

FSC National Risk Assessment

For Shandong Province, China

DEVELOPED ACCORDING TO PROCEDURE FSC-PRO-60-002 V3-0

Version	V1-0
Code	FSC-NRA-CN V1-0
National approval	National decision body: FSC China Date: 21 March 2018
International approval	FSC International Center: Performance and Standards Unit Date: 27 August 2018
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Period of validity	Date of approval: 27 August 2018 Valid until: (date of approval + 5 years)
Body responsible for NRA maintenance	FSC China Office

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Risk designations in finalized risk assessments for Shandong Province, China

Indicator	Risk designation (including functional scale when relevant)
Controlled wood category 1: Illegally harvested wood	
1.1	Low risk
1.2	N/A
1.3	State owned forest entities: Specified risk; Other forest entities: Not applicable
1.4	Low risk
1.5	Low risk
1.6	Low risk
1.7	Low risk
1.8	Low risk
1.9	Low risk
1.10	Low risk
1.11	Specified risk
1.12	Specified risk
1.13	Low risk
1.14	N/A
1.15	Low risk
1.16	Low risk
1.17	Low risk
1.18	Low risk
1.19	Low risk
1.20	Low risk
1.21	N/A
Controlled wood category 2: Wood harvested in violation of traditional and human rights	
2.1	Low risk
2.2	Specified risk on gender equality and equal remuneration; Low risk on forced labor, freedom of association and child labor.
2.3	Low risk
Controlled wood category 3: Wood from forests where high conservation values are threatened by management activities	
3.0	Low risk
3.1	Low risk
3.2	Low risk
3.3	Low risk
3.4	Low risk
3.5	Low risk
3.6	Low risk
Controlled wood category 4: Wood from forests being converted to plantations or non-forest use	

4.1	Low risk
Controlled wood category 5: Wood from forests in which genetically modified trees are planted	
5.1	Specified risk

Background information

The scope of the NRA and background information

Assessing risk for harvesting wood from all FSC Controlled Wood Categories in Shandong Province in China, according to the risk assessment requirements specified in FSC-PRO-60-002a FSC National Risk Assessment Framework.

There are 31 provinces and autonomous regions (excluding Hong Kong, Macao and Taiwan) in China, with the average province size comparable to the country Italy. In 2014, the State Forestry Administration issued the logging ban. Commercial logging on natural forests was forbidden in China by the end of 2017, although it remains unclear how the policy will affect community forests. In the next ten years, wood supply within China will be mainly from plantation. For such reason, plantation provinces will be prioritized in this project. Shandong province is one of the largest wood-based panel and veneer production center in China. Indicators, risk designation and control measures will be applied to Shandong province.

Timeline of NRA development

Main activities	Date (Month, Year)	Comments
Start of the process	2015.12	Launch meeting and collect the comments of CNRA draft 1
Materials preparation	2015.12	Procedure and framework documents translation
Project Preparation	2016.01-03	Communicate with PSU Contact with CNRA experts Negotiate with local experts
Do research and consultation with 2 provinces' local stakeholders to develop the draft 0 of the risk assessment and control measures.	2016.04-08	Define the threshold of low risk and specified risk. Collect the information. Draft the risk designation and control measures. Some consultants, experts and researches are needed.
First working group meeting First stakeholder meeting.	2016.09	Hold the first stakeholder meeting to take the feedback from the stakeholders.

		WG review and evaluate the thresholds, risk designation and control measures. Considering the feedback from stakeholders, and give their comments, suggestions and the solutions.
NRA first draft development	2016.11	Revise draft 0 to draft 1 and be signed off by WG.
First draft submission to CNRA consultants	2017.01-2017.06	Translate and submit the first draft to CNRA consultants for reviewing
First draft submission to PSU	end-June to mid-October, 2017	Submit the adjusted draft (revised after the CNRA consultants review) to PSU
Public consultation on 1 st draft	mid- Nov 2017 – mid-Jan 2018	60 days since publication
Verify the risk assessment.	mid- Nov 2017 to mid- Jan 2018	Choose 2 companies which supply chain based in Guangxi and Shandong provinces
Feedback analysis	2018.02	
Final working group meeting Final stakeholder meeting	2018.03	Hold the final stakeholder meeting to take the feedback from the stakeholders. Discuss the feedback analysis among WG. WG give the solutions about the comments from the public consultation.
Final draft development	2018.03	Revise draft 1 to final and be signed off by WG.
Final draft submission to PSU	2018.04	Submit the adjusted draft to PSU
Implementation of required amendments (if any)	2018.07	
Expected approval of the NRA	2018.08	

National Risk Assessment Working Group

Environmental	Economic	Social
1) Name: Zhang Xiaoquan	1) Name: Alan Wu	1) Name: Zhao Minglong
Organization: The Nature Conservancy	Organization: Stora Enso (Guangxi) Forestry Co., Ltd	Organization: Guangxi Academy of Social Sciences
2) Name: Chen Junqi	2) Name: Stone Sun	2) Name: Wang Aimin
Organization: Beijing Forestry Society	Organization: IKEA Trading Service(China)Co., Ltd	Organization: The Wildlife Conservation Society (WCS)
3) Name: Wang Lei	3) Name: Zhai Hongguang	
Organization: World Wild Fund (WWF)	Organization: China saintywood forest Company	

Consultation conducted on drafts of the NRA (including main issues raised and how they were addressed.

During the FSC Controlled Wood National Risk Assessment process, 3 face-to-face key stakeholder consultations, one public consultation and two supplier chain verifications were held:

- First face-to-face consultation, 4th December 2015
- Second face-to-face consultation, 21st September 2016
- Public consultation, from 23th November 2017 to 24th January 2018
- Supplier Chain verification in Shandong, 12th January 2018
- Supplier China verification in Guangxi, 16th and 17th January 2018
- Third face-to-face consultation, 6th March 2018

Main issues and concerns in the Controlled Wood National Risk Assessment and the solutions as below:

Category 1 Illegal Harvested Wood

Corruption Perception Index (CPI)

Background: In NRA framework, CPI is an important indicator for identifying the risk, such as indicator 1.2, 1.4, 1.16, 1.17. The level of corruption in the country or sub-national region is considered to play an important role therefore be considered when evaluating risks. The CPI indicator in China is 40, lower than 50, which indicates high levels of corruption. And corruption indicators should therefore be considered when evaluating risks. During the face to face stakeholder meeting, a group member of stakeholders complained to designate the related indicator as specified risk only because of the low CPI.

Solution: FSC Controlled Wood working group suggest investigating the detailed corruption cases that happened in Guangxi and Shandong. To understand whether the corruptions are related to the issuing harvesting related permits, avoid payment of legally prescribed taxes or Trade and transport. Through interview with the experts and read related report, it is indicated that the corruptions are mainly on the bribe-taking for position promotion and construction projects in Guangxi and Shandong. So, it is not necessary to designate specific risk for indicator 1.2, 1.4, 1.16 and 1.17 only because CPI is low. The risk assessment should be designated based on the law enforcement effect.

Category 2 Wood harvested in violation of traditional and human rights

Indicator 2.3 The rights of Indigenous and Traditional Peoples are upheld.

Background: Chinese government signed the declaration of the United Nations "Declaration on the rights of indigenous peoples". But the government announced that there are no indigenous people in China. ILO169 Convention also was not signed by the government. It has been debated for many years on the issue of whether or not there are indigenous peoples existing in China. But the answers are different, even among the scientists.

During the development of China national FSC forest management standard, the social members of the SDG (standard development group) analysed the intention of principle 3 INDIGENOUS PEOPLES' RIGHTS. In their opinions, protect the target groups and their traditional rights and culture should be the core requirements other than focus on the existence of indigenous people in China. If IP existed in China, Chinese government does not grant privilege to IP in terms of land tenure. That is IP have the same right as local communities, in terms of land ownership and land use right. Statutory laws normally do not prevent IP from their traditional use of land or resources related to forests but can confine or restrict such activities by licensing exclusive or partial use rights to certain people and

entities. For example, logging of trees or hunting should be licensed; collecting of NFTP may need to be agreed with the land lessee. This is the area that China indicators for P3 address to.

SDG developed a new definition of Indigenous people which only be used in FSC standard to protect the target group. The new definition is easy to judge. There are 55 minorities in China. Their distributions could be easily known by reading the minority map issued by the government. Although this might lead to quite a high number of Indigenous People in China, but most of them have been assimilated by Han and have the same right with the local communities. The new definition was also discussed during the face to face stakeholder workshop and be assessed during the field test. The feedbacks are positive. The new definition was considered to be creative and use-friendly.

“indigenous people” refers to:

- 1) officially recognized or self-identified as group different from the Han; and
- 2) The earliest settlements and migrating before 1949.

China SDG agree to set the year 1949 as the bar for deciding if certain group are indigenous to a particular area, due to several reasons:

- 1) from 1949 the country has a central government and a legal system prevailing all social and economic rules in China;
- 2) Government starts to have a clear and stable policy for ethnic minorities, which are normally considered as one essential feature of IP;
- 3) After 1949, most minority group stopped shrinking and started expansion in both size and area. They expand into area of original place and of new settlements. it can be very contentious if FSC consider those new settlements after 1949 as traditional place of IP;

When judging the right of indigenous people, what kind of criterions shall we based on? If according to the definition of NFSS, the ethnic groups that could meet the definition regarded as IP, but in China’s law framework there is no IP but ethnic groups.

Solution: Through the discussion between NRA working group members and the feedbacks from stakeholder meeting, the agreement was attained that, although there is no IP based on the law, while in reality there are some groups that could meet the SDG’s definition developed based on FSC principles. The definition of China National Forest management standard is used to judge the indicator 2.3.

Category 4 Wood from forests being converted to plantations or non-forest use

The definition of natural forest is different between FSC and China

Background: The indicator of 4.1 is that conversion of natural forests to plantations or non-forest use in the area under assessment is less than 0.02% or 5000 hectares average net annual loss for the past 5 years (whichever is less). But the definition of natural forest in

China is that the forest which originated from nature forest. In FSC certification scheme, some plantations in China could be defined as natural forest if they complied with FSC'S definition. Which definition should be used to judge the risk?

Solution: As all of the data related to nature forest and plantation area we collected are from China official channel, it is impossible to gain any information and data based on FSC's nature forest definition. NRAWG agrees to use the definition of nature forest under China's law framework.

Category 5 Wood from forests in which genetically modified trees are planted

Risk assessment of the use of GM trees for Shandong province

Background: The indicator of 5.1 is that there is no commercial use of genetically modified trees. China is the only country that commercializes the use of GM poplar to resist diseases and pests. In 2002, after the approval by the Gene Security Commission of SFA, Bt transgenic *Populus nigra* was allowed to be commercially used after the experiments in Xinjiang, Beijing, Jilin, Shandong, Henan, Jiangsu and Shanxi, while *Populus aldatomentosa* cv.741 was approved for commercial use at end of 2002. But via the interview with the key expert, we got the information that, functionally, the risk of genetically modified material entering a wood supply chain may be relatively low (or at least controllable), based on:

- low number of hectares planted to date. The figure was still 543 ha.
- much planting has been for protective, non-commercial, purposes. GM varieties of approved poplar focus on insect-resistance, not growth or fiber characteristic.
- The field study was done in the experiment place in Shandong, through DNA test, the results revealed that transgenic sequences are not existing.

IKEA also did such test in their supplying forest management units in Shandong, no GMO sequences were found.

Through the supplier chain verification, 90% poplar species in Shandong are No.107, 46 and 69. All of interviewees have never heard the commercial use of GMO trees.

So, if Judging from the field verification and the stakeholder consultation results, the indicator 5.1 for Shandong should be assessed as low risk. But to date China is the only country in the world to have commercially released GM trees. Research including field trials on genetically engineered trees has been carried out in China.

Solution: Indicator 5.1 for Shandong provinces were discussed between working group members. As Poplar is popular species in Shandong. Two poplar GMO species, which are Bt transgenic *Populus nigra* and *Populus aldatomentosa* cv.741, were approved for commercial use by China authority. There is no solid evidence to proof that no GMO is planted in Shandong province. For the precaution principle, the risk for indicator 5.1 is assessed as specified.

List of experts involved in the risk assessment and their contact details

Name	Contact details	Title	Qualification
XU Bin	Research Institute of Forestry Policy and Information, Chinese Academy of Forestry (RIFPI, CAF), Tel/Fax: (00) 86 10 6288 9754 Email: binxu@vip.sina.com	Professor, PHD, Division Director	20 years' research and field experience regarding sustainable forest management, forest product market and forest policy. He has led 30+ projects cooperated with SFA, FAO, WWF, IKEA, IIED, TNC, RA as project director. As one of the pioneer in Forest Certification in China, He was the main drafter of China National Forest Certification Standards and one of the main technique experts both for national scheme and FSC China. Now he mainly addresses the wood legality issue in the world and China including developing Due Diligence System tools and Country-specific guidelines to mitigate the risks on illegal logging for the industry. He is the leading expert to conduct the risk assessment for the first draft of FSC CW in China and also the NRA working with NEPCo, and he also conducted the risk assessment for 60+IKEA sourcing counties in China on IWAY standards and FSC CW in China. Excel at category 1-5.
CHEN Jie	Research Institute of Forestry Policy and Information, Chinese Academy of Forestry (RIFPI, CAF), Tel/Fax: 86-10 62889733	Associate Professor	She has been working on the certification and verification for 7 years since 2010, with great expertise and experiences in related research and practices. She has participated in a number of research projects on timber

	Email: jie_chen2007@163.com		legality verification, control wood, EUTR implementation, VPA and FLEGT Action Plan process, CFCC certification, etc. and also conducted practical verification and guidance of due diligence exercise of Chinese enterprises. Since 2014, she participated in the international collaboration projects on control wood and due diligence, including the drafting of the Category 1, 4 and 5 of CNRA entrusted by NEPCo, the review and analysis of forestry-related laws and regulations in China and its main trading partners, the due diligence and control wood training, which helped her to gain the insight on the control wood requirements and how to meet the requirement. Excel at category 1, 2, 4, 5.
LI Yan	Research Institute of Forestry Policy and Information, Chinese Academy of Forestry (RIFPI, CAF), Tel/Fax: 18612561196 Email: 18701643606@163.com	Assistant Professor	She specializes in Forest Certification who is responsible for providing FSC COC training and technical guidance to IKEA suppliers and helping them with control systems and maintain procedures and has gained a high level of knowledge in Controlled Wood Risk Assessment. Excel at category 1, 2, 5.
ZHAO Linxuan	Research Institute of Forestry Policy and Information, Chinese Academy of Forestry (RIFPI, CAF), Tel/Fax: 86-13501307907 Email: lxzhao4203@163.com	Assistant Professor	She has been focusing on forest certification since 2014, and has participated in various projects regarding to CFCC certification tools/template development, FM certification training and technique assistant and also FSC Controlled Wood Risk Assessment etc. Excel at category 1, 3, 4.
LIU Xiaoli	Research Institute of Forestry Policy and	Assistant Professor	She has eight years' research experience on sustainable

	Information, Chinese Academy of Forestry (RIFPI, CAF) Tel/Fax: 86-13811438189 Email: happyrainly@163.com		forest management and has joined CNRA China controlled wood evaluation project. Excel at category 1, 3, 4, 5.
LI Hui	Research Institute of Forestry Policy and Information, Chinese Academy of Forestry (RIFPI, CAF), Tel/Fax: (00) 86 10 6288 8981 Email: lihui09610@163.com	Assistant Professor	Her research interests include Forestry Certification and International Forestry. Since 2016, she has played an active role in projects including <i>FSC Controlled Wood Risk Assessment, Forestry International Strategic Cooperation Scheme, and International Forestry Technology Dynamics Tracking etc.</i> Excel at category 1 and 2.

National Risk Assessment maintenance

FSC China is the responsible body to maintain the National Risk Assessment.

The rules to review and revision of a National Risk Assessment include:

1. Update the NRA according to needs and at least every 5 years. In case of an update, the NRA shall be given a new, 2nd level version number (e.g., V1-1, V1-2):
2. The updated NRA shall be sent to FSC for approval, along with an application letter including a description and justification for changes made.
3. The revision process shall be conducted in accordance with the requirements for NRA development outlined in Part I of FSC-PRO-60-002, except for urgent revision.
4. In cases when there is clear and undisputable evidence requiring a change of risk determination and/or change of mandatory risk mitigation means, the responsible body shall amend the NRA accordingly.
5. An NRA amended under urgent revision shall be sent to FSC for approval, along with an application letter, which includes a description of evidence and justification for changes made. The application letter shall include information about the urgent mode of the review.
6. By no later than 6 months prior to the end of the validity period of the NRA, the body responsible for NRA maintenance shall submit a report summarizing the results and

conclusions of the ongoing review process to FSC. The report shall include a recommendation as to whether the NRA merits re-approval by FSC.

Complaints and disputes regarding the approved National Risk Assessment

Complaints related to the results of approved National Risk Assessment are responded to by the responsible body, by providing an explanation, of why a particular point of view was not incorporated and how the point may be raised during future revision(s).

If the complainant is not satisfied with the explanation, the complaint may be raised via the official FSC Dispute Resolution System. The rules as below:

1. The requirement of lodging a complaint

The complaint shall:

- 1.1 contain the name and contact information of the Complainant;
- 1.2 be written in one of the official FSC languages;
- 1.3 specify against which organization the complaint is submitted;
- 1.4 specify the events and issues that lead to the complaint;
- 1.5 specify which specific requirements have not been complied;
- 1.6 contain evidence to support each element or aspect of the complaint;
- 1.7 indicate whether and in what form the issues have been raised with the Defendant prior to lodging the complaint and what response was provided;
- 1.8 contain an agreement to share the complaint with the Defendant and other Parties to the Complaint;
- 1.9 contain an agreement to adhere to the terms and provisions of this procedure.

Only complaints that meet all conditions indicated in Clauses 1.1 –1.9 above shall be evaluated.

The Complainant may withdraw the complaint at any point in time of the process, at the Complainant's sole discretion.

2. Processing a complaint

2.1 Within ten (10) days of receipt of the complaint, an assigned staff member shall acknowledge receipt of the complaint and analyze by which process the complaint shall be dealt with and inform the related complaint handling body and the Complainant.

2.2 For complaints handled by FSC this procedure and the following process will be applied:

- 2.2.1 Within thirty (30) days of the receipt of the complaint, an assigned staff member shall contact the Parties to the Complaint by e-mail or phone to attempt to informally resolve the issue in direct communication. The assigned staff member shall keep a record of the conversations, including date, time and a summary of issues discussed, as well as a copy of all hardcopy and electronic communication.
- 2.2.2 If an informal resolution is not possible, the assigned staff member will investigate the issue and provide the FSC Director General with a recommendation on the complaint.
- 2.2.3 Additional information may be requested from the Complainant, the Defendant, third parties named as sources of information in the complaint or other Parties likely to have information relevant to the investigation.
- 2.2.4 The FSC Director General shall provide the Parties to the Complaint with a response within sixty (60) days from receiving the complaint. The response shall include a conclusion on the complaint, the rationale for the decision and, if applicable, any follow up measures to be taken.
- 2.2.5 If no further issue arises, the complaint is considered resolved and the respective case file closed.
- 2.2.6 The lack of cooperation by the Complainant may be considered as grounds for discontinuation of the process. The FSC Director General shall decide if a complaint process shall be discontinued.
- 2.2.7 If the Complainant is not satisfied with the outcome of the process, he/she may appeal the decision according to FSC-PRO-01-005.

FSC China will register, record and fill out all complaints received, actions taken and results of complaint evaluations.

List of key stakeholders for consultation

Name list of all stakeholders that attending face to face consultation meeting and interviewed

No	Name	Organization
1	Junzuo Zhang	Team Leader (China-UK Collaboration on International Forest Investment & Trade Programme)
2	Jin Hong Man	Director, General Administration of Customs, PRC
3	Lu Meng Zhu	Researcher, CAF
4	Yang Jiaming	BV
5	Chen Xiaoqian	Director of China Office EFI
6	Wang Xinmin	SGS
7	Cui Wushe	Division Director, SFA
8	Jin Jiamin	Executive Director Global Environmental Institute (China)
9		Customs official (offices of GEI) Officer Tianjin Customs
10	Zhao Gaojun	BV
11	Xu Jintao	Professor Beijing University
12	Cheng Boadong	Beijing Forestry University
13	Sun Xiufang	Program Analyst, Forest Trade and Finance, China, Forest Trends
14	Sofia Ryder	Director, Source Responsible Consulting Ltd
15	LI Changrong	Academy of Forestry of Guangxizhuang Autonomous Region

16	TAN Youqing	Forestry Reform Division of Department of Forestry of Guangxizhuang Autonomous Region
17	LI Zhen	Forestry Ecology Monitoring Center of Guangxizhuang Autonomous Region
18	TAN Weifu	Surveying and Designing Institute of Guangxizhuang Autonomous Region
19	XU Ming	Policy and Law Division of Department of Forestry of Guangxizhuang Autonomous Region
20	WU Guoxin	Forestry Reform Division of Department of Forestry of Guangxizhuang Autonomous Region
21	Zhang Xinxin	RA
22	CHEN Yongfeng	Forestry Police Station of Guangxizhuang Autonomous Region
23	CAI Huide	Forestry Ecology Monitoring Center of Guangxizhuang Autonomous Region
24	LI Xingping	Pest Prevention Station of Guangxizhuang Autonomous Region
25	CEN Juyan	Surveying and Designing Institute of Guangxizhuang Autonomous Region
26	FU Taihua	Finance Division of Department of Forestry of Guangxizhuang Autonomous Region
27	QIU Chenggang	Silviculture Division Department of Forestry of Guangxizhuang Autonomous Region
28	HUANG Kaiyong	Academy of Forestry of Guangxizhuang Autonomous Region
29	LIU Jian	Protection Division of Department of Forestry of Guangxizhuang Autonomous Region
30	MO Yaofu	Fire Prevention Office of Department of Forestry of Guangxizhuang Autonomous Region
31	HOU Shuishi	Industry Division of Department of Forestry of Guangxizhuang Autonomous Region
32	WU Yongzhen	Forestry Policy Division of Department of Forestry of Guangxizhuang Autonomous Region
33	LI Fuda	Qipo Forestry Farm of Guangxizhuang Autonomous Region

34	HE Rong	Qipo Forestry Farm of Guangxizhuang Autonomous Region
35	Chen Guanghui	Hunan Forestry Survey Planning and Design Institute
36	WANG Li	Afforestation Division of Department of Forestry of Shandong Province
37	LI Jinfeng	Resource and Forestry Policy Division of Department of Forestry of Shandong Province
38	SHI Dalin	Resource and Forestry Policy Division of Department of Forestry of Shandong Province
39	WANG Yan	Planning and Finance Division of Department of Forestry of Shandong Province
40	YANG Tao	Office of Collective Forest Tenure Reform of Shandong Province
41	FU Degang	National Forest Farm Management Station of Shandong Province
42	GENG Dejiang	Wild Animals and Plants Protection Station of Shandong Province
43	YANG Chuanqiang	Forestry Inspection and Planning Institute of Shandong Province
44	YAN Liping	Academy of Forestry of Shandong Province
45	WANG Lei	SGS
46	CHANG Jiansong	SGS
47	WANG Xinmin	SGS
48	FAN Yanrong	BV
49	ZHOU Peiying	EFI
50	ZHANG Haiqing	GFA
51	WU Lei	GFA
52	LI ANG	RA
53	WU Shengfu	SCS
54	HE Zhaorui	SCS
55	LI Xiaojuan	SCS
56	TIAN Lili	SCS
57	LI Pengyu	WWF
58	LI Hongping	BV
59	HU Yanjie	Chinese Academy of forestry
60	LI Weichang	Chinese Academy of forestry
61	LI Yejing	Chinese Academy of forestry
62	HE Hongbing	Guangxi Sanwei forest industry company limited
63	CHEN Jiagan	Guangxi forest industry association
64	HE Lirong	Guangxi forest industry association
65	LI Shide	Guangxi forest industry association
66	LUO Yihan	Guangxi Bobai forest farm
67	CHEN Sheng	Guangxi Bobai forest farm

68	CHEN Zongfu	Guangxi Qinglian Forest Farm
69	Mo Yunshan	Guangxi Qinglian Forest Farm
70	ZHOU Jun	Guangxi Qinglian Forest Farm
71	HE Deliang	Guangxi Sanmenjiang Forest Farm
72	ZENG Kui	Guangxi Liuzhou Liangmianzhen Group
73	NING Chunying	Guangxi Liuzhou Liangmianzhen paper company limited
74	LONG Shengqiu	Guangxi Liuzhou Liangmianzhen paper company limited
75	LU Guirong	Guangxi Liuzhou Liangmianzhen paper company limited
76	YUAN Jianglan	Guangxi Liuzhou Liangmianzhen paper company limited
77	ZOU Hongxia	Guangxi Liuzhou Liangmianzhen paper company limited
78	LEI Xunlin	Guangxi Fenglin Forestry company limited
79	MING Li	APP
80	LU Zongbing	APP
81	YANG Jianji	APP
82	MAO Kaiyuan	APP
83	ZHAO Gaojun	BV
84	LIU Yan	BV
85	TANG Shuyao	BV
86	ZHENG Xiaoxian	Beijing Forestry University
87	WAN Jian	TFT
88	ZHANG Xia	TUV NORD

Risk assessments

Controlled wood category 1: Illegally harvested wood

Overview

1. INTRODUCTION

The 8th national forest resources inventory revealed that in 2013 forest cover in China was 207.69 million ha, 21.63% of the national territory, with a standing stock volume of 15.14 billion m³. Within the stated forest cover, natural forests made up 64% of the area at 122 million ha and 83% of the standing stock at 12.3 billion m³, while plantations made up 36% of the area at 69 million ha and 17% of the standing stock at 2.48 billion m³. These figures are a reflection of five key trends within Chinese forests comparing to the status in 2009: i. Gross forest resources in China are growing; ii. forest quality is steadily improving; iii. Natural forests are steadily growing in total area; iv. total plantation area has increased rapidly in recent decades; v. more timber has been produced from plantations.

2. OWNERSHIP AND USE OF THE FOREST RESOURCE

According to China's Constitution and Forestry Law, forest ownership refers to the ownership or use-rights to forest, timber and forest land, including 3 types of ownership:

- i. state owned forest, timber and forest land,
- ii. collectively owed forest, timber and forest land,
- iii. Individually owned timber and use rights to forest land.

Note: The definition of forest and forest land differs in the context of China's legislation, in principle all lands belong to the State.

Ownership can be separated from use-rights. According to China's Constitution, General Principle of Civil Law, Land Management Law and Forest Law, use rights can be split in four different ways, including:

- i. State-owned forest, timber and forest land - used by state-owned organizations (which only own the use-right to forest instead of ownership);
- ii. State-owned forest, timber and forest land - use right with collectives via such legal mechanisms as joint management, contracting, renting agreements, etc.;
- iii. Collective-owned forest, timber and forest land - used by state-owned organizations (which only own the use-right to forest instead of ownership);
- iv. State or Collective-owned forest land - with use-rights belonging to citizens, entities or other organizations (instead of ownership) via contracting or renting agreements, transferring, etc.

The State Forestry and Grassland Administration (SFGA) (before April 2018, the name of SFGA was State Forestry Administration, SFA) is an administration of the People's Republic of China, in charge of the national forestry affairs. SFGA uses the forest tenure certificate with a nationally unified format and serial number to register: owners of

forest land; use-right owners of forest land, owners of forest or timber and use-right owners of forest or timber. The legal right of forest, timber and forest land owners - and use right owners - are legally protected and shall not be infringed. Forest transfers, as well as forest land acquisition and conversion, are required to be reviewed and approved by the forestry authorities at the county level or above after going through legally required procedures.

3. FOREST CLASSIFICATION TYPES

Forests are managed in line with the classification management method. According to Forestry of Law of China, there are 5 main forest classifications in China:

- Protective forest, 66.73%;
- Special-purpose forest, 0.45%;
- Commercial timber forest, 13.70%;
- Fuel wood forest, 0.32%;
- Economic forest, 18.80%.

Note: the above proportion of each forest classification type comes from the Analysis Report on Forestry Statistics (2011) available from www.Forestry.gov.cn.

To better manage China' forest resources, the No. 10 file was issued by the CPC Commission in 2008, which proposed the classification management for forest resources, and classified forest in China into ecological forest and commercial forest. Forests which grow on sites with good conditions and whose harvesting and utilization will not lead to the harmful effects in relation to eco-balance and biodiversity could be classified as commercial forest; whilst forest growing in ecologically fragile areas could be classified into ecological forest. With this proposal, China classified forests into ecological and commercial forest in line with ecological niche and leading utilization method, and has adopted different management regimes, mechanisms and policy measures for the two classifications. Ecological forest is managed as a public resource, which is funded by government with introduced social investments, while commercial forest is managed as the primary industry with market resources. Forest which is classified into ecological forest will be reasonably compensated in subsidies by the government at different administrative levels.

In line with technical indicators for Classification of Ecological Forest and Commercial Forest, ecological forest generally includes the protective forest and special-purpose forests, while commercial forest is generally composed of commercial timber forest, economic forest and fuelwood forest. Ecological forest can be further classified into specially protected forest, key protected forest and general protected forest, which shall be 30%-40% of the overall forest area. Special-purpose and key ecological forest is forbidden to be harvested, and only general ecological forest can be thinned with a harvesting permit issued by the provincial forest department.

4. FOREST MANAGEMENT PERMIT OR LICENSE TYPES (LEGAL SOURCES OF TIMBER)

Since 2014, the commercial harvesting of natural forest is in the process of being phased-out completely. The schedule for the progression of this policy, which comes under the prohibition of natural forest under the National Forest Protection Programme (NFPP) was such that this was to be accomplished by 2017. The harvesting of commercial forest - and of natural forests while that option still exists- needs to be conducted with the harvesting permit issued by forestry authorities at and above the county level in accordance with the harvest quota.

