

10 Things to Know about China's *Hongmu* Imports Since 2017: A Briefing for the 18th CITES COP

In October 2016, the UN Convention on International Trade in Endangered Species (CITES) listed over 300 species of rosewood (a subset of which are known as *hongmu* in Chinese) at the 17th Meeting of the Conference of the Parties (COP17, Johannesburg). *Hongmu* is identified by the UN Office of Drugs and Crime as the world's most-trafficked wild-harvested product, and has been linked to violations of producer country laws, violent conflict, funding of terrorist groups, destruction of complex ecosystems, and marginalization of indigenous and local communities. The trade in *hongmu* jumped more than 17-fold between 2009 and 2014, driven primarily by Chinese consumption.

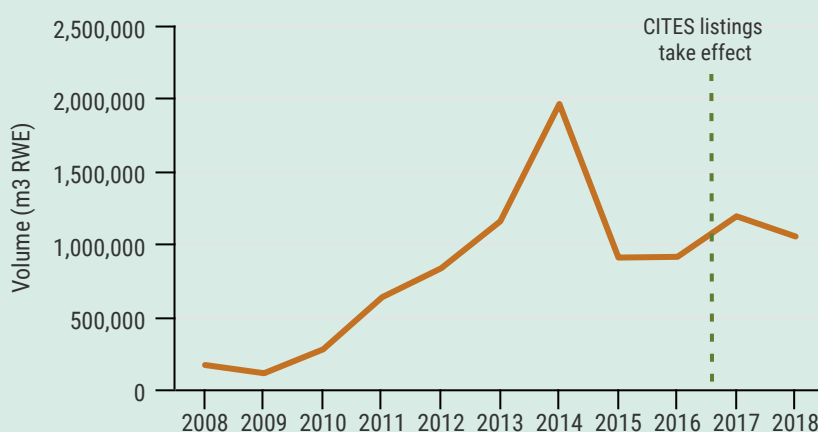
This brief outlines major findings concerning how the 2016 CITES listings have impacted China's trade in *hongmu*. The listings have not, in and of themselves, been effective at curbing China's consumption of the world's fast-diminishing *hongmu* species. At the 18th CITES COP, to be held from August 17-28 2019 in Geneva, Parties to the Convention are meeting to discuss adopting guidelines on the verification of legal acquisition of CITES species.



1

China's *hongmu* imports are down from peak 2014 levels (the "boom" driven by speculative markets, among other factors), but have not dropped below 900,000 m3 RWE since 2012. On the contrary, imports increased from 2016 to 2017 by 25%. In total, China imported more than 2.4 million m3 RWE of *hongmu* logs and sawnwood, valued at over US\$2.5 billion, between January 2017 and June 2019. However, imports declined slightly in 2018, and again for the first six months of 2019.

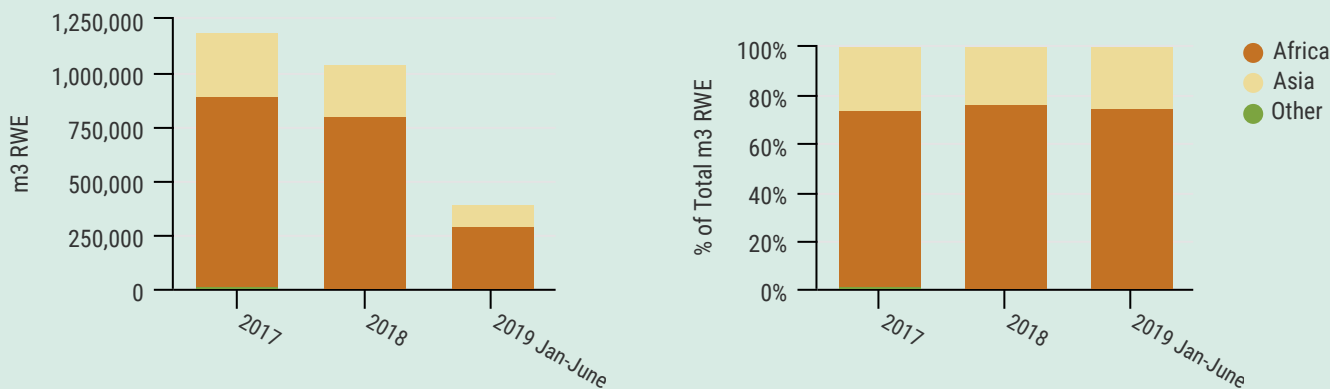
China's annual imports of *hongmu* logs and sawnwood (2008-2018)



2

China's *hongmu* imports from Africa, in particular, have increased more than 1,000-fold since 2008, and since the CITES listings account for over 75% of total *hongmu* imports (compared to less than one-third in 2008). The dramatic shift of the epicenter of *hongmu* trade from Southeast Asia to West Africa is dominated by one species (*Pterocarpus erinaceus*, or "kosso") and reflects depletion of Asian rosewood stocks and Chinese middle-class demand for more affordable *hongmu* species. It is also due to increased enforcement of timber product export bans in key *hongmu*-producing countries in the Mekong region (Laos and Myanmar), though these countries continue to supply some *hongmu* to China.

China's *hongmu* imports by region, January 2017 – June 2019



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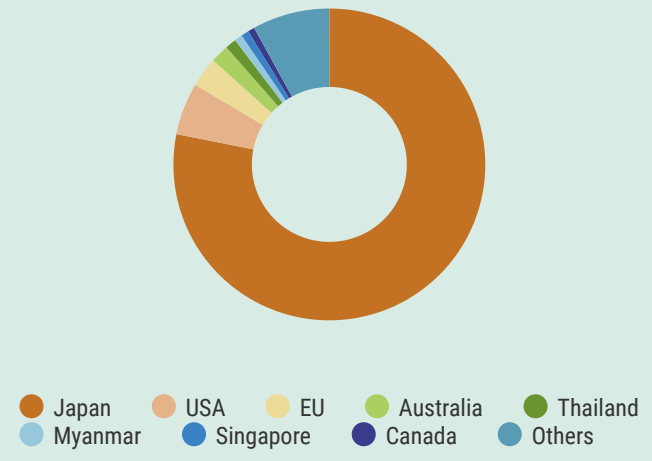
Nearly 80% of China's *hongmu* imports since the CITES listing are from countries with some type of timber product export ban. While these bans range from prohibitions on all "unprocessed" wood material (e.g. round logs and sawnwood), some – including Belize, Ghana, Madagascar, and Papua New Guinea – explicitly target *hongmu* species. Because trade in CITES-listed species requires verification of legal acquisition, the presence of an export ban should signal increased need for scrutiny on behalf of CITES Management Authorities in exporting countries who are tasked with verifying the legal acquisition of specimens.¹



4

China exports less than 1% of the *hongmu* material it imports, based on roundwood equivalent volume. Given that the majority of *hongmu* produced globally is imported into China, yet very little *hongmu* products are exported, these data strongly indicate that the vast majority of all *hongmu* imports are processed and retailed within China. Of just 2,300 m3 RWE of *hongmu* furniture exported from China since the CITES listings took effect – equivalent to approximately 38,000 individual pieces of furniture – more than three-quarters were bound for Japan. It is important to note, however, that it is impossible to verify whether all furniture products exported from China were processed within China.

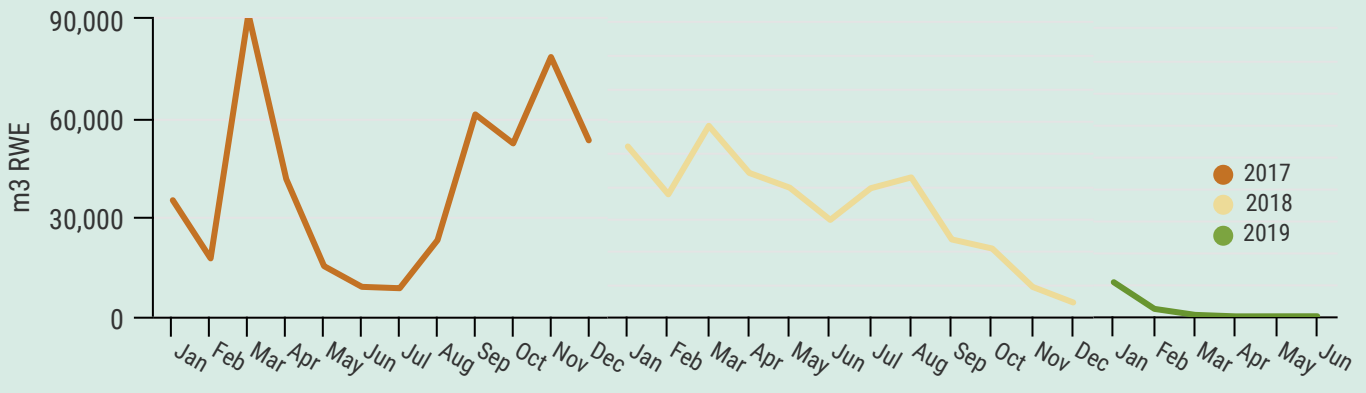
Top destinations for China's *hongmu* furniture exports (2017 – June 2019)



5

Nigeria dominated China's *hongmu* imports until the CITES Standing Committee issued a trade suspension of *P. erinaceus* in November 2018 under Article XIII of the Convention? This has resulted in a marked decline in imports from Nigeria. At the start of 2017, and in summer 2018, up to two-thirds of China's total *hongmu* imports were sourced directly from Nigeria. According to the Environmental Investigation Agency (EIA), logs were sourced from national parks, in contravention of state and national export bans, and from territories controlled by the Boko Haram terrorist organization. Per the CITES Secretariat's recommendation, Nigerian and Chinese Management Authorities took extra steps to confirm the validity of export permits prior to entry into China, yet the trade continued – allegedly with sign-off from Nigeria's former Minister of Environment.³ Since the trade suspension, direct monthly imports have plummeted from an average of 40,000 to just 3,850 m3 RWE per month.

China's *hongmu* imports from Nigeria (January 2017 – June 2019)



1 For information on timber product export bans, see: <https://www.forest-trends.org/known-log-export-bans/>
 2 <https://www.cites.org/sites/default/files/notif/E-Notif-2018-084.pdf>
 3 <https://rosewoodracket.eia-global.org/>

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Nigerian *hongmu* logs may still be reaching China, however, after being relabeled during transit and transshipment via Singapore. Data reported by Singapore indicated a significant increase in tropical log imports from Nigeria in late 2017, nearly all of which were exported to China. Singapore does not report trade data under a specific *hongmu* HS code, but the high proportion of Nigerian logs are in contravention of Nigeria’s log export ban which has been in place since 1976, and indicates how routing tropical timber through multiple countries can obscure species and origin. Nine years ago at the 15th Conference of the Parties, CITES explicitly recognized the “potential for abuse” of transshipment, and recommended the adoption of legislation allowing for seizures and confiscation for transshipment without a valid permit as part of Member States’ efforts to combat illegal timber trafficking.⁴

Proportion of logs Singapore reported importing from Nigeria (left) and exporting to China (right)



Source: UN Comtrade

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Chinese and Vietnamese imports of *hongmu* logs from African countries supplying both markets (January 2017 – June 2019) by volume (m3)

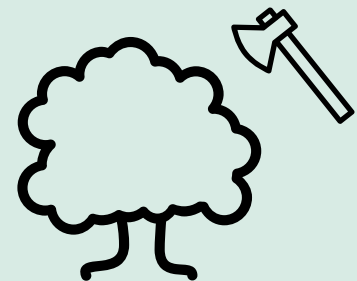


Source (Vietnam data): General Department of Vietnam Customs, compiled by VIFORES, HAWA, FPA Binh Dinh, BIFA, and Forest Trends

Vietnam is also a large importer of *hongmu*, given its demand for rosewood furniture and decor, but it is small compared to China. Because China is the only known importer with specific Customs codes for *hongmu*, global data on the extent of the trade is difficult to capture. Forest Trends compared data from both Chinese and Vietnamese customs authorities on their respective declared volumes of *hongmu* log imports from African countries supplying both markets, and found that China’s imports dwarfed Vietnam’s by more than 2000%.

