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OF WILD FAUNA AND FLORA

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BIG-LEAFED MAHOGANY TRADE TO THE EUROPEAN UNION

A Briefing Paper for the First Meeting of the CITES Mahogany Working Group
Santa Cruz de la Paz, Bolivia
3-5 October 2001

TRAFFIC
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Introduction

This briefing paper is based on a document prepared by TRAFFIC Europe in the context of a project funded by the European Commission (DG ENV.E.3.1.) under contract No. ENV. A.4./SER/2000/0041: *Monitoring of the Implementation of Wildlife Trade Regulations in the EU – TRAFFIC Europe*. Its purpose is to give a summary of the EU trade for the CITES Mahogany Working Group meeting to be held from the 3rd to 5th October 2001 in Santa Cruz, Bolivia.

Methods

Information and literature available in the TRAFFIC Europe office and in other TRAFFIC offices has been studied. Further, the internet has been searched and CITES annual report data in the form of gross import and export data compiled by the UNEP - World Conservation Monitoring Centre have been analysed. Wherever possible, trade data are presented in terms of cubic metres (m^3). Data originally provided in other units were converted to cubic metres using the following conversion factors:

- 1 m^3 = 600 kg. This conversion factor is used by the U.S. Government.
- 1 m^3 = 276.5 board feet (= 25.69 m^2). This conversion factor is used by the Government of Bolivia.

Big-leafed Mahogany and EU Wildlife Trade Regulations

Since 1997, saw-logs, sawn wood and veneer from all populations of *Swietenia macrophylla* in the Americas are listed in Annex C of Council Regulation (EC) No. 338/97 (9 December 1996), which has been amended by Commission Regulation (EC) No. 2724/2000 (30 November 2000). Similar to the CITES Appendix III, this listing means that import into the Community from a country of origin that included the species in Appendix III requires an export permit, that import from any other range State requires a certificate of origin and that re-export requires a re-export certificate. In addition, the EU Regulation 338/97 requires the completion of an import notification (European Commission *et al.*, 1998).

Big-leafed Mahogany markets and trade

The international trade in *Swietenia* spp. is relatively poorly documented, trade data to the species level being largely unavailable prior to the listing of *Swietenia macrophylla* in CITES Appendix III in 1995. Customs data do not routinely identify mahogany, although such data are available for imports into the USA (Robbins, 2000). Customs data maintained by individual EU countries and the European Union as a whole is not similarly detailed. The EU Common Customs Tariff (CCT) does not give separate codes for individual timber species. *Swietenia* *macrophylla* and other mahogany species are always grouped together with other categories of tropical woods (Commission Regulation (EC) No. 2263/2000).

In addition, the overall quality of available data is said to be inconsistent and gives rise to uncertainties. For example, comparison of the CITES annual report data with the US Customs data shows large discrepancies, mainly because the US Customs data are more inclusive, quantifying semiprocessed mahogany commodities (e.g. plywood), which are exempt from CITES controls and therefore not present in the CITES annual report data (Robbins, 2000). Further, import and export reported quantities are often not the same. There is also a general concern about the accuracy of import inspections performed at the port where inspectors cannot verify the volume of the shipment, for instance by visually counting boards at the back of crates and trailers (C. Robbins *in litt.* to K. Berkhoudt, July 2001).

Trends in volumes and prices of mahogany traded are often subject to changes in supplier countries in relation to availability and government measures. Lower mahogany exports by Bolivia and Brazil are, in part, related to lower availability and, in part, related to government measures and moratoria aimed at protecting forests in these countries (De Oliveira, 1999; Mancilla, 1999; Robbins, 2000). In addition, prices for Brazilian mahogany, Brazil's most valuable export sawn wood species, have been climbing since 1993. Reasons for higher prices include shrinking supplies caused by a ban on new concessions for mahogany in Brazil, continued strong demand in Europe and North America, and growing demand in Thailand and Japan (ITTO, 2000).

The availability of mahogany for export from Bolivia has been much reduced over recent years as the country has shifted whole-sale to FSC certification (hardwoodmarkets.com, 2001c). In January 2001, it was reported that time consuming procedures to allocate and obtain export quotas have been a constant problem for the Brazilian mahogany export trade over recent months. (hardwood-markets.com, 2001a). The ITTO Market News Service notes that in Brazil itself, current fashion is undermining demand for mahogany and that there is a trend towards lighter colours of hardwood. There are suggestions that this market could disappear in a year or two. However, due to buoyant economic conditions, Brazilian demand for other wood products is strong (hardwoodmarkets.com, 2001c). In May 2001, it was reported that South American lumber has started to move out of Peru after the lull resulting from the government's temporary ban on exports and that the Peruvian government will most probably, in future, be requiring some form of further processing prior to export in an effort to stimulate domestic industry (hardwood-markets.com, 2001c).

Based on information regarding the status of species in trade and countries of origin for mahogany in international trade, it is clear that *S. macrophylla* is the most traded of the three American mahogany species. CITES annual report data for the years 1995 to 1999 show the reported export of *S. macrophylla* by 11 Latin American countries, re-export by 7 countries and import by 52 countries. A total of 562,779 m^3 wood (logs, sawn wood, timber and veneer) was reported in international trade (table 1), with an annual average of 112,556 m^3. Further shipments (8), timber (66,691) and boxes of timber (16) were reported in trade without units being specified. As it is not possible to convert these latter data into cubic metres, they have not been included in the following analyses.

Exports by the major reported exporters of *S. macrophylla* from 1995 to 1999 are summarised in table 1. CITES-reported trade increased significantly from 1995 to 1997. This reflects, in large part, increased trade reporting in response to the Appendix III listing of *S. macrophylla* by range States in addition to Costa Rica combined with improved implementation and reporting by importing Parties. Brazil was the leading exporter of *S. macrophylla* in most years, accounting for 59.9% of the total trade, with reported exports peaking in 1997. Bolivia and Nicaragua were the second and third largest reported exporters in 1996 and 1997, but were exceeded by Peru in 1998 and 1999. Increased exports from Peru were such that this country was the second largest reported exporter for the five-year period. Other reported countries of export included Belize, Ecuador, Honduras, Mexico and Panama.

Table 1. CITES-reported trade for *S. macrophylla* by country of export, 1995-1999 (m^3).

Country/Year	1995	1996	1997	1998	1999	Total	Percentage
Brazil	373	87,790	117,053	56,254	75,680	337,150	59.9%
Bolivia		26,456	28,706	20,469	8,867	84,498	15.0%
Peru		4,483	10,893	21,582	36,377	73,335	13.0%
Nicaragua	3,199	17,106	19,116	5,773	5,330	50,524	9.0%
Guatemala		2,100	1,700	1,098	407	5,305	0.9%
Others	480	4,279	1,848	1,398	3,962	11,967	2.1%
Total	**4,052**	**142,214**	**179,316**	**106,574**	**130,623**	**562,779**	**100.0**

Compiled by TRAFFIC Europe from CITES annual report data in the form of gross import and export data made available by the UNEP - World Conservation Monitoring Centre, 2001.

Imports by the major reported importers of *S. macrophylla* from 1995 to 1999 are summarised in table 2. The USA was reported as importing the largest quantities of *S. macrophylla*, importing volumes that remained quite constant for 1997, 1998 and 1999. By contrast, data compiled by US Customs and Agriculture authorities show *Swietenia* spp. imports peaking in 1995 at 138,299 m^3, then declining to 96,088 m^3 in 1999 (Robbins, 2000). In addition, U.S. Customs data for 2000 show that U.S. imports further declined to 87,981 m^3 for that year. However, these volumes still remain higher than those reported to CITES. This is because the U.S. Customs data are more inclusive than the CITES data, including semiprocessed mahogany (e.g., plywood) which are exempt from CITES Regulations and therefore excluded from analyses using CITES data.

Table 2. CITES-reported trade for *S. macrophylla* by country of import, 1995-1999 (m^3).

Country/Year	1995	1996	1997	1998	1999	Total	Percentage
United States	1,245	55,228	91,116	77,204	90,258	315,051	56.0%
Dominican Republic		10,427	11,337	5,607	13,254	40,625	7.2%
European Union	1,053	8,667	6,094	12,175	11,860	39,849	7.1%
Canada		10	28	8,673	11,374	20,085	3.6%
Norway		131	5,204	99	210	5,644	1.0%
Cuba	634	635	832	458	225	2,784	0.5%
Others	1,064	3,300	1,286	2,356	3,440	11,446	2.0%
Unknown*		63,815	63,420		1	127,236	22.6%
Total	**3,996**	**142,213**	**179,317**	**106,572**	**130,622**	**562,720**	**100.0**

* *Brazil submitted her annual reports of 1996 and 1997 as one export figure to unknown importing countries.*

Compiled by TRAFFIC Europe from CITES annual report data in the form of gross import and export data made available by the UNEP - World Conservation Monitoring Centre, 2001.

