

PROJECT COMPLETION REPORT

**SUPPORTING SMES AND IMPORTERS OF TROPICAL TIMBER
FOR A BETTER UNDERSTANDING OF CITES AND THE NEED
TO COMPLY WITH CITES RULES IN CHINA**

TMT-SPD 023/15 Rev.1 (M)

**HOST GOVERNMENT:
The People's Republic of China**

**EXECUTING AGENCY:
Research Institute of Forestry Information and Policy, CAF**



INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO PROJECT

Title	Supporting SMEs and Importers of Tropical Timber for A Better Understanding of CITES and the need to Comply with CITES Rules in China	
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Duration	18 months	
Starting Date	12 st October 2015	
Proposed budget and other funding sources	Source	Contribution (in US\$)
	ITTO	150,000
	Government of P.R. China	96,800
	Total	246,800

LIST OF ABBREVIATIONS AND ACRONYMS

CITES	The Convention on International Trade in Endangered Species of Wild Fauna and Flora
COP	CITES Works Conference of the Parties
EA	Executing Agency
ESMO	Endangered Species Management Office
FPI	Forest Products Index Mechanism
GAC	General Administration of Customs
ITTO	International Tropical Timber Organization
TMT	ITTO Thematic Programme on Trade and Market Transparency
RIFPI/CAF	Research Institute of Forestry Policy and Information of Chinese Academy of Forestry
SFA	State Forestry Administration of China
SME	Small and medium enterprise
USD	United States Dollar

Table of Contents

Executive Summary	6
1. Project identification	6
1.1 Context	6
i) Social, economic and environmental context	6
ii) Project location and relevant national policies	7
Relevance to target countries' policies	7
1.2 Origin and Problem.....	9
i) Origin	9
ii) Main problems addressed	11
2. Project Objectives and Implementation Strategy	13
i) Project objectives	13
ii) Implementation strategy.....	13
3. Project Performance.....	15
(a) Specific objective.....	16
(b) Outputs and related activities.....	16
(c) Schedule	19
(d) Total amount of expenditure	19
4. Project Outcome, Target Beneficiaries Involvement	19
i) The extent to which the project specific objective was achieved.....	19
ii) The existing situation.....	22
iii) The participation of target beneficiaries	23
iv) Project sustainability	24
5. Assessment and analysis	24

i) Project rationale and project identification process	24
ii) The results of the identification process	24
iii) Critical differences	25
iv) Time and project inputs.....	26
v) Project beneficiaries	26
vi) Project sustainability	27
6. Lessons Learned	28
a) Project identification and design matters	28
b) Operational matters	28
7. Conclusions and Recommendations.....	29
i) Conclusions and recommendations	29
ii) Comment on the potential for replication and/or for scaling up.....	29

Executive Summary

1. Project identification

1.1 Context

i) Social, economic and environmental context

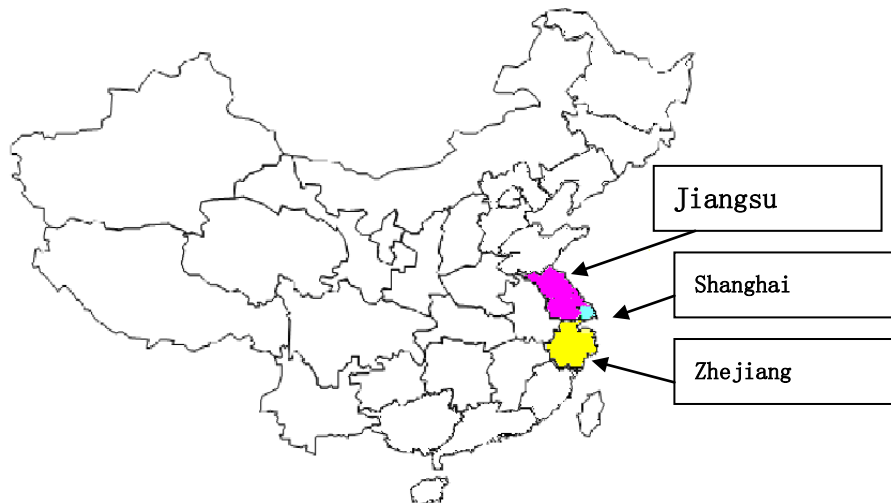
The total project area covers approx. 211 thousand sq. km. or around 2.19% of the country but is home to a population of 156.1million or around 10% of the total for China. The latest available figures show that in 2016 the contribution of the project area to national GDP was some RMB 15003.74 or around 20% of the total GDP of the country. Besides being an important economic area in China the Yangtze River Delta area is also a very important tropical timber importing and processing area. Zhangjiagang city in Jiangsu province is the biggest port for import tropical timber with around 30% of all the tropical logs being imported through this port every year.

Shanghai City, is both a major manufacturing and consuming center in China. Of the tropical timber imported into China more than 60% is via Jiangsu, Zhejiang, Shanghai and Shandong province (ling Fengmin ,2008).There are more than 4800 redwood furniture manufacturers in The Yangtze River Delta area. The Yangtze River Delta area was the pioneer of private economic development at the beginning of China's "Opening and Reformation" and remains the most active economic area in China. Importers and Manufacturers in this area are opinion leaders in China and have a high level of manufacturing competitiveness in the domestic markets.

The SMEs and importers in the area chosen for this project are familiar with ITTO through the project "Equipping small and medium sized forestry enterprises in China for procurement of tropical timber from legal and sustainably managed forests ITTO "(TFL-PD 017/09 Rev.2 ,2011-2014). The SMEs and importers in the target area are receptive to new ideas and concepts and have expressed a willingness to actively participate in the project being proposed.

There were no negative environmental aspects foreseen from either implementation of this project or the continuation by the SMEs and importers of activities promoted by this project. There are positive environmental benefits expected from this project at the level of the enterprises, at a national level and ultimately at an international level.

A map of the proposed project area is provided below.



ii) Project location and relevant national policies

To address the problems faced by the SMEs and importers this project will be implemented in Shanghai, Zhejiang province, Jiangsu Province, all located within Yangtze River Delta area. The project area is home to one of the largest tropical timber and timber products trading centers in China and is the hub of economic activity in the country.

Zhangjiagang City in Jiangsu province (the largest port of entry for tropical timber in the region) handles approx. 45% of the total tropical timber imports into China.

