Oxford Analytica

# The illegal ivory trade

## An assessment of Stop Ivory's proposed intervention

**A draft report produced for Stop Ivory**
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# Acronyms

| | |
|---|---|
| AEAP | African Elephant Action Plan |
| AED | African Elephant Database |
| AfESG | African Elephant Specialist Group |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| CoP | Conference of the Parties (CITES) |
| DMM | Decision Making Mechanism (CITES) |
| EIA | Environmental Investigation Agency |
| ESA | US Endangered Species Act |
| ETIS | Elephant Trade Information System |
| FWS | US Fish and Wildlife Service |
| IFAW | International Fund for Animal Welfare |
| IUCN | International Union for Conservation of Nature |
| MIKE | Monitoring the Illegal Killing of Elephants programme |
| PIKE | Proportion of illegal killed elephants |
| UNEP | United Nations Environmental Programme |

# Introduction

The illegal trade in ivory has more than doubled since 2007 and the poaching of African elephants is clearly increasing across all four regions of sub-Saharan Africa, threatening the extinction of small and fragile elephant populations and placing pressure on previously secure populations. An estimated 25,000 elephants were killed for their ivory in 2011 alone. It is widely recognised that this current crisis is driven by rising demand for ivory as a consumer good, as well as by the increased involvement of organised crime networks often operating in corrupt, weak or stateless jurisdictions.

While a number of steps have been taken to counter the illegal ivory trade -- including the introduction of an international ban on the trade of ivory in 1989 -- these have failed to avert the current poaching epidemic. African elephant range states, international NGOs and policymakers have called for a new approach to tackle this crisis. In 2010, the range states agreed on a list of actions to address the ivory crisis (the Agreed Actions[*]), set out in the African Elephant Action Plan. Further recommendations for action were adopted in 2012 and 2013. However, no mechanism has yet been advanced to deliver these urgently required actions in a coordinated and effective manner.

Stop Ivory is an independent, single purpose, not-for-profit initiative with a two-year time horizon to stop all trade in ivory by 2016. Stop Ivory aims to do this by securing funding for the Agreed Actions and by procuring agreement between range and other states to dispose of ivory stockpiles and naturally accruing ivory over a ten year period and implement moratoria on national and international trade in ivory. Stop Ivory is working with expert partners to design, model and stress-test each aspect of the approach; as well as holding extensive consultation and engagement with African range states and other stakeholder groups.

Oxford Analytica is a global analysis and advisory firm which draws on a worldwide network of experts to advise clients on their policy decisions. Our report provides an independent assessment of Stop Ivory's approach and is based on extensive in-house research, collaboration with academic experts in the fields of economics, criminology and behavioural sciences, and interviews with a number of leading ivory experts. In addition to providing an overview of the current ivory crisis and an assessment of the regulatory system governing the ivory trade, the report addresses a number of specific questions posed by Stop Ivory. In particular, it analyses the likely immediate, short- and long-term impacts of disposing of, or otherwise putting beyond commercial use, all existing national ivory stockpiles and ten years' future natural accrual. It also considers the likely impacts of a number of additional policy measures and discusses possible unintended consequences that could arise from Stop Ivory's policy intervention.

[*] Actions based on activities proposed in the African Elephant Action Plan (agreed by the African elephant range states during the 15th meeting of the Conference of the Parties), and drawn from recommendations adopted by the Standing Committee at its 62nd meeting (Geneva, July 2012) and those proposed by the Secretariat to the Conference of the Parties to CITES at its 16th meeting (Bangkok, March 2013).

# Executive summary

## The ivory crisis

African elephant populations have plummeted, from approximately 1.2 million in 1980 to as few as 420,000 in 2012[*], despite significant international efforts to strengthen conservation and prevent killing. Although several factors are at play in this decline -- including land use pressure, habitat loss, and human-elephant conflict -- the ivory trade remains the greatest single threat to elephant populations.

Recent years have seen a new surge in elephant poaching in Africa. The latest data shows that the proportion of elephants killed for their ivory has risen to unsustainable levels across the continent, while reported seizures of illegal ivory are at their highest levels. This current crisis is the result of three main drivers: rising demand for ivory as a consumer good, the involvement of organised criminal networks in the supply chain; and weak governance in African range states. Unless these drivers are addressed, elephant populations are likely to continue to decline at dramatic rates.

