



## EIA Briefing Document for the 61<sup>st</sup> Meeting of the CITES Standing Committee

### Elephants

#### RECOMMENDATIONS

- **SC61 Doc.44.1 – Control of Trade in Elephant Specimens**

**EIA urges the Standing Committee to withdraw China’s status as an ivory trading partner with immediate effect.**

The decision to designate China as a trading partner at SC57 was made with the proviso that “*the Standing Committee can decide to cause this trade to cease partially or completely in the event of non-compliance by exporting or importing countries, or in the case of proven detrimental impacts of the trade on other elephant populations*” (SC57 Doc 33.2). The findings summarised in this document provide compelling evidence that despite assurances that the legal trade system implemented by China would significantly reduce illicit trade, the contrary is in fact the case: illicit trade has increased dramatically.

- **SC61 Doc. 44.4 - Decision Making Mechanism for Authorising Ivory Trade**

**EIA urges the Standing Committee to ensure that there is an unambiguous understanding of the impacts of the previous one-off sales before any decision-making mechanism is discussed and agreed.**

Regarding CITES Decision 14.77, which calls for the Standing Committee to propose a decision-making mechanism for ivory trade by CoP16, EIA believes that development of such a mechanism is clearly premature. EIA recommends that any discussions relating to a decision-making mechanism for ivory trade should be delayed until the impacts of the experimental sales are fully understood and agreed by the Range States and that priority activities identified within the African Elephant Action Plan have been implemented, or are in process within an agreed timeframe. Without such baseline information, it is impossible for the CITES Parties to know upon which criteria to establish the decision-making mechanism. Furthermore, once the CITES Parties reach a point at which they have adequate information with which to develop such a mechanism, it is essential that the implementation of the African Elephant Action Plan be central to the decision-making mechanism process.



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 Illegal ivory products offered to undercover investigators, Guangzhou, November 2010. Prayer beads are produced wholesale for distribution throughout China.

## SUPPORTING INFORMATION

In November 2010 EIA conducted a three-week investigation in Hong Kong and Guangzhou, China. The purpose of the trip was:

- To assess the implementation of China's ivory trade regulation and registration system after the decision to award them ivory trading partner status.
- To investigate the ivory trade and market in Hong Kong and Guangzhou in terms of ivory availability, both legal and illegal; market prices (in terms of trying to understand the wide range of prices being quoted); and the level of illegal trade.

## KEY FINDINGS<sup>1</sup>

- According to both the legal and illegal ivory traders with whom EIA met in China, their perception is that **90% of the ivory available on the market is illegal**. This movement of illegal ivory is corroborated by the increasing numbers of large seizures of illegal ivory being smuggled into Asia. According to EIA records<sup>2</sup>, 30 tonnes of ivory has been seized in China, Vietnam and Thailand since December 2008 (*after the 2008 one off sale*)<sup>3</sup>. It is clear that illegal ivory is entering the Chinese market.
- Despite claims that the legal sale would depress the price of ivory, EIA found the opposite in retail outlets<sup>4</sup>. The price of ivory has gone up significantly with legal and illegal ivory **retailing for as much as US \$ 7,000 per kilo**. The legal stockpile ivory was bought for an average US\$157 per kilo<sup>5</sup>. According to both State Forestry Administration (SFA) accredited traders and illegal traders, purchase prices for raw ivory from the legal stockpile are as much as **US \$1,500 per kilo**. This is reflected in the retail prices of ivory products in retail outlets in Guangzhou such as the government owned Friendship Store<sup>6</sup> and represents a massive mark-up. Furthermore, according to different reports in China, since 2005, the price of ivory has increased as much as tenfold<sup>7</sup>. This is totally contrary to the **intention expressed prior to the one-off sales that the aim was to reduce ivory prices and thereby countermand the need for illegal trade**.<sup>8</sup> **Effectively, the demand for illegal ivory, which undercuts the legal prices, has now soared.**

**The over hyped ivory control system is clearly not working**, a reality that is further supported by *The Ivory Dynasty: A Report on the Soaring Demand for Elephant and Mammoth Ivory in Southern China* (Esmond Martin and Lucy Vigne). Released on August 19<sup>th</sup> 2011, the report documents the results of an ivory survey conducted in January 2011. The key findings are that there has been a massive increase in the demand for ivory, with **63% of the ivory on sale in Guangzhou and Fuzhou without ID cards, thereby rendering it illegal**. Prices quoted also reflect a massive increase in retail prices with prices ranging from US \$ 455 for a pair of chopsticks to US \$ 35,000 for a polished tusk.

