



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LII)/4
13 September 2016

Original: ENGLISH

FIFTY-SECOND SESSION
7 – 12 November 2016
Yokohama, Japan

ENHANCING COOPERATION BETWEEN ITTO and CITES **[Decisions 3(XVI), 7(XXXIV) and 2(XXXVII)]**

Listing of Internationally Traded Tropical Tree Species in the Appendices of the Convention on International Trade In Endangered Species of Wild Fauna and Flora (CITES) [Item 10a of the Provisional Agenda]

Consistent with ITTC Decision 3(XVI), the ITTO Secretariat is requested to notify Members of any proposal to list internationally traded tropical timber species in the Appendices of CITES, to provide all available relevant information regarding the proposal and species concerned to Members, and to arrange for consultation on the matter at the subsequent Council Session.

The table on the following page contains tropical tree species proposed to be considered for listing in the CITES Appendices (or for which changes to existing listings are proposed for consideration) at the Seventeenth Meeting of the Conference of Parties (CoP17) of CITES to be held in Johannesburg, South Africa from 24 September to 5 October 2016. As per CITES Resolution Conf. 9.24 (Rev. CoP13), ITTO was consulted by the CITES Secretariat on all of these proposals while three of the listing proponents consulted ITTO as per the provisions of Decision 3 (XVI).

Complete documentation is available for all of the proposed listings on www.cites.org. The ITTO secretariats' comments on the proposals follow the list of proposals. Note that subsequent to the Secretariat submitting these comments, Guatemala undertook consultations on its proposal to list all *Dalbergia* species in Appendix II (with the exception of those species already listed in Appendix I). This proposal is now co-sponsored by Argentina, Brazil and Kenya and the ITTO Secretariat's reservations about this proposal have been addressed given that it is now supported by several important range States.

Tropical tree species proposed for listing at CITES CoP 17

Species scientific name	Proponent(s)	Appendix	Annotation
<i>Dalbergia cochinchinensis</i> (Siamese rosewood)	Thailand	Already in Appendix II	Delete current annotation #5 (Logs, sawn wood and veneer sheets); replace it with annotation #4 covering all wood products
<i>Dalbergia calderonii</i> <i>Dalbergia calycina</i> <i>Dalbergia congestiflora</i> <i>Dalbergia cubilquitzensis</i> <i>Dalbergia glomerata</i> <i>Dalbergia longepedunculata</i> <i>Dalbergia luteola</i> <i>Dalbergia melanocardium</i> <i>Dalbergia modesta</i> <i>Dalbergia palo-escrito</i> <i>Dalbergia rhachiflexa</i> <i>Dalbergia ruddae</i> <i>Dalbergia tucurensis</i> (Rosewoods)	Mexico	Include all 13 species in Appendix II (<i>D. calycina</i> , <i>D. cubilquitzensis</i> , <i>D. glomerata</i> and <i>D. tucurensis</i> are currently listed in Appendix III)	No annotation (covers all products)
<i>Dalbergia</i> spp. (Rosewoods, Palisanders)	Guatemala, Argentina, Brazil, and Kenya	Include genus <i>Dalbergia</i> in Appendix II with exception of species already in Appendix I	No annotation (covers all products)
<i>Guibourtia demeusei</i> <i>Guibourtia pellegriniana</i> <i>Guibourtia tessmannii</i> (Bubinga)	Gabon and European Union	Include in Appendix II	Annotation #4 covering all wood products
<i>Pterocarpus erinaceus</i> (African rosewood, Kosso)	Benin, Burkina Faso, Chad, Côte d'Ivoire, European Union, Guinea, Guinea-Bissau, Mali, Nigeria, Senegal and Togo	Include in Appendix II	No annotation (covers all products)
<i>Adansonia grandidieri</i> (Grandidier's baobab)	Madagascar	Include in Appendix II	Listing to cover only seeds, fruits, oil and live plants
<i>Aquilaria</i> spp., <i>Gyrinops</i> spp. (Agarwood)	U.S.A.	Already listed in Appendix II	Amend annotation #14 to exclude wood chips from the finished products exempted from the listing (i.e. wood chips are to be explicitly covered by the listing)
<i>Bulnesia sarmientoi</i> (Holy wood)	U.S.A.	Already listed in Appendix II	Amend annotation #11 to include the underlined text: Logs, sawn wood, veneer sheets, plywood, powder and extracts. Finished products <u>containing such extracts as ingredients, including fragrances, are not considered to be covered by this annotation.</u>