Shanghai is the centre for semi-manufactured products for both domestic consumption and import. Large volumes of tropical timber are consumed by manufacturers in this area. Of the tropical timber imported by China more than 60% is processed in the Jiangsu, Zhejiang and Shanghai area (Ling Fengmin,2009).

There are 4000 redwood manufacturer in Jiangsu and Zhejiang provinces, ranking first in all provinces. There are not only convenient traffic conditions for import of mahogany raw materials, but also the inheritance and development of traditional carving techniques.

Relevance to target countries' policies

➤ **Compliance with China's ratification of CITES**

In 2017 China will celebrate its 36th anniversary of joining CITES after it became the 63rd Party to do so, in 1981. At the 30th anniversary the CITES Secretary-General, said: “Our common goal is to save species at risk of imminent extinction by making them subject to particularly strict regulation, and to ensure that international trade in biodiversity remains legal, sustainable and traceable. To this end China’ s CITES authorities were praised for their

substantial ongoing efforts to address these universal goals, particularly in the fields of national legislation, law enforcement, scientific research, capacity building and public awareness.”

The rapid economic development experienced by China in recent years has created new challenges and opportunities for the conservation and sustainable use of wild animals and plants and China has taken significant domestic measures to meet those challenges and the resources it devotes to the implementation of CITES trade regulations are significant.

Its 130 full-time staff and 22 branch offices in mainland China, in addition to the offices in the Special Administrative Regions, makes China’s CITES Authority one of the largest in the world.

➤ **Compliance with the State Forest Administration policies and measures in “The Tenth Five Plan in Forestry (2001~2005) and the 2010 Long-term Planning”:**

- To extensively promote and popularize sustainable forest management and forest certification system, put an end to illegal logging and disseminate information on illegal transactions, increase public awareness of ecological and environmental protection.
- Strengthen the supervision and management of domestic markets for forest products. Create conditions for the orderly flow of the market and for sustainable forest management and to take steps to achieve an acceptable certification system.

➤ **Compliance with a series of actions of the Chinese government**

- China’s national Forest Certification Standard has been promulgated and is being tested out pilots in several forest areas.
- Initiated by China, Australia and the United States together, the “Asia-Pacific Forest Rehabilitation and Sustainable Management Network” was established.
- “Forest Law Enforcement and Bilateral Policy Coordination Mechanism” with European Union was signed and the two sides will cooperate in reducing consumption of illegal timber and fight against illegal logging and trade.

➤ **Compliance with a series of actions of the Chinese government for SMEs**

- Moving industries towards quality and from quantity expansion, from expansion to sustainable development and from the simple pursuit of economic benefits to more emphasis on a combination of improving economic efficiency and fulfilling social responsibility.

- Although the above objectives and plans are highlighted for small and medium-sized industrial enterprises at national level, there is still no such specific objectives and plans for SMEs. It is exactly one goal of this project to develop a series of policy recommendations for the consideration of the relevant decision-making government agencies.

1.2 Origin and Problem

i) Origin

It has been nearly 40 years since CITES was established in July 1st of 1975. Increased exploitation of wild plants and animals, coupled with an expanded trade in wild species, the destruction of natural habitats and other factors has resulted in declines in populations and even extinction of some species. The aim of CITES is to ensure that international trade in specimens of wild animals and plants does not threaten their survival. As the number of endangered species rises so has the number of forest related species listed in the CITES Appendices.

At the CITES COP 14 meeting in 2010, the total number of wood species covered in the CITES Appendices reached to 110, of which 6 were under Appendix I, 94 under Appendix II, and 10 under the Appendix III. After the 16th CITES COP meeting in 2013, the total number of wood species covered under CITES Appendices is 246, including 6 under Appendix I, 231 under Appendix II and 9 under Appendix III.

China officially joined CITES in 1981. The State Forestry Administration (SFA) established an Endangered Species Management Office (ESMO) which is responsible for CITES enforcement. The ESMO is also charged with answering questions from enterprises on trade and marketing of species listed under CITES Appendices.

However, neither tropical timber importers nor the small and medium sized timber enterprises (SMEs) in China are familiar with CITES regulations and neither group has the capacity to assess the impact on business from changes in CITES and they fail to adapt sourcing and procurement to take account of additions to CITES. With the continual increase in the number of species being included in the CITES Appendices, especially commercial timber species, importers and wood processing enterprises are not being provided with timely information on these new additions.

Further, the pace of additions of commercial timbers to CITES is becoming of growing economic importance such that it is necessary to carry out systematic research and assessment of the impact on enterprises to avoid CITES becoming a negative influence on

China's trade in wood products. An analysis of the impact of changes to CITES will also provide a sound basis for policy decisions at the national level to eliminate the risk to enterprises from inappropriate policy decisions.

There is an urgent need to improve delivery of CITES information and advice and guidance on compliance with CITES to SMEs and importers and to build their capacity to assess the impact of changes to CITES. When this is achieved enterprises will be able to adjust their procurement systems, business plans and marketing arrangements and adapt to the new trading environment to enhance the capacity of enterprises to further protect endangered tropical timber species.

In regard to dissemination of information on CITES an ITTO-CITES Program is being implemented to provide specific assistance to countries at the national level throughout the tropics especially in regard to providing guidelines and case studies for making "Non Detriment Findings" (NDFs) for CITES listed tree species, and to develop and disseminate tools for timber identification. To accomplish its objectives the ITTO-CITES Program conducts specific activities including planning and management, forest management and social economic and institutional activities. However, this ITTO Program does not focus on raising the awareness of private sector enterprise or their capacity to adapt business planning to account for changes in CITES regulations.

As new commercial timbers are added to CITES Appendices the following issues arise:

- There is a lack of information distributed on wood species listed under CITES and there is no professionally managed and efficient information sharing platform where CITES related information and knowledge can be released and disseminated periodically.
- Most SMEs and importers are not aware of the CITES mechanism and thus do not build this into their procurement practices or business and marketing plans. Information on before listed timbers can be utilized is very important for business planning.
- Faced with the constant evolution of CITES importers and SMEs are at a loss as to how they should adjust sourcing and procurement and they have nowhere to look for support.

ii) Main problems addressed

In order to protect endangered species more and more commercial tree species are being added to CITES Appendixes and this will continue as resource rich countries harness the CITES mechanism as an additional tool to protect natural tropical forests.

Additions of commercial tree species to CITES will impact procurement, manufacturing and marketing. However, neither importers and small and medium sized enterprises fully understand the limits on trade in CITES listed timbers nor have the information and capacity to understand how CITES regulations will impact their business performance.