## BACKGROUND

China's regulation and control system was initially introduced in 2004. However **China has been repeatedly highlighted in formal CITES Documents as the main end destination for the international smuggling of ivory**<sup>9</sup>. A number of other analyses and reports on the control system were also produced between 2004 and the Decision in 2008 (TRAFFIC, IFAW, ETIS), **all of which stressed that China's control system remained flawed** and describing the adoption of the certification system as patchy, with some merchants, including many large-scale traders, continuing to deal in ivory from an illicit source. Violations of the SFA system were commonplace and loopholes existed and continue to exist. Mammoth and 'antique' ivory are still permitted for export, and EIA has documented uncertified ivory products for sale in China in 2005, 2006, 2008, 2009 and 2011 as far afield as Lhasa (Tibet Autonomous Region), Xining (Qinghai Province) and Linxia (Gansu Province). Despite the persuasive evidence illustrating that China's system was not fit for purpose, the decision to apply buyer's status went ahead at the 57<sup>th</sup> Meeting of the Standing Committee to CITES in July 2008<sup>10</sup>.

## ONE-OFF SALE

In November 2008, China purchased 62 tonnes of stockpiled ivory from Botswana, Namibia, South Africa and Zimbabwe through four auctions conducted under the supervision of the CITES Secretariat in sub-Saharan Africa. *"Botswana, Namibia, South Africa and Zimbabwe sold the 102 tonnes of stockpiled ivory to Chinese and Japanese accredited traders for a total amount of US \$15.4 million. The average price paid was US \$157 per kg, which contrasts sharply with the prices allegedly paid for ivory that has entered the market illegally over the past year (USD 750-850)"*<sup>11</sup>. Apart from concluding that China had adequate national legislation and controls to ensure that any ivory imported would not be re-exported and that domestic manufacturing and trade requirements had been met, one of the main rationales for the Standing Committee to recognise China as trading partner was that allowing the sale would flood the market with legal ivory, thereby ceasing the illegal trade by undercutting the inflated illegal ivory market prices (up to US \$1,500/kg<sup>12</sup>) with cheap legal ivory<sup>13</sup>.

## UPSURGE IN SMUGGLING

In 2009, there were record numbers of large seizures of ivory all heading to the East Asia, including China. This trend continues unabated.

The 2010 investigation was EIA's first return visit to Hong Kong for almost a decade, and to China since 2005 when EIA conducted a short on-site visit to Guangzhou just after the introduction of China's ivory trade regulation system (2004). Although EIA has visited China several times in recent years in relation to other issues, this was EIA's first ivory-specific visit back to China, following the CITES Standing Committee decision to give China approved buyer status by CITES in July 2008. This decision was predicated on the basis that China had implemented strict domestic trade regulations in China whereby all pieces that weigh less than 50 grams must be accompanied by a paper CITES permit which should be displayed alongside the piece; anything over 50 grams must have a photographic ID card (similar to a credit card) which must also be displayed alongside the piece.

Guangzhou has changed dramatically since EIA's last visit: the old Jade Market has been largely demolished and replaced by multi-storey, purpose-built, mall-style buildings replacing the old quarters. It is worth noting that EIA's 2010 visit coincided with the tail end of the Asian Games. Ivory traders informed undercover investigators that they had been instructed by the SFA to be careful in their dealings with 'foreigners' and to refrain from answering their questions as they were probably journalists or NGOs. Although this made it more difficult to engage with retailers and traders EIA was able to make a number of appointments over the phone with identified factory/retail outlets. Whilst Mandarin speaking investigators were not given access to the factory floors, they were able to engage traders/dealers in extensive conversations, which yielded considerable background information and intelligence on how illegal ivory enters China and the growing perceptions of a significant and increasing illegal market.