INTERNATIONAL TROPICAL TIMBER ORGANIZATION

29 June 2016
Ref. L. 16-0075

Dear Mr. Scanlon,

Thank you for your letter of 12 May 2016 regarding several proposed listings of tree species in the CITES Appendices to be considered at the upcoming 17th CITES COP from 24 September to 5 October 2016 in Johannesburg, South Africa.

I am pleased to note that 3 of the countries that have submitted these proposals have complied with ITTC Decision 3 (XVI) and consulted with ITTO prior to submitting the proposals. As you may recall, Decision 3 (XVI) requests members to consult on the status of internationally traded tropical timber species at ITTO, preferably before such species are formally proposed for listing in the Appendices of CITES, and to inform the ITTO at the earliest opportunity of any proposal to list internationally traded tropical timber species in the Appendices of CITES, providing the basis and information regarding the proposal. While there has not been an opportunity to consult with ITTO's membership (our next Council session is not until November 2016), the ITTO Secretariat has already received and commented on the proposals for listing the entire genus of *Dalbergia* in Appendix II (Guatemala), for listing *Pterocarpus erinaceus* in Appendix II (Senegal), and for amending the annotation of *Dalbergia cochinchinensis* in Appendix II (Thailand). The ITTO Secretariat's comments and position on these listing proposals are attached; we have received no additional information from any of the proponents or elsewhere that would cause us to change our assessments of these proposals. We are pleased to see that the proposal on *Pterocarpus erinaceus* is now co-sponsored by seven other range states which addresses the concern we expressed in our initial comments. We also agree that the proposal to have no annotation (thus implying all products are covered) is probably preferable to using Annotation 4, which includes a number of exemptions which are obviously not relevant to this species (e.g. "cut flowers of artificially propagated specimens"); this comment may also apply to Thailand's proposal to replace Annotation 5 with Annotation 4 for *D. cochinchinensis* and other listing proposals discussed below (or perhaps there is a need for a new annotation covering all parts/derivatives with appropriate exemptions for tree/timber species). With regard to the Guatemalan proposal for listing all *Dalbergia* species not already in Appendix I in Appendix II, unfortunately our concern about an apparent lack of consultation does not seem to have been addressed yet (in fact section 10 of the proposal on "Consultations" remains empty). We believe it will be difficult for such a wide-ranging proposal to be adopted and effectively implemented without the necessary consultations with/support of other range states.

/ ...

Mr. John Scanlon
Secretary-General
CITES
International Environment House
Chemin des Anémones
CH-1219 Châtelaine, Geneva
Switzerland

The remainder of the proposals were received by ITTO for the first time together with your letter. We would appreciate if you could assist us in reminding countries submitting proposals for tropical timber/tree species listings of the provisions of ITTC Decision 3(XVI) noted above. Our comments on these proposals are as follows:

1. Mexico's proposal to list 13 Mexican/Central American *Dalbergia* species in Appendix II: In principle the ITTO Secretariat supports this proposal which appears to have been developed through a process of wide consultation in the region. We note that 4 of the proposed species are already included in Appendix III of CITES (*D. calycina*, *D. cubilquitzensis*, *D. glomerata* and *D. tucurensis*) by Guatemala and (for the last) Nicaragua. It is unfortunate that Nicaragua could not participate in the follow-up teleconference to Mexico's initial consultations that included participation of CITES authorities from Guatemala, El Salvador and Honduras. It is also unclear whether Panama, which has listed *D. darienensis* in Appendix III, supports the Mexican proposal as this species is not covered by Mexico's proposal. The ITTO Secretariat believes that if there is wide regional support for this regional proposal, it will have a better chance of being adopted and effectively implemented than the global *Dalbergia* proposal from Guatemala. However, we suggest Mexico should continue to consult with Nicaragua, Panama and other countries to ensure its proposal has the broadest possible support prior to the COP.
2. Gabon's proposal to list 3 species of *Guibourtia* in Appendix II: We note that following a 2012 workshop convened under the ITTO-CITES Programme, four range states expressed interest in listing both bubinga and wenge in CITES Appendix III; however none of these countries followed up and neither species has until now officially been proposed for listing in any CITES Appendix. It is not clear to us why the other range States (Cameroon, DRC, Republic of Congo) did not follow through with a bubinga listing proposal and why they are not co-sponsors of this proposal. In principle the ITTO Secretariat supports the listing of bubinga in Appendix II as proposed by Gabon, but we feel it is essential that the other African range states of the species actively support the listing proposal in order to ensure its effective implementation. In this regard, further efforts should be made by Gabon to receive responses on (and hopefully support for) the proposal from the other range States listed in the Consultations section (Cameroon, DRC, Equatorial Guinea, Republic of Congo) prior to the COP.
3. Madagascar's proposal to list *Adansonia grandidieri* in Appendix II with the listing limited to seeds, fruits, oils and live plants: The ITTO Secretariat supports this listing proposal but cautions that based on experience with other tree species listings, Madagascar may require significant external assistance to effectively implement the listing if it is approved.
4. Algeria's proposal to list *Abies numidica* in Appendix II: This tree grows in mountainous areas in northern Algeria which are well outside the tropics; therefore the listing proposal is not within ITTO's mandate or expertise to comment on.
5. The USA's proposals to amend the annotations of agarwood producing species and *Bulnesia sarmientoi* in Appendix II: The ITTO Secretariat supports the proposal to exclude wood chips packaged as a final product from the exemptions included in the agarwood annotation since it is clear that such products are being traded and may therefore be exempted from current CITES controls in some countries/regions. ITTO also supports the proposal to exclude finished products containing extracts from the *Bulnesia* annotation/listing to ensure that CITES controls cover those commodities that first appear in international trade as exports from range States and include those commodities that dominate the trade and the demand for the wild resource. The proposed revision will also harmonize the *Bulnesia* annotation with that of *Aniba roseodora* for which trade is likewise primarily in the form of extracts.

However we note that the report of the Standing Committee Annotations Working Group requested its members which were also on the Plants Committee to consult with the range States (Argentina, Brazil and Paraguay) on this matter; it is not clear from the proposal whether this consultation with range States has taken place and if not, ITTO would recommend that it does occur before the COP.

I attach relevant trade statistics from ITTO's statistical database for the past five years for some of the species proposed for listing; for several we have no data indicating that volumes of timber in trade are small or non-existent in recent years (note that many ITTO members report statistics only on "major" species in trade). In fact, only *Dalbergia cochinchinensis* and *Pterocarpus* species show significant volumes in trade in our database. Note that the low unit values associated with some of these trade flows (i.e. less than \$100/m3) probably indicate errors in reporting volumes, values or both.

I hope these comments/inputs are useful and look forward to meeting you in Johannesburg in September.

Best regards,

A handwritten signature in dark ink, appearing to be 'Steve Johnson', with a stylized flourish at the end.

Steve Johnson
Officer-in-Charge, ITTO

Kanako ISHII

From: Steven JOHNSON
Sent: Monday, April 25, 2016 5:47 PM
To: Cesar Augusto Belteton
Cc: Kanako ISHII; 'Schmidt Milena'
Subject: RE: Proposal of inclusion the genus Dalbergia to the CITES Appendix II

Cesar,

Thanks for sharing this proposal with ITTO. Certainly the rapid growth in the trade of Dalbergia species and the listing of several species in the genus have already caught the international community's attention. However ITTO is hesitant to support this genus level proposal for the following reasons:

1. It is unclear what the advantages of a genus level listing are over individual countries listing all relevant species (including non-Dalbergia rosewoods) from their own country or region, much as Madagascar has already done. This would probably require joint (or multiple) sponsorship of listings when species occur in multiple neighboring range states but it would be easier to get agreement amongst a few range states than all of them.
2. Several "rosewood" species in trade (eg Pterocarpus) are not Dalbergias and would not be covered by such a genus level listing.
3. It is not clear whether the many range states of Dalbergia throughout the tropics have been consulted about this proposal; it would be particularly important to have the support of countries that may have Dalbergia species that are not threatened or endangered for such a proposal. If you have written support of such countries for a genus-level listing let me know and we can reconsider.

Best regards and thanks once again for the chance to comment on this proposal,

Steve Johnson
Officer-in-charge
ITTO

From: Cesar Augusto Belteton [mailto:presidenciagrupocaoba@gmail.com]
Sent: Saturday, April 16, 2016 6:56 AM
To: Steven JOHNSON
Subject: Fwd: Proposal of inclusion the genus Dalbergia to the CITES Appendix II

----- Forwarded message -----

From: Cesar Augusto Belteton <presidenciagrupocaoba@gmail.com>
Date: 2016-04-15 15:53 GMT-06:00
Subject: Proposal of inclusion the genus Dalbergia to the CITES Appendix II
To: Steve Johnson <Johnson@itto.int>

Dear Steve Johnson
ITTO

In preparation for the seventeenth meeting of the Conference of the Parties (CoP17) to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the CITES Management Authority of Guatemala has the intention of presenting a proposal to include in Appendix II the genus Dalbergia spp "Rosewood" in accordance with Article II, paragraph 2 (b), of the Convention and Resolution Conf. 9.24 (Rev. CoP15) Annex 2 (b), Paragraph A.

At the CoP 16, dozens of Dalbergia species were included on Appendix II but since then, many other Dalbergia species have been detected on international trade. The enforcement authorities from many countries around the world, have been challenged to make identification at species level for all rosewood shipments, which has proven very difficult for non-expert officers.

While some identification guides for a few *Dalbergia* species exist, distinction between and identification of individual species is very difficult for non-professionals and sometimes even for experts, making it a problem for enforcement and customs officers to comply correctly with inspection and identification of CITES listed *Dalbergia* tree and product shipments. *Dalbergia* species at genus level can be distinguished from other timber genus.

Including the whole genus in Appendix II would be essential for the control of international trade by eliminating the arduous task of enforcement and customs officers of differentiating between the hundreds of *Dalbergia* species listed and not listed in CITES. The inclusion will help ensure that legal trade does not become a direct cause of the extinction of these highly threatened species and will help curb illegal trade.

This issue was addressed at the PC 22 meeting in Tbilisi, Georgia in October 2015, and during that meeting, suggestions on the convenience to list the entire genus on Appendix II were presented in order to facilitate the work of the enforcement authorities and to achieve the compliance of the current listings. Consequently, a drafting team was formed with the participation of 7 countries. The proposal that will be presented to the CoP 17 is the result of this coordinated effort.

Since this genus is distributed all around the world, we are now consulting with all the range States. We would be grateful for comments as well as any recent information on population trends of these species, data on trade, as well as other legal information concerning the regulation and management of the forestry and/or special protection status of these species. The data will be useful to finalize the listing proposal.

Recognizing your great leadership in the area of the conservation of timber species, we would appreciate receiving your comments to this request no later than April 20th 2016 to the following e-mail address: direccionforestal@conap.gob.gt or presidenciagrupocaoba@gmail.com

Sincerely,

Cesar Belteton Chacon
CITES Scientific Authority of Guatemala

Kanako ISHII

From: Steven JOHNSON
Sent: Monday, April 25, 2016 5:21 PM
To: doudou sow; abbasonko@hotmail.com
Cc: Kanako ISHII; Lagarde Betti; 'Schmidt Milena'
Subject: RE: consultation pour transfert Pterocarpus erinaceus à l'annexe II CITES

Colleagues,

Thank you for sending ITTO your proposal for listing *Pterocarpus erinaceus* in CITES Appendix II. Given the increasing volumes of this species entering the Chinese hongmu trade, ITTO believes the listing proposal will assist in promoting sustainable management of the species. We believe that support from the other range states mentioned in the proposal will be essential for the listing to succeed. Efforts should continue to seek co-sponsors for the proposal from amongst the other range states.