In China there has been no analysis of how changes in CITES regulations impact domestic enterprises that utilize and trade products manufactured from tropical timbers. This stems from a lack of appreciation of the economic and financial impacts and effects of CITES on SMEs and importers.

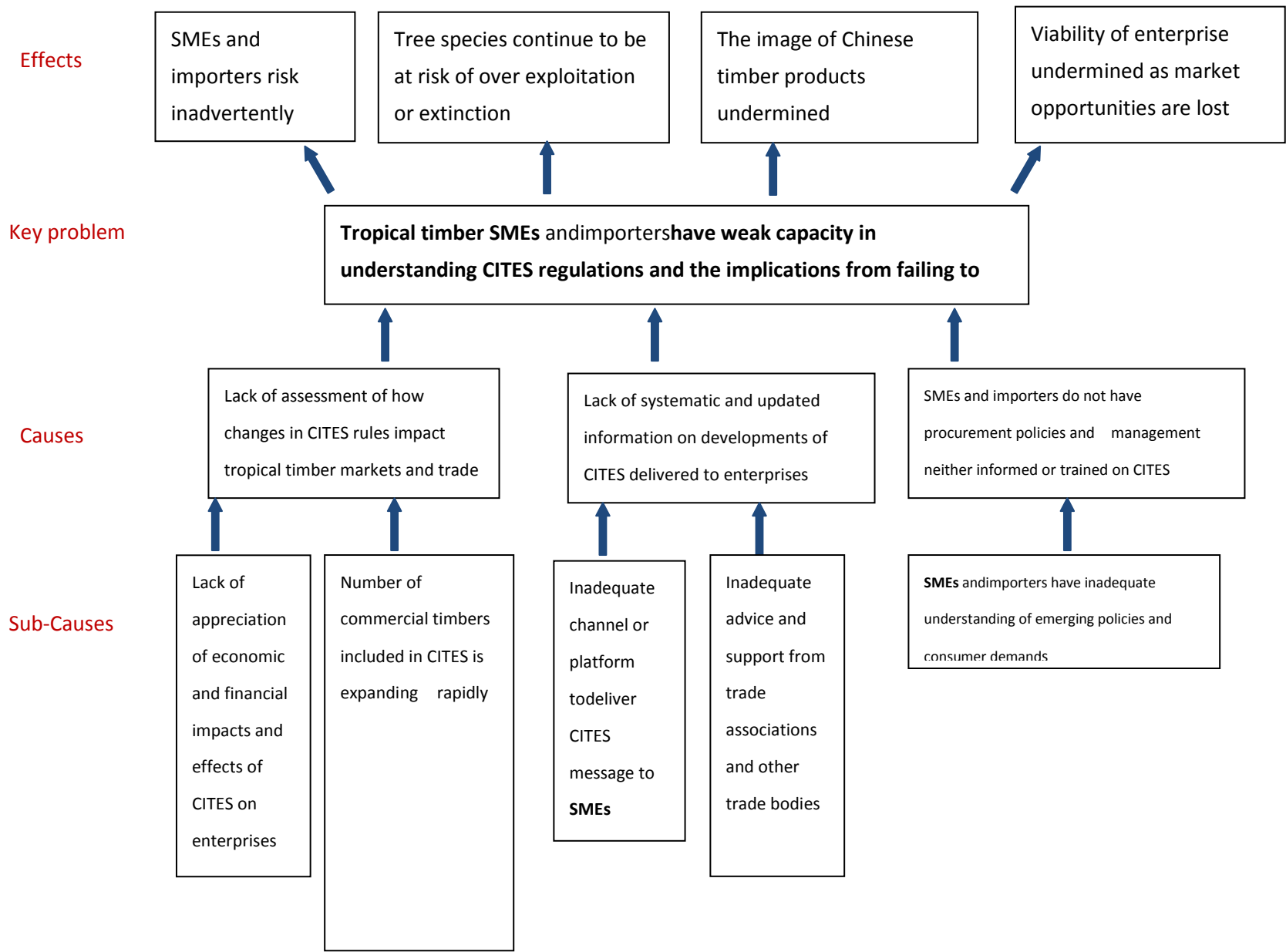
This weakness is compounded by the absence of updated information on developments of CITES being delivered to enterprises in a form that can be readily understood. At present the trade associations are equally as uninformed on CITES as the SMEs and importers and as a result cannot offer adequate advice and support to members. Because of this SMEs and importers have not developed procurement and marketing strategies to allow compliance to changes in CITES.

The key problem of the project identified that tropical timber SMEs and importers have weak capacity in understanding CITES regulations and the implications from failing to comply.

The net result of this problem is that enterprises risk inadvertently using CITES listed timbers which undermines efforts to ensure species are not overexploited. A failure to comply with CITES and the marketing of listed timbers for which the CITES documentation has not been secured undermines the image of Chinese timber products and ultimately the viability of the enterprise as market opportunities are lost.

The key problem of the project, its causes and effects are shown in the problem tree below (seen next page)

Figure 1: Problem Tree



2. Project Objectives and Implementation Strategy

i) Project objectives

The development objective of this proposal is:

To contribute to the efforts of the Chinese government in meeting its international commitment in respect of the CITES listing of commercial timber species and by so doing support tropical timber producing countries in the management of their forest resources.

The expected impact indicators are:

- Long-term growth in China's consumption of tropical timber from sustainable and legal sources.
- Improved international market access for tropical timber products from verified legal and sustainable sources.
- Strengthened enforcement of CITES regulations in support of the management of tropical forests.
- Transparency and information sharing as the basis for policy decisions in relation to the verification of timber legality and timber procurement.

ii) Implementation strategy

The communication platform will be integrated into the existing Forest Products Index Mechanism, (FPI) which was established through a previous ITTO project (Equipping small and medium sized forestry enterprises in China for procurement of tropical timber from legal and sustainably managed forests ITTO TFL-PD 017/09 Rev. 2)

The FPI has an extensive network of SMEs and importers totaling over 4000 and a large number of these are in the project area and are the target SMEs and importers for the current project.

A communications platform for dialogue between SMEs and importers will be established and this will link those SMEs and importers requiring information, advice and guidance with experts and consultants.

