

PROJECT TECHNICAL REPORT

ANALYSIS OF TRADE TRENDS FOR CITES-LISTED TREE SPECIES AND THE IMPACT ON CHINESE SMES

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Preface

The Convention on International Trade in Endangered Species of Wild Fauna and Flora also known as the Washington Convention (hereinafter referred to as CITES) was signed in Washington D.C. on 3 March 1973,. It entered into force on 1 July 1975. As an international convention on the control of international trade and the protection of wild flora and fauna, it aims to fully control the import and export of wild animals and plants as well as products thereof and manufactured goods through the regulation system, to promote protection and rational utilization of wild animals and plants resources to ensure that international trade in specimens of wild animals and plants



does not threaten their survival. As of December 2016, CITES has 183 member countries where CITES legal framework and trade procedures are applied to regulate and monitor the international trade of species listed in CITES appendices.

CITES has been in force for more than 40 years. It has been attracting more and more countries to jointly protect endangered wild animals and plants. At the same time, more and more fauna and flora species have been included in CITES appendices. Up to now, about 5,600 species of animals and 30,000 species of plants are protected by CITES against over-exploitation through international trade. In recent years, the sharp decline of endangered tree species has aroused widespread concern around the world, and over-exploitation is one of the main factors leading to this situation. As an international convention, the CITES has been increasingly concerned with the protection of endangered tree species since its 15th meeting of the Conference of the Parties.

At the 15th meeting of the Conference of the Parties in 2010, there are 111 tree species have been included by CITES appendices, including 7 species under Appendix I, 94 species under Appendix II and 10 species under Appendix III. At the 16th meeting of the Conference of the Parties in 2013, CITES-listed tree species have extended to 247 species, including 7 species in Appendix I, 231 species in Appendix II and 9 in Appendix III. As of the 17th meeting of the Conference of the Parties in 2016, the total number of CITES-listed tree species exceeded 268.

China submitted documents to join CITES in 1980 and became a formal member of CITES on 8 April 1981. CITES management authority and scientific authority were established in China, of which the management authority is the Endangered Species Import and Export Management Office of the P. R. China, affiliated to the original Ministry of Forestry (now it is State Forestry Administration). It is responsible for granting permits and certificates for trade of endangered wild animals and plants and their products, as well as inter-departments coordination to fulfill CITES. The scientific authority to CITES in China is performed by the Endangered Species

Scientific Commission (ESSC) affiliated to the Chinese Academy of Sciences. It is responsible for providing technical advices related to international trade of CITES-listed species and the Convention itself.

China is one of the world's largest forest products producers, consumers, importers and exporters. Driven by cultural preferences since the Ming and Qing Dynasty, rosewoods and other rare timber resources have been favored by Chinese consumers. It takes a few hundreds or even thousands of years for some of these rare species to mature for harvesting, most of those tree species have been included in CITES appendices. In this case, China's role in the international trade of CITES-listed tree species is as an importer. This paper asks "Will the increase of CITES-listed tree species impact the Chinese timber trade and market as well as Chinese timber industry?".

In China, medium and small scale enterprises account for around 90% of all enterprises engaged in forest product imports. Those enterprises play an important role in meeting requirements for forest products in both the domestic and international markets.

It has been found that small and medium scale forestry enterprises in China (including tropical timber importers) are not aware of the relevant laws and regulations of CITES and are therefore not able to estimate the impact of the change of CITES appendices. Therefore, they could not fulfill CITES guidance on international trade according to amendments of CITES-listed tree species. Since more and more commercial species have been included in CITES appendices, it is necessary to conduct systematic research and assessment of the impacts of CITES on Chinese timber enterprises.

Funded by the International Tropical Timber Organization (ITTO), this study analyzed the structure and quantity of China's imports of CITES-listed tree species. By choosing the Yangtze River Delta Region as the study area, the center of production, consumption and trading of China's tropical wood products, the project team carried out field investigation and interviewed medium and small scale enterprises, to assess the awareness, perception and performance of CITES. Impacts of amendments of CITES-listed tree species on enterprises were shared by interviewees and their comments and recommendations were collected. A comprehensive assessment of the impact of amendments of CITES appendices on Chinese medium and small scale enterprises was prepared, and policy recommendations were proposed to enhance the compliance capacity of enterprises to fulfill CITES and eventually achieve the objectives of CITES to protect endangered plants and animals.

This report is the one of the main outputs of ITTO Project "Supporting SMEs and Importers of Tropical Timber for Better Understanding of CITES and the need to Comply with CITES Rules in China" (TMT-SPD 023/15 Rev.1(M))

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Acronyms and abbreviations

CITES	The Convention on International Trade in Endangered Species of Wild Fauna and Flora
COPs	CITES Works Conference of the Parties
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

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Executive Summary

This report investigates the the structure and trade trend of China's imports of CITES regulated tree species by analyzing the trade data from CITES trade database and China Customs, and analyze the impact of CITES regulated tree species on Chinese timber enterprises based on the field investigation and trade data. In the present stage, CITES is expanding its control scope to all kinds of timber, especially to tropical tree species, bringing much more challenge to Chinese importers and SMFEs than opportunity. In trying to deal with the changes of CITES-listed timer species, neither SMFEs nor the state institutions that could assist the SMFEs are not well informed and thus unprepared.

Current situation

China is one of the world's largest forest products production, consumption, import and export countries. Driven by cultural preference since Ming and Qing Dynasty, rosewoods and other rare timber resources have been favored by Chinese consumers. It takes few hundreds even thousands of years for some of those rare species to be mature for harvesting, also most of those tree species have been included in CITES appendices. In this case, China's role in the international trade of CITES regulated tree species is importer.

In China, medium and small scale enterprises account 90% of enterprises engaged in forest products imports. Those enterprises play an important role in meeting requirements of forest products of both domestic and international markets.

Based on the trend of the last four meetings of the Conference of the Parties, CITES is expanding its control scope to all kinds of timber, especially to tropical tree species. Will the increase of CITES regulated tree species impact Chinese timber trade market as well as Chinese timber industry?

To try and provide an answer to the questions above, the Yangtze River Delta of China (Jiangsu province, Zhejiang province and Shanghai city) - the concentrated area of trade, consuming and processing of Chinese tropical timber is selected as the sampling area in this research. Field investigation is conducted over the operating conditions of the forest products enterprises in the research area. Besides, the trade data from CITES trade database and China Customs is analyzed.

Profile of target areas of the project

The economic circle of the Yangtze River Delta - the most influential area of the trade, production and consumption of tropical timber in China is selected for research in this project. The research area incorporates the biggest port of importation for tropical timber in China - Zhangjiagang in Jiangsu province, where 1/3 of total tropical log supply of China is imported each year. Yangtze River Delta has become the most important trade areas of tropical forest products with the economic aggregate taking up 21.3% of China's total volume.

Structure of China's imports of CITES regulated tree species

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. As for import volume, *Bulnesia sarmientoi* and *Aquilaria* spp. have been imported by China the most.

Over 90% of imported CITES regulated tree species were for commercial use, and followed by circus or travelling exhibition. In some years, a small amount of CITES regulated tree species were imported for specific purposes, for example educational use and scientific research. In the past six years, there has been no imports of CITES regulated tree species for artificial propagation, botanical garden, medical, justice and reintroduction purpose.

The main source countries of China's imports of CITES regulated tree species include: Argentina, Paraguay, Vietnam, Singapore, followed by Japan, Malaysia, Indonesia, Germany and Thailand.

Between 2009 and 2015, among all China's imports of CITES regulated tree species, 61.3% are from wild, 19.1% from pre-Convention, 15.7% from artificially propagated, 3.1% from confiscated source, 0.2% from Appendix I artificially propagated, the rest 0.7% from unknown source.

The trade trend of China's imports of CITES regulated tree species

The import volume of main endangered tree species reached a peak of 449555 m³ in 2010, but afterwards, both import volume and value showing a decrease trend. Specifically, import volume has been decreasing since 2010, while import value bounced back in 2014 temporarily and then declined since then.

China's import value of endangered tropical tree species (HS Code 4403499010) was small between 2009 and 2012. China imported the most endangered tropical species in 2013 and 2014, when the rosewood market experienced a hot period. In 2014, due to the economy of China slowed down from high speed development to medium-high speed development, coupled with the strict policies issued by the central government, demand of rosewood market in China started weakening. China's imports of endangered tropical tree species have also been sharply declined. In 2016, China's imports of logs of endangered tropical tree species reached only 8888m³, valued at USD 3.414917 million, decreased by 72% from the peak period in 2014. The imports are mainly from the Democratic Republic of the Congo, the Republic of Congo, Philippines and Solomon Island.

Both import volume and value of *Bulnesia sarmientoi* logs raised first and then fell. In 2011, total volume of *Bulnesia sarmientoi* logs imported by China was 7298 m³, with total value of USD 4.397424. In 2012, the import volume and value increased to 8871m³ and USD 309,581 respectively. After 2012, China's import volume of *Bulnesia sarmientoi* logs has been decreasing, to only 1298 m³ in 2016.

The impacts of the expansion of CITES regulated tree species on Chinese timber enterprises

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 raising, impacts on manufacturers depend on the market demand. Therefore, in the whole rosewood industry chain, the traders (importers) bear most of the risks.

The traders have to face the industrial reshaping risk: survival of the fittest. when CITES lists amended, traders are often lack of ability to adopt effective measures to respond, so as to suffer huge economic losses. Some enterprises have to withdraw their business by the end.

Manufacturing and sales enterprises have conducted in-depth research on end-user's market, to accelerate the speed of industrial transformation. Under the dual pressures of increased price of raw material and weak end-users market, manufacturers have to upgrade their processing techniques, transform from previous extensive production to fine production, to reduce operation costs.

Challenges and opportunities of compliance with CITES by Chinese medium and small scale enterprises

Low level of educational of SME's owner

Medium and small timber processing or trade enterprises are mostly distributed in small towns/townships where the land is cheap. Many business owners are from the local rural area, with relatively low level of education, resulting in their limited vision.

Enterprises scale is relatively small, lack of funds, with low technology level

Chinese medium and small scale enterprises mainly rely on cheap labor resources. The technology level is relatively low, with weak capacity of self-research and development, resulting in products with lower add-value. However, expansion of CITES appendices has its positive impacts. It will promote adjustment of industrial structure and push effective utilization of rosewood by manufacturers, to reduce resources waste.

Lack of CITES related information access channels

The main information access channel for Chinese timber enterprises is face-to-face communication, and few obtains market information through online website.

Higer professional requiriment increases the difficulty of compliance with CITES

CITES involves scientific terms and identification of various species; it is difficult for non-professionals to identify CITES regulated species.

Complex CITES approval process increases time costs of enterprises

It takes as long as 60 workdays (excluding the time to consult with the Endangered Species Scientific Commission) for enterprises to apply the CITES Import/Export Permit Certificate.

Multiple authorities engaged in CITES enforcement, but lack of inter-departmental

communication

Authorities involved in CITES enforcement include the customs, national competent department of wild animals and plants (the State Forestry Administration and local forestry bureau), commerce and administration department as well as inspection and quarantine department. With all these departments involved, enterprises could neither tell the difference of each department, nor go to the right department for help.

Rapid development of new social medias has accelerated the speed and span of information dissemination

The traditional information dissemination model has been fundamentally changed. WeChat, Weibo, QQ and online broadcast brought brand new information dissemination and communication mode. The previous way of passing message was replaced by WeChat, the speed and span of information dissemination has been improved.

China's compliance with CITES entered into a new stage

After joining the CITES, Chinese government pays great attention in combating illegal trade of wild animals and plants. Relevant CITES regulations have been strictly implemented. A series of national laws and regulations have been formulated to strengthen the dissemination of CITES rules. Many violation cases have been investigated. Large amount of international cooperation activities has also been organized.

Policy Recommendation

Accelerate the preparation of guideline and strengthen CITES related training activities

It is necessary to develop a practical and easy-to-read Operation Guideline for CITES Regulated Species.

Create communication channels through effective use of WeChat, Weibo and other social media

Weibo, WeChat and other new social media can provide useful channels to effectively and widely spread CITES related policies, news and other information.

Establish CITES regulated tree species information platform, to provide real-time online services

Establishing a professional CITES information platform that serves only timber enterprises.

Achieve online application of CITES Permit certificate, shorten the approval time

It is necessary for CITES authorities to optimize the approval process, and reduce the processing time by use of modern communication means, or establish an office in areas where large number of enterprises engaged in CITES regulated tree species imports are concentrated.

Strengthen management measures to enhance CITES enforcement capabilities

Limit the import and export ports, where import/export of CITES regulated tree species is allowed. Designate staff from the CITES management authority to the port to assist the customs.

Encourage artificial propagation to reduce the consumption of wild resources.

Chinese government shall encourage Chinese enterprises carry out overseas artificial propagation, and protect the ecological environment and biodiversity of sourcing countries. On the other hand, establishment of a protection base for rare tree species. Introduction of high-quality tree species to promote cultivation and conservation of germplasm resources.

Strengthen international cooperation to jointly promote legal trade in wild animals and plants

Efforts shall be made to organize or host the CITES COP meeting or international workshop or training courses in China through facilitation of Chinese embassies and consulates abroad and exchange visits by government officers.

Chapter 1 Background

In its biodiversity, China is one of the richest countries on earth in terms of both species and quantity. On 8 April 1981, China formally joined CITES and began to participate in international cooperation and joint efforts to protect wild fauna and flora from over exploitation. Through 36 years of fulfilling the CITES , China has shown its positive attitude towards international obligations and determination in protection and sustainable utilization of fauna and flora resources.

In 1980, the State Council approved the establishment of a management authority and a scientific authority to fulfill CITES and to complete organizational preparation for joining CITES. The management authority in China is the Endangered Species Import and Export Management Office (ESMO), affiliated to the original Ministry of Forestry (now it is known as State Forestry Administration). The scientific authority in China is performed by the Endangered Species Scientific Commission (ESSC), affiliated to the Chinese Academy of Sciences. In terms of functional division, EMSO is mainly responsible for issuing import and export certificates of endangered wild animals and plants and their products, inter-departments coordination, maintaining relationship with CITES Secretariat and other CITES Parties. In dealing directly with enterprises it also plays a role in information dissemination, training and responding to CITES related questions. The official website of the Endangered Species Import and Export Management Office is <http://bw wz.forestry.gov.cn>. The main responsibilities of the Endangered Species Scientific Commission (ESSC) is to provide technical consultations, verify species, supervise the trade activities, submit proposals at the Conference of the Parties, complete assessment reports, investigation reports and etc. The official website of the Endangered Species Scientific Commission (ESSC) is <http://www.cites.org.cn>, where the Chinese version of CITES appendices and other technical documents can be found and downloaded as well as related newsletters about endangered species.

In addition to the management authority and the scientific authority required by CITES, inter-sectional coordination is also necessary for China to fulfill its treaty responsibilities, covering Customs, Public Security, Commerce, Fisheries and Forestry Departments. Over the past 30 years, China's CITES management and scientific authorities as well as law enforcement agencies have been playing a strategic role in protecting wild animals and plants, regulating the import and export of wild species. Provisions of CITES have been strictly implemented and a series of laws and regulations have been formulated, CITES related requirements have been disseminated, and many cases of breach of CITES have been investigated and detected, foreign cooperation activities have been carried out and great contribution has been achieved to fulfill the CITES.

1.1 CITES related laws and regulations in China

After joining CITES, China has established a series of management and regulatory

systems for wild fauna and flora import and export, so that there are laws and rules to follow, also strengthen the enforcement of CITES provisions in China.

There are about 20 major laws and regulations related to protection and trade standard of wild animals and plants in China, including: Forest Law of The People's Republic of China, Customs Law of the People's Republic of China, Criminal Law of The People's Republic of China, Fisheries Law of the People's Republic of China, Regulations for the Implementation of Forest Law of the Peoples Republic of China, Law of the People's Republic of China on the Protection of Wildlife, Regulations for the Implementation of Law of the People's Republic of China on the Protection of Terrestrial Wildlife, Regulations for the Implementation of Law of the People's Republic of China on the Protection of Wildlife, Regulations Of The People's Republic Of China For The Implementation Of Wild Aquatic Animal Protection, Regulations of the People's Republic of China on Wild Plants Protection, Interpretation of the Supreme People's Court on the Application of Law for Criminal Cases of Wildlife Resources Destruction, Interpretation of the Supreme People's Court on the Application of Law of Smuggling Cases, Administrative License Law of the People's Republic of China and etc. Table 1-1 summarized the key points of related laws, regulations and policies.

Table 1-1 Main laws and regulations related to endangered tree species in China

Name	Issue time	Key points
Forest Law of The People's Republic of China	20 September 1984	Forestry authorities at all levels will be responsible for forest resources inventory, preparation of forest management plan to better understand the forest resources status. It is prohibited or limited to export precious species and their products, derivatives. Violators shall be subject to criminal liability for illegal logging, destruction of precious trees. Punishment shall be given for officers issuing import and export permits beyond their authority.
Regulations for the Implementation of Forest Law of the Peoples Republic of China	28 April 1986	Specific punishment standards are prepared for deforestation and illegal logging. Punishment has been strengthened for timber transportation without transport license, quantity exceeding the allowed amount specified in the transport license, the use of forged and altered timber transport license.
Customs Law of the People's Republic of China	22 January 1987	Without import and export permits, goods which are prohibited to import and export shall not be released.

Law of the People's Republic of China on the Protection of Wildlife	8 November 1988	<p>Divide the rare and endangered animals into three categories: national key protected species, locally protected species, terrestrial wildlife which are beneficial or of important economic or scientific value.</p> <p>It shall be approved by the competent department of wildlife protection under the State Council or the State Council to import and export of wild animals and plants species or their products that have been included in international conventions, or listed as national key protected species. And import or export permits shall be obtained from state management authority of endangered species. Import and export quarantine shall be carried out according to related laws. Customs clearance procedures will be completed based on related regulations on the premise of import/export permits and quarantine certificate. Illegal import and export shall be penalized, as well as forging, reselling, transfer of ownership, alternation of related permits.</p>
Foreign Trade Law of the People's Republic of China	12 May 1994	For cultural relics, wild animals and plants as well as their products, if it is prohibited or limited to import or export by other administrative laws and regulations, related trade activities shall be in accordance with the relevant laws and administrative regulations.
Regulations of the People's Republic of China on Wild Plants Protection	30 September 1996	Specific rules are formulated for approval procedure of import and export of wild plants, as well as import and export supervision. Penalties are required for illegal import and export, as well as forging, buying/selling import and export permits.
List of national key protected wild plants (First Group)	4 August 1999	Listed the national first and second class of protected wild plants.
Notification regarding import and export permits fees for wild fauna and flora	1 August 2000	Provide provisions on standard fees of import and export wild animals and plants as well as their products.

The Regulations of the People's Republic of China on the Administration of the Import and Export of Endangered Wild Animals and Plants, , were promulgated and entered into effect as of September 1, 2006. These Regulations are specific administrative regulations for China mainland in order to fulfill the CITES obligation. The enactment of these regulations strengthened China's legislation on endangered wild animals and plants management, provided necessary legal support for combatting illegal trade of endangered wild animals and plants

1.2 China's trade requirements for CITES-listed tree species

In accordance with the requirements of the CITES a trade procedure, with clarified legislation support and operational processes, has been well established. The Article 2 of the Regulations of the People's Republic of China on the Administration of the Import and Export of Endangered Wild Animals and Plants stipulates that "The import or export of the endangered animals and plants as well as the products which are restricted by CITES shall be subject to the present Regulations", "As to the export of the endangered animals and plants as well as the products thereof under the special protection of our country, the relevant provisions of the present Regulations on the export of endangered animals and plants as well as the products thereof shall be applied." The list of endangered animals and plants as well as the products which are restricted by CITES is not included in the appendix of the Regulation. The detailed list shall be in accordance with CITES and resolutions of each Conferences of the Parties.

In addition, the policies applied by the Chinese government are also more stringent than CITES requirements to strengthen administration and control of import of endangered and rare species. Besides the certificates required by CITES, Chinese government also issued Commercial Catalog of Import and Export of Wild Species of Fauna and Flora

1.2.1 Specified management measures for different appendices

In total, there are 5,600 species of animals and 30,000 species of plants that have been included in the CITES appendices and different management measures are adopted for different appendices. Appendix I includes species threatened with extinction which are or may be affected by trade. Trade in specimens of these species must be subject to particularly strict regulation in order not to endanger further their survival and must only be authorized in exceptional circumstances. Appendix II includes all species which although not necessarily now threatened with extinction may become so unless trade in specimens of such species is subject to strict regulation in order to avoid utilization incompatible with their survival, and other species which must be subject to regulation in order that trade in specimens of certain species referred to above may be brought under effective control. Species listed under Appendix II accounted for 97% of the total CITES-listed species. Appendix III includes all species which any Party identifies as being subject to regulation within its jurisdiction for the purpose of preventing or restricting exploitation, and as needing the cooperation of other Parties in the control of trade.

Import and export permits are used by CITES to regulate international trade of species listed in the appendices. It stipulates that, the export, re-export, import and introduction from the sea of any specimens, parts or derivatives of any living/non-living animals and plants shall require permits and certificates. Requirements for species covered in different appendices are different. Trade of wild

animals and plants by China shall also be in accordance with those provisions.

Export of species under Appendix I shall require the prior grant and presentation of an export permit. Import of those species shall require the prior grant and presentation of an import permit and either an export permit or a re-export certificate. Re-export of those species shall require the prior grant and presentation of a re-export certificate.

Export of species under Appendix II shall require the prior grant and presentation of an export permit. Import of those species shall require the prior grant and presentation of either an export permit or a re-export certificate. Re-export those species shall require the prior grant and presentation of a re-export certificate.

The export of any specimen of a species included in Appendix III from any State which has included that species in Appendix III shall require the prior grant and presentation of an export permit. The import of any specimen of a species included in Appendix III shall require the prior presentation of a certificate of origin and, where the import is from a State which has included that species in Appendix III, an export permit. In the case of re-export, a certificate granted by the Management Authority of the State of re-export that the specimen was processed in that State or is being re-exported shall be accepted by the State of import as evidence.

All permits and certificates must be verified by scientific authority and management authority before granting, to ensure relevant trades will not endanger the survival of the species or related species, not violate relevant national laws or Convention, and the specimens are properly shipped as a basic condition. Table 1-2 listed the policies required to follow and documents required to submit.

Table 1-2 Trade policies applied and documents required for each appendix

Appendix	Species	Trade policy	Documents required
I	Endangered species	Trade for commercial use is prohibited. Trade for non-commercial use (such as education, training, species conservation) is allowed but subject to strict regulation.	Two documents shall be required: import permit, export permit or re-export certificate
II	Species may become threatened with extinction unless trade of such species is subject to strict regulation	Trade for commercial use is allowed but subject to strict regulation.	One document shall be required: export permit or re-export certificate
III	species which any Party identifies as being subject to regulation within its jurisdiction for the purpose of preventing or restricting exploitation	Trade for commercial use is allowed, but subject to related trade regulation.	One document shall be required: an export permit granted by the State which has included the species in Appendix III, or a certificate of origin granted by the State which has not included the species in Appendix III.

In accordance with the requirements of the CITES, management measures of import and export of endangered animals and plants are classified. China also applies different approval procedures for trade of species under different appendices:

Firstly, commercial trade of species under Appendix I are prohibited. It is prohibited to import or export any endangered wild animals and plants as well as the product thereof, whose import or export is prohibited by CITES for any purpose of commercial trade. Where any import or export is required for such special reasons as scientific research, domestication and propagation, artificial cultivation and cultural exchange, it shall be subject to the approval of the competent departments of endangered animals and plants under the State Council. In the case of any matter subject to the approval of the State Council according to relevant provisions, it shall be reported to the State Council for approval.

Secondly, import and export of species under Appendix II and III shall be subject to strict approval procedures. The import or export of endangered animals and plants as

well as the products thereof (included under Appendix II and III), which are restricted by CITES to be imported and exported, and the export of wild animals and plants as well as the products thereof that have been restricted by the State Council or the competent departments of endangered animals and plants under the State Council, shall be subject to approval of the competent departments of endangered wild animals and plants under the State Council. The import of endangered wild animals and plants as well as the products thereof shall meet the requirements as follows: (1) The utilization of endangered wild animals and plants as well as the products thereof meets the relevant provisions of the State; (2) Having effective control measures and meeting the requirements for ecological security; (3) The materials as provided by the relevant applicant are authentic and effective; and (4) Meeting any other requirement as publicized by the competent departments of endangered animals and plants under the State Council. The export of endangered wild animals and plants as well as the products thereof shall meet the requirements as follows: (1) Meeting the requirements for ecological security as well as public benefits; (2) The origins are legal; (3) The materials as provided by the relevant applicant are authentic and effective; (4) Not falling within the prohibited categories of export as prescribed by the State Council or the competent departments of endangered animals and plants under the State Council; and (5) Meeting any other requirement as publicized by the competent departments of endangered animals and plants under the State Council.

1.2.2 Application procedure of the CITES import/export permit certificate

The Chinese Government has introduced a series of rules and regulations as well as operational details on import and export of endangered wild animals and plants. On 9 February 2014, the State Forestry Administration and General Administration of Customs jointly issued the *Administrative Measures for Permits of Import and Export of Wild Animal and Plants*, for the purpose of intensifying administration on the import and export of endangered wild animals and plants from the following aspects, administration authorities, application and issue of import/export permit certificate, species verification certificate, import and export regulation and etc. Afterwards, the State Forestry Administration *has issued Guidance Regarding Issues on Approval of Import and Export Permit Certificate and Guidance Regarding Issues on Approval of Species Verification Certificate*, to regulate activities related to trade of wild animals and plants at the operational level.

