

EIA *recommends* that the Standing Committee request a clarification from the Hong Kong Management Authority as to why national implementation of CITES Appendix II listed *D.cochinchinensis*, *D. stevensonii*, *D. retusa* and *D. granadillo spp.* (populations of Madagascar) and *Diospyros spp.* (populations of Madagascar) have not been enacted.

SC65 Doc. 26.1 Review of Significant Trade in Specimens of Appendix-II Species

No document had been submitted as of 25 June 2014.

EIA would like to highlight a serious problem concerning the use of fraudulent permits and smuggling of CITES Appendix-II listed timber species into China.² During investigations in Vietnam with timber traders EIA investigators were given an alleged CITES re-export certificate for *D.Cochinchinensis* that claimed the timber originated from Cambodia. EIA made enquiries with the Cambodian MA as to whether any export certificates had been issued for *D.Cochinchinensis* (which would justify the Vietnamese re-export certificate) and were informed that no such permits had been issued, strongly indicating that the Vietnamese re-export certificate for that quota was fraudulent. Similarly, in Hong Kong, traders told EIA investigators that they could provide a CITES export permit for *D.Cochinchinensis* from Lao PDR that did not refer to a specific consignment of timber.

EIA *recommends* that the Standing Committee, in conjunction with the CITES Management Authorities of Cambodia, Lao PDR and Vietnam, investigate the market for fraudulent permits in *D.Cochinchinensis* and other CITES Appendix II listed species.

EIA *recommends* that the Secretariat review the smuggling of Appendix-II timber species into China, with a focus on *Malagasy Rosewood*, *D.Cochinchinensis* and *D.Retusa*.

SC65 Doc. 31, Physical Inspection of Timber Shipments

Parties at COP16 adopted Decision 16.58, part of which required the Secretariat to “obtain information and materials from those Parties that have reported that they have developed tools and procedures for the identification and measurement of CITES-listed tree species, and the physical inspection of timber shipments”. Traders described to EIA investigators how poor procedures for inspecting timber consignments entering and exiting Hong Kong facilitates the smuggling of Appendix-II listed *D.Cochinchinensis*, *D.Retusa* and *Malagasy Rosewood* to China.

EIA *recommends* that the Secretariat request that Hong Kong submit completed questionnaires to the Working Group on Physical Inspection of Timber Shipments to improve the quality of inspections for timber consignments entering and exiting Hong Kong.

SC65 Doc. 48, Malagasy ebonies (*Diospyros spp.*) and Malagasy rosewoods (*Dalbergia spp.*)

In SC Doc. 48.2, Madagascar lists the preliminary results of a stockpile audit required by CITES under the action plan, adopted by the Parties at COP16 in 2013, to facilitate the implementation of the Appendix-II listings of *Diospyros spp.* (populations of Madagascar) and *Dalbergia spp.* (populations of Madagascar). In the action plan accompanying the 2013 Appendix-II listing, Madagascar agreed to put in a place an embargo on exports until the CITES Standing Committee approves the stockpile audit and a determination of what part, if any, of the stocks have been legally harvested.

EIA believes that the current audit shows that both the scientific assessment of wild stocks and the process of securing log stockpiles are incomplete. As a result, logs continue to enter into illegal trade and newly felled

logs are being added to the existing stockpiles. Therefore, **consideration of the audit must be delayed** until Madagascar has clearly demonstrated that it has met all criteria in the action plan.

The Working Group at the CITES Plants Committee meeting (PC21 WG3 Doc.1), has recommended that “Madagascar extends its embargo on exports of *Dalbergia* and *Diospyros* to at least the date of PC22/ SC66 noting that it will be unlikely that a stockpile audit be completed for some significant time.” EIA supports this recommendation, and further **recommends that the CITES Secretariat delay its consideration of Madagascar’s stockpile audit until PC22/SC66 at the earliest**, due to the ongoing instability and lack of law enforcement measures within Madagascar and in transit and destination countries, and the limited progress made on the scientific analysis of stocks. News reports indicate ongoing illegal harvesting within UNESCO World Heritage national parks, seizures in Madagascar and abroad of *Dalbergia*, and the continuing failure of Madagascar to prosecute even a single kingpin in the rosewood trade, despite a continuous ban on all harvesting of *Dalbergia* and *Diospyros* since 2006.

The Secretariat has noted in SC65 Doc. 48.1 that, “More than 4000 tons of rosewood suspected to have been illegally exported from Madagascar were seized by authorities in various transit and destination countries between November 2013 and April 2014.” Markings on these logs indicate that many of these logs originated from government-registered stockpiles.³ This large amount of recent seizures highlights the ongoing failure of Madagascar to secure its stockpiles. A recent internal government letter from the former Prime Minister notes the inability of the State to prosecute known rosewood traffickers.⁴

The Secretariat noted as well that “Illegal consignments have on a number of occasions transited through ports in east Africa, and were primarily destined for Asia”. Evidence from seizures of Malagasy *Dalbergia* in Kenya and Sri Lanka show that both shipments were trans-shipped from Zanzibar and were destined for Hong Kong. The Secretariat further notes that “some Parties are continuing to work on developing national legislation for effective implementation of the Convention”. News reports and EIA information requests indicate that **the Governments of both Zanzibar and Hong Kong are among the countries which have failed to meet their obligations for the timely incorporation of species of *Dalbergia* and *Diospyros* added to Appendix II at the Conference of the Parties (COP) in 2013, into national legislation within 90 days of the COP, pursuant to CITES Article XV**. Recent EIA investigations have found that Appendix II listed *Dalbergia cochinchinensis* and Malagasy *Dalbergia* are being smuggled from their source countries into China through Hong Kong.⁵