The experts/consultants were from the Chinese Customs, China's Endangered Species Management Office, SFA, Timber Import and Export Inspection and Quarantine Bureau of Zhangjiagang, Beijing Wood Industry Chamber of Commerce, Shanghai Timber Trade Association, Zhangjiagang Timber Association and China Timber Trade Association and other

stakeholders. One consultant from Chinese Customs and one consultant from the timber association will assist the executing agency implement the project. One unique aspect of the project will be its implementation conducted in close consultation and collaboration with all stakeholders, including private sector importers and operators of tropical timber forest industries as well as from individual enterprises and CITES-related government officers.

There were three channels of involvement and consultation for the stakeholders of this project:

1. Communication will be based on the methodology refined in implementing the FPI project to effect information exchange and shared experiences amongst existing enterprises. Currently, over 100 enterprises are FPI members. These are distributed in 33 cities/counties around China. Subscribers of FPI have reached 4700. Because a vast SMEs and importers network already existed, it is feasible to conduct the investigation survey for the SMEs and importers based on the existing FPI network.
2. Through the FPI platform, domestic experts and consultants, the Chinese Customs, the Endangered Species Office and the SFA have agreed to cooperate to provide information, advice and guidance regarding CITES requirements and trading policies.
3. Taking advantage of the cooperative relationships between the Shanghai Timber Trade Association, the Zhang Jiagang Timber Association, the China Timber Trade Association and the Beijing Wood Industry Chamber of Commerce, it be possible to organize the training workshop on CITES policies and requirements.

All stakeholders were consulted during the various stages of the project to achieve a **dual feedback** i.e, from the consultants themselves and from the enterprises involved. During the entire period of project implementation, the Executing Agency will be fully responsive to making available feedback and comments from all stakeholders.

Regarding methodology to be adopted for the impact survey, this project adopted a combination of sampling and structured surveys. Enterprise were selected according to product type and enterprise size in the project area. Interviews and questionnaires were used to assess enterprises' basic knowledge and perceptions of CITES and the market impact of changes in CITES. The economic analysis was also prepared in consultation with the Beijing Wood Industry Chamber of Commerce, the Shanghai Timber Trade Association, the Chinese Timber Distribution Association, the Chinese Forestry Industry Association.

The project also used SPSS (Statistical Package for Social Science) to study China's SMEs' and importers production, trading management, market situation and identify major factors which limit the capacity of SMEs' and importers to comply with CITES requirements .

The methods and approaches tested and refined in the project area were capable of replication in other areas thus supporting the aims of CITES and the Chinese government to ensure that international trade in tropical timber species is sustainable and does not threaten their survival.

Expertise required and expected competency

The proposal was to engage qualified consultants with extensive experience and in-depth knowledge of the markets for CITES-listed commercial timbers, the global tropical wood products trade and trends in the utilization of CITES as another tool for eliminating the trade in illegal tropical timber.

Data collection procedures:

This proposal employed extensive literature search to review available information as described in activities 1.1-1.3, 2.1 and 3.1. A survey instrument was developed for primary data from tropical timber traders and processing enterprises and information from consultations involving key stake holders and will involve contributions from China Customs and the Endangered Species Management Office of the SFA .

The methodology ensured that the project addresses specific information gaps and minimizes duplication of previous work by ensuring use of extensive related work already undertaken by the Endangered Species Management Office of the SFA and the ITTO-CITES Programme.

3. Project Performance

On completion of this project, the following has been achieved in relation to the specific objective, planned outputs and related activities. No adjustment was made during the implementation of project activities and all outputs and activities were satisfactorily completed.

The results of the planned activities and outputs of the project were very effective in satisfying the specific objective as set in the project documents, also successful in supplying SMEs and importers with CITES regulations and Appendices, and making them to adapt business practices to meet the challenge from additions of commercial timbers to CITES Appendices.

The accomplishments in relation to planned elements of the project are:

(a) Specific objective

Specific objective	Performance
To raise the capacity of SMEs and importers of tropical timber in Yangtze River Delta area to understand and to prepare procurement strategies and business plans to take into account the development of CITES Appendices, with a view to improving market transparency and promoting the trade in tropical timber from sustainably managed and legally harvested forests.	<p>One report entitled “Analysis of trends and impact on China’s timber trade of commercial timbers included in CITES” published and disseminated.</p> <p>A mobile web and web-based communication platform for information dissemination and exchange on the updated CITES information to SMEs and importers.</p> <p>30 issues(twice a month) of CITES updates and information disseminated to 1000 subscribers to mobile webpage, a Wechat public account, and website.</p> <p>Training workshops for 100 representatives from SMEs and importers in the project area.</p>

(b) Outputs and related activities

Output 1 Publish and disseminate a report entitled “Analysis of trends and impact on China’s timber trade of commercial timbers included in CITES”

Activity	Planned	Implemented
1.1	Collect and review relevant materials.	Completed. Related materials and custom and industry data have been analyzed. The trade flow and development of timbers in CITES listings especially the Dalbergias have been included
1.2	Interview and survey both SMEs and other stakeholders	Completed. Interviewing the directors from Multilateral division of the International Cooperation Department in SFA , Endangered Species Management Office, the scholar of research institute of wood industry, Chinese Academy of Forestry, and the related entrepreneurs was been arranged to get overall information and deeply understand the relation between Chinese forestry and CITES.
1.3	Draft and finalize the report	The report of “Analysis of trends and impact on China’s timber trade of commercial timbers included in CITES” has been composed.
1.4	Convene a workshop for discussion on the report and related trends and impact on China’s timber trade in relation to CITES	<p>Completed. Several specialists on the behalf of different stakeholders took part in the workshop and assessed the trends of and the impact on trades of China’s timber listed in CITES.</p> <p>The following data and materials have been analyzed:</p> <ul style="list-style-type: none"> ➤ Analyzing the influence of CITES-listed species on Chinese timber enterprises, taking rosewood as the example. The data comes from China Customs. ➤ Putting forward some policy advices according to the reports’ conclusions
1.5	Print and publish final report (in both English and Chinese)	Completed. The research report “Analysis of trends and impact on China’s timber trade of commercial timbers included in CITES” has been published in both Chinese and English.

Output 2. A mobile web and web-based communication platform for information dissemination and exchange on the updated CITES information.

Activity	Planned	Implemented
2.1	Establish a CITES webpage linked to the CAF Forest Products Index (FPI) web and establish a CITES activity Wechat mobile webpage linked to FPI Wechat mobile web.	Completed. The CITES Wechat address which releases the latest news about CITES to SMEs in China, has set up links to CITES website, such as https://cites.org and http://www.cites.gov.cn .
2.2	Prepare updates bimonthly on CITES related information, including 5 special issues focusing on Dalbergias.	Completed.
2.3	Publish 30 issues of CITES updates and information and disseminate to 1000 subscribers through the CITES-FPI Wechatmobile web and website, and provide advice and guidance based on Q and A from SMEs and importers.	Completed. Providing updated information on CITES and releasing 30 issues of CITES news on wechat, including 9 issues concerning Dalbergias. CITES-FPI, The Wechat Official Account has attracted more than 4000 subscribers, who can easily leave messages below the bottom of every article. According to the information, professional and oriented advice and guidance can be provided.

Output 3 Training workshops for 100 representatives from SMEs and imports in the project area

Activity	Planned	Implemented
3.1	Set up training group,	Completed. The training group organized, including members from executing agency and other

	confirm training plan.	co-organizers, and the training plan consisting of training topics, publicity, training place of workshop and so on, has been confirmed and carried out.
3.2	Prepare the training materials.	Completed. Training and materials have been prepared, and some experts have been invited to give the lectures in the workshop training. The training's topics are as follows: the CITES-listed species' and the list's change, the regulatory requirements and etc.
3.3	Conduct two training workshops for 100 representatives of SMEs and importers.	Completed. Training courses for 100 representatives of SMEs were conducted in Shanghai.

(c) Schedule

Starting date: **12th October 2015**

Duration: 21 months (from **October 2015** to **March 2017**, the last three months are the added time)

(d) Total amount of expenditure

The total expenditure was US\$ 150,000 from the ITTO contribution. Overall project budget was spent as planned.

4. Project Outcome, Target Beneficiaries Involvement

i) The extent to which the project specific objective was achieved

The satisfactory achievement of the specific objective through the outputs and activities of this project have contributed significantly to the realization of the development objective.

The specific objective of this project was to raise the capacity of SMEs and importers of tropical timber in Yangtze River Delta area to understand and prepare procurement strategies and business plans to take into account the development of CITES Appendices,

with a view to improving market transparency and promoting the trade in tropical timber from sustainably managed and legally harvested forests.

The immediate beneficiaries of this project were:

- the Chinese Customs
- The SFA which formulate China's forestry and wood products trading policy
- China's Endangered Species Management Office
- Timber Import and Export Inspection and Quarantine Bureau of Zhangjiagang
- SMEs and importers engaged in forest product trading
- The Shanghai Timber Trade Association
- Zhangjiagang Timber Association
- China Timber Trade Association
- Beijing Wood Industry Chamber of Commerce

Following an extensive survey of stakeholders, a project research report analyzed the import situation of the endangered timber in China and the impact of CITES-listed timber changes on SMEs and importers. This report provided the foundation for follow-up activities including training, advice and information delivery to the SMFEs.

The research report is organized as follows:

This report investigates the China's trade requirements for CITES regulated tree species and CITES regulated tree species by ways of literature review, analyzes the structure of China's imports of CITES regulated tree species using the CITES trade database, analyze the trend of China's imports of CITES regulated tree species from 2009 to 2015 using data from China Customs, field interview and interview with stakeholders, focuses on the effect of the expansion of CITES regulated tree species on Chinese timber enterprises. Based on the above analysis, this report offers some suggestion.

Chapter 1 presents the CITES related laws and regulations in China and China's trade requirements for CITES regulated tree species. The Regulations of the People's Republic of China on the Administration of the Import and Export of Endangered Wild Animals and Plants is a specific administrative regulation for China mainland to fulfill the CITES. According to this regulation, a trade procedure with clarified legislation supports and operational process has been well established.

Chapter 2 introduces the CITES regulated tree species. Since 2007, CITES is expanding its control scope to all kinds of timber, especially to tropical tree species. After this meeting, 18 species identified in the China National Rosewood Standard have been listed in CITES appendices, including 1 in Appendix I, 17 in Appendix II. Specifically, *Dalbergia nigra* is included in Appendix I and rosewood species listed in Appendix II are mainly *Dalbergia* and *Pterocarpus* genera:

Chapter 3 analyzes the structure of China's imports of CITES regulated tree species, including the regional distribution, transaction purpose, supply countries and the sources. CITES Trade Database shows that from 2009 to 2015, China imported CITES regulated timber covers 18 genera and 28 species, including 2 species listed in Appendix I, 22 species listed in Appendix II and 4 species listed in Appendix III. Due to the rarity of those species, most of those imported species are scattered, non-continuous with small amount

Chapter 4 analyzes the trend of China's imports of CITES regulated tree species, including the trend of importing main endangered tree species, endangered tropical tree species timbers, *Bulnesia sarmientoi* and some specific tree species.

Chapter 5 analyzes the effects of CITES regulated tree species on Chinese timber enterprises based on field investigation. Inclusion of tree species into CITES appendices will affect the price of raw material, showing fluctuating in a short period then keeping steady. But the import price of this species will increase at a certain degree. However, traders suffer the most from raw material price rising, impacts on manufacturers depend on the market demand.

Chapter 6 takes *Fraxinus mandschurica* as an example to analyze the impacts of the expansion of CITES regulated tree species on Chinese timber enterprises. The import enterprises have been significantly impacted by the inclusion of *Fraxinus mandshurica* into CITES Appendix III in 2014. On the one hand, some small enterprises have to shut down their business. In 2014, enterprises withdrew *Fraxinus mandschurica* import business accounted 17.2%. On the other hand, enterprises with abundant funds raise their stocking volume. Above facts both would increase the concentration of the market. Before 2014, top 30 enterprises share about 92% of the market, up to 96% in 2014. In 2015, the proportion raise again to 98%.

Chapter 7 analyzes the Challenges and opportunities of Chinese medium and small scale enterprises to compile with CITES.

Chapter 8 offers some policy recommendation, such as accelerating the preparation of guideline and strengthen CITES related training activities, create communication channels through effective use of WeChat, Weibo and other social media, achieve online application of CITES permission certificate, shorten the approval time, etc.

In order to complete the research report, major project activities and outputs included data collection, survey SMEs and importers in project area, analysis and preparation of interim reports.

This ITTO project has attracted considerable attention. Two research papers have been published in authoritative journals. *Trade dynamics of the CITES-listed Timber Species* is published in the *World Forestry Research*(2017,Vol 30,No.2).*The impact of new-added CITES-listed timber on Chinese timber enterprises* is published in the *Forestry Economics*(2017,Vol 3).

The website (http://www.chinafpi.org/cn/Supply_List.aspx?MC_ID=148)and the Wechat as one output of this project, relying on the support of FPI mechanism, will continue to be operated as the 'platform' for updating information of CITES and disseminating to the enterprise. Meanwhile, the official account of FPI releases all information to stakeholders at the same time.

The FPI mechanism is the first non-profit 'platform' to support member enterprises contribution of their operation information and policy suggestions as a group. This monthly flow of information benefits the whole industry, government agencies, research institutes and associations. Further, it shapes the form of communication between stakeholders for the sharing of information and has been widely accepted an efficient channel to disseminate information on procurement and sustainability issues to enterprises. This will continue after this project and continues to be supported by the SFA and the Shanghai Timber Association to allow policy and information sharing and dialogue.

The communication platform provides the opportunity and means for timber SMEs and importers communicating with related management departments on policy and market developments. Currently there are over 4930 users who can access the site to obtain a wide range of market, trade and policy information.

ii) The existing situation

The situation after project completion is described below:

A research report entitled "Analysis of trends and impact on China's timber trade of commercial timbers included in CITES" has been disseminated, which has been helpful for relevant industrial associations and groups and enterprises trading tropical timber to have a better understanding of the salient issues and has helped the SMEs and importers understand the CITES' procedures and authority management's requirements ,and promoting the trade in tropical timber from sustainable managed and legally harvested forests.

The communication platform (FPI) has become well established and is generating an extensive exchange network of international forest product information as well as CITES news and notice about species of trees.

The publishing of reference materials (analysis and investigation report as well as a newsletter) on the FPI website the project is enhancing stakeholders' understanding of CITES and its background, foundation aim and trade requirement. This project has created a better understanding for achieving the balance between importer and exporter of CITES-listed timber. At the same time this project is also helpful for domestic SMEs and importer when they come to choose the timber species to import and prepare marketing strategies.

The continuation of activities started by the project is enhancing the resource and information base and the links between the SMEs and importer in China and in the exporter of CITES-listed timber species. Chinese manufacturers and importers at home and abroad now have a better understanding of CITES purpose and trade requirement. The information of CITES-listed timber species, professional knowledge and related news will be delivered via the daily updated FPI public Wechat Account and FPI website.

In addition, the EA established a close relationship with government agencies such as State Forestry Administration, Ministry of Commerce and the General Administration of Customs during implementing the project.

The Planning and Financial Departments of the SFA now pay attention to the trade situation of CITES-listed timber (especially the endangered tropical timber) and on related trade issues and have initiated further work through some new projects focusing on tropical timber trade and SMEs. Some of this work has been allocated to the EA. In addition many industry and trade, Associations around China want to cooperate with the EA to tap into the information services arising from this project.

iii) The participation of target beneficiaries

During implementing the project, target beneficiaries and their participation was as follows:

- Government authorities, including State Forestry Administration, Ministry of Commerce, Customs, and China's Endangered Species Management Office, participated in activity 1.1, 1.2, 1.4 and 3.3.
- SMEs and importers engaged in forest product trading participated in activity 1.2, 2.3 and 3.3.
- Related associations, including Zhejiang Flooring Association, China Timber and Wood Products Distribution Association, Shanghai Timber Trade Association etc., participated in activity 1.2, 2.3, 3.1, 3.2 and 3.3.

iv) Project sustainability

The important output of this project, Output 2, the SMFEs-Government stakeholder information-sharing forum(including FPI Wechat and website) , is now being continued by the Research Institute of Forestry Policy and Information (RIFPI), of the Chinese Academy of Forestry and the Center for International Forest Product Trade within the SFA. RIFPI will the sustainability of the forum and its web based industry service.

The project team has close relationships with both domestic timber related associations and domestic SMEs as well as importers. At the same time, the project team continues maintain the information exchange with stakeholders through the platform FPI Wechat account so as to distribute updated CITES' information and related news to domestic stakeholders, and gather SMEs and importers' feedback and to communication between the SFA and related administrators.

The project team has published two academic papers in the core journals of China's forestry journals. According to the investigation, there are few papers about the trade analysis of CITES-listed timber species, even about the CITES. Therefore, the study fills the gap in CITES research. The EA has the most comprehensive international trade data, which supplies a base for the academic research. So the academic study on the CITES will keep on.

5. Assessment and analysis

i) Project rationale and project identification process

When preparing the Project proposal the EA went through a very through process of literature search and surveys to gain insight into the important and relevant issues. At the same time the EA consulted different stakeholders to solicit their contributions to the proposal, including Forest Products Statistic Division of State Forestry Administration, China's Endangered Species Management Office, Chinese Customs, China Timber and Wood Products Distribution Association ,Shanghai Timber Trade Association, and many enterprises. The rationale was well researched and project activities formulated with inputs from stakeholders.

ii) The results of the identification process

The conceptual foundation of the project was well thought out and found to be adequate for addressing the project rationale, perception of both internal and external influences and

risks which were identified during the project formulation stage and appropriately documented in the logical framework matrix.

The roles and responsibilities of the Executing Agency, technical committee, consultants and other stakeholders were adequately and appropriately defined and this lent to the smooth execution of the project.

There was effective participation and inclusion of beneficiaries in the project implementation and this led to the success of the project and also facilitated more trust within the stakeholders group lending to greater understanding and agreement with the expectation of more support in the implementation of established national policies and practices

From the realized project performance and outcome, it can be seen that the Project was adequately designed through correct definition of problems, the accurate identification of project objectives, and the viable choice of implementation strategy. At the same time, the identification process was closely linked to different stakeholders; this ensured the project was able to create impacts to the right target beneficiaries.

iii) Critical differences

In the original work plan the implementation of this project was to have been completed in March 2017. While most of the project activities had been completed on time and successfully carried out there were some unexpected factors which affected implementation of activities related to Output 3 “Training workshops for 100 representatives from SMEs and imports in the project area” this caused a delay in completion of the project for 3 months hence the actual project duration was 21 months due to the following reasons:

Activity 3.1-3.2 of Output 3 aimed at hosting a training workshop for 100 representatives from SMEs and imports in the project area. The success of this project was largely based on the implementation of this output as well as those activities. It was also closely related to the issue of sustainability of this project after its completion;

During the implementation of this output, the training and materials was prepared, and the experts were invited to give the lectures in the workshop training. However, early spring festival affected the workshops’ timing. The data of Chinese Spring Festival is January 28, 2017, which came almost a month earlier than usual. Therefore, the importers and SMEs are much busier in March. In order to make training more extensive and more influential, the project team consulted the related associations and the enterprises. Finally the training were arranged in June. In 22 June, the training workshop was held in the biggest wood

museum, Zunmuhui Wood Culture Museum. More than 100 representatives of SMEs attended the workshops.

iv) Time and project inputs

The duration of this project there was extended at no cost to ITTO for 3 months. During the project implementation the executing agency gave great support in terms of personnel and equipment, financial resources, data resource etc. Project team members were actively responsible in their roles and stakeholders actively contributed support to the project when necessary. The ITTO Project Manager and the international consultant also provided valuable comments and ideas during project implementation.

v) Project beneficiaries

The following two tables show the main benefits which the project provided to direct and indirect beneficiaries.

The project's direct beneficiaries	Benefits from the project
Domestic small and medium companies, enterprises and trading markets engaging in tropical forest product trade and operation	Fully understand the significance and requirements for trade in CITES-listed tropical timber species and get timely market and policy information, then make sound marketing strategies to deal with those changes.
Tropical Timber importers	Better understand the significance and requirements for trade in CITES-listed tropical timber species; improve the capacity to meet the requirements of CITES Get timely market and policy information about CITES. Select the right international partners and expand trade in wood products with appropriate documentation from sustainable and legally managed sources,

The project's indirect beneficiaries	Benefits from the project
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China's policy making forestry	Get references for making wood products market and trade policies to comply with CITES rules and To develop guidance to ensure that utilization is not detrimental to the survival of CITES-listed tropical timber species.
General Customs Administration	Importers, when well informed of CITES, can support Customs in efficiently clearing imported tropical timbers
Associations	Enhance the capacity of associations to spread information about CITES to the industry and this contribute to the building of strong support base with enterprises
ITTO producers and consumers	Transparency in the trade and marketing of CITES-listed tropical timber markets provides a foundation for policy decisions that contribute to ensuring international trade does not threaten the survival of tropical timber species or undermine the contribution to the economy by SMEs Can exert pressure on the timber trade to ensure wood products are from sustainably managed and legal sources

vi) Project sustainability

On completion of project activities, all stakeholders that were canvassed were of the opinion that the activities initiated should be continued. Several government authorities had express their interest in participating in the following activities since China plays an increasing important role in the global processing and trading chain of tropical wood products.

With more and more tropical timbers, especially the redwood, being under the management and monitor of CITES, Chinese wood import industry faces many challenges from international market. It is necessary to continue the research on wood products market to understand the requirements of CITES and the national policies concerning those tree species. Considering that China has become the international center of manufacture,

consumption and trade of wood products in the world, the in depth studies on trends and impact on China's timber trade of commercial timbers included in CITES , has contributed to the sustainable development of the global wood products market.

6. Lessons Learned

a) Project identification and design matters

This project involved a meticulous investigation involving SMEs, importers and associated stakeholders to analyze the identification of CITES, the trade trends and impacts of CITES-listed timber's change on China's enterprises and importers.

Until the initiation of this project China's SMEs (especially the tropical wood importers) were continually associated with negative impressions, the difficulties they faced in importing the CITES-listed timber species and contribution they make to the economy were not appreciated. This conclusion was the basis for the project identification.

The design of the project was concluded after exhaustive consultations with stakeholders, especially the SMEs and tropical wood importers in the target area. In terms of project design it is considered crucial that the project included the whole-industrial-chain investigation and the training on CITES knowledge was an important element.

The face-to-face survey of the SMEs (including importers, the manufacturers and the sellers) supplied valuable information for the project. However, there are so many enterprises in the target area that a more extensive questionnaire survey is recommended.

Furthermore, the face-to-face investigations should be divided into several stages instead of being accomplished intensively within a short time. A phased approach would allow for the composition of the report and development of new or restructured questions. For example, first interview the government officers from SFA, ESMO and Customs. Then interview the importer, the manufacturer and the seller.

It was found that it was necessary to incorporate the business peak-season into the project design. Investigation and training activities should not affect the normal operation of enterprises.

b) Operational matters

The EA for this project is a top research institute for the development of Chinese forestry policies and information and maintains long term cooperation with the government, enterprises, associations, research facilities, NGOs and identification agencies and has established an excellent reputation. Because of this during the project implementation the

EA received good support and cooperation from the related parties and no negative operational issues were encountered.

7. Conclusions and Recommendations

i) Conclusions and recommendations

Identification

The current project continues to provide a new means to identify the difficulties and contributions of SMEs and importers, and thereby open the way to finding solutions to the many problems faced by the sector. The outputs from this project have become a reference point for government agencies and other stakeholders in their decision making and are considered a significant step forward for SMEs and importers in China. In light of this it is deemed that the process of project identification was satisfactory.

Design

While the overall project design was maintained, there were elements that, on reflection needed more time, notably the training workshop. Meanwhile, the need to collect related trade data about the endangered CITES-listed timber added a huge workload on the project staff, because China Customs did not have the required specific data. The project team needed to screen valuable data from numerous sources.

Implementation

Project implementation proceeded smoothly with the contribution of stakeholders, the ITTO Project manager and the consultants.

Organization and management

The management of the project was undertaken by the CAF/RIFPI. The project technical committee comprised representatives from: Ministry of Commerce of China, State Forestry Administration of China, The General Customs Administration of China, Endangered Species Management Office, CAF, ITTO, and the Project Coordinator.

Through the active participation of members of the technical committee and their efforts, project implementation in the field progress smoothly.

ii) Comment on the potential for replication and/or for scaling up

This project is a reference for the CITES-listed species related government agencies as well as various stakeholders in their decision making. It is considered a significant step forward for the SMEs and importers in China.

The survey for this project mainly focused on SMEs and importers dealing with the CITES-listed timber business located in Yangzi River Delta. For future investigations new sites should be included. China is one of the largest timber importers in the world. China's import of CITES-listed species has attracted worldwide attention. At the same time, the trade management of CITES-listed timber has a great influence on Chinese domestic management. The research on the factors influencing Chinese timber industry cannot be completed without investigation of the upstream and downstream flows. Thus no further understanding can be obtained on the upstream timber producing countries and the downstream product consumption countries.

This project coincided with the CITES cops 17, so the investigations with the stakeholders got much more information. The project's implementation achieved more than expected results. The ability of SMEs and importers to better understand and comply with CITES Rules in China needs strengthening and would benefit from:

- Public information services on domestic and international CITES-listed timber market and trade rules should be provided to SMEs via new media 'platforms', such as the Wechat and website.
- A 'platform' for regular exchange of policy information should be permanently established to facilitate a two-way exchange of information between the decision making departments of government, CITES management authority, and CITES scientific authority and CITES-listed SMEs.
- The combination of production, research and application and cooperation between associations and research institutions should be supported. The output of work by institutions on CITES investigation should not be limited just providing reports, instead, they should find means to effectively deliver and operationalize such information for the SMEs.
- The difficulties and policy requests of SMEs and importers related to CITES should be assessed regularly and CITES policy information should be passed to SMFEs as promptly as possible.

Person responsible for the report

Name: Luo Xinjian

Position held: Project coordinator

Date: June 26, 2017

ANNEX 1: Screenshot of the FPI website

Forest Products Index **FPI** www.ChinaFPI.org 中国林产品指标机制网

会员登录 | 免费注册 | 中文 | English

关注到微博 搜索

ITTO Forest

首页 | FPI指数 | 国际市场动态 | 进出口企业TOP50 | 指标企业动态 | 数据填报 | 问答咨询/政策对话 | FPI活动公告 | 关于指标机制 | CITES专栏



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商务部梁红副司长...

商务部梁红副司长等领导出席FPI执行的ITTO项目专家会...

- ▶ 商务部梁红副司长等领导出席FPI执... 2017. 05. 02
- ▶ FPI成果取得重大进展，获国家林业... 2016. 01. 29
- ▶ 中国优势林产品企业采购经理人指数 2015. 07. 13
- ▶ FPI年度总结暨产业形势专家研讨会... 2015. 03. 24
- ▶ FPI携手北京木商会扩建信息平台 2015. 01. 06

FPI贸易信息简报 | Briefing

FPI综合指数 | Composite Index

2017年4月FPI30指数和FPI地板指数报告



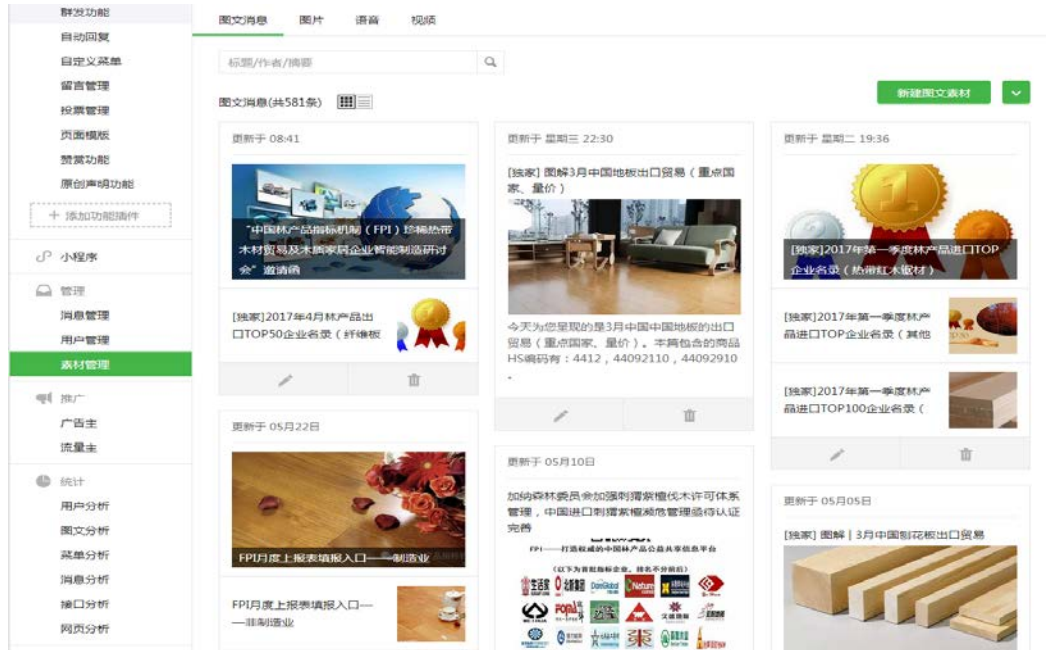
● FPI30指数 ● FPI地板指数
● 全国PMH指数 ● 美国PMH指数

ANNEX 2: Screenshot of the FPI Mobile web Wechat Account_Site Admin,the registered readers and the number

投票管理		全部用户 (4817)	
页面模版		<input type="checkbox"/> 全选	星标用户 (3)
赞赏功能		打标签	刨花板 (4)
原创声明功能		加入黑名单	媒体组 (3)
+ 添加功能插件			家具 (38)
小程序		<input type="checkbox"/> 零零六wang	建材企业 (2)
管理		无标签	指标企业 (27)
消息管理		<input type="checkbox"/> 星	木业企业 (208)
用户管理		无标签	木业协会 (28)
素材管理		<input type="checkbox"/> 参考答案	木业服务机构 (52)
推广		无标签	木地板 (38)
广告主		<input type="checkbox"/> 旅游海外	木地板经销商 (2)
流量主		无标签	木工机械 (3)
统计		<input type="checkbox"/> 顺	木材所 (4)
用户分析		无标签	木材贸易企业 (31)
图文分析		<input type="checkbox"/> J流火...	木结构 (2)
菜单分析		无标签	木门企业 (12)
消息分析		<input type="checkbox"/> 方阳	林业局领导 (5)
接口分析		无标签	林业科研院所 (14)
网页分析		<input type="checkbox"/> 来自火星的me	林产品 (0)
		无标签	港口货运码头 (7)
		<input type="checkbox"/> LY	潜力FPI (18)
		无标签	科信所 (13)
		<input type="checkbox"/> 一步之遥	
		无标签	

Noted: the number of the FPI wechat register readers is 4817 up to 4th June, 2017. They almost come from 2000 different enterprises, including the timber trader, the timber manufactures, the sellers, the freight terminal, the association, the research institutions and the government officers.

ANNEX 3: Screenshot of the FPI Mobile web Wechat Account_Site Admin. The information that FPI web distribute to the public daily.



Noted: The Wechat has set up a special column called “CITES and timber enterprises” and delivered 34 issues of updated information about CITES news