5. HOW TIMBER HARVESTING IS REGULATED

China has designed and implemented a system to govern the harvesting, transportation and processing of wood. The system is composed of five important elements, including:

- **HARVEST QUOTA AND ANNUAL TIMBER PRODUCTION PLAN:** The Forestry law of China provides that the central government controls the annual harvest of forest in line with the principle that forest consumption should be less than the growth. State-owned forest organizations managing state-owned forest as well as the forestry bureau at county level, where collectives and individuals manage their forest, develop the annual forest harvest quota, which are reviewed and approved by the State Council after being pooled and leveraged by provincial forestry authorities and reviewed by the provincial government. The harvest quota is reviewed and approved every 5 years. With the approved quota, an annual timber production plan will be developed and approved by the state, which should not surpass the approved annual harvest quota.
- **FOREST HARVESTING PERMISSION SYSTEM.** Article 32 Forestry law of China provides that a harvesting permit shall be applied for forest harvesting and that harvesting activities shall follow the terms and condition on the permit. Farmers may be exempted from this requirement when they cut their own forest on their family land and around their houses. The harvesting of forest by state-owned forest management enterprises or other organizations must be approved and issued with harvesting permit by county forest authorities or above; the harvesting of forest by rural collective economic organizations must be approved and issued with harvesting permit by county forest authorities and the harvesting of forest by farmers from their family hill or contracted forest is approved and issued with harvesting permit by county forest authorities or the township government which gains the authorization of county forest authorities. As for the bamboo forest, SFA Opinion on Further Reforming and Improving the management over the harvesting of collectively-owned Forest in 2014 provides that the forest harvesting permission system will not be implemented for the harvesting of bamboo forest, which means no harvesting permit is required for bamboo forest harvest.
- **TIMBER TRANSPORTATION PERMISSION SYSTEM.** Forestry Law of China and the Regulation of the Implementation of Forestry Law state that timber transportation shall require a permit. Timber harvested in accordance with the harvesting permit can be transported out from the forest only after applying for, and holding, a transportation permit issued by forestry authorities. The total volume of timber that is allowed to be transported out of forest with the approval of the legally issued timber transportation

permit cannot surpass the total volume that the local annual timber production plan allows for the sales and transportation. Timber check points are responsible for checking timber transportation to ensure the implementation of the permission system. Timber that needs to be transported shall have the transportation permit issued by forestry authorities at county level or above. When applying for the transportation permit, it is required to submit the harvesting permit or other legality documentation for legal origin, phytosanitary certificate and other documents required by local forestry authorities. As for bamboo timber, SFA Opinion on Further Reforming and improving the management over the harvesting of Collectively-owned Forest in 2014 provide that bamboo timber and its products can be transported without a transportation permit.

- **TIMBER TRADING AND PROCESSING PERMISSION SYSTEM.** The State Council requires that forestry authorities shall check the origin of wood materials used by timber traders and processing facilities, and it is forbidden to procure and use the wood materials without a harvesting permit or other legality documents for legal origin. The Regulation of the Implementation of Forestry Law of China provides that trading and processing timber in forest areas (which mainly refers to log, sawn timber, bamboo timber and wood chips) requires approval and issuance with a processing permit by forestry authorities at county level or above. Based on the public announcement No. 17, 2017 issued by SFA, the approval of wood processing in the forest area was in the cancel list of the designated Administrative License issued by the local government, i.e. the wood processing permit is not needed since October 2017.
- **HARVESTING INSPECTION AND OVERSIGHT SYSTEM.** National and local forestry authorities and township forestry stations are responsible for the inspection and oversight of the implementation of harvesting system. County-level forestry authorities sample check harvesting permits, transportation permits, and processing permits relevant to their jurisdiction. Forestry stations set up points to check transportation permits; forestry authorities at different levels and business and commerce authorities check the number of processors and their size in combination with registration and business license changes, which are permitted in line with the relevant laws and regulation, local forest resources and harvest quota. The SFA also sends task forces to check the three overall volumes (i.e., harvest volume, transportation volume and sale volume) for state-owned forest areas.

Sources of legal timber in China

Forest classification type	Permit/license type	Main license requirements (forest management plan, harvest plan or similar?)	Clarification
National ecological forest - including nature and planted forest, which refers to the forest in the scope of special and key protected forest.	Harvesting permit	logging permit application, forest management plan, logging plan, regeneration certification for previous year, forest tenure certificate, the approval of local, provincial and state governments	The national ecological forest can be classified into three classes as indicated above. Generally, no cutting is allowed unless for scientific research or teaching use or special cases such as for sanitation (removal of burned or diseased trees) and after the approval of county forestry authorities or above for Class I and II ecological forest. However, tending cutting is allowed for Class II forest while Class III ecological forest will be more the responsibility of the provincial forestry authorities for scientific use. The

			forest resource should be improved via scientific management and reasonable utilization in order to increase forest vegetation and improve forest quality.
Local ecological forest - including nature and planted forest, which refers to the forest in the scope of special and key protected forest.	Harvesting permit	logging permit application, forest management plan, logging plan, regeneration certification for previous year, forest tenure certificate, the approval of local or provincial governments	Local ecological forest can be classified into three classes as indicated in the above. Generally, no cutting is allowed unless for scientific research or teaching use or in special cases such as remove of burned or diseased trees - and after the approval of county forestry authorities or above for key protected forest. However, tending cutting is allowed for Class II and III ecological forest. Generally protected ecological forest will be managed with the objective of improving the resource via scientific management and reasonable utilization in order to increase forest vegetation and improve forest quality.
Commercial Timber (Natural) Forest	Harvesting permit	logging permit application, forest management plan, logging plan, regeneration certification for previous year, forest tenure certificate	<p>Natural Forest supplying wood for industrial use as timber or fiber.</p> <p>In 1998, China implemented the first phase of the Natural Forest Protection Programme (NFPP), in which the commercial logging in forests in upper reach of Yangtze River as well as upper and middle reaches of Yellow River was prohibited. Geographically, upper Yangtze River include 6 provinces, Sichuan, Yunnan, Guizhou, Chongqing, Hubei, Tibet. Upper and middle reaches of Yellow river include 7 provinces, Shaanxi, Gansu, Qinghai, Ningxia, Inner Mongolia Autonomous Region, Shanxi, Henan.</p> <p>The 1998 Natural Protection Project has reduced the quota of timber production in state owned forests in Heilongjiang, Jilin, Inner Mongolia Autonomous Region, Hainan and</p>

			<p>Xinjiang province. In this phase, 61 million natural forests have been included in the program area, accounting for 50.2% of the natural forests in China.</p> <p>The Second phase of NFPP has been implemented since 2011, which covers more area of natural forest for protection and the timber production further reduced. In 2014, SFA announced to completely stop the logging in natural forest nationwide by 2017, which would be achieved via a stepwise process. The calendar for the progression of this policy, which comes under the NFPP looks as follows:</p> <ul style="list-style-type: none"> - April 2014: Trial of Natural Forest Logging ban in key state-owned forests in Heilongjiang - April 1st, 2015: Trial of Natural Forest Logging ban in major state-owned forests in Heilongjiang extended to include Jilin & Inner Mongolia Autonomous Regions. - 2016: Natural Forest Logging ban extended to all state-owned forest farms in China. - By end 2017: Natural Forest Logging ban extended to collectively-owned and private forest farms owned land. <p>Up to now, the complete commercial logging ban has been enforced and the CAF CFCC Center found, in their investigation and survey, that all the investigated state-owned forest farms have stopped their logging. But there remains a possibility that collectively-owned forests could ask for approval from SFA to log forest that has matured during the years of the NFPP ban (But, to date, no such requests have been made/nor approved).</p>
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All other classifications - Plantations (planted forest)	Harvesting permit	logging permit application	Plantations (planted forest) provide the main source of timber and is managed and harvested in accordance with national law and regulations as the general timber forest and industrial fiber forest.
All other classifications - Economic forest	Harvesting permit	logging permit application, forest tenure certificate	Economic forest refers to fruit forest, oil wood, chemic material forest and other forest such as beverage, medicine, spice, fodder, flowers. When the forest has no yield, they might be cut as materials for forest products.

6. SPECIFIC INFORMATION IN SHANDONG

Shandong is located in the middle of China. It belongs to the Warm temperate monsoon climate. The total area of Shandong is 15.38 million hectares, the forest area is 0.33 million hectares, ranks the twenty-third province of China. The plantation area is 0.245 million hectares, almost 73.82% of the total forest in Shandong. Shandong's per capita forestland area is 1/5 of the national average. The average per capita forest volume is 1/10 of the national average. But Shandong accounts for nearly 12% of the total forestry output in China, accounting for about only 1% of the country's total forest resources.

The main objectives of Shandong in 2016 -2020 were:

1. Improve ecological carrying capacity.
2. Enhance the function of ecological service.
3. Improve the ability of governance.
4. Enhance the level of technical information.

Commercial loggings on natural forests had been forbidden in China by the end of 2017, so the wood supplies within China are mainly from plantations. Poplar is the popular plantation that grows in Shandong, and popular industry has become the one of the dominant and specialized industries of the province. From 1982, world food program engaged with non-reimbursable assistance program of poplar plantation in two counties of Shandong province. The project aimed to stop sand storm in these areas which was very serious in the 1970s. After 20 years the project turned out to be successfully and significantly improved the climate and agricultural production by preventing sand storms. The poplar plantation in agro-forestry practice brought about positive environmental values. In Shandong, smallholders predominately manage plantations over small and scattered patches of land, normally featuring the dominance of farm land and plantation, with limited secondary forests.

Risk assessment

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
Legal rights to harvest			
1.1 Land tenure and management rights	Applicable laws and regulations 1. Constitution of the People's Republic of China 1982-Article 5-23, 26 http://www.npc.gov.cn/npc/xinwen/2018-03/22/content_2052621.htm 2. General Principle of Civil Law of the People's Republic of China 1986-Article 80-83 http://www.npc.gov.cn/wxzl/wxzl/2000-12/06/content_4470.htm 3. Law of the People's Republic of China on the Contracting of Rural Land 2002 - Article 2, 23 http://en.pkulaw.cn/display.aspx?cgid=41762&lib=law 4. Property Law of the People's Republic of China 2007 - Article 124, 125 and 127	Government sources 1. China Forestry Development Report. 2013, 2014 and 2015. State Forestry Administration. 2. 92% forest land nationwide registered and issued with tenure certificate. 2012-12-27 Accessed 20 December 2015 at http://native.cnr.cn/list/201212/t20121227_511660083.html 3. State Forestry Administration Comments on Effectively Strengthening Management of Transfers of Collective Forest land Rights, Sec. 11 (issued on October 16, 2009): Accessed at http://www.jxly.gov.cn/lyzt/lqgg/lgzc/200912/t20091222_42202.htm 4. About strengthening the management of collective forest tenure transfer (2009-11-6),	OVERVIEW OF LEGAL REQUIREMENTS <ul style="list-style-type: none"> The Constitution, General Principle of Civil Law, as well as the Forestry Law of China provide that forestlands are owned by the state except for those owned by collectives according to laws. State forestry enterprises, state-owned forest farms, collective owned forest farms, private sector or individuals all can own the use rights. The Regulation of the Implementation of Forestry Law provides that the state implements the registration and certificate issuance system for forest, timber and forestland. Since 18 April 2000, the SFA has begun to use the tenure certificate with a nationally unified format and series number to register the owner of forestland, use right owner of forestland, owner of forest or timber as well as use right owner of forest or timber. In accordance with the Opinion of the State Council on Completely Deepening Collective Forest Tenure Reform, China is implementing a reform to further clarify the ownership of forest trees and use rights of forestland and develop the collective forest management system. Subsequently, forest tenure is registered, and the forest tenure certificate issued with the nationally uniformed format in line with the Administration Measures for Forest and Forestland Tenure Registration. In line with the principle of separation of forestland ownership from use rights, and on the condition that the collective ownership of forestland and forest land use remain unchanged, the transfer of forest ownership and forestland use rights is being encouraged to guide the reasonable

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://en.pkulaw.cn/display.aspx?cgiid=89386&lib=law</p> <p>5. Forest Law of the People's Republic of China 2009 - Article 3, http://www.forestry.gov.cn/main/3949/content-204780.html</p> <p>6. Regulation on the Implementation of the Forestry Law of the People's Republic of China 2000- Article 15, 34 http://www.forestry.gov.cn/main/3950/content-459869.htm</p> <p>7. Processing Measures for the Disputes of Forest Trees and Forest Land Tenure and Ownership 1996 - Article 2 http://www.forestry.gov.cn/main/3951/content-204759.html</p> <p>8. Administration Measures for Forest and Forestland Tenure Registration 2000 - Article 3-9</p>	<p>http://www.forestry.gov.cn/portal/lgs/s/831/content-339029.html</p> <p>Non-Government sources</p> <p>1. China Web Report "Collective Forest Tenure Reform and Forest Crisis", AUTHOR, Accessed 15 July 2015 (now unavailable) at http://www.china.com.cn/news/zhuanth/bpls/2009-05/08/content_17745715.htm</p> <p>2. Greenpeace, 25th May 2005 Report "Investigation on APP's Hainan Project", Accessed 22nd September 2015 at http://www.greenpeace.org/eastasia/Global/eastasia/publications/reports/forests/2005/investigation-app-hainan-project.pdf</p> <p>3. Chu Ren, Report on Foreign Forest Companies: Accessed 15 July 2015 at http://blog.sina.com.cn/s/blog_436698a40100f0p6.html; (No English version available)</p>	<p>distribution of forest resources and to promote scaled and intensive forest management by realizing the optimal configuration of forest resources. After the transfer, the both parties must apply for the change in registration of tenure at the county forestry authorities or above and the county government or above must register the change in accordance with laws.</p> <ul style="list-style-type: none"> ● Shandong Forestry Department issued in 2014 the Opinions on Further Regulating the Transferring of Collective Tenure, which make a detailed provision on the scope, methodology and period of forest land transfer as we as the procedure, registration, assets evaluation and monitoring of transfer. Furthermore, the Standard Contract Formats for the forest land transfer have been developed to promote the organized transferring of collective forest tenure. ● China implements a control system for forest land acquisition. According to Regulations Governing Examination and Approval of Occupation and Requisition of Forest Land, exploration and extraction by mines and other projects shall avoid where possible acquiring forestland. If necessary, the acquisition shall be reviewed and approved by forestry authorities and then go through an approval process in accordance with laws and regulation in relation to land management. ● Shandong made a strict provision on the forest land occupation and acquisition as follows: application by acquiring organizations to country forestry bureau; forestry bureau organizes the on-site inspection after receiving the application and develops forest vegetation plan, which shall be submitted to provincial forest department for approval; if approved by

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://www.forestry.gov.cn/main/3951/content-204744.html</p> <p>9. Law of the People's Republic of China on the Mediation and Arbitration of Rural Land Contract Disputes 2010 - Article 2-6 http://www.forestry.gov.cn/main/24/content-204668.html</p> <p>10. Company Law of the People's Republic of China (2005 Revision) 2006 - Article 6-9 http://wenku.baidu.com/link?url=rkIYkWRxwQBLXhGrPRie6g73Ns0fxTfa8Ed6YpN3ujSiDO5pRXKD3WAqNe3nHCtvkx-V4rMQ95qpywjBanHwewDrrFSs67bAffZWpGPh17</p> <p>11. Taxation Registration Administration Measure 2003 - Chapter 1 and 2 http://www.gov.cn/gongbao/content/2004/content_62924.htm</p>	<p>4. Ping, Li. 2014. Large-Scale Land Acquisition: Field Findings and Recommendations. Washington, DC: Rights and Resources Initiative. Accessed 03 November 2015 at http://www.rightsandresources.org/publication/large-scale-land-acquisition-for-app-forest-plantations-field-findings-and-recommendations/</p> <p>5. Ping, Li, and Wang Xiaobei. 2014. Forest Land Acquisition by Stora Enso in South China: Status, Issues, and Recommendations. Washington, DC: Rights and Resources Initiative. Accessed 03 November 2015 at http://www.rightsandresources.org/publication/forest-land-acquisition-by-stora-enso-in-south-china-status-issues-and-recommendations/</p> <p>6. Kram, M., Bedford, C., Durnin, M., Luo, Y., Rokpelnis, K., Roth, B., Smith, N., Wang, Y., Yu, G., Yu, Q., and Zhao, X. (2012) Protecting China's</p>	<p>provincial forestry department, the organization pays the forest vegetation restoration fee and the department issues the consent letter to use forest land. The materials that shall be submitted include application form for forest land use, legal entity certificate, project approval document, forest land acquisition feasibility report, tenure certificates, forest land acquisition compensation agreement, on-site inspection report, forest vegetation restoration measures, receipts of the payment of forest vegetation fee and other documents legally required.</p> <ul style="list-style-type: none"> ● If there is a dispute regarding ownership, the forest tenure certificate will be issued after the disputes are settled, according to Processing Measures for the Disputes of Forest Trees and Forest Land Tenure and Ownership. In addition, other national laws make related regulations on resolving forest tenure disputes, including: the Forest Law; Land Reform Law and Land Contract Law in Rural Areas. ● The Company Law of China requires that an established company be issued a Business Registration Certificate by the local Industry and Commerce Bureau at the county level or above. In 2016, China consolidates the Business Registration Certificate by incorporating Tax Registration Certificate in it, with the tax account number indicated on the same certificate. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● In China, land tenure and management rights are quite clearly defined after the collective forest tenure reforms taking place since 2008.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>12. Regulations Governing Examination and Approval of Occupation and Requisition of Forest Land 2001 http://www.gov.cn/gongbao/content/2002/content_61894.htm</p> <p>13. Land management law of P. R. China (1986,2004 revised) http://www.china.com.cn/chinese/law/647616.htm</p> <p>All the provinces shall apply the laws listed above but still may take different approaches to ensure the right of land tenure and management.</p> <p>Legal Authority State Forestry Administration responsible for the laws about forest, forest trees and forestland</p> <p>State Administration of Taxation responsible for Taxation Registration Administration Measure</p>	<p>Biodiversity: A Guide to Land Use, Land Tenure, and Land Protection Tools. (N. Smith, Ed.) Beijing: The Nature Conservancy.</p> <p>7. Forest tenure disputes and its reasons during collective forest tenure reform: www.zgxcfx.com/Article/53458.html</p> <p>8. China Forestry Website. Forest tenure certificate issued for forest on non-forestry land in Sinan County, Guizhou. 2012-10-23 at http://www.forestry.gov.cn/portal/main/s/102/content-567294.html</p> <p>9. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>10. Worldbank Governance Indicators for China:</p>	<ul style="list-style-type: none"> ● Forest tenure reform has been carried out in a stepwise fashion in China, with the core thrust of recent reforms being the decentralization of forest/forest land use rights and management rights. Since 2008, forest land tenure has been decentralized to farmers and Forest Land Tenure Certificates have been issued to farmers, forest management enterprises and forest farms by the People's Government at county level or above or by the forestry authority entitled by the State Council. Up to 2016, the <i>tenure identification rate</i> (which refers to the proportion of forests with clearly defined ownership and tenure) reached 99% in Shandong province, with the land boundary and tenure right clearly defined for farmers and FMEs. ● Processing Measures for the Disputes of Forest Trees and Forest Land Tenure and Ownership is a regulation on how to deal with forest tenure disputes, issued 14th October 1996 and for which subsequent related procedures have since been developed. In addition, other national laws make related regulations on resolving forest tenure disputes (Forest Law 2009, Rural Land Contracting Law 2002 etc.). ● The discussion with relevant experts showed that there exist some cases of tenure disputes, due to two major reasons, one is the change in forest tenure policy and the other is continuing adoption of old practices by village committee to deal with tenure issues. But, though with these tenure conflicts, there are clear legislative frameworks for this purpose. ● The Chinese Academy of Forestry found in its investigation that few timbers come from forests with disputed tenure. But one potential risk is that there is no tenure certificate for the non-forestry land. But these lands

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>State Administration for Industry and Commerce responsible for Company Law</p> <p>Legally required documents or records</p> <p>1. Administration Measures for Forest and Forestland Tenure Registration 2000 - Article 3-9</p> <ul style="list-style-type: none"> • <i>Forest Tree and Forest Land Tenure Certificate.</i> <p>2. Company Law of the People's Republic of China (2005 Revision) 2006 - Article 6-9</p> <ul style="list-style-type: none"> • For companies renting forest land for forest management: <i>Forest land contract</i> in addition to the above certificate. • <i>Business Registration Certificate</i> <p>3. Taxation Registration Administration Measure 2003 - Chapter 1 and 2</p> <ul style="list-style-type: none"> • <i>Tax Registration Certificate</i> 	<p>http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>The following organizations and their experts are interviewed:</p> <ol style="list-style-type: none"> 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs 	<p>pertain to the land use certificate which could be used as an evidence for the ownership of forest resources growing on it. In recent year, China allows to issue forest tenure certificate for this category of land. Now Shandong has fully promoted this work.</p> <ul style="list-style-type: none"> ● The on-site investigation in Shandong by CAF found that Shandong has started its collective forest tenure reform since 2008. There are 42.53 million mu (2.85 million ha) of collective forest land across the entire province, accounting for 95% of the total forest land, and involving 10.07million rural households, totally 32.16 million persons. According to the interview with Shandong Forestry Bureau, by 2016, the tenure identification rate for collective forests has reached 99%. For the forest growing on non-forestry land, forest ownership and use right certificate could be issued and also harvesting permit should be applied and issued. ● During the forest tenure reform process, Shandong developed specific disputes settlement procedure in line with the national forest and forest land disputes settlements measures. According to the interviews with experts from Department of Forestry of Shandong Province 93.9% of the 3100 cases were successfully resolved via the prescribed procedure in Shandong in 2015. <p>RISK CONCLUSION</p> <p>Based on the available information, the risk of this indicator is assessed as low in Shandong Province.</p> <p>Low (Threshold 1):</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
			Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities
1.2 Concession licenses	Applicable laws and regulations N/A Legal Authority N/A Legally required documents or records N/A	Government sources N/A Non-Government sources N/A	N/A In China, there is no facility or legal instrument similar to a concession: <ul style="list-style-type: none"> There are state-owned and collectively-owned forest lands in China. The former is owned and managed by state-owned forest management enterprises or state-owned forest farms. The latter are owned by local village. Since the forest tenure reforms which begun in 1983 and 2008 respectively, collectively-owned forests have been decentralized to individual farmers, who enjoy the forest management and disposal rights and can decide whether to manage the forests by themselves or transfer or lease forest land for others to manage. This transfer is different from a forest concession which is characterized by the conceding of use rights of natural resources owned or possessed by government. In this sense, there are no practices or instruments similar to a concession.
1.3 Management and harvesting planning	Applicable laws and regulations 1. Regulation on the Implementation of Forestry Law of People's Republic of China 2011 - Article 11, 12, 13, 14, 28, 33	Government sources 1. Explanation of Forest Law, http://www.npc.gov.cn/npc/flsyywd/xingzheng/node_2169.htm	OVERVIEW OF LEGAL REQUIREMENTS <ul style="list-style-type: none"> According to Forestry Law and the Regulation of the Implementation of Forestry law, governments at different levels must develop long-term planning for forest. State-owned forest enterprises or organization as well as nature reserves shall prepare forest management plans in line with the long-term planning and submit the plan to higher authorities for approval,

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://www.forestry.gov.cn/main/3950/content-459869.html</p> <p>2. Outlines for Development and Implementation of Forest Management Plan (Pilot) 2006 http://www.forestry.gov.cn/portal/xby/s/1277/content-126980.html</p> <p>3. Forest Law of People's Republic of China 2009 – http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law rticle 29, 30, 31 and 34</p> <p>4. SFA Opinion on Further Reform and Improve Harvesting Governance on Collective Forest 2014 - Article 3 http://www.forestry.gov.cn/portal/main/govfile/13/govfile_2086.htm</p> <p>Legal Authority State Forestry Administration</p>	<p>Non-Government sources</p> <p>1. Comment on the Issues about Forest Management Plan in China, WEI Xi-qin (East China Institute of Forest Inventory and Planning, SFA, Jinhua 321001 Zhejiang, China). Accessed 23 September 2015 at http://cnki.lknet.ac.cn/kcms/detail/detail.aspx?recid=&FileName=LDGH200705025&DbName=CJFD0608&DbCode=CJFQ&uid=MjVZUFluTFVQMxhYd0MxOEIKTm53ZmZmemtHcDV4d0phYnFFYXVGMG1NVjR4VGZZ</p> <p>2. MU Xiao-jie, GU-Bin, ER Ji-hui, WANG Jiao-yang, GU Jian-cai. Problems and suggests of forest cutting quota. HEBEI JOURNAL OF FORESTRY AND ORCHARD RESEARCH Vol 26 No 1, 2011 3, http://wenku.baidu.com/link?url=X1xHp5Ke53ZyJ_RmdAmnF1-0bz-xBjStndegsBB9YqEZ1hEf5WwohfOqbQDKAy179IQPywefcwoWljsZewpVcFXLa</p>	<p>while the others are encouraged to develop forest management plans under the guidance of forestry authorities.</p> <ul style="list-style-type: none"> ● The forest management plan covers 10 years and the industrial forest management plan is for 5 years. Only forest management plan development organization has the qualification to prepare the management plan for forestry enterprises. ● Harvesting Quota management is a basic practice adopted in China's forest governance system based on the principle that timber production volumes shall not be more than forest's growth volume. To achieve the objective, annual timber harvest quotas are decided every five years by the State Council, and a timber production plan is required based on the approved harvesting quota. ● It is a legal requirement for state-owned forest management enterprises and forest farms to develop a management plan and a harvesting plan based on the forest resources inventory, which shall be reviewed and approved by higher authorities. Harvesting plan for the harvesting of more than 5 m³ is needed. ● Collective forest and the forest managed by farmers, pasture farms and mines could develop simple forest management plans under the guidance of forestry authorities at county or provincial levels - as well as the harvesting plan for the harvesting of more than 5 m³. There is no compulsory legal requirement to develop forest management plan. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● It is compulsory to develop forest management plan for all state-owned

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>Legally required documents or records</p> <p>3. Forest Law of People's Republic of China 2009 - Article 29, 30, 31 and 34</p> <ul style="list-style-type: none"> • <i>Approved Forest Management Plan</i> <p>Note: The forest management plan developed by state-owned forestry enterprises and nature reserves shall receive approved by related forestry authorities.</p> <ul style="list-style-type: none"> • <i>Approved Harvesting Plan</i> • (State Council approved) <i>Annual Allowable Logging Quota</i> 	<p>XhRVa91-TEExp0yixW</p> <p>3. An empirical analysis of China's state-owned forests - Jintao Xu, Ran Tao, Gregory S. Amacher. Forest Policy and Economics 6 (2004) 379–390.</p> <p>4. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>5. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>The following organizations and their experts are interviewed:</p> <ol style="list-style-type: none"> 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs 	<ul style="list-style-type: none"> ● forest farms in China. The on-site investigation in Shandong showed that there are 155 states – owned forest farms in Shandong, and 148 have prepared their forest management plan province wide. ● There is no compulsory legal requirement to develop forest management plan for other forest entities. ● Discussions with various experts highlighted the case that forest management plan development is not well implemented, to fulfill its function. However, China is now taking efforts to put more focus on science-based development and implementation of forest management plans in future policy and forest administration and management. The interviews with experts showed that the requirements over section harvesting plan have been followed. <p>RISK CONCLUSION</p> <p>Based on the risk description, the risk of this indicator is assessed as: Specified risk for state-owned forests - the management plan is not prepared or not enforced; Not applicable for other forest entities in Shandong Province.</p> <p>Specified (Threshold 2): (2) Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
1.4 Harvesting permits	Applicable laws and regulations 1. Forest Law of People's Republic of China 2009 - Article 32 and 33; http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law 2. Regulation on the Implementation of Forestry Law of People's Republic of China 2011 - Article 30, 31 and 32; http://www.forestry.gov.cn/main/3950/content-459869.html 3. Measures for the Administration of Forest Logging and Regeneration 2011 - Article 5 and 6; http://www.gov.cn/gongbao/content/2011/content_1860813.htm 4. Technical Code for Forest Logging Operation 2005 - Article 5 (1) http://www.hsly.gov.cn/DocHtml/1/2010/10/11/975634545394.html	Government sources 1. SFA Website, China's intention to phase out commercial logging of natural forests by 2017: http://english.forestry.gov.cn/index.php/key-program/683-china-to-phase-out-commercial-logging-of-natural-forests-by-2017 2. Technical Regulation on Reconstruction of Low-Function Forest: http://www.chinadaily.com.cn/china/2015-10/23/content_22262635.htm 3. SFA Website, Check of over quota harvesting indicate harvesting beyond quota basically curbed. 2008-04-23 at http://www.forestry.gov.cn/portal/main/s/72/content-203941.html 4. China Forestry Statistical Book 2007-2009, P283, p257, p228 5. Chinese Forestry Development Report 2005-2009	OVERVIEW OF LEGAL REQUIREMENTS <ul style="list-style-type: none"> ● In China, harvesting permits are legally required before the harvesting operation. China's Harvest Quota system is carried out with the intention of limiting harvests to volumes at or below annual incremental growth. As a part of 5-year development planning, the SFA prepares a 5-year harvesting quota. Based on the quota, national unified annual timber production plans must be developed, which cannot surpass the annual harvesting quota approved in line with the Forestry Law. ● When applying for a harvesting permit, the applicant must submit a series of documents. The issuance of the harvesting permit must follow the logging quota approved by the State Council. Harvesting Permits are issued by forest authorities at different levels. And Harvesting activity must also follow the conditions indicated on the permit relating to harvest area, plants, species, harvesting method, etc. ● According to Forestry Law, organizations and individuals holding harvesting permits must carry out the forest operation in accordance with harvesting area operation rules, and authorities issuing harvesting permit are empowered to check the operation carried out. ● Any harvesting activities must carry out an inventory and harvest design before the harvesting operation commences and harvesters can only enter the harvesting area after applying for, delivering the inventory, design and harvesting area for approval. ● The SFA Opinion on Improving the Planted Commercial Forest Harvesting Administration provides that harvesting permits should be issued for the commercial forest established on non-forestry land by forest