## Regulation of the ivory trade

In response to the mass slaughter of elephants across the African continent during the 1970s and 1980s, policymakers, conservationists and scientists in range states and elsewhere lobbied for greater steps to be taken to protect them, culminating in a decision to ban the international trade of ivory in 1989. While the ban resulted in a drastic decline in demand for ivory in traditional consumer markets and stemmed the tide of poaching, it stopped short of banning domestic ivory markets and failed to address the problematic issue of ivory stockpiles. These legacy issues have resulted in a system in which a desire to monetise on national ivory stockpiles has persisted among several African range states alongside growing consumer demand in Asia, particularly China. In the absence of any viable mechanisms for a legal international trade, this has given rise to a thriving black market.

The past two decades have shown that, in isolation, policy measures that have sought to curtail the supply of raw ivory (through the 1989 CITES ban on the international ivory trade) or regulate it to some extent (through two CITES-authorised ivory sales in 1999 and 2008) have fallen short in their ability to reduce demand for ivory and undermine the illegal trade. These policy measures, combined with the continued presence of legal domestic ivory markets, have increased the legal ambiguity of the ivory trade and, alongside broader economic and social trends, contributed to rising consumer demand. High levels of demand have propelled prices upwards, increasing the profitability of trafficking illegal ivory, and resulting in higher levels of poaching.

[*] The African Elephant Database produced under the aegis of the African Elephant Specialist Group is the most comprehensive source of data on African elephant populations. Population data is categorised into 'definite', 'probable', 'possible' and 'speculative' groupings. The population estimate given here is based on estimates of total 'definite' populations across Africa in 2012.

## Solving the ivory crisis: assessing the legal frameworks

The ivory trade is a complex, reactive system. It is shaped by a number of factors, including the nature of ivory itself, the regulatory environment that governs its trade, and the behaviour of various actors and stakeholders who operate within the system. For these reasons, the implications of proposed policy measures on the ivory trade are necessarily subject to a degree of speculation. It is nevertheless possible to make well-informed and reasoned predictions about the most likely implications of a proposed policy intervention.

There are three main legal frameworks for addressing the ivory crisis: maintaining the present international legal framework governing the ivory trade; instituting a legal international trade in ivory; or imposing greater restrictions on the ivory trade:

- **Maintaining the status quo.** Under the status quo, sustained or rising demand for ivory in major Asian consumer states is likely to continue to drive poaching, leading to local extinctions, or extirpation, of elephant populations, if not on a continent-wide scale then in specific regions or sub-regions. Most threatened are small and fragmented elephant populations in West and Central Africa. While the threat to larger and better managed elephant populations in some Southern African countries is less imminent, if demand for ivory persists or continues to rise, then these populations will be under increasing pressure as elephant numbers elsewhere on the continent dwindle.

- **Instituting a legal trade.** An attempt to solve the current ivory crisis through the introduction of a legal trade would likely have an overall negative impact. While a system of legal international trade could generate substantial revenues for conservation purposes, it would require years of additional research and careful planning. African range states have neither the resources nor law enforcement capacity required to regulate a legal market. Furthermore, limited supplies of naturally accrued ivory are unlikely to be able to satisfy existing demand -- allowing for the continued existence of a parallel black market supplied through illegal poaching. Most importantly, far from depressing demand, a legal international trade runs the risk of stimulating new demand for ivory by compounding ambiguities around the legal status of ivory, facilitating the 'white washing' of illegally-sourced ivory in major consumer markets, and undermining the stigma effect surrounding the purchase of ivory. Finally, a legal trade would reverse the international framework established by the 1989 ban, rendering any re-imposition of tighter international restrictions on ivory significantly more difficult.

- **Imposing greater legal restrictions.** With the future of the African elephant gravely imperilled under the status quo, and a legal international trade likely to exacerbate the situation, tighter restrictions on the trade and purchase of ivory appear to be the only viable legal solution to the crisis. At a minimum, this would involve maintaining the international trade ban and extending the moratorium on one-off sales of ivory stockpiles, which is set to expire in 2017. While these measures would effectively curtail legal supply, banning domestic trade in major consumer markets

would be the most effective means of reducing demand. However, obtaining domestic bans in major consumer states will likely face considerable political difficulties. In their absence, the continued disposal of national ivory stockpiles in African range states and a renewed moratorium on one-off international sales, in combination with effective consumer targeted campaigns in major consumer markets, could be effective in reducing demand for ivory and disrupting the trends driving the current crisis.