Given the findings of this investigation, the question that needs to be answered is: What level of evidence is required to prove that China's control and regulation system is unworkable and that the existing criteria that recognises China's trading partner status is not fit for purpose?

**The overwhelming burden of providing proof of compliance has fallen onto the shoulders of those who do not have a formal mandate (NGOs, journalists, civil society), whilst those who do have the mandate to assess compliance through *independent* scrutiny (MIKE, ETIS, Panels of Experts) are burdened by restrictive diplomatic/CITES protocols that prevent such assessment.**

It also appears that there is an underlying agenda that trade must be sanctioned regardless of the compelling evidence of the smuggling of illegal ivory and illicit trade that is both stated in CITES documents and by other organisations whose role it is to inform the Parties. It seems that this is a case of trade at all costs.

In SC 61 Doc. 44.1 the Secretariat states that it "*struggles to understand many aspects of the illegal trade in ivory...saw little evidence of sufficient demand and consumption that might drive the indisputably significant smuggling levels...does not follow the usual patterns of criminal behaviour which is normally characterised by quick turn-around and quick profit*". **There is no mechanism for tracking or quantifying illegal trade in its entirety**; failure to understand the rationale behind an increased trade does not mean it is not happening. Regardless of whether the turnaround is quick, or whether criminals are stockpiling, the reality remains the same. China is a massive country. The availability of ivory outside the usual centres is unknown. EIA has found evidence of ivory openly available – without ID and certification (therefore illegal) – across the country, including the Tibet Autonomous Region, Qinghai Province, Gansu Province, and Guangdong.

## CONCLUSIONS

In light of the above findings, EIA believes that any discussions pertaining to the establishment of any ivory trade decision-making mechanisms at this moment in time are premature. Two one-off experimental sales of ivory stockpiles have failed to stem the flow of illegal ivory to the East Asia, and specifically to China. **In fact, the opposite has been observed in that the experimental sales may have in fact stimulated demand and consequently contributed to an increase in illegal ivory flows and the poaching of elephants. In terms of China the latest legal sale in 2008 has clearly failed to either reduce the price of ivory or curb illegal trade. This failure should be recognised and not repeated. The biggest threat to elephants is now the biggest *regulated* domestic market**

## REFERENCES

<sup>1</sup> These findings are evidenced and supported by filmed footage; transcripts and footage available on request.

<sup>2</sup> To end May 2011.

<sup>3</sup> Note, ETIS data presented at CoP15 stated that an estimated 361 tonnes of ivory had been seized over the period 1989-2009 (COP 15 Doc 44.1, Annex). At that time, EIA's records relating to roughly the same period indicated seizures of 185 tonnes (includes tusks assigned a weight by the denominator but not including unweighed carvings). At that time EIA's records represented the deaths of around 18,512 elephants and ETIS' records about 36,139 elephants – i.e. **ETIS represents greater quantities in its records.**

<sup>4</sup> In a recent snapshot survey of ivory products on sale at the Government owned Friendship Store, Guangzhou, China in November 2010. Based on the exchange rate of RMB ¥6.5/US\$ prices ranged from ¥1240 (US\$ 190) for a pair of chopsticks to ¥238,000.00 (US\$ 44,237.00) for a small polished, mounted tusk weighing 5.3 kg according to the accompanying CITES permit: a value of in excess of US \$6,000 per kilo. During an EIA investigation into the illegal ivory trade in ivory in Zambia in January 2010, EIA investigators were offered 2 tonnes of ivory for +/- US \$90 per kilo.

<sup>5</sup> CITES Secretariat Press Release, Geneva 7 November 2008

<sup>6</sup> November 2010, Friendship store, Guangzhou.

Prices ranged from 1,240 RMB for 1 pair of chopsticks to 238,000 RMB for a simple, polished tusk; ID certificate stated the weight as 5380g. Based on the exchange rate 1 US\$ = 6.43620 RMB, this puts the value of the tusk at US\$ 6,839 per kilo.

<sup>7</sup> 6年来牙雕价格上涨将近10倍 牙雕收藏进入黄金时期

Source: <http://www.ttcf.com/?action-viewnews-itemid-101633>

“中国工艺美术大师李定宁从事牙雕创作数十年从未见象牙价格下跌“这5~6年来价格上涨更为厉害估计没有10倍也有7~8倍”- Li Ding-ning, renowned arts and craft master who has been carving ivory for many decades is quoted as saying that in the past 5-6 years, the increase in the price for ivory is estimated to be 7-8 times, if not more than 10 times.

“广州市宝象工艺品有限公司总经理李斌成透露他一直不敢动的库存货一涨就近10倍。” – Li Bin-cheng, GM of Guangzhou Baoxiang Arts and Crafts Company said that he dared not to touch/use his stock now that it (ivory inventory) is nearly 10 times (of the original prices)”.<sup>8</sup>

<sup>8</sup> “The Secretariat is of the opinion that linking legal supplies of raw ivory from southern African countries with the legal demand in countries in Asia should help reduce the motivation for the poaching of elephants and illegal trade in ivory.” SC57 Doc. 33.2

<sup>9</sup> 2004

*It remains apparent that China is still an important, if not the most important, destination for the international smuggling of ivory*

SC50 Doc. 21.1 (rev 1)

2005

*The Secretariat remains conscious that China continues, along with many other countries, to be a destination for illicit trade in ivory*

SC53 Doc 20.1

2006

*The Secretariat remains concerned that China continues to be a major destination for illicit trade in ivory*

*It is also concerned by the evidence and intelligence which indicates that citizens of China are engaged in such illicit trade.*

However the Secretariat continues to be satisfied that the domestic trade control system established by China meets the requirements of Res Conf 10.10 (rev. COP12)”

SC54 Doc. 26.1 (Rev.1)

2007

*China continues to be the country where most illicit ivory appears to be destined. However Japan has also seen significant seizures* COP14 Doc 53.1

*China continues to face a major challenge as it continues to be the most important country globally as a destination for illicit ivory* COP14 Doc.53.2

2008

*China certainly remains a destination for illegal ivory.*

SC 57 Doc 33.2

2010

*Citizens of China, or those of Chinese ethnic origin, continue to be discovered smuggling ivory.*

COP15 Doc 44.1

2011

*Citizens of China, their baggage, or packages sent by them through the post, continue to feature prominently among seizures... The Secretariat notes, however, that a lack of awareness may not be the major problem. Many of the seizures that it is aware of... involved specimens that had been carefully concealed within luggage or had been treated in a manner that was obviously intended to obstruct their detection during X-ray screening.*

*The Secretariat is also aware that the authorities and courts in China regard the smuggling of ivory, or other CITES-listed specimens, as a serious matter. It appears, however, that some persons continue to think that smuggling is worth the risks involved.*

SC61 Doc. 44.1

<sup>10</sup> “China certainly remains a destination for illegal ivory. However the trade controls satisfy what is required by the relevant Resolution and these are designed to prevent illicit ivory from being laundered through licensed premises... The Secretariat is of the opinion that linking supplies of raw ivory from southern African countries with the legal demand in countries in Asia should help reduce the motivation for the poaching of elephants and illegal trade in ivory.... The Secretariat wishes to remind the Committee and the exporting and importing Parties of a relevant provision of the annotation, namely: On a proposal from the Secretariat, the Standing Committee can decide to cause this trade to cease partially or completely in the event of non-compliance by exporting or importing countries, or in the case of proven detrimental impacts of the trade on other elephant populations.” SC57 Doc.33.2

<sup>11</sup> Ivory Auctions raise 15 million USD for elephant conservation, CITES Secretariat Press Release, Geneva 7 November 2008,

[http://www.cites.org/eng/news/press/2008/081107\\_ivory.shtml](http://www.cites.org/eng/news/press/2008/081107_ivory.shtml)

<sup>12</sup> An Assessment of the Illegal Ivory Trade in, Daniel Styles/TRAFFIC Southeast Asia Vietnam

<sup>13</sup> Ivory Auctions raise 15 million USD for elephant conservation, CITES Secretariat Press Release, Geneva 7 November 2008,

[http://www.cites.org/eng/news/press/2008/081107\\_ivory.shtml](http://www.cites.org/eng/news/press/2008/081107_ivory.shtml)