I apologize for writing in English but the deadline for comments is tomorrow.

Yours sincerely,
Steve Johnson
Officer-in-charge
ITTO

From: doudou sow [<mailto:aime.sala@gmail.com>]
Sent: Friday, April 15, 2016 3:22 AM
To: Steven JOHNSON
Cc: Kanako ISHII
Subject: consultation pour transfert Pterocarpus erinaceus à l'annexe II CITES

Bonjour, au nom du Directeur des eaux et Forêts du Sénégal, je vous envoie :

- une lettre de consultation
- un draft de projet de PROPOSITION

Je vous en souhaite bonne réception.

Cordialement

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Doudou SOW
Master 2 Foresterie et gestion des ressources naturelles
Spécialiste de la Faune
Tél / 00221 70 988 26 31 Skype : doualadji
" Jamais mentir, jamais trahir "



INTERNATIONAL TROPICAL TIMBER ORGANIZATION

15 April 2016
Ref. L.16-0051

Dear Ms. Duangduen Sripotar,

We acknowledge with many thanks the receipt of your letter No. AC 0904/1819 dated 22 March 2016, requesting ITTO's input on Thailand's proposal for amendment of the annotation to the CITES Appendix II listing of *Dalbergia cochinchinensis*.

Through this letter, ITTO confirms its support to your proposal. When there are significant amounts of products in trade that fall outside the annotations for CITES listed species, our advice has always been to expand the annotation to cover all relevant products. Implementing expanded annotations is often politically and/or logistically difficult, but the alternative is to effectively open a loophole in the CITES listing allowing significant quantities of products of listed species to enter international trade without the protections and safeguards that the CITES listing was supposed to provide.

We apologize for a delayed response to your letter and hope our input will be useful.

With regards,

Yours sincerely,

Steven E. Johnson
Officer-in-Charge

Ms. Duangduen Sripotar
Plant Varieties Protection Division
Department of Agriculture
Chatuchak, Bangkok 10900
Thailand
[E-mail: duangduen_sripotar@yahoo.com]

Products	Country	Year	Latin Name or HS Code	Pilot Name/Local Name	Volume 1000 m ³	Avg. Price \$/m ³
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Import

Ind. roundwood	Benin	2012	Pterocarpus erinaceus	vène	0.283	306
Ind. roundwood	Benin	2013	Pterocarpus erinaceus	vène	3.744	379
Sawnwood	Mali	2012	Pterocarpus erinaceus	vène	0.163	62
Sawnwood	Mali	2013	Pterocarpus erinaceus	vène	0.075	94
Sawnwood	Mali	2014	Pterocarpus erinaceus	vène	0.055	82
Sawnwood	Thailand	2012	Pterocarpus erinaceus	rosewood	0.062	384
Sawnwood	Thailand	2013	Pterocarpus erinaceus	rosewood	0.261	299
Veneer	Mali	2012	Pterocarpus erinaceus	vène	1.455	488
Veneer	Mali	2013	Pterocarpus erinaceus	vène	0.027	602
Veneer	Japan	2009	Pterocarpus spp.	padok	0.010	7,514
Veneer	Japan	2010	Pterocarpus spp.	padok	0.002	8,950
Veneer	Japan	2011	Pterocarpus spp.	padok	0.040	10,507
Sawnwood	Malta	2010	Dalbergia spruceana	palissandre de Rio	0.058	1,087
Sawnwood	Malta	2011	Dalbergia spruceana	palissandre de Rio	0.001	324
Sawnwood	Malta	2013	Dalbergia spruceana	palissandre de Rio	0.008	731
Sawnwood	Malta	2014	Dalbergia spruceana	palissandre de Rio	0.020	226
Sawnwood	Thailand	2013	Dalbergia cochinchinensis	siamese sal/burmese sal	46.180	320
Sawnwood	Thailand	2014	Dalbergia cochinchinensis	siamese sal/burmese sal	15.610	376

Export

Ind. roundwood	Cameroon	2010	Pterocarpus soyauxil	padouk	18.445	166
Ind. roundwood	Congo	2009	Pterocarpus soyauxil	padouk	15.000	187
Ind. roundwood	Congo	2010	Pterocarpus soyauxil	padouk	30.000	101
Ind. roundwood	Congo	2011	Pterocarpus soyauxil	padouk	25.000	108
Ind. roundwood	Congo	2013	Pterocarpus soyauxil	padouk	27.000	102
Ind. roundwood	Congo	2014	Pterocarpus soyauxil	padouk	30.000	102

Ind. roundwood	Gabon	2009	Pterocarpus soyauxii	padouk	15.156	130
Ind. roundwood	Myanmar	2011	Pterocarpus spp.	padouk	15.000	3,006
Ind. roundwood	Benin	2011	Pterocarpus erinaceus	vène	34.372	252
Ind. roundwood	Benin	2012	Pterocarpus erinaceus	vène	64.894	450
Ind. roundwood	Thailand	2013	Pterocarpus erinaceus	rosewood or tamalin	0.005	79
Sawnwood	Benin	2013	Pterocarpus erinaceus	vène	10.493	567
Sawnwood	Ghana	2010	Pterocarpus erinaceus	rosewood	1.848	429
Sawnwood	Ghana	2011	Pterocarpus erinaceus	rosewood	3.881	471
Sawnwood	Ghana	2012	Pterocarpus erinaceus	rosewood	8.857	533
Sawnwood	Ghana	2013	Pterocarpus erinaceus	rosewood	40.998	664
Sawnwood	Ghana	2014	Pterocarpus erinaceus	rosewood	20.805	338
Sawnwood	Mali	2013	Pterocarpus erinaceus	vène	0.278	563
Ind. roundwood	Dem. Rep. of Congo	2011	Guibourtia spp.	bubinga	0.191	201
Ind. roundwood	Dem. Rep. of Congo	2012	Guibourtia spp.	bubinga	1.061	143
Sawnwood	Thailand	2013	Dalbergia cochinchinensis	siamese sal/burmese sal	0.734	539
Sawnwood	Thailand	2014	Dalbergia cochinchinensis	siamese sal/burmese sal	6.049	458
Sawnwood	Guatemala	2012	Dalbergia spp.	rosul	0.189	2,639
Sawnwood	Guatemala	2013	Dalbergia spp.	rosul	0.063	2,778
Sawnwood	Guatemala	2014	Dalbergia spp.	rosul	0.095	2,030
Sawnwood	Panama	2011	Dalbergia retusa	cocobolo	0.400	43
Sawnwood	Panama	2012	Dalbergia retusa	cocobolo	0.500	406
Sawnwood	Panama	2013	Dalbergia retusa	cocobolo	1.059	N/A

Abies numidica	N/A
Adansonia grandidieri	N/A
Aniba roseadora	N/A
Bulnesia	N/A
Bulnesia sarmientoi	N/A

Report on the implementation of the ITTO-CITES programme to improve country capacity to implement CITES listings of tropical timber species [Item 10b of the Provisional Agenda]

This document reports on implementation of the ITTO-CITES Program for Tropical Tree Species in its second phase. Work to develop this Program was first included in ITTO's 2006-2007 Biennial Work Program (BWP) which allowed a grant proposal seeking funding for an ITTO-CITES collaborative capacity building Program to be developed. The proposal was submitted to the European Union through the European Commission, which agreed to fund 80% of the nearly \$4 million (3 million euros) first phase budget at the end of 2006. The activity has continued under ITTO's 2008-2009, 2010-2011, 2012-2013, 2013-2014 and 2015-2016 BWPs, primarily with EU funding and additional contributions from the USA, Switzerland, Japan, the Netherlands, Norway, Germany, New Zealand, China, the private sector and the BPF. The Program has been managed by ITTO with assistance from three regional coordinators and the CITES Secretariat, and guided by a program advisory committee.

Since the demand for Program support substantially exceeded available resources under the first phase, ITTO and CITES submitted a second grant application to the EU through the EC covering the period 2012-16 for a total amount of 7.5 million euros (about \$9 million, one-third of which was to come from other donors). This grant application was approved and the first installment of funds was received in April 2012. Additional pledges were received during 2011-15 from China, Germany, the Netherlands, Norway, USA, and the private sector, while significant support to the operation of the Program was also provided by the ITTO and CITES Secretariats. These contributions now exceed the 2.5 million euros of non-EC funding required under the phase two grant agreement with the EU through the EC. Given the continuing strong demand for support under the Program, a third phase is now under consideration, hopefully to commence in 2017.

The ITTO-CITES Program has now largely completed implementation of activities carried out under the second phase. Progress has been remarkable, with over 40 activities implemented under the Program since this second phase began. Country-specific activities have been approved and completed in Brazil, Cameroon, China, Congo, DRC, Guatemala, Indonesia, Madagascar, Malaysia and Peru as of August 2016, focusing on African species *Pericopsis elata* (afromosia), *Prunus africana* (African cherry), and several *Dalbergia* (rosewood) and *Diospyros* (ebony) species from Madagascar; Asian species *Aquilaria/Gyrinops* spp. (agarwood) and *Gonystylus* spp. (ramin); and Latin American species *Cedrela odorata*, *Swietenia macrophylla*, *Dalbergia retusa* and *D. stevensonii*. Eight activities have been funded under the Trade and Market Transparency thematic program based on a provision of the EU/EC funding grant calling for 20% of the EU funds provided to be directed to activities with objectives relevant to both the TMT and CITES programs.

ITTO has developed a program website which includes information on the Program (www.itto.int/ITTO at work/CITES/). All activity completion reports and other relevant information are posted on this website. A quarterly Program newsletter (available on the Program website) continued to be emailed to all donors, participating countries and other stakeholders in 2016. The last issue under the second phase was distributed in June 2016. Various outreach materials have been prepared to provide information on Program outputs, including videos highlighting work in each tropical region (available on the Program website), brochures, posters, banners, etc. All outreach materials clearly indicate donors contributing to the Program's second phase. A final report on the implementation of phase two of the Program is being prepared for submission to the EC before the end of 2016 under the terms of the grant agreement governing their contribution to the Program.

Consultations with the CITES Secretariat have continued throughout 2016 to guide and focus successful completion of the Program's activities. The ITTO and CITES Secretariats also continue to organize and attend regular meetings with each other and key donors/stakeholders to discuss the Program and its activities. A side event will be co-hosted by the ITTO and CITES Secretariats in October 2016 during the 17th meeting of the CITES Conference of Parties (CITES CoP17) in Johannesburg, South Africa. The Program Advisory Committee will meet during the CoP17 and possibly again on the margins of this Council Session at which the CITES Secretariat will be represented.

Subsequent to the last progress report to Council at its 51st Session, ITTO has had to deal with the fall-out from failed investments made by its previous management. Only three activities under the TMT component of the Program were impacted by this situation, with final payments suspended due to the lack of available funds. Work under these three activities (on *Pericopsis elata* in Ghana and Cameroon as well as an atlas of African timber species being prepared by CIRAD) is continuing using the funds already disbursed and most outputs originally envisaged should be obtained before the end of 2016. However the issue of the failed investments led the EC to decide that it was unable to sign another contract with ITTO to continue a third phase of the Program. Negotiations have therefore been undertaken between the EC and the CITES Secretariat to allow the latter to assume lead responsibility for implementation of any third phase of the Program (including signing a new contract with the EC and overseeing management of EC funds). ITTO will continue to collaborate with CITES on any third phase of the Program as resources allow and will continue to include an activity allowing other donors to contribute to this important work on CITES-listed tree species through its biennial work programs.

The ITTO-CITES cooperation fostered through this Program has been a strategic alliance that benefits many tree species in trade beyond those listed in CITES Appendices. Sustainable management of tropical forests is a key goal of both organizations. Both ITTO's and CITES' governing bodies have recognized the value of the alliance, ITTO through the Council decisions referenced in the title of this document and CITES through its COP Resolution Conf. 14.4 on *Cooperation between CITES and ITTO regarding trade in tropical timber*, calling for this cooperation to continue.