

RED ALERT:

How fraudulent Siamese rosewood exports from Laos and Cambodia are undermining CITES protection



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INTRODUCTION

The 2013 listing of Siamese rosewood (*Dalbergia cochinchinensis* spp) on Appendix II of the Convention on International Trade in Endangered Species (CITES) has failed to protect the species from levels of trade detrimental to its survival in the wild.

The CITES listing for Siamese rosewood has largely failed because the actions of Laos and Cambodia – Parties to CITES and key range states for the species – have fundamentally undermined efforts to curb trade

In the first 18 months of the CITES listing, Laos and Cambodia exported a combined volume of Siamese rosewood equivalent to 120 per cent of the largest known remaining populations of the species, those estimated to exist in Thailand in 2011. In 2014 alone, the two countries exported a combined volume equivalent to 98 per cent of known global wild stocks.

Neither Laos nor Cambodia have conducted inventories of remaining populations, meaning their exports were not based on any credible data and were most likely illegally harvested.

This is undoubtedly severely detrimental to the survival of the species in the wild and in fundamental violation of CITES rules and the obligations of Parties to CITES.

Urgent and robust action is needed to protect both Siamese rosewood and the credibility of the CITES treaty itself to protect endangered tree species.

An immediate suspension of trade in *D.cochinchinensis* from Laos and Cambodia is required until both countries can demonstrate credible proof that the level of trade is not detrimental to the survival of the species – something they will almost certainly not be able to do.

EIA has previously advocated strengthening the Appendix II listing by extending its product coverage – an approach thankfully adopted in a Thai Proposal to the CITES Conference of the Parties in September 2016.^{1,2}

However, in light of the new information revealing seriously detrimental volumes of illegitimate CITES permits being issued by Laos and Cambodia, EIA is now concerned this measure may still not be enough to ensure CITES secures the survival of the species.

Siamese rosewood now presents an important test case of CITES's ability to function as a credible international instrument to regulate trade in threatened timber species when some Parties wilfully flout their obligations.

CITES PERMITTED TRADE IN SIAM ROSEWOOD

The following statistics have been derived from data on reported imports of *D.cochinchinensis* published by CITES to date, excluding reported exports:

- 76,391m³ of Siamese rosewood imports were reported to the CITES Trade Database during the first 18 months of the species' Appendix II listing (June 2013 to December 2014)
- Vietnam reported 49,491m³ or 64.7 per cent of all reported imports during the 18 months
- China (including Hong Kong) reported 26,899m³ or 35 per cent of all reported imports during the 18 months
- 65,030m³, or 85.1 per cent of total reported imports was harvested from the wild since the Appendix II listing came into force ("source" registered as "W" in CITES Trade Database)
- Laos was registered as the origin of 63,530m³, or 83 per cent of reported imports in 2013 and 2014
- Cambodia was registered as the origin of 12,202m³, or 15.9 per cent of all reported imports
- Pre-convention supplies ("source" registered as "O" in CITES Trade Database) comprised 11,101m³ during the 18 months. More pre-convention supplies were imported in 2014 (8,213m³) than in 2013 (2,887)
- Reported exports amounted to only 27,217m³, merely 27 per cent of reported imports
- In 2014 alone, reported imports from Laos and Cambodia of Siamese rosewood cut from natural forests since June 2013 and not the result of auctions of seized material ("source" registered as "W" in CITES Trade Database) reached a combined 62,253m³
- None of this 62,253m³ can have been represented or otherwise double-counted in the 2013 data - presenting a clear picture of harvesting for trade in the first full year under Appendix II annotation 5



“Thailand’s estimated remaining 2011 stock of 63,500m³ must be considered the largest known population across the species’ entire range....”

BASELINE INFORMATION ON KNOWN WILD STOCK POPULATIONS

The only tangible estimate of remaining *D. cochinchinensis* standing stocks across its entire range comes from Thailand, which has estimated that 80,000 to 100,000 trees remained in natural stands in the country as of 2011, amounting to about 63,500m³ of harvestable timber.³

All of this volume exists in protected areas and is banned from harvest and trade. These Thai populations are considered the world’s largest, although seizure trends alone suggest significant volumes, if not most of Thailand’s 2011 estimated stock, have been harvested illegally since 2011, mostly likely prior to the Appendix II listing.

All the available literature and evidence suggests no other range state knows to any credible degree how much Siamese rosewood remains in wild standing stocks; generally, populations were extremely low and rapidly in decline prior to the 2013 Appendix II listing.

In 2003, there were a total of just 46 registered *D. cochinchinensis* seed trees in Laos, all in protected conservation

natural forest.⁴ Laos provided no information on populations or trends when Thailand consulted on the Appendix II listing proposal (Prop60) in 2012.

CoP16 Prop60 added: “Cambodia (Kampuchea) had selected 121 parental stocks in 50 hectares of in situ conserved area in Seam Reap since 2002. Lao PDR had 108 hectares in three natural forests conserved”.

Traffic’s analysis in support of CoP16 Prop60 stated:

*“In Lao PDR, the species is becoming very rare because of overexploitation and illegal cutting, even from protected populations (Hartvig in litt., 2012). Field surveys carried out in Bolikhamsay and Khammouane provinces, Lao PDR, in November 2012 have confirmed that natural populations of *D. cochinchinensis* in Lao PDR are under severe and continuing threat from illegal logging. No mature individuals were found and all trees with a DBH [diameter at breast height] greater than 15cm had been logged. This trend was observed for all surveyed populations, even within strictly protected areas such as Phu Khao Khuay National Park.*

“In Cambodia ... mature individuals are very rare outside strictly protected areas. Due to conversion of forest land, logging and illegal log-poaching, Cambodian populations face severe depletion (Hartvig in litt., 2012).”⁵

While no comprehensive national survey or inventory appears to have taken place, Vietnam has suggested that the population size of “rosewood” in Vietnam has been declining about 50-60 per cent during the past five to 10 years. Traffic clarified that even this estimate “does not specify which species of rosewood the 50-60 per cent decline refers to.” A specific survey in five protected areas conducted in 2010 showed a low density of one to 10 trees per hectare.

In summary, Thailand’s estimated remaining 2011 stock of 63,500m³ must be considered the largest known population throughout the species’ entire range and is therefore the only available baseline of timber volumes in remaining wild populations. No other country claims to have comparable populations nor can one provide any reliable figure. This was true at the time of the CITES listing and remains so now.

BELOW:

One of the soldiers guarding Thailand’s largest remaining rosewood tree in Phu Pha Yon National Park.



KNOWN STOCKS vs CITES-CERTIFIED TRADE

Comparing species' known population stocks against reported or estimated trade levels is fundamental to CITES. The higher the ratio of trade volume to known stocks, the higher the risk that trade is detrimental to the species' survival.

Total imports of Siamese rosewood reported to the CITES Secretariat for 2013 and 2014 (76,391m³) are equivalent to 120 per cent of the embodied volume of Thailand's estimated 2011 remaining stocks of 63,500m³.

Exports of 62,253m³ of Siamese rosewood harvested in the wild since June 2013 from Laos and Cambodia in 2014 alone were equivalent to 98 per cent of Thailand's estimated 2011 stocks.

In effect, the equivalent volume of the world's biggest known standing wild population of Siamese rosewood was apparently harvested in just one year in Laos and Cambodia – and was traded by those parties as legal and sustainable under CITES.

NON-EXISTENT NON-DETRIMENT FINDINGS

EIA believes none of the trade in *D.cochinchinensis* reported to CITES to date was justified by Non-Detriment Findings (NDFs) and that this situation persisted throughout 2015 and 2016 in what constitutes a fundamental violation of CITES.

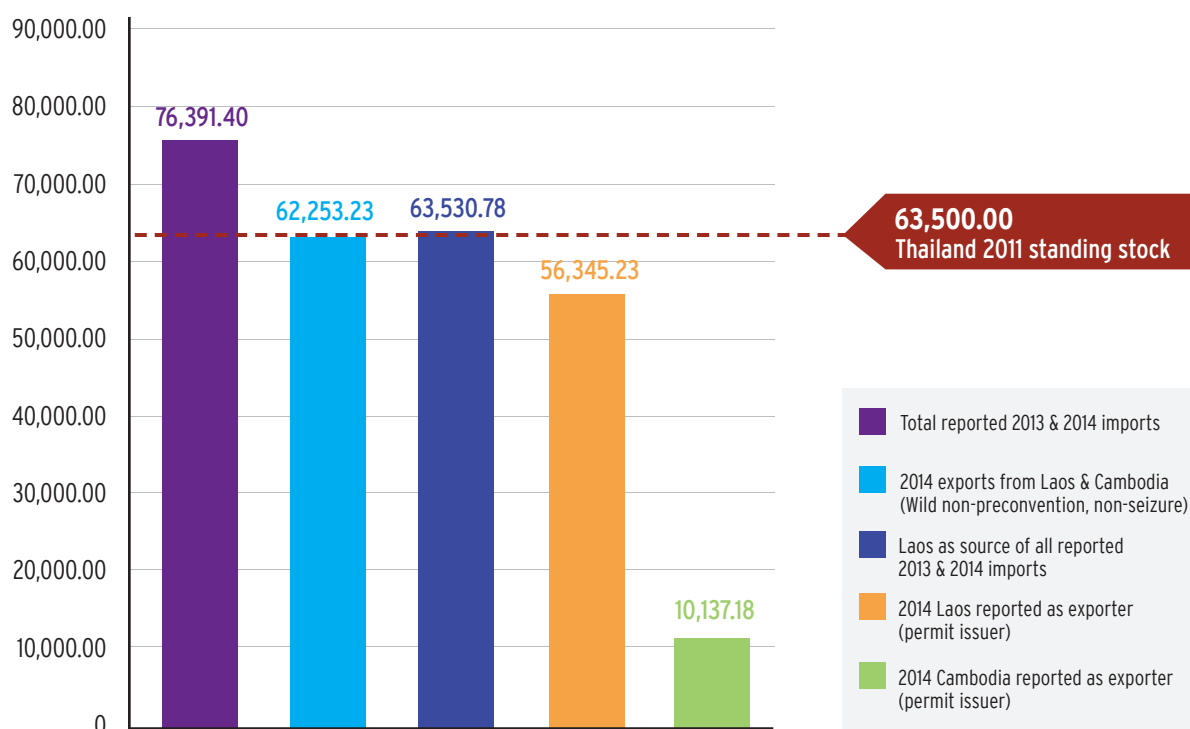
Laos

Laos was the origin of 83.1 per cent of all reported imports of Siamese rosewood between June 2013 and December 2014 but is understood to have not implemented NDFs for any *D.cochinchinensis*.

At the December 2014 Regional Rosewood Dialogue in Bangkok, representatives from Laos acknowledged their CITES Management Authorities neither knew what standing stocks of Siamese rosewood remained in Laos nor conducted NDFs. The lack of any credible inventory or survey data on populations or stocks in Laos excludes the possibility that an NDF system could have been devised in the country.

FIGURE 1: CITES PERMITTED TRADE (in m³) in *D.COCHINCHINENSIS* & THAILAND'S 2011 STANDING STOCK ESTIMATE

Source: CITES Trade Database



EXPERT OPINION ON POPULATION DATA AND NDFS IN LAOS & CAMBODIA

During April 2016, EIA sought the opinion of scientists involved in some of the most recent field and genetic studies on *D.cochinchinensis*.^{10,11} The four questions EIA asked and answers from the qualified experts are reproduced here with their permission.

1. What would you say were the most reliable figures for populations of *D.cochinchinensis* in Laos and Cambodia respectively?

Neither expert was willing or able to put forward figures for either country. However, both stressed that “numbers are dramatically decreasing” and that “field guides in Cambodia reported in 2015 that many of the populations sampled from 2010-2012 no longer exist due to deforestation and logging.”

One expert added:

“In several field sites we saw signs that Rosewood harvesters had even returned to previously logged populations to dig up the roots. According to a local guide and resin collector “all Rosewood populations in Southern Cardamom had been harvested and there was no more Rosewood to sell”.

2. Do you think that Laos or Cambodia know enough about *D.cochinchinensis* distribution and population in their jurisdictions to be able to know what level of harvests and exports would be detrimental to the survival of the species in the wild?

Both experts testified that:

“No committee in either Laos or Cambodia has a reliable estimation of population size or what would be a sustainable level of harvest. Especially in Laos, it seems there is very limited knowledge about distribution.”

3. Do you know if either Laos or Cambodia has conducted Non-Detriment Findings (NDFs) to justify CITES exports of the species?

Both experts said they were not aware that NDFs were being undertaken and “seriously doubt it has been conducted”.

4. Given what you know about populations and distribution of *D.cochinchinensis* across its range, do you think that harvesting and exporting 62,253m³ of the wood in just Laos and Cambodia – in one year alone – can be considered as “non-detrimental” to the species’ survival in the wild?

Both experts said:

*“No, this amount cannot be considered non-detrimental. We think all logging represents a severe threat to the future survival of *D.cochinchinensis*.”*

Following interventions by EIA, it was formally recommended at the meeting that Laos must develop an NDF system during 2015. Further, following representations from China and Vietnam, it was formally recorded that all range states party to the Rosewood Dialogue “Provide NDF when issuing export CITES permit (and export license depending on countries)”.⁶

It appears neither recommendation has been implemented. EIA believes that no CITES-certified exports from Laos since 2013 have been justified by an NDF, nor will be in future. Consequently, without significant reform, all on-going exports are in violation of CITES.

Cambodia

In February 2013, Prime Minister Hun Sen issued Order No.2 2013, “on Prevention and Suppression of Logging, Transporting, Collecting, Storing and Exporting of rosewood”.⁷ In March 2013, EIA learnt that Cambodia’s Ministry of Foreign Affairs and International Cooperation had written to the embassies of neighbouring countries and relevant trade partners, indicating that Cambodia has banned the trade and distribution of both *D.cochinchinensis* and *D.cultrata*.⁸

In January and April 2014, Cambodia’s CITES authority confirmed in writing to EIA that the country had not issued any CITES export permits for *D.cochinchinensis*.⁹

Yet the CITES Trade Database shows export permits for 964m³ had already been issued in 2013, making it unlikely any credible NDF system was in place or being implemented. Further, given the paucity of inventory data on the species in Cambodia, it is not feasible that the country has an informed position on what level of harvest might be judged non-detrimental.

It now appears that Cambodia actually issued permits covering 12,202m³ during 2013 and 2014. EIA does not believe NDFs justify any of these exports, a position supported by other experts (see box).

QUESTIONABLE LEGALITY ACQUISITION

CITES requires that export permits should not be issued without “legality acquisition” (verified legality) and imports should not be accepted where illegal acquisition in the country of harvest is suspected.¹²

It is highly unlikely that much of the volume of *D.cochinchinensis* exported under CITES permits in 2013 and 2014 was legally harvested in relevant countries of origin. Evidence of crime and corruption in production and trade in the key exporting countries Laos and Cambodia is widespread and abundant. There is also evidence of the illegitimate issuance of CITES export permits by Laos.

Cambodia

The aforementioned national orders merely strengthen existing protections on the species already in place prior to the March 2013 Appendix II listing. Harvesting “rare tree species” was explicitly prohibited under Cambodia's 2002 Forestry Law no.35 and *D.cochinchinensis* is listed as Priority 4 in the list of “endangered or rare species” of trees in Cambodia.

None of the reported imports from Cambodia detailed in the CITES Trade Database were sourced from seizures (“Source” listed as “I”). While 4,914m³ of the total 12,202m³ of reported imports of Cambodia origin rosewood in 2013 and 2014 were apparently from preconvention stocks, as there is no legal source, it is not clear how legal acquisition could have occurred for any of these exports.

As such, EIA considers it probable that Cambodia has incorrectly or illegitimately issued CITES export permits for most of the 12,202m³ of *D.cochinchinensis* between June 2013 and December 2014.

Laos

Laos' 2008 Prime Ministerial Order No-17/PM explicitly prohibits harvesting all domestic *Dalbergia* species and was reinforced by Prime Minister's Order No-010/PM of 2011, banning the “... exploitation, trading and export of

endangered wood including kayoung wood and Dalbergia cochinchinensis”.