Table 2 shows that the second position as importer has been taken by the Dominican Republic. The European Union was the third largest importer overall, importing 7.1% of *S. macrophylla* reported in trade, and the second largest importer in 1998, importing 11.4% of *S. macrophylla* reported in trade in that year. Among the other importing countries appearing in CITES annual report data were Argentina, Dominica and Mexico and a range of other countries in Central and South America, Europe, Asia and South Africa.

In 1996 and 1997, Brazil submitted her annual reports as one export figure to unknown importing countries. However, some of this trade has been reported as imports by other countries. Therefore, it is likely that there has been some double counting with regard both to the total trade figures and the trade figures for Brazil in these years.

The EU Mahogany market

First of all, in order to put the EU mahogany market into perspective, table 3 has been designed using data from different sources. It shows that the import of general hardwood from Latin America is smallest when compared to the import from other regions. Further, the import of *S. macrophylla* is 0.11% of the total general hardwood imports and 0.97% of the general hardwood imports from Latin America. Thus, the mahogany market is fairly small when compared to other hardwood markets.

Table 3. Western European hardwood imports from different regions of origin as compared to *S. macrophylla* imports from Latin America in 1999, in 1000 m³.

	Africa *	East Europe *	Asia *	North America *	Latin America *	Total *	Mahogany total **
United Kingdom	91.8	164.1	601.7	250.0	290.2	1397.8	5.033
Netherlands	168.4	91.2	429.9	91.7	77.9	859.1	2.952
Spain	647.7	23.8	2.4	195.1	113.9	982.9	2.037
Germany	276.7	492.8	218.7	181.7	197.7	1367.6	0.522
Denmark	8.3	145.5	42.3	35.2	11.4	242.7	0.478
Sweden	2.3	48.9	8.5	42.6	3.0	105.3	0.205
Italy	749.6	1137.0	119.6	297.4	63.6	2367.2	0.129
Belgium	105.1	77.9	203.3	108.4	87.8	582.5	0.089
France	1053.1	80.7	199.2	80.6	275.3	1688.9	0.032
Portugal	417.4	3.6	0.9	47.7	64.8	534.4	0.002
Greece	107.9	18.0	5.5	12.5	3.6	147.5	0.000
Total	**3,628.3**	**2,283.5**	**1,832.0**	**1,342.9**	**1,189.2**	**10,275.9**	**11.48**

* *Compiled by TRAFFIC Europe from harwoodmarkets.com, 2000c, data for Austria, Finland, Ireland and Luxembourg is lacking.*

** *Compiled by TRAFFIC Europe from CITES annual report data in the form of gross import and export data made available by UNEP - World Conservation Monitoring Centre, 2001.*

Table 4 shows that European Union imports peaked in 1998 and 1999, at 11,653 m³ and 11,718 m³ respectively. The United Kingdom was the leading importer from 1997 to 1999. The second, third and fourth largest importers often changed over the years, but looking at the total numbers, they were Spain, The Netherlands and Ireland respectively. The imports by the United Kingdom and the Netherlands increased in the period from 1997 to 1999, while the imports by Spain peaked in 1998 and decreased again in 1999. The imports by Ireland decreased from 1996 to 1999.

From 1995 to 1996 and from 1997 to 1998, imports of mahogany into the EU increased significantly. As already pointed out for the world trade figures, it is possible that the Appendix III listing by Costa Rica in 1995 played an important role in this first increase by causing better reporting and documentation. The second increase may be explained by the implementation of the new EU Wildlife Trade Regulation (Council Regulation No. 338/97) in 1997, also by causing better reporting and documentation.

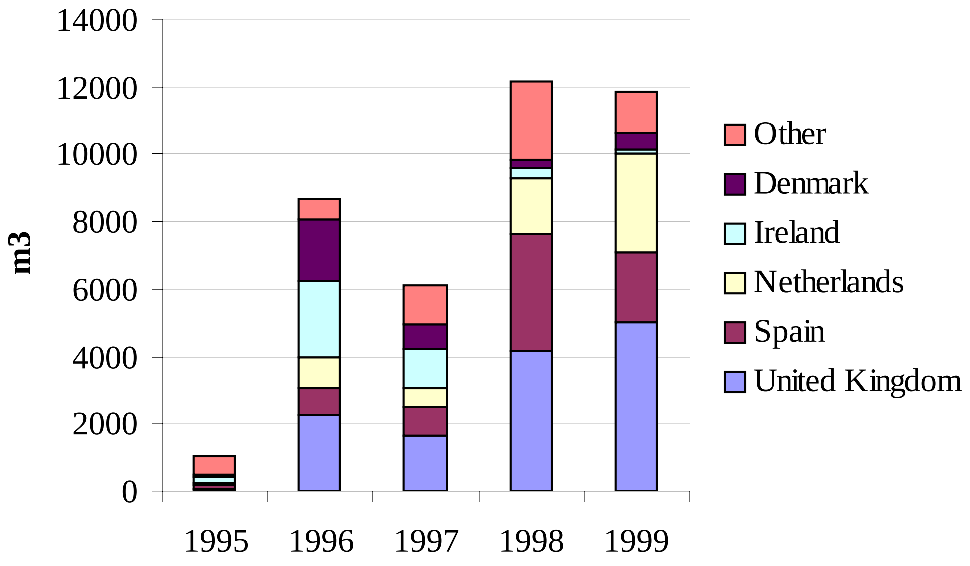
Trends, from 1999 onwards, include a reported continued decrease in the imports by the United Kingdom. Overall imports of tropical sawn lumber from Brazil in 2000 reached 10,000 m³, of which perhaps 4,000 m³ comprised mahogany (hardwoodmarkets.com, 2001c). Unfortunately, no comparison is made with the figure for 1999 and, as this number of 4,000 m³ only focuses on sawn lumber (not on logs and veneer), it cannot be compared to the overall hardwood data in table 4.

Table 4. The EU Member State importers of *S. macrophylla* products and the amounts (in m³) for the years from 1995 to 1999.

Country/Year	1995	1996	1997	1998	1999	Total	Percentage
United Kingdom	58	2,281	1,680	4,167	5,033	13,219	33.2%
Spain	130	791	825	3,447	2,037	7,230	18.1%
Netherlands	60	880	537	1,688	2,952	6,117	15.4%
Ireland	163	2,303	1,146	310	145	4,067	10.2%
Denmark	92	1,795	754	238	478	3,357	8.4%
Germany		30	254	871	522	1,677	4.2%
France	550	403	201	32	32	1,218	3.1%
Belgium		123	582	915	89	1,709	4.3%
Sweden			115	18	205	338	0.8%
Italy		32		140	129	301	0.8%
Portugal				315	2	317	0.8%
Finland		29		34	182	245	0.6%
Austria					54	54	0.1%
Total	**1,053**	**8,667**	**6,094**	**12,175**	**11,860**	**39,849**	**100.0%**

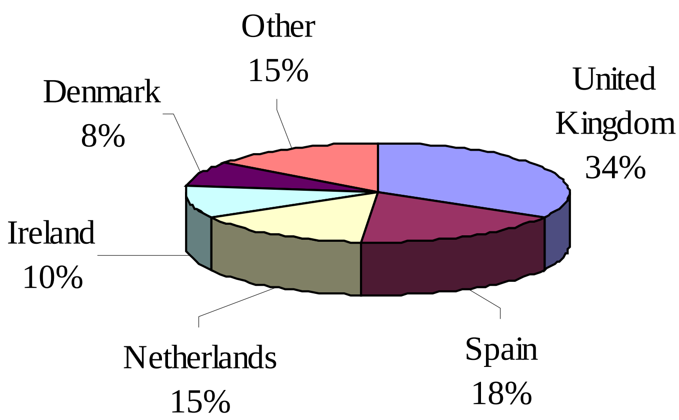
Compiled by TRAFFIC Europe from CITES annual report data in the form of gross import and export data made available by the UNEP - World Conservation Monitoring Centre, 2001.

Figure 1. The major EU Member State importers of *S. macrophylla* products and the amounts (in m³) for the years from 1995 to 1999.



Compiled by TRAFFIC Europe from CITES annual report data in the form of gross import and export data made available by the UNEP - World Conservation Monitoring Centre, 2001.

Figure 2. The major EU Member State importers of *S. macrophylla* products and their share in the total import by the EU for the period from 1995 to 1999.



Compiled by TRAFFIC Europe from CITES annual report data in the form of gross import and export data made available by the UNEP - World Conservation Monitoring Centre, 2001.

Table 5 shows that Brazil was by far the largest exporter of *S. macrophylla* to the European Union, followed by Nicaragua, Peru and Bolivia. Again, the data show the two periods of increase, from 1995 to 1996 and from 1997 to 1998, which were mainly caused by large increases in the exports from Brazil. The second supplier to the EU is Nicaragua, which is one of the differences compared to the global trade in *S. macrophylla*, where Bolivia was the second largest exporter in 1996 and 1997 and Peru in 1998 and 1999. This shift, however, also occurred for the trade to the European Union. In 1996 and 1997, Bolivia was on the third position, but these exports decreased to 95 m³ in 1998 and to 29 m³ in 1999. On the contrary, Peruvian exports increased from 1996 onwards and exceeded the Bolivian exports in 1998 and 1999 and even the Nicaraguan exports in 1999.

Table 5. The countries of origin for the *S. macrophylla* products imported by the EU Member States and the amounts (in m³) for the years from 1995 to 1999.

Country/Year	1995	1996	1997	1998	1999	Total	Percentage
Brazil	373	7,284	4,118	10,710	10,424	32,909	82.6%
Nicaragua	680	911	946	916	744	4,197	10.5%
Peru		26	340	454	573	1,393	3.5%
Bolivia		417	690	95	30	1,232	3.1%
Ecuador					77	77	0.2%
Mexico		29				29	0.1%
Honduras					12	12	0.0%
Total	**1,053**	**8,667**	**6,094**	**12,175**	**11,860**	**39,849**	**100.0%**

Compiled by TRAFFIC Europe from CITES annual report data in the form of gross import and export data made available by the UNEP - World Conservation Monitoring Centre, 2001.

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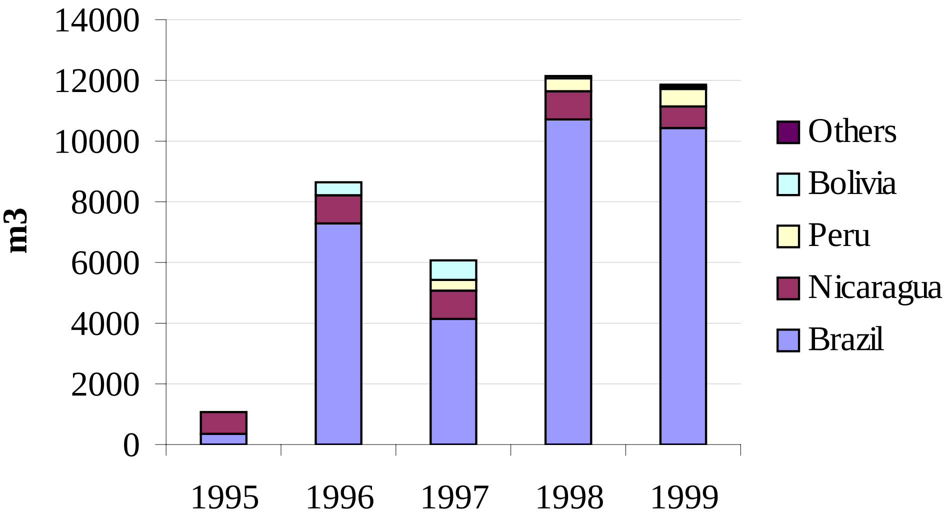

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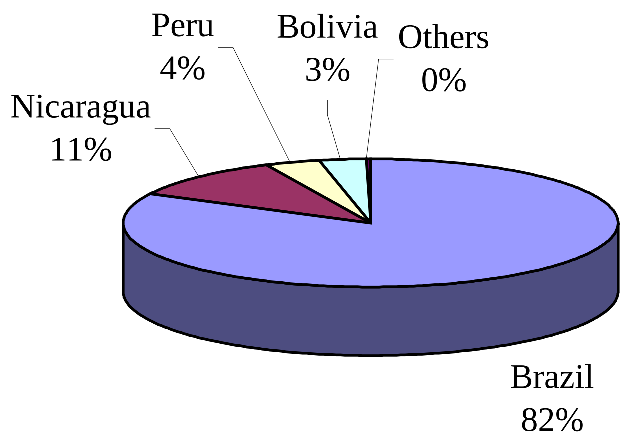

Compiled by TRAFFIC Europe from CITES annual report data in the form of gross import and export data made available by the UNEP - World Conservation Monitoring Centre, 2001.

With the increased pressure of global demand by *S. macrophylla* consumers on one side and the decreased supply related to lower availability, government measures and trade restrictions on the other side, the prices have increased quite dramatically. Table 6 shows that, despite the falling prices from March 1997 to March 1999, the overall prices from March 1996 to May 2001 have risen for the four different categories of wood, with an average of Euro 424/m³ (or 32%) for the entire period and Euro 8.31/m³ per month. This is quite similar to the data for the USA, where, during the past five years, the prices have advanced 33% (hardwoodmarket.com, 2001c).

Table 6. Prices and price trends for mahogany (*Swietenia* spp.) in Euro/m³ at the Port of the United Kingdom for four different categories according to size and dry-methods.

	1”-2” AD	2.5”-3” AD	1”-2” KD	2.5”-3” KD
May 2001	1708	1731	1790	1826
Apr 2001	1649	1673	1731	1767
Mar 2001	1649	1673	1731	1767
Feb 2001	1649	1673	1731	1767
Jan 2001	1649	1673	1731	1767
Dec 2000	1649	1673	1731	1767
Nov 2000	-	-	-	-
Oct 2000	1567	1590	1661	1696
Sept 2000	1567	1590	1661	1696
Aug 2000	1567	1590	1661	1696
Jul 2000	1578	1602	1661	1696
Jun 2000	1578	1602	1661	1696
Mar 1999	1296	1319	1402	1425
Mar 1998	1390	1413	1496	1519
Mar 1997	1472	1496	1508	1531
Mar 1996	1250	1390	1349	1372

Compiled by TRAFFIC Europe from Hardwoodmarkets.com, 1996-1999; 2000a&b, 2001b&d.

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Comments from the United Kingdom Timber Trade - The Timber Trade Federation

Brazilian Mahogany Trade

The important thing to state at the outset is that as far as the UK market is concerned, Brazilian mahogany is now very much a niche species. No more than 5,000 cubic metres were imported last year and there seems little prospect of this increasing in the future unless there is a substantial drop in price which seems unlikely. Indeed, from talking to member companies it appears that volumes are more likely to decrease over the coming year. Mahogany is essentially a luxury item.

The low volumes currently imported to the UK can be attributed to a number of factors:

1. **Markets.** The major market for Brazilian mahogany is the US whose major importing companies tend to pre-finance mahogany shipments. The US market takes all grades rather than the preferred FAS grade of the UK market and demand for the species is apparently buoyant although this may change if the US economy cools as predicted later this year. The market is therefore an exporters' one in which the UK hardly features at all.

2. **Price.** Brazilian mahogany has largely priced itself out of the market. When compared with other tropical redwoods mahogany goes for around three times the price of meranti and twice that of sapele in the UK.

3. **Brazilian Government action**

   i) IBAMA, the Brazilian Government environmental agency has been progressively tightening both legislation and enforcement activities. The most recent example of this was the audit of the Brazilian mahogany supply chain last year which led to severe delays in the release of quotas and the authorisation of shipments. Both forest sources and processing facilities were audited to check that only mahogany from areas under approved forest management plans was being handled. Such initiatives together with economic factors has led to the Brazilian mahogany trade being concentrated in the hands of 4 or 5 key suppliers making it much easier to monitor and control.

   ii) The introduction and progressive decrease in the Brazilian mahogany export quota which for the first six months of this year has been set at 20,000 cubic metres.

It's also important to note that Government policy in other producer countries notably Bolivia has had a dramatic impact on Brazilian mahogany exports. It appears that mahogany exports have dried up since the Bolivian Government began implementing a national certification scheme based on FSC-approved standards. More recently, the Peruvian Government banned the export of mahogany sawn lumber in the middle of last year and is only now just beginning to allow limited exports once again.

4. **Fashion.** In general, there has been a move towards lighter coloured hardwoods over the last year, primarily from the US which has affected tropical hardwood imports generally.

5. **NGO Pressure.** NGO campaigns against the Brazilian mahogany trade certainly raised the profile of the species but it remains an open question as to how much of the decrease in mahogany imports was specifically due to these campaigns and how much to the other factors outlined above.

As regards problems with implementing the listing we have had no feedback from members so assume all is functioning well. The important thing from our point of view is that new listings such as those from Peru are flagged well in advance to ensure that the trade has the necessary time to ensure that they can obtain the correct CITES documents.

Graham Bruford
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UK Timber Trades Federation