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>5. SFA Opinion on Further Reforming and Improving the management over the harvesting of Collectively-owned Forest 2014 - Article 6 http://www.forestry.gov.cn/main/72/content-676455.html</p> <p>6. Circular on Carefully Implementing Pilot Complete Commercial Logging Ban 2014 http://www.jxlytech.cn/sf_A9AE3F6FA454409F92B334D2604C4F1C_250_jjszdz.html</p> <p>Legal Authority State Forestry Administration</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • <i>Forest Harvesting Permit</i> issued by the relevant forestry authority at or above county level according to Forest Law and Regulation of the Implementation of Forestry Law 	<p>Non-Government sources</p> <p>1. Zhao Sai, Thesis of Master in Hunan Teacher's University, Problem and countermeasures on Forest Harvesting Permit System in China, Accessed on 15th July 2015 at http://www.docin.com/p-605109205.html</p> <p>2. Wang Wei, Zhang Xiufeng, Feng Shuangxia, et al. Issuance and administration of harvesting permit, Forestry Inventory and Design, accessed on 15th July 2015 at http://wenku.baidu.com/link?url=xBI30giLGFZ516xWYik-lheLz6WIFj75uZGXjcheFZ-9wWPJXi9HAAAXE-RLRmiStCQrza52dMz9ALSBjzW8o5d3f-QTjC7d2Z2Yhvyxv_C</p> <p>3. Tsinghua University - FOREST GOVERNANCE INTEGRITY REPORT CHINA - 2011 (High risk corruption area 1: Bribery to change the zoning of an</p>	<p>authorities at county level or above after the application by owners of the forest trees. The harvesting volume shall be included into the annual harvest quota and annual timber production plan.</p> <ul style="list-style-type: none"> • The Criminal Law makes a detailed stipulation on penalties in terms of illegal timber harvesting. The document, Explanation of Several Issues of • The Supreme People's Court on Specific Application of Laws for Hearing the Criminal Case in Forest Resources Damages specifically stipulates the basis for determining a penalty in terms of species, quantity of timber illegally harvested as well as corresponding charges and penalty. • Shandong developed strict and specific management framework and system for licensed harvesting by issuing a series of rules and regulations, including Shandong Forest Resources Management Rule (2006), Shandong Forest Harvesting and Regeneration Management Measures and Shandong Timber Transportation Management Measures, and other rules on forest law enforcements. • Shandong began to use Shandong Forest Harvesting Management and Application system in 2009, to achieve the information-based management in relation to quota management, permit issuance, statistics and pooling. The National Forest Harvesting Management System was officially started since 2015, which realizes the online national network of harvesting permit issuance, and it also supports to verify the harvesting permit. However, now, it is not accessible to public.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>State-owned forestry enterprises need to submit:</p> <ul style="list-style-type: none"> • <i>Logging Operation Design</i> (developed by State-owned forestry enterprise) • <i>Inspection and acceptance Certificate</i> of last-year's forest regeneration <p>Other types of forest management units:</p> <ul style="list-style-type: none"> • Relevant documents that can indicate the purpose of harvesting, location, tree species, forest condition, area, stocking volume, methods and regeneration measures. 	<p>area to allow logging / High risk corruption area 3: Bribery in the award of logging concessions).</p> <p>4. Revision of NFPP: http://english.caixin.com/2015-06-10/100817889.html and http://m.chinadaily.com.cn/en/2015-06/10/content_20962885.htm.</p> <p>5. Xia Changzheng, Chen Yeliang. Over quota harvesting illegal even with harvesting permit. Jiancha Times. 2015-05-20. at http://www.doc88.com/p-9748234705316.html</p> <p>6. Addressing Legality in China Wood Supply Chains (Presentation to the Chatham House/IUCN Update Meeting on Illegal Logging & Associated Trade) - Matthew Brady, TFT China Project Manager (April 26th, 2007; Beijing, China), downloaded from:</p>	<p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● Overall, firm implementation and enforcement of the forest harvesting quota system, permission mechanism for forest harvesting, annual timber production plan, timber transportation license and timber management & processing licensing system, plays a leading role in combating illegal harvesting and related trade in China. ● The on -site investigation showed that Shandong put a complete management and issuance procedure for harvesting permit and follow in strict manner the quota requirement. Shandong also requires the forest harvesting in non-forestry land applies for harvesting permit. ● The Corruption Perceptions Index 2016 of China is scored 40 which is ranked 79 in 176 countries issued by Transparency International. According to news report, in Shandong Province, corruption cases in forestry sector are mainly about embezzlement of public funds, illegal use of forestry funds, and inappropriate appointment of officials, rather than illegal logging. Therefore, the high level of corruption of China does not indicate specified risk regarding harvesting permit. <p>RISK CONCLUSION</p> <p>According to the analysis above, the risk of this indicator is as assessed as low in Shandong Province.</p> <p>Low (Threshold 1):</p> <p>Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
		<p>http://www.illegal-logging.info/presentations/26-270407/English/April%2026/4%20Matt%20Brady%20TFTChatham_April07%20Eng.ppt on 08/01/16.</p> <p>7. China green times: News article, http://www.greentimes.com/green/news/dzbh/bhdt/content/2010-01/22/content_76826.htm on 08/01/16.</p> <p>8. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>9. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>10. China Introduces Series of Logging Bans, Forestry Official Says,</p>	

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
		<p>http://english.caixin.com/2015-06-10/100817889.html</p> <p>11. China Discipline Inspection and Supervision Report. Analysis of the corruption cases of Forestry Bureau of Heqi County of Shandong Province: http://csr.mos.gov.cn/content/2015-07/02/content_9966.htm.</p> <p>12. Sina Shandong. 4 Directors of County level Forestry Bureau in Heze were investigated and punished: http://sd.sina.com.cn/heze/news/r/2015-06-15/1527-6925.html.</p> <p>The following organizations and their experts are interviewed:</p> <ol style="list-style-type: none"> 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs 	
Taxes and fees			
1.5 Payment of	Applicable laws and regulations	Government sources 1. Official website of State Forestry Administration. The restoration of the	OVERVIEW OF LEGAL REQUIREMENTS ● China exempts forest management enterprises and forest managers from forestry taxes in order to lessen their burden of taxation.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
royalties and harvesting fees	<p>1. Law of People's Republic of China on the Administration of Tax Collection 2013 - Article 1, 2, 4; http://en.pkulaw.cn/display.aspx?cgiid=206072&lib=law</p> <p>2. Forest Law of People's Republic of China 2009 - Article 8. http://en.pkulaw.cn/display.aspx?cgiid=20095&lib=law</p> <p>3. Regulation on Plant Quarantine 1994 - Article 26 http://www.forestry.gov.cn/main/3951/content-204766.html</p> <p>4. Notice on cancelling, exempting and stopping a batch of administration business fees 2015 - Annex 2 http://szs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201412/t20141229_1173518.html</p>	<p>vegetation cover of the forest land illegally occupied by Jiaozhou (2014-10-22), http://www.forestry.gov.cn/portal/lvii/s/2427/content-711748.html</p> <p>2. Department of Forestry of Shandong Province. Two sectors adjusting forest vegetation cover restoration fee levy standard, http://www.sdly.gov.cn/channels/ch00052/201601/dfa1b0f9-bda6-4ed3-9194-a486e0f433ef.htm</p> <p>3. Department of Forestry of Shandong Province. Administrative levy (forest vegetation cover restoration fee), 2015-6-19, http://www.sdly.gov.cn/channels/ch00035/201508/32765137-4708-44fd-a32d-c3766f191ecd.htm</p> <p>Non-Government sources</p> <p>1. Zhu Yongjie. Forestry tax and fees in face of lessening burden on agriculture.</p>	<ul style="list-style-type: none"> In 2016, The Notice on Abolishing, Ceasing and Consolidating the Collection of Parts of Government Fees states that the standard collection for afforestation fee is zero. And more efforts will be made to source the fund for afforestation, including central budget transfer payment, local subsidy funds, etc. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> Via the academic study on payment of royalties and harvesting fees (1), it can be observed that most fee collection including afforestation fee, etc., has been cancelled or stopped to lessen the financial and administrative burden on forest farmers and to encourage the planting of trees. The afforestation fee is the only fee related to harvesting in Shandong province, and at the moment it is taxed as zero. Shandong established the forest fee management station to be responsible for the collection, management and use of forest fee. Since 2016, no fee has been collected according to the Notice of Abolishing, Ceasing and Consolidating the Collection of Parts of Administration Fees. <p>RISK CONCLUSION</p> <p>Based on the current requirements and given the governance system in place around the harvesting permit system, the risk for this indicator is assessed as low.</p> <p>Low (Threshold 1):</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>5. Measures for Plant Quarantine Fee Collection of People's Republic of China 1992 - Article 2,3 and 5 http://www.moa.gov.cn/ztzl/gjzwbhg/y/flfg/201205/t20120507_2618504.htm</p> <p>Legal Authority State Forestry Administration</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • Payment receipt for afforestation funds • Payment receipt for plant quarantine fee (small and tiny companies are exempt from the fee) 	<p>China Science and Technology Thesis Online. Accessed at 27th Dec. 2015 at http://www.doc88.com/p-018966758363.html</p> <p>2. Liu Xia, Forestry-related tax and fee reform in China, Rural Finance and Fiscal, accessed on 2nd August 2015 at http://doc.mbalib.com/view/599fa18f96cd06d8e3e86c2ea7337403.html (no English translation found)</p> <p>3. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>4. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p>	<p>Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
		<p>5. Maoming Daily. Cancellation of commercial forest afforestation fund (2015-3-10), http://economy.gmw.cn/newspaper/2015-03/10/content_105027756.htm.</p> <p>The following organizations and their experts are interviewed:</p> <ol style="list-style-type: none"> 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs 	
1.6 Value added taxes and other sales taxes	<p>Applicable laws and regulations</p> <ol style="list-style-type: none"> 1. Law of People's Republic of China on the Administration of Tax Collection 2013 - Article 1, 2 and 4; http://www.gov.cn/banshi/2005-08/31/content_146791.htm 2. Notice of the Ministry of Finance and the State Administration of Taxation on Immediate Reimbursement of VAT after Collection Levied on Comprehensive Utilization Product 	<p>Government sources</p> <ol style="list-style-type: none"> 1. Official website of State Forestry Administration. The comprehensive use of forest resource was supported by policies again, with tax return policy implemented on 8 kinds of forest related products (2009-12-23). http://www.forestry.gov.cn/portal/sbj/s/2652/content-417886.html 2. Shandong timber industry updating forum (2015-6-10), http://www.lknet.ac.cn/page/mulresultbr 	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <ul style="list-style-type: none"> Any invoice provides evidence for a goods transaction. In China, taxation is closely linked with an invoice (including VAT invoice or Fapiaos) and is controlled such that these demonstrate that a company pays tax and is evidence for tax reimbursement. Taxpayers who engage in production and trading must apply for a Tax Registration Certificate with a business license and other required documents within 30 days of obtaining the business license. According to Fapiao Administration Measure of PRC and relevant rules by Taxation authorities, VAT invoices used by VAT tax payers are administered by State Administration of Taxation and must be purchased from local taxation authorities. Up to now, the Chinese government has issued some notices on the exemption or reduction of taxes on forest enterprises. Currently, there are

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>Manufactured by Three Surplus ages and inferior log, 3rd August 2006 http://www.mof.gov.cn/zhengwuxinxi/caizhengwengao/caizhengbuwengao2006/caizhengbu20069/200805/t20080519_24448.html</p> <p>3. Interim VAT Regulation of People's Republic of China, 2008 - Article 15, 20 and 21 http://www.gov.cn/zxft/ft162/content_1171395.htm</p> <p>4. Regulation Bylaw of Interim VAT Regulation of People's Republic of China, 2008-Article 35 http://www.gov.cn/flfg/2008-12/18/content_1181744.htm</p> <p>5. Invoice Management Measure of People's Republic of China (2010 revised), 1993 http://www.chinanews.com/fz/2010/12-27/2748437.shtml</p>	<p>w.cbs?ResName=mrwx&ResultFile=c%3A%2Ftemp%2Ftbs%2FI29261348%2Etmp&order=5&begin=1&RecordCount=9</p> <p>3. Official website of State Forestry Administration. The approval of establishing national timber trading and processing demonstration plot in Rizhao, Shandong from State Forestry Administration (2008-7-4), http://www.forestry.gov.cn/main/4818/content-796481.html</p> <p>4. The implementation of the forestry-related tax and fee reform has good effect (2017-04-13) http://gas.newssc.org/system/20170413/002155164.html</p> <p>Non-Government sources</p> <p>1. Liu Xia, Forestry-related tax and fee reform in China, Rural Finance and Fiscal, accessed on 2nd August 2015 at http://doc.mbalib.com/view/599fa18f96c</p>	<p>only three relevant taxes, including: i. Value Added Tax (VAT); ii. City maintenance and construction tax; and iii. Income tax. However, VAT tax exemptions exist in a number of cases;</p> <ul style="list-style-type: none"> - Companies using residues to produce products - Forest management companies or individuals who sell their own products, for example, sales of round wood are exempt from VAT tax where the forest management unit sells the logs it produces. - Individuals who don't register as a legal entity but are allowed to sell individual trees scattered or distributed on their land are not required to issue invoices. They are also not required to pay VAT according to the Interim VAT Regulation. <p>All non-exempt forestry-related companies need to issue invoices when selling wood-products. Via China's tax collection control system, these invoices are used as the evidence of VAT tax payment. Invoice/Fapiaos have a uniform format and requirements and are printed on special paper. Invoice books are printed and sold by the tax authorities which are responsible for monitoring and supervising tax collection based on these documents.</p> <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● Through interviews during the field verifications, it indicates that after the tax collection reform in China, tax authorities have a better control for taxation, which eliminates the possible ways of tax avoidance. ● The incorporation of sale tax into the VAT reduces the roundabout payment of various taxes.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>Legal Authority State Administration of Taxation and taxation authorities at different levels</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • VAT invoice issued by companies - 13% VAT levied on logs, forest products produced and sold by the same forest producer exempt from this VAT; - 4% VAT for small commercial businesses • Invoice 	<p>d06d8e3e86c2ea7337403.html</p> <p>2. Zhang Li. 2012. Forestry Law and Regulation and Enforcement. China Forestry Publisher.</p> <p>3. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>4. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReportsBusiness tax has been substituted by added-value tax. http://baike.baidu.com/link?url=h7A7FL2e2vTjwrPVdL2vE39r5is-oeZEK1I9OCueg6w31ZE3stPfkKMqTMDgwbOwuv2ut8tnmcJAb8E5ucuV8HSZHP-6Cz-jAwogOC8gpFN_pFNvhqFTqMq1YIHW</p>	<ul style="list-style-type: none"> • From the academic study on VAT and other sale taxes (1), it can be seen that forestry management enterprises need to pay limited taxes, which is taken as an incentive to encourage forest management activities. • Shandong State-owned forest farms pay the VAT by issuing the VAT invoice. • Online checks are provided online in Shandong for identifying the fake VAT invoice to stop the tax avoidance. • Individual farmers who cut their own scattered distributed trees around their houses and on their farmland cannot give invoice since they are not a legal entity. And farmers therefore are not required to pay VAT. If the VAT is needed, the farmers could apply from the local taxation authorities or issued by the downstream entities. The downstream entities who purchase raw material from farmer issue self-billing invoices of primary forest products, the VAT is paid by those buyers. • Through interviews during the field verifications, it indicates that after the tax collection reform in China, tax authorities have a better control for taxation, which eliminates the possible ways of tax avoidance. <p>RISK CONCLUSION</p> <p>Based on the risk description above, the risk of this indicator has is assessed as low in Shandong Province.</p> <p>Low (Threshold 1):</p> <p>Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
		c40diuSDGj8jurL0KtABiq7kmAawC2OObu8GsjG0v0eGe 5. Questions frequently asked regarding agricultural product invoices (2014-06-11). http://www.kuaiji.com/shiwu/1637566 The following organizations and their experts are interviewed: 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs	
1.7 Income and profit taxes	Applicable laws and regulations 1. Law of People's Republic of China on the Administration of Tax Collection 2013 - Article 1, 2 and 4 http://en.pkulaw.cn/display.aspx?cgid=206072&lib=law 2. Notice of Ministry of Finance and State Administration of Taxation on Forestry Taxation Policy 2001 - Article 2	Government sources 1. The People's Government of Xinshao county. Preferential approval of business income tax of forestry enterprises, http://www.xinshao.gov.cn/articles/199/2014-11/18074.html 2. Three issues of agriculture. Preferential policy for forestry tax (2015-4-16):	OVERVIEW OF LEGAL REQUIREMENTS <ul style="list-style-type: none"> ● In China, income and profit tax payments are under strict control. ● According to the law on Enterprise Income Tax, companies must pay the income tax at 25% of their taxable income. The law also provides for income tax exemptions and reductions. There are two related to forestry companies: i. forestry, agriculture, farming, fishery business activities may be exempted from income tax requirements; and ii. small and micro-enterprises may pay the income tax at 20% of their income. ● Furthermore, according to the notices issued by the Ministry of Finance and State Administration of Taxation, income tax and profit tax exemptions may apply in two cases:

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://wenku.baidu.com/link?url=ftcih8V9O-GV82mhzm5p9BPCOLMOqyVmrBKJrYiFXp3F_g97efoueFylcvA4Q8kYmD8LRvaZiYb5o4Wz7G8HeO5ek-cQjAfYmVJi8hUSGgu</p> <p>3. Notice of the Ministry of Finance and the State Administration of Taxation on Company Income Tax Collection by State-owned agriculture enterprises 1997 - Article 2 and Annex 1, 3 and 4 http://www.chinaacc.com/new/63/67/88/1997/5/ad25921610111857991992.htm</p> <p>4. Law of the People's Republic of China on Enterprise Income Tax 2007-Article 1, 4, 27, 28 http://wenku.baidu.com/link?url=RYJptti2iMZ-o-8xJUZ5IDPY7WNsJQCDIJDRayOu7xlnjP42SOizqDA3R39rWhaFWMGcFXT5B956LeTsmjJPAvCLbjMkMH</p>	<p>http://www.snkx.org/Article/news/201504/2396.html</p> <p>Non-Government sources</p> <p>1. Liu Xia, Forestry-related tax and fee reform in China, Rural Finance and Fiscal, accessed on 2nd August 2015 at http://doc.mbalib.com/view/599fa18f96cd06d8e3e86c2ea7337403.html</p> <p>2. Docin library, Forestry taxes and fees, accessed on 2nd August 2015 at http://www.docin.com/p-747196452.html</p> <p>3. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>4. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/w</p>	<p>- Enterprises engaged in forest management, seedling breeding and primary timber processing are exempt from income tax and profit taxes.</p> <p>- Secondary processing companies that use small-diameter logs, logging residues or processing residues of materials to process wood-based panel, chips, fodders, pulp, charcoal, particles, etc. are also exempted from income tax.</p> <p>Additionally, income tax exemption is also permitted in the case of some state-owned forest farms at the border areas with other countries. All other companies shall pay the income tax.</p> <ul style="list-style-type: none"> ● If a company is also engaged in other business activities other than forest management, seedling production and primary processing (which are exempt from income tax) it shall account the business separately from the tax exempted business. If mixed together, all income tax shall be collected for the entire business. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● According to the laws and notices, zero tax is now implemented in China for many forest-related companies and individual farms. This analysis is supported by the thesis of Liu Xia (1) and Docin library (2) which also highlight the fact that after the issuing by central government of a series of notices to lessen the tax burden on forestry companies, most forest-related companies are exempted from income tax, especially forest management units and primary processors. It is considered that income tax avoidance is not a risk of any significant proportion.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	KIJOXzWUxyzES 5. Invoice Management Measure of People's Republic of China (2010 revised), 1993 http://www.chinanews.com/fz/2010/12-27/2748437.shtml Legal Authority State Administration of Taxation Legally required documents or records <ul style="list-style-type: none"> • Annual income tax declaration form • Invoice and other evidences 	gi/index.aspx#countryReports The following organizations and their experts are interviewed: 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs	RISK CONCLUSION Based on the available information, the risk of this indicator is assessed as low in Shandong Province. Low (Threshold 1): Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.
Timber harvesting activities			
1.8 Timber harvesting regulations	Applicable laws and regulations 1. Measures for the Administration of Forest Logging and Regeneration 2011; http://www.gov.cn/gongbao/content/2011/content_1860813.htm	Government sources - Non-Government sources 1. Yuanan Forest Bureau website, type and method for forest harvesting, accessed on 30st September 2015 at	OVERVIEW OF LEGAL REQUIREMENTS In China, there is a number of forest harvesting regulations to regulate the harvesting operations. <ul style="list-style-type: none"> • The Forest Law and other laws and regulations in China make specific stipulations on timber harvesting. The Forest Law provides that companies/individuals must apply to the county-level forestry authority where forest land is located in order to obtain a timber Harvesting Permit

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>2. Technical Code for Forest Logging Operations 2005 http://www.hsly.gov.cn/DocHtml/1/2010/10/11/975634545394.html</p> <p>3. Forest Law of People's Republic of China 2009 - Article 31, 34 and 35; http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law</p> <p>4. Criminal Law 2011 - Article 344,345, 407 http://www.lawtime.cn/faguizt/23.html</p> <p>5. Explanation of Several Issues of The Supreme People's Court on Specific Application of Laws for Hearing the Criminal Case in Forest Resources Damages 2000 http://www.forestry.gov.cn/portal/zfs/s/809/content-105803.html</p>	<p>http://www.yuanan.gov.cn/art/2014/12/3/art_63_316942.html</p> <p>2. Wang Zhigao. 2013. Working manner for forest resources supervision and governance. China Forestry Press.</p> <p>3. Chinese Academy of Forestry, FSC Controlled Wood field investigation report. Internal use.</p> <p>4. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>5. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>The following organizations and their experts are interviewed: 1. Shandong Forestry Bureau</p>	<p>in accordance with annual harvesting quota, and the operation must follow the requirements of operation design, harvesting operation practices, forest regeneration, health and safety, post-harvesting checks etc.</p> <ul style="list-style-type: none"> ● All harvesters must meet the relevant technical requirements. Four types of forest harvesting are adopted in China: i. mainstay cutting, ii. tending cutting, iii. regeneration cutting and iv. low-efficiency forest cutting for improvement. Forest companies must choose the right method based on the condition of forest to be harvested. Natural forest is not allowed to be clear cut. ● Before the harvesting operation, forest management units must prepare the cutting area inventory. Based on the inventory results, the harvesting methods and harvesting preparation plan will be designed, which finally results in the formation of harvesting plan, which should be approved by higher forestry authorities. The design plan is valid for two years. ● The harvesting operation must follow the design plan strictly and the conditions on the harvesting permit, which are required to be held at the site of harvesting. The area, volume and timber produced must not surpass the allowed error of the design plan. Additionally, harvesting must not cause significant damage on remaining forest resource and young trees must be well protected. ● Also, after harvesting, the harvesting operation shall be inspected. State-owned forest bureau or forest management bureau will inspect and accept the harvesting operation by their forest farms, while operations by

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>6. SFA Opinion on Improvement of Harvesting Administration for Commercial Plantations 2003 - Article 2,3 and 5 http://www.forestry.gov.cn/portal/main/govfile/13/govfile_1130.html</p> <p>Legal Authority State Forestry Administration</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • <i>Logging records and harvest volume records</i> (consistent with <i>Logging Operation Design and Harvesting Permit</i>); • <i>(Harvest area) Inspection and acceptance Certificate</i> for state or locally owned forest farms 	<p>2. IKEA 3. Some private FMUs</p>	<p>locally owned forest farms will be inspected for approval by higher forestry bureau.</p> <ul style="list-style-type: none"> ● National Forest Harvesting Management System was applied nationwide since 2015, which provides the enabling condition for online issuance of the permit and verification of relevant documents required for the permit application. This IT-based management system could improve the efficiency of formality, regulate the procedures of application, and establish the supervisory platform for the permit. But, this system is only for internal use among forestry authorities at different levels. ● Shandong developed strict and specific management framework and system for licensed harvesting by issuing a series of rules and regulations, including Shandong Forest Resources Management Rule (2006), Shandong Forest Harvesting and Regeneration Management Measures and Shandong Timber Transportation Management Measures, and other rules on forest law enforcements. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● According to the CAF investigation on FSC Controlled Wood (3) in different counties nationwide, state- or locally owned- forest farms broadly follow the legislative requirements on harvesting plan design, publicizing of the harvesting operation, and also follow the technical requirements on harvesting. Also, local forest authorities implement properly their duty to inspect and accept the quality of harvesting operation with the priority concerns being the protection of young trees and minimizing waste during

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
			<p>harvesting. Shandong follow the regulations on harvesting and also developed its own rules on harvesting, in particular on logging activities.</p> <p>RISK CONCLUSION Based on the available information, the risk of this indicator is assessed as low in Shandong Province.</p> <p>Low (Threshold 1): Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>
1.9 Protected sites and species	<p>Applicable laws and regulations</p> <p>1. Forest Law of People's Republic of China 2009 - Article 4, 24, 25 and 38 ; http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law</p> <p>2. Technical Code for Ecological Forest Establishment 2001-Article 5(1)B and C; http://www.forestry.gov.cn/portal/xby/s/1312/content-127443.html</p>	<p>Government sources</p> <p>-</p> <p>Non-Government sources</p> <p>1. Protection countermeasures for endangered wildlife, accessed on 4 August 2015 at http://www.xzbu.com/3/view-4413243.htm</p> <p>2. National synthesis analysis on forest ecosystem to indicate the improved management of protected area networking, accessed on 4 August 2015</p>	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <ul style="list-style-type: none"> ● The forests that cover the protected areas and the areas inhabited by protected species are classified as ecological forests. Those forests are classified into three types, including national level ecological forests, provincial level ecological forests, and district level ecological forests, which are well protected according to the laws and regulations. Logging in ecological forests is strictly prohibited unless it is approved by corresponding authorities. ● Forests are divided into commercial forest and ecological forest based on their principal function. Ecological forests are located in key ecological areas as protected forests, conserved for special uses in some cases. <i>The Technical Code for Ecological Forest Establishment</i> defines the method, mode and species selection for ecological forest establishment of different types, as well as their management and tending. According to

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>3. Measures for Demarcating National-Level Ecological Forests 2010 - Article 7. http://www.forestry.gov.cn/portal/xby/s/1277/content-126974.html</p> <p>4. Nature Reserve Regulation of P.R. China 1994 - Article 2,3,10,11,12,14,15,18,26,27,28,29,32 http://www.gov.cn/ziliao/flfg/2005-09/27/content_70636.htm</p> <p>5. Measures for National-level Nature Reserve Monitoring and Check 2006 - Article 3,7,10,13,14,18,19 http://www.fdi.gov.cn/1800000121_23_61805_0_7.html</p> <p>6. Wild Plant Protection Regulation 1996 - Chapter 3 http://www.forestry.gov.cn/portal/jsxh/s/3477/content-537529.html</p>	<p>at https://www.cbd.int/doc/world/cn/cn-nr-fe-en.pdf</p> <p>3. China's Fifth National Report on the Implementation of the Convention on Biological Diversity, accessed on 4 August 2015 at https://www.biodiv.org/world/parties.asp and https://www.cbd.int/doc/world/cn/cn-nr-05-en.pdf</p> <p>4. Technical Regulation on Reconstruction of Low-Function Forest and: http://www.chinadaily.com.cn/china/2015-10/23/content_22262635.htm and http://www.greenpeace.org/eastasia/publications/reports/forests/2015/report-illegal-logging-sichuan/</p> <p>5. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#C</p>	<p><i>The Wild Plant Protection Regulation</i>, the government shall enhance the protection of wild plant resources, and actively develop and reasonably use the wild plant resources. The State Council enacted the <i>National Key Protected Wild Plant List</i> (First batch), and the local key protected wild life lists are enacted by provinces.</p> <ul style="list-style-type: none"> ● There is a well-established system of natural reserves and corresponding laws and regulations in China. According to laws regarding nature reserves, the government is required to implement policies that is beneficiary to the protection of nature reserves, and to integrate the sustainable development of nature reserves into the plan of national economic development. Harvesting, hunting, grazing of livestock, fishing, land-reclaiming, mining and quarrying are not permitted in nature reserves unless in the ones with lower protection levels (e.g. class 3 protected forest). In the core and buffer areas of nature reserves, no production facilities shall be constructed. It is also not permitted to enter the core area. No tourism or production activities are permitted in the buffer zone of nature reserves. Anyone wishing to conduct scientific investigation or study must apply for entrance approval from the administration departments of the nature reserve by submitting an activities plan. ● In the area where national- or local-level key protected species are distributed, a nature reserve must be set up to protect the species, and protection signage will be established accordingly, which is forbidden to be destroyed. Wildlife growth shall be monitored to protect the species and its habitats. If projects have negative impacts on the growth environment of wildlife, an evaluation must be carried out by the project

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>7. Administration Measures for National-level Ecological Forestry 2013-Chapter 2.3 and 4 http://www.gov.cn/gzdt/2013-06/09/content_2423499.htm</p> <p>8. Shandong natural conservation area list http://sts.mep.gov.cn/zrbhq/zrbhq/201309/t20130927_260954.shtml</p> <p>9. Regulation for the management of forest and wildlife type in nature reserves in Shandong https://baike.baidu.com/item/%E5%B1%B1%E4%B8%9C%E7%9C%81%E6%A3%AE%E6%9E%97%E5%92%8C%E9%87%8E%E7%94%9F%E5%8A%A8%E7%89%A9%E7%B1%BB%E5%9E%8B%E8%87%AA%E7%84%B6%E4%BF%9D%E6%8A%A4%E5%8C%BA%E7%AE%A1%E7%90%86%E5%8A%9E%E6%B3%95%EF%BC%882010%E5%B9</p>	<p>HN</p> <p>6. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>7. Life Daily, Shandong has investigated 321 criminal cases in forestry filed. http://shrb.qlwb.com.cn/shrb/content/20170218/ArticleS07002JQ.htm</p> <p>Conversations with Experts Discussions with different experts (conducted during the week 30th November to 4th December 2015 as well as by telephone/email before and after these dates) has helped the authors of this report to better understand the applicable laws and risks associated with each category of legislation. In order for readers to have indication of the extent of the interviewed sources – and to show our</p>	<p>implementer and be reviewed and approved by environment protection authorities after consulting other relevant organizations.</p> <ul style="list-style-type: none"> According to relevant laws and regulations on the establishment of non-commercial forest, commercial harvesting is not permitted---logging is solely for the purposes of encouraging natural regeneration and forest tending. An integrated system of protection and management relating to wildlife, NTFP resource exploration and utilization, road and other construction and other related matters, has been established. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> China and Shandong have setup authorities for nature reserves management. There are well established relevant administrative organizations in charge of natural reserve protection. The State Council environment administrative responsible department is responsible for national reserves' management. And forestry, agriculture, mining, water conservation, marine (and related administrative departments) manage natural reserves in their own areas of responsibility. The local governments at different levels in Shandong set up the bodies responsible for wildlife protection and set their terms of references. There are well established relevant administrative organizations in charge of natural reserve protection. The State Council environment administrative responsible department is responsible for national reserves' management. And forestry, agriculture, mining, water conservation, marine (and related administrative departments) manage natural reserves in their own areas of responsibility. By 2015, there were

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>%B4%E4%BF%AE%E8%AE%A2%EF%BC%89/18570170</p> <p>Legal Authority State Forestry Administration</p> <p>Ministry of Environment Protection for Nature Reserve Regulation</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • <i>Forest Harvesting Permit</i> issued by the relevant forestry authority at or above county level (with description of species, location, logging method and logging prohibition area); • <i>List of local rare and endangered species</i> - provided by state-owned forest farms • <i>Ecological forest distribution map</i> - provided by local forestry bureau or state-owned forest farms 	<p>appreciation - below is a list of the experts with whom an interview was conducted with respect to this sub-category of legislation. We have not cited directly the interviewee, unless mentioned in the text of column J.</p> <ol style="list-style-type: none"> 1. Junzuo Zhang: Team Leader (China-UK Collaboration on International Forest Investment & Trade Programme - All 2. Jin Hong Man: Director, General Administration of Customs, PRC - 1.19, 1.20 3. Professor LU Mengzhu: Researcher, CAF - Category 5 4. Chen Xiaoqian: Director of China Office EFI - 1.1 - 1.4, 1.16, 1.17, 1.18, 1.19 + overall 	<p>66 nature reserves across Shandong, accounting for 6% of provincial territory to protect the species such as swan, spotted deer, egrets, forest vegetation. These species are put under strict protection.</p> <ul style="list-style-type: none"> ● There have been no recent reports on the adverse impacts of forest management or harvesting activities on protected area or species. In protected sites, only thinning and intermediate harvesting is allowed after review and approval by forest authorities at or above provincial level. Also, sufficiently robust protection and management systems have been adopted for wildlife, non-wood resources development and utilization, roads and other infrastructure. Complete forest closure without harvesting is practiced in areas with fragile ecological environments, core areas and buffer areas of nature reserves, ecological forest which is hard to regenerate after harvesting, etc. ● As the signatory country to the Framework Convention on the Conservation of Bio-Diversity, China has developed bio-diversity protection activities plan and has submitted national reports on the implementation of the Convention. According to the Fifth China National Report (3), China's bio-diversity protection work has made significant achievements in establishing bio-diversity protection and management systems. ● Shandong enforced the national regulations on ecological forest and issued Shandong Implementation of National Ecological Forest Management Measures, which forbids the commercial cutting of national and provincial ecological forest. In 2015, the forest in Shandong covers

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
		<p>5. Cui Wushe: Division Director, SFA - 1.1 - 1.4, 1.8 - 1.10 + overall</p> <p>6. Jin Jiamin: Executive Director Global Environmental Institute (China) - 1.19,</p> <p>7. Customs official (offices of GEI) Officer Tianjin Customs - 1.19, 1.20</p> <p>8. Xu Jintao: Professor Beijing University - 1.1</p> <p>9. Stone Sun: Forestry Specialist IKEA Purchasing Service (China) Co. Ltd 1.1 - 1-4, 1.11, 1.12 + overall</p> <p>10. Professor Cheng Boadong: Professor Beijing Forestry University - 1.17, 1.18</p> <p>11. Sun Xiufang: Program Analyst, Forest Trade and Finance, China, Forest Trends - All</p>	<p>3.47 million ha, with the coverage at 19%, while the ecological forest is 1.89million ha, 54.7% of the total.</p> <ul style="list-style-type: none"> ● According to interviews with experts, Shandong strictly enforces the law and regulations on wildlife protection and issued Shandong Measures for Nature Reserves on Forest and Wildlife which required to establish nature reserves in where typical nature ecosystem and rare or specially protectively valuable species lie. No harvesting or other extractive activities are allowed there. ● Current researches indicate that Shandong has established sound nature reserve system, effectively covering the majority of protected species in Shandong province, which has achieved good conservation effects for most of the protected species growing in corresponding nature reserves. ● According to the research by LIAN Haiyan, since 2003, the number of <i>Ciconia boyciana</i> breeding population has steadily increased as a result of effective management of the Yellow River Delta National Nature Reserve of Shandong. GE Haiyan's research and TANG Xiaoping's research indicate that Shandong Yellow River Delta is well protected with the number of several species (wild plants and aquatic birds) increasing steadily since 2010. According to the research by LIU Guoning, Changyi Marine Reserve of Shandong is well managed, and the protected plants are not negatively affected by any management activities. ● There is no research paper or media reports revealing that protected species in Shandong are threatened by forest management activities.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
		<p>12. Xu Bin: Associate Professor, CAF - 1.1 - 1.20</p> <p>13. Sofia Ryder: Director, Source Responsible Consulting Ltd - All</p> <p>14. LIU Guoning. Protection Measures for Typical Species in Marine Protected Areas based on the Analysis of Genetic Diversity: Take <i>Tamarix chinensis</i> in Shandong Nearby National Special Marine Reserve as an Example, <i>Ocean Development and Management</i>, 2017(6).</p> <p>15. LIAN Haiyan. Conservation Status of <i>Ciconia boyciana</i> in the Yellow River Delta Nature reserve of Shandong Province, <i>Science and Technology Innovation Herald</i>, 2011.</p> <p>16. TANG Xiaoping. The Effects of the Grid Method of Wetland Restoration in Shandong Yellow River Delta, <i>Forest Resources Management</i>, 2013 (2).</p>	<p>RISK CONCLUSION</p> <p>Based on the available information, the risk of this indicator is low in Shandong Province.</p> <p>Low (Threshold 1):</p> <p>Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
		<p>17. GE Haiyan. Assessing the Water Supplementation Effects of Shandong Yellow River Delta Nature Reserves, <i>Shandong Forestry Science and Technology</i>, 2012(5).</p> <p>The following organizations and their experts are interviewed:</p> <ol style="list-style-type: none"> 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs 	
1.10 Environm ental requireme nts	<p>Applicable laws and regulations</p> <ol style="list-style-type: none"> 1. Technical Code for Ecological Forest Establishment 2001 - Article 4(2); http://www.forestry.gov.cn/portal/xby/s/1312/content-127443.html 2. SFA Opinion on Improvement of Harvesting Administration for Commercial Plantations 2003 - Article 14 	<p>Government sources</p> <ol style="list-style-type: none"> 1. Fengjie County Government website, Twelfth Five Year Plan making new requirement on forestry ecological environment, accessed on 8th October 2015 at http://fj.cq.gov.cn/zfxx/news/2010-10/939_20468.shtml 2. China Forestry website, Yongchuan in Chongqing Green for Grain Program beautifying environment, accessed on 	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <p>China has some laws in terms of environment requirements:</p> <ul style="list-style-type: none"> ● SFA Opinion on Improvement of Harvesting Administration for Commercial Plantations states that the harvesting of commercial plantations shall consider its impact on ecological environment and land and water conservation, and that clear-cutting areas on slopes above 15 degrees shall not be more than 5 ha in size. ● The Law on Environmental Impact Assessments applies to land use planning and architecture/infrastructure projects by governments and relevant agencies. The EIA is required during the preparation of construction, development and utilization planning for land uses, and the text of planning also shall have a specific chapter or explanation for the EIA.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://www.forestry.gov.cn/portal/main/govfile/13/govfile_1130.html</p> <p>3. Technical Code for Forest Logging Operations 2005 - Article 4 (2) http://www.hsly.gov.cn/DocHtml/1/2010/10/11/975634545394.html</p> <p>4. Law of the People's Republic of China on Environmental Impact Assessment 2003- Chapter 1 and 2 http://www.china-eia.com/en/policiesregulations/lawsregulations/4659.htm</p> <p>5. Forest Law of People's Republic of China 2009 - Article 21 http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law</p> <p>6. Forest Fire Prevention Regulation 2009</p>	<p>8th October 2015 at www.forestry.gov.cn/portal/main/s/435/content-653193.html</p> <p>Non-Government sources</p> <p>1. Phoenix News, 2015=09-16. Eulogy to Tianshan: Xinjiang towards new chapter of ecological civilization. Accessed on 8th October 2015 at http://news.ifeng.com/a/20150918/44682403_0.shtml</p> <p>2. gscn.com.cn, Department of Environment Protection and State Forestry Administration giving a verbal warning to Zhangye Government agencies on Qilian Mount ecological environment, accessed on 8th October 2015 at http://gansu.gscn.com.cn/system/2015/10/08/011129431.shtml</p> <p>3. Transparency International Corruption Perception Index 2017 for China:</p>	<ul style="list-style-type: none"> ● The Forestry Law provides that efforts shall be taken to prevent and control forest fires by government at different levels. The Forest Fire Prevention Regulation states that local government shall define a forest fire responsibility zone, in which a system for regular checking of the potential factors relevant to forest fires is established - and to prevent their potential occurrence. At the same time, government at county level or above shall define a forest fire prevention period based on forest conditions and fire occurrence rules. During the period, no entrance is allowed into forest unless with approval from government. ● The Soil and Water Retention Law provides that plants and vegetation be protected from soil and water loss in ecologically fragile areas. Deforestation is forbidden within soil and water loss designated areas and forest harvesting must be conducted in a responsible manner, while clear cutting is forbidden. Only thinning and regeneration cutting are allowed for water conservancy forest, windbreak forest or other protective forest types. Measures must be adopted to prevent soil and water loss in harvesting areas and skidding roads. <ul style="list-style-type: none"> - If forests are harvested in forest regions, the harvesting plan must include soil and water retention measures. When approved by forestry authorities, the plan shall be implemented under the oversight of forestry and water authorities. - Soil and water retention measures shall be also adopted for the planting, young forest thinning on slopes more than 5 degrees. ● Forestry Law and Forest Disease and Pest Prevention Regulation requires that measures be taken to prevent the occurrence of forest

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://www.gov.cn/flfg/2008-12/05/content_1171407.htm</p> <p>7. Forest Disease and Pest Control Regulation 1989 http://www.gov.cn/flfg/2005-09/27/content_70642.htm</p> <p>8. Soil and Water Retention Law 2010 revised - Article 18-23 http://www.gov.cn/flfg/2010-12/25/content_1773571.htm</p> <p>9. The prohibited pesticides list. https://wenku.baidu.com/view/ab88857dfd0a79563d1e7214.html</p> <p>Legal Authority State Forestry Administration Ministry of Environment Protection for the Law on Environment Impact Assessment Ministry of Agriculture</p>	<p>http://www.transparency.org/country/#CHN</p> <p>4. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>5. Effects of Robinia Pseudoacacia Plantations on Soil Chemical Properties in Yellow River Delta, <i>Bulletin of Soil and Water Conservation</i>, 2014(3).</p> <p>6. CHEN Yinping. Effects of Different Plantation Types on Soil Ecological Stoichiometry in Yellow Delta, <i>Chinese Journal of Soil Science</i>, 2017(4).</p> <p>7. WANG Guixia, Evaluation of environmental benefit in the coastal mixed young plantation in Jiaonan, <i>Shandong Forestry Science and Technology</i>, 2004(2).</p> <p>The following organizations and their experts are interviewed:</p>	<p>diseases and pests in forest management activities, to prevent the introduction of overseas diseases and pests and to protect healthy specimens in the forest. Severe forest diseases and pest outbreaks must be reported to forestry authorities at different levels depending to the extent of severity, for immediate control.</p> <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● According to the news on China's 12th Five-Year Plan (2011-2015) (Government sources 1) which includes new requirements on ecological and environmental forestry, the government has requested the improvement of ecological values by implementing ecological restoration projects and strengthening the implementation of projects such as: natural forest protection; conversion of agriculture land to forest so as to conserve water; retention of water and soil; preventing sand-loss and wind breaks implementation, as well as protecting biodiversity. ● The news found on China Forestry website (2) and Phoenix News (1) indicate that ecological values has improved after government has taken measures to improve the environment. Projects such as green for grain program have made significant contributions to local water conservation, air purification, and environment improvement. News from gscn.com.cn demonstrate that environment protection related government departments have strengthened their inspection, supervision and monitoring of environmental protection to ensure forest management, harvesting and protection meet environment requirements.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	Legally required documents or records <ul style="list-style-type: none"> • Approved Forest Management Plan • Approved Forest Harvesting Plan 	1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs	<ul style="list-style-type: none"> ● Ministry of Agriculture issued the prohibited pesticides list. It indicated the pesticide name that could not be produced and sold. ● Shandong has a sound management system in terms of pest and diseases, forest fire and monitoring. The expert interviews confirmed that the procedures for pest and disease control have been put in place and implemented, including measures taken to: prevent the occurrence of forest diseases and pests in forest management activities; to prevent the introduction of overseas diseases and pests and to protect healthy specimens in the forest. Severe forest diseases and pest outbreaks must be reported to forestry authorities at different levels depending to the extent of severity, for immediate control. ● According to expert and local stakeholder interviews, Shandong strictly enforces national regulations on pests and diseases, and has issued the opinions on further strengthening the control over harmful forest organisms, to enhance the monitoring and forecasting and implement the classified management over the pests and diseases. Also, Shandong improved the management framework and system on forest fire by issuing relevant measures and setting up corresponding bodies. ● Current researches indicate that the environmental effects of plantations in Shandong Province are quite positive. According to DONG Haifeng's research, <i>Robinia Pseudoacacia</i> Plantations in Yellow River Delta (Yellow River Delta is located in Shandong Provinces, where many cities of Shandong have been built) have caused positive effects on the improvement of soil fertility. According to CHEN Yinping's research, 7 types of plantations on Yellow River Delta all play positive roles in improving the

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			<p>soil nutrients and soil physical properties. Based on WANG Guixia's research, coastal mixed young plantation in Jiaonan have contributed significantly to adjusting temperature of air and soil, lowering wind speed, increasing air relative humidity and improving soil structure, and enlarging soil porosity.</p> <ul style="list-style-type: none"> There is not any negative report regarding to disobey the environmental regulations. <p>RISK CONCLUSION Based on the information available, the risk of this indicator is assessed as low in Shandong Province.</p> <p>Low (Threshold 1): Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>
1.11 Health and safety	<p>Applicable laws and regulations</p> <p>1. Law of People's Republic of China on Prevention and Control of Occupational Disease 2011; http://www.lawinfochina.com/display.aspx?lib=law&id=9208&CGid=</p> <p>2. Labor Law of People's Republic of China 2009-Chapter 6-7</p>	<p>Government sources</p> <p>1. Subsidies policy for employers' housing of forest management enterprises in natural forest protection program area, http://www.forestry.gov.cn/portal/main/s/4045/content-637137.html</p>	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <ul style="list-style-type: none"> Shandong has formulated and implemented a legal system to ensure and protect the safety and health of laborers in light of national relevant laws and regulations, including the safety and health of employees from forest management enterprises. Organizations are required to establish a sound labor health and safety system and comply with requirements in this regard against accidents in the workplace and in reducing occupational hazards. Organizations must ensure adequate health and safety conditions exist and necessary

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	<p>http://www.btophr.com/s_arb/71.shtm</p> <p>3. Women Labor Protection Law 2012 http://www.66law.cn/tiaoli/465.aspx</p> <p>4. Work Safety Law of the People's Republic of China (amended) 2014 - Chapter 2 – 4 http://www.safahoo.com/Laws/Interpretation/201502/384140.shtml</p> <p>5. Technical Code for Forest Logging Operations 2005 -Article 11.1.2, Appendix C. http://www.hsly.gov.cn/DocHtml/1/2010/10/11/975634545394.html</p> <p>Legal Authority Ministry of Human Resources and Social Security</p>	<p>2. Subsidies policy for employers' social security account of forest management enterprises in nature forest protection program area, http://www.forestry.gov.cn/portal/main/s/4045/content-637138.html</p> <p>3. How to refine the state-owned forest region reform plan, http://www.forestry.gov.cn/portal/main/s/4044/content-749948.html</p> <p>4. Zibo Safety Committee inspected the safety of forestry production (2012-12-28), http://www.forestry.gov.cn/portal/lyjj/s/2427/content-578263.html</p> <p>5. Linshu county strengthened the safety of forestry production (2013-10-28), http://www.forestry.gov.cn/portal/lyjj/s/2427/content-636614.html</p>	<p>appliances and equipment for employees is provided in line with national requirements. Regular health checks must be provided to those who engage in dangerous work. Employees engaging in special operations must be specially trained and qualified.</p> <ul style="list-style-type: none"> ● The Chinese government has also placed special emphasis on protecting workers' basic interests and rights, to improve employment conditions and to promote social equality. The law on work safety provides that employees of a business entity shall be safeguarded against unsafe work practices and be able to perform safe work practices according to the law. It also requires the trade union of a business entity to help develop or amend work safety policy and rules, protect the lawful rights and interests of employees in terms of work safety. ● Organizations which hire workers must create an enabling working environment congruent with occupational sanitary requirements and adopt measures to ensure the health and safety protection. Trade unions must monitor the prevention of occupational diseases to safeguard the legal rights of employees. Organizations must listen to the recommendations of Labor Unions when developing or revising the occupational disease prevention. At the national level, the labor authorities shall establish a treatment system for accidents and occupational diseases - and monitor/gather data on these to pool, report on and address accidents, deaths and occupational diseases. ● Organizations must pay employment injury insurance. People's government is required to ensure the oversight and governance of

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	<p>Legally required documents or records</p> <ul style="list-style-type: none"> • Training Records for safe operation; • Accident Insurance; • Work permit for special occupations. E.g. chainsaw operator; • Outsourcing agreement; • Accident records and related administration procedures and measures 	<p>Non-Government sources</p> <ol style="list-style-type: none"> 1. World Social Protection Report 2014-15: Building economic recovery, inclusive development and social justice, http://www.ilo.org/global/research/global-reports/world-social-security-report/2014/WCMS_245201/lang-en/index.htm 2. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN 3. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports 4. MA Yuhua. Discussing the production safety problems of national forestry farm and the corresponding solutions (2014). 	<p>employment-related injuries to ensure employees to get compensation in accordance with laws.</p> <ul style="list-style-type: none"> ● China provides special labor protection to women by forbidding or not recommending women to engage in jobs with a certain level of work intensity. Women enjoy no less than 90 days for maternal leave. Women who are breast feeding shall not engage in work with a certain level of intensity or which is unsuitable for breast breeding, or to work overtime or night shift. ● China also has issued to protect female workers' work safety conditions and requires business entities to adopt measures to improve health and safety and working conditions and provide training to female workers. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● The literature review and on-site interviews found that currently, human resources and social security authorities enforce the law to protect the health and safety of laborers. Under this pressure, Shandong Forestry Department has adopted a number of actions such as monitoring and training courses to enhance the forest operation safety as health and safety is much highlighted by the government. China. SFA and Shandong Forestry Department adopt the one-vote veto system for safety, which means if there occurs one health and safety accident, the local forestry bureau will lose the chance to be awarded for safe production by superior authorities and main responsible person may be sanctioned and even lose the chance to be promoted.

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		<p>5. Chinese Academy of Forestry, FSC Controlled Wood field investigation report. Internal use.</p> <p>The following organizations and their experts are interviewed:</p> <ol style="list-style-type: none"> 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs 	<ul style="list-style-type: none"> ● As a result, the state-owned forest farms are serious to ensure the health and safety of workers and even the outsourced contractors. They developed the safety training system for the external and internal safety training, and every year training of some form is held for the staff and workers. Related documentations have been well recorded for the check from super authorities. The basic safety devices and clothes such as helmet, glover, chainsaw trousers have been prepared and provided to workers even though there is no mandatory requirement but a voluntary one in majority of forest farms. These state-owned forest farms pay special attention to and ensure the safety and health of women staff and workers in line with national law and regulation in work arrangement and maternity insurance. All these measures and their implementations have been proved by the CFCC pilot projects. ● As the protection of legal rights of staff has been enhanced as the improvement of national law and regulation on safety and health, forest operation accidents occurrence is much lower than the provincial average rate, according to Shandong Forestry Department although they did not provide specific figures. ● However, the on-site interviews and the CFCC pilot project results showed that some state-owned forest farms and private forest management enterprises, especially the small and medium ones have problems in health and safety. Workers engaged in low intensity operation and FMUs employing them have little awareness of wearing the necessary devices, such glove, helmet, special trousers and boots for safety consideration. Some FMUs even have no safety rules in place and

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			<p>they don't prepare and provide the safety devices for their workers. Even a small number of FMUs developed the safety rules which require the wearing the safety devices, most workers, especially older or skilled ones, are often reluctant to use the safety equipment.</p> <ul style="list-style-type: none"> ● According to the on-site interviews and CFCC pilot project results, FMUs, especially the small and medium ones, pay little attention to the safety training on safety. Few of them developed the training procedure and little training have been provided to workers, who are also oblivious of training. Although state-owned forest farms provide training, the training system is imperfect. ● Relevant research also reveals that private forest management enterprises lack sound systems for safety and health and fail to promote the training on safety issues in Shandong. <p>RISK CONCLUSION</p> <p>Based on the available information, the risk of this indicator is assessed as specified in Shandong Province. Currently there are clear risks of lack of training and awareness of personal protective equipment of the workers; the health and safety of forest workers are at risk in forest operations.</p> <p>Specified (Threshold 2)</p> <p>Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
1.12 Legal employment	Applicable laws and regulations 1. Labor Law of People's Republic of China 2009- Chapter 3,4,6,7 and 9; http://www.btophr.com/s_arb/71.shtm 2. Labor Contract Law 2012- Chapter 3-5, 8-9; http://en.pkulaw.cn/display.aspx?cgid=199310&lib=law 3. Labor Protection Law of People's Republic of China 1994- Article 16, 17, 19, 25, 26 ,28; http://www.doc88.com/p-212659327962.html 4. Trade Union Law 2009 - Article 9, 10, 12, 19, 20, 21 http://en.pkulaw.cn/display.aspx?cgid=37083&lib=law 5. Women Rights Protection Law 2005 -Chapter 4	Government sources 1. Nearly half of the national forestry farms in Shandong were became fully sponsored by the state (2015-3-26): http://news.163.com/15/0326/01/ALJIGA7N00014SEH.html 2. The People's Government of Shandong Province released the notice of the implementation plan of national forestry farm reform(2016-3-22), http://www.Shandong.gov.cn/art/2016/3/22/art_285_9181.html Non-Government sources 1. Chinese Academy of Forestry, FSC Controlled Wood field investigation report. Internal use. 2. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN	OVERVIEW OF LEGAL REQUIREMENTS Shandong has paid great attention to legal employment issues in recent years, and the revised Labor Law makes detailed provision on many aspects of legal employment, mainly including the following: <ul style="list-style-type: none"> ● Laborers enjoy the right to be equally employed, choose their own occupations, receive payment, enjoy leave, get health and safety protection, receive professional and work-related training, have social security and other welfare, apply for settlement of labor disputes and other labor rights in line with laws and regulations. ● Laborers enjoy the right to participate or organize labor unions which represent and safeguard the legal rights of laborers and can carry out activities independently. Laborers can also participate in the management of an organization or carry out negotiations with regards the protection of legal rights by participating in employer meetings, employer representative meeting and others. ● The government at different levels has the obligation to promote the legal employment by providing different employment-related services. Laborers' rights to be employed are protected from any bias based on nationality, ethicality, gender and religion. Employment of juveniles (under 16 years old) is forbidden. ● Organizations have the obligation to sign labor contracts with labors to establish the labor relationship and clarify the right and obligation of both parties. In addition, employees are empowered to engage in collective bargaining with their employers for issues relating to payment, working

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	<p>http://en.pkulaw.cn/display.aspx?cgiid=59781&lib=law</p> <p>6. Regulation of Labor Security Supervision 2004; http://en.pkulaw.cn/display.aspx?cgiid=55940&lib=law</p> <p>Legal Authority Ministry of Human Resources and Social Security State Forestry Administration</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • Name lists for staff and contractors; • Salary payment records; • Employment contracts for permanent and temporary staff <p>NOTE: Social Security card of each worker provides evidence of social security and other insurances paid.</p>	<p>3. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>4. Shandong will complete the reform of national forestry farms by 2017, one of whose major aims is to improve the livelihood of staff in national forestry farms(2016-3-22), http://news.iqilu.com/Shandong/yuanchuang/2016/0322/2726749.shtml</p> <p>The following organizations and their experts are interviewed:</p> <ol style="list-style-type: none"> 1. Shandong Forestry Bureau 2. IKEA 3. Some private FMUs 	<p>time, leaves and rest, work-related health and safety, insurance and welfare issues, and then sign a collective labor contract.</p> <ul style="list-style-type: none"> ● Shandong requires that laborers' working hours per day cannot be more than 8 hours and that the working time per week cannot be more than 44 hours in line with national relevant law. ● Shandong implements a minimal pay (minimum wage) system. Minimal pay is defined by provincial governments and submitted to the State Council for record. ● Organization should establish work-related training systems for the benefit of laborers in light of a training plan developed based on the actual needs. Laborers engaging in technical work shall be trained before conducting such work. ● China has established and is further developing its social security system to enable laborers to have assistance and compensation when retired, falling ill, becoming unemployed or for reasons of maternity. Shandong also follows the system to establish and operate its own social security system. ● During any dispute between an employer and employee, the worker has the right to apply for mediation, arbitration and even lawsuit. The employer may set up a labor dispute mediation committee, which is composed of employee representative, representative of organization and labor union representative who also chairs the committee. ● Labor Security Supervision Regulation requires that the national labor security supervision authorities are responsible of the overall supervision nationwide of labor laws while local supervision authorities are

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			<p>responsible for the work in their jurisdiction and supervise the implementation of labor law.</p> <ul style="list-style-type: none"> ● Forest management enterprises, as legal entities, need to comply with all the above general laws and regulations, including to sign labor contracts, pay social security and insurance on the behalf of their staff, provide vocational training, respect the right of staff to be employed, etc. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● The CAF investigation on FSC Controlled Wood (1) showed that legal employment has been much improved in China. State-owned forest farms or forest enterprises follow legal employment laws and regulations strictly by signing employment contracts, paying workers with wages above the locally-required minimum wage, paying social security insurance and pension insurance, and providing training to workers, etc. They also sign an employment contract with temporary workers and pay required insurances. ● Shandong has established labor supervision bodies to monitoring if enterprises follow the national labor law and regulations and sign labor contract and pay the insurance. The labor supervision bodies tend to protect the rights and interests of workers if there is a dispute. The inspection found that enterprises have followed the national law and regulation in terms of laboring time, professional training and labor union establishment. The state-owned forest farms follow the legal requirements to establish their Labor Unions and develop the collective payment negotiation system. Almost all the worker are the members of Labor

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			<p>Unions and could select their representatives for the collective negotiation for payment if they think it necessary. This was proved through the CFCC pilot projects.</p> <ul style="list-style-type: none"> ● Shandong Interim Measures on Forest Tending Subsidy Pilot Funding Management provides that the tending subsidy could be used to increase employment. The forest tending in state-owned farms shall be done by its workers and the funding could be used to help relieve the life difficulties of its workers. The forest tending in collective forests shall be done by village committees or farmers to protect their rights. The subsidy funding appropriated by the central budget is used to pay the social security for state-owned farm staff. ● Shandong state-owned forest farm basically pay the pension insurance for its staff and workers, sampled 42 state-owned farms pay in full amount the salary, and also pay the pension, medical, working injury and unemployment insurances for its 3474 workers and staff. ● According to the discussion with experts, there is no employment of child labors since the forest operation is labor intense with comparatively low payment. Even some children dropped from school, they would prefer to work in service industry or processing factories rather than work in forestry. Further, there is no slaved labor in forestry as well. ● Experts indicated that slaved labor would easily escape or be found by neighbors since most forestlands are large-scale open land. The collection of news from 2010-2016 by the CAF team also showed that there had no report on children labors and slaved labors in forestry sector in Shandong. Besides, relevant reports on few children labors in other

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			<p>sector showed the companies employing children labors consciously or unconsciously have been heavily punished.</p> <ul style="list-style-type: none"> ● According the on-site interviews, the collective-owned forest farms and processors have employed a number of migrant workers. Generally, the enterprises signed labor contract with them and pay the social security, but there are still a number of enterprises that fail to sign contract or pay social security in order to save the costs. Some small-scale forest management enterprises usually hired their relatives or neighbors without labor contract and accidental insurance ● The on-site interview also found that some large-scale private forest management companies often outsourced harvesting operation to harvesting groups that usually hire temporary labors. The company would not compulsively demand that the labor contractor between the group and temporary labors shall be signed or the social security for labors must be paid correspondingly. Additionally, many stated-owned forest farms in Shandong also sell standing trees, which are cut by buyers. There is no compulsive demand from the farms for labor contract or social security insurance provided by buyers to their hired workers. ● According to the National Statistic Bureau (NSB), the goals under China Women Development Outlines (2011-2020), pointed out that some private enterprises fail to meet the legal or policy requirements by extending the work time, refusing to pay the overtime work and setting low standard for women's health care.