While some *D.cochinchinensis* may be harvested legitimately from forest conversion projects in the country (hydropower, infrastructure, plantations, etc.), these theoretical sources have consistently been used as methods to launder significant volumes of illegally harvested timber. The World Bank's Panel of Experts' Reports on the Nam Theun 2 Hydropower project repeatedly detail salvage logging contractors, including the Phonesack Group, laundering Siamese rosewood from surrounding National Biodiversity Conservation Areas and watershed protection forests.¹³

Similarly, reports that the state-owned electricity provider Electricite Du Laos (EDL) demands illegally logged Siamese rosewood as payment from villagers seeking connection to the national grid betray a governance culture where rule of law is replaced by forms of state-sponsored crime, or where the expansion of state-owned financial interests are subsidised by timber crime.¹⁴

More worrying still, in March 2014 EIA investigators met a trader in Shenzhen, China, who had in his possession numerous CITES Export permits issued by the Laos CITES Management Authority for several thousand cubic metres of *D.cochinchinensis* logs. Each permit covered different volumes, usually of between 50-60m³. The Laos CITES export permits were genuine and were acquired from the Laos Government.

The permits were available to buy to facilitate entry into China of any rosewood logs, regardless of their provenance. This constitutes a glaring violation of CITES procedures and principles, and suggests the CITES authority in Laos is culpable.¹⁵

Significant volumes of Siamese rosewood illegally logged in Thailand are smuggled through Laos and Cambodia and on to Vietnam and China. Without reform, criminal activities will continue to be legitimised through the illegitimate issuance of CITES export and/or re-export permits.

“crime and corruption in production and trade in the key exporting countries Laos and Cambodia is widespread and abundant”

CONCLUSIONS

In one year alone, Laos and Cambodia appear to have harvested and exported a volume equivalent to the largest known population of Siamese rosewood remaining in the world.

This took place without knowledge of the volumes of standing stocks and without the existence or implementation of credible NDF systems.

EIA and some of the most qualified expert scientists in this field consider this trade to be wholly detrimental to the survival of the species in the wild.

Regional processes including the Rosewood Dialogue have garnered attention and led to proposed amendment of the Appendix II listing but have failed to deliver key reforms on NDFs, as proposed in December 2014.

The volume of CITES export permits being issued in Laos and Cambodia – through non-implementation of CITES procedures and obligations – poses a direct threat to the survival prospects for Siamese rosewood.

RECOMMENDATIONS

EIA urges the CITES Secretariat and Standing Committee, to:

- prioritise a detailed investigation into CITES permitting procedures for *Dalbergia cochinchinensis* exports from Laos (in April 2016, EIA recommended such an investigation be incorporated into a CITES Mission to Laos scheduled for mid-2016);
- formally request information from Cambodia regarding the existence or implementation of NDFs and Legality Acquisition for Siamese rosewood for all exports from that country reported thus far by importers;
- institute a suspension on all CITES regulated trade from Laos and Cambodia until full compliance is achieved, should it be found that exports of *D.cochinchinensis* from Laos and Cambodia to date have occurred in violation of CITES rules;
- require that, before any *D.cochinchinensis* can be imported from Laos and Cambodia, both countries develop, publish and implement an Action Plan and related progress and monitoring reports, on:
 1. surveys and/or inventories of *D.cochinchinensis* and lookalike replacement species that might inform any future trade
 2. the development and systematic implementation of a credible NDF methodology for *D.cochinchinensis*, building on an inventory
 3. the development and implementation of credible Legality Acquisitions for *D.cochinchinensis*
 4. the provision of NDF and Legality Acquisition information on export;
- offer capacity development support to assist implementation of CITES obligations in Laos and Cambodia;
- lift trade suspensions only when it is transparently demonstrable that exports of *D.cochinchinensis* are informed and justified by NDFs and Legality Acquisition.

Failure to institute these reforms will likely undermine the efficacy of Thailand's proposal at CITES COP17 to increase product scope through an annotation amendment. This threatens the ability of CITES to ensure authorised trade does not result in extinction of the species, as now seems likely.

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