According to *Administrative Measures for Permits of Import and Export of Wild Animal and Plants*, the precondition for an enterprise importing or exporting wild animals and plants is to obtain the CITES Import/Export Permit Certificate. The whole process engages enterprises, local endangered species import and export management office, regional forestry competent department, State Forestry Administration, the national endangered species import and export management office and other departments. As of 1 November 2015, China suspended to collect administration fee of import and export wild animals and plants, therefore, it is free to get the Permit certificate, the detailed procedures are shown in the following

figure:

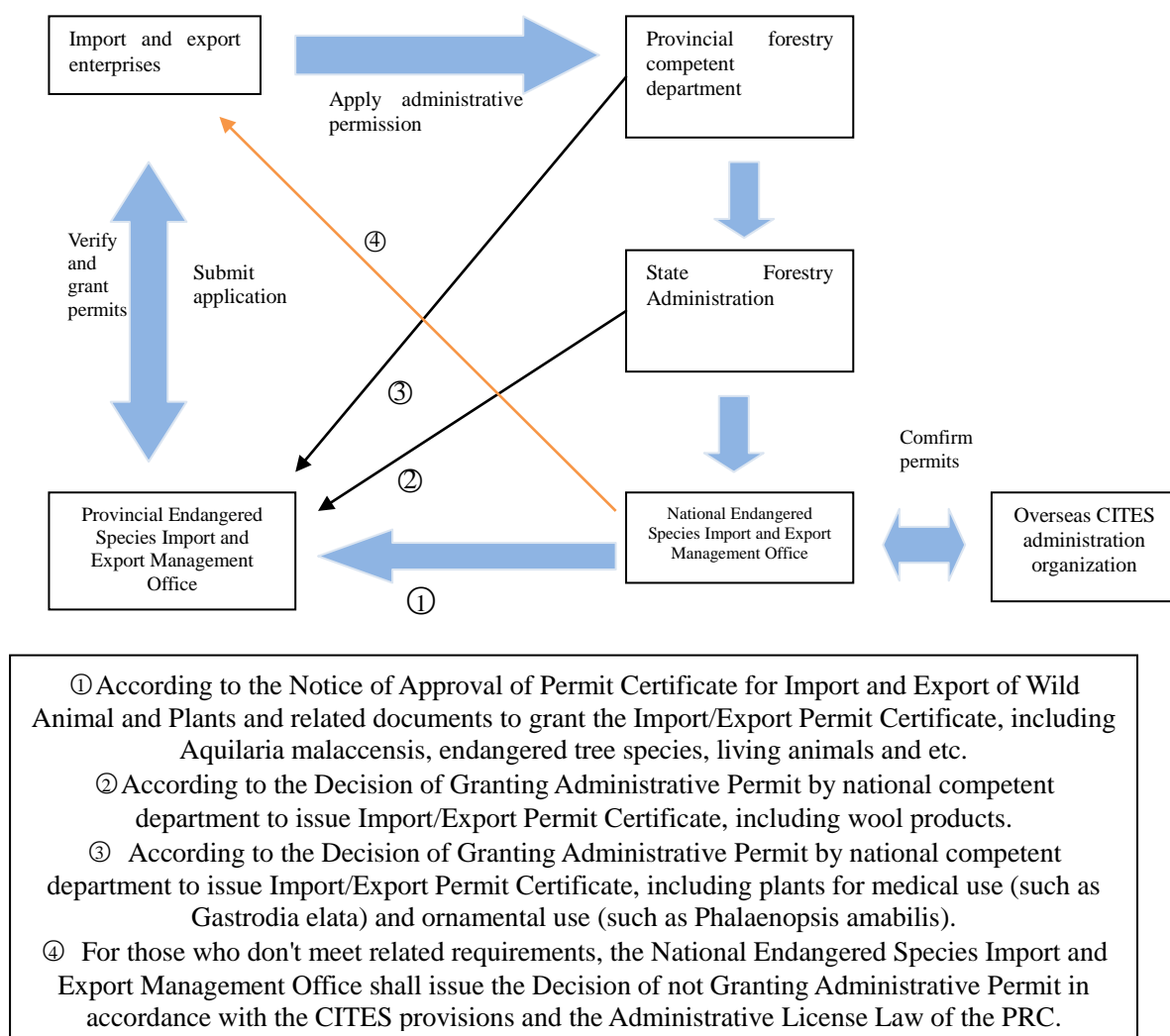


Figure 1-1 Procedure of application of CITES import/export permit certificate

When importing or exporting any endangered wild animals and plants as well as the product thereof, an applicant shall file an application with the competent departments of wild animals and plants of the province, autonomous region or municipality directly under the Central Government (which is the local endangered species import and export management office) where the enterprise is located, and submit the following materials as well:

- (1) An Application Form for the Import/Export Permit Certificate

The Application Form for the Import/Export Permit Certificate can be downloaded from the official website of the local endangered species import and export management office, to fill it according to related requirements. The template of the application form is shown in Annex 2.

- (2) The Approval Documents for import or export by the competent department of endangered animals and plants under the State Council.

- (3) Import/export contract. Excluding wild animals and plants as well as its products thereof owned by individuals with the purpose of non-commercial trade.
- (4) Identification materials for the applicant. If the applicant is an organization, it shall submit the copy of the business license and other identification certificate; if the applicant is an individual person, he/she shall submit the copy of his/her ID card.
- (5) In case the imported/exported drugs and food products that contains wild animals and plants ingredients, species content table and products instruction shall be provided.
- (6) In case importing and exporting wild animals and plants as well as its products, documents indicating its sourcing type (born in the wild or artificially breed) shall be submitted.
- (7) Other materials requested by the national endangered species import and export management office.
- (8) In the case of import of any wild animals and plants or products thereof, which is included in CITES appendices, an applicant shall additionally submit the relevant certification materials on export Permit as verified and issued by the competent departments of endangered wild animals and plants of the export country, unless it is required by CITES to provide import Permit certificate by the import country first.
- (9) In the case of import of living wild animals and plants, materials to prove the shipping condition meets related requirements of CITES shall be provided. For living wild animals listed under Appendix I, the applicant shall also provide texts and photos of the cage placement and proof of the animal is well taken care of.
- (10) In case of export of wild animals and plants or products thereof, which are included under CITES Appendix I, or re-export living wild animals and plants under Appendix I, the applicant shall provide the import permits granted by the overseas CITES competent organization (except it is required by CITES to provide export permits first). In case of import or export of wild animals and plants or products thereof from non-CITES Parties, the applicant shall provide the import/export Permit certificate granted by the organization registered at the CITES Secretariat.

In the case of any re-export of endangered wild animals and plants as well as the products thereof, which have been imported, an applicant shall additionally submit the following documents:

- (1) Copy of the import/export Permit certificated as signed by the Customs and copy of declaration form of imported goods as subscribed by the Customs. In the case of re-export product which was processed by wild animals and plants raw material, the applicant shall also provide the

conversion plan and description of related production and processing. In case of export of wild animals and plants or products thereof, which were imported with the purpose of processing, the applicant shall provide the copy of processing trade manual or electronic version as of issued by the customs, copy of the electronic accounting book (header and related content).

- (2) In case of import wild animals and plants or products thereof through processing trade, the applicant shall provide the copy of processing trade manual or electronic version as of issued by the customs, copy of the electronic accounting book (header and related content).
- (3) If the applicant entrusted an agent to apply related permits, the identification certificate of the agent and entrusting contract shall be provided; as for application of commercial import and export, the qualification certificate of the applicant or agent to engage in international trade business.

Secondly, the local endangered species import and export management office will classify the application, and transfer the application of import and export of wild animals to the provincial agriculture competent department, while application of import and export of wild plants to provincial forestry department for approval (see Annex 2 for more feedback details). The relevant agricultural or forestry competent department at provincial level shall, within 10 workdays as of receiving the applications, subscribe the materials with their opinions and transfer all the application materials to the competent agricultural or forestry under the State Council. The competent agricultural or forestry departments under the State Council shall make a decision on approval or disapproval and notify the relevant applicant in written form (see Annex 1), within 20 workdays as of receiving the application. If the competent departments fail to make a decision within 20 workdays, the term may, upon the approval of the principal thereof, be extended for 10 workdays, and the extended term and relevant explanations thereon shall be noticed to the relevant applicant.

Thirdly, after receiving approval documents issued by the national forestry or agricultural competent departments, the local endangered species import and export management office shall send application to EMSO for import/export Permit certificate within valid date as described in the document. EMSO shall, within 20 workdays as of receiving the application, make a decision on examination. Where the application materials are complete and meet the provisions of the present Regulations as well as the requirements of the CITES, an Import/Export Permit Certificates shall be issued upon verification (see Annex 3). In the case of disapproval for issuing an Import/Export Permit Certificates upon verification, the disapproval shall be noticed to the applicant and the competent departments of endangered animals and plants under the State Council in written form, and the relevant explanations shall be given (see Annex 4). Where a decision cannot be made within 20 workdays, the term may, upon the approval of the principal of the administrative organ in charge of the import

and export of endangered wild animals and plants, be extended for 10 workdays, and the extended term and the relevant explanations thereon shall be noticed to the relevant applicant.

In case the national endangered species import and export management office finds any application material failing to meet the relevant requirements when carrying out an examination, it shall inform the applicant in a one-off manner of all the contents that shall be supplemented and corrected within 5 workdays. Where the national endangered species import and export management office needs, during the process of verifying and issuing an Import/Export Permit Certificates, to consult the opinions of the state scientific institution for the import and export of endangered wild animals and plants or needs to confirm the relevant contents of the certification materials on import/export Permit with the relevant overseas institutions, it shall transfer the relevant materials to the state scientific institution for the import and export of endangered wild animals and plants for consulting or to the relevant overseas institutions for confirming the relevant contents within 5 workdays as of receiving the application. The time for consulting opinions and confirming contents shall not be calculated into the workdays for the verification and issuance of the Import/Export Permit Certificates.

After the local endangered species import and export management office receiving the certificate approved by the national endangered species import and export management office, it shall be timely sent to the applicant, and the whole procedure complete.

Chapter 2 CITES-listed tree species

2.1 Development trends of CITES-listed tree species

In recent years, the sharp decline in endangered tree species has aroused concern worldwide. Over-exploitation is one of the main factors leading to this situation. CITES, as an international convention with the largest membership, has increasingly concerned with the protection of endangered species since the 15th meeting of the Conference of the Parties in 2007. Based on the trend of the last four meetings of the Conference of the Parties, CITES is expanding its control scope to all kinds of timber, especially to tropical tree species.

At the 14th meeting of the Conference of the Parties to CITES in 2007, four tree species have been newly listed in the Appendix III, including *Cedrela odorata*, *Dalbergia retusa*, *Dalbergia granadillo* and *Dalbergia stevensonii*.

By the 15th meeting of the Conference of the Parties to CITES in 2010, 111 tree species were listed in CITES appendices, including 7 under Appendix I, 94 under Appendix II (covering 4 species under *Taxus*, 5 species under *Guaiacum*, 25 species under *Aquilaria*, 8 species under *Gyrinops* and 40 species under *Gonystylus*), and 10 under Appendix III. *Aniba rosaeodora* has been newly listed in Appendix II, while *Bulnesia sarmientoi* has been moved from Appendix III to Appendix II.

Till the 16th meeting of the Conference of the Parties to CITES in 2013, a total of 247 tree species have been included in CITES appendices, including 7 species under Appendix I, 231 species under Appendix II (including 48 species of *Dalbergia* spp. and 84 of *Diospyros* spp. (populations of Madagascar)) and 9 species under Appendix III. Of which, 48 species of *Dalbergia* spp., including *Dalbergia cochinchinensis*, *Dalbergia granadillo* and Malagasy populations, and 84 species of *Diospyros* spp. (populations of Madagascar) have been newly included under Appendix II. While *Dalbergia retusa* and *Dalbergia stevensonii* have been moved to Appendix II. The list entered into force in 12 June 2013.

In accordance with CITES Notification to the Parties No. 2014/014, the Secretariat approved the proposal by the Government of Nicaragua which requested to include *Dalbergia tucurensis* under LEGUMINOSAE in Appendix III, as well as the proposal by the Government of Russian Federation which requested to include *Quercus mongolica* under FAGACEAE and *Fraxinus mandshurica* under OLEACEAE in Appendix III. By then, three additional tree species were listed to Appendix III and the listing entered into force on 24 June 2014. In the same year, according to the CITES Notification to the Parties No.015, the Secretariat approved the proposal by Guatemala which requested to include *Dalbergia calycina* (population of Guatemala), *Dalbergia cubilquitzensis* (population of Guatemala), *Dalbergia glomerata* (population of Guatemala) and *Dalbergia tucurensis* (population of Guatemala) in Appendix III, and it entered into force on 5 February 2015. By May 2015, the latest



CITES Appendices include 250 tree species in total.

On 24 March 2016, CITES notification to the Parties No. 2016/008 approved the request by Senegal to include *Pterocarpus erinaceus* in Appendix III, and it entered into force on 9 May 2016.

The appendices were further amended at the 17th meeting of the Conference of the Parties which took place in Johannesburg (South Africa) from 24 September to 5 October 2016. It was decided to transfer *Pterocarpus erinaceus* from Appendix III to Appendix II, and include the genus *Dalbergia* in Appendix II with exception to the species included in Appendix I, also include *Guibourtia tessmannii*, *Guibourtia pellegriniana*, *Guibourtia demeusei* and *Adansonia grandidieri* in Appendix II. The updated appendices have entered into force on 2 January 2017. By far, over 268 tree species have been listed in CITES appendices. Statistical analysis of these tree species revealed that there are 42 species currently included in the CITES appendices, belonging to 16 families. Of which there are 7 species in Appendix I, 25 species in Appendix II, 10 species in Appendix III. There are 11 species distributed in China, belonging to 8 families, including 5 species in Appendix II and 6 species in Appendix III (specific name see Table 2-1).

Table 2-1 CITES-listed Tree Species

Family	Appendix I	Appendix II	Appendix III
ARAUCARIACEAE	<i>Araucaria araucana</i>		
CARYOCARACEAE		<i>Caryocar costaricense</i> #4	
CUPRESSACEAE	<i>Fitzroya cupressoides</i> <i>Pilgerodendron uviferum</i>		
EBENACEAE	<i>Diospyros spp.</i> #5 (populations of Madagascar)		
FAGACEAE			★ <i>Quercus mongolica</i> #5 (Russian Federation)
LEGUMINOSAE (FABACEAE)	<i>Dalbergia nigra</i>	<i>Caesalpiniaechinata</i> #10 <i>Dalbergia spp.</i> (except for the species listed in Appendix I) #15 <i>Guibourtia demeusei</i> #15 <i>Guibourtia pellegriniana</i> #15 <i>Guibourtiatessmannii</i> #15	<i>Dipteryx panamensis</i> (Costa Rica, Nicaragua)

	<p><i>Pericopsis elata</i>#5</p> <p><i>Platymisciumpleiostachyum</i> #4</p> <p><i>Pterocarpus erinaceus</i></p> <p><i>Pterocarpus santalinus</i></p> <p>#7</p> <p><i>Senna meridionalis</i></p>	
MAGNOLIACEAE		<p>★</p> <p><i>Magnolia liliifera</i> var. <i>obovata</i>#1 (Nepal)</p>
MALVACEAE	<p><i>Adansonia grandidieri</i></p> <p>#16</p>	
MELIACEAE	<p><i>Swietenia humilis</i>#4</p> <p><i>Swietenia macrophylla</i></p> <p>#6 (Populations of the Neotropics)</p> <p><i>Swietenia mahagoni</i>#5</p>	<p><i>Cedrela fissilis</i>#5 (Plurinominal State of Bolivia, Brazil)</p> <p><i>Cedrela lilloi</i> #5 (Plurinational State of Bolivia, Brazil)</p> <p><i>Cedrela odorata</i> #5 (Brazil and the Plurinational State of Bolivia. In addition, the following countries have listed their national populations: Colombia, Guatemala and Peru)</p>
OLEACEAE		<p>★</p> <p><i>Fraxinus mandshurica</i> #5(Russian Federation)</p>
PINACEAE	<p><i>Abies guatemalensis</i></p>	<p>★</p> <p><i>Pinus koraiensis</i>#5 (Russian Federation)</p>
PODOCARPACEAE	<p><i>Podocarpus parlatorei</i></p>	<p>★</p> <p><i>Podocarpus neriifolius</i> #1 (Nepal)</p>
TAXACEAE	<p>★</p> <p><i>Taxus chinensis</i> and infraspecific taxa of this species #2</p> <p>★</p> <p><i>Taxus cuspidata</i> and infraspecific taxa of this species 12#2</p> <p>★</p>	

	<p><i>Taxus fauna</i> and infraspecific taxa of this species #2</p> <p><i>Taxus sumatrana</i> and infraspecific taxa of this species #2</p> <p>★</p> <p><i>Taxus wallichiana</i>#2</p>
<p>THYMELAEACE AE (<i>Aquillariaceae</i>)</p>	<p>★</p> <p><i>Aquilaria spp.</i> #14</p> <p><i>Gonystylus spp.</i> #4</p> <p><i>Gyrinops spp.</i> #14</p>
<p>TROCHODENDR ACEAE (<i>Tetracentraceae</i>)</p>	<p>★</p> <p><i>Tetracentron sinense</i>#1 (Nepal)</p>
<p>ZYGOPHYLLAC EAE</p>	<p><i>Bulnesia sarmientoi</i> #11</p> <p><i>Guaiacum spp.</i> #2</p>

Notes:

Those with “★” refers to the species or higher-level contains species that are naturally distributed in China.

【12】 Artificially propagated hybrids and cultivars of *Taxus cuspidate*, live, in pots or other small containers, each consignment being accompanied by a label or document stating the name of the taxon or taxa and the text “artificially propagated”, are not subject to the provision of the Convention.

【#1】 All parts and derivatives, except:

- a) seeds, spores and pollen (including pollinia);
- b) seedling or tissue cultures obtained in vitro, in solid or liquid media, transported in sterile containers;
- c) cut flowers of artificially propagated plants; and
- d) fruits, and parts and derivatives thereof, of artificially propagated plants of the genus *Vanilla*.

【#2】 All parts and derivatives except: a) seeds and pollen; and b) finished products packaged and ready for retail trade.

【#4】 All parts and derivatives, except:

- a) seeds (including seedpods of *Orchidaceae*), spores and pollen (including pollinia). The exemption does not apply to seeds from *Cactaceae spp.* exported from Mexico, and to seeds from *Beccariophoenix madagascariensis* and *Neodopsis decaryi* exported from Madagascar;
- b) seedling or tissue cultures obtained in vitro, in solid or liquid media, transported in sterile containers;
- c) cut flowers of artificially propagated plants;
- d) fruits, and parts and derivatives thereof, of naturalized or artificially propagated plants of the

genus *Vanilla* (Orchidaceae) and of the family Cactaceae;

- e) stems, flowers, and parts and derivatives thereof, of naturalized or artificially propagated plants of the genera *Opuntia* subgenus *Opuntia* and *Selenicereus* (Cactaceae); and
- f) finished products of *Euphorbia antisiphilitica* packaged and ready for retail trade.

【#5】 Logs, sawnwood and veneer sheets.

【#6】 Logs, sawnwood and veneer sheets and plywood.

【#7】 Logs, wood-chips, powder and extracts.

【#10】 Logs, sawnwood, veneer sheets, including unfinished wood articles used for the fabrication of bows for stringed musical instruments.

【#11】 Logs, sawnwood, veneer sheets, plywood, powder and extracts. The finished product (including the fragrance) containing the extract thereof is not subject to this annotation of the Convention.

【#14】 All parts and derivatives except:

- a) seeds and pollen;
- b) seedling or tissue cultures obtained in vitro, in solid or liquid media, transported in sterile containers;
- c) fruits;
- d) leaves;
- e) exhausted agarwood powder, including compressed powder in all shapes; and
- f) finished products packaged and ready for retail trade, this exemption does not apply to beads, prayer beads and carvings.

【#15】 All parts and derivatives are included, except:

- a) Leaves, flowers, pollen, fruits and seeds;
- b) Non-commercial exports of a maximum total weight of 10 kg. per shipment;
- c) Parts and derivatives of *Dalbergia cochinchinensis*, which are covered by Annotation #4;
- d) Parts and derivatives of *Dalbergia spp.* originating and exported from Mexico, which are covered by Annotation #6.

【# 16】 Seeds, fruits, oil and live plants.

2.2 CITES-listed rosewood species which are identified in China's

National Rosewood Standard

Before 2000, China had no national standards for rosewood. Rosewood is a common name for on the high-end, precious tropical hardwood, mainly referring to those species from the tropical region, such as leguminosae, pterocarpus and etc. After the 1980s, with the increasing demand for rosewood in China, the industry appeared shoddy, deforestation and other undesirable phenomena. In order to speed up the

industry standard, the Chinese government has standardized the rosewood according to its density and other indicators, and in 2000 the government issued The National Rosewood Standard of China. The national standard identified 33 species rose wood, belonging to 2 families and 5 genera.

Among the 33 rosewood species identified in China National Rosewood Standard, there are only 5 species distributed in China, namely *Dalbergia odorifera*, *Dalbergia fusca*, *Diospyros Philippinensis*, *Cassia siamea* and *Pterocarpus indicus*, of which the *Dalbergia odorifera*, *Dalbergia fusca* and *Diospyros Philippinensis* are native species, while *Cassia siamea* and *Pterocarpus indicus* are introduced species. The rest 28 species of rosewood are distributed abroad. Chinese consumers demand is heavily dependent on imported materials.

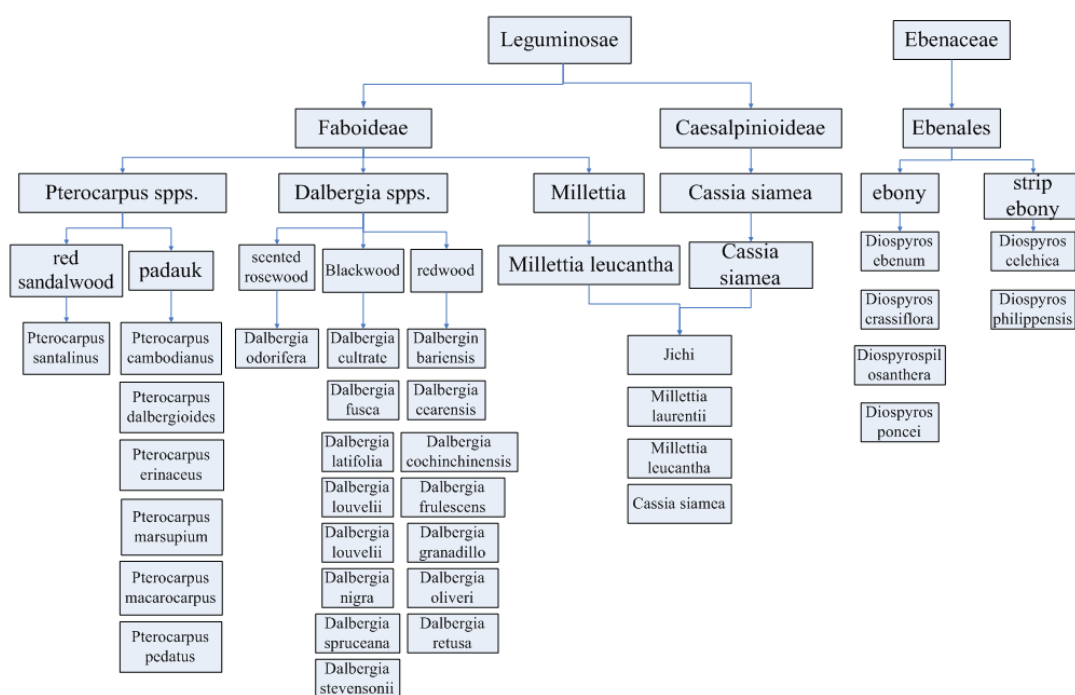


Figure 2-1 Classification of 33 rosewood species (5 genera) identified by the China National Rosewood Standard

Rosewood mainly grows in tropical areas. It can take hundreds or even thousands of years to mature (such as *Pterocarpus santalinus*, *Diospyros ebenum*, etc.). Compared to the harvest and utilization speed, rosewood is almost considered as non-renewable resources due to its slow growth. In view of the scarcity of rosewood resources and the risk of resource depletion, rosewood has become the most concerned and most protected species of CITES in recent years. More and more rosewood species identified by China National Rosewood Standard are included in the CITES controlling list and strictly managed by following the CITES trade procedure.

At the 8th meeting of the Conference of the Parties in 1992, Brazilian rosewood (*Dalbergia nigra*) was included in the CITES Appendix I. It was the first rosewood species included in CITES-regulated list. Before the 16th meeting of the Conference of

the Parties in 2013, five out of thirty-three rosewood species identified by the China National Rosewood Standard have been included in the CITES Appendices, of which *Dalbergia nigra* was included in Appendix I, *Pterocarpus santalinus* was included in Appendix II, and *Dalbergia stevensonii*, *Dalbergia retusa* and *Dalbergia louvelii* (commonly known as bigleaf sandalwood) in Appendix III.

According to CITES appendices published at the 16th meeting of the Conference of the Parties, the international community has strengthened its regulatory and expanded the regulating scope of rosewood resources. In total 7 rosewood species have been included in CITES regulating list. Appendix I unchanged, which still include *Dalbergia nigra* (commercial international trade is prohibited). In addition to *Pterocarpus santalinus*, two more species namely *Dalbergia cochinchinensis* and *Dalbergia granadillo* have been newly included in Appendix II. At the same time, *Dalbergia retusa*, *Dalbergia stevensonii* and *Dalbergia louvelii* have been transferred from Appendix III to Appendix II. Species under Appendix II could only be traded internationally with import and export licenses or re-export certificates.

The 17th meeting of the Conference of the Parties in 2016 further expanded the CITES listing, by keeping *Dalbergia nigra* in Appendix I and *Pterocarpus santalinus* in Appendix II, transferring *Dalbergia retusa*, *Dalbergia stevensonii* and *Dalbergia louvelii* from Appendix III to Appendix II. 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 (see Table 2-2 for detailed information). Specifically, *Dalbergia nigra* is included in Appendix I and rosewood species listed in Appendix II are mainly *Dalbergia* and *Pterocarpus* genera:

- two species under *Pterocarpus* genus, namely *Pterocarpus santalinus* (hard core of the wood is sandalwood) and *Pterocarpus erinaceus* (hard core of the wood is palisander)
- 15 species under *Dalbergia* genus: 1) one fragrant rosewood, namely *Dalbergia odorifera* (hard core wood is known as Hainan Huanghuali); 2) seven blackwood species (including *Dalbergia nigra* in Appendix I), namely *Dalbergia fusca*, *Dalbergia latifolia*, *Dalbergia louvelii*, *Dalbergia melanoxylon*, *Dalbergia nigra*, *Dalbergia spruceana* and *Dalbergia stevensonii*; 3) seven tamalan species, namely *Dalbergia bariensis*, *Dalbergia cearensis*, *Dalbergia cochinchinensis*, *Dalbergia frutescens*, *Dalbergia granadillo*, *Dalbergia oliveri* and *Dalbergia retusa*.