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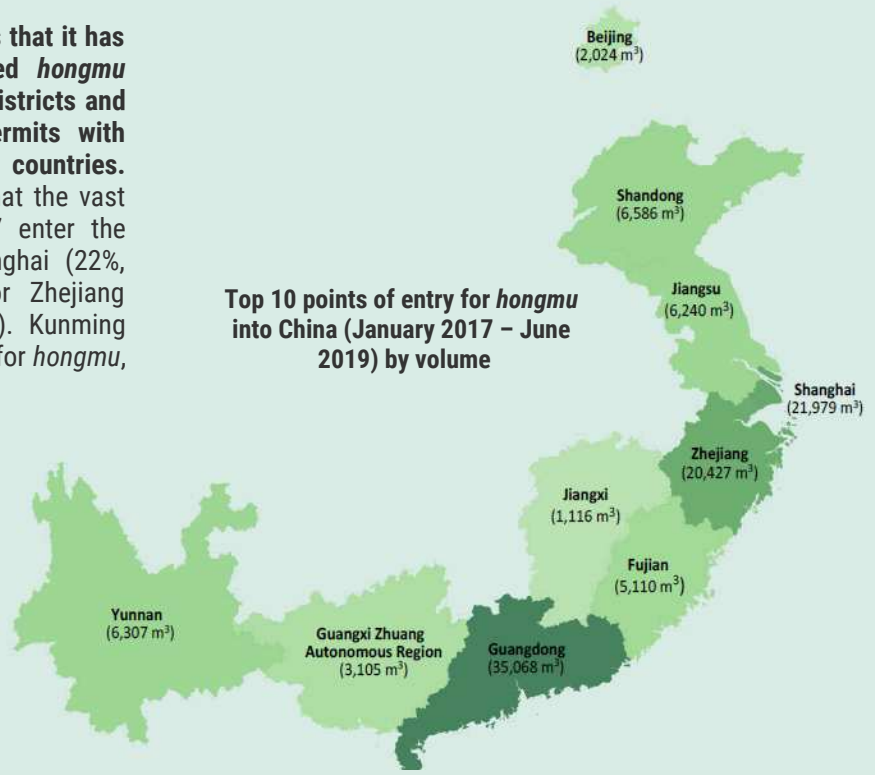
Historically, once *hongmu* stocks of a particular species have run out, traders quickly mobilize to find and harvest “look-alike” species. In West Africa, civil society has raised the alarm that *Azelia africana*, *Khaya senegalensis*, *Cordyla pinnata* and *Ceiba pentandra*, are being harvested in increasing volumes. Another substitute species, *Pterocarpus tinctorius* (mukula), has already been proposed for Appendix II listing at COP18.⁵ None of these species is included in China’s official *Hongmu* Standard, which makes their trade more difficult to track.



9

China's CITES Management Office reports that it has invested in increased scrutiny of listed *hongmu* species, actively working with Customs districts and taking extra steps to verify export permits with Management Authorities in exporting countries. Analyzing data by point of entry reveal that the vast majority of *hongmu* imports since 2017 enter the country through Guangzhou (45%), Shanghai (22%, including Huangpu customs district), or Zhejiang (21%, including Ningbo customs district). Kunming customs district, once a major entry point for *hongmu*, now takes in less than 3% of total imports.

Top 10 points of entry for *hongmu* into China (January 2017 – June 2019) by volume



10

Demand from China and other markets for illegally-harvested *hongmu* has catalyzed an estimated loss of \$17 billion in annual revenue across the African continent.⁶ At the recent Regional High-Level Dialogue on Enhancing the Protection and Conservation of Endangered Species in West Africa with Special Reference to Rosewood, the African Union noted that corruption in the timber trade is “pervasive, transcontinental, systemic, ruthless, and done on an industrial scale.” Participants at the dialogue also identified the following governance challenges to implementing CITES listings for *hongmu*:

- Inadequate regulatory systems in the forest sector
- Lack of transparency
- Lack of data, resulting in inability to compile non-detriment findings under CITES
- Ineffective benefit-sharing systems by which local communities lose out on revenue, which should be resolved by increasing community participation and access to market information
- Insufficient monitoring and enforcement personnel, and lack of capacity of existing personnel
- Lack of transboundary coordination



17B
LOST REVENUE

At COP18, Parties will discuss the adoption of non-binding guidelines on the verification of legal acquisition of CITES species.⁷ In addition, another document, submitted by the United States, would amend a previous Resolution on Compliance and Enforcement by outlining due diligence obligations and importer responsibilities for consumer countries.⁸ If adopted, these would strengthen CITES as a more effective tool to curb the exploitation of *hongmu*, and bring CITES in line with other legislative efforts to tackle the trade in illegal timber.