Numerous news reports indicate that smuggling of rosewood, which increased a year ago with the start of campaigning for national and local elections, has abated little in the five months since the new administration has taken office, and indicate that members of the new government are suspected of having ties to known rosewood traffickers.⁶

Madagascar has yet to complete a scientific assessment and non-detriment finding (NDF) as required under the action plan. The Secretariat’s report (SC65 Doc. 48.1) notes that within the eight study sites where wild stocks were surveyed, “the majority of the species have no individuals for regeneration, and there is a very high risk of these species disappearing.” Furthermore, the report states that “the evaluation of stocks was seriously hindered by the lack of security in the study areas; however, it is essential that the work continue both in the harvesting zones, and inside the Protected Areas.” This report demonstrates that there remains significant work to be completed in the NDF study process, and that initial reports indicate a dire state of wild stocks.

Madagascar’s report on its progress under the action plan refers to three studies funded by the World Bank, which have been completed and have been or will soon be validated by Madagascar’s Steering Committee, covering an 1) inventory and registration of current stockpiles; 2) legal assessment of disposal options; and 3) feasibility study of disposal options. Contrary to the original Terms of Reference provided by the World Bank for these studies, Madagascar’s report (SC65 Doc. 48.2) characterizes the second and third studies as 2) a “legal assessment in respect of the sale of the stocks” and 3) “evaluation of options available to sell off the stockpile.”

EIA *recommends* that the Standing Committee direct the Secretariat to request full disclosure of the results of all three studies, specifically answering why other non-sale disposal options have already been rejected.

SC65 Doc. 49.1, Annotations: Report of the Working Group

At CoP16, in Decision 16.162 (SC65 Doc. 49.1(5c.)) the Secretariat recognised that an Interim Working Group on Annotations was needed to broadly address Decisions relevant to annotations, with the specific remit to evaluate the existing annotations for plants taxa listed in both Appendix-II and III and submit these

reports to the 65th and 66th Standing Committee meetings.

EIA notes that one of the functions of the Working Group's evaluation was to focus on the parts and derivatives primarily exported from range states and those commodities that dominate the trade. EIA investigations found that the practical intent of Annotation 5 to restrict the trade in *D.cochinchinensis* to logs, sawn timber and veneer was limited in its aim to conserve the species as it has instead created a 'legitimate' market in rudimentary semi-finished products; a market which EIA has found to dominate the trade and demand for the wild resource.

EIA believe that there is an urgent requirement to address the instances in which increasingly rare species, such as *D.Cochinchinensis* and look-alike taxa, can be protected by removing all annotations from Appendix II listings so that the listing is understood to cover all parts and derivatives, as noted in SC65 Doc. 49.2 (paras 7-10).

Additionally, in line with the review of annotation interpretations as per SC65 Doc 49.1, EIA is concerned by the interpretation of 'semi-finished' products and has found that the Annotation 5 restriction on *D.Cochinchinensis* is circumvented by traders across the Mekong. Logs that had been processed in the most basic manner were exported as supposed 'semi-finished products'.⁷

EIA recommends that the Standing Committee:

- prescribe a deadline for the completion of the timber trade study as called for in Decision 15.35 so that the Working Group on Annotations can review annotations as a matter of priority;
- direct the Interim Working Group on Annotations to evaluate the instances in which increasingly rare species, such as *D.cochinchinensis* and look-alike taxa, can be protected by removing all annotations from Appendix II listings so that the listing is understood to cover all parts and derivatives, as noted in SC65 Doc. 49.2; and
- direct the Interim Working Group on Annotations to convene in sufficient time to be able to provide findings and recommendations to the 66th Meeting of the CITES Standing Committee.

References:

¹ EIA (May 2014), *Routes of Extinction: The corruption and violence destroying Siamese rosewood in the Mekong*, <http://eia-international.org/routes-of-extinction-the-corruption-and-violence-destroying-siamese-rosewood-in-the-mekong>.

² EIA investigators found companies smuggling *D.Retusa* and *Malagasy Rosewood* into China, often via Hong Kong.

³ <http://news.mongabay.com/2014/0603-singapore-madagascar-rosewood-bust.html>

⁴ http://www.africaintelligence.fr/c/dc/LOI/Lettre_JOB_Bois_de_Rose_2014.pdf

⁵ EIA (May 2014), *Routes of Extinction*

⁶ Association Mahavonjy : Soutien massif à Jaovato et à « Hery Vaovao », Dec. 3 2013, R.O.: <http://www.midi-madagasikara.mg/politique/2013/12/03/association-mahavonjy-soutien-massif-jaovato-et-hery-vaovao/>; Anhelme Ramparany: un ministre du trafic de bois de rose? April 22, 2014, <http://www.tananews.com/2014/04/anelhme-ramparany-un-ministre-du-traffic-de-bois-de-rose/>;

⁷ EIA investigators found sawn *D.Cochinchinensis* logs with superficial carvings that were exported as semi-finished products. *D.cochinchinensis*, when used as a raw material, is subject to CITES Annotation 5 restrictions.



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