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			<p>RISK CONCLUSION</p> <p>Based on the available information, the risk of this indicator is assessed as specified in Shandong Province. There is systematic violation of legal employment related to overtime work; illegal migrant labor and failure to pay social insurance.</p> <p>Specified (Threshold 2) in subcontract of harvesting Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities</p>
Third parties' rights			
1.13 Customary rights	<p>Applicable laws and regulations</p> <p>1. Villager Committee Organization Law of P.R. China 1998 - Article 3, 8 and 10 http://baike.baidu.com/view/27973.htm</p> <p>2. People's Mediation Committee Organization Regulation 1989 - Article 3 and 6 http://www.china.com.cn/law/flfg/txt/2006-08/08/content_7060246.htm</p>	<p>Government sources</p> <p>1. State Ethnic Affairs Commission: http://www.seac.gov.cn (general source of information)</p> <p>2. The Central People's Government of the People's Republic of China): www.gov.cn/test/2005-07/29/content_18338.htm</p> <p>3. Taian Forestry Bureau carried out activities supporting minorities (2016-4-7):</p>	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <ul style="list-style-type: none"> ● State Ethnic Affairs Commission was specially set up to be responsible for dealing with minorities' affairs, including harmonizing ethnic relationships and ensuring the traditional rights of minorities. As mentioned in 1.1, the regulation on resolving forest tenure disputes was issued and related procedure has been developed. In some areas, especially in Minority Autonomous Regions, some local unwritten-laws regulate the detailed procedure to resolve conflicts on forest land borders and use-rights of forest resources. ● If there are disputes on forest tenure disputes, Shandong will follow the Forest and Forest Tree Tenure Disputes Settlement Measure to resolve the disputes. ● Conflicts in relation to community traditional rights are resolved according to Organic Law of the Villagers Committees of the People's Republic of

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>Legal Authority State Ethnic Affairs Commission</p> <p>State Forestry Administration</p> <p>Legally required documents or records N/A</p>	<p>http://www.forestry.gov.cn/portal/main/s/72/content-378837.html</p> <p>4. Ethnic Affairs Commission of Shandong Province. The basic conditions of nationalities in Shandong Province, http://www.sdmw.gov.cn/channels/ch00226/</p> <p>5. Ethnic Affairs Commission of Shandong Province. Regulations for ethnic affairs, http://www.sdmw.gov.cn/channels/ch00018/200909/b9c06da3-d2df-402b-8b2a-16a39a208c57.shtml</p> <p>Non-Government sources</p> <p>1. China Rural Villagers Self-Governing Network: http://www.chinarural.org/</p> <p>2. Chinese Academy of Forestry, FSC Controlled Wood field investigation report. Internal use.</p>	<p>China and Organic Statute of People's Mediation Committee. The villager committee, which is a self-government organization in the countryside, is responsible for administering affairs concerning traditional rights disputes according to mediation regulations. If mediation fails, the parties concerned can apply for administrative mediation to government or apply for a judicial procedure to the people's court.</p> <ul style="list-style-type: none"> ● Shandong issued Shandong Ethnic Work Regulation to protect the political, economic, culture, religious rights. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● Shandong establishes the specific bodies i.e. Shandong Ethnic Affair Commission, to be responsible for ethnic relation coordination and protect their traditional and customary rights in line with national laws and regulations. ● Experts from some international organizations such as Worldbank have spoken highly of the autonomous regions system in China. With recognized and equitable processes through the regional autonomous systems - the villagers' self-government system and the court system in China - there is a legal framework for protecting traditional rights. ● Most minorities live in forest areas in China. The autonomous organs of self-government have developed relevant policies and regulations to protect traditional culture and traditional rights, which include the resolution mechanism on traditional rights conflicts. ● Shandong has 55 ethnic groups, with the permanent ethnic residents accounting for 0.75% of the total provincial population. Shandong issues

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
		3. Wenhui network. Shandong will continue the differentiated supporting policy in places where minorities gather (2015-9-1), http://sd.wenweipo.com/?action-viewnews-itemid-601	<p>and well implements Shandong Ethnic Work Regulation to protect ethnic rights, i.e., political right, economic development, culture and religious belief since 1990.</p> <ul style="list-style-type: none"> Forest growing on the farmland in Shandong are mostly owned by farmers, and ethnic minorities enjoy the same right as the Han people in forest resources use right and ownership. Local governments carry out the aid and assistance activities to ethnic people in forest regions. As per the information #4 from government source, the report on China Forestry website, local governments carry out aid and assistance activities to ethnic people in forest regions. Currently, there are 359 ethnic farmer cooperatives, with 23 900 household members. <p>RISK CONCLUSION Based on available information, the risk in this indicator is low in Shandong Province.</p> <p>Low (Threshold 1): Customary rights are clearly defined in legislation. Sources confirm enforcement of these laws.</p>
1.14 Free prior and informed consent	<p>Applicable laws and regulations N/A</p> <p>Legal Authority N/A</p>	N/A	<p>N/A</p> <p>FPIC is not required under China' legal framework.</p> <p>It is the agreement opinion of WGs. As the FPIC is cited from the IP. AND China does not formally recognize the presence of IP within China. ILO 169 is not signed by government. FPIC is not existed under China's legal framework.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	Legally required documents or records N/A		
1.15 Indigenous peoples rights	<p>Applicable laws and regulations</p> <p>1. Villager Committee Organization Law of P.R. China 1998 - Articles 3, 8 and 10 http://baike.baidu.com/view/27973.htm</p> <p>2. People's Mediation Committee Organization Regulation 1989 - Articles 3 and 6 http://www.china.com.cn/law/flfg/txt/2006-08/08/content_7060246.htm</p> <p>3. Constitution of the People's Republic of China (1982) http://www.npc.gov.cn/npc/xinwen/node_505.htm</p> <p>4. Regional Ethnic Autonomy Law of P. R. China (1984,2001 revised)</p>	<p>Government sources</p> <p>1. The People's Republic of China does not formally recognize the presence of INDIGENOUS peoples within China.</p> <p>2. Ethnic Affairs Commission of Shandong Province. Regulations for ethnic affairs, http://www.sdmw.gov.cn/channels/ch00018/200909/b9c06da3-d2df-402b-8b2a-16a39a208c57.shtml</p> <p>Non-Government sources</p> <p>1. Human Right Magazine. An interview with Mr. LI Dezhu, Director of State Ethnic Affairs Commission: http://www.humanrights-china.org/china/magezine/2003.5/p2-p6.htm</p>	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <ul style="list-style-type: none"> INDIGENOUS PEOPLES: People and groups of people that can be identified or characterized as follows: <ul style="list-style-type: none"> -The key characteristic or criterion is self-identification as Indigenous Peoples at the individual level and acceptance by the community as their member - Historical continuity with pre-colonial and/or pre-settler societies - Strong link to territories and surrounding natural resources - Distinct social, economic or political systems - Distinct language, culture and beliefs - Form non-dominant groups of society - Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities. <p>(Source: Adapted from United Nations Permanent Forum on Indigenous Issues, Factsheet 'Who are Indigenous Peoples' October 2007; United Nations Development Group, 'Guidelines on Indigenous Peoples' Issues' United Nations 2009, United Nations Declaration on the Rights of Indigenous Peoples, 13 September 2007)</p> <p>There is no special law formulated and implemented for the right to nature resources including forest resources for ethnic groups in China or in</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	http://www.gov.cn/ziliao/flfg/2005-09/12/content_31168.htm Legal Authority State Ethnic Affairs Commission State Forestry Administration Legally required documents or records N/A		<p>Shandong. The Constitution provides that all land are owned by the state, and ethnic groups have the same right as Han People in terms of nature resources. But for the traditional culture, government enacted related laws to protect them.</p> <ul style="list-style-type: none"> ● The 55 ethnic minorities (excepting Han people) together make up a smaller proportion of the total population of Han people in China, so they were called minorities. Each has identifying characteristics, languages and customs of their own. ● In order to promote social and economic development of ethnic groups, a special minority policy has been developed, which focuses on the following five aspects: equal political right, economic development right, equal education, culture and hygiene development right, religion belief and customs and habit. ● To implement the policy, some laws and regulations had been developed, such as The Constitution and the Law on Regional Ethnic Autonomy. In national autonomous areas, autonomous rules and specific regulations may be worked out according to local political, economic and cultural characteristics. The Law of the People's Republic of China on Regional National Autonomy has been issued to ensure the minority nationalities can practice regional autonomy in areas where they live in concentrated communities and set up organs of self-government for the exercise of the power of autonomy. The system of regional national autonomy is well implemented and practices in ethnic group settlement areas according to the Constitution. Regional national autonomy is implemented in

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
			<p>concentrated regions of minority, which ensure the right of the minority nationalities to administer their internal affairs.</p> <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● Most minorities live in forest areas in China. The autonomous organs of self-government have developed relevant policies and regulations to protect traditional culture and traditional rights, which include the resolution mechanism on traditional rights conflicts. ● Shandong has 55 ethnic groups, with the permanent ethnic residents accounting for 0.75% of the total provincial population. ● Shandong issues Shandong Ethnic Work Regulation in 1990 and well implements to protect ethnic rights in political right, economic development, culture and religious belief. ● Forest growing on the farmlands in Shandong are mostly owned by farmers, and ethnic minorities enjoy the same right as the Han people in forest resources use right and ownership. Local governments carry out the aid and assistance activities to ethnic people in forest regions. Currently, there are 359 ethnic farmer cooperatives, with 23 900 household members. <p>RISK CONCLUSION</p> <p>The People's Republic of China does not formally recognize the presence of INDIGENOUS peoples within China. So, there is no laws related to IPs, it is not applicable for this indicator.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
Trade and transport			
1.16 Classification of species, quantities, qualities	Applicable laws and regulations 1. Customs Law of People's Republic of China 2005 - Article 42 http://www.customs.gov.cn/tabid/2433/Infod/3420/frtid/399/Default.aspx 2. Administration Provision of General Customs Administration on Classification of Import/Exported Goods 2007 - Article 6 http://www.customs.gov.cn/publish/portal121/tab35214/module81104/info190910.htm 3. Forest Law of People's Republic of China 2009 - Article 22, 37 and 38 http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law 4. Regulation of the Implementation of Forestry Law of People's	Government sources 1. Dongying strengthened the supervision and management of timber transportation (2011-8-30) http://www.forestry.gov.cn/portal/main/s/102/content-498897.html 2. Shandong held an information management training program regarding logging and timber transportation (2009-8-11), http://www.forestry.gov.cn/portal/main/s/102/content-228153.html 3. Penglai timber inspection station standardized the supervision of timber transportation (2009-9-17), http://www.forestry.gov.cn/portal/main/s/102/content-628853.html 4. Linqi timber inspection station of Weifang promoted law enforcement (2011-3-8)	OVERVIEW OF LEGAL REQUIREMENTS <ul style="list-style-type: none"> China has some requirements on the classification on species, quality and quantity. The transportation permit for raw materials has a format to require information on species, quality and quantity in addition to the essential information on transportation method, way, starting and ending point. The information on species, quality and quantity will be checked at check points in its journey. If there is a gap between the information on the transport permit, the commodity will be fined or seized at the check points. Customs Law of People's Republic of China 2005 - Article 42 requires the correct goods classification. The HS code is adopted for good imports and exports, when exporting or importing commodities, the consigner or consignee must provide the correct species, specification and quantity for the duty or tariff payment. Customs Law also provides that Customs could require consigner and consignee of imported/exported commodity to provide the document for the commodity classification in the declaration form. If necessary, Customs could organize an inspection or testing, and use the results as the basis for commodity classification. Article 6 of Administration Provision of General Customs Administration on Classification of Import/Exported Goods 2007 requires that importers shall declare correctly the name, specification, quantity, etc. of imported or exported goods. Article 34 of Administration Regulation on Wildlife Import and Export License requires that the import or export of wildlife and its products which

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>Republic of China 2011 - Article 35 and 36 http://en.pkulaw.cn/display.aspx?cgiid=26935&lib=law</p> <p>5. Administration measures of Wildlife Import and Export License 2014-Article 34 http://www.law-lib.com/law/law_view.asp?id=445636</p> <p>Legal Authority China Administration of Customs State Forestry Administration</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • <i>Transportation permit,</i> • <i>Declaration form for import or export</i> (not publicly available). • <i>wildlife import and export license</i> 	<p>5. Authenticity verification system for timber transportation certification in national context, http://slzy.forestry.gov.cn/</p> <p>Non-Government sources</p> <p>1. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>2. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p>	<p>are listed on the import and export catalog shall declare to Customs and submit the import or export permission certificate or species certificate, and complete the import and export in accordance the species, volume, port and period indicated on the permission certificate or species certificate. See also indicator 1.19.</p> <ul style="list-style-type: none"> ● Shandong Forest Resources Management Rule provides that if the amount of transported timber goes beyond the approved amount, the forestry authorities have the right to confiscate the surplus amount, and if the species, specification and types of timber transported is not consistent with what indicated in the transportation permit, the timber shall be confiscated. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● Timber transport certificate provided by law can deliver information of tree species, qualities and quantity. In fact, to ensure the legitimate source of timber, the law requires relevant information to be provided by timber transport certificate for the convenience of inspection of timber checkpoints. Moreover, to impose tariffs correctly, China Customs classifies the tree species, qualities and quantity. ● The timber transportation permit has the column for species, quality and quantity. And there are check points for timber set in all provinces. If the species, quantity and quality are not consistent with what indicated in the permit, the forest authorities have the right to confiscate the inconsistent part. Through investigation and interviewing, we learned that there is no illegal situation in Shandong.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
			<ul style="list-style-type: none"> Shandong developed and issued the rule to regulate forest resources management to enhance the administration of timber transportation permit, and host training for the timber check. These measures are very effective. And timber check points are setup in each county to ensure the legal source of timber and no mixing of illegal logged timber. Through investigation and interviewing, no cases of corruption have been heard. There is no such thing that by bribing Shandong local official applicants obtain timber transportation permit, because getting the timber transportation permit is convenient, easy and inexpensive. <p>RISK CONCLUSION Based on the above information, the risk of this indicator is low in Shandong Province.</p> <p>Low (Threshold 1): Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>
1.17 Trade and transport	Applicable laws and regulations 1. Forest Law of People's Republic of China 2009 - Article 22, 37 and 38 http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law	Government sources 1. Dongying strengthened the supervision and management of timber transportation (2011-8-30). http://www.forestry.gov.cn/portal/main/s/102/content-498897.html	OVERVIEW OF LEGAL REQUIREMENTS <ul style="list-style-type: none"> China has implemented a governance system for wood timber processing, trade and transport. Bases on the Forest Law, Timber transported from one forest region to another shall require a Transportation License to travel with timber goods from the start point to end point of their journey.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>2. Regulation of the Implementation of Forestry Law of People's Republic of China 2011 - Article 35 and 36 http://en.pkulaw.cn/display.aspx?cgid=26935&lib=law</p> <p>3. Bylaw of the Implementation of Plant Quarantine (Forestry Part) 1994 - Article 14 http://www.btly.gov.cn/web/show.asp?id=684</p> <p>4. Regulations for the Implementation of the Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine 1997 -Chapter 1-4 http://www.lnciq.gov.cn/ywpd/spjy/ywcs/201201/t20120109_66987.htm</p> <p>5. SFA Circular on Relative Issues of Regulating the Supervision and Management of Wood transportation 2013 –</p>	<p>2. Shandong held an information management training program regarding logging and timber transportation (2009-8-11), http://www.forestry.gov.cn/portal/main/s/102/content-228153.html</p> <p>3. Penglai timber inspection station standardized the supervision of timber transportation (2009-9-17), http://www.forestry.gov.cn/portal/main/s/102/content-628853.html</p> <p>Non-Government sources</p> <p>1. Jiuzheng Decorative Materials Website, no transportation permit needed for 24 kinds of timber, accessed on 9th October 2015 at http://news.jc001.cn/13/0903/753398.html</p> <p>2. Tsinghua University - FOREST GOVERNANCE INTEGRITY REPORT CHINA - 2011 (High risk corruption area 4: Bribery to undermine sustainable</p>	<ul style="list-style-type: none"> ● As per the SFA “Circular on Further Strengthening the Administration of Wood Transportation” issued by the State Forestry Administration in 2013, transportation licenses are now only required for primary forest products, including logs, sawn-timber, bamboo timber and wood chips. Secondary forest products are largely exempt from applying for the permit. ● Transportation permits apply to both Chinese and imported materials for primary forest products. However, transportation directly from ports to mill/factory does not require the permit. ● Bamboo and its products (excluding bamboo timber for industrial uses) are allowed to be transported without a transportation permit. ● According to <i>Regulation of the Implementation of Forestry Law of People's Republic of China</i>, trading or processing of timber (including logs, sawn timber, bamboo timber and chips) at forest region requires to be approved by county forestry authorities or above. Timber procurement organizations or individuals shall not procure the timber without harvesting permit or other certificates that could prove the legal source of timber. ● Quarantine inspection shall be carried out for imported/exported timber or timber products as well as for the carriers and packages. Consignees shall declare for quarantine by submitting the phytosanitary certificate issued by exporting countries when importing or exporting timber or timber products. ● Shandong Interim Measures for Timber Processing provides that timber processors should have the account to record the purchase, use and

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://www.forestry.gov.cn/portal/main/s/72/content-610448.html</p> <p>6. SFA Circular on Further Strengthening the Administration of Wood Transportation 2009 http://www.forestry.gov.cn/portal/lycy/s/2883/content-441724.html</p> <p>7. SFA Opinion on Improvement of Harvesting Administration for Commercial Plantations 2003 - Article 2,3 and 5 http://www.forestry.gov.cn/portal/main/govfile/13/govfile_1130.html</p> <p>Legal Authority State Forestry Administration General Administration of Customs</p> <p>Legally required documents or records 1. Forest Law of People's Republic of China 2009 - Article 22, 37 and 38</p>	<p>logging operations)</p> <p>3. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>4. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>5. The issuing procedure of certificate for transporting timber out of the province (2013-6-29), http://www.cuncunle.com/village-102-107246-article-1011427770217930-1.html</p>	<p>production, and all the documentations such as harvesting permit, transportation permit, invoice, shall be kept.</p> <ul style="list-style-type: none"> ● Transportation permits are still required in China for primary forest product including logs, sawn timber and chips even though control over transportation of semi-finished or finished wood products is loosened. <i>SFA Circular on Relative Issues of Regulating the Supervision and Management of Wood transportation</i> (2) still highlights the importance of checking wood transportation by check points installed in forest regions and requires forestry authorities at different levels to enhance the printing, issuance and management of timber transportation permits. ● Applicant ought to provide valid documents for wood source to apply transportation permit, such as harvesting permit. The transportation permit is required for first transportation, and when the same batch of wood is then transported for the second time to the third place, the original invoice should be provided to apply new transportation permit. After that only the approved new transportation permit is valid while the previously applied permit is invalid. ● The National Timber Transportation Management System began to operate in 2010, functioning a platform that could issue permit, check the submitted supporting documents, track the information of wood transportation, etc., which provides the technical support for national timber transportation and the technological base for unified management of transportation permit. External users could log on this system at the website (http://slzy.forestry.gov.cn/) to verify the authenticity of transportation permit.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>2. Regulation of the Implementation of Forestry Law of People's Republic of China 2011 - Article 35 and 36</p> <ul style="list-style-type: none"> • <i>Transportation permit</i> <p>3. Bylaw of the Implementation of Plant Quarantine (Forestry Part) 1994 - Article 14</p> <p>4. Regulations for the Implementation of the Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine 1991 -Chapter 1-4</p> <ul style="list-style-type: none"> • <i>Phytosanitary Certificate</i> • <i>Processing Certificate</i> 		<ul style="list-style-type: none"> ● Shandong issued the interim measures for timber processing and the rules for forest resources management, which set the requirements over the timber processing and transportation, and also set up timber check points to ensure the legal source of timber. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● According to the Corruption Perceptions Index 2017 issued by Transparency International, China scored 40, and is ranked 79 of 176 countries. However, through investigation and interviewing, no cases of corruption have been found. Determined by the 13th five-year plan, the harvest quota used for transportation license from 2016 to 2020 is around 9.8 million m3 per year from the website of SFA and this is sufficient volume for the production of Shandong province and unnecessary, no incentive to conduct illegal trade and transport. There is no such thing that applicants bribed Shandong local officials to get timber transportation permit because getting the timber transportation permit is convenient, easy and inexpensive. Furthermore, the national authenticity of transportation permit system makes no way to have fake documents. <p>RISK CONCLUSION</p> <p>Based on the available information, the risk of this indicator is Low in Shandong Province.</p> <p>Low (Threshold 1):</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
			Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.
1.18 Offshore trading and transfer pricing	<p>Applicable laws and regulations</p> <p>1. State Administration of Taxation Circular on Issues Dealing with Taxation on Foreign Invested Companies Providing Their Subsidiaries, 2002 http://www.law-lib.com/law/law_view.asp?id=42261</p> <p>2. Income Tax Law of The People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises 1991 - Article 13 http://www.lawtime.cn/info/shuifa/ssf/2011022825669.html</p> <p>Legal Authority State Administration of Taxation</p>	<p>Government sources</p> <p>1. Customs law of the People's Republic of China (2007-12-03). http://www.customs.gov.cn/publish/porta1121/tab35214/module81104/info190906.htm</p> <p>2. The income tax law of foreign-invested enterprises and foreign enterprises (1991-04-09). http://www.china.com.cn/chinese/zhuan/ti/241023.htm</p> <p>Non-Government sources</p> <p>1. Nathan Commercial Center, Tax avoidance means by offshore companies and related laws and regulation, accessed on 2nd August 2015 at http://www.miduncpa.com.cn/baikearticle/article_603.html</p>	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <ul style="list-style-type: none"> The State Administration of Taxation Circular on Issues Dealing with Taxation on Foreign Invested Companies Providing Their Subsidiaries, 2002 requires that foreign invested companies which provide services to its subsidiary companies shall sign a service contract to define the service to be provided and payment criteria. The income from the service provision shall be included into the taxation base for income tax and operation tax. The investment cost and the loss shall not be deducted from the base for income taxation and also not be shared with its subsidiary companies. In other words, foreign invested companies cannot collect fees from their subsidiary companies nor ask its subsidiary companies to share its operation costs. <p>Income Tax Law of The People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (which refers to enterprises established by foreign investment and registered as foreign companies with some preferential policy) requires that foreign invested companies shall pay or collect fees from their subsidiary companies as similarly as between two separate independent companies for the same service or goods. If payment is less than what is considered a normal level by tax authorities, they have the right to raise it for the tax collection purposes.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>Legally required documents or records</p> <ul style="list-style-type: none"> • <i>Contract between parent companies and their subsidiaries</i> with the service content and payment for services indicated clearly 	<p>2. Lawtime.cn, Discussions on China's laws on transfer pricing, accessed on 2nd August 2015 at http://www.lawtime.cn/info/shuifa/sflw/2010122521158.html</p> <p>3. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#CHN</p> <p>4. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p>	<p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● The report (1) on China's laws on transfer pricing shows that foreign enterprises use transfer pricing to evade or avoid taxes and generate a tax loss at 24 billion yuan every year. China has made some progress in laws on transfer pricing, but there are many problems. In terms of legislation, China does not have a strong legislative system for parent and subsidiaries companies, nor for labor and intangible goods, including services and technology. Even though China requires tax payers to report and provide evidence for transfer pricing, the requirement is often hard to be enforced in practice due to lack of enough mandatory power. ● In terms of enforcement, tax collection is poor in tracking transfer pricing because of less experience of tax authorities and poor foreign language skills. Besides, law enforcers only have very limited sources of information and have little chance to conduct investigations in other countries for transfer pricing. It is very difficult for them to investigate transfer pricing. ● Laws regarding transfer pricing and regulation on anti-tax-avoidance are not extensively developed, in order to encourage foreign investment, but China has strengthened the international cooperation in this regard. ● Expert consultations confirmed that there is minimal tax law on off-shore trading in China and raised the issue that efforts by Chinese companies (such as the use of tax havens in China) relate - in the main - to profit tax avoidance and not evasion. Tax avoidance does not violate national laws and is not related to forestry. Not applicable to forestry companies.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
			<ul style="list-style-type: none"> ● The Common Reporting Standard (CRS), developed in response to the G20 request and approved by the OECD Council on 15 July 2014, calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. It sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions. ● The Common Reporting Standard (CRS), developed in response to the G20 request and approved by the OECD Council on 15 July 2014, calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. It sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions. The enforcement of CRS between mainland China and Hong Kong significantly reduced the activities of transfer-pricing. <p>RISK CONCLUSION</p> <p>Based on the available information, the risk of this indicator is assessed as low in Shandong Province. Offshore trading and transfer pricing are clearly defined in legislation. Sources of information confirm enforcement of these laws.</p> <p>Low (Threshold 1):</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
			Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.
1.19 Custom regulation s	Applicable laws and regulations 1. Customs Law of People's Republic of China 2005 – Article 9, 10, 11, 24 and 42 http://www.customs.gov.cn/tabid/2433/InfoID/3420/frtid/399/Default.aspx 2. Administration Provision of General Customs Administration on Classification of Import/Exported Goods 2007 - Article 2, 11 and 12 http://shijiazhuang.customs.gov.cn/publish/portal171/tab2315/module61454/info124780.htm 3. Company Law of the People's Republic of China (2005 Revision) - Articles 23, 24, 27, 77 & 79 http://wenku.baidu.com/link?url=rkIYkWRxwQBLXhGrPRie6g73Ns0fxTfa8Ed6YpN3ujSiDO5pRXKD3WAqNe	Government sources 1. Customs website, Mengla Customs Office strengthen the administration of added tree species in CITES appendix, http://www.customs.gov.cn/publish/porta174/tab61586/info641251.htm 2. State Administration of Forestry Website, Guangzhou Office of Endangered Species Import and Export Strengthening the management of rosewood import and export in Shandong, http://www.forestry.gov.cn/portal/bhxs/651/content-658332.html Non-Government sources 1. Transparency International Corruption Perception Index 2017 for China: http://www.transparency.org/country/#C	OVERVIEW OF LEGAL REQUIREMENTS <ul style="list-style-type: none"> ● In China, only the person or companies registered with the General Administration of Customs are qualified to declare for the import or export goods. The Custom Law provides that the customs declaration must be submitted by registered companies or individuals as consigner or consignee to ensure the correct declaration of import/export goods. Companies which entrust customs declaration companies to declare or pay duties must provide true information related to commodity import/export declaration to its customs declaration company, which shall check the information for the authenticity. ● HS codes require to be correctly provided according to related Customs and Taxation regulation. Customs could ask consignee and consigner to provide the information that could help identify the classification. ● The Entry/Exit Animal and Plant Quarantine Law requires that animal or plants and their products shall be inspected and quarantined to prevent any bacteria and other harmful organisms when imported, transit exported and general exported. When applying for quarantine at port, applicants shall submit the quarantine application form and the phytosanitary certificate, certificate of origin, commercial invoice and other relevant certificates. Wildlife Import and Export Licensing system is implemented for importing or exporting wildlife and their products including CITES species, which includes the <i>import or export permission certificate</i> and

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>3nHCtvkx-V4rMQ95qpywjBanHwewDrrFSs67bAffZWpGPh17</p> <p>4. Notice of the State Administration of Taxation on Reimbursement of Tax Levied on Exported Wood Compound Parquet (National Taxation No. 2006-1263) 2006 http://www.chinatax.gov.cn/2013/n1586/n1593/n1620/n1622/c267864/content.html</p> <p>5. Convention on International Trade in Endangered Species of Wild Fauna and Flora http://www.fws.gov/le/pdf/CITESTreaty.pdf</p> <p>6. Regulation of Administrrating Import and Export of Endangered Fauna and Flora of People's Republic of China 2006 - Article 2, 4, 6, 7, 8, 12, 17 and 18.</p>	<p>HN</p> <p>2. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p> <p>3. Liquidating the Forest, EIA 2013, accessed on 4th November 2015 at: http://eia-global.org/images/uploads/EIA_Liquidating_the_Forest_2013_Chinese.pdf</p> <p>4. Rosewood crisis: CITES will strengthen the control of precious timber species in September, and Siam Rosewood will be put in surveillance. http://www.vccoo.com/v/819967</p>	<p><i>species certificate</i>. See indicator 1.16. These certificates are issued by National Endangered Species Import and Export Administration Office and its subordinates. The format of these certificates is nationally unified and printed by the National Endangered Species Import and Export Administration Office. When importing or exporting wildlife or their products which are listed on the wildlife commodity catalogue, importers or exporters shall declare this to Customs and present the certificates for the import or export in accordance with the requirements of the certificate on species, volume, port and period.</p> <ul style="list-style-type: none"> China is now strengthening the administration over wildlife import and exports. An import and export licensing system is now established since 2014 to enhance the supervision over protected wildlife and their products import and export, which requires that only with the <u>import/export permitted certificate</u> and <u>species certificate</u> issued by endangered species import and export administration offices, can wildlife and their products be allowed to be imported or exported. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> Expert consultations highlighted the potential for market-stresses (extreme demand for some species) to create stresses in compliance levels, such that risk of mis-reporting in imports may occur, including possibly: under reporting (for the purposes of tariff/tax evasion); mis-reporting (effectively smuggling) and sending goods as 'personal items' (as a method of avoidance of Customs requirements). However, such risks likely to be with regards to imports, and specific species, rather than with exports. So, it's

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://eia-international.org/wp-content/uploads/Regulation-of-the-People%E2%80%99s-Republic-of-China-on-the-Administration-of-the-Import-and-Export-of-Endangered-Wild-Fauna-and-Flora_2006_ENG1.pdf</p> <p>7. Entry/Exist Animal and Plant Quarantine Law 1992 http://www.npc.gov.cn/wxzl/gongbao/2000-12/05/content_5004560.htm</p> <p>8. Administration measures of Wildlife Import and Export License 2014 http://www.law-lib.com/law/law_view.asp?id=445636</p> <p>Legal Authority General Administration of Customs National Entry and Exit Quarantine Bureau Endangered Species Import and</p>		<p>not relevant with the domestic wood from China. Most of domestic wood originated from China are the industrial plantations with low value. There is not benefit for mis-reporting the classification and assortment with higher value.</p> <ul style="list-style-type: none"> ● China's forestry law strictly limits the export of protected animals and plants. ● China's customs law clearly defined the import and export license and product category. China Customs carried out training to improve the ability of law enforcement by working with the endangered species import and export administration offices. ● China usually does not export logs, but exports processed wood products. Through investigation and interviewing, no illegal cases about Shandong has been heard. Most of domestic wood originated from China are the industrial plantations with low value. There is not benefit for mis-reporting. <p>RISK CONCLUSION Based on the risk description, the risk of this indicator is assessed as low in Shandong Province.</p> <p>Low (Threshold 1): Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>Export Administration Office under the State Forestry Administration Species certificate</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • Customs Declaration Registration Approval Certificate for Customs Declaration Company • Customs Declaration Registration Approval Certificate for Consigner and Consignee of Import/Export Goods • Phytosanitary certificate 		
1.20 CITES	<p>Applicable laws and regulations</p> <p>1. Forest Law of People' Republic of China 2009 - Article 21 http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law</p> <p>2. Wild Plant Protection Regulation of People's Republic of China,2007</p>	<p>Government sources</p> <p>1. Biennial report for total number of seizures and prosecutions for all CITES species: https://cites.org/sites/default/files/report/s/11-12China.pdf</p> <p>2. China net. 2015-03-12. China land greening report 2014. Accessed on 27th November 2015 at</p>	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <ul style="list-style-type: none"> • The Forestry Law and the Wild Plant Protection Regulation have some provisions on the protection of rare and endangered wildlife species. As one of the parties to CITES Convention, China also applies these laws for CITES species protection. • Forestry Law provides that forestry authorities at provincial or above level shall set up nature reserves at typical forest ecosystems distributed in different natural belt, at the forest area where rare wildlife grow, at the nature rainforest and at the nature forest area with special protection value, to enhance the protection of wildlife.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	<p>http://www.cites.gov.cn/ShowIndex/ShowNews.aspx?sort=t4&id=20</p> <p>3. Convention on International Trade in Endangered Species of Wild Fauna and Flora http://www.fws.gov/le/pdf/CITESTreaty.pdf</p> <p>Legal Authority Administration Office of Endangered Species Import and Export under State Forestry Administration</p> <p>Legally required documents or records</p> <ul style="list-style-type: none"> • Collective permit for national or local key protected plants • CITES import/export permission certificate <p>NOTE: Indicator 1.20 relates to legislation existing in relation to China sourced CITES-listed trees</p>	<p>http://money.163.com/15/0312/11/AKGMC2VJ00254TI5_all.html</p> <p>3. Official website State Forestry Administration. Beijing office of Commissioner for Forest resource supervision, State Forestry Administration has held the opening ceremony (2013-10-12) http://www.forestry.gov.cn/portal/main/s/586/content-633647.html</p> <p>4. Official website State Forestry Administration. Endangered species import and export management office of The People's Republic of China (2010-09-11). http://www.forestry.gov.cn/bwwz/2782/content-440752.html</p> <p>Non-Government sources</p> <p>1. Expert advocates the increase of cultivation of rare and valued species in response to more Hongmu species included in the CITES appendix,</p>	<ul style="list-style-type: none"> • Wild Plant Protection Regulation requires protection of wild plants and their habitats. No organization and individual is allowed to engage in illegal collection of wild plants or damage their growing environment. Wildlife under national class I protection shall not be traded. The trading of wildlife under national class II protection shall be approved by provincial level wildlife authorities or their designated bodies, while the trading is also supervised and checked by provincial wildlife authorities. • The export of national key protected wild plants or import/export CITES species shall be reviewed by provincial wildlife authorities and then submitted to national wildlife authorities for approval, and with the approval, the import/export permission certificate shall be applied for from national endangered species import and export office. Customs shall clear the import/export against the certificate. Information about wild plant import/exports shall be copied to the national environment protection authority. In addition, unnamed or newly found species with important value are forbidden to be exported. • As a signatory party of CITES, China formulated relevant laws and regulation applicable for CITES. • The Administration Office of Endangered Species Import and Export is set up under State Forestry Administration to take charge of the administration and governance of wild fauna and flora. Its main functions are to participate in the formulation of policies, laws, regulation and directives in terms of wildlife nationwide, represent the Chinese Government to be responsible for the management of CITES species and other CITES affairs, prepare the import/export quota plan based on the

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
	species and their potential export (including the usual CITES Export Approval license). CITES import/re-export legal requirements should be covered but may be included under the customs indicator (1.19 Custom regulations).	<p>http://www.chinadaily.com.cn/hqcj/xfly/2013-06-13/content_9303199.html</p> <p>2. Endangered Species Scientific Commission of PRC. 2013-9-4. China CITES Annexed Species Database going online. Accessed on 27th Nov. 2015 at http://www.cites.org.cn/article/show.php?itemid=848</p> <p>3. Xihai Urban Post.2012-06-14. CITES Protected endangered wildlife coordination group set up to protect endangered species and maintain ecological balance, accessed on 27th Nov. 2015 at http://www.qhnews.com/newscenter/system/2012/06/14/010798777.shtml</p> <p>4. Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports</p>	<p>overall annual quota for wildlife hunting, collection and utilization approved by the State Council, review and approve the import/export allowance certificate, register the organization and individuals importing or exporting wildlife, etc.</p> <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● China appears to carry out reasonably strict control over the import and export of endangered species, particularly CITES species. ● The volume of international trade of wild animals and plants in China has been growing while the protection and utilization present more prominent challenges. In this sense, China is facing pressure to protect rare and endangered wildlife. China put a lot of focus on the protection of CITES species. In line with the laws, key protected wildlife is not allowed to be cut or collected unless with permission by forestry authorities. Trading of CITES species is also not allowed unless this occurs with the certificate issued by endangered species import and export office. At the same time, nature reserves have been set up to protect endangered species. Now there are 2174 nature reserves at different levels within China and for different functions and services by forestry authorities, covering 125 million ha or 13% of the national territory. Greater efforts have also continued to be taken to patrol, protect and cultivate more than 100 national key protected species and measures have been also taken to improve their habitat. ● The endangered species import and export office has sought to ensure strict supervision over the implementation of CITES related laws and

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
			<p>regulations. Shandong establishes the provincial wildlife station to be responsible for the wildlife breeding, transportation and trading. It also helps check the trading of wildlife. The implementation of the law has achieved good results, through investigation and interviewing, no illegal incidents have been heard.</p> <ul style="list-style-type: none"> Shandong endangered species import and export office has sought to ensure strict supervision over the implementation of CITES related laws and regulations. Through interviewed with the responsible person, it is known that there is no CITES licenses are issued to domestic timber from Shandong endangered species import and expert office recent years. <p>RISK CONCLUSION Based on the available information, the risk of this indicator is assessed as Low.</p> <p>Low (Threshold 1): Identified laws are upheld. Cases where regulations are violated are efficiently followed up via preventive actions taken by the authorities.</p>
Diligence/due care procedures			
1.21 Legislation requiring due	Applicable laws and regulations N/A Legal Authority N/A	N/A	N/A China has no relevant laws and regulations. China has working on international negotiation and guidance of legal timber from overseas. it is under discussion, not legislative process yet.

