



BRIEFING FOR THE REGIONAL DIALOGUE ON SIAMESE ROSEWOOD AND ILLEGAL LOGGING

Bangkok, Thailand, December 2014

The Environmental Investigation Agency (EIA)¹

The Regional Dialogue on Preventing illegal logging and trading of Siamese Rosewood presents an invaluable opportunity for range, transit and consumer states to establish cooperative actions and policies capable of protecting the species (*Dalbergia cochinchinensis* Spp) from commercial and biological extinction in the wild.

In 2013, Thailand and Vietnam took the laudable step of proposing international protection for Siamese rosewood through its listing on Appendix II of the Convention on International Trade in Endangered Species (CITES). The unanimous adoption of the CITES Appendix II listing demonstrated the goodwill of all parties to the Regional Dialogue to institute international protection and a law enforcement mandate and was rightly applauded globally, including by the EIA.

However, due to ongoing demand Siamese rosewood forests continue to be blighted by illegal logging and the region by illegal trade. Violence is also increasing; far too frequently, both forest guards and loggers are injured or killed and communities are caught in a bloody trade driven by surging financial rewards for luxury timber to satiate demand for *Hongmu* furniture. Further actions are urgently required.

CITES-RELATED INITIATIVES

Close the CITES 'Annotation 5 Loophole'

Although the 2013 CITES listing instituted greater protection for Siamese rosewood, traders are exploiting the listing's "Annotation 5". The Annotation restricts CITES protection to logs, sawn wood and veneer, effectively exempting trade in superficially processed wood and 'semi-finished products' that are re-worked as a raw material upon arrival in processing or end-user countries. Increasingly large volumes of illegal Siamese rosewood are traded in this way, fundamentally undermining the CITES listing. This loophole must be closed if the species is to be truly and meaningfully protected under CITES.

If one CITES Party (preferably a range State) were to propose to the CITES Secretariat an amendment to remove Annotation 5 from the Appendix II listing, and if no CITES Party objected during a 60-day comment period, then the proposal would be adopted 30 days later. This process can ensure CITES regulates all Siamese rosewood trade within just 4-5 months.

Protect Replacement Rosewood Species

EIA research indicates that traders are actively targeting replacement species, including *Dalbergia bariensis* (Burmese rosewood) and

Pterocarpus macrocarpus (padauk), species chosen for their similar appearance to Siamese rosewood and their acceptance in China's *Hongmu* Standard. Traders mis-declare illegal Siamese rosewood as these unlisted species, relying on poor inspection procedures by customs agencies. Listing these species on CITES is justified under the Convention due to both growing illegal trade in them and their role as lookalike replacements for Siamese rosewood.

EIA urges parties to the Regional Dialogue to protect these species under CITES as part of their approach to Siamese rosewood and regional forest and timber trade reform.

Conduct Non-Detriment Findings

Management Authorities are obliged under the Convention to regularly conduct non-detriment findings justifying how CITES Export Permits issued are not detrimental to the survival of Appendix II listed species.

EIA recommends that all Siamese rosewood range states and those of replacement species conduct scientific non-detriment findings for those species and widely share the results to engender better understanding of the risks of ongoing trade. Such actions would not only inform sustainable harvests and export quota allocations for all of the species but would also inform range states how additional species should be listed on CITES at CoP17 in 2016.



Siamese rosewood in a warehouse at Dong Ha, Vietnam (c) EIA



WIDER FOREST AND TIMBER SECTOR REFORMS

Enact Prohibitions on Illegal Timber Trade

The *Regional Dialogue* parties need to demonstrate their firm stance against timber trafficking.

Until all trade in Siamese rosewood is regulated under CITES, and replacement species are similarly protected, further measures are required to stem illegal timber trade in the region. An obvious solution is the enactment, implementation and enforcement of clear prohibitions on imports and exports of illegal timber by all Regional Dialogue states. Such measures are a stated goal of all parties to APEC, allow for reciprocity of trade partner laws and are increasingly the norm in responsible timber trade governance worldwide².

Implement Innovative Enforcement

Since the CITES listing, Thailand has reported an increase in forest ranger deployment in vulnerable frontline forests³ and seizures have increased; 1,421 Siamese rosewood shipments were intercepted leaving Thailand between October 2013 and May 2014 alone⁴. Thailand has also involved the nation's Anti-Money Laundering Office (AMLO). The use of sophisticated financial investigative techniques not only disbanded the Kampanart "Sia Tang" Chaiyamart's wildlife trafficking syndicate but identified the gang's financial assets, which were subsequently frozen⁵.

Cutting criminal financing and arresting powerful rosewood traders, as also achieved in Vietnam's Bac Ninh province⁶, not only disrupts syndicates but sends a strong deterrence message to criminal traders. Such approaches are needed regionally and should be coordinated across borders.

To address cross-border criminal syndicates,

Regional Dialogue states can take advantage of existing transnational mechanisms to conduct proactively coordinated enforcement on regional illegal trade, such as INTERPOL's Operation LEAF on illegal logging,

Stop Post-seizure Auctions

Several parties to the Regional Dialogue currently sanction the auction of illegal wood seized during law enforcement, including Siamese rosewood and replacement species.

EIA has shown how such auctions generate official paperwork which traders and corrupt officials use to launder far larger volumes of non-seized illegal wood into local and international markets. Such auctions perpetuate illegal trade, generate profits for corrupt officials and traders, and stimulate both demand and supply⁷. All relevant countries should immediately revoke laws legitimising such auctions.

Dampen Demand

Unsustainable and growing demand, largely in China's *Hongmu* furniture market, is the prime driver of illegal Siamese rosewood logging and trade.

Such demand is not only actively promoted by the private sector; local governments in China have subsidised *Hongmu* processing and trade centres, and similar trends are emerging in Vietnam and Laos. A Chinese National *Hongmu* Standard targets specific endangered species, including Siamese rosewood. The commissioning of Siamese rosewood *Hongmu* chairs to seat delegates at the November 2014 APEC Leaders' meeting similarly promoted the species to millions of aspiring consumers throughout China and the region⁸.

The systematic stimulation of demand for Siamese rosewood must cease if the species is to have a chance of survival and illegal trade is to be stemmed.

SUMMARY OF RECOMMENDATIONS

To stop the exploitation of legal loopholes:

- Siamese rosewood range states should propose the deletion of Annotation 5 from the Siamese rosewood CITES Appendix II listing;
- Siamese rosewood range states should conduct and publish scientific non-detriment findings justifying CITES permits;
- Range states of replacement rosewood species should conduct inventories of standing stocks and consider listing these onto appropriate CITES Appendices;
- All states in the Regional Dialogue, and the CITES Secretariat, should investigate the fraudulent issuance of CITES export permits;
- Relevant states should stop auctions of seized rosewood;
- Demand for endangered rosewood species must be suppressed, not stimulated. All states in the Regional Dialogue on Siamese Rosewood should institute clear and enforceable prohibitions on the illegal timber trade, incorporating imports, exports and sales.

To build stronger regional enforcement:

- Continue to identify and fill resource gaps in enforcement personnel;
- Develop a regional network to tackle the issue;
- Use existing intelligence-sharing mechanisms to share information between countries in a timely manner;
- Use existing cross-border operation mechanisms to undertake coordinated and targeted enforcement activities aimed at dismantling regional networks and domestic hubs;
- Institute specialist investigation methods, such as financial investigations, to identify and prosecute criminal networks;
- Review, strengthen and apply penalties to deter offenders.

REFERENCES

1. The Environmental Investigation Agency (EIA) is an international environmental non-government organisation based in the United Kingdom. EIA has investigated illegal logging and the illegal timber trade, and worked with international governments to engender innovative polices to address the problem for more than 15 years.

2. APEC, [http://www.apec.org/Home/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-](http://www.apec.org/Home/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Illegal-Logging-and-Associated-Trade.aspx)

[Groups/Illegal-Logging-and-Associated-Trade.aspx](http://www.apec.org/Home/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Illegal-Logging-and-Associated-Trade.aspx)

3. World Heritage Committee, COM38 records of June 18, 2014

4. CITES Notification to the Parties No. 2014/032

5. Bangkok Post, Rooting out the Rosewood Robbers, May 11, 2014

6. Thanhnien News, August 2014

7. Environmental Investigation Agency (EIA), *Routes of Extinction* (2014)

8. China News Network via Ifeng, November 16, 2014

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