Table 2-2 CITES-listed rosewood species which are identified in the China National Rosewood Standard

Pterocarpus genus				
Category	Species	Origin	Common name	Appendix and listing date
Sandalwood	<i>Pterocarpus santalinus</i>	South India	red sanders, red sandalwood	Listed in Appendix II on 16 February 1995

Palisander	<i>Pterocarpus erinaceus</i>	Africa	ambila	Transferred from Appendix III to Appendix II on 2 January 2017
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Dalbergia genus

Category	Species	Origin	Common name	Appendix and listing date
Fragrant rosewood	<i>Dalbergia odorifera</i>	Hainan province, China	Scented rosewood	Listed in Appendix II on 2 January 2017
Blackwood	<i>Dalbergia fusca</i>	Southeast Asia (Malaysia, Vietnam), and Yunnan province of China	Black rosewood, yinzat	Listed in Appendix II on 2 January 2017
	<i>Dalbergia latifolia</i>	India, Java of Indonesia, Bangladesh, France, Kenya, Malaysia and etc.	Indian rosewood, sonkeling, Sonobrits, Bombay blackwood, rosewood, java-palisandre, angsanakeeling	Listed in Appendix II on 2 January 2017
	<i>Dalbergia louvelii</i>	Madagascar	Bois de rose	Transferred from Appendix III to Appendix II on 12 June 2013
	<i>Dalbergia melanoxydon</i>	East Africa	African blackwood Mozambiqueebony, African rosewood	Listed in Appendix II on 2 January 2017
	<i>Dalbergia nigra</i>	Brazil	Brazilian wood, jacaranda	Listed in Appendix I on 11 June 1992
	<i>Dalbergia spruceana</i>	Brazil	jacaranda, Brazilian rosewood	Listed in Appendix II on 2 January 2017
	<i>Dalbergia stevensonii</i>	Belize	Hondurs rosewood, hogaed	Transferred from Appendix III to Appendix II on 12 June 2013
Tamalan	<i>Dalbergia bariensis</i>	Cambodia, Laos, Thailand, Vietnam	neansnuon	Listed in Appendix II on 2 January 2017
	<i>Dalbergia cearensis</i>	Brazil and Mexico	kingwood, violetta, violetwood	Listed in Appendix II on 2 January 2017
	<i>Dalbergia cochinchinensis</i>	Thailand, Vietnam,	Siam rosewood, paying,	Listed in Appendix II on 13 June 2013

	Cambodia	trac, kranghung	
<i>Dalbergia granadillo</i>	Mexico and other Central America	cocobolo	Listed in Appendix II on 12 June 2013
<i>Dalbergia oliveri</i>	Myanmar, Thailand, Laos, Malaysia, India, Vietnam	Burmatulipwood ,chingchan, tamalan	Listed in Appendix II on 2 January 2017
<i>Dalbergia retusa</i>	Central America	cocobolo	Transferred from Appendix III to Appendix II on 12 June 2013

From the perspective of the trend of CITES-listed tree species, in the past years, more and more rosewood species have been listed as endangered species.

Chapter 3 Analysis of the structure of China's imports of

CITES-listed tree species

This chapter analyzes China's imports of CITES-listed tree species in terms of the species category, changes of imported tree species, structure of supply countries, trade purpose, source and etc.

3.1 Data source

In accordance with relevant requirements under the paragraph 6 of Article VIII of Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), each Party shall prepare an annual report and biennial report and transmit to the Secretariat. The annual report shall cover the number and type of permits and certificates granted, the States with which such trade occurred, the numbers or quantities and types of specimens, names of species and etc. The biennial report shall cover legislative, regulatory and administrative measures taken to enforce the provisions of the present Convention. The annual report shall be submitted by 31 October of the following year. The CITES Secretariat will compile the submitted data to form CITES Trade Database, which is managed by the managed by the UNEP World Conservation Monitoring Centre (UNEP-WCMC) on behalf of the CITES Secretariat. **Unless otherwise specified, data used in this chapter are from this database.**

As for the research period, data from 2009 to 2015 is used, due to the following considerations: 1) at the 15th meeting of the Conference of the Parties in 2010 extended the scope of regulated tree species from 4 to 111, an important step of CITES in timber field; 2) at the 16th meeting of the Conference of the Parties in 2013, quantity of CITES-listed tree species was further increased from 111 to 247, showing the fastest growth; 3) in 2014, CITES Secretariat approved the requests by Russia Federation and Nicaragua to include *Quercus mongolica* and *Fraxinus mandshurica* from Russia Federation and *Dalbergia tucurensis* from Nicaragua in Appendix III, meaning more and more tree species imported by China have been regulated by CITES. Since the 15th and 16th COP meetings occurred between 2009 and 2015, it is conducive to compare the changes of China's imports of CITES-listed tree species after those two meetings, to accurately describe the trade structural trends of China's imports of CITES-listed tree species.

3.2 Category of China's imports of CITES-listed tree species

Although CITES has a wide list of animals and plants species, but not all CITES-listed species are traded. According to relevant documents from the CITES Virtual College, only 3,680 animal species and 9,577 plant species out of 34,782 CITES-listed species have been traded between 2004 and 2008, of which 11,076

species have been shipped with no more than 100 shipments, and species that have been traded are dominated by 157 animals and 1,878 plants species, accounting for 90% of the total trade species. Similarly, not all 268 timber species regulated by CITES (as of January 2017), have been traded.

CITES Trade Database shows that from 2009 to 2015, China imported CITES-listed 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, only imports of the following species have been maintained at a high level: *Dalbergia spp.* and *Aquilaria spp.*. Species under *Dalbergia* that have been imported by China mainly include: *Dalbergia nigra*, *Dalbergia louvelii*, *Dalbergia stevensonii*, *Dalbergia retusa*, *Dalbergia cochinchinensis*, *Dalbergia tucurensis* and *Dalbergia granadillo*. The following shows China's imports of CITES-listed tree species by Appendices.

3.2.1 Appendix I

Dalbergia nigra belongs to the Leguminosae family and *Dalbergia* genus. It originates from Brazil, and first listed in CITES Appendix I in 11 June 1992.

3.2.2 Appendix II

In the Appendix II, species imported by China mainly include *Dalbergia spp.*, *Pterocarpus santalinus*, *Taxus cuspidate*, *Aquilaria malaccensis* and *Bulnesia sarmientoi*.

Dalbergia spp. belongs to the family of LEGUMINOSAE (FABACEAE). At the 17th meeting of the Conference of the Parties in 2016, all *Dalbergia spp.* have been included in CITES-listed tree species, and entered into force on 2 January 2017. *Dalbergia* species imported by China mainly include *Dalbergia stevensonii*, *Dalbergia retusa*, *Dalbergia cochinchinensis*, *Dalbergia tucurensis* and *Dalbergia granadillo*. The distribution and date listed in CITES of above five *Dalbergia* species is as follows:

- The *Dalbergia stevensonii* and *Dalbergia retusa* are mainly distributed in Belize, Guatemala, Honduras, Mexico; in addition, *Dalbergia retusa* also can be found in Colombia, Costa Rica, Salvador and other regions. On 12 February 2008, Guatemalan's proposal on inclusion of *Dalbergia stevensonii* and *Dalbergia retusa* in Appendix III entered into force; and on 22 November 2011 Panama's proposal on inclusion of *Dalbergia retusa* in Appendix III entered into force. In June 2013, both *Dalbergia stevensonii* and *Dalbergia retusa* were transferred to Appendix II.
- *Dalbergia cochinchinensis* was listed in Appendix II on 13 June 2013. It is mainly distributed in Colombia, Laos, Papua New Guinea, Solomon Island,

Thailand and Vietnam.

- *Dalbergia tucurensis* was listed in Appendix III on 5 February 2015, and transferred to Appendix II on 2 January 2017, mainly distributed in Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Nicaragua.
- *Dalbergia granadillo* was listed in Appendix II on 12 June 2013, mainly distributed in El Salvador and Mexico.

Pterocarpus santalinus belongs to the *Pterocarpus* genus in the family Fabaceae, mainly distributed in India and Sri Lanka. On 16 February 1995, *Pterocarpus santalinus* was included in Appendix II, and after three revisions, the CITES-listed scope covers the logs, wood-chips, powder and extracts of *Pterocarpus santalinus*.

Taxus cuspidate is mainly distributed in China, North Korea, Japan, South Korea and Russia. It was listed in the CITES Appendix II on 12 January 2005. On 13 September 2007, CITES regulating scope to *Taxus cuspidate* was extended from “Logs, sawnwood, veneer sheets, including unfinished wood articles used for the fabrication of bows for stringed musical instruments” to “All parts and derivatives (except seeds and pollen), and finished products packaged and ready for retail trade”.

Aquilaria malaccensis belongs to the *Aquilaria* genus in the Thymelaeaceae family, distributed in 10 countries including in Bangladesh, not only, India, Indonesia, Iran, Malaysia and others. On 16 February 1995, inclusion of *Aquilaria malaccensis* in Appendix II entered into force. Over the next few years, CITES has revised the regulating scope of *Aquilaria malaccensis* for five times. As of 2 January 2017, the latest regulating scope of CITES for *Aquilaria malaccensis* is: all parts and derivatives, except: 1) seeds and pollen; 2) seedling or tissue cultures obtained in vitro, in solid or liquid media, transported in sterile containers; 3) fruits; 4) leaves; 5) exhausted agarwood powder, including compressed powder in all shapes; and 6) finished products packaged and ready for retail trade, this exemption does not apply to wood chips, beads, prayer beads and carvings.

Bulnesia sarmientoi is mainly distributed in Argentina, Bolivia, Brazil and Paraguay. On 12 February 2008, the proposal by Argentina on inclusion of *Bulnesia sarmientoi* in the Appendices III entered into force. At the 15th meeting of the Conference of the Parties in 2010, it was transferred to Appendix II, and at the 17th meeting of the Conference of the Parties in 2017 the annotation of *Bulnesia sarmientoi* was amended. The current regulating scope is: logs, sawnwood, veneer sheets, plywood, powder and extracts. The finished product (including the fragrance) containing the extract thereof is not subject to this annotation of CITES.

3.2.3 Appendix III

China’s imports of CITES-listed tree species under the Appendix III mainly includes: *Cedrela odorata*, *Pinus koraiensis* and *Fraxinus mandshurica*. CITES regulating scope for above species is “logs, sawnwood and veneer sheets”.

Cedrela odorata belongs to *Cedrela* genus in the Meliaceae family. It was listed in

Appendix III on 12 June 2001 as requested by Peru, and in the following ten years, Colombia, Guatemala, Bolivia and Brazil have also proposed protection requests respectively. *Pinus koraiensis* and *Fraxinus mandshurica* were listed in Appendix III as requested by the Russian Federation, and entered into force respectively on 14 October 2010 and 24 June 2014. *Pinus koraiensis* belongs to the Pinaceae family and *Fraxinus mandshurica* belongs to the Oleaceae family.

3.3 Distribution of CITES-listed tree species which have been imported by China

As mentioned earlier, China has not been continuously importing each species regulated by CITES, and in fact, China's imports of most listed species have been very small. Through analysis on China's imports of CITES-listed tree species between 2009 and 2015, it is found that China's imports of CITES-listed species have been mainly concentrated in several tree species, mainly from Appendix II, and the quantity is stable, as follows:

3.3.1 Imports dominated by few species with very small quantity

Not all 269 CITES-listed tree species (as of January 2017) have been traded. The CITES Trade Database shows that between 2009 and 2015, China only imported around 20 species, accounting for 8% of CITES-listed species, meaning the vast majority of CITES-listed tree species have not been imported by China.

From analysis of around 20 species of CITES-listed tree species that were imported by China from 2009 to 2015, it can be concluded that neither import quantity nor value of most tree species has been continuous and only a small number of species have been imported every year (names of CITES-listed tree species which have been imported by China are shown in Table 3-1). Therefore, China's imports of CITES-listed tree species have been high concentrated, as follows:

(1) From 2009 to 2015, among all CITES-listed species that have been imported by China, only five species have been imported every year, including *Dalbergia nigra*, *Aquilaria spp.*, *Gonystylus spp.*, *Cedrela odorata* and *Bulnesia sarmientoi*. Those are the most commonly imported species by China, and the imports have not been continuous. In 2009, none of *Dalbergia stevensonii* has been imported by China, but 2010 onwards, China has maintained a certain amount of imports each year. China has imported *Pterocarpus santalinus* each year between 2009 and 2014, but none in 2015. Imports of other species have been more scattered.

(2) As for import volume, *Bulnesia sarmientoi* and *Aquilaria spp.* have been imported by China the most. *Bulnesia sarmientoi* is widely used in construction or decoration fields, such as flooring, luxury furniture and internal decoration due to its vary, deep and interlocked texture, as well as high strength, acid and corrosion resistance. *Aquilaria spp.* is mainly used for pharmaceutical purpose, fragrant or collection. Due to limited domestic resources of this species, China has been heavily

replying on import to meet growing domestic demands. Although the import of *Dalbergia nigra* has been continuous each year, but all imports are carving products, the most of 33 pieces (2014) and least of 2 (2009).

Table 3-1 Names of CITES-listed tree species imported by China between 209-2015

	Same tree species	Different tree species
2009	<i>Dalbergia nigra</i> , <i>Aquilaria malaccensis</i> , <i>Gonystylus bancanus</i> , <i>Cedrela odorata</i> , <i>Bulnesia sarmientoi</i>	<i>Pericopsis elata</i> , <i>Pterocarpus santalinus</i> , <i>Swietenia macrophylla</i> , <i>Taxus cuspidata</i> , <i>Taxus chinensis</i>
2010		<i>Ruta spp.</i> , <i>Pterocarpus santalinus</i> , <i>Dalbergia stevensonii</i> , <i>Swietenia macrophylla</i> , <i>Taxus cuspidata</i> , <i>Pinus koraiensis</i>
2011		<i>Dalbergia stevensonii</i> , <i>Pterocarpus santalinus</i> , <i>Dalbergia retusa</i> , <i>Swietenia macrophylla</i> , <i>Taxus cuspidata</i> , <i>Pinus koraiensis</i> , <i>Guaiacum spp.</i>
2012		<i>Dalbergia stevensonii</i> , <i>Pterocarpus santalinus</i> , <i>Dalbergia retusa</i> , <i>Taxus cuspidata</i> , <i>Taxus wallichiana</i> , <i>Guaiacum spp.</i>
2013		<i>Dalbergia stevensonii</i> , <i>Pterocarpus santalinus</i> , <i>Dalbergia retusa</i> , <i>Dalbergia cochinchinensis</i> , <i>Dalbergia tudocurensis</i> , <i>Dalbergia granadillo</i> , <i>Dalbergia baronii</i> , <i>Diospyros perrieri</i> , <i>Aniba rosaeodora</i> , <i>Swietenia mahagoni</i> , <i>Swietenia macrophylla</i> , <i>Taxus cuspidata</i> , <i>Guaiacum spp.</i>
2014		<i>Dalbergia stevensonii</i> , <i>Pterocarpus santalinus</i> , <i>Dalbergia retusa</i> , <i>Dalbergia cochinchinensis</i> , <i>Dalbergia tudocurensis</i> , <i>Dalbergia granadillo</i> , <i>Dalbergia baronii</i> , <i>Diospyros spp.</i> , <i>Diospyros perrieri</i> , <i>Aniba rosaeodora</i> , <i>Swietenia humilis</i> , <i>Swietenia macrophylla</i> , <i>Taxus cuspidata</i> , <i>Taxus wallichiana</i> , <i>Guaiacum spp.</i> , <i>Quercus mongolica</i> , <i>Fraxinus mandshurica</i>
2015		<i>Dalbergia stevensonii</i> , <i>Pterocarpus santalinus</i> , <i>Dalbergia tudocurensis</i> , <i>Dalbergia granadillo</i> , <i>Dalbergia baronii</i> , <i>Aniba rosaeodora</i> , <i>Swietenia humilis</i> , <i>Swietenia macrophylla</i> , <i>Taxus cuspidata</i> , <i>Taxus wallichiana</i> , <i>Guaiacum spp.</i>

(3) In terms of tree species, *Dalbergia* and *Aquilaria* are the main CITES-listed tree genera that have been imported by China. Species under *Dalbergia* genus include *Dalbergia nigra*, *Dalbergia louvelii*, *Dalbergia stevensonii*, *Dalbergia retusa*, *Dalbergia cochinchinensis*, *Dalbergia tudocurensis*, *Dalbergia granadillo*, *Dalbergia baronii* and etc. In addition, China also imported *Swietenia mahagoni* (including

Swietenia humilis, *Swietenia mahagoni*, *Swietenia macrophylla* and etc.), *Pericopsis elata*, *Pterocarpus santalinus*, *Diospyros spp.*, *Aniba rosaeodora*, *Swietenia mahagoni*, *Taxus chinensis*, *Cedrela odorata*, *Bulnesia sarmientoi*, *Pinus koraiensis*, *Guaiacum spp.*, *Quercus mongolica* and *Fraxinus mandshurica*.

3.3.2 China's imports of CITES-listed tree species are mainly from Appendix II

Figure 3-1 shows the distribution of CITES-listed tree species that have been imported by China. It clearly indicates that China's imports of CITES-listed tree species are mainly from Appendix II, and the import quantity shows a continuous increase trend.

In terms of quantity, 10 CITES-listed tree species have been imported by China in 2009, including one from Appendix I, namely *Dalbergia nigra*, 7 from Appendix II (*Pericopsis elata*, *Pterocarpus santalinus*, *Swietenia macrophylla*, *Taxus cuspidata*, *Taxus chinensis*, *Aquilaria spp.* and *Gonystylus spp.*) and 2 from Appendix III (*Cedrela odorata* and *Bulnesia sarmientoi*). China's imports of CITES-listed tree species have been maintaining around 10 species, of which 7-8 species from Appendix II. In 2013, China's imports of CITES-listed tree species significantly increased, about 18 tree species have been imported, including *Dalbergia nigra* from Appendix I, *Cedrela odorata* from Appendix III and the rest 16 species from Appendix II. In 2014, imported species from Appendix II remains 16, but *Dalbergia tucurensis*, *Quercus mongolica* and *Fraxinus mandshurica* were imported as well. In 2015, due to the decline of domestic demand, China's imports of CITES-listed tree species decreased significantly, to only 14 species.

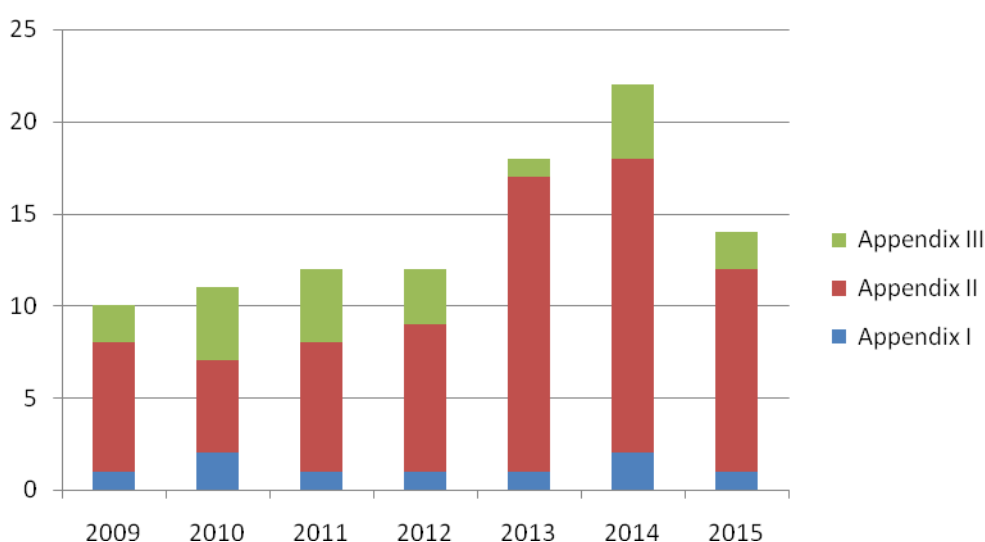


Figure 3-1 Distribution of China's imports of CITES-listed tree species by Appendices between 2009-2015

The proportion of China's imports of CITES Appendix II tree species between 2009

and 2015 has been around 45% -89%. In 2010, China's imports of CITES Appendix II tree species reached the lowest level, importing only five species from Appendix II, namely *Pterocarpus santalinus*, *Swietenia macrophylla*, *Taxus cuspidata*, *Aquilaria spp.* and *Gonystylus spp.*, accounting for 45.45% of total imports of CITES listed tree species. In 2013, the proportion of China's imports of Appendix II tree species reached the peak of 88.9%, importing 16 of Appendix II out of 18 imported species. Detailed information of China's imports of Appendix II listed tree species is shown in Table 3-2.

Table 3-2 China's imports of CITES Appendix II tree species between 2009-2015

2009	2010	2011	2012	2013	2014	2015
<i>Pericopsis elata</i>	<i>Pterocarpus santalinus</i>	<i>Pterocarpus santalinus</i>	<i>Pterocarpus santalinus</i>	<i>Pterocarpus santalinus</i>	<i>Pterocarpus santalinus</i>	<i>Dalbergia stevensonii</i>
<i>Pterocarpus santalinus</i>	<i>Swietenia macrophylla</i>	<i>Swietenia macrophylla</i>	<i>Dalbergia louvelii</i>	<i>Dalbergia stevensonii</i>	<i>Dalbergia stevensonii</i>	<i>Dalbergia retusa</i>
<i>Swietenia macrophylla</i>	<i>Taxus cuspidata</i>	<i>Taxus cuspidata</i>	<i>Taxus cuspidata</i>	<i>Dalbergia retusa</i>	<i>Dalbergia retusa</i>	<i>Dalbergia granadillo</i>
<i>Taxus cuspidata</i>	<i>Aquilaria malaccensis</i>	<i>Aquilaria malaccensis</i>	<i>Taxus wallichiana</i>	<i>Dalbergia cochinchinensis</i>	<i>Dalbergia cochinchinensis</i>	<i>Dalbergia baronii</i>
<i>Taxus chinensis</i>	<i>Gonystylus spp.</i>	<i>Gonystylus spp.</i>	<i>Aquilaria malaccensis</i>	<i>Dalbergia tucurensis</i>	<i>Dalbergia granadillo</i>	<i>Aniba rosaeodora</i>
<i>Aquilaria malaccensis</i>		<i>Bulnesia sarmientoi</i>	<i>Gonystylus spp.</i>	<i>Dalbergia granadillo</i>	<i>Dalbergia baronii</i>	<i>Swietenia humilis</i>
<i>Gonystylus spp.</i>		<i>Guaiacum spp.</i>	<i>Bulnesia sarmientoi</i>	<i>Dalbergia baronii</i>	<i>Diospyros perrieri</i>	<i>Swietenia macrophylla</i>
			<i>Guaiacum spp.</i>	<i>Diospyros perrieri</i>	<i>Aniba rosaeodora</i>	<i>Aquilaria malaccensis</i>
				<i>Aniba rosaeodora</i>	<i>Swietenia humilis</i>	<i>Gonystylus spp.</i>
				<i>Swietenia mahagoni</i>	<i>Swietenia macrophylla</i>	<i>Bulnesia sarmientoi</i>
				<i>Swietenia macrophylla</i>	<i>Taxus cuspidata</i>	<i>Guaiacum spp.</i>
				<i>Taxus cuspidata</i>	<i>Taxus wallichiana</i>	
				<i>Aquilaria malaccensis</i>	<i>Aquilaria malaccensis</i>	
				<i>Gonystylus spp.</i>	<i>Gonystylus spp.</i>	
				<i>Bulnesia sarmientoi</i>	<i>Bulnesia sarmientoi</i>	
				<i>Guaiacum spp.</i>	<i>Guaiacum spp.</i>	

3.3.3 China's imports of CITES-listed tree species remained stable

Figure 3-2 shows the changes of China's imports of CITES-listed tree species between 2009 and 2015. It can be seen that more CITES-listed tree species have been imported by China in 2013 and 2014, while the rest stays relatively stable, around 10 species. Specifically, 10 CITES-listed tree species have been imported by China in 2009, 11 species in 2010, 12 species in both 2011 and 2012. In 2013 and 2014, the quantity of China's imports of CITES-listed tree species significantly increased reaching a peak in 2014 with 22 species. The reasons for significant fluctuations in 2013 and 2014 can be concluded as:

(1) At the CITES COP meeting in 2013, additional 136 tree species have been included in CITES appendices. Since then, the CITES Trade Database has started to record the trading data of these tree species, which may result in periodically fluctuation of data submitted by the Parties.

(2) Rosewood market in China has been experienced a rapid development period between 2013 and 2014, leading to a increasing demand of CITES-listed tree species. In 2013, driven by the overall economic development in China, the rosewood market in China also boomed rapidly. The total volume of rosewood imported by China in 2013 was 1.1958 million m³, an increase of 51.7% from previous year; and the import value of rosewood reached 8.558 billion RMB, increased by 52.5% from the previous year. Besides, the CITES COP meeting held in Bangkok in March 2013 also stimulated rosewood importing market in China. China's imports of rosewood in 2014 continued the increase trend as that of in 2013. However, due to the weak demand in the high-end market the domestic rosewood market shrank in 2014 resulting in a large accumulation of inventory and serious financial pressure on rosewood traders, In 2015, as a result of the contraction of real estate and luxury consumption market, coupled with the large inventory, only 14 CITES-listed tree species were imported by China in 2015, imports value also fell sharply.

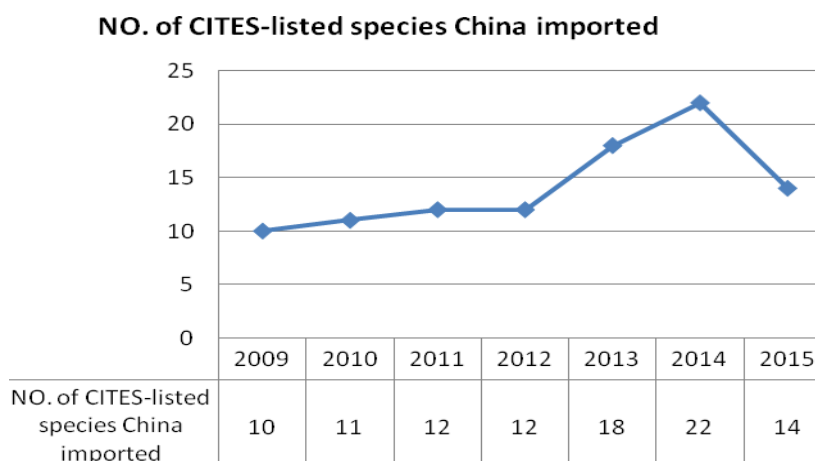


Figure 3-2 Trend of CITES-listed tree species imported by China (2009-2015)

3.4 The transaction purpose of China's imports of CITES-listed tree species

species

CITES defines the purpose of trade into 12 categories, including, breeding in captivity or artificial propagation, educational, botanical garden, medical, circus or traveling exhibition, scientific, commercial and personal use. Enterprises must specify the purpose of trade while applying for CITES certificates.

Figure 3-3 shows the trade purpose of China's imports of CITES-listed tree species from 2009 to 2015, indicating that over 90% of imported CITES-listed tree species were for commercial use followed by circus or travelling exhibition. In some years, a small amount of CITES-listed tree species were imported for specific purposes, such as, in 2014, 30 species products of *Gonystylus spp. (sculpture)*, *Cedrela odorata* and *Swietenia macrophylla* have been imported respectively for educational use; in 2015, specimens of *Pterocarpus santalinus*, *Dalbergia stevensonii*, *Dalbergia granadillo*, *Aniba rosaeodora*, *Swietenia humilis*, *Aquilaria malaccensis* and *Guaiacum spp.* have been imported for scientific research. In the past six years, there has been no imports of CITES-listed tree species for artificial propagation, botanical garden, medical, justice and reintroduction purpose.

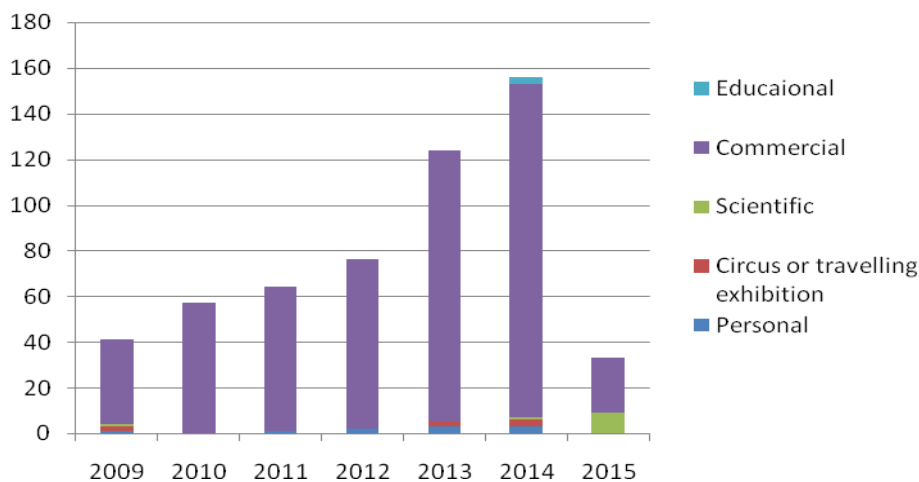


Figure 3-3 The purpose of China's imports of CITES-listed tree species

3.5 Supply countries for China's imports of CITES-listed tree species

The quantitative change in country's exports of CITES-listed tree species to China is shown in Figure 3-4. In 2009, China has imported CITES-listed tree species from 15 countries, while in 2013 32 countries were suppliers. In 2015, as a result of the weak rosewood market, the number of countries exporting CITES-listed tree species to China declined to 8, namely Germany, Denmark, Spain, the UK, Mexico, Niagara, Italy and Ivory Coast.

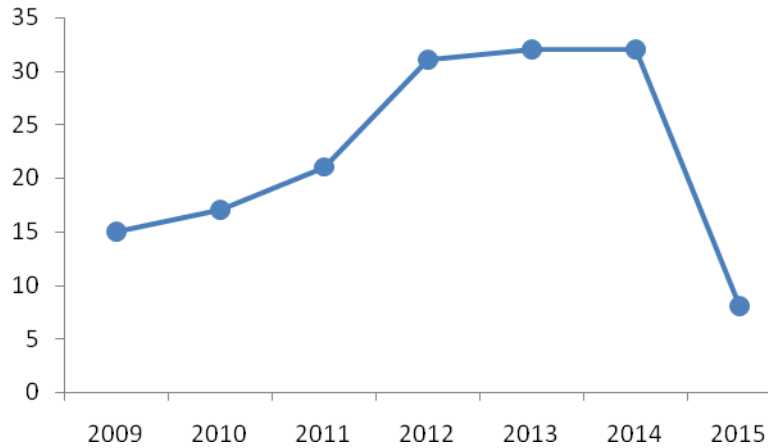


Figure 3-4 Quantity of countries export CITES-listed tree species to China

The main source countries of China's imports of CITES-listed tree species include: Argentina, Paraguay, Vietnam, Singapore, followed by Japan, Malaysia, Indonesia, Germany and Thailand. As the largest CITES tree species imported by China, *Bulnesia sarmientoi* is mainly sourced from Argentina and Paraguay. Species imported from Vietnam are dominated by *Dalbergia cochinchinensis* and *Aquilaria malaccensis*. It is noteworthy that CITES Trade Database shows Singapore and Japan are the main source countries for China's imports of CITES-listed tree species, however, those two countries are not the countries of origin. Generally, they import CITES-listed tree species from Malaysia and Indonesia, afterwards export to China.

3.6 Sources of China's imports of CITES-listed tree species

CITES classifies the sources of import and export animals and plants into 9 categories: Appendix I animals and plants artificially propagated, confiscated or detained, pre-Convention, born in captivity or artificially propagated in a controlled environment, sources unknown, wild-caught. Between 2009 and 2015, among all China's imports of CITES-listed tree species, 61.3% are from wild, 19.1% from pre-Convention, 15.7% from artificially propagated, 3.1% from confiscated source, 0.2% from Appendix I artificially propagated, the rest 0.7% from unknown source.

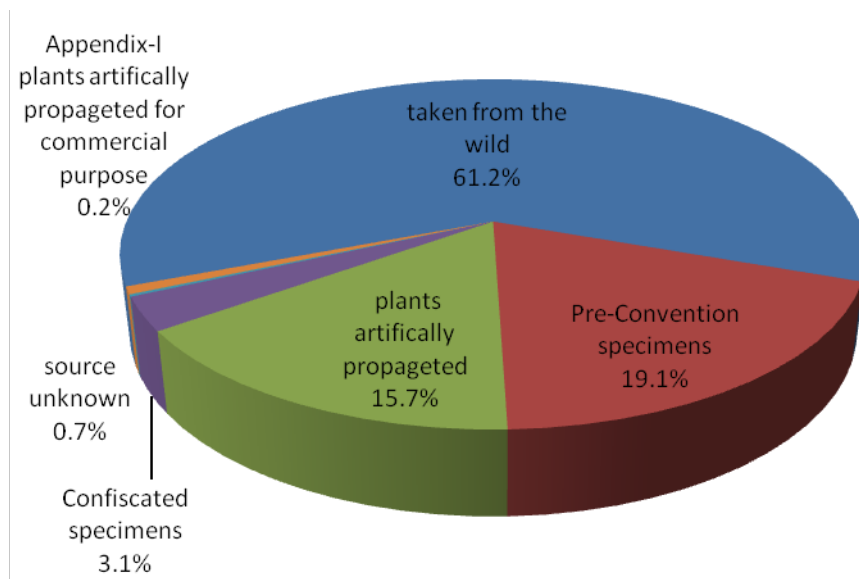


Figure 3-5 Sources of China's imports of CITES-listed tree species (2009-2015)

Table 3-3 shows the sources of main CITES-listed tree species that have been imported by China. It indicates that 34% of imported *Aquilaria malaccensis* were artificially propagated. Imported *Bulnesia sarmientoi*, *Dalbergia cochinchinensis*, *Dalbergia retusa*, *Dalbergia stevensonii*, *Gonystylus spp.* and *Dalbergia nigra* are wild sourced, of which 96.35 of *Dalbergia nigra* were pre-Convention harvested. It can be concluded that, CITES-listed tree species which have been imported by China are mainly wild sourced, with a small proportion of artificially propagated species.

Table 3-3 Sources of main CITES-listed tree species that have been imported by China (2009-2015)

Tree species	Sources		
	Wild	Artificially propagated	Pre-convention
<i>Aquilaria malaccensis</i>	65.8%	34.0%	1.8%
<i>Bulnesia sarmientoi</i>	99.9%	0.1%	nearly 0
<i>Dalbergia cochinchinensis</i>	73.8%	0	26.2%
<i>Dalbergia retusa</i>	58.2%	0	41.7%
<i>Dalbergia stevensonii</i>	50.9%	0	49.1%
<i>Gonystylus spp.</i>	99.4%	0	0
<i>Dalbergia nigra</i>	0.9%	0	96.3%

Chapter 4 Analysis on trend of China's imports of CITES-listed tree species

4.1 Data source

This chapter analyzes the trend in China's imports of CITES listed tree species, and discusses the main factors affecting the trade in order to understand the basic situation of CITES listed tree species that are imported by Chinese timber traders. The data used in this chapter is mainly sourced from Import and Export Statistic Database of China Customs, and CITES Trade Database, which is managed by the UNEP World Conservation Monitoring Centre (UNEP-WCMC) on behalf of the CITES Secretariat. For the China Customs data, the continuity is well maintained, reflecting the actual trend of import and export year by year. However, the accuracy of the data is not good. Sometimes, multiple tree species could be mixed in an 8 digit or 10-digit HS Code. The accuracy of the data from the CITES Trade Database is higher than China Customs data, but it only records the import and export data of species listed in CITES appendices. Therefore, the data from the CITES Trade Database is compiled and submitted by the State Parties. On the one hand, the units of measurement are not uniformed, the units used for import volume of the same tree species in the same year can be different in kg, m³, pieces and etc. On the other hand, due to the baseline data used by different Parties are different, for the same tree species in the same year, the import data reported from the importing countries could be different from the export data reported from the exporting countries. In this report, the data from the CITES Trade Database are derived from the data reported by the importing countries, unless otherwise stated.

For above reasons, this chapter uses the data from both the China Customs Database and the CITES Trade Database, of which the section 2 used the data (2009-2016) from the China Customs Database to analyze overall imports' of CITES-listed tree species; section 3 used the data from the CITES Trade Database to analyze China's imports of specific tree species after they were included in CITES appendices. Due to the latest data from the CITES Trade Database were recorded in 2015, the project team only analyzed China's imports of CITES-listed tree species from 2009 to 2015.

4.2 Analysis on the trend of China's imports of endangered tree species

Customs Import and Export Tariffs of the People's Republic of China provided the provisions for different codes, "F" refers that the "Import Permit Certificate for endangered species" shall be submitted, "E" means that the "Export Permit Certificate for endangered species" shall be submitted. According to provisions from this regulation, a total of 58 HS Codes related to endangered tree species are compiled, including 24 codes for logs and 34 for sawnwood (see Annex 5 and 6 for details). It is worth noting that, in addition to CITES-listed tree species, the 58 HS codes also

contain a large number of non-CITES-listed species. Therefore, the data are not sufficiently accurate.

Due to above reasons, in this paper, 19 HS codes (one 8-digit HS code and nine 10-digit HS codes) were used to analyze logs from endangered tree species, and 26 HS codes (one 8-digit HS code and 25 10-digit HS codes) were used to analyze sawnwood (See Table 4-1 and 4-2 for detailed codes). The trade trend of logs and sawnwood from endangered tree species was analyzed by total volume and value. At the same time, analysis was also carried out for **endangered tropical tree species and *Bulnesia sarmientoi*** which are representative with their own HS codes. Endangered tropical tree species include *Khaya senegalensis*, *Pericopsis Elata*, *Cesalpinia echinata*, *Palissandre. De Guatemala*, *Dalbergia sisso*, *Dalbergia nigra* and *Guibouritia* and other CITES-listed tree species. HS codes related to above tree species are 4403499010, 4407299012 and 4407299091. Since few tree species are included in one HS code, therefore it can only be analyzed an integrated component. As *Bulnesia sarmientoi* is a common CITES-listed tree species that has been imported by China (HS codes are: 4403999011, 4403999091, 4407299012 and 4407299091), it was also analyzed by the project team.

Table 4-1 HS codes of logs from main endangered tree species

HS Code	Commodity Name
4403201010	Other Korean pine rough wood (other than that treated with paint, stains, creosote or other preservatives)
4403202010	Other endangered white pine, spruce and fir rough wood
4403209010	Other rough wood of Taxaceae
4403209020	Other endangered coniferous rough wood
4403999011	POLO SANTO (<i>Bulnesia sarmientoi</i>) rough wood (other than that treated with paint, stains, creosote or other preservatives)
4403499010	Endangered tropical rough wood, specified in Subheading Note 1 to this Chapter (other than that treated with paint, stains, creosote or other preservatives)
4403910010	Mongolia oak logs (except that treated with paint, stains, creosote or other preservatives)
44039950	Ash
4403999012	Chinese eaglewood and similar chinese eaglewood (other than the wood treated with paint, stains, creosote or other preservatives)
4403999019	Other endangered non-coniferous wood in the rough (other than wood treated with paint, stans, creosote or other preservatives)

Table 4-2 HS code of sawnwoods from main endangered tree species

HS Code	Commodity Name
4407101011	Korean pine wood, sawn or chipped lengthwise, sliced or peeled, end-jointed, with a thickness exceeding 6mm

4407101091	Korean pine wood, sawn or chipped lengthwise, sliced or peeled, not end-jointed, with a thickness exceeding 6mm
4407102011	wood of endangered spruce and fir, end-jointed, of a thickness exceeding 6mm
4407102091	wood of endangered spruce and fir, not end-jointed, of a thickness exceeding 6mm
4407109011	Other wood of endangered conifer, sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm.
4407109091	Other wood of endangered conifer, sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm.
4407210010	Mahogany wood sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm.
4407210090	Mahogany wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm.
4407299011	Ramin wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6 mm
4407999011	Wood sawn or chipped lengthwise, sliced or peeled, end-jointed, of POLO SANTO (<i>Bulnesia sarmientoi</i>), of a thickness exceeding 6mm
4407999091	Wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of POLO SANTO (<i>Bulnesia sarmientoi</i>), of a thickness exceeding 6mm
4407299012	Other endangered tropical wood, not specified, sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm
4407299091	Other endangered tropical wood, not specified, sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm
4407910011	Mongnolia oak planks end joining (sawn or chipped lengthwise, sliced or peeled, the thickness exceeding 6mm)
4407910091	Mongnolia oak planks, non-end jointed (sawn or chipped lengthwise, sliced or peeled, the thickness exceeding 6mm)
4407920010	Beech (<i>Fagus</i> spp.) wood sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm
4407920090	Beech (<i>Fagus</i> spp.) wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm
4407950011	<i>Fraxinus mandshurica</i> thick plate end joining (sawn or chipped lengthwise, sliced or peeled, the thickness exceeding 6mm)
4407950091	<i>Fraxinus mandshurica</i> thick plate, non end joining (sawn or chipped lengthwise, sliced or peeled, the thickness exceeding 6mm)
44079910	Wood sawn or chipped lengthwise, sliced or peeled <i>Cinnamomum camphora</i> , <i>Phoebe zhennan</i> and <i>Bixa Orellana</i> , with thickness exceeding 6mm
4407998011	Wood sawn or chipped lengthwise, sliced or peeled, of endangered temperate non-coniferous wood, end-jointed, of a thickness exceeding 6mm

4407998091	Wood sawn or chipped lengthwise, sliced or peeled, of endangered temperate non-coniferous wood, non end-jointed, of a thickness exceeding 6mm
4407999012	Aquilaria malaccensis and similar Aquilaria malaccensis wood, sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm
4407999092	Aquilaria malaccensis and similar Aquilaria malaccensis wood, sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm
4407999015	Wood sawn or chipped lengthwise, sliced or peeled, end-jointed, of other endangered wood, of a thickness exceeding 6mm.
4407999095	Wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of other endangered wood, of a thickness exceeding 6mm.

4.2.1 Trend of China's imports of main endangered tree species

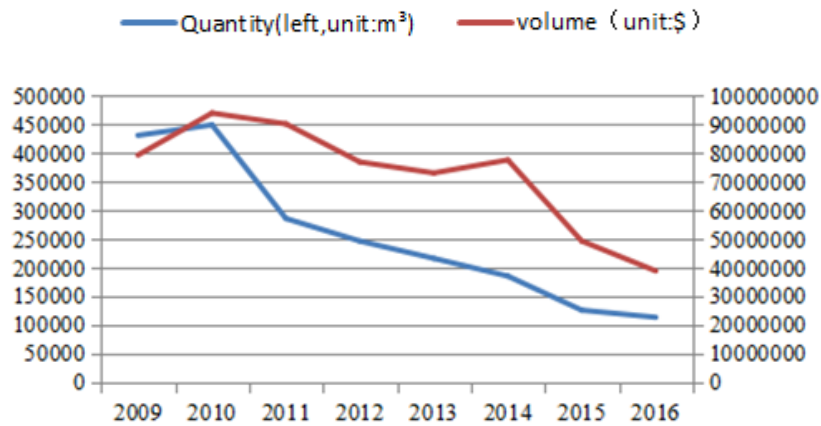


Figure 4-1 Trend of China's imports of logs from main endangered tree species (2009-2016)

Figure 4-1 shows the trend of China's imports of logs from main endangered tree species from 2009 to 2016 (HS codes shown in Table 4-1). It can be seen that the import volume reached a peak of 449555 m³ in 2010, but afterwards, both import volumes and values showed a decreasing trend. Specifically, the import volume has been falling since 2010, while import values bounced back in 2014 temporarily and then declined continuously since. Considering the time frame of two the CITES COP meetings held in 2010 and 2013 respectively, analysis as follows:

(1) At the 15th meeting of the Conference of the Parties held in March 2010, the number of tree species regulated by CITES increased from 4 from 111, and it entered into force on 24 June 2010, marking that the CITES extended to the tree species. In 2010, the import volume of main endangered tree species by China rose from 431215 m³ to 44955 m³. In 2011 the import volume of logs of endangered tree species decreased by 36%. In the following years, China's imports declined all the way down,

but the decline speed gradually narrowed, and imports began to stabilize from 2015-2016. Decrease of imported logs of endangered tree species by China started at the 15th COP meeting, it may be a coincidence, but could also because of increased costs of customs clearance due to expansion of CITES regulation of tree species.

(2) As for import price, import price of logs of main endangered tree species in China rose from 209 USD/m³ to 316 USD/m³ in 2011, by 51% from previous year, and increased again from 338 USD/m³ to 419 USD/m³ in 2014, by 24%. The possible reason might be that the import price of dominating species of *Fraxinus mandschurica* (75.2%) significantly raised in 2014. The overall import price of endangered tree species declined by 6% in 2015, to 400 USD/m³, and the decrease trend continued in 2016.

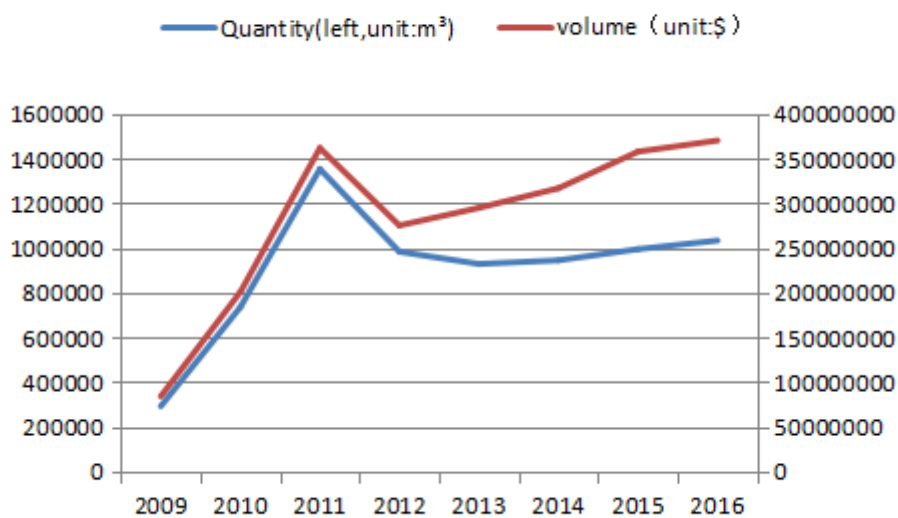


Figure 4-2 Trend of China's imports of sawnwood from main endangered tree species (2009-2016)

Figure 4-2 shows the trend of China's imports of sawnwood of main endangered tree species (HS code shown in Table 4-2). It can be found that, the import of sawnwood of main endangered tree species has been increasing, the opposite as logs. In 2009, sawnwood of main endangered tree species imported by China was 192628 m³, reaching the peak value at 1353110m³ in 2011, fell afterwards, but slowly rose again in 2012, to 1033245 m³ in 2016, and the import value reached 370160294 USD in 2016. The main reason for the increase of China's imports of swanwood from endangered tree species might be the restricted log export policies in some countries, which drives the replacement of logs by sawnwood, specifically:

When the 15th COP meeting was held in 2010, China's import volume of sawnwood from endangered tree species significantly increased, by 151.3%. Reaching the peak level in 2011, the import volume slightly fell afterwards. When the 16th COP meeting was organized in 2013, China's import volume of sawnwood rose again. The import value stayed the same trend as the volume.

4.2.2 Trend of China's imports of endangered tropical tree species timbers

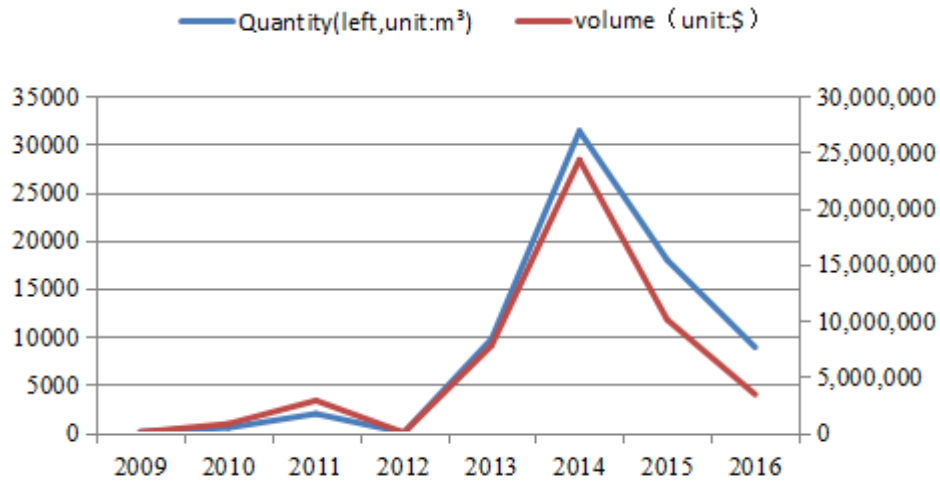
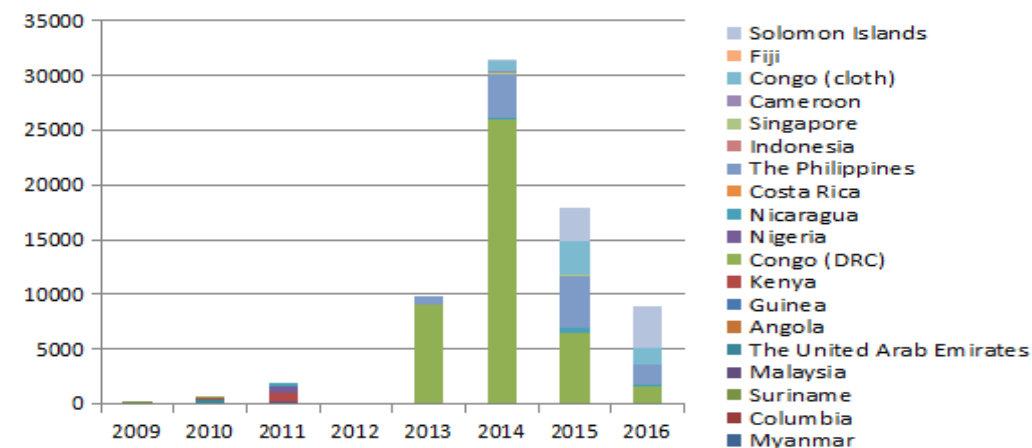


Figure 4-3 Trend of China's imports of logs from endangered tropical tree species (2009-2016)

Figure 4-3 shows China's imports of logs from endangered tropical tree species (HS Code 4403499010). It can be seen that China's import value of those species between 2009 and 2012 was small. Among all imported logs of endangered tree species by China in 2009, endangered tropical species only accounted for around 2.3%. The most endangered tropical species imported by China happened in 2013 and 2014, when the rosewood market experienced a 'hot' period. In 2014, due to the weaker economy in China imports slowed down from high speed development to medium-high speed development, coupled with the strict policies issued by the central government, demand of rosewood market in China started weakening. China's imports of endangered tropical tree species have also been sharply declining. In 2016, China's imports of logs of endangered tropical tree species reached only 8888m³, valued at USD 3.414917 million, a 72% decline from the peak period in 2014.

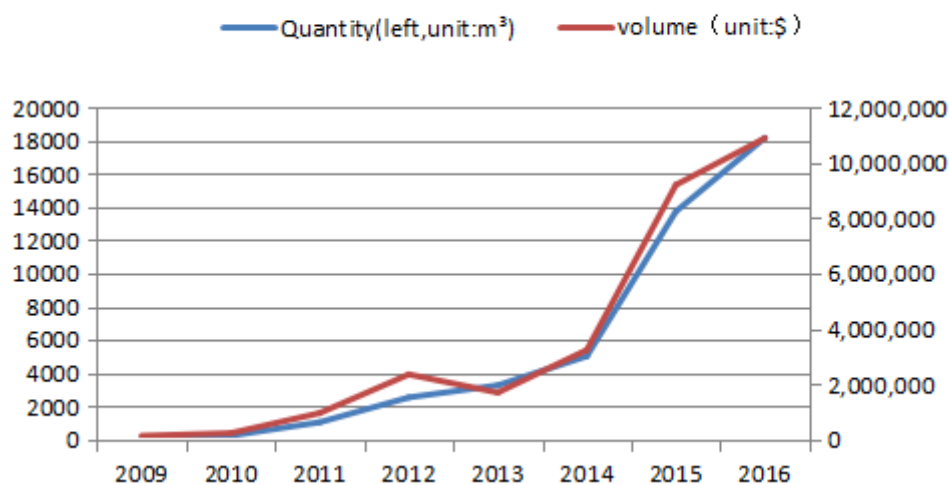


**Figure 4-4 Sourcing country of China’s imports of logs from endangered tropical tree species
(Unit: m³)**

China’s imports of logs from endangered tropical tree species are mainly sourced from the Democratic Republic of the Congo, the Republic of Congo, Philippines and Solomon Islands. During the period of peak demand for rosewood in 2013 and 2014, the vast majority of China’s imports of logs from endangered tropical tree species were from the Democratic Republic of the Congo and in 2014 logs sourced from Democratic Republic of the Congo accounted for 93.2% of the total imports. In 2015, China’s imports of logs of endangered tropical tree species decreased significantly, imports from the Democratic Republic of the Congo also declined; however, imports from the Philippines and Solomon Island increased slightly. In 2016, imports from Democratic Republic of the Congo only accounted for 17.6% of total imports, less than that from the Philippines and Solomon Island.

Figure 4-5 shows the trend of China’s imports of sawnwood of endangered tropical tree species from 2009 to 2016 (HS code 4407299012 and 4407299091). It can be concluded that China’s imports of sawnwood of endangered tropical tree species have been increasing from 2009 to 2016, reaching 18181m³, the peak in 2016. From 2010 to 2012, the imports have been steadily increasing with a relatively slow speed; while from 2013 to 2016, the imports have increased rapidly. This matches the convening time of the 15th and 16th CITES COP meetings.

Regarding the import value, this kept the same trend as import value, meaning, the imports value has been continuously increasing from 2009 to 2016. However, also the growth of import value was less than the import volume the average import value of sawnwood of endangered tropical tree species showed a decreasing trend. In 2010 and 2013, the import value dropped significantly, dropping by 60.5% and 44.2% respectively. Overall, the average of import value for sawnwood of major endangered tropical tree species was USD 599.3/m³ in 2016, down by 76.9% from that of 2009.



**Figure 4-5 Trend of China’s imports of sawnwood from endangered tropical tree species
(2009-2016)**

As for the sourcing country of China's imports of sawnwood from endangered tropical tree species, because only a small number of sawnwood of endangered tropical species have been imported by China from 2009 to 2012, the sourcing countries are also dispersed. From 2013 to 2016, the imports have been significantly increased, and heavily reliant on one specific country. In 2013, the Philippines was the largest source of China's imported sawnwood of endangered tropical tree species, accounting for 74.7%. In 2014 and 2016, the main supply country of China's imports of sawnwood from endangered species was Indonesia. Sawnwood imported from Indonesia to China reached 16,604 m³, taking up 91.3% of total imports. In 2015, China imported 8,199 m³ of sawnwood of endangered tropical tree species from Vanuatu, ranking the first place.

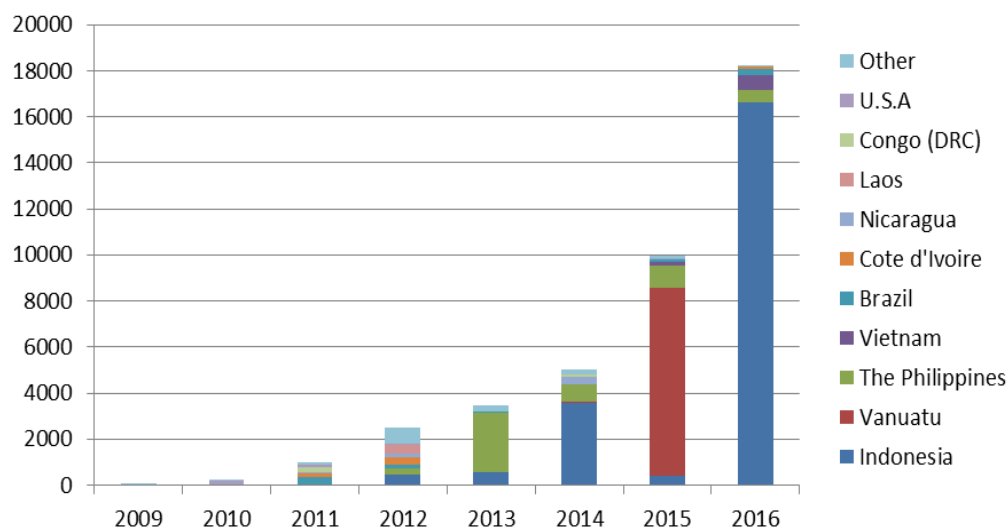


Figure 4-6 Sourcing country of China's imports of sawnwood from endangered tropical tree species (Unit: m³)

4.2.3 Import trend of *Bulnesia sarmientoi*

At the 14th meeting of the Conference of the Parties in 2007, *Bulnesia sarmientoi* was included in CITES Appendix III, and it was transferred into Appendix II at the 15th COP in 2010. Although this tree species has not listed in the National Rosewood Standard of China, but *Bulnesia sarmientoi* has been commonly used in China, known as “green sandalwood”. Since China Customs conducted individual statistics on this tree species since 2011, the period using to analysis the trade trend of *Bulnesia sarmientoi* is between 2011 and 2016.

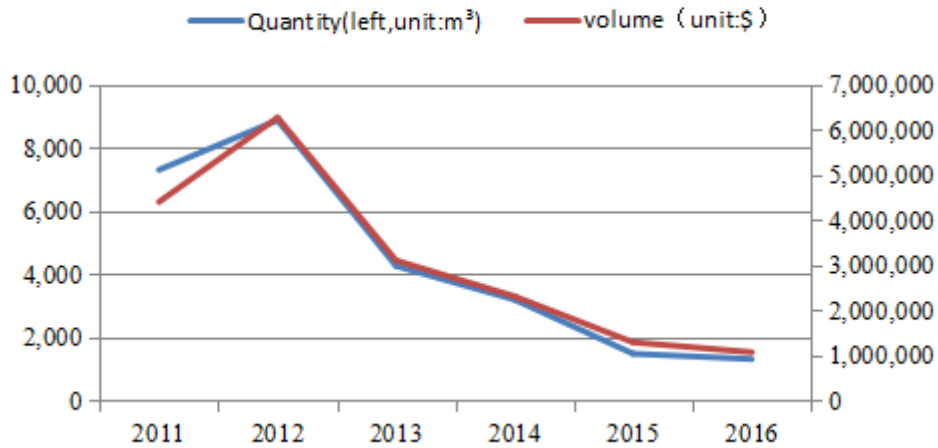


Figure 4-7 Trend of China’s imports of *Bulnesia sarmientoi* logs (2011-2016)

Figure 4-7 shows the trend of China’s import of *Bulnesia sarmientoi* logs (HS Code 4403999011 and 4403999091) from 2011 to 2016. It can be concluded that, both import volume and value of *Bulnesia sarmientoi* logs raised first and then fell. In 2011, total volume of *Bulnesia sarmientoi* logs imported by China was 7298 m³, with total value of USD 4.397424. In 2012, the import volume and value increased to 8871m³ and USD 309,581 respectively. After 2012, China’s import volume of *Bulnesia sarmientoi* logs has been decreasing, to only 1298 m³ in 2016.

In terms of average import price, the average import price of *Bulnesia sarmientoi* logs was USD 706.7/ m³ in 2012, up by 17.3% from 2011. Afterwards, it has increased, but the import volume has dropped. In 2016, the average import price of *Bulnesia sarmientoi* logs reached USD 817 USD / m³.

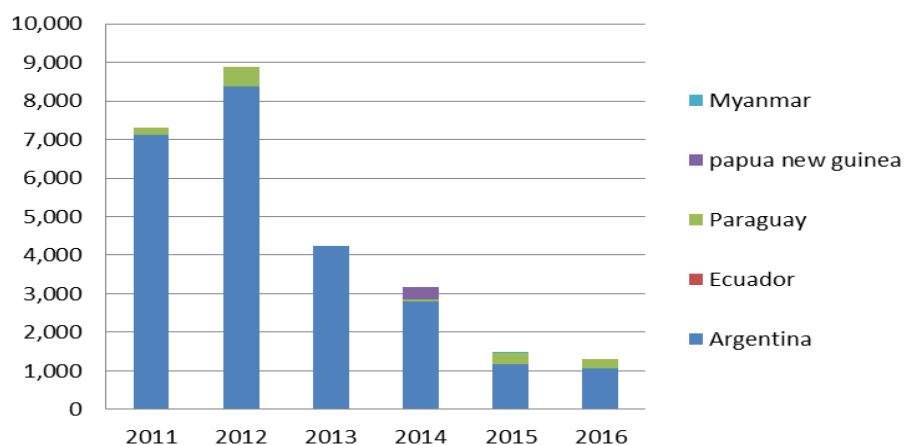


Figure 4-8 Sourcing countries of China’s imports of *Bulnesia sarmientoi* logs (Unit: m³)

Argentina is the main sourcing country of China’s imports of *Bulnesia sarmientoi* logs, imports from Argentina accounted for 97.4% of total imports in 2011. Although the proportion of imports from Argentina has decreased, but always above 78%.

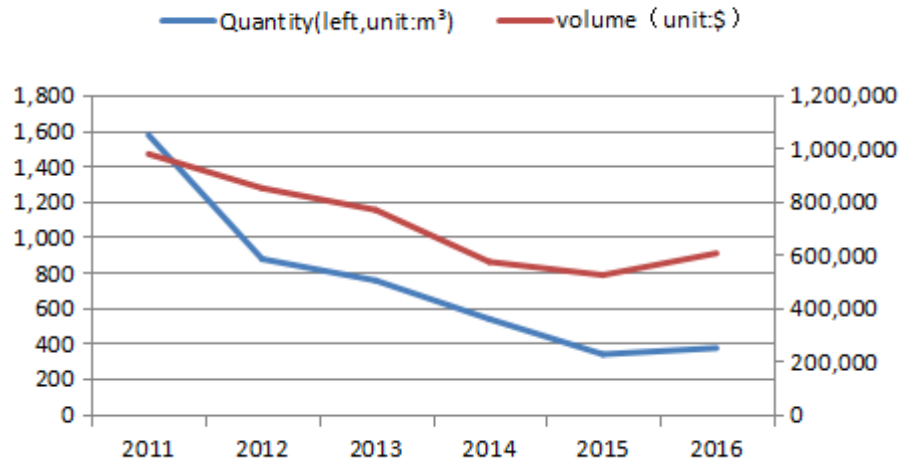


Figure 4- 9 Trend of China’s imports of *Bulnesia sarmientoi* sawnwood (2011-2016)

Figure 4-9 shows the trend of China’s imports of *Bulnesia sarmientoi* sawnwood between 2011-2016. It can be seen that China’s imports of *Bulnesia sarmientoi* sawnwood have decreased annually. In 2011, *Bulnesia sarmientoi* sawnwood imported by China reached 1573 m³, valued at USD 977,531, but fell to 372m³ in 2016, with the total value of USD 604,179. The decline in imports of *Bulnesia sarmientoi* sawnwood may be related to the increased price. In terms of average import price, the price of *Bulnesia sarmientoi* sawnwood was 621 USD/m³ in 2011, it has been increasing afterwards, and reached 1624 USD/ m³ in 2016, raised by 161% from that of 2011.

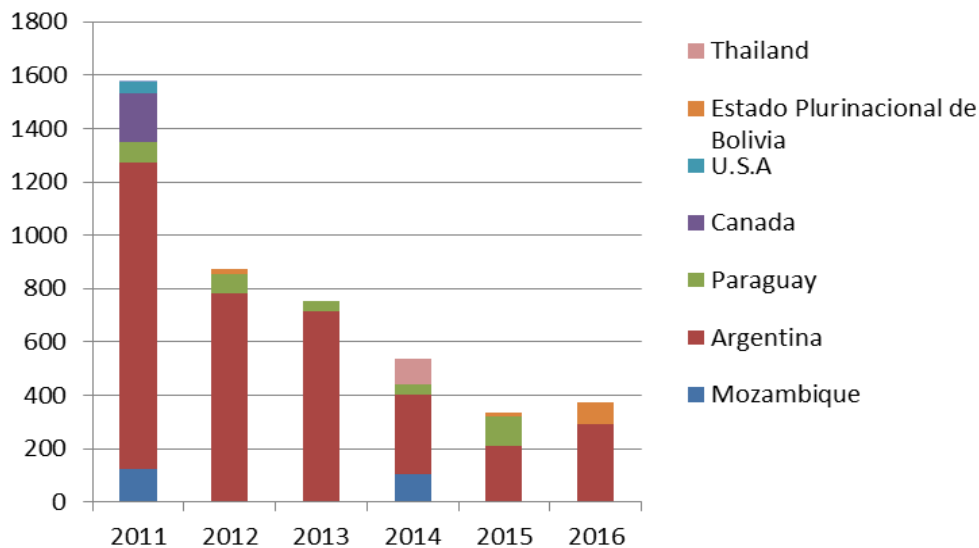


Figure 4-10 Sourcing country of China’s imports of *Bulnesia sarmientoi* sawnwood

(Unit: m³)

As was the case with *Bulnesia sarmientoi* logs, China’s imports of *Bulnesia sarmientoi* sawnwood were mainly from Argentina. Although China’s imports of *Bulnesia sarmientoi* sawnwood have been decreasing Argentina remains the main

supplier.

4.3 Analysis on the trend of China's imports of main tree species

This section analyzed the import trend of main tree species by appendices in accordance with the CITES Trade Database. Due to the trading data of some species has been recorded only after it was listed in CITES appendices, the trend analysis only focuses on years after the species regulated by CITES.

4.3.1 Import trend of Appendix I tree species

Dalbergia nigra was listed in CITES Appendix I in 1992, subject to strict trade control. Although China has imported a small amount of *Dalbergia nigra* carvings between 2009 and 2015, but 96.3% of which have been produced before CITES listing. Those carvings were mainly sourced from Germany, Denmark, Spain, Finland, Britain, the United States and other countries.

4.3.2 Import trend of Appendix II tree species

Most of the CITES-listed species imported by China are listed in Appendix II. Some species have only few shipments and small quantities, such as *Pericopsis elata*, which only 4889 m³ *Pericopsis elata* logs and a small amount of sawnwood imported from Congo in 2009. China's imports of CITES species have been analyzed in Chapter 3, Section 2. In this section, CITES-listed tree species that have been imported by China the most will be analyzed.

Pterocarpus santalinus, known as "Saunderswood", was listed in CITES Appendix II in 1992. China's imports of *Pterocarpus santalinus* are mainly from India, dominated by logs. However, China barely imported *Pterocarpus santalinus* from India directly, but from Malaysia and Singapore. A total number of 12480 kg of *Pterocarpus santalinus* have been imported by China from Malaysia and Singapore between 2009-2012. As the only country of origin, the importing policy of *Pterocarpus santalinus* in India is extremely strict. It is only allowed for commercial export under special circumstances. Most *Pterocarpus santalinus* imported by China from India are confiscated specimens. From 2014 to 2015, only one shipment of *Pterocarpus santalinus* has been imported by China from India, with total volume of 278991.82 kg, sourced from confiscated specimens as well.

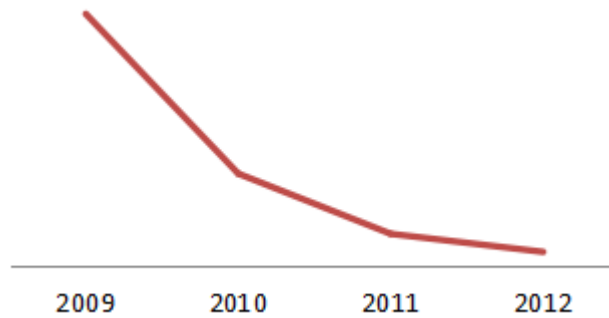


Figure 4-11 Quantity of *Pterocarpus santalinus* logs imported by China between 2009-2012

In addition to species listed in Appendix I, the rest species under *Dalbergia* genus are listed in Appendix II. *Dalbergia* species imported by China include *Dalbergia louvelii*, *Dalbergia stevensonii*, *Dalbergia retusa*, *Dalbergia cochinchinensis*, *Dalbergia tucurensis*, *Dalbergia granadillo* and *Dalbergia baronii*. The following part analyzed the imports of above species.

(1) *Dalbergia louvelii* is the top grade species of black rosewood, originally from Madagascar. Due to over harvesting in the earlier years, *Dalbergia louvelii* has become very rare. China has only imported a small number of *Dalbergia louvelii*. 36000 kg pre-Convention sourced *Dalbergia louvelii* logs have been imported by China from Madagascar in 2012.

(2) *Dalbergia stevensonii* was transferred in Appendix II from Appendix III in 2013. In the same year, China imported 429 m³ of *Dalbergia stevensonii* logs from Brazil, and most of them are specimens that were pre-Convention sourced. In addition to Brazil, the sourcing countries for China's imports of *Dalbergia stevensonii* also include Guatemala, Germany and the United States. Imported products are sawnwood and logs which were wild sourced. Since *Dalbergia stevensonii* listed in Appendix II, China's imports of this species have fell sharply, with only 11.71 m³ logs and 18.24 m³ sawnwood imported in 2014, and one specimen imported in 2015.

(3) *Dalbergia retusa* belongs to *Dalbergia* genus which has been imported by China with the largest volume. Nicaragua is the largest sourcing country, followed by Spain, Guatemala, Costa Rica, El Salvador, Panama and other countries. China's imports of *Dalbergia retusa* are mainly logs and sawnwood. As for imports of *Dalbergia retusa* logs, a total of 78.0858 m³ was imported in 2012, and imported volume increased to 1154.01 m³ in 2013, raised again to 14951.1 m³ in 2014, but none in 2015. In terms of *Dalbergia retusa* sawnwood, it shows the same trend as logs, China's imports reached 0.33 m³ in 2012, 1009.616 m³ in 2013, and 4964.82 m³ in 2014, none in 2015. Considering that *Dalbergia retusa* was transferred from Appendix III to Appendix in 2013, it can be concluded that change of CITES appendices did not impact the China's imports of the same species. China has not import *Dalbergia retusa* till 2015.

(4) *Dalbergia cochinchinensis* is known as "Siamese Rosewood". China's

imports of *Dalbergia cochinchinensis* occurred in 2013 and 2014, mainly in logs. In 2013, China imported a total of 2485 m³ *Dalbergia cochinchinensis* logs, 19098 m³ in 2014, none in 2015. The same trend applies to *Dalbergia cochinchinensis* sawnwood. In 2013, a total of 1258.72 m³ *Dalbergia cochinchinensis* sawnwood was imported by China, 3404.64 m³ in 2014, none in 2015. As for sources, some of those imported *Dalbergia cochinchinensis* were wild sourced, and *Dalbergia cochinchinensis* originally from Laos accounted a large proportion, and some of them were pre-Convention sourced.

(5) *Dalbergia granadillo* is one kind of rosewood. China's imports of *Dalbergia granadillo* are mostly from Mexico, with a small amount, and dominated by wild specimens. CITES Trade Database only includes trade data of *Dalbergia granadillo* since 2013. The total volume of *Dalbergia granadillo* logs imported by China was only 32.15 m³ in 2013, 53250 kg in 2014, none in 2015.

(6) Guatemala is the only sourcing country of China's imports of *Dalbergia tucurensis*. CITES Trade Database only include data of China's imports of *Dalbergia tucurensis* since 2013. China imported 1269.339 m³ *Dalbergia tucurensis* logs in 2013. In 2014, *Dalbergia tucurensis* was included in Appendix III, resulting in sharp decrease of China's imports of this species, to 456.93 m³ of *Dalbergia tucurensis* sawnwood. Those imported products were mainly wild sourced, and for commercial use.

(7) Distributed in Madagascar and Tanzania, *Dalbergia baronii* is a common hardwood species. It was listed in Appendix II in June 2013. Therefore, CITES Trade Database only include statistic data of *Dalbergia baronii* since 2013. According to data submitted by China from 2013 to 2015, China only imported 0.281 m³ *Dalbergia baronii* sawn wood in 2014.

In addition to *Pterocarpus* and *Dalbergia* genera, China also imported a small amount of *Swietenia* products in 2013 and 2014. *Swietenia humilis* and *Swietenia mahagoni* products imported by China are all logs, while *Swietenia macrophylla* products are all sawnwood. *Taxus cuspidata* is originally produced in Asia. The sourcing country of China's imports of *Taxus cuspidata* is mainly North Korea. In 2011, a total of 15000 m³ of *Taxus cuspidata* products were imported by China from North Korea, the largest amount in the past few years.

China's imports of *Aquilaria* wood and its products are various, including logs, swanwoods, chips, carvings, derivatives and extract. In recent years imported products have varied, for example, in 2009, China imported 350 pieces of *Aquilaria* carvings, 317 chips, 3432 timber pieces; in 2014, China's imports included 17452 chips, 100988 kg of logs, 4715 kg of sawnwood and 5320 kg of timber.

The supply country of *Gonystylus bancanus* is Malaysia. China's imports of *Gonystylus bancanus* have been very small. China only imported 0.024 m³ of *Gonystylus bancanus* in 2009.

In addition to above species, China also imported a small amount of *Guaiacum* products from Mexico and *Ebenaceae* products from the Netherland and *Diospyros*

perrieri carvings from France. However, those products are all specimens of pre-Convention sourced at very small volumes. Therefore, these species do not appear in this analysis.

4.3.3 Import trend of Appendix III tree species

China's imports of Appendix III tree species are dominated by *Cedrela odorata*, *Pinus koraiensis* and *Fraxinus mandshurica*.

Cedrela odorata is mainly distributed in Central and South America, the Caribbean and the South American Plateau. According to the CITES Trade Database, main exporters include Bolivia, Brazil, Spain, Peru and etc. China has been importing *Cedrela odorata* from above exporters since 2009, with total volume of 100-200 m³ annually. It is noteworthy that Suriname exported a large number of *Cedrela odorata* products to China in 2013, including 60973 m³ logs and 54416 m³ sawnwood.

China's imports of *Pinus koraiensis*, *Quercus mongolica* and *Fraxinus mandshurica* products are supplied by the Russia Federation, of which *Pinus koraiensis* and *Fraxinus mandshurica* are two species that China has imported with relatively large volume. Those imported products are wild sourced and mainly for commercial use. In 2011, China imported 6216.7 m³ of *Pinus koraiensis* logs from the Russia Federation, none in the other years. *Quercus mongolica* and *Fraxinus mandshurica* was listed in Appendix III on 24 June 2014. According to the trade database, China imported 1340 m³ and 120 m³ of *Quercus mongolica* logs and sawnwood respectively in the same year as well as 76442.76 m³ and 39402.84 m³ of *Fraxinus mandshurica* logs and sawnwood respectively.

Chapter 5 Impact analysis of amendments of CITES-listed tree species on Chinese timber enterprises – based on field investigation

CITES is one of the most efficient international environmental treaties in the world. As of October 2016, the Convention has 183 Parties. Each signatory has a responsibility and obligation to fulfill CITES. Imports and exports of species regulated by CITES shall be strictly controlled by each Party. The changes to the number of CITES-listed tree species will impact import and export enterprises.. Slight amendments of CITES-listed tree species may have far reaching impacts on the timber industry and can affect some countries' national economy. The Conference of the Parties is the highest governing body of CITES, which is held every two and half years. Generally, proposals for amendments of dozens of species and dozens of comprehensive documents will be discussed at each meeting of the Conference of the Parties. Therefore, by the end of each meeting, a series of decisions and resolutions will be formed and amendments of appendices will be made according to economic and technical development. This means that CITES-listed tree species might be amended every 2-3 years and the timber industry will have to be prepared for these revision of CITES appendices.

In order to determine the impact of amendments of CITES-listed tree species on Chinese enterprises field investigations were carried out through face-to-face interviews with timber importers, manufacturers and sellers in the Shanghai and Zhangjiagang area to gain insights and practical experiences of timber industry. The comments and recommendations from enterprises about CITES were compiled. To enhance the relevance and effectiveness of this research the project team communicated with the Shanghai Wood Association to identify interview targets and the field investigation was accompanied with staff from the association. Specifically, the project team interviewed rosewood traders and agents in Zhonglian Timber Market in Zhangjiagang, as well as rosewood manufacturers and sells at Zunmuhui Rosewood Park in Shanghai. Through this approach commercial entities along the rosewood industrial chain namely “importers-manufacturers-sellers” were covered.

5.1 Selection of investigation sites

Yangtze River Delta Region was selected as the main research area, due to the following reasons:

Yangtze River Delta area is the traditional center of China's rosewood production, processing and trade, it is also the main rosewood consumption center. China's imports of CITES-listed tree species are dominated by *Dalbergia*, and this is mainly used for rosewood products of which large amount of them are produced and sold in Yangtze River Delta area. Data from the China Timber Circulation Association shows that there were about 30000 enterprises engaged in production and sales of rosewood products in China in 2015, the same as previous year. The annual output value (sales

value) was estimated as RMB 162.2 billion, increased by 8.18% from previous year. The rosewood industry in China is mainly distributed in 10 areas, including, Beijing and Hebei province area, Changshu of Jiangsu province and surrounding areas, Shanghai, Dongyang of Zhejiang province, Xianyou of Fujian province, Jiangmen and Dayong of Guangdong province, as well as areas rapidly developed in recent years, such as Zichuan of Shandong province, Ruili of Yunnan province, Pingxiang of Guangxi province and Guangfeng of Jiangxi province. Figure 5-1 shows the detailed information of above areas, it can be seen that both Jiangsu and Zhejiang provinces have 2000 rosewood enterprises, ranking the first place. Both provinces are geographically convenient for rosewood imports, and they are also the traditional rosewood processing centers.

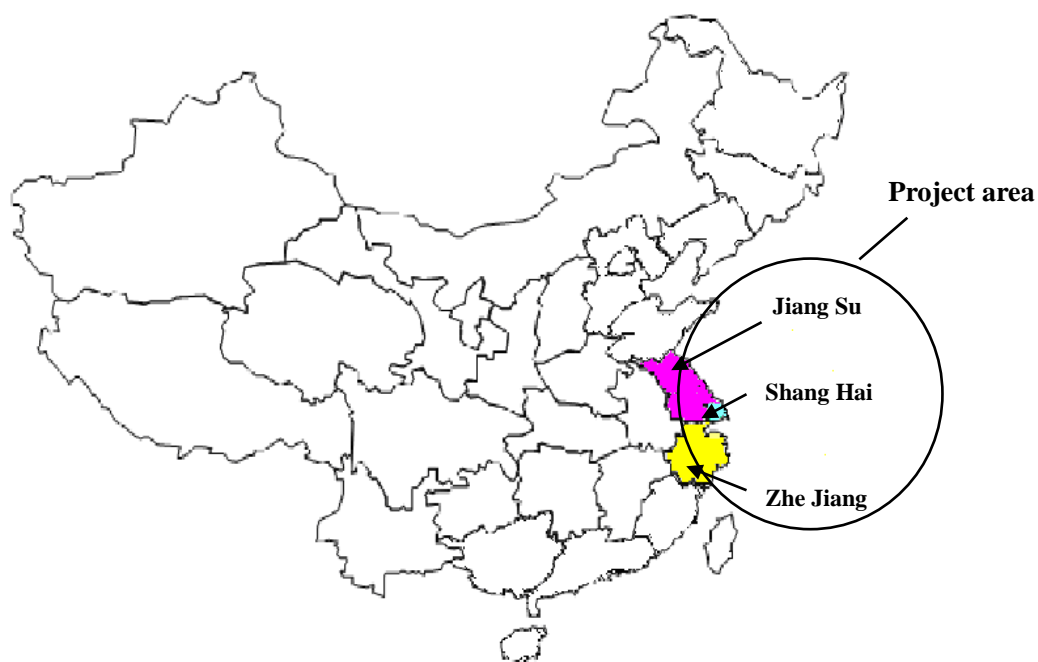


Figure 5-1 Distribution of China’s rosewood production and processing

5.2 Profiles of investigation targets

Through consulting with the Shanghai Timber Association, the largest industrial association in Yangtze River Delta area, the project team identified target enterprises, including timber traders from Zhonglian Timber Market in Zhangjiagang and rosewood processing and sales enterprises from Zunmuhui Rosewood Industrial Park in Shanghai.

5.2.1 Zhonglian Timber Market in Zhangjiagang

Timbers have been imported through Zhangjiagang port over 300 years. During this period, Zhangjiagang timber market has been play a major role in the timber sector. Due to rich timber resources and highly developed timber import and export business Zhangjiagang timber market has been favored by timber enterprises in China.

In recent years, along with increased terminals at Zhangjiagang Port, it has become China's largest center for imported timber distribution and transaction, with annual trade volume of over 5 million m³. Timbers arrived at Zhangjiagang Port are sourced from all over the world. In the 1980s, imported timbers at Zhangjiagang Port were mainly from the United States, the former Soviet Union, Canada, Malaysia and the Philippines and were dominated by pine and meranti. From 1991 to 1998, suppliers of imported timber at Zhangjiagang Port were mainly Malaysia, Gabon, Cameroon, the United States, Equatorial Guinea, Suriname and Chile. From 1998 onwards, the supply countries expanded to over 40 countries and regions, mainly in the Oceania and Africa and imported timbers including *Aucoumea klaineana* (Okoume) from West Africa, *Pometia pinnata*, *Calophyllum spp.* and *Anisoptera* from PNG, *Pterocarpus erinaceus*, *Pterocarpus* and *Verbenaceae* from the Southeast Asia, *Dalbergia melanoxylon* and *Pterocarpus angolensis* from East Africa, *Acer spp.* from North America and *Zelkova spp.* from Europe.

Zhonglian Timber Market is the largest timber market in Zhangjiagang. It is located in the first inland free trade zone, Zhangjiagang Free Trade Zone in Jingang Town. The timber market is a high-grade timber market, established in June 2010 on the basis of the original Zhangjiagang valuable timber center. The market aims to provide various services for enterprise in terms of high-grade logs, uploading and loading veneers, products storage, trading and distribution. The market covers a total area of 120,000 m², of which 20,000 m² for central business district, 50,000 m² of indoor warehouse, 15,000 m² of open yard for 200,000 m³ of high-grade logs, veneers which are traded and stored annually.



Figure 5-2 50,000 m² of indoor warehouse



Figure 5-3 15,000 m² of open yard



Figure 5-4 Stores along the central business street of Zhonglian Timber Market

Up to now, there are over 100 timber enterprises established in this market, including Wenzhou Timber Group, Zhejiang Dehua Tubaobao Co., Ltd., Shanghai Hoist Timber Co., Ltd., Zhejiang Niannianhong Industry Co., Ltd. Large enterprises accounts for 20% of the total enterprises operating in the market, the rest are medium and small enterprises. For large enterprises, each enterprise imports around 300 shipments of timber (200,000 – 300,000 m³) yearly, some small enterprise only import a few hundreds cubic meters of timber every year. In addition, there are also some agents in the market to provide customs clearance and other services. With convenient transportation and significant regional advantages, Zhonglian Timber Market has become one of the largest high-grade timber market and distribution center. It is also consumers first choice for buying rosewood raw materials. Imported rosewood includes *Dalbergia odorifera*, Siam Rosewood from Southeast Asia, as well as alnum, Ochrosiacoccinealogs and semi-finished products from Africa.

According to the Deputy General Manager of Zhonglian Timber Market, there are over 100 enterprises settled in the market. 80% of them are small and medium enterprises, whose imports only accounts for 20% of total import volume of the market. Large enterprise may import as much as 200,000-300,000 m³ every year, while small enterprise may only import few hundreds, showing a big gap. In particular, imports of rosewood products have decreased since 2014 due to the weak timber market.

5.2.2 Zunmuhui Wood Museum in Shanghai

Zunmuhui Wood Museum is located in Baoshan district of Shanghai, covering a total area of 120,000 m². It is a high-end wood products trading platform jointly built by Shanghai Furen Group and the Government. It consists of five sections, Wood Cultural Expo, Rosewood Introduction Base, Ancient Wood Museum, National Arts and Crafts Masters Hall and Fine Products Exhibition Hall. It is also the education and training base of the Endangered Species Import and Export Management Office of the P. R. China, rosewood consumer's education base of Shanghai Consumers Protection Committee. The museum combines tree species introduction, wood carving

art, wood furniture and building exhibition, and cultural dissemination, to incorporate wood culture with carvings, promote sustainable development with respecting, loving, maximum using wood. So far, there are over 20 large rosewood enterprises in Zunmuhui. The project team visited Yuanhengli rosewood art pavilion, Hanguan Kang Yong Qian art pavilion and Silan rosewood. Interview with the General Manager of Yuanhengli Market.



Figure 5-5 Shanghai Zunmuhui Wood Museum

Yuanhengli Classical Hardwood Furniture Co., Ltd. is located in Baifuyuan Development Zone of Tongzhou District in Beijing, combining development, design, production, sales and service. It is an integrated enterprise specializing in the production of classical (Ming and Qing Dynasties) hardwood furniture.

5.3 Analysis of impacts of expansion of CITES-listed species on trading enterprises

During the investigation, the project team found that enterprises importing CITES-listed tree species are normally small scale enterprises, where the imported products are dominated by one species and the education level of their employees is generally low. Those enterprises generally lack an understanding of CITES and commonly utilise the services of a logistic company to complete customs clearance. Therefore, the project team also interviewed the largest logistic company in the Zhonglian Timber Market which is responsible for customs clearance for around half of all imported timber and all rosewood products in this market. This company has a rich experience in customs clearance. The detailed information from interviewing the General Manager is provided below:

Q: What are the main CITES tree species imported and exported in Zhangjiagang?

A: Rosewood species through Zhangjiagang are very concentrated, mainly include Beli, Bubinga and Siam rosewood. Since this year, the imports of alium has been raised significantly.

Q: Will the implementation of CITES affect Chinese rosewood enterprises? In which specific ways?

A: for sure it affects, mainly in the following two aspects:

Firstly, increased time costs. The process of applying CITES permits and related certificates is relatively long, it is time consuming. Most enterprises will choose to go to the nearby provincial capital city, but 1-2 months will be needed for certificate.

Secondly, raised logistics costs. While waiting for the certificate, imported products staying in the port will cost fees.

Q: If one species is included in CITES appendices, will it affect the import price of this species?

A: Once it is included in CITES appendices, the price will definitely fluctuate. Taking *Pterocarpus erinaceus* as the example, after it was listed in CITES appendix, its price was dramatically increased. Some enterprises tried to import as much as they could but ignore the costs of customs clearance. However, it only lasted 1-2 months, the price will eventually drop, but still higher than that of before CITES inclusion, as costs of applying CITES permits will be considered.

Q: In addition to increased costs, what are the main challenges you have encountered during importing and exporting CITES listed tree species?

A: There are various challenges:

Firstly, country-to-country import and export procedures. Some countries, such as Nigeria, do not have specific office for endangered tree species management, therefore they cannot provide a valid certificate for exporting some specific species, resulting in imported products have to stay longer at the port to wait for customs clearance. This would bring serious economic losses for enterprises.

Secondly, as for species, importers are not aware of which species have been listed in CITES appendices, and the difference of inclusion in Appendix II or III. Giving the following case as an example, this specific species was allowed to export in Madagascar, and they can provide formal certificates and documents for importers, however, this species is listed in CITES Appendix I as considered by China side, therefore it is not allowed to import. The enterprises have misunderstandings of the trading rules that China applies as the State Party to CITES. I would suggest that a specific training document can be developed and shared with enterprises. This document can be used as a guideline, indicating the detailed importing rules of CITES listed species, and requirements of different countries, specific trading procedures and etc.

Thirdly, time consuming. It takes a long time to get CITES permits and other certificates. Authorities who issues related certificates do not work on weekends, but some enterprises are very anxious to get the certificate, the process is very suffering.

Fourthly, reputation of enterprises. For logistics companies, they are not particularly interested to provide services for CITES-listed species, due to the customs clearance procedure for those species are very complicated. Once there is a problem, their reputation will be affected.

Q: What is the most concerned part about the CITES?

A: The most concerned part by enterprises is CITES operating rules. At the same

time, we also hope the procedure of CITES permits and other certificates can be simplified, to reduce the time and other costs.

For the enterprise point of view, we totally understand and support the purpose of CITES to protect wild endangered animals and plants. However, we need to survive, we hope it will not increase the costs too much while protecting the environment.

Q: What are the existing channels for enterprises to access CITES related polices?

A: Generally, Zhonglian Timber Market and Zhangjiagang Customs organize some industrial meetings, CITES related information will be shared during the meeting. Another channel is informal communication between enterprises. But those information is fragmented. Even for some general managers working in this field over 10 years, they still have no systematic understanding of CITES. This is also the reason that enterprises need specific training.

Through field investigation, the project team found that Chinese timber importing enterprises (including logistics enterprises) are very concerned about CITES. Subject to constraint related to its small size and information accessing channels, Chinese timber importers lack an understanding of CITES as well as the adoption of changes to CITES-listed tree species. Therefore, the main impact of amendments to CITES listed tree species on Chinese enterprises have been assessed in the following categories:

Firstly, CITES is the most familiar international agreement for Chinese timber importers. Most timber importers have heard of CITES but they do not understand the detailed information. Trading agents also have heard of CITES but even being aware of the strict requirements some enterprises still proceed to complete customs clearance procedures for CITES-listed tree species. However, neither timber importers nor trading agents were able to describe detailed information on CITES. Trading agents normally avoid all CITES-listed species. because they do not yet understand the CITES system as well as the appendices and its Parties so that they could not timely apply CITES permits and related certificates. When CITES appendices are amended such enterprises normally lack a capacity to response. They cannot access clarified information on which tree species have been included by CITES in a timely manner and are unaware of the differences of CITES Appendices I/II/III. Some enterprises even did not realize they imported CITES-listed tree species and confused CITES with with “illegal timber” controls.

Secondly, the increase in CITES-listed tree species will undoubtedly have an impact on Chinese timber importers, mainly in two ways: on the one hand, the costs to enterprises will rise. When importing CITES-listed tree species enterprises will need to apply for permits and related certificates, a process that is time consuming. On the other hand, it will increase the economic costs. Application for CITES permits requires enterprises to appoint a specific staff responsibilities for related issues resulting in increased management costs In addition, while waiting for the certificates, imported timber products will suffer extra fees because they are detained at the port,

which is relatively large amount for traders.

Table 5-1 Rate of detention fee

Containers type		Freetime and demurrage and detention fee (RMB/day/container)			
		1-7days	8-15days	16-20days	21 th day onwards
Dry equipment	20' flat	Free	100	240	300
	40' flat	Free	175	450	600
	40' high	Free	200	500	750
	45' high	Free	200	500	750
Special equipment	20' special	Free	200	600	700
	40' special	Free	300	800	950

Note: the above rates are applied by the East China Regional Office of Maersk (China) Shipping Co. Ltd. since 1 April 2014.

Thirdly, when a species is proposed for CITES appendices the international market often fluctuates triggering a price rise and even a buying frenzy (such was the case with *Pterocarpus erinaceus*). Once the species has been included in the CITES appendices the market will gradually stabilise, but investigation found that the import price will usually increase by about 5% to 10% due to the cost of processing CITES permits and the labour and administrative costs.

Fourthly, while traders are not against with CITES they are annoyed with ineffective CITES certificates processing. Enterprises interviewed by the project team indicated that they understand and support the vision and mission of CITES and they would like to apply CITES related laws and regulations. In the enterprises view, it is correct and wise to take certain measures to protect endangered tree species. But the priority of enterprises is survival first and then environmental protection. Therefore, they hope that implementation CITES will not cause additional costs for enterprises or even become a burden. At present, the procedure for applying CITES related permits and certificates takes a long time and the process itself is complicated. Enterprises are eager to simplify the process and reduce related costs.

5.4 Analysis of impacts on manufacturers and sales enterprises

Through investigation at Zhonglian Timber Market it was concluded that when one species has been included in CITES appendices the importing costs normally cause a growth of log price. However, whether this price increase affects manufacturing and sales enterprises required further analysis. Therefore, the project team expanded the investigation scope to the downstream industry and interviewed rosewood manufacturing and sales companies. Enterprises interviewed during this investigation are engaged in both manufacturing and sales, such as Yuanhengli, Hangguan and Silan. Thus, analysis of both manufacturing and sales enterprises were carried out to find the impacts of changes of CITES-listed tree species on Chinese rosewood enterprises.

During the visit to Shanghai Zunmuhui, an in-depth interview with the General Manager of Yuanhengli Classical Hardwood Furniture Co., Ltd. was carried out, and detailed information as follows:

Q: At present, what is the main source for timber used by your company?

A: We buy timbers mainly from the Timber Market. Due to lack of professional trading knowledge, the risks of direct importing timber from abroad are relatively big. We prefer to buy it from the domestic timber market. In this way, we can directly inform the traders what we need, including diameter, rate of output and other information.

The coordinator who arranged this interview from Yuanhengli added: due to the requirements for raw material is very high, rosewood enterprises prefer to buy it from the domestic market so that they can choose better material. Buying directly from the original country cannot guarantee that you get the cheaper price, instead, sometimes, the price is even higher due to lack of overseas importing experiences. Therefore, we buy most of raw materials from the local timber market.

A: at the very beginning, we also planned to import timber from the original countries. The timber itself is cheap in the country of origin, however, shipping back to China would significantly increase the price, including loading, unloading, packing, customs clearance and other related costs. Furthermore, you will bear the risks during the procedure.

Q: What was the impacts on rosewood prices by previous CITES COPs?

A: The prices of some raw materials have been increasing for few months when we first had amendments of CITES-listed tree species. Some enterprises will store some raw materials. In this way, the price further raised due to the shortage of raw materials. According to previous experience, once the tree species have been included into CITES appendices, the price will keep going up for 1 to 2 years. But, given the weak rosewood market in 2016, the price of *Dalbergia* has only been increased for few months since the rumor of inclusion of *Dalbergia spp* into CITES Appendix. The market is objective and cruel, nowadays, large-scale buying would not happen due to rumors or manufacturing shortages.

Q: Will the increased price of raw material affect the end-use market?

A: The current situation is “the flour is more expensive than bread”. The price of raw material increases, but the sales price at the end-use market is hard to raise. Affected by the eight-point regulation and overall weaken economic environment, rosewood sales market has been suffered from its downturn since 2014. Rosewood products have been stocked in the warehouse instead of the end-use market. Therefore, the demand for raw material is relatively small. In this case, if the consumers market is not significantly improved, the price increasing of raw materials would not cause large-scale buying by traders.

Q: What are the main factors that affect the price of rosewood furniture?

A: People buy rosewood furniture to show off. Enterprises owners from coal and steel

industry are the main buys before. However, as both the coal and steel industries have been suffered from its downturn, the consumption ability of this group declined, affecting the sales of rosewood furniture. Thus, the rosewood market has been facing to normal consumers in the past few years through promotion events. You can spend RMB 20,000 to buy some rosewood furniture which sold at RMB 30,000 before.

Q: Currently, what are the main consumers in the rosewood market?

A: The previous consumers are mainly people at their 50s or 60s, now they are mainly younger groups, such as people born in 70s or 80s. The updated Chinese traditional style which has been popular recently attracted some young consumers. However, it has not affected the high-grade rosewood furniture market yet. The consumers of high-grade rosewood furniture mainly concern the following factors: 1) cultural heritage; 2) materials; 3) techniques;

Q: How is the current profitability of rosewood furniture market?

A: The profit of a set of rosewood couch with 6 pieces made by Africa Palisander is around RMB 500. Taking this couch carved with elephant head as an example, normally the market price is RMB 14500, but some manufacturer would sale it at RMB 9800 in order to return capital. Due to the weak rosewood market, sales enterprises have been struggling to survive. Large enterprises, such as Yuanhengli, are also facing survival challenges. But small enterprises can only reply on low-price competition. In order to get rid of inventory, some enterprises sell their products at a very low price and suffer from the lost.

Q: The 17th meeting of the Conference of the Parties to CITES will be held soon, will you consider to increase raw material inventory?

A: In the past, before the CITES COP meeting, the price of raw material always increases, manufacturers also raise their inventory. But now all enterprises have a large number of inventory, experiencing a tight cash flow period. Therefore, enterprises barely increase their inventory. Taking Burma padauk as the example, in the past 5-6 years, the price has been growing from 12000 RMB /m³ to 19000 RMB /m³. And in the recent 1-2 years, the price has raised from 19000 RMB /m³ to 38000 RMB /m³, highest to 40000 RMB /m³. However, the price dropped back to 12000 RMB /m³ in 2014, taking only couple months. Therefore, increase of inventory also has a lot of risks. When the price of raw material is cheap, buying certain amount only for production is fine.

Q: At the 17th meeting of CITES COP, there will be more tree species listed in the appendices, will this affect the market?

A: Nowadays, the market has been numb for such information. Due to the current rosewood market is suffering the downturn, thousands of manufacturers have large amount of inventory, including us. But the end-user market is still weak, stocking too much raw material is useless. Therefore, CITES COP might drive increasing price of raw materials, but I think manufacturers will not further increase their inventory. The

CITES COP meeting will have slight impacts on enterprises like us, engaged in both manufacturing and sales.

Through field investigation the project team found that in the past two years most Chinese rosewood manufacturers purchase raw materials at the domestic timber market and only a few import directly from overseas to save costs. Inclusion of one specific tree species by CITES appendices has only a small impacts on manufacturing and sales enterprises. For manufacturing and sales enterprises they are mainly concerned with demand in the market and a steady price increase due to inclusion of a timber in CITES appendices.

(1) Market demand determines impacts of CITES-listed tree species on manufacturing and sales enterprises.

When the consumer market is 'hot' once information regarding a change of CITES listing is confirmed the downstream manufacturers rapidly increase their inventory which pushes up the price of raw materials. Sometimes the price will continue rising for at least a few months and sometimes as long as a 1 or 2.. Since 2014, due to the unfavorable global environment and a slow down in economic development in China as well as the eight-point regulations by Chinese Government, domestic demand for rosewood products has slowed in China.. At the same time, wood product manufacturers stocked large volumes of timber during 2013 to 2014. At the 17th meeting of the Conference of the Parties to CITES in December 2016, all *Dalbergia spp.*, *Pterocarpus erinaceus* and three *Guibourtia* species were included in CITES appendices. However, this decision did not have a significant impact on manufacturers. Even though some enterprises are aware of the decision they do not have strong incentives to increase their inventory of raw materials.

(2) Manufacturers are less sensitive to trader's price increasing activities

At the 16th meeting of the Conference of the Parties in 2013, five rosewood species have been transferred from Appendix III to Appendix II. This decision triggered a chaos in Chinese rosewood market, the price of *Dalbergia cochinchinensis*, *Dalbergia oliveri* and other related species raised dramatically. The supply of *Dalbergia cochinchinensis*, *Dalbergia retusa* and *Dalbergia stevensonii* was extremely tight, and the price was unbelievable high.

From 2013 onwards, whenever CITES-listed lists were amended the price of raw materials increased. However after a few rounds of price increases manufacturers became numb about the change to CITES listings. For some manufacturers the CITES is only a piece of paper which does not seriously affect their business activities that much. Their only concern is the consumer market and they will not increase their inventory only because of the price increase of raw materials. On the one hand, an increase of inventory ties up capital which will cause pressure of enterprises' cash flow. Furthermore, Chinese rosewood manufacturing and sales enterprises have already had a large number of inventory and how to consume these stocks in a flat

market is their big problem at present. On the other hand manufacturers pay more attention on timber quality. They normally arrange their procurement based on demand and a temporarily price increase will generally not stimulate them to purchase more raw materials.

(3) Chinese rosewood manufacturing and sales enterprises have paid a heavy price for the increase of inventory due to change of CITES listings in the past. These days they will no longer purchase large amount of raw materials blindly.

The rosewood industry is a resource-based industry. However, with the development of the rosewood market it has been kidnapped by “raw material-oriented” false theory. Especially in 2013, affected by the 13th CITES COP meeting and some countries’ log export ban, the price of rosewood raw materials soared. The price of high-grade rosewood species, such as *Dalbergia cochinchinensis*, has experienced significant fluctuations. From 2012 to the beginning of 2012???, the trading price of *Dalbergia cochinchinensis* in the domestic market has been stable, around 8000-9000 RMB/m³. In July 2013, the price rose significantly; while in March – May 2014, it rose to a peak of 11000 RMB/m³. Driven by market speculation, the manufacturing and sales enterprises could not delay and started rapidly increasing their inventory.

In 2014, the domestic rosewood market was affected by the tight macroeconomic situation and the market price of rosewood began falling back to a reasonable level. With the Chinese economy slowing down the rosewood market also cooled down and the price of rosewood furniture had not yet rebound in 2015, a totally different situation as that of 2013. Some enterprises start lowering their price to return recover capital. The traders, manufacturers and sellers have been suffering from the weak market. This is a good lesson learnt by rosewood enterprises. The market is objective and large-scale buying has no longer happened due to amendments of CITES appendices. From this point of view Chinese timber trading markets are unlikely to be affected by changes of CITES appendices as seriously as in 2013-2014.

(4) The price of end-users products is less affected by expansion of CITES-listed tree species

In 2013, because of a price increase for raw materials the sale price of rosewood furniture rose. In 2014 and 2015, even though the price of raw material declined the price of rosewood furniture did not drop dramatically. It can be concluded that the price of rosewood furniture is not closely related with the price of the raw material. The change of CITES-listed tree species had only a slight impact on the price of rosewood furniture.

As for the reasons, in addition to the quality of raw material, the price of rosewood furniture is also strongly affected by other costs such as labor, storage fee, brand promotion and other factors. Labor and rent costs have been increasing constantly, resulting in an increasing production costs for rosewood furniture, which leverage the fluctuations of raw materials price, so that the overall sale price of rosewood furniture stayed steady. Moreover, due to experience gained during the operational crisis since 2013 the production and operation mode of rosewood enterprises has

changed. Now they focus more on demand in the market and adjust prices accordingly. Imports of rosewood of medium and lower grade materials are used to produce Chinese traditional and neo-classical style furniture to attract mid-market customers. High grade materials are used to produce classical furniture to attract collectors. By dividing their customer groups and production and operation modes rosewood enterprises have managed to maintain their profit margins through in-depth study of the market. In this way the impact of raw material price changes have been effectively reduced.

5.5 Summary of impacts on timber industrial chain

By analyzing the impact of amending CITES appendices on timber traders, manufacturers and sellers, this chapter overviews the impact mechanism of CITES on Chinese timber industry chain. It can be concluded that, inclusion of tree species into CITES appendices will affect the price of raw material delivering fluctuation over a short period then becoming steady. But the import price of this species will increase at a certain degree. However, traders suffer the most from raw material price increases but for manufacturers the main impact comes from market demand. Reasons for above conclusion include: commercial trading of CITES-listed tree species (Appendix II and Appendix III) requires import permits which will raise importing costs. However, the traders may not be able to transfer the increased costs to the downstream manufacturers (the manufacturer's purchasing behavior is determined by the market demand and the inventory level). Therefore, in the whole rosewood industry chain, the traders (importers) bear most of the risks, specifically:

Firstly, the traders have to face the industrial reshaping risk: survival of the fittest. At present, Chinese traders are still not aware of CITES-listed tree species trading requirements and certificate application procedures. Therefore, when CITES lists are amended traders often lack of ability to adopt effective measures to respond and consequently can suffer huge financial losses. Some enterprises have close business. Taking the example of *Fraxinus mandshurica*, China Customs Data shows that there were 58 Chinese enterprises engaged in *Fraxinus mandshurica* importing in 2013 and the import value of the top ten enterprises accounted for 67%. In 2014, *Fraxinus mandshurica* was included in CITES Appendix III and the number of enterprises engaged in *Fraxinus mandshurica* importing fell to 48, by 17.2%, and the import value of the top ten importers accounted for 76.4%. Amendment of CITES-listed tree species has thinned out the overall industrial capacity due to trading enterprises with poor risk management capacity being eliminated leaving only the better managed enterprises..

Secondly, manufacturing and sales enterprises have conducted in-depth research on end-user's market to accelerate the speed of industrial transformation in the sector. Under the dual pressures of increased price of raw material and weak end-users market, manufacturers had to upgrade their processing techniques, transform from previous extensive production to fine production and reduce operation costs. At the same time changes in listing made a great contribution to the transformation and

upgrading of the entire manufacturing industry. For the sellers, they emphasize more on development of other consuming groups. In recent years the use of medium and lower quality raw materials has been increasing for the production of traditional style furniture which are favored by young consumers and great sales performance has been achieved. Emphasis on end-user's market also plays an important role in promoting medium and lower grade material. In this way, sustainable utilization of timber resources and the sustainable development of timber industry will be further promoted.

Chapter 6 Analysis of impacts of the expansion of CITES-listed tree species on Chinese timber enterprises --- taking *Fraxinus mandshurica* as an example

6.1 Background

Fraxinus mandshurica, also known as manchurian ash (the English name) is a deciduous tree with beautiful textured wood. It is strong and tough and also attractive. Therefore, it can be used for furniture, musical instruments, sports equipment, vehicles and boats, machinery and special building materials. *Fraxinus mandshurica* can be found in Shaanxi, Gansu, Hubei, Northeast of China, Northern China and other places. However, the quantity available has been declining. In China it is a national class II protected wild plants. China relies on imports of *Fraxinus mandshurica* to meet domestic demand and Russia is the main source.

Russia requested that *Fraxinus mandshurica* be listed in CITES Appendix III in 2014, to address destruction of the resources due to illegal logging and uncontrolled trading. The CITES Secretariat approved the request of inclusion of *Fraxinus mandshurica* in Appendix III by Russia, which entered into force on 24 June 2014. As a result imports of *Fraxinus mandshurica* from Russia by China requires CITES import permit from 24 June 2014 onwards. Since 90% of China's imports of *Fraxinus mandshurica* are from Russia inclusion of *Fraxinus mandshurica* in CITES appendix had a wide impact on the entire timber market.

Based on this situation, this chapter analyzes the impact of inclusion of *Fraxinus mandshurica* in CITES Appendix III on raw material price, trading volume and Chinese import market. Data used in this chapter is 8 digits HS Code (44039950) from China Customs.

6.2 Analysis about impacts of inclusion of *Fraxinus mandshurica* in CITES Appendix III

6.2.1 Impact on the total import volume

China's imports of *Fraxinus mandshurica* logs accounted for about 4% of total imports. In recent years China's imports of *Fraxinus mandshurica* first increased then declined as shown in Figure 6-1. Both imported volumes and values of *Fraxinus mandshurica* by China had been rising before 2011. The imported volume increased from 139676 m³ in 2009 to 242479 m³ in 2011, (+ 73.6%). Since 2011, China's

imports of *Fraxinus mandshurica* logs decreased annually to 94651 m³ in 2016. As for importing value, this has increased from RMB 47241825/? in 2009 to RMB 59992115?? in 2011, (+26.9%). The importing value of *Fraxinus mandshurica* logs has been falling since 2011 reaching the lowest at RMB 30821615/? in 2016. It can be seen that China's imports of *Fraxinus mandshurica* logs had already declined two years before Russia requested to include it in CITES appendix.

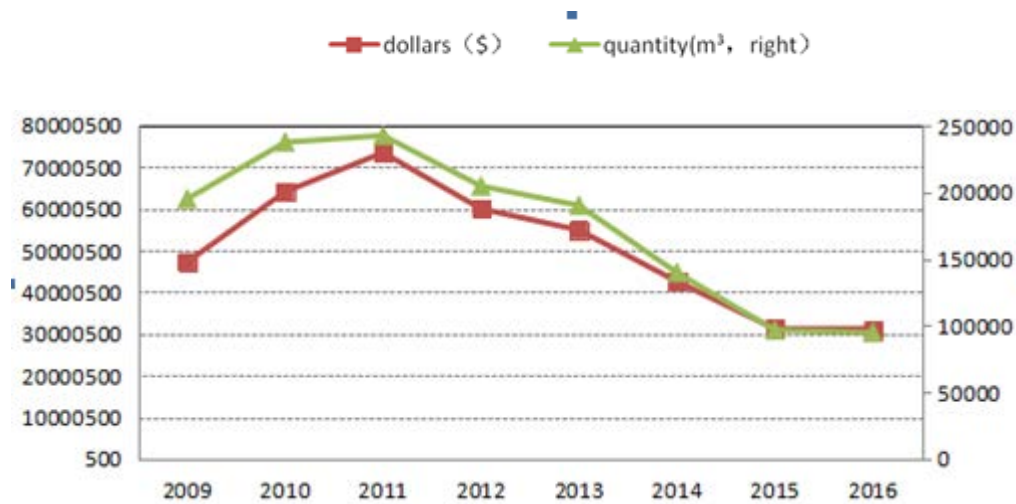


Figure 6-1 Trend of China's imports of *Fraxinus mandshurica* logs

In terms of sourcing countries, China's imports of *Fraxinus mandshurica* logs are mainly from Russia followed by France and the United States. *Fraxinus mandshurica* logs supplied by Russia accounted for more than half of the total imports. China Customs Data shows that from 2009 to 2016 *Fraxinus mandshurica* exported from Russia accounted for at least 57% (in 2011) of the total imports by China, and up to 100% (in 2016). In fact, *Fraxinus mandshurica* is mainly distributed in North Korea, Japan, Russia and other regions. However, because the timber quality in Russia is good and the transportation is convenient and lower costs, China imports most *Fraxinus mandshurica* from Russia. Even though the *Fraxinus mandshurica* was included into CITES Appendix III in 2014 this did not affect China's importation of *Fraxinus mandshurica*, which still relies heavily on Russia.

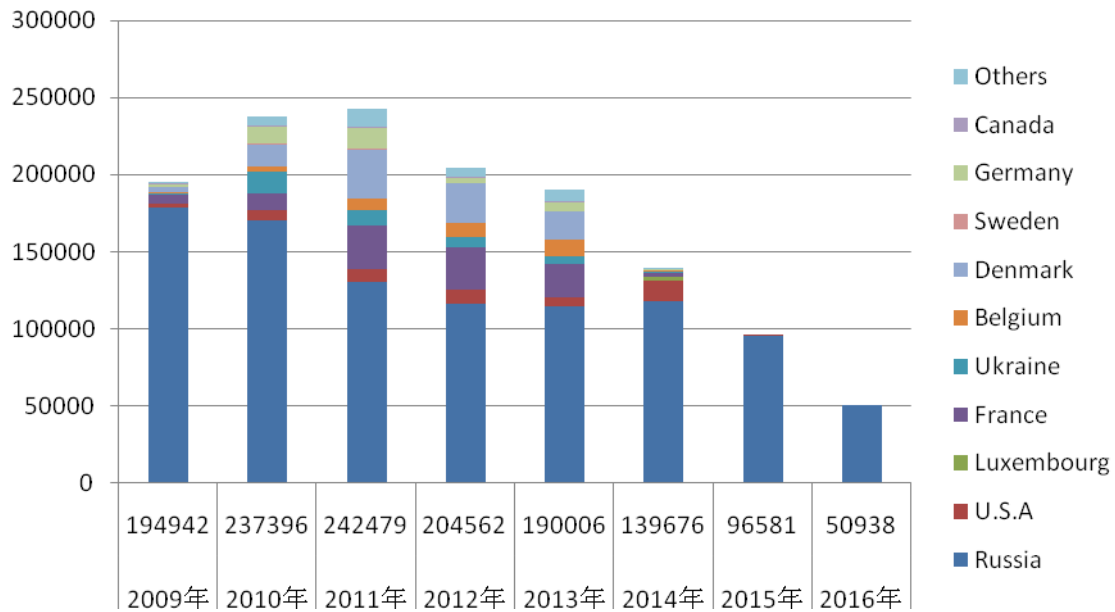


Figure 6-2 Main exporters of *Fraxinus mandshurica* to China (quantity)

6.2.2 Impacts on the price of raw material

Technically, once a tree species is included in CITES appendices, traders may face two kinds of risks: 1) commercial trade is prohibited for tree species listed in Appendix I. In this case, importers cannot complete the customs clearance procedure and will suffer a huge financial loss. 2) related permits or certificates will be required while importing tree species under Appendix II and III. In this case, importers will suffer from increased costs. Therefore, regardless of the above risks the traders' costs will definitely increase, and coupled with expected scarcity of timber resources the import price will fluctuate somehow. Figure 6-3 shows the monthly importing volume and value of *Fraxinus mandshurica* supplied by Russia from January 2009 to December 2015. It can be concluded:

(1) Expansion of CITES-listed species significantly impacted the price of raw material and the market will take some time to digest the impact. Figure 6-3 shows that in August 2014, the import price of *Fraxinus mandshurica* from Russia rose significantly from 298 USD/m³ to 346 USD/m³, (+ 16%); in the same month, both the importing volume and value fell sharply. Even though the CITES regulation entered into force in June because of considerable delivery delays by transportation as well as delays with customs clearance procedure, the inclusion of *Fraxinus mandshurica* into Appendix III significantly impacted the price of imports. The impact became more intense two months after the CITES decision entered into force. The price of *Fraxinus mandshurica* dramatically increased but stay steady after 2-3 months.

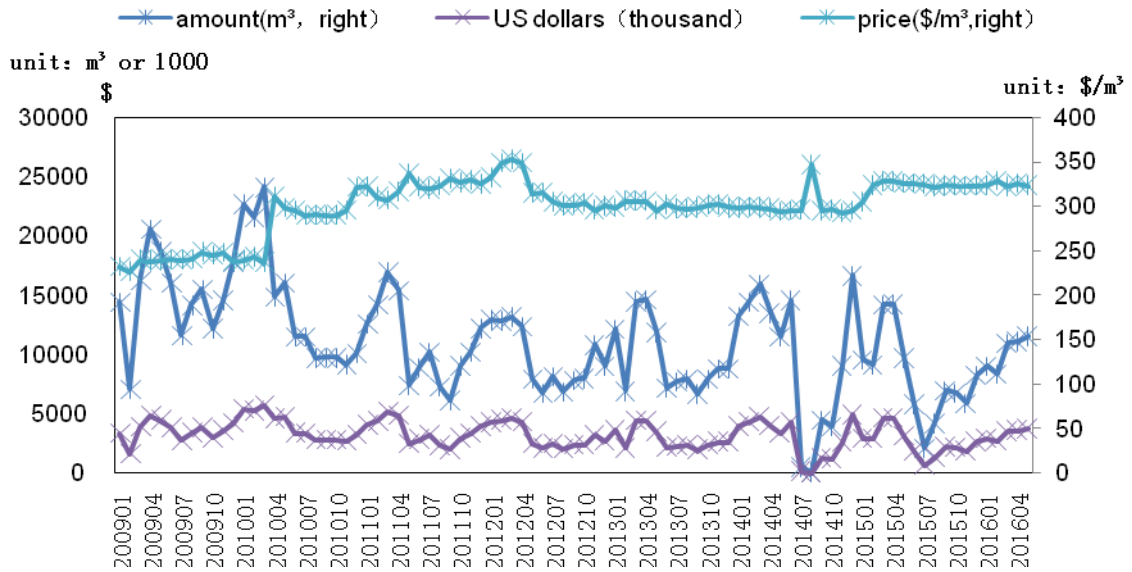


Figure 6-3 Trend of China’s imports of *Fraxinus mandshurica* from Russia between 2009 - 2015 (both volume and value)

(2) Inclusion of a specific tree species into CITES appendices will cause more costs when applying for the import permit, therefore the price of raw material will rise. Before *Fraxinus mandshurica* was included by CITES Appendix III the import price from Russia had been steady for a long period at 298 USD/m³. After the inclusion by CITES the import price of *Fraxinus mandshurica* rose dramatically to 346 USD/m³. Even though it fell afterward it still remained at 320 USD/m³, (+ 7.4%) compared with that before inclusion by CITES. Among all those reasons, the costs arising from the handling of the certificate was the main factor pushing up the price.

6.2.3 Impact on market structure

Enterprises engaged in *Fraxinus mandshurica* importing are mainly located in Suifenhe City in the southeast of Heilongjiang Province. Suifenhe is an important bridge for international cooperation in the northeast region of China. It is known as the “golden channel” connecting the Northeast Asia and Asia-Pacific region. Suifenhe City is adjacent to Russia in the east. With the unique geographical location Suifenhe has attracted a large number of timber trade enterprises dominated by *Fraxinus mandshurica*, as well as Korean pine and birch traders. According to the customs data, about 90% of enterprises importing *Fraxinus mandshurica* are located in Suifenhe and most of them are small sized private enterprises with highest annual import value to 5 million to 6 million RMB lowest to 10,000 RMB. They share the common characteristics of small scale, poor risk resistance ability, extensive operation and low profit margins. Once any unfavorable impact hits the market those enterprises will suffer most and, some have to close their business.

The *Fraxinus mandshurica* import market took a downturn after 2011 and the quantity of importing enterprises dropped. According to the customs data, in 2009,

there were 64 enterprises engaged in *Fraxinus mandshurica* import business, this peaked at 74 in 2010. Afterwards, the number of enterprises kept falling, with the greatest drop being recorded in 2014 (-17%). The number of enterprises stayed stable thereafter (See Table 6-1). By 2016, there were only 47 enterprises importing *Fraxinus mandshurica* into China. Therefore, due to the inclusion of *Fraxinus mandshurica* in a CITES appendix there were large-scale of closures. About 10 enterprises (accounting for 17% of the total) withdrew their business from the *Fraxinus mandshurica* import market. Therefore, expansion of CITES-listed tree species has irrevocably adversely impacted the SMEs in China.

Table 6-1 Changes of enterprises engaged in *Fraxinus mandshurica* import business
(2009-2015)

	Enterprises quantity (unit)	Proportion of TOP10 (volume)	Proportion of TOP10 (value)	Proportion of TOP30 (volume)	Proportion of TOP30 (value)
2009	64	67.01%	67.63%	91.62%	91.76%
2010	74	66.91%	66.29%	91.62%	91.68%
2011	61	53.21%	52.86%	91.35%	91.63%
2012	58	62.18%	61.44%	93.88%	93.83%
2013	58	67.80%	66.68%	92.99%	92.85%
2014	48	76.86%	76.38%	97%	96%
2015	47	68.03%	67.85%	98%	98%

For the market concentration point of view, China's imports of *Fraxinus mandshurica* is highly concentrated. The top ten importing markets jointly account for 60-70% of the market share while the top 30 importing markets collectively take up 90% of the total. China's demand of *Fraxinus mandshurica* is relatively small, with an annual import value of 30 million RMB. Most importers are small sized enterprises who are under capitalized and pursue meager profits. Customs data shows that enterprises with annual import values of less than 500,000 RMB accounted for over 50% and only 10 enterprises maintained an annual import value of over 500,000 RMB.

In recent years, the market concentration rate of *Fraxinus mandshurica* importing enterprises remains stable with the top ten enterprises having a 66-67% share of the market. In 2014, the market shares of top ten importers significantly increased, from 67.8% to 76.86%, mainly due to the inclusion of *Fraxinus mandshurica* in CITES Appendix III. As China's largest *Fraxinus mandshurica* importer, Suifenhe Xinglilai Trade Co., Ltd. has significantly increased the import value of *Fraxinus mandshurica*, to reach about 8 million RMB, about 7 times greater than the average level of previous years. It was because the company was worried the price might go up due to inclusion into CITES Appendix.

6.3 Summary

Importers 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, 17% of enterprises withdrew *Fraxinus mandshurica* import business. On the other hand, enterprises with abundant funds raise their stock holding volume. Both actions resulted in higher concentration of the market. Before 2014, the top 30 enterprises share of the market was around 92% and this rose to around 96% in 2014. In 2015, the proportion rose again to 98%. Therefore, it can be concluded that small enterprises have suffered more from the expansion of CITES-listed species. Enterprises who lack financial support and with poor risk resistance ability will eventually be eliminated from the import market. The surviving enterprises will reshape the market competition pattern and this could lead to a more mature development of the industry.

Chapter 7 Challenges and opportunities of compliance with CITES by Chinese medium and small scale enterprises

7.1 Challenges of compliance with CITES by Chinese medium and small scale enterprises

7.1.1 Relatively low level of educational of small and medium scale entrepreneurs

Medium and small scale timber processing or trade enterprises are mostly distributed in small towns/townships where the land is cheap. Many business owners are from the local rural area with a relatively low level of education, resulting in their limited vision. In 2013, a ITTO funded Project to strengthen capacity building for Chinese medium and small scale enterprises to promote legal procurement of tropical timber was carried out and 49 enterprises in Fujian were investigated. The results show that among all entrepreneurs only 3 of them have an educational background of college or above level accounting for 9.4% of the sample; the proportion of people with secondary education background is 49%, while the share of people with high school education background reaches 90.6%. Vast majority of them are from Fujian (about 94%).

In September 2010, a survey of wood products processing enterprises in Anji County of Zhejiang Province showed that all business owners in Anji and Nanxun are local people and about 75% of them have an education background of high school or lower level while business owners with secondary education background accounts for 45% of the total.

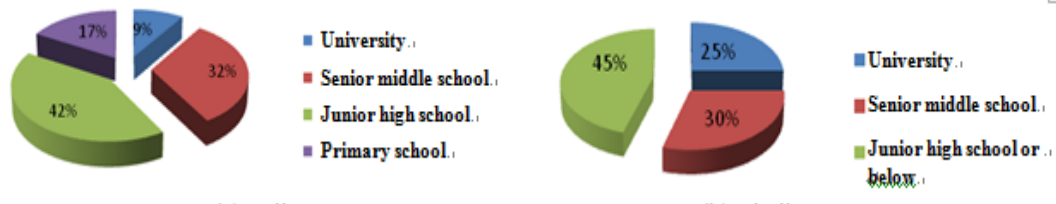


Figure 7-1 Education level of investigated business owners in Fujian and Zhejiang

The Low level of education of owners and managers of medium and small scale business limits their understanding and even acceptance of national laws and regulations so that it is difficult for them to implement CITES related rules. A field investigation in Pizhou, Changzhou, Changsu and Zhangjiagang was carried out in 2013 to collect information about enterprises' awareness of the Lacey Act. It was

found that, except few large scale enterprises, most tropical timber processing enterprises have very limited understanding of the Lacey Act (See Table 7-1). Therefore, it is a common phenomenon that medium and small scale enterprises' awareness of international laws and regulations is very limited, not only CITES, but also similar rules.

Table 7-1 Quantity of enterprises with procurement contract and who are aware of procurement related laws and regulations (Unit)

Area	With procurement contract	Only heard of procurement regulations	Both	None
Pizhou	9	1	1	16
Changzhou	11	13	1	2
Changshu and Zhangjiagang	15	0	0	4

Note: compiled from field investigation data

It is worth noting that, even though the educational level of many business owners is low, very advanced technologies are used in their production and operation. Some enterprises improved their production through application of advanced technologies, to enhance competitiveness.

7.1.2 Enterprises scale is relatively small, lack of funds, with low technology level

Generally, these investigated traders, manufacturers and sales enterprises are small scale and face problems sourcing finance. Expansion of the number of species listed by CITES will increase the time/costs as well as financial costs as companies wait for approval of the import permit (such as demurrage charge and staff cost). In the case when the market is depressed transferring the added costs to downstream traders or consumers would not be practical. Therefore, the costs for compliance with CITES could be far higher than the potential benefits.

Chinese medium and small scale enterprises mainly rely on cheap labor resources. The technology level is often relatively low with weak capacity of self-research and development resulting in products with low add-value. However, expansion of CITES appendices has its positive impacts. It will promote adjustment of industrial structure and push effective utilization of rosewood by manufacturers to reduce resources waste.

7.1.3 Lack of CITES related information access channels

Investigations on information access channels were carried out in 2013 by visiting 61 enterprises in the Yangtze River Delta. The results show that, 36 enterprises use exhibitions as their main information access channel, accounting for 66.7%; 17

enterprises get market information through online news, taking up 31.48%; 14 enterprises gain information through timber association, about 25.93%; 9 enterprises obtain information through discussion with other companies, accounting for 16.67%; another 9 enterprises access market information through buyers, making up 14.81%; 2 enterprises obtain information through research institutions, accounting for 3.7%; and only 1 enterprises rely on trade magazine, accounting for 1.85%.

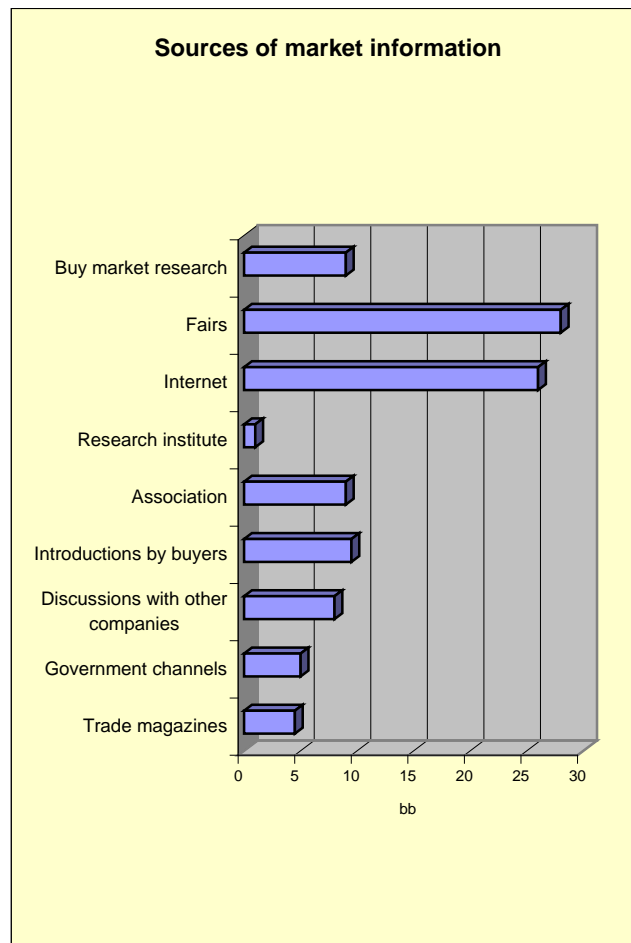


Figure 7-2 Channels used by enterprises to access market information

Therefore, the main information access channel for Chinese timber enterprises is face-to-face communication, and few obtains market information through online website. As an international agreement, CITES information is mostly spread through government channels, but SMEs rarely get information through government channels. Although EMSO and ESSC updated their information regularly, a large number of enterprises are lack of initiative to pay attention to relevant news. According to the survey in Shanghai and Zhangjiagang, we find that enterprises mainly obtain news from acquaintances and training course, which is assive receiving. As a result, some enterprises have imported the timber to the Chinese port before receiving the information of the species being included in the CITES appendix, and had to bear the large amount of demurrage charges during the processing of the certificate.

7.1.4 Using scientific terms, increases the difficulty of compliance with CITES

CITES involves scientific terms and identification of various species; it is difficult for non-professionals to identify CITES-listed species. For small and medium enterprises it is particular difficult for them to understand the regulated tree species with English annotations. Along with expansion of CITES-listed species and more detailed regulations, compliance with CITES requires higher capacity in terms of personnel, financial and time inputs, specifically, 1) more species included in CITES appendices, more CITES permits will be required for enterprises to import such species, which will increase the management costs; 2) specific position and staff needs to be designated to be responsible for CITES related issues, personnel recruitment and training requires more financial inputs.

In addition, related knowledge, information and database resources from Chinese CITES management and scientific authorities cannot be well understood or accessed by small and medium-sized enterprises. Also, the scientific name is used in the Chinese version of CITES text which cannot be understood by most SMEs. The utilization of the CITES endangered species database provided by the Endangered Species Scientific Commission (ESSC) requires professional ecological, agricultural and forestry knowledge. Firstly, you have to input the Chinese scientific name of the species; secondly, it requires you are knowledgeable about the species, genus or family of the tree. Using name which cannot be identified by the database would cause errors. Also, the species classification used in the database is based on CITES appendices as of June 2014. Some information is out dated.

The screenshot shows the website of the Endangered Species Scientific Commission (ESSC), P.R.C. The header features the logo and name in both Chinese and English. A navigation menu includes links for Home, Introduction, CITES Convention, Laws and Regulations, Species Information, Consultation, Publications, and Contact Us. The main content area is titled 'Endangered Species Database' and contains a search bar with a 'Search' button and a 'View All' link. Below the search bar, there is a detailed description of the database's purpose, which is to provide scientific support for CITES implementation and species protection. It mentions that the database includes 502 species and is based on various authoritative sources like the IUCN Red List and national protection lists. The footer of the page shows a table with columns for 'Chinese Name', 'Latin Name', 'CITES Appendix', and 'Protection Level', and a page navigation indicator.

Figure 7-3 CITES endangered species database of the Endangered Species Scientific Commission (ESSC)

7.1.5 CITES approval process is complex, increasing time;costs for enterprises

Article 10 to 14 of the Regulations of the People's Republic of China on the Administration of the Import and Export of Endangered Wild Animals and Plants specifies the application and approval process of CITES Import/Export Permit Certificate, the time required for each procedure includes: (1) 10 workdays for competent forestry department at provincial level to approve; (2) 20 workdays for approval by the State Forestry Administration; (3) 20 workdays by the national Endangered Species Import and Export Management Office; (4) if the provincial forestry department and the State Forestry Administration fail to make a decision within 20 workdays upon the approval of the principal thereof be extended for 10 workdays.

Therefore, it takes a minimum 60 workdays (excluding the time to consult with the Endangered Species Scientific Commission) for enterprises to apply the CITES Import/Export Permit Certificate. Even though some regional Endangered Species Import and Export Management Offices are trying to establish online information system so that enterprises can submit relevant form through online system to reduce time costs. However, the involvement of multiple level of competent departments will not practically reduce the time costs. In Hong Kong, application forms and related documents can be directly submitted to the Agriculture, Fisheries and Conservation Department, and normally only 2 days will be needed to process the application approval. This one-stop approval process is more convenient and easy to operate.

7.1.6 Multiple authorities engaged in CITES enforcement, but lack of inter-departmental communication

According to Article 26 to 27 of the Regulations of the People's Republic of China on the Administration of the Import and Export of Endangered Wild Animals and Plants, authorities involved in CITES enforcement include the customs, national competent department of wild animals and plants (the State Forestry Administration and local forestry bureau), commerce and administration department as well as inspection and quarantine department. However, the CITES management authority, the national Endangered Species Import and Export Management Office has no law enforcement power. Punishment for violations are implemented through multiple departments based on multiple laws and regulations, resulting in multi-departments involving.

In the process of law enforcement, the competent forestry department is responsible for management of wild plants under its territory, while management of wild plants on the market shall be covered by the commerce and administration department. As the

administrative management department of living wild plants, after wild plants entered into the market, the forestry department can only exercise the administrative punishment power authorized by the commerce department. However, the capacity of commerce department in identification of wild animals and plants species is poor, resulting management conflicts. With all these departments involved, enterprises could neither tell the difference of each department, nor go to the right department for help.

In recent years, great efforts have been made by the Chinese government to strengthen inter-departmental collaboration. An inter-departmental CITES enforcement coordination group and coordination mechanism was established, and provincial CITES enforcement coordination group was established in 31 provinces (autonomous regions and municipalities). Together with the Ministry of Justice of the People's Republic of China, the Planning of Establishment of Judicial Verification System to Protection Wild Animals and Plants (2013 -2020) was formulated. Judicial verification power was designated to the Criminal Evidence Verification Center of Nanjing Forestry Public Security and the Wildlife Inspection Center of the State Forestry Administration, to promote the establishment of endangered species verification system. Above measures have preliminarily solved the problem of multi-departments involvement in law enforcement management. In the future, the Endangered Species Import and Export Management Office will further strengthen cross-departmental collaboration to promote unified legislation, law enforcement and management system.

7.2 New opportunities for Chinese medium and small enterprises for compliance with CITES

7.2.1 Rapid development of new social media has accelerated the speed and span of information dissemination

In recent years, with the expansion of smart phones, new media systems have achieved large-scale application. The traditional information dissemination model has been fundamentally changed. WeChat, Weibo, QQ and online broadcast brought brand new information dissemination and communication mode. The previous way of passing message was replaced by WeChat, the speed and span of information dissemination has been improved.

As one of outputs of ITTO funded Project to strengthen capacity building for Chinese medium and small scale enterprises to promote legal procurement of tropical timber, FPI WeChat Public Platform (FPI-China) was opened. The news about Inclusion of *Quercus mongolica*, *Fraxinus mandshurica* and *Dalbergia tucurensis* into CITES appendices was read over 5188 times, and 2000 times on the day when it was published. The news was forwarded by China Wood-based Panel, Wood Industry and

other magazines and medias.



Figure 7-4 Views of FPI published news about Inclusion of *Quercus mongolica*, *Fraxinus mandshurica* and *Dalbergia tucurensis* into CITES appendices

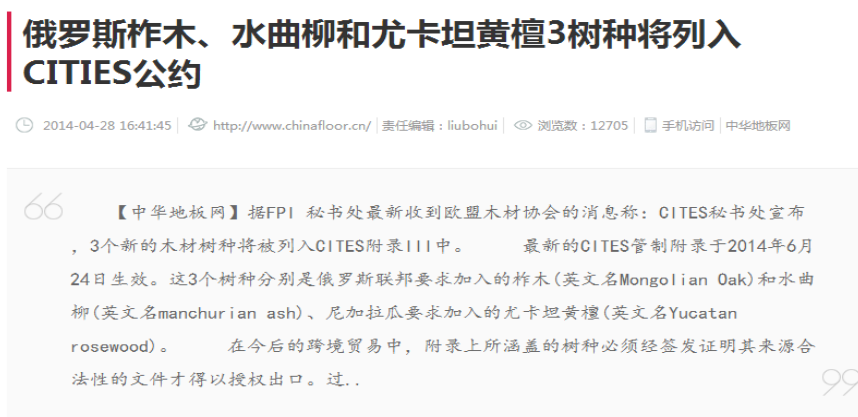


Figure 7-5 Screenshot of FPI news which was shared by China Flooring Website

By 22 May 2017, 4736 users and around 2000 enterprises have followed FPI WeChat Public Platform. Information exchange and sharing is further strengthened through using WeChat, Weibo and other social medias. The efficiency and quality of communication is also improved. The project team also opened online courses of CITES and Timber Enterprises on FPI WetChat public platform. Regular CITES related information is shared with timber enterprises, which is highly appreciated by users.



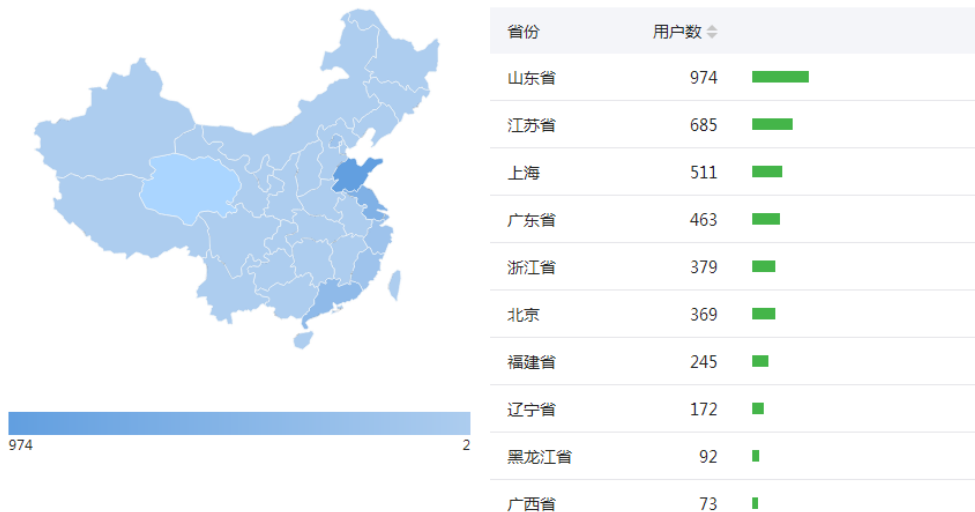


Figure 7-6 Users and distribution of FPI WetChat public platform

7.2.2 China's compliance with CITES entered into a new stage, to create sound market environment

After joining the CITES, Chinese government pays great attention to combating illegal trade of wild animals and plants. Relevant CITES regulations have been strictly implemented. A series of national laws and regulations have been formulated to strengthen the dissemination of CITES rules. Many violation cases have been investigated. Large amount of international cooperation activities has also been organized. In the past dozens of years, great achievements have been made by China to fulfill CITES regulations. The market environment of fulfilling CITES has been further optimized, which providing new opportunities for Chinese small and medium scale enterprises.

(1) Continue to strengthen legal system to provide sound institutional environment for the implementation of CITES

Laws and regulations are importance basis for import and export management. The Forest Law the People's Republic of China, Regulations of the People's Republic of China on Wild Plants Protection, Customs Law and Foreign Trade Law of the People's Republic of China are issued to specify rules applied to import and export of wild animals and plants as well as punishment for violations. In order to better protect timber resources, China also issued the National Key Protected Wild Plants List (first group) to implement stricter supervision measures than CITES. In addition, the Endangered Species Import and Export Management Office and General Administration of Customs jointly formulated and issued Administrative Measures on Import and Export Perssion Certificate of Wild Animals and Plants, Administrative Measures on Permit to Supervise and Inspect the Import/Export Certificate by its Grantor, and Administrative Measures on Permit to Supervise and Inspect the Species

Verification Certificate by its Grantor, to standardize import/export management of wild animals and plants, improve management efficiency and provide institutional safeguards for medium and small enterprises in compliance with CITES.

(2) Strengthen training and dissemination on CITES related information, to create a sound social environment.

Training workshops have been organized by Chinese CITES management authority with participated by import/export management and law enforcement officers. In July 2016, the training base of Endangered Species Import and Export Management Office of the P. R. China was established in Northeast Forestry University. So far, over 2000 people, including officers from management authority, customs and staff from enterprises, have participated related training, their administrative capacity as well as law enforcement ability has been improved. In addition to training on general CITES knowledge, specific trainings on CITES-listed tree species have also been carried out: training on identification of endangered timber species was jointly organized by China and Germany in September 2014; publicity and training base of fulfilling CITES was officially established in 2015; training workshop on protection of endangered plants was organized by Sichuan Provincial Forestry Department, China-Vietnam workshop on CITES implementation was held in Guilin and so on. These training workshops played an important role in capacity building of law enforcement and management.

In order to enhance public awareness of wildlife protection, Chinese CITES management authority also organized diverse propaganda activities. National Endangered Species Import and Export Management Office and China Green Times jointly organized a series of propaganda activities themed as “SOS Call for Protection of Endangered Wild Animals and Plants”. Every year, forestry authorities have been vigorously promoting the celebration of World Wildlife Day. Propaganda and education activities have been conducted to protect endangered wild animals and plants, conserve biodiversity. Funded by the Chinese Academy of Science, exhibition of protecting rare and endangered plants has been organized in over 30 botanical gardens in China, to raise public awareness of wildlife protection.

(3) Strengthen CITES related international cooperation and communication, to make joint efforts with international society.

International cooperation has been considered as a main task by Chinese government to make joint efforts to fulfill CITES with international society. In recent years, Chinese delegations have participated CITES COP meetings and specific committee and working group, Interpol working group on combating wildlife crime, CITES working group of the World Customs Organization and working meetings organized by the International Union for Conservation of Nature (IUCN). Cooperated with the CITES Secretariat, the project of Orchid Plant Trade Survey in China was launched. CITES Enforcement training workshop was jointly organized in Beihai, Guangxi, by the East Asian Wildlife Trade Research Committee and the World Wildlife Fund Beijing Office. MOU on Bilateral Cooperation on Control of Illegal Trade on the

Boarder was signed between China and Vietnam. In addition, overseas training workshops have been carried out in Africa and Asia, to strengthen joint efforts in CITES enforcement. Through above international communication, dynamics of international society as well as experiences and lessons learnt by other countries during implementation of CITES was shared; mutual understanding was reached to inspire new ideas for China in implementation of CITES.

(4) Strengthen supervision of the trade in high volume species and investigation of illegal timber import/export

Species imported in large quantity is the main target of the management of wild animals and plants trade. The illegal timber trade is mainly concentrated on rosewood, *Aquilaria malaccensis* and other rare tree species. To meet CITES requirements, with support from public security and customs departments, the national Endangered Species Import and Export Management Office tackled and investigated a number of cases of illegal trading. In 2014, three cases of illegal timber trading were tackled by Xiamen Customs, a total of 55.5 tones of *Pterocarpus indicus* and *Aquilaria malaccensis* (valued at 28.52 million RMB) were seized. In 2016, Jiangmen Customs seized another case of illegal timber trading, known as “the chopsticks case”, about 135 million RMB worth timber was illegally traded, with a total tax evasion of about 8.5 million RMB. Chinese government has effectively tackled illegal timber trading and played a position role in optimizing the market environment and regulating timber trading.

(5) Establish endangered animals and plants rescue base to further enrich the biodiversity

China has strengthened its efforts in saving and protecting endangered wild animals and plants. A number of endangered animals and plants saving and breeding bases have been established, such as Wuwei Endangered Animal Breeding Center in Gansu Province, Wild Horses Breeding Center in Jimsar County of Xinjiang and Deer Breeding Center in Dafeng of Jiangsu and Nanyuan Deer Center in Beijing. Rare and endangered animals who are originally from China have been re-introduced. In addition, China also launched the protection of giant panda and its habitat project, established Beijing endangered animal breeding and cultivation center, Anhui Yangtze Alligator breeding and research center, Heilongjiang felines breeding center, Hubei and Wanhui *Lipotes vexillifer* protection and breeding center.

So far, endangered animals and plants saving bases are mainly focusing on wild animals. The construction of wild plants saving bases is still under progress. Southern China Magnoliaceae breeding and cultivation base, Nanning *Camellia chrysantha* breeding and cultivation base and Hunan *Cathaya argyrophylla* breeding and cultivation center played an important role in protection and breeding rare and endangered plants. However, there is no rescue base for rare tree species. In the future, based on the habit and growth characteristics of tree species, it is possible to consider establishing related base in Yunann, Guangxi and other suitable areas, to conserve biodiversity.

Chapter 8 Policy Recommendation

Through unified Permit certification CITES has its important significance in sustainable development of wild animals and plants resources and in protecting them from over-exploitation. The expansion of CITES-listed tree species will impact Chinese timber enterprises (especially traders). Under the pressure of cost increases some enterprises even face the risk of bankruptcy. In fact, Chinese timber enterprises are not resisting CITES are but willing to contribute to sustainable development of protected tree species. Therefore, the following policy recommendations are based on how to improve enterprises' capacity in fulfilling CITES to eventually promote sustainable development of CITES-listed tree species.

8.1 Accelerate the preparation of guideline and strengthen CITES related training activities

Since joining the CITES, the Chinese government has carried out a large number of effective public education activities but the training for timber enterprises is still insufficient. As the world's second largest wood consumer contradictions between China's strong demand for timber and the lack of domestic resources mean that China's timber demand relies on imports. When rapid expansion of CITES listed tree species (especially species commonly used in China) happens, small- and medium-scale enterprises face relatively greater challenges and suffer financial losses due to their inherent deficiencies. Therefore, it is necessary to carry out specific training in the areas (or ports) where the CITES-listed tree species are concentrated and to disseminate CITES related knowledge especially for traders and agents who are actively involved in the rosewood trade.

Chinese small and medium scale timber enterprises have a high enthusiasm for CITES-related knowledge but suffer from lack of systematic learning opportunities or relevant guidance documents. In view of this, it is necessary to develop a practical and easy-to-read Operational Guideline for CITES-listed Species. The content of the Guideline should include but not be limited to: CITES's mission and Convention content, CITES-listed tree species (including details of tree species, such as common name and scientific name, genus, use, etc.), changes in regulated tree species list during each COP and import processes and licensing application processes. It should aim to provide practical guidance for enterprises to avoid illegal trade due to lack of CITES related knowledge.

8.2 Create communication channels through effective use of WeChat, Weibo and other social media

The lack of effective information channels is one of the important factors that constrains small and medium-scale timber enterprises from acquiring CITES related

information. Weibo, WeChat and other new social media can provide useful channels to effectively and widely spread CITES related policies, news and other information. They can be used as information dissemination and communication platform.

CITES authorities should follow the trends in social media and upgrade their information sharing and dissemination approaches. The WeChat communication platform may include the following content: protection concept of rare plants species, CITES knowledge, CITES dynamic information, online service and etc. CITES authorities may also recognize the opportunities and challenges of using new social medias. Establishment of a professional CITES propaganda team, long-term news dissemination system and others shall be considered.

8.3 Establish CITES-listed tree species information platform to enforce the communication between private sector and SFA

Although name of CITES-listed species can be found out through the CITES database of Endangered Species Scientific Commission (ESSC). However, this database is not practical for enterprises, as data query can only be effectively carried out if you know the scientific name of tree species, resulting in great challenges for small and medium-scale enterprises.

Up to now, more than 250 tree species have been included in the CITES appendices. As more and more species are regulated, consideration should be given to establishing a professional CITES information platform that serves only timber enterprises. On this platform, in addition to the CITES-listed tree species directory and its query module, it should also include tree species expertise, CITES dynamic information, and CITES trade services modules, so that timber enterprises could obtain a one-stop service on CITES, thereby reducing their time cost.

In addition to the above functions, this information platform should play the role of communication channel between enterprises and government departments (such as SFA, customs etc.). According to this platform, the government can promptly notify the enterprises of the latest policy requirements, collect the difficulties which the private sector faced and their suggestions so that they can improve the relevant policies and service quality. Meanwhile, the private sector can get more information about CITES and enhance their ability to comply with the rules.

8.4 Develop online application for CITES Permit certificates to shorten the approval time

It takes about 1-2 months to process Permit certificates which are needed for trade of CITES-listed species. Some enterprises have to pay a large amount of demurrage fee by waiting for the approval. Therefore, it is necessary for CITES authorities to

optimize the approval process, and reduce the processing time by use of modern communication means, or establish an office in areas where large number of enterprises engaged in CITES-listed tree species imports are concentrated.

Up to now, Endangered Species Import and Export Management Office has not yet established a unified national online application system. For some places, though online Permit application has been achieved in some places but this is limited to certificate online printing excluding the approval process. To further shorten the processing time, a national unified system shall be established, allow online application, online approval and online verifying import/export Permit certificate. At the same time, explore the data sharing and exchange between the online system and customs database.

8.5 Strengthen management measures to enhance CITES enforcement capabilities

Wild species import/export administration is a complicated task which requires policy, science and technology based information. Expansion of CITES-listed tree species brings new challenges for the customs and commerce departments. Import/export products cover various species. Identification of the species of different products became a big challenge for the customs officer who has no professional forestry knowledge. The designation of professional forestry officers in each port is not necessary as not all ports handle imported endangered tree species. Therefore, the following two administration modes can be used as reference to improve the law enforcement capacity of related authorities:

Firstly, limit the import and export ports where import/export of CITES-listed tree species are allowed. This can enhance the effectiveness of supervision and save a lot of manpower. The disadvantage of limiting ports could increase the transportation costs for some importers. It is the main obstacle, but in general it does more good than harm.

Secondly, designate staff from the CITES management authority to the port to assist customs officers. After limiting the ports relevant personnel responsible for the identification of regulated tree species in the CITES management authority should be designated to work with the customs officers in verification and inspection of regulated tree species, recording the import and export certificates of the Chinese side and the import and export Permit certificates issued by the exporters. It can solve the customs' problem in identify regulated tree species.

In addition to above and to improve the law enforcement capacity of the customs, collaboration among forestry, commerce and public security departments as well as customs is recommended. In addition, demonstration site could be established in areas where large volumes of regulated tree species are imported to showcase the integrated administrative measures combing "legislation, law enforcement and management". So that CITES management authority and law enforcement agency can be merged to get

rid of the current supervision pattern by multiple authorities.

8.6 Encourage artificial propagation to reduce the consumption of wild resources.

Vast majority of China's import of CITES-listed tree species are wild species, which bring pressure of wild plant resources of the sourcing countries. This is also the reason of why more and more countries request involving their local tree species into CITES appendices. To solve this problem, on the one hand, Chinese government should encourage Chinese enterprises carry out overseas artificial propagation, to protect the natural ecological environment and biodiversity of sourcing countries. Tropical timber suppliers are mainly underdeveloped countries where wild plants and animals are an important source of revenue. Artificial propagation in the sourcing countries could not only increase local employment opportunities but also supply timber for China. On the other hand, establishment of a protection base for rare tree species. Introduction of high-quality tree species to promote cultivation and conservation of germplasm resources. Propagation and cultivation of rare tree species can be jointly conducted with foreign institutions who have advanced agricultural and forestry technologies.

8.7 Strengthen international cooperation to jointly promote legal trade in wild animals and plants

As the largest developing country and major resource consumption as well as trading country, China's imports of CITES-listed tree species are mainly sourced from developing countries where law enforcement and management capacity is relatively poor. Given the active international trade in timber regulating trade activates and curbing illegal trade still face great challenges.

In recent years, China has carried out various international exchanges and cooperation to combat the illegal timber trade such as signing the MOU with Indonesian in compliance with CITES in terms of trading *Aquilaria malaccensis* and other species. In addition, a training workshop was held in Asia and Arica on compliance management and law enforcement, as well as Sino-German joint training workshop on identification of endangered tree species. In the future, efforts should be made to organize or host the CITES COP meeting or international workshop or training courses in China through facilitation of Chinese embassies and consulates abroad and exchange visits by government officers. Also, collaboration with other member states and international organizations shall be further strengthened, to collect comments on relevant proposals, and strengthen communication and information exchange.

Annex 1 Chinese Import/Export Permit Certificate Application Form for Trading Wild Animals and Plants or Products thereof

1a. Exporter name and address (in Chinese and English):					2a. Importer name and address (in Chinese and English):				
1b. Export port (in Chinese and English)		1c. Exporting country(region) (in Chinese and English)		2b. Arrival port (in Chinese and English)		2c. Arrival country (in Chinese and English)			
3. Species name (Chinese and Latin name)	4. Product type (in Chinese and English)	5. Customs commodity code	6. Convention Class	7. Protection class in China	8. Purpose	9. Source	10. Specification and unit	11. Category and content	12. Price per unit
13. Country of origin	14. Applicant address and post code				15. contact person name, phone number and fax			16. Shipping date:	17. Total value:

18. Annex:	19. Species and quantity allowed by this certificate	<p>20. Date and signature or stamp: The Applicant hereby confirm that the information in this application form and the materials submitted with this application are true, lawful and effective and is responsible for the authenticity of the substance of the application. If there is a false place, the applicant will bear the corresponding legal responsibility for all the consequences arising therefrom.</p> <p>(Signature) (Stamp) Y M D</p>	21. Remark:
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The Endangered Species Import and Export Management Office of the P. R. China and its staff or representatives shall not be liable for any economic responsibility arising from the issuance of the administrative Permit or other documents, materials in accordance with related laws.

Annex 2 CITES Import/Export Permit Certificate



**CONVENTION ON INTERNATIONAL
TRADE IN ENDANGERED SPECIES
OF WILD FAUNA AND FLORA**

濒危野生动植物种国际贸易公约

PERMIT/CERTIFICATE FOR IMPORT/EXPORT & RE-EXPORT

允许进出口证明书

EXPORT 出口
 RE-EXPORT 再出口
 IMPORT 进口
 OTHER 其它

	1. PERMIT/CERTIFICATE No. 证号
	2. Valid Until 有效期至

3. Importer (Name, Address and Country) 进口者(名称、地址和国家)	4. Exporter (Name, Address and Country) 出口者(名称、地址和国家)
3a. Import Port 进口口岸	4a. Export Port 出口口岸
5. HS Code and Special Conditions 海关税则制定编码及特殊条件	6. Name, Address, National Seal of Management Authority 管理机构名称、地址、国家印信

For live animals, this permit or certificate is only valid if the transport conditions conform to the Guidelines for Transport of Live Animals or, in case of air transport, to the IATA Live Animals Regulations. This permit/certificate is only valid for ONE consignment. 对于活体动物, 只有当运输条件符合《活体动物运输指南》或空运条件符合 IATA《活体动物运输规则》要求的情况下, 本证书方为有效。本证书仅限一次性使用。

5a. Purpose of Transaction 贸易目的	5b. Security Stamp No. 安全印证号
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7	7a	7b	7c	7d	7e	7f
No.	Species (Chinese & Scientific) Name 种名(中文名、学名)	Appendix 附录	Source 来源	Description 标本类型	Quantity or Weight /Unit 数量或净重/单位	Country/Region of Origin 原产地/地区

8. THIS PERMIT/CERTIFICATE IS ISSUED BY
发证机关

Place 地点 Date 日期 Signature 签名 Security Stamp and Official Seal 安全印证及公章

9. For Customs Official Use Only 海关专用		9a. Bill of Lading/Airway-bill Number 提单/空运单号	
Block 序号	Quantity/Unit 数量/单位	Port of Import/Export 进/出境口岸	Date 日期 Signature 签名 Official Stamp and Title 公章
A			
B			
C			
D			

说明: 本证须为一式三联, 此为其本。如为出口或再出口, 该证第一联应随货物同行; 如为进口, 则由海关在海关放行后返还发证机关。

NOTE: This permit/certificate is composed of 5 pages and this page is original. For export and re-export, the original should accompany the goods described in Block 7. For import, it must be returned to the issuing authority by its holder after endorsed by Customs.

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Annex 3 Decision of not granting the Permit certificate by the Endangered
Species Import and Export Management Office of the P. R. China

中华人民共和国濒危物种进出口管理办公室
不予行政许可决定书

濒办不许动/植字（20**）***号

*****：

你（单位）提出的 ***** 的申请，经审查，我办认为_
*****。根据 ***** 的规定，决定不予许可。

你（单位）自接到本决定之日起**日内，可以申请行政复议，或者**日内向
人民法院提起行政诉讼。

20**年**月**日

抄送：局行政许可工作管理办公室

国家濒管办

20**年*月*日印发

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Annex 4 HS code of logs from main endangered tree species in 2015

HS Code	Commodity Name
4403201010	Other Korean pine rough wood (other than that treated with paint, stains, creosote or other preservatives)
4403202010	Other endangered white pine, spruce and fir rough wood
4403209010	Other rough wood of Taxaceae
4403209020	Other endangered coniferous rough wood
4403999011	POLO SANTO (<i>Bulnesia sarmientoi</i>) rough wood (other than that treated with paint, stains, creosote or other preservatives)
4403499010	Endangered tropical rough wood, specified in Subheading Note 1 to this Chapter (other than that treated with paint, stains, creosote or other preservatives)
4403910010	Mongolia oak logs (except that treated with paint, stains, creosote or other preservatives)
44039950	Ash
4403999012	Chinese eaglewood and similar chinese eaglewood (other than the wood treated with paint, stans, creosote or other preservatives)
4403999019	Other endangered non-coniferous wood in the rough (other than wood treated with paint, stans, creosote or other preservatives)

Annex 5 HS code of sawnwoods from main endangered tree species in 2015

HS Code	Commodity Name
4407101011	Korean pine wood, sawn or chipped lengthwise, sliced or peeled, end-jointed, with a thickness exceeding 6mm
4407101091	Korean pine wood, sawn or chipped lengthwise, sliced or peeled, not end-jointed, with a thickness exceeding 6mm
4407102011	wood of endangered spruce and fir, end-jointed, of a thickness exceeding 6mm
4407102091	wood of endangered spruce and fir, not end-jointed, of a thickness exceeding 6mm
4407109011	Other wood of endangered conifer, sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm.
4407109091	Other wood of endangered conifer, sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm.
4407210010	Mahogany wood sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm.
4407210090	Mahogany wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm.

4407299011	Ramin wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6 mm
4407999011	Wood sawn or chipped lengthwise, sliced or peeled, end-jointed, of POLO SANTO (<i>Bulnesia sarmientoi</i>), of a thickness exceeding 6mm
4407999091	Wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of POLO SANTO (<i>Bulnesia sarmientoi</i>), of a thickness exceeding 6mm
4407299012	Other endangered tropical wood, not specified, sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm
4407299091	Other endangered tropical wood, not specified, sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm
4407910011	Mongnolia oak planks end joining (sawn or chipped lengthwise, sliced or peeled, the thickness exceeding 6mm)
4407910091	Mongnolia oak planks, non-end jointed (sawn or chipped lengthwise, sliced or peeled, the thickness exceeding 6mm)
4407920010	Beech (<i>Fagus</i> spp.) wood sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm
4407920090	Beech (<i>Fagus</i> spp.) wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm
4407950011	<i>Fraxinus mandshurica</i> thick plate end joining (sawn or chipped lengthwise, sliced or peeled, the thickness exceeding 6mm)
4407950091	<i>Fraxinus mandshurica</i> thick plate, non end joining (sawn or chipped lengthwise, sliced or peeled, the thickness exceeding 6mm)
44079910	Wood sawn or chipped lengthwise, sliced or peeled <i>Cinnamomum camphora</i> , <i>Phoebe zhennan</i> and <i>Bixa Orellana</i> , with thickness exceeding 6mm
4407998011	Wood sawn or chipped lengthwise, sliced or peeled, of endangered temperate non-coniferous wood, end-jointed, of a thickness exceeding 6mm
4407998091	Wood sawn or chipped lengthwise, sliced or peeled, of endangered temperate non-coniferous wood, non end-jointed, of a thickness exceeding 6mm
4407999012	<i>Aquilaria malaccensis</i> and similar <i>Aquilaria malaccensis</i> wood, sawn or chipped lengthwise, sliced or peeled, end-jointed, of a thickness exceeding 6mm
4407999092	<i>Aquilaria malaccensis</i> and similar <i>Aquilaria malaccensis</i> wood, sawn or chipped lengthwise, sliced or peeled, non end-jointed, of a thickness exceeding 6mm
4407999015	Wood sawn or chipped lengthwise, sliced or peeled, end-jointed, of other endangered wood, of a thickness exceeding 6mm.
4407999095	Wood sawn or chipped lengthwise, sliced or peeled, non end-jointed, of other endangered wood, of a thickness exceeding 6mm.