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records Source of information (linked with Annex C2)	Indication of risk, evidence used Sources of Information (Linked with Annex C1)	Risk designation and determination
diligence/ due care procedures	Legally required documents or records N/A		

Recommended control measures

Indicator	Recommended control measures
1.1 Land tenure and management rights	N/A
1.2 Concession licenses	N/A
1.3 Management and harvesting planning	<ul style="list-style-type: none"> Visit the website of county forestry authorities looking for county-level forest management plan, and match the individual forest management enterprises against the plan. Ask forest management enterprises to provide their approved management plan and harvesting plan Visit the website of the county forestry authorities to see whether there is a specific regulation on the management plan on individual, companies and collectives. Determine what measures have been adopted to encourage them to develop their management plan
1.4 Harvesting permits	N/A
1.5 Payment of royalties and harvesting fees	N/A
1.6 Value added taxes and other sales taxes	N/A
1.7 Income and profit taxes	N/A
1.8 Timber harvesting regulations	N/A
1.9 Protected sites and species	N/A
1.10 Environmental requirements	N/A
1.11 Health and safety	<ul style="list-style-type: none"> Require the provision by the Organization of a health and safety procedures document to ensure it meets the national law and regulation;

Indicator	Recommended control measures
	<ul style="list-style-type: none"> • Visit the Organization to see the implementation of safety training and implementation of health and safety procedures. Interview relevant staff to ensure they are aware of procedures and have participated in trainings; • Interview with staff engaged in special areas of work to see if they attend the relevant training and have secured the relevant qualification certificate for the work; • Field-visit to observe use by workers of the safety equipment.
1.12 Legal employment	<ul style="list-style-type: none"> • Visit local social security authorities to see if the private FMEs pays the social insurance for its staff or if there are any disputes over employment/social security payments; • Visit the company to see the name list of laborers and their contracts with company; • Interview with staff to determine there is no illegality in terms of overtime work, social insurance, contract, etc.
1.13 Customary rights	N/A
1.14 Free prior and informed consent	N/A
1.15 Indigenous peoples rights	N/A
1.16 Classification of species, quantities, qualities	N/A
1.17 Trade and transport	N/A
1.18 Offshore trading and transfer pricing	N/A
1.19 Custom regulations	N/A
1.20 CITES	N/A
1.21 Legislation requiring due diligence/due care procedures	N/A

Controlled wood category 2: Wood harvested in violation of traditional and human rights

Risk assessment

Indicator	Sources of Information	Functional scale	Risk designation and determination
2.1. The forest sector is not associated with violent armed conflict, including that which threatens national or regional security and/or linked to military control.	<p>Non-Government sources</p> <p>1. Chatham House. Trade in illegal logging: The response in China. 2014. http://indicators.chathamhouse.org/sites/files/reports/CHHJ2361_China_Loading_Research_Paper_FINAL.pdf</p> <p>2. Compendium of United Nations Security Council Sanctions Lists https://www.un.org/sc/suborg/sites/www.un.org.sc.suborg/files/consolidated.pdf</p> <p>3. US AID: www.usaid.gov</p> <p>4. Global Witness: www.globalwitness.org</p> <p>5. Human Rights Watch: http://www.hrw.org/</p>	N/A	<p>DESCRIPTION OF RISK</p> <p>Though check with Compendium of United Nations Security Council Sanctions Lists, US AID and Global witness, found that:</p> <p>There is no UN Security Council ban on timber exports from China.</p> <p>China is not covered by any other international ban on timber export.</p> <p>There are no individuals or entities involved in the forest sector in China that are facing UN sanctions.</p> <p>Though checking sources at left source 3, 5, 6, 7, 8 and 9, no information was found on China as a source of conflict timber and the forest sector is not associated with any violent armed conflict.</p> <p>Through interviewed with related experts and stakeholder, it is confirmed that no other report or evidence could challenge low risk designation.</p> <p>RISK CONCLUSION</p> <p>Based on the risk description, the risk of this indicator is assessed as low in Shandong Province.</p> <p><i>Low (Threshold 1,2,3,4,5): Justification:</i></p> <p><i>All low risk thresholds (1, 2, 3, 4 and 5) are met. None of the 'specified risk thresholds' are met.</i></p> <p><i>(1) The area under assessment is not a source of conflict timber.</i></p> <p><i>(2) The country is not covered by a UN security ban on exporting timber.</i></p> <p><i>(3) The country is not covered by any other international ban on timber export.</i></p>

<p>6. World Resources Institute: Governance of Forests Initiative Indicator Framework (Version 1) http://pdf.wri.org/working_papers/gfi_tenure_indicators_sep09.pdf Now: PROFOR http://www.profor.info/node/1998</p> <p>7. Amnesty International Annual Report: The state of the world's human rights -information on key human rights issues, including: freedom of expression; international justice; corporate accountability; the death penalty; and reproductive rights http://www.amnesty.org</p> <p>8. Worldbank: Worldwide Governance Indicators - the WGI's report aggregate and individual governance indicators for 213 economies (most recently for 1996–2012), for six dimensions of governance: Voice and Accountability; Political Stability and Absence of Violence; Government Effectiveness; Regulatory</p>		<p><i>(4) Operators in the area underassessment are not involved in conflict timber supply/trade.</i></p> <p><i>(5) Other available evidence does not challenge low risk designation.</i></p>
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	<p>Quality; Rule of Law; Control of Corruption http://info.Worldbank.org/governance/wgi/index.aspx#home</p> <p>9. Greenpeace: www.greenpeace.org Search for 'conflict timber [China]'</p>		
<p>2.2. Labor rights are respected including rights as specified in ILO Fundamental Principles and Rights at work.</p>	<p>Government sources</p> <p>1. Office of the People's Government. About distributing the notification regarding the reform implementation scheme for national forest farms in Shandong by the People's Government of Shandong Province (2016-3-22): http://www.Shandong.gov.cn/art/2016/3/22/art_285_9181.html</p> <p>2. National Statistics Bureau. 2015. Statistic report on the implementation of China Women Development Outlines (2011-2020) in 2014. Available from http://www.stats.gov.cn</p> <p>3. Shandong Bureau of Statistics. 2016. Shandong yearly statistics 2016.</p>	N/A	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <p>China has approved 4 of 8 provisions of ILO core conventions. They are: Equal Remuneration Convention, 1951 (No. 100) Discrimination (Employment and Occupation) Convention, 1958 (No. 111) Minimum Age Convention, 1973 (No. 138) Worst Forms of Child Labour Convention, 1999 (No. 182)</p> <p>The constitution and related laws prohibit compulsory labor, protecting works' right to establish labor unions. Also, China has paid great attention to legal employment issues in recent years, and the revised Labor Law makes detailed provision on many aspects of legal employment, mainly including the following:</p> <ul style="list-style-type: none"> ● Laborers enjoy the right to participate or organize labor unions which represent and safeguard the legal rights of laborers and can carry out activities independently. Laborers can also participate in the management of an organization or carry out negotiations with regards the protection of legal rights by participating in employer meetings, employer representative meeting and others. Organizations have the obligation to sign labor contracts with laborers to establish the labor relationship and clarify the right and obligation of both parties. In addition, employees are empowered to engage in collective bargaining with their employers for issues relating to payment, working time, leaves and rest, work-related health and safety, insurance and welfare issues, and then sign a collective labor contract. ● China issued laws such as <i>Forbidden the Use of Children Labor</i> (Under the age of 16 years) and the <i>Labor Law</i> (revised in 2013) to protect children from work. China implements a minimal pay (minimum wage) system. Minimal pay is defined by provincial governments and submitted to the State Council for

	<p>http://www.stats-sd.gov.cn/tjnj/nj2016/indexch.htm</p> <p>4. Shandong Education Department. 2015-08-12. Notification on free textbook distribution among students in compulsory schooling for schooling year of 2015-2016 . http://www.sdedu.gov.cn/eportal/ui?pagelId=465425&articleKey=697273&columnId=465614</p> <p>5. Dazong Education Net. 2016-02-26. Shandong education statistics reports 2015. Shandong Education Department. Available from: http://edu.dzwww.com/dzjyxw/sdjx/201602/t20160226_13889371.html</p> <p>Non-Government sources</p> <p>1. Subsidies policy for employers' housing of forest management enterprises in natural forest protection program area: http://www.forestry.gov.cn/portal/main/s/4045/content-637137.html.</p>	<p>record. The Chinese government has also placed special emphasis on protecting workers' basic interests and rights, to improve employment conditions and to promote social equality. The law on work safety provides that employees of a business entity shall be safeguarded against unsafe work practices and be able to perform safe work practices according to the law. It also requires the labor union of a business entity should help develop or amend work safety policy and rules, protect the legitimate rights and interests of employees in terms of work safety. Organizations which hire workers must have in place an enabling working environment congruent with occupational sanitary requirements and adopt measures to ensure the health and safety protection. Trade unions must monitor the prevention of occupational diseases to safeguard the legal rights of employees. Organizations must listen to the recommendations of Labor Unions when developing or revising the occupational disease prevention. At the national level, the labor authorities shall establish a treatment system for accidents and occupational diseases - and monitor/gather data on these to pool, report on and address accidents, deaths and occupational diseases. Organizations are required by laws to establish a sound labor health and safety system and comply with requirements in this regard against accidents in the workplace and in reducing occupational hazards.</p> <ul style="list-style-type: none"> ● China provides special labor protection to women by forbidding or not recommending women to engage in jobs with a certain level of work intensity. Women enjoy no less than 90 days for maternal leave. Women who are breast feeding shall not engage in work with a certain level of intensity or which is unsuitable for breast breeding, or to work overtime or night shift. China also has issued to protect female workers' work safety conditions and requires business entities to adopt measures to improve health and safety and working conditions and provide training to female workers. According to the new Labor Law, women enjoy the right to be equally employed, choose their own occupations, equally paid, enjoy leave, get health and safety protection, receive professional and work-related training, have social security and other welfare, apply for settlement of labor disputes and other labor rights in line with laws and regulations. ● China has established and is further developing its social security system to enable laborers to have assistance and compensation when retired, falling ill, becoming unemployed or for reasons of maternity. Organization should establish work-related training systems for the benefit of laborers in light of a training plan developed based on the actual needs. Laborers engaging in technical work shall be trained before conducting such work.
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	<p>2. Subsidies policy for employers' social security account of forest management enterprises in nature forest protection program area: http://www.forestry.gov.cn/portal/main/s/4045/content-637138.html</p> <p>3. Official website of State Forestry Administration. Shandong Zibo Safety Committee inspected forestry production (2012-12-28): http://www.forestry.gov.cn/portal/lyjj/s/2427/content-578263.html</p> <p>4. Official website of State Forestry Administration. Shandong Linchu strengthened forestry production safety (2013-10-28): http://www.forestry.gov.cn/portal/lyjj/s/2427/content-636614.html</p> <p>5. Chinese Academy of Forestry. A survey of FSC controlled wood (for internal use only).</p> <p>6. MA Yuhua. Discussing the problems and solutions regarding production safety in national forest farms (2014).</p>	<ul style="list-style-type: none"> ● Labor Security Supervision Regulation requires that the national labor security supervision authorities are responsible of the overall supervision nationwide of labor laws while local supervision authorities are responsible for the work in their jurisdiction and supervise the implementation of labor law. If there is any dispute between an employer and employee, the worker has the right to apply for mediation, arbitration and even lawsuit. The employer may set up a labor dispute mediation committee, which is composed of employee representative, representative of organization and labor union representative who also chairs the committee. ● Shandong Province implements national laws and regulations including Labor Law of the People's Republic of China, Work Safety Law of the People's Republic of China, etc., and issued related regulations according to the national laws, such as the Shandong Implementation Regulation of Labor Law of China. <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● The CAF have carried out some investigations among FMUs and processors, and found that all of FMUs, specially the state-owned FMUs has established the Congress of Worker Representatives and labor union, and sign the contracts with its workers, even the outsourced labors. In the processors, it is common to have labor union even in some private SMEs and the contracts are also signed with workers. It is said that the New Labor Law is strictly enforced and if there is no contract, there will be a great risk to be punished. The local laboring authorities are said to be prone to protecting labors' rights once there is a conflict between labor and enterprises. In Shandong, the interviews with some experts and FMUs also indicated that the new labor law is strictly enforced there, and contracts are signed in most cases but in some cases where the FMUs outsourced some worker to contractor, only contracts are signed with contractors, no labor contracts are signed directly with workers who are organized by contractors for the outsourcing work. In these cases, no social insurance will be bought for workers. But the accident insurance will be bought since few enterprises can afford the compensation of an accident, especially the labor injury or death. ● According to the expert interviews, the minimal pay is well enforced in FMUs. There are two reasons: (1) the new Labor Law is very strictly enforced, and checks have been often conducted by the supervision authorities. The minimal pay is one of the important indicators to be checked. (2) The low payment has no attraction to workers. Even in Shandong, there is badly shortage of young and strong
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	<p>7. Official website of State Forestry Administration. Nearly half of the national forest farms in Shandong have been turned to institutions fully financed by the government (2015-3-26): http://news.163.com/15/0326/01/ALJIGA7N00014SEH.html</p> <p>8. Qi lu website. Shandong will complete the reformation of national forest farm by 2017, with employees' livelihood improvement as one of its main aims (2016-3-22): http://news.iqilu.com/Shandong/yuananchuang/2016/0322/2726749.shtml</p> <p>9. Compulsory education status in 2015 of China. 2016. Available from: http://wenku.baidu.com/link?url=I7KWM6c8sVjk68Zk_iwFxVpHLALylZ927l0AlrDsmNoovCG1j2outTDUdQUZp2F7hmqrmyjoK7WwHJbGyFNiA-oA7s68fQDSXnhTL03AvCgF7nWvUVjIMXVJXamaLKGjc</p>	<p>labors for forestry operations. If the pay is less than expected, no one wants to take the job. Actually, the pay in forestry sector is at the middle niche compared with other sectors.</p> <ul style="list-style-type: none"> ● There is a considerable amount of immigrant workers in collective forest trading and processing factories in Shandong. Those workers are hired via formal contracts, with their social insurances paid by their employers. Their rights regarding work time, vocational training and setting up labor unions are protected by the enterprises according to national laws and regulations. Generally, the Labor Department tend to protect workers' rights and interests during labor security supervision process. However, according to interviews with related experts, there are large number of enterprises that fail to sign formal contract with employees or fail to pay insurances for employees. This means that their right of equal pay, collective bargaining and the others cannot be ensured. ● Shandong implemented the national policy to cancel the tuition fee and distribute for free the textbooks among students at compulsory schooling. In some cities, even the senior high school exempt the poor students from the tuition fee. With the policy and financial supports, in 2015, there were 6.75 million primary school students and 3.11 million junior high school, totally 9.86 million and accounting for 97% of the total children and teenagers that should receive the compulsory schooling (Note: the number of children at the age of compulsory education is estimated at 10.17 million based on the statistics from Shandong bureau of statistics and National Bureau of Statistics). Since Shandong is wealthy province, many parents sent their child to study overseas, plus 23.9 thousand disable students studying in special schools, there is little potential for children in Shandong to go to labor market. ● The CAF Team search of news and report online found that there are less than 10 reports on children labors in other sector such as fish processing, amusement facilities, etc. These children labors come from poor area and give the false ID card to the companies which are suspected to fail to verify the ID card. But there is no widespread use of children labors and the public are encouraged to report the use of children labor. If the report is checked true by labor authorities, the organization using children labors could be fined, administration punished, stopped business or in prison considering the extent of offense, and the children labor once be found working in organizations will be immediately sent back to its family with all the fees paid by the organization that use them, as the public news and reports showed. In Shandong, the Human Resources and Social Security authorities are responsible for the children labor use investigation and punishment. Up to now, there is no report on the suspect use of children labor in forestry sector in Shandong, and the expert interview also indicated that there is no news about children labor in forestry sector.
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	<p>10. Number of students in primary school, secondary school, higher secondary school, university and graduate program in 2016. 2016-9-26. Available from: http://wenku.baidu.com/link?url=U7Q8HGD01dkdbi1NyspVF6sNX5V3AIT3btyx0GnRHNSeAi0R-LJK3ozPrarPvBOV4Ge3IG_sHg877gpQfYB90WmCEx2d2IK9IQbGj2o59EG</p> <p>11. Sohu.com. 2013-05-17. Shandong Oriental Sea suspected to hire children labor. http://news.sohu.com/20130517/n376266139.shtml</p> <p>12. Wang Yiping. 2015. Women Development in China: A Case Study of Shandong. Dong Yue Tribune, 36(3): 25-29.</p> <p>The following organizations and their experts are interviewed:</p> <ol style="list-style-type: none"> 1. Shandong Forestry Bureau 2. Guangxi Forestry Industry Association 3. IKEA 4. Some private FMUs 	<ul style="list-style-type: none"> ● China attached great importance to the gender equality and make great efforts to improve the social status of women. According to the National Statistical Bureau, the goals under China Women Development Outlines (2011-2020) have been achieved great in 2011-2014: the healthcare for women continues to be improved, the education level of women increased, women more widely employed and better protected by laws and regulations, but there are some gaps between different regions in China. In education, 99.83% of girls at the age of beginning schooling is enrolled in primary school in 2014, which was slightly higher than boys. 92.6% of girls completed their compulsory schooling, 3 percentage points higher than prior to the Outlines implementation. More women received the higher education, the women students in postgraduate and graduate stages accounted for 49.2% of the total students. Women employees accounted for the 44.8% of the total laborers, and the women intellectuals and technicians continued to grow in number to 14.23 million, taking up 46.5% of the total. At the same time, more women have been engaged in the decision-making at different levels. Though with such high participation of girl and women for education and work, the non-government source #12 pointed out that recently years there are increasing disparities between women and men in employment opportunity and incomes, and the unpaid family chores or care work by women have commonly been unrecognized. The NSB report also pointed out that some private enterprises fail to meet the legal or policy requirements by extending the work time, refusing to pay the overtime work and setting low standard for women health care. ● Shandong also developed its own women and children development plan in line with the national actions on women right protection. The source of information #11 showed that compare to the year 2000, the year 2010 witnessed great progress of women right in health, education, employment, political participation, social security in Shandong. In education, 33.6% of women received the senior high school education while 15.6% of women went to universities, almost close to the percentage of man receiving higher education (16.4%). 74% of women between 18-64 years old have the work, while 66% in cities and 82% in rural areas. Considering the fast economic and social development in the past 5 years, this figure will be higher in 2016. But women also face some problems in development, such as the gap between women living in urban and rural area, the dropping employment rate since many women give up work for child nursing, the constant increase in the payment between man and woman as woman often enter the sector with less payment. The disparity in remuneration between men and women varied in different sectors as pointed out in the non-government source #12, but there is no source about the wage gap in forestry sector.
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			<ul style="list-style-type: none"> ● Through interviewed with social experts in Shandong, there are no religion, culture, ancestral origin discrimination in Shandong. <p>RISK CONCLUSION</p> <p>Specified risk on gender equality and equal remuneration; Low risk on forced labor, freedom of association and child labor.</p> <p>Low risk (threshold 11,12):</p> <p>(11) Applicable legislation for the area under assessment does not cover all ILO Fundamental Principles and Rights at Work but other regulations and/or evidence of their implementation exist. Reports do not lead to conclusions of systematic violations of rights. When labor laws are broken, cases are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.</p> <p>(12) Other available evidences do not challenge a 'low risk' designation.</p> <p>Specified risk (threshold 15)</p> <p>(15) There is substantial evidence of widespread violation of the ILO Fundamental Principles and Rights at Work.</p>
2.3. The rights of Indigenous and Traditional Peoples are upheld.	<p>Government sources</p> <p>1. State Nationalities Affairs Committee, http://www.seac.gov.cn.</p> <p>2. The Central Government of People's Republic of China: www.gov.cn/test/2005-07/29/content_18338.htm</p> <p>3. Official website of State Forestry Administration. Taian Forestry Administration launched</p>	N/A	<p>OVERVIEW OF LEGAL REQUIREMENTS</p> <p>Chinese government signed the declaration of the United Nations "Declaration on the rights of indigenous peoples". But the government announced that there are no indigenous people in China. ILO169 Convention also was not signed by the government. It has been debated for many years on the issue of whether or not there are indigenous peoples existing in China. But the answers are different, even among the scientists.</p> <p>During the development of China national FSC forest management standard, the social members of the SDG (standard development group) analysed the intention of principle 3 INDIGENOUS PEOPLES' RIGHTS. In their opinions, protect the target groups and their traditional rights and culture should be the core requirements other than focus on the existence of indigenous people in China. If IP existed in China, Chinese government does not grant privilege to IP in terms of land tenure. That is IP have the same right as local communities, in terms of land ownership and land use right. Statutory laws normally do not prevent IP from their traditional use of land or resources related to forests but can confine or restrict such activities by</p>

<p>out programs supporting minorities (2006-4-7): http://www.forestry.gov.cn/portal/main/s/72/content-378837.html</p> <p>4. Nationalities Affairs Committee of Shandong Province. The basic information of nationalities in Shandong Province: http://www.sdmw.gov.cn/channels/ch00226/</p> <p>5. Nationalities Affairs Committee of Shandong Province. Regulations for Nationalities Affairs of Shandong Province: http://www.sdmw.gov.cn/channels/ch00018/200909/b9c06da3-d2df-402b-8b2a-16a39a208c57.shtml.</p> <p>6. State Ethnic Affairs Commission of China. 1952. Decision of State Council on the Equal Rights of All Ethnic People away from Traditional Residence. Available from: http://www.seac.gov.cn/art/2011/8/12/art_58_133768.html</p> <p>7. State Ethnic Affairs Commission of China. 2011-01-17. Chinese</p>	<p>licensing exclusive or partial use rights to certain people and entities. For example, logging of trees or hunting should be licensed; collecting of NFTP may need to be agreed with the land lessee. This is the area that China indicators for P3 address to.</p> <p>SDG developed a new definition of Indigenous people which only be used in FSC standard to protect the target group. The new definition is easy to judge. There are 55 minorities in China. Their distributions could be easily known by reading the minority map issued by the government. Although this might lead to quite a high number of Indigenous People in China, but most of them have been assimilated by Han and have the same right with the local communities. The new definition was also discussed during the face to face stakeholder workshop and be assessed during the field test. The feedbacks are positive. The new definition was considered to be creative and use-friendly. Through the discussion between NRA working group members and the feedbacks from stakeholder meeting, the agreement was attained that, although there is no IP based on the law, while in reality there are some groups that could meet the SDG's definition developed based on FSC principles. The definition of China National Forest management standard is used to judge the indicator 2.3. The definition of IP as below:</p> <p>“indigenous people” refers to:</p> <ol style="list-style-type: none"> 1) officially recognized or self-identified as group different from the Han; and 2) The earliest settlements and migrating before 1949. <p>Nonetheless, the moving resettlement encouraged by the state and migration from reservoir area, diggings and forest region should be excluded.</p> <p>China SDG agree to set the year 1949 as the bar for deciding if certain group are indigenous to a particular area, due to several reasons:</p> <ol style="list-style-type: none"> 1) from 1949 the country has a central government and a legal system prevailing all social and economic rules in China; 2) Government starts to have a clear and stable policy for ethnic minorities, which are normally considered as one essential feature of IP; 3) After 1949, most minority group stopped shrinking and started expansion in both size and area. They expand into area of original place and of new settlements. it can be very contentious if FSC consider those new settlements after 1949 as traditional place of IP;
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	<p>Character Reform Commission Discussion of the written character or words for ethnic groups. http://www.seac.gov.cn/art/2011/1/17/art_58_106830.html</p> <p>8. State Ethnic Affairs Commission of China. Notice of the State Council on the festival celebration by Muslin People. http://www.seac.gov.cn/art/2011/1/17/art_58_106814.html</p> <p>Non-Government sources</p> <p>1. China villager's autonomous network, http://www.chinarural.org/.</p> <p>2. Chinese Academy of Forestry. A survey of FSC controlled wood (for internal use only).</p> <p>3. Wenhui. Shandong Province will continue implementing the differentiated supporting policy in places where minorities gather (2015-9-1), http://sd.wenweipo.com/?action-viewnews-itemid-601.</p>	<p>Based on the agreement, the ethnic groups that could meet these definitions regarded as IP, but in China's law framework there is no IP but ethnic groups. So, it could be concluded that there is no IP based on the law while in reality there are some groups that could meet the SDG's definition developed based on FSC principles.</p> <p>China is a multi-ethnic country since ancient times and the rights and interests of ethnic groups are addressed within Chinese law and society.</p> <ul style="list-style-type: none"> • Ethnic people are the peoples different from Han. During long history, they have migrated to different places like Han People and are mixed living with Han. In strict sense, there is only a small part of them could be really regarded as IP. As the result, they enjoy the equal rights with the Han people, which clearly set in the Constitution of China. Based on the principle, ethnic people's rights for education, politics, culture, religion belief, customs and habits are well protected. According to government information 7, 9 and 10, the ethnic group are encouraged to keep their own language, and ethnic schools are set up to teach their own language and Chinese Character Reform Commission has been requested to create written language for ethnic groups which only have the oral language in order to keep their own language and culture; ethnic groups are encouraged to celebrate their own ethnic festival or religious festival, and local governments have been asked to give the convenience to them for better celebration; even the ethnic people leave their original living place, their rights as ethnic people are also protected according to policy, including the education, religious belief, employment, keeping their own language, lifestyle and customary rights. The single child policy even stipulated that ethnic people are entitled to have the second baby to continue their nationality considering their small number of population. • State Ethnic Affairs Commission was specially set up to be responsible for dealing with minorities' affairs, including harmonizing ethnic relationships and ensuring the traditional rights of minorities. In the province, cities, counties and townships where ethnic people have larger population, the autonomous regions/city/county/township shall be established to let ethnic people govern and handle the affairs, which is designed to better protect their own rights. • Conflicts in relation to community traditional rights are resolved according to Organic Law of the Villagers Committees of the People's Republic of China and Organic Statute of People's Mediation Committee. The villager committee, which is a self-government organization in the countryside, is responsible for administering affairs concerning traditional rights disputes according to mediation regulations. If
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	<p>4. Human Rights Magazine. Interviewing LI Dezhu, director of State Nationalities Affairs Committee, http://www.humanrights-china.org/china/magezine/2003.5/p2-p6.htm.</p>	<p>mediation fails, the parties concerned can apply for administrative mediation to government or apply for a judicial procedure to the people's court.</p> <p>DESCRIPTION OF RISK</p> <ul style="list-style-type: none"> ● As mentioned in indicator 1.1, the regulation on resolving forest tenure disputes was issued and related procedure has been developed. In some areas, especially in Minority Autonomous Regions, some local unwritten-laws regulate the detailed procedure to resolve conflicts on forest land borders and use-rights of forest resources. Conflicts in relation to community traditional rights are resolved according to Organic Law of the Villagers Committees of the People's Republic of China and Organic Statute of People's Mediation Committee. The villager committee, which is a self-government organization in the countryside, is responsible for administering affairs concerning traditional rights disputes according to mediation regulations. If mediation fails, the parties concerned can apply for administrative mediation to government or apply for a judicial procedure to the people's court. ● Shandong is a province where 55 ethnic minorities live, with permanent residents of the ethnic minorities accounting for 0.75% of the total population of Shandong. Shandong Province strictly implements national laws and regulations regarding the protection of ethnic minorities and has approved and implemented Regulations on works on Ethnic Minorities of Shandong Province. Shandong government fully protects the legal rights of ethnic minorities regarding civic engagement, cultural and religious activities. Even the ethnic population is small in Shandong, there are still some autonomous townships set up for ethnic groups which live comparatively concentrated. Their religion and lifestyle are respected. For example, Linyi City in Shandong has some Muslin people. They still keep their own lifestyle, speaking their own language within its own group, believe their own religion. Besides, they enjoy some preference policies in education, employment and promotion, especially women. ● Farmland forests in Shandong are basically owned by farmers. Ethnic minorities and traditional people's forest resources ownership is protected by laws. Up to now, there are 359 professional farmers' cooperatives in Shandong Province, with more than 23900 farmer households as members. ● According to NRA, the third-party assessment in category 1 considers that ethnic minorities' rights are well protected by laws, and their traditional rights are fully respected via minority autonomous system. Therefore, the risk of this indicator has been assessed as low in Shandong Province. ● No evidences indicate the existence of large-scale or continuous group incidents in Shandong Province.
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			<ul style="list-style-type: none"> Through field verification in Shandong Forest management unit and interviewed with local people, there are little conflict regarding to their traditional rights, they have the right to collect NTFP and brushwood. They also understand that the villager committee, is the organization to help them solve these affairs if have any problems. <p>RISK CONCLUSION</p> <p>Based on the risk description, the risk of this indicator is assessed as low in Shandong Province.</p> <p>Low thresholds (18, 19, 21)</p> <p>(18) The presence of indigenous and/or traditional peoples is confirmed or likely within the area under assessment. The applicable legislation for the area where indigenous or traditional peoples are present does not cover all basic principles of ILO governing identification and rights of indigenous and/or traditional peoples and UNDRIP but other regulations and/or evidence of their implementation exist. Cases when rights are broken are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities;</p> <p>(19) There is no evidence of conflict(s) of substantial magnitude pertaining to rights of indigenous and/or traditional peoples;</p> <p>(21) Other available evidence does not challenge a 'low risk' designation.</p>
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Recommended control measures

Indicator	Recommended control measures
2.1	N/A
2.2	<p>Clear evidence that the Organization has policies in place that guarantee core labour rights.</p> <p>The evidence could be:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Employment contract <input type="checkbox"/> Pay records <input type="checkbox"/> Records of labor inspectorate <input type="checkbox"/> Adverts <input type="checkbox"/> Job application records <input type="checkbox"/> Grievances/ complaints register

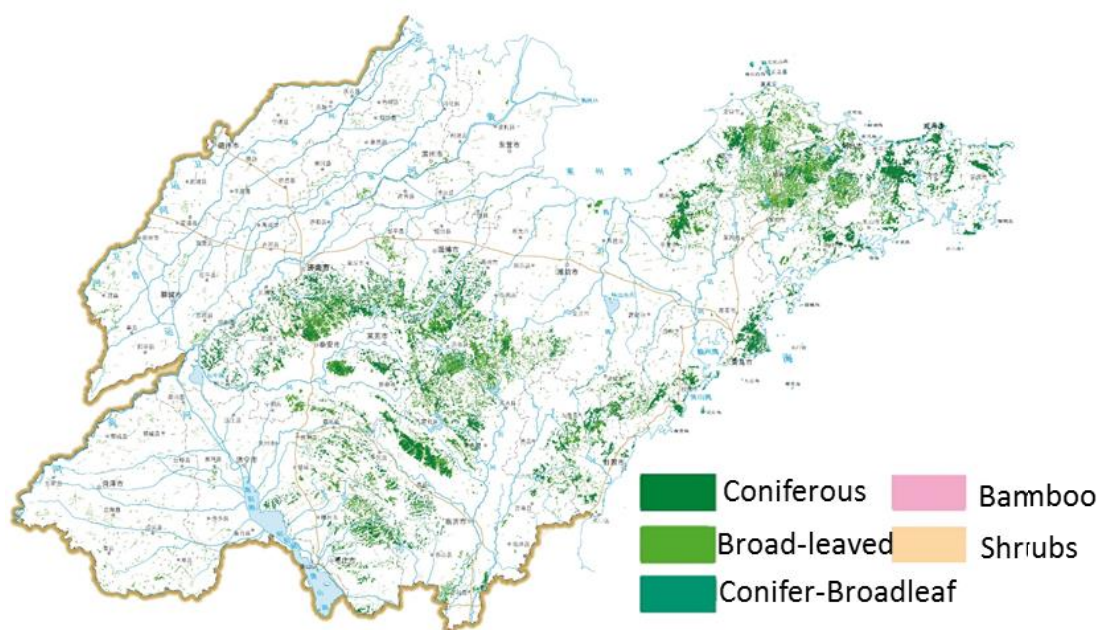
Indicator	Recommended control measures
	<input type="checkbox"/> Job evaluation(appraisals) <input type="checkbox"/> Affirmative action*program <input type="checkbox"/> Policies and procedures <input type="checkbox"/> Employment demographic/ gender ratio in job types <input type="checkbox"/> Discriminatory reports/Social responsibility reports <input type="checkbox"/> Interviews Representatives of employer <input type="checkbox"/> Sample of workers* Representatives of workers* and unions
2.3	N/A

Controlled wood category 3: Wood from forests in which high conservation values are threatened by management activities

Overview

Historical land use and forestry practices led to a majority of present forests in Shandong province in China, being semi-natural ecosystems, with small insertions of close to natural forests stands. Surveys show that in the last centuries all forests in Shandong was depending on different management activities, varying from extensive to very intensive forestry with land use change. Forest area in Shandong decreased in the last 300 years and started to increase after 1974. In 1979, China issued the first forest law, which stated clearly the forest use policy, forest right and others. According to the latest forest survey, there are 0.331 million ha forest area in Shandong province, in which 0.24 million ha are planted forest, almost 73.82% of the total forest. There are 88 protected areas in Shandong province in 2014, which protecting around 0.12 million ha, this contain nature reserves.

Figure 1 forest type and distribution in Shandong Province



China ratified the Convention on Biological Diversity in 1992. In 2014, 7.28% of terrestrial land in Shandong province were protected. Forests in China are surveyed every 5 years, which include the forest types (coniferous forest, broad-leaved forest, conifer-broadleaf forest, bamboo forest, and shrubs), area, quality, and other properties. Forest in China are classified as protective forest, timber forest, economic forest, firewood forest and forest for special purpose. Data about biodiversity is updated regularly. There are areas of UNESCO world heritage and Ramsar convention in Shandong province of China. Other important areas for a large biodiversity landscape include valuable forests in national parks, regional parks and biosphere reserves. The forest management types in China are state-managed forests, collective-owned forests and privately-owned and managed forests.

In China, currently defined ecological forests have covered most of the forests with high conservation values. In terms of function, forests in China are classified into two types, ecological forests and commercial forests. The former contributes greatly to the ecological safety, bio-diversity protection, as well as socio-economic development of China. Ecological forests include nature protection forests, national defense forests, the environmental protection forests, scenic forests, memorial forests, water conservation forests, soil and water fixation forests, road protection forests, river bank protection forests, windbreak and sand-fixing forests, farmland protection forests, etc. Those types of forests almost cover all forests classified by FSC high conservation value standard 1-6. According to related documents, ecological forests are classified into three types, special ecological forests, major ecological forests, and general ecological forests. It is regulated that ecological forests must account for about 30% to 40% of all types of forests in China. State Forestry Administration has redefined the major ecological forests in national level into three types, the first class ecological forests, the second class ecological forests, the third class ecological forests. This new way of classification is closer to High Conservation Value Forest (HCVF) criterion in ecological sense (local ecological forests include major ecological forests and general ecological forests. The management methods of those types of forests are as same as the second and third class national ecological forests).

China has established mature nature reserve system. In terms of protected object, nature reserves are classified into three types, ecological system reserve, species reserve, and nature relic reserve. In terms of the organizational nature, nature reserves are classified into four types, scientific reserve, national garden, management reserve, resource management reserve. Those types of nature reserves almost cover HCVF in ecological sense. According to the *5th report of China fulfilling Bio-diversity Convention*, China has established a mature protection system, centered on nature reserve, complemented by scenic regions, forest garden, agricultural wild plants protection site, wetland park, desert park, geopark, special ocean park, germplasm resource conservation zone. Up to 2013, China has established 2697 nature reserves covering an area of 1.463 million hectares, 2855 forest gardens covering an area of 0.194 million hectares. 962 scenic regions covering 0.194 million hectares, and more than 50 thousand protection districts covering over 0.015 million hectares.

China has established mature legal system for managing nature reserves, formulating strict technical guidance and standards for managing nature reserves. According to *Regulations of the People's Republic of China on nature reserves*, it is prohibited to fell trees, to dig sand, to collect medical herbs, to pasture, to hunt, to crop, to fish, reclaim

land from lakes, to burn, to collect stones within nature reserves, unless laws or regulations stipulate otherwise. Nature reserves are classified into core areas, buffering areas, and experimental areas, and each is strictly managed.

China has established mature management system for nature reserves. The Ministry of Environment of the State Council is in charge of the management of all nature reserves in China. The Ministry of Forestry, Ministry of Agriculture, Ministry of Geology and Mineral Resources, Ministry of Water Resource, and Marine Department take charge of the nature reserves of corresponding field. China has established mature protection system and law enforcement mechanism regarding nature reserve, and no evidence indicates that forest management activities have threatened nature reserves.

Outside nature reserve system, other ecological forests and forests with high conservation value are protected by related laws. According to *Construction Guidance of Ecological Forests*, and *Management Methods of National Ecological Forests*, production and management activities are prohibited in the first-class ecological forests. Among all forest management activities, only forest tending and logging for regeneration purpose is allowed in the second-class ecological forests. The management of the third-class forests is aimed at increasing vegetation cover and improving forest quality, and it is encouraged to scientifically utilize the forest resources in third class ecological forests. Protection and management system for wild animals and plants, non-wood resource utilization, construction, road and other infrastructure construction is established. Logging is strictly prohibited in core areas, buffering areas, protected small areas, scenic regions, revolution holy lands and ecologically fragile forests (forests that are difficult to be renewed after logging) in nature reserves. In ecological forests outside nature reserves, under the condition of ensuring the ecological function of forests, logging for regeneration purpose is allowed, and it is allowed to interplant understory shrubs or non-woody associated tree species.

According to statistics provided by Department of Forestry of Shandong Province, the total forest area in Shandong Province reached 3.47 million hectares (forest cover rate reached 19%), 1.89 million hectares of which are ecological forests (54.7% forest cover rate) and 1.57 are commercial forests (45.3% forest cover rate).

As the contracting party of *Bio-diversity Protection Convention*, China formulated *China bio-diversity protection strategy and action plan (2011-2030)*, and submitted the report, *China fulfilling Bio-diversity Protection Convention*. Based on that report, China has made great achievements regarding bio-diversity protection and has basically established its own bio-diversity protection and management system.

Experts consulted

The consulted experts are documented and archived at FSC IC, due to data protection reason, the details are not listed in this NRA.

Risk Assessment

Indicator	Sources of Information	HCV occurrence and threat assessment	Functional scale	Risk designation and determination
<p>3.0 Data available are sufficient for:</p> <p>a) Determination of HCV presence for each HCV, AND</p> <p>b) The assessment of the threats to HCVs from forest management activities.</p>	<p>Government sources</p> <p>1. 2015 Annual Forestry Statistics Analytical Report of Shandong Province.</p> <p>2. Notification of implementing the management methods of national ecological forests by Shandong Province.</p> <p>3. Forest police of Shandong Province in all levels strictly combat crimes that damage forest resources and wild animals, http://www.sdly.gov.cn/channels/ch00011/201411/87c1fa96-8224-48fb-ba0c-68556ce76731.htm</p> <p>4. Department of Forestry of Shandong Province. Statistics of the basic conditions of forest gardens in Shandong Province.</p>	<ul style="list-style-type: none"> ● The sufficient data of ecological forest and current protection situation could be available from the local government which could be taken as the basis to identify the HCVs and their threats in Shandong. ● Many NGOs has identified the key regions or regional unique ecological area or up tapped intact forests on the landscape level like WWF, WRI, Greenpeace etc. and the data could be available from their website. ● WWF has promoted the application of HCVF in China and identify HCV1 to HCV3 for China and many tools has developed to identify the HCVs and how to manage it in China, which could be available from their website and relevant responsible project officials. ● Researchers from CAF has conducted the study of comparison of ecological forest and HCVF in China and also the gaps and threats in China, and the report or thesis could be available from the authors directly. Some NGOs or researchers also conducted the research on the protection gaps and key threats faced for the key protection area and species and relevant paper/report could be available from the website. 	N/A	<p>RISK CONCLUSION</p> <p>There is sufficient data for the determination of the presence of HCV and the assessment of the threats to HCVs in Shandong. So, the risk of this indicator is assessed as low in Shandong.</p> <p>Low (Threshold 1,2):</p> <p>(1) Data available are sufficient for determining HCV presence within the area under assessment; AND</p> <p>(2) Data available are sufficient for assessing threats to HCVs caused by forest management activities.</p>

	<p>Non-Government sources</p> <p>1. Key regions regarding bio-diversity identified by WWF. http://www.worldwildlife.org/science/ecoregions.cfm</p> <p>2. Regionally unique ecological areas identified by Wiki http://simple.wikipedia.org/wiki/Endemism</p> <p>3. Untapped intact forests identified by World Resource Institute or Green Peace http://www.intactforests.org/world.map.html.</p> <p>4. China bio-diversity protection strategy and action plan (2011-2030) https://www.cbd.int/doc/world/cn/cn-nbsap-v2-zh.pdf</p> <p>5. The 5th report of China fulfilling Bio-diversity Convention. https://www.cbd.int/doc/world/cn/cn-nr-05-zh.pdf</p> <p>6. Shandong Province combats illegal catching and trading of wild animals,</p>			
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	<p>http://news.xinhuanet.com/society/2010-08/18/c_12459505.htm</p> <p>7. Yancheng combats crimes that damage wild animal resources, http://www.sd.xinhuanet.com/sd/ly/2013-01/29/c_114541790.htm</p> <p>8. Qingdao combats crimes that damage wild animal resources, http://www.whnews.cn/news/node/2012-11/30/content_5513471.htm.</p> <p>9. Laiyang forest police severely combats crimes that damage wild animal resources, http://www.forestry.gov.cn/portal/main/s/102/content-628014.html</p> <p>10. The basic conditions of nature reserves in Shandong Province.</p>			
3.1 HCV 1	<p>Government sources</p> <p>1. China Biodiversity Red List - higher plant volume: http://www.mep.gov.cn/gkml/hbb/bg/201309/W020130917614244055331.pdf</p>	<p>Identification of HCV1</p> <ul style="list-style-type: none"> According to List of Endangered and Special Tree Species in Shandong, Shandong Province owns 61 kinds of cherish or endangered species. 10 of those species belong to second class protected plants in national level, which are mainly distributed in Mount Lao, Mount Tai, Mount Wulian, and Mount Qi, etc. According to List of Key Protected Animals and Plants in Shandong Province, Shandong owns 80 kinds of key protected wild animals, managed by forestry and fishery sectors. 	N/A	<p>RISK CONCLUSION</p> <p>HCV1 is identified in Shandong Province, and it is not threatened by forest management activities. Therefore, the risk of this indicator is assessed as low.</p>

	<p>2. China Biodiversity Red List – vertebrate volume: http://www.mep.gov.cn/gkml/hbb/bq/201505/W020150526581939212392.pdf</p> <p>3. National natural conservation area list: http://www.forestry.gov.cn/</p> <p>4. Shandong natural conservation area list http://sts.mep.gov.cn/zrbhq/zrbhq/201309/t20130927_260954.shtml</p> <p>Non-Government sources</p> <p>1. Protected areas, terrestrial Critical Biodiversity Areas, River Freshwater Ecosystem Priority Areas (FEPAs), River Rehab FEPAs, Wetland FEPAs or aquatic CBAs in Shandong province can be found: Shandong natural protected areas http://sts.mep.gov.cn/zrbhq/zrbhq/201309/t20130927_260954.shtml</p> <p>UNESCO World heritage sites, IUCN recognised Protected Area, Ramsar Site, Key Biodiversity Area, information can be find in</p>	<ul style="list-style-type: none"> ● Through the field verification and expert interview, there are also several sources could be used to identify the existence of HCV1. For example, source 1 list the Shandong natural conservation area Which contain species that are rare, threatened or endangered. During the NFSS development process, China Biodiversity Red List is defined as the best available information to identify if HCV 1 is existed. ● Through interviewed with the responsible person from FME, as the confidential reasons, some information is not allowed to publish. But the manager of FME understand where and which kind of species should be protected. ● Thus, there is HCV 1 existed in Shandong Province, the natural reserves and the neighboring adjacencies in Shandong can be used as proxy for HCV1. <p>Risk Assessment</p> <ul style="list-style-type: none"> ● China formulated laws in national levels for the protection of wild animals and plants, including Wild Animal Conservation Law of the People's Republic of China. Based on related laws and regulations, China protects wild animals and plants and their habitats. It is strictly prohibited to illegally collect, destroy or hunt wild animals and plants. According to related laws, natural reserve shall be established in places where wild animals and plants mainly distributed according to related laws and regulations. ● Shandong strictly implemented laws and regulations regarding the protection of wild animals and plants, having established management institutions in all levels. Shandong Province has formulated Management Methods for Nature Reserves of Forest and Wild Animals (2004), stipulating that nature reserves shall be established in typical ecological systems, areas where rare species or species with high conservation value live and breed, as well as other forests with high conservation values. It is prohibited to fell trees, to hunt, to dig, to collect stones, to reclaim land from lakes, or to do anything that damage natural resources, scenery or pollute the environment in nature reserves. ● Current researches indicate that Shandong has established sound nature reserve system, effectively covering the majority of protected species in 	<p>Low (Threshold 7): HCV1 is identified, and/or its occurrence is likely in the area under assessment, but it is effectively protected from threats from management activities.</p>
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	<p>HCV Common guidance for Identification (2013)</p> <p>2. LIU Guoning. Protection Measures for Typical Species in Marine Protected Areas based on the Analysis of Genetic Diversity: Take <i>Tamarix chinensis</i> in Shandong Nearby National Special Marine Reserve as an Example, Ocean Development and Management, 2017(6). LIAN Haiyan. Conservation Status of <i>Ciconia boyciana</i> in the Yellow River Delta Nature reserve of Shandong Province, <i>Science and Technology Innovation Herald</i>, 2011.</p> <p>3. TANG Xiaoping. The Effects of the Grid Method of Wetland Restoration in Shandong Yellow River Delta, <i>Forest Resources Management</i>, 2013(2).</p> <p>4. GE Haiyan. Assessing the Water Supplementation Effects of Shandong Yellow River Delta Nature Reserves, <i>Shandong Forestry Science and Technology</i>, 2012(5).</p>	<p>Shandong provinces, with good conservation effects achieved for most of the protected species in corresponding nature reserves. Up to 2015, Shandong Province has established 66 nature reserves in all levels, covering an area of 933800 hectares, accounting for about 6% of land area of Shandong Province. 4 of the 66 are nature reserves in national level, 28 are in provincial level, with the remaining 34 in city and county level</p> <ul style="list-style-type: none"> ● Through interview with local authorities and experts, Shandong has strictly implemented laws and regulations regarding the protection of wild animals and plants. ● All the species are not allowed for harvesting in the protection area, and all the protected species are also not allowed harvested outside nature reserves. ● According to the research by LIAN Haiyan, since 2003, the number of <i>Ciconia boyciana</i> breeding population has steadily increased as a result of effective management of the Yellow River Delta National Nature Reserve of Shandong. GE Haiyan's research and TANG Xiaoping's research indicate that Yellow River Delta (Yellow River Delta is located in Shandong Provinces, covering areas of many cities of Shandong) has been well protected, with the number of several species (wild plants and aquatic birds) increasing steadily since 2010. According to the research by LIU Guoning, Changyi Marine Reserve of Shandong is well managed, and the protected plants are not negatively affected by any management activities. And there is no research paper or reports revealing that HCV1 is threatened by forest management activities. ● Through interview with experts and responsible person from FME, most of HCV1 is distributed in the reserve, protected area, they are well protected and not be threatened by the forest management activities. 		
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3.2 HCV 2	Non-Government sources 1. Intact Forest Landscapes worldwide: http://intactforests.org 2. Green peace nature Guardian http://ngmap.org.cn/	Identification of HCV2 <ul style="list-style-type: none"> Greenpeace China developed a platform through RS, GIS and GPS, use the data from the 8th national forest resources inventory between 2009 and 2013. The platform was public available since March 2017. The user could search the sizable natural forest in good condition in China based on provincial level. It is the best available information to judge the existence of HCV2. The According to Greenpeace's research, there is no such forest landscapes in Shandong, thus no HCV2 exists in in Shandong. Interview with local expert also confirmed the non-existence of intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics, due to traditionally Shandong is agricultural province with flat terrain, most of land were cultivated for centuries. 	N/A	RISK CONCLUSION There is no HCV2 identified in Shandong Province, and the risk of this indicator is assessed as low. Low (Threshold 9): There is no HCV2 identified and its occurrence is unlikely in the area under assessment.
3.3 HCV 3	Government sources 1. List of Endangered and Special Tree Species in Shandong 2. China Biodiversity Red List – higher plant volume: http://www.mep.gov.cn/gkml/hbb/bg/201309/W020130917614244055331.pdf 3. China Biodiversity Red List – vertebrate volume: http://www.mep.gov.cn/gkml/hbb/bg/201505/W020150526581939212392.pdf	Identification of HCV3 <ul style="list-style-type: none"> As is analyzed in indicator 3.1, Shandong Province owns 61 kinds of cherish or endangered species. 10 of those species are mainly distributed in Mount Lao, Mount Tai, Mount Wulian, and Mount Qi, etc. So, these mountains are important habitats for protected species in Shandong and also for the typical ecosystem. Shandong owns 80 kinds of key protected wild animals, managed by forestry and fishery sectors. Based on the data from Shandong Forestry Department, up to 2015, Shandong Province has totally established 66 nature reserves. 37 of those 66 are forest ecosystem nature reserves, home to <i>Pinus densiflora</i>, <i>Ginkgo biloba</i>, <i>metasequoia glyptostroboides</i>, <i>catalpa bungei</i>, and <i>Pinus thunbergii</i> Parl. Current researches indicate that Shandong has established sound nature reserve system, effectively covering the majority of protected species in Shandong provinces, with good conservation effects achieved for most of the protected species in corresponding nature reserves. Through the field verification and expert interview, there are also several sources could be used to identify the existence of HCV3. For example, source 4 and 5 list 	N/A	RISK CONCLUSION There is HCV3 identified in Shandong Province, and the high conservation value is not threatened by forest management activities. Therefore, the risk of this category is assessed as low in Shandong Province. Low (Threshold 15): HCV3 is identified, and/or its occurrence is likely in the area under assessment, but it is effectively protected from

	<p>4. National natural conservation area list: http://www.forestry.gov.cn/</p> <p>5. Shandong natural conservation area list http://sts.mep.gov.cn/zrbhq/zrbhq/201309/t20130927_260954.shtml</p> <p>Non-Government sources</p> <p>1. China-EU biodiversity program (ECBP): http://www.ffichina.org/project.jsp?id=12</p> <p>2. LIU Guoning. Protection Measures for Typical Species in Marine Protected Areas based on the Analysis of Genetic Diversity: Take <i>Tamarix chinensis</i> in Shandong Nearby National Special Marine Reserve as an Example, Ocean Development and Management, 2017(6).</p> <p>3. LIAN Haiyan. Conservation Status of <i>Ciconia boyciana</i> in the Yellow River Delta Nature reserve of Shandong Province, <i>Science and Technology Innovation Herald</i>, 2011.</p>	<p>the Shandong natural conservation area Which contain species that are rare, threatened or endangered. These nature reserves and protect area could be the best proxy as the existence evidence for HCV3.</p> <ul style="list-style-type: none"> ● Thus, there is HCV3 existing in Shandong. <p>Threat Assessment</p> <ul style="list-style-type: none"> ● According to the research by LIAN Haiyan, since 2003, the number of <i>Ciconia boyciana</i> breeding population has steadily increased as a result of effective management of the Yellow River Delta National Nature Reserve of Shandong. GE Haiyan's research and TANG Xiaoping's research indicate that Yellow River Delta (Yellow River Delta is located in Shandong Provinces, covering areas of many cities of Shandong) is well protected with the numbers of several species (wild plants and aquatic birds) increasing steadily since 2010. According to the research by LIU Guoning, Changyi Marine Reserve of Shandong is well managed, and the protected plants are not negatively affected by any management activities. ● According to interviews with local people, Changdao national nature reserve was once punished due to illegal wind power construction and tourist projects. Changdao nature reserve belong to one of the island nature reserves, mainly aiming at protecting migrant bird habitats. Therefore, the threat does not come from forest management activities. Except this one, there is no research paper or reports revealing that HCV 3 in Shandong Province have been threatened by forest management activities. 	<p>threats caused by management activities.</p>
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	<p>4. Interview with local people near Changdao National Nature Reserve regarding the bird protection status.</p> <p>5. TANG Xiaoping. The Effects of the Grid Method of Wetland Restoration in Shandong Yellow River Delta, <i>Forest Resources Management</i>, 2013(2).</p> <p>6. GE Haiyan. Assessing the Water Supplementation Effects of Shandong Yellow River Delta Nature Reserves, <i>Shandong Forestry Science and Technology</i>, 2012 (5).</p>			
3.4 HCV 4	<p>Government sources</p> <p>1. 2015 Annual Forestry Statistics Analytical Report of Shandong Province.</p> <p>2. Notification of implementing the management methods of national ecological forests by Shandong Province.</p>	<p>Identification of HCV4</p> <ul style="list-style-type: none"> The origin of Yi River, Shu River, and Si River are all distributed in middle-south part of Shandong Province. Long coastline is distributed in the northeast and southeast part of Shandong. Forests in those parts of Shandong are crucial for water and soil conservation. WANG Yazhen's research indicate forests in Mountain Lao of Shandong Province play a very positive role in improving water quality and adjusting water quantity. According to the research by LIU Shengtao, the total ecological value of forests in City Taian of Shandong province was 182.15 million yuan, of which the most valuable function is water storage (103.77 million yuan). YU Naisheng's research reveals that poplar plantations on lowland of Yellow River in Changqing district of Jinan (the capital city of Shandong Province) contributes greatly to the control of surface runoff and water conservation. 	N/A	<p>RISK CONCLUSION</p> <p>HCV4 is identified in Shandong Province, and it is not threatened by forest management activities. Therefore, the risk of this indicator is assessed as low.</p> <p>Low (Threshold 21): HCV4 is identified, and/or its occurrence is likely in the area under</p>

	<p>Non-Government sources</p> <p>1. Ecological Support Areas or priority corridors for connectivity, Free-flowing rivers (FEPAs)</p> <p>2. LIU Shengtao. An ecosystem services assessment of Tai Mountain. <i>Acta Ecologica Sinica</i>, 2017, 37 (10): 3302-3310.</p> <p>3. WANG Yazhen. The assessment of forest ecological service in Mountain LAO, <i>Shandong forestry science and technology</i>, 2012(2).</p> <p>4. YU Naisheng. Water Conservation Function of Polar Plantations on Lowland in Yellow River, <i>Journal of Soil and Water Conservation</i>, 2009(23)</p> <p>5. CHEN Jinghe. Assessing the importance of ecological forests in Shandong, <i>Shandong forestry science and technology</i>, 2007(4).</p>	<ul style="list-style-type: none"> ● Shandong is rich in rivers and lakes, with over 100 rivers whose main streams reach over 50 kilometres. The origin of Yi River, Shu River, and Si River are all distributed in middle-south part of Shandong Province. Long coastline is distributed in the northeast and southeast part of Shandong. Forests in those parts of Shandong are crucial for water and soil conservation. In addition, important catchment areas are distributed in the mountain in central Shandong, hills in eastern and southern parts of Shandong, and aggraded valley plains in northern and west-northern part of Shandong. Some of those areas are ecologically fragile. WANG Yazhen's research indicate forests in Mountain Lao of Shandong Province play a very positive role in improving water quality and adjusting water quantity. According to the research by LIU Shengtao, the total ecological value of forests in City Taian of Shandong province was 182.15 million yuan, of which the most valuable function is water storage (103.77 million yuan). YU Naisheng's research reveals that poplar plantations on lowland of Yellow River in Changqing district of Jinan (the capital city of Shandong Province) contributes greatly to the control of surface runoff and water conservation. ● According to the interview with experts, the ecological forests and plantations along important rivers, wetlands, reservoirs and coastlines could be used as the best proxies for HCV4. ● Therefore, there is HCV4 in Shandong Province. <p>Threat Assessment</p> <ul style="list-style-type: none"> ● According to regulations regarding ecological forests planning, ecological forests should cover the sources of major rivers, river banks, wetlands, reservoirs, border areas, environmentally fragile regions (regions of soil and water loss or desertification), and regions providing important environmental services. Shandong has already planned ecological forests covering 1.89 million hectares (54.7% of forest land area of Shandong Province), which include ecological service-oriented forests. ● According to the interview with experts from Department of Forestry of Shandong Province. the ecological forests and plantations along important rivers, wetlands, 	<p>assessment, but it is effectively protected from threats caused by management activities.</p>
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		<p>reservoirs and coastlines are strictly managed according to corresponding laws and regulations that including the water quality and quantity. Logging in these areas are strictly prohibited. In addition, Shandong will further the construction of protection forest system along the Yellow River and coastal areas, strengthening the control of soil and water loss.</p> <ul style="list-style-type: none"> ● Current researches indicate that important catchments in Shandong are covered by ecological forests, nature reserves and forest parks, which are well managed by related organizations. ● No research paper or reports revealing that HCV 4 in Shandong is threatened by forest management activities. 		
3.5 HCV 5	<p>Government sources</p> <p>1. 2015 Annual Forestry Statistics Analytical Report of Shandong Province.</p> <p>Experts that are interviewed including:</p> <p>1. Experts from Shandong Benghe National Forest Farm.</p>	<p>Identification of HCV5</p> <ul style="list-style-type: none"> ● Expert engaged indicated that there are some local, rural populations that live nearby Yimeng Mountain in Shandong province may take forest resources as a means of securing fuels and drink water. It is necessary for the living of these local people. HCV5's occurrence is likely in Shandong. It is in this case difficult to find suitable proxy for defining the HCV5, across the landscape, the HCV 5 is distributed and scattered in rural area of Yimeng mountainous forest area. <p>Threat Assessment</p> <ul style="list-style-type: none"> ● Some proportion of the forests that include HCV5 are classified as ecological forests. According to expert interview, those forest that are not included in the ecological forests, the local forest manager or communities manage the forest in the best practical way to satisfy the community need. There are no reported conflicts or compromise of the rights of the local community to utilize the forest. Shandong provincial government supports and subsidize the rural development. There could hardly be any forest management activities impact the local community for their traditional rights. Therefore, HCV5 is not threatened by management activities. 	N/A	<p>RISK CONCLUSION</p> <p>HCV5's occurrence is likely in Shandong under assessment, the risk of this indicator is assessed as low.</p> <p>Low (Threshold 25): HCV5's occurrence is likely in the area under assessment, but it is effectively protected from threats caused by management activities.</p>

3.6 HCV 6	<p>Non-Government sources</p> <p>1. Territories and communities of the UNESCO World Heritage Sites, National heritage sites Local community sites and values, world heritage sites in specific UNESCO cultural landscape, UNESCO Cultural Landscape in China http://whc.unesco.org/en/statesparties/cn</p> <p>2. Interview with local people near the Grand Canal in Shandong Province regarding the conservation of wetlands.</p> <p>3. ZHENG Jian. Pest Prevention and Control in Confucian Garden in Qufu, Shandong Province, <i>Plants Protection Technology</i> (2014).</p> <p>4. The People's Government of Shandong Province. Notice from the People's Government of Shandong Province regarding the 5th batch of Shandong's key protected cultural heritage in provincial level (2015). http://www.Shandong.gov.cn/art/2015/6/30/art_2477_221445.html</p>	<p>Identification of HCV6</p> <ul style="list-style-type: none"> ● Shandong is one of the most famous historical and cultural province of China. There are 4 world class cultural heritages in Shandong. Mountain Tai was listed as both the world's cultural heritage and natural heritage by UNESCO. The Qi Great Wall, Qufu Confucian heritage (Confucian Temple, Confucian Garden, Confucian Mansion), and the Grand Canal were listed as the world's cultural heritage by UNESCO. Shandong has 95 key protected cultural heritages at national level, and 418 key protected cultural heritages at provincial level. Those cultural heritages are distributed in various cities, counties and villages across Shandong. According to interview with local community, people in Shandong generally feel proud of the cultural heritages listed above and consider those heritages are of great significance for the formation of their cultural identity. So, if these cultural heritages related with the forest could be regarded as HCV6. ● In addition, some temple and tomb are also regarding as the important culture sites by local people. Through interviewed with FSC certified FMUs, we got the information that they will ask the stakeholder's opinions when identifying HCV6. Normally, local people will regard the temple and tomb as their Spiritual values and then identify them as HCV6. ● Therefore, HCV6 exists in Shandong as described above at the vicinity of these cultural sites. <p>Threat Assessment</p> <ul style="list-style-type: none"> ● Current research and expert interviews indicate that cultural heritages in Shandong are generally well protected. According to expert interview, there is no logging activities and plantation projects in Qufu Confucian Temple and Confucian Mansion and Qi Great Wall. According to ZHENG Jian's research, the biological diversity in Confucian Garden (one of the largest ancient artificial garden in China) is well conserved, and the plantations in Confucian Garden are well protected, with strict pest and diseases control measures effectively implemented every year. According to the interview with experts from Department of Forestry of Shandong Province, mountain Tai well protected 	N/A	<p>RISK CONCLUSION</p> <p>HCV6 is identified in Shandong Province, and it is not threatened by forest management activities. Therefore, the risk of this indicator is assessed as low.</p> <p>Low (Threshold 28): There is low/negligible threat to HCV6 caused by management activities in the area under assessment.</p>
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	<p>5. Dazhong Daily. The 7th batch of Shandong's key protected cultural heritages in national level (95 in number) http://sd.dzwww.com/sdnews/201311/20131115_9187828.htm</p> <p>6. Song Yongxi. The protection status and strategies for cultural heritages in Huishan County (2015)</p> <p>7. Zhang Zhenhong. The progress of the protective development of Zifang County, <i>Social Observation</i> (2017)</p> <p>8. Yu Yanxue. Research of the inspection, protection and development of cultural heritages in Taishan district of Shandong, <i>Journal of Longdong Institute</i> (2014).</p> <p>Experts that are interviewed including:</p> <p>1. Experts from Shandong Benghe National Forest Farm</p>	<p>according to laws and regulations, and logging is strictly prohibited in Mountain Tai. According to the interview with local community, the wetlands along the Grand Canal have been well conserved since 2015. According to the interview with experts from Benghe National Forest Farm, forests that have key protected heritages at national and provincial levels are well protected. Logging is strictly prohibited in forests with HCV 6 in Shandong. Currently, no research or media reports indicate that HCV6 is threatened by forest management activities.</p> <ul style="list-style-type: none"> ● Through interview reflected with local people and experts, the culture sites like temples and tombs, non-official sites are also protected. As in Shandong, most of the plantation are managed by farmers themselves. The smallholders manage their own forest and best practice is followed, they won't damage their own cultural importance, for example a grave in the forest, or a Fengshui forest on their own land. 		
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Recommended control measures

N/A

Controlled wood category 4: Wood from forests being converted to plantations or non-forest use

Risk assessment

Indicator	Source of information	Functional scale	Risk designation and determination
4.1	<p>Applicable pieces of legislation</p> <p>1. Forest Law dated 27th August 2009 - http://en.pkulaw.cn/display.aspx?cgid=20095&lib=law</p> <p>2. Regulation for Implementation of Forest Law 2005 (Article 16-18) - http://www.forestry.gov.cn/main/3950/content-459869.html</p> <p>3. Circular of State Council Office on Strengthening Forest Resources Protection and Management 1994 (Article 3) - http://www.greentimes.com/green/index/zgslmhl/zcfg/2010-09/29/content_105047.htm</p> <p>4. Measures for review and approval of acquisition of forest land 2001 (Article 2-20) - http://www.forestry.gov.cn/portal/hdy/s/1773/content-689948.html</p> <p>5. Measures for Review and Approval of Forestland Conversion for Building Projects 2015 - http://www.forestry.gov.cn/main/195/content-753013.html</p>	N/A	<p>Content of law</p> <p>NOTE: Definitions employed in this analysis are as per FSC-PRO-60-002a V1-0 EN:</p> <p>"4.1 Conversion of natural forests to plantations or non-forest use in the area under assessment is less than 0.02% or 5000 hectares average net annual loss for the past 5 years (whichever is less), OR</p> <ul style="list-style-type: none"> ● Conversion is illegal at the national or regional level on public and private land " China places strict governance in place for forest land conversion with a set of procedures for the conversion application, conversion and forest vegetation restoration. The conversion and vegetation restoration are also under the supervision by the designated central government officials. ● Article 18 of Forest Law provides that prospecting, mining and construction projects shall not occupy - or occupy as little as possible - forest land. If it is necessary to acquire and convert forest land for other land use, the conversion shall be reviewed and approved by forestry authorities at county level or higher level and go through required procedure for approval documents Audit Agreement of using forest lands issued by the forestry authorities in accordance with relevant laws, directives or circulars, while the organization acquiring forest land shall pay the forest rehabilitation fee as per the relevant rules issued by State Councils. These fees shall be managed and used for vegetation rehabilitation by forestry authorities and the rehabilitated forest shall not be less than the acquired forest land area. And Article 16-18 of Regulation for Implementation of Forest Law specifies the area of different forest types that needs the approval of forestry authorities of different level. ● Article 3 of the Circular of State Council Office on Strengthening Forest Resources Protection and Management 1994, specifies that forest land governance and monitoring shall be reinforced, and compensated use of forest land shall be implemented. The legal framework

<p>6. Opinion of State Forestry Administration on Further Strengthening Forest Resources Governance 2003 (Article 8)- http://www.ahnw.gov.cn/2006zcfg/html/200509/%7BF05283A2-2EC0-418C-BF61-0F557F98CB3F%7D.shtml</p> <p>7. Circular of State Forestry Administration on Further Strengthening Forest Resources Protection and management 2013 (Article1) - http://www.forestry.gov.cn/main/446/content-616165.html</p> <p>Sources used to make statements regarding the enforcement of legislation (risk)</p> <p>1. State Forestry Administration held a news conference to announce a 18 serious illegal occupation of forest land projects December 25, 2013: http://www.gov.cn/gzdt/2013-12/26/content_2554649.htm</p> <p>2. State Forestry Administration. Main results of the 8th national forest inventory March 11, 2015: http://wenku.baidu.com/link?url=tK4MrsR6So-HTorW2ZX6Tw35YrO1CZIZZ2tbjYX-FBKnp0gEOuEu-LX6fayZVQLNFGEWL1t-JEbRHd6jddVniD4tsAl8yfC-Spo5il9kOS</p> <p>3. Bai Xinting. Difficulties and countermeasures for illegal forest land acquisition case investigation. Forest Public Security, 2011 (4).</p>	<p>and mechanism for forest land acquisition has been developed and established to protect the legal rights and interests of state-owned forest enterprises. Any organization that fails to get approved shall not acquire the forest land owned by state-owned forest enterprises with any reason and without any compensation. The forest tenure certificate is the only certificate to evidence the legal ownership of forest land.</p> <ul style="list-style-type: none"> ● Measures for Review and Approval of Acquisition of Forest Land 2001 (Articles 2-20) make a detailed statement on forest land acquisition by defining the scope of forest land acquisition and the procedure of forest land acquisition. The measure is applicable for review and approval of forest land acquisition by mine exploration, mining activities and building projects, by temporary projects and by forest facility constructions. And the acquisition of different types of forest land shall be approved by corresponding forestry authorities, while the application, review and approval procedure is also specified in the Measure. ● Article 8 of Measures for Review and Approval of Forestland Conversion for Building Projects states that forest land protection shall be enhanced with the strictest protection system and measures to ensure forest land replanted in other area. Additionally, the forest land acquisition review and approval system required improvements to control and monitor the acquisition of forest land for projects. Stringent actions are adopted to prevent the illegal loss of forest land. Furthermore, Article 4 of the Measures for Review and Approval of Forest Land Acquisition by Construction Projects specifies the allowed acquisition of forest land under different levels of protection by different types of construction projects and the procedure that needs to be gone through. Forest land under Class I Protection shall not be acquired by any projects, and only construction projects consistent with national and societal demand can be allowed to acquire the forest land under Class II Protection or below. ● The SFA Circular on Strictly Protecting Nature Forest provides that no commercial nature forest harvesting is allowed in the Tenth Five-Year Plan period. The Circular requires the rigorous control of low-yield nature forest transformation, strict control of digging of nature forest trees and combat all illegal activities in nature forest. ● Shandong issues Forest Resources Rule and Shandong Forest Land Protection and Use Planning (2010-2020), which require governments at different levels to carry out the classified forest land management based on the indicators like ecological vulnerability eco-niche importance and forestland productivity so as to adopt the complete closure for protection,
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<p>4. January 10, 2011, State Forestry Administration. Capacity of forest land acquisition law enforcement improved nationwide: http://www.mlr.gov.cn/xwdt/bmdt/201101/t20110110_810735.htm</p> <p>5. January 12, 2015.China Green Times. Zhang Xingguo, Forest conversion against regulations increased by 7.1% in 2014 than in 2013, http://www.forestry.gov.cn/main/195/content-732092.htm</p> <p>6. August 02, 2011. State Forestry Administration.Daxinganling special officer in special check on the forest conversion approval holders, http://www.forestry.gov.cn/portal/main/s/451/content-494727.html</p> <p>7. Zhu Dongliang Cheng Yue.Zhu Dongliang. Forest tenure disputes and its reasons during collective forest tenure reform, The Journal of Gansu Administration Institute, 2009 (3): 4-16.</p> <p>8. August 3, 2016, Sd China, Zhang Minmin. Shandong carried out special operations to combat the illegal occupation of woodland http://news.sdchina.com/show/3864553.html</p> <p>Government sources</p> <p>1. Ministry of Land and Resources of the People's Republic of China. Forestry Administration: The</p>	<p>partial closure for conservation, and forbidding of forest land occupation and acquisition. The forestland acquisition quota in 2011-2020 will give priority to the key infrastructure and key program at national or provincial level, not put priority over all to forest land. And these rules and planning also require the enhancement of forest land management to avoid the shrinkage of ecological forest and forest land conversion. In China, all the natural forests are contained in ecological forest.</p> <p>1) Is it possible to conclude that the spatial threshold can be met by assessing the enforcement of legislation?</p> <ul style="list-style-type: none"> ● Yes. In Shandong, local policy limits the expropriation of natural forests, and only the forestland outside of natural forests is allowed to be expropriated. And in the past 10 years and future 5 years the harvesting quota for nature forest is zero. <p>2) Is the applicable legislation enforced?</p> <p>Yes, the applicable legislation is sufficiently enforced:</p> <ul style="list-style-type: none"> ● The 7th national forest inventory (2004-2008) showed that, in Shandong province, the forest land is 3.42 million ha with forested area at 2.54 million ha, the plantation is 2.44 million ha, while the area of nature forest is 0.1 million ha, with the forest coverage at 16.72%. The 8th national forest inventory (2009-2013) showed that in Shandong province, the forest land is 3.31 million ha with forested area at 2.55 million ha. The plantation is 2.45 million ha in area while the area of nature forest is 0.1million ha, with the forest coverage at 16.73%. The above statistics showed that forest area in Shandong is growing by 0.50 million ha, which mainly is contributed by the plantation growth, the area of natural forest remain unchanged. ● The on-site investigation and interviews learnt that Shandong has no plan to convert the low-yield natural forest to plantations, only low-yield plantation is improved there. This is because of the natural forests of Shandong are all distributed in nature reserves, forest parks and scenic spots, where forests are not allowed to be converted. And there are not any violation records regarding to conversion from nature forest to plantation or other uses. So there is low risk for the conversion of natural forest.
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<p>management of occupation of forest land in China has improved gradually (2011-10-11). http://www.mlr.gov.cn/xwdt/bmdt/201101/t20110110_810735.htm</p> <p>2. Official website of the Central Government of the People's Republic of China. State Forestry Administration circulated a notice of criticism, criticizing 18 projects which illegally occupied forest lands (2013-12-26). http://www.gov.cn/gzdt/2013-12/26/content_2554649.htm</p> <p>3. The number of projects which illegally occupy forest lands in 2014 increased 7.1% comparing with that of 2013 (2015-01-12). http://202.99.63.178/main/3958/content-732371.html</p> <p>4. Xinhuanet Shandong thoroughly inspected and punished illegal occupation of forest lands (2014-11-14): http://news.xinhuanet.com/local/2014-11/14/c_127212587.htm.</p> <p>5. The report about the follow-up works of the action of inspecting illegal occupation of forest lands carried out by Department of Forestry of Shandong Province (2016-6-21) http://www.sdly.gov.cn/channels/ch00269/201606/d7dcfcd8-a935-444b-90e2-3852ad61fabb.htm</p> <p>6. Shandong has handled 496 forest damage cases in 2015, with 15 people legally punished (2016-8-3):</p>	<p>3) Is other data available to conclude or support a low risk or specified risk designation? Yes, other data exists to conclude or support a low risk designation:</p> <ul style="list-style-type: none"> ● In the past 5 years, the natural forest area remained the same at 0.1 million ha. ● The SFA Circular on Strictly Protecting Nature Forest provides that no commercial nature forest harvesting is allowed in the Tenth Five-Year Plan period. The Circular requires the rigorous control of low-yield nature forest transformation, strict control of digging of nature forest trees and combat all illegal activities in nature forest. <p>4) Is it possible to conclude that the spatial threshold (0.02% or 5000 ha) is met?</p> <ul style="list-style-type: none"> ● Yes, it is possible to conclude that the spatial threshold can be met by assessing the enforcement of legislation. Conversion under the scope of this category and indicator is controlled with increasingly strong implementation of the legislation listed, and progress protection of natural forests. ● The 7th national forest inventory (2004-2008) showed that, in Shandong province, the forest land is 3.42 million ha with forested area at 2.54 million ha, the plantation is 2.44 million ha, while the area of nature forest is 0.10 08million ha, with the forest coverage at 16.72%. The 8th national forest inventory (2009-2013) showed that, in Shandong province, the forest land is 3.31 million ha with forested area at 2.55 million ha in Shandong. The plantation is 2.45 million ha in area while the area of nature forest is 0.1008 million ha, with the forest coverage at 16.73%. The above statistics showed that forest area in Shandong is growing by 0.50 million ha, which mainly is contributed by the plantation growth. Until the end of 2017 according to the Shandong forestry department, the area of natural forest has remained unchanged. <p>Risk conclusion Based on the risk description above, the risk of this indicator is assessed as low in Shandong Province.</p> <p>Low (Threshold 1,2,3): (1) Thresholds provided in the indicator are not exceeded; AND</p>
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	<p>http://news.iqilu.com/Shandong/yuanchuang/2016/0803/23943895.shtml</p> <p>7. Department of Forestry of Shandong Province has approved the temporary occupation of forest lands by project of 500 kv Converting Station 2016-01-04: http://www.sdly.gov.cn/channels/ch00010/201601/f1c9b467-c6bc-415e-a4b4-8f73c51100f7.htm</p> <p>8. Forest land area reached 46.79 million hectares, and logging is prohibited in natural forests in the following 5 years (2016-2-18): http://www.sdnews.com.cn/sd/yw/201602/t20160218_2040671.htm</p>		<p>(2) Applicable legislation for the area under assessment covers laws that prevent conversion (to the outcome required by the indicator), AND the risk assessment for relevant indicators of Category 1 confirms that the law is enforced ('low risk'); AND (3) Other available evidence does not challenge a 'low risk' designation.</p>
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Recommended control measures

N/A

Controlled wood category 5: Wood from forests in which genetically modified trees are planted

Risk assessment

Indicator	Sources of information	Functional scale	Risk designation and determination
5.1	<p>Applicable pieces of legislation</p> <p>1. Administrative measures for approving GM forest engineering activities effective at 1st July 2006 by SFA: http://gtlh.forestry.gov.cn/portal/main/s/26/content-204704.html</p> <p>2. Technical codes for bio-safety assessment of genetically modified forest plants and products ma effective 1st October 2007 by State Forestry Administration of China: http://www.docin.com/p-334503525.html</p> <p>Non-Government sources</p> <p>1. New achievement: Insects resistance poplar-741: http://www.tnforestry.cn/105/show.php?itemid=24;</p> <p>2. Variety list of fine forest trees, SFA, 8th February 2007 http://www.forestry.gov.cn/portal/trlbh/s/1858/content-148961.html;</p> <p>3. Variety list of fine forest trees, SFA, 2003: http://www.forestry.gov.cn/portal/lmzm/s/1389/content-145006.html</p> <p>4. Forest Resources Division FAO. Preliminary review of biotechnology in forestry, including genetic modification. December 2004 at http://www.fao.org/docrep/008/ae574e/AE574E00.HTM</p> <p>5. Lu Mengzhu, Hu Jianjun. GM Poplar Research and Application in China. Forestry Science and Technology Development, 2006, 20(6):1-3, at</p>	-	<p>Description, threshold and justification</p> <ul style="list-style-type: none"> Administrative measures for approving GM forest engineering activities issued by State Forestry Administration in 2006 (http://gtlh.forestry.gov.cn/portal/main/s/26/content-204704.html) makes special provisions for organizations engaging in GM forest research and experimentation, requiring them to have necessary technical professionals and appropriate equipment and facilities. Before carrying out GM forest research, an organization shall apply for approval by submitting reports to explain the security class and provide evidences and references for identifying the security class as well as safety management and control measures. GM Forest Tree Security Certificate must be obtained for the production and management of GM forest trees, and any organizations or individuals shall engage in production and management activities according to the conditions on the certificate. The sale of the GM forest tree seeds shall use the obvious words to illustrate the GM status and give tips on security control measures for the use of GM trees. China is the only country that commercializes the use of GM poplar to resist diseases and pests. In 2002, after the approval by the Gene Security Commission of SFA, Bt transgenic <i>Populus nigra</i> was allowed to be

<p>http://wenku.baidu.com/link?url=NQN3ZKhDCegeV9sfaocqjr711KllrpOMPTr4XXHhy19EI7M4ALb9nKyeMC8bK-SznnliQZHlp-l0g4jOApTvQmyr_Nu730GfVVvKzIRpO</p> <p>6. James, Clive. 2014. Global Status of Commercialized Biotech/GM Crops: 2014. ISAAA Brief No.</p> <p>7. ISAAA: Ithaca, NY, downloaded on 31/01/16 at http://www.isaaa.org/resources/publications/briefs/49/executivesummary/pdf/b49-execsum-english.pdf</p> <p>8. CHENG Wen-jing. The research status, risk assessment and management strategy of genetically modified trees. Science Technology Innovations and Brands, 2008 (11): 49-51.</p> <p>9. YANG Liyan, Sun Yi, Xie Liqin . Genetically modified poplars and their bio-safety assessment; molecular plant breeding, 2008 6(1)</p> <p>10. Xu Zhihong. The dilemma of promoting genetically modified trees in China, October 15, 2014, http://www.chem17.com/news_People/Detail/1460.html</p> <p>11. Shen Yang. China's plantation of genetically modified trees ranked the 6th, which is seen as shame by specialists, February 25, 2014. http://www.china.com.cn/food/2014-02/25/content_31588252.htm</p> <p>12. Xin Hua Net, Di Dongna. State Forestry Administration: no genetically tree is approved , February 25, 2014. http://news.sina.com.cn/c/2014-02-25/114029558930.shtml</p> <p>13. ISAAA: GM Approval Database-China-Cultivation.</p>	<p>commercially used after the experiments in Xinjiang, Beijing, Jilin, Shandong, Henan, Jiangsu and Shanxi, while <i>Populus aldatomentosa</i> cv.741 was approved for commercial use at end of 2002. Other trees are in different stages of research or testing phase and, with time, will be subject to review and possible approval.</p> <ul style="list-style-type: none"> ● Discussions with a key expert highlighted that, functionally, the risk of genetically modified material entering a wood supply chain may be relatively low (or at least controllable), based on: <ul style="list-style-type: none"> - low number of hectares planted to date. By 2011, GM poplar had been planted over 450 ha. By 2014 the figure had grown to 543ha (James, Clive 2014). By 2016, the figure was still 543 ha. - much planting has been for protective, non-commercial, purposes. GM varieties of approved poplar focus on insect-resistance, not growth or fiber characteristic. - while a full list of locations is not available, some FMUs planting areas are known. It is possible a robust list of FMUs (or last least forest areas) could be developed where planting has taken place. ● Apart from the two species approved for commercial use, there is no report for the commercial use of the other species genetically modified. In the ISAAA GM Approval Database, only two species of GM poplar are allowed to be planted in China, and there is no evidence to show that they were used for commercial cultivation. ● In 2000, China signed and ratified the Cartagena Protocol on Bio-safety and expressed its concerns and willingness to ensure the safety of modern biological technology by putting appropriate procedure in place and
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<p>Expert interview.</p>	<p>http://www.isaaa.org/gmapprovaldatabase/advsearch/default.asp?CropID=Any&TraitTypeID=Any&DeveloperID=Any&CountryID=CN&ApprovalTypeID=3</p>	<p>avoid the damages on the environment and human health.</p> <ul style="list-style-type: none"> ● Some NGOs have doubted that the GM slash pine and Italian poplar and GM eucalyptus are commercially planted in some places of China. But through interview with Shandong forestry authorities, the saying has not been evidenced. In the ISAAA GM Approval Database, only two species of GM poplar are allowed to be planted in China, and the other transgenic species are all agricultural crops. ● Through interviews with experts, in Shandong Province, GM poplar test forest projects have been implemented by research organizations, and after the projects come to the end, the area for the testing were all cleaned up. The field study was done in the experiment place in Shandong, through DNA test, the results revealed that there are no transgenic sequences existing. ● IKEA also did such test in their supplying forest management units in Shandong, showed that no GMO sequences found. <p>Risk conclusion</p> <p>China has formulated a strict examination and approval system for the commercial use of genetically modified tree species. Through interviewing experts and field tests, GMO is not likely to be commercially used in Shandong Provinces, as GM varieties of approved poplar focus on insect-resistance rather than growth or fiber characteristic.</p> <p>However, Poplar is popular species in Shandong. Two poplar GMO species, which are Bt transgenic <i>Populus nigra</i> and</p>
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			<p><i>Populus aldatomentosa</i> cv.741, were approved for commercial use by SFA.</p> <p>There are no strong evidences to proof that no GMO is planted in Shandong Province. For the precautionary approach, the risk for this indicator is assessed as specified.</p> <p>Specified (Threshold 5):</p> <p>There is commercial use of GM tree species.</p>
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	GMO Context Question	Answer	Sources of Information (list sources if different types of information, such as reports, laws, regulations, articles, web pages news articles etc.).
1	Is there any legislation covering GMO (trees)?	YES	<p>1.Administrative measures for approving GM forest engineering activities effective at 1st July 2006 by SFA.</p> <p>http://gtlh.forestry.gov.cn/portal/main/s/26/content-204704.html</p> <p>2. Technical codes for bio-safety assessment of genetically modified forest plants and products ma effective 1st October 2007 by State Forestry Administration of China.</p> <p>http://www.docin.com/p-334503525.html</p>
2	Does applicable legislation for the area under assessment include a ban for commercial use of GMO (trees)?	NO. China is the only Country to allow the commercial use of GMO	
3	Is there evidence of unauthorized use of GM trees?	NO. After a thorough review in internet and by interview with experts, no evidences have been found of unauthorized use of	Expert interview and internet review.

		GM trees in Shandong'.	
4	Is there any commercial use of GM trees in the country or region?	Maybe	Lu Mengzhu, Hu Jianjun. GM Poplar Research and Application in China. Forestry Science and Technology Development, 2006, 20(6):1-3, at http://wenku.baidu.com/link?url=NQN3ZKhDCeGeV9sfaocqjtr711KllrpOMPTr4XXHhy19EI7M4ALb9nKyeMC8bK-SznnliQZHlp-l0g4jOApTvQmyr_Nu730GfVVvKzIRpO .
5	Are there any trials of GM trees in the country or region?	YES, through interviewed with experts and report review, there are GMO trials are carried out in Shandong.	GM Poplar, 26th June 2013 at http://www.agrogene.cn/info-153.shtml Expert interview.
6	Are licenses required for commercial use of GM trees?	YES	Administrative measures for approving GM forest engineering activities effective at 1st July 2006 by SFA http://gtlh.forestry.gov.cn/portal/main/s/26/content-204704.html
7	Are there any licenses issued for GM trees relevant for the area under assessment? (If so, in what regions, for what species and to which entities?)	Yes. GM Forest Tree Security Certificate is required for the company commercializing GM crops, not the grower who buys the seeds/plants trees	Technical codes for bio-safety assessment of genetically modified forest plants and products ma effective 1st October 2007 by State Forestry Administration of China: http://www.docin.com/p-334503525.html .
8	What GM 'species' are used?	To date the following GM species have been approved: <i>Populus nigra</i> and <i>Populus aldatomentosa</i> cv.741.	Variety list of fine forest trees, SFA, 8th February 2007 http://www.forestry.gov.cn/portal/trlbh/s/1858/content-148961.html ; Variety list of fine forest trees, SFA, 2003: http://www.forestry.gov.cn/portal/lmzm/s/1389/content-145006.html I

9	Can it be clearly determined in which FMUs the GM trees are used?	Approximately. While a full list of locations is not available, some FMUs planting areas are known. Established as protective forest and fiber production forest in Beijing, Hebei, Xinjiang.	Interview with expert. Through interviewed with expert, it shows that, in China, GM poplar trees are the only genetically modified species,
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Recommended control measures

Indicator	Recommended control measures
5.1 Commercial use of genetically modified trees.	<p><i>Populus nigra (Anti-BT)</i> and <i>Populus aldatomentosa cv.741</i>. are excluded from sourcing in the supply chains.</p> <p>Testing for wood from GMO at the point of reception is implemented.</p> <p>Field verification confirms that no GMO of sourced species is present.</p> <p>Verification of documents of seedling origin.</p> <p>Verification of documents veracity and quality.</p>

Annex C1: Information sources list

No.	Information Source	Indicators
1	China Forestry Development Report. 2013, 2014 and 2015. State Forestry Administration.	1.1
2	92% forest land nationwide registered and issued with tenure certificate. 2012-12-27 Accessed 20 December 2015 at http://native.cnr.cn/list/201212/t20121227_511660083.html	1.1
3	Ping, Li. 2014. Large-Scale Land Acquisition: Field Findings and Recommendations. Washington, DC: Rights and Resources Initiative. Accessed 03 November 2015 at http://www.rightsandresources.org/publication/large-scale-land-acquisition-for-app-forest-plantations-field-findings-and-recommendations/	1.1
4	Ping, Li, and Wang Xiaobei. 2014. Forest Land Acquisition by Stora Enso in South China: Status, Issues, and Recommendations. Washington, DC: Rights and Resources Initiative. Accessed 03 November 2015 at http://www.rightsandresources.org/publication/forest-land-acquisition-by-stora-enso-in-south-china-status-issues-and-recommendations/	1.1
5	About strengthening the management of collective forest tenure transfer (2009-11-6), http://www.forestry.gov.cn/portal/lgs/s/831/content-339029.html	1.1
6	China Web Report "Collective Forest Tenure Reform and Forest Crisis", AUTHOR, Accessed 15 July 2015 (now unavailable) at http://www.china.com.cn/news/zhuant/hblps/2009-05/08/content_17745715.htm	1.1
7	Transparency International Corruption Perception Index 2015 for China: http://www.transparency.org/country/#CHN	1.1
8	Worldbank Governance Indicators for China: http://info.Worldbank.org/governance/wgi/index.aspx#countryReports	1.1
9	State Forestry Administration Opinions on Effectively Strengthening Management of Transferring of Collective Forest land Rights, Sec. 11 (issued on October 16, 2009): Accessed at http://www.forestry.gov.cn/portal/lgs/s/831/content-339029.html	1.1
10	Chu Ren, Report on Foreign Forest Companies: Accessed 15 July 2015 at http://blog.sina.com.cn/s/blog_436698a40100f0p6.html ; (No English version available)	1.1
11	Greenpeace, 25th May 2005 Report "Investigation on APP's Hainan Project", Accessed 22nd September 2015 at http://www.greenpeace.org/eastasia/Global/eastasia/publications/reports/forests/2005/investigation-app-hainan-project.pdf	1.1
12	Kram, M., Bedford, C., Durnin, M., Luo, Y., Rokpelnis, K., Roth, B., Smith, N., Wang, Y., Yu, G., Yu, Q., and Zhao, X. (2012) Protecting China's Biodiversity: A Guide to Land Use, Land Tenure, and Land Protection Tools. (N. Smith, Ed.) Beijing: The Nature Conservancy.	1.1
13	Forest tenure disputes and its reasons during collective forest tenure reform: www.zgxcfx.com/Article/53458.html	1.1

14	China Forestry Website. Forest tenure certificate issued for forest on non-forestry land in Sinan County, Guizhou. 2012-10-23 at http://www.forestry.gov.cn/portal/main/s/102/content-567294.html	1.1
15	Explanation of Forest Law, http://www.npc.gov.cn/npc/flsyywd/xingzheng/node_2169.htm	1.3
16	HEBEI JOURNAL OF FORESTRY AND ORCHARD RESEARCH Vol 26 No 1, 2011 3, Problems and suggests of forest cutting quota, MU Xiao-jie, GU-Bin, ER Ji-hui, WANG Jiao-yang, GU Jian-cai http://wenku.baidu.com/link?url=X1xHp5Ke53ZyJ_RmdAmnF1-0bz-xBjStndegsBB9YqEZ1hEf5WwohfOqbQDKAy179IQPywefcwoWljsZewpVcFXLaXhRVa91-TEExp0yjxW	1.3
17	An empirical analysis of China's state-owned forests -Jintao Xua, Ran Taoa, b,*, Gregory S. Amacherc (Forest Policy and Economics 6 (2004) 379– 390) https://www.researchgate.net/publication/223059551_An_empirical_analysis_of_China%27s_state-owned_forests	1.3
18	Comment on the Issues about Forest Management Plan in China, WEI Xi-qin (East China Institute of Forest Inventory and Planning, SFA, Jinhua 321001 Zhejiang, China). Accessed 23 September 2015 at http://cnki.lknet.ac.cn/kcms/detail/detail.aspx?recid=&FileName=LDGH200705025&DbName=CJFD0608&DbCode=CJFQ&uid=MjVZUFluTFVQMxhYd0MxOEIKTm53ZmZmemtHcDV4d0phYnFFYXVGMG1NVjR4VGZZ	1.3
19	SFA Website, China's intention to phase out commercial logging of natural forests by 2017: http://english.forestry.gov.cn/index.php/key-program/683-china-to-phase-out-commercial-logging-of-natural-forests-by-2017	1.4
20	Technical Regulation on Reconstruction of Low-Function Forest: http://www.chinadaily.com.cn/china/2015-10/23/content_22262635.htm	1.4
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Conversations with Experts

Discussions with different experts has helped the authors of this report to better understand the applicable laws and risks associated with each category of legislation. The experts' details are documented at FSC IC, due to data protection, in this NRA report the personal information is not available.

Annex C2: Applicable legislation

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