## Analysis of Stop Ivory's proposed actions

Stop Ivory offers a mechanism to deliver greater restrictions on the ivory trade. It aims to do this by securing funding for the Agreed Actions and by procuring agreement between range and other states to dispose of ivory stockpiles and naturally accruing ivory over a ten year period and implement moratoria on national and international trade in ivory.

Procuring agreement for the disposal of national ivory stockpiles -- a central feature of Stop Ivory's overall approach -- will help to clarify the international legal status of the ivory trade; remove substantial monetary incentives for future one-off sales of ivory; eliminate the possibility of leakages of legal ivory from ivory stockpiles into the illicit supply chain; reduce long-term possibilities for the 'white washing' of illegally-sourced ivory in domestic markets; and send a clear message to proponents of the ivory trade, poachers and illegal suppliers that the international community is united in its stance against further legal sales of ivory.

Stop Ivory's multifaceted approach has the potential to cause a substantial reduction in demand for ivory. In combination with a successfully targeted awareness raising campaign, the disposal of stockpiles over a ten year period could further stigmatise ivory while educating consumers about the ecological and socioeconomic costs of the ivory trade. In addition, funding linked to Stop Ivory's initiative has the potential to significantly improve conservation and capacity building in African range states, which would help to render poaching and smuggling more difficult and, in a context of falling demand, potentially far less profitable.

Stop Ivory's approach is advantageous as it offers a means to fund and enable an existing agreement made between range states -- the African Elephant Action Plan and the Agreed Actions. As such, it is an approach that has the potential to be implemented with the urgency required to address the current ivory crisis. In addition, each component of Stop Ivory's approach is grounded by important precedents: the voluntary disposal of national ivory stockpiles has occurred on at least six occasions since the 1989 ban, three times since 2011; a moratorium on international sales of ivory by Appendix II countries is currently in place until 2017; many countries have already introduced complete domestic bans on ivory; and a number of conservation groups have begun to take steps to improve awareness about ivory in China and other major consumer markets, with some positive results.

Despite its merits, if Stop Ivory's proposed intervention fails to achieve a substantial reduction in consumer demand for ivory, particularly in major consumer markets such as China, the disposal of ivory stockpiles could give rise to a number of unintended consequences. If demand for ivory remains constant or continues to rise, curtailing the amount of ivory that is leaked from government stockpiles to the illicit market and restricting future legal supply by disposing of ivory stockpiles may drive up prices and incentivise further poaching. In addition, future supply uncertainties and expectations of higher prices may induce speculative hoarding by illegal suppliers. Finally, in a context of continued high demand for ivory, if funding is linked to the amount of ivory set aside, and not allocated in accordance to range states' needs, it could disproportionally benefit states with the largest and best-managed elephant populations, generating adverse pressures that accelerate poaching in the worst governed range states.

## Prioritising policy measures: the best way forward

The ivory crisis is ultimately a demand-driven problem, and is supplied by illegal networks often operating in corrupt, weak or stateless jurisdictions. In policy terms, a three-pronged approach focused on eliminating demand, dismantling trafficking networks and cracking down on poaching is therefore best-placed to tackle the ivory crisis. Of these, concerted demand reduction is the single most important policy component, with the potential to undermine and fundamentally disincentivise ivory trafficking and ultimately derail the unsustainable trend in poaching.

Putting national ivory stockpiles beyond commercial use alone -- without the implementation of additional policy measures -- may not be sufficient to reduce demand to manageable levels. In order to ensure that Stop Ivory's approach has the best chances of success, the disposal of ivory stockpiles should be sought in tandem with the following additional policy measures:

- **Providing national governments with access to a fund for elephant conservation.** Ensuring that range states have access to funding in return for the disposal of their stockpiles, has the potential to improve conservation, law enforcement and capacity building in African range states. This can help to render poaching and trafficking more difficult and, in a context of falling demand, potentially far less profitable. Efforts should be made to ensure that such funds are distributed directly to national wildlife authorities based on need.

- **Placing naturally accruing ivory beyond use for a period of ten years.** Seeking to put all naturally accruing stockpiles beyond commercial use for a period of ten years or more will help to reinforce the message that the international community is united in its stance against further legal sales of ivory. Doing this in concert with the existing moratorium (due to expire in 2017) could mean no further legal international sales of ivory until 2027. Such a measure may convince proponents of the ivory trade, poachers and illegal suppliers that the ivory trade is not viable in the long term.

- **Implementing a large-scale consumer targeted campaign.** Most importantly, Stop Ivory should ensure that the disposal of ivory stockpiles is accompanied by a large-scale consumer targeted campaign. Alongside legal restrictions on trade such as moratoria and bans, awareness raising campaigns can play a crucial role in stemming demand by stigmatising ivory and educating consumers about the ecological and socioeconomic costs of the illicit trade. Previous campaigns globally show that the cultural affinity for a sensitive good can be effectively displaced by ecological responsibility. In the current political climate and in light of certain social and economic developments in China, a well-funded and carefully executed consumer campaign could achieve a sizeable reduction in demand for ivory.

This combined approach stands the best chance of reducing illegal ivory trafficking and poaching. However, even if the above policy measures are implemented, unless trade in ivory is made illegal, both domestically and internationally, the possibility remains that Stop Ivory's actions may not be successful in curtailing demand to the extent required to reduce or eliminate the poaching of elephants. So long as it is legal and acceptable to buy and sell ivory in domestic markets, demand will persist, prices will remain high and there will be scope for suppliers to intervene and make a profit, a reality that will persist regardless of the status or legality of the international trade in ivory. Any solution to the ivory crisis will ultimately have to result in a concerted reduction of consumer demand. Without reduced demand, any other efforts will be significantly less likely to succeed.

While Stop Ivory's approach cannot be guaranteed to succeed in eliminating the ivory crisis, it would nevertheless constitute an important step in achieving the political consensus necessary for further substantive restrictions on the ivory trade. Alongside new initiatives to fund anti-poaching efforts and the disposal or announced disposal of national ivory stockpiles by a number of range and non-range states, Stop Ivory offers a mechanism to allow African range states to move beyond historically entrenched positions on the ivory trade and provides them with a credible, financially enabling means to find a common solution to the ivory crisis. If African range states can stand united against ivory, they are likely to generate momentum for greater global efforts to reduce or eliminate the ivory crisis.

# The ivory crisis

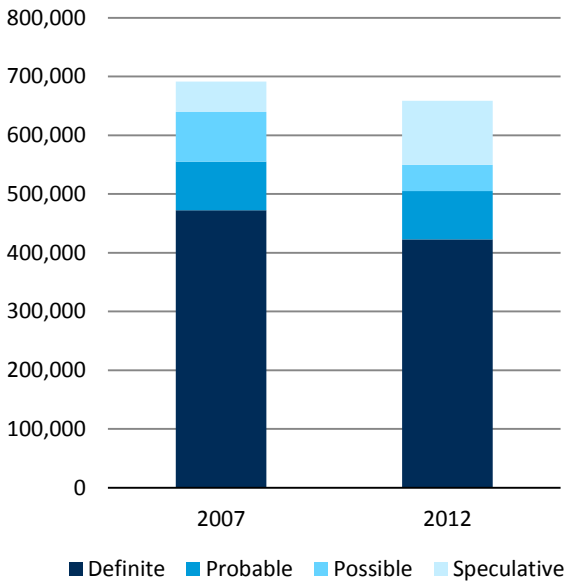
## The conservation status of African elephants

African elephant populations are shrinking despite significant international efforts to strengthen conservation and prevent killing. In 1980, there were approximately 1.2 million elephants in Africa. By 1989, this number had dropped to as few as 600,000.[1] Recent years have seen a new surge in poaching. Approximately 25,000 elephants were killed in 2011, the largest numbers of elephants killed since systematic data collection began in 2001.[2] Some wildlife conservation groups suggest that the death toll for 2012 could be as high as 35,000.[3] Latest estimates by the African Elephant Specialist Group (AfESG) note that total 'definite' and 'probable' elephant populations declined by over 11% in the past five years from 555,047 in 2007 to 504,982 in 2012.[4] Losses at this rate are unsustainable and could lead to extinctions of African elephant populations within a decade.

Current estimates suggest alarming rates of decline in elephant numbers in parts of Central and West Africa. African forest elephants, which reside in the Congo Basin and are smaller than the savannah elephant, have had their populations decimated in recent years, with the total population plummeting by as much as 76% in the last decade.[5] There are also growing threats to previously secure elephant populations in Eastern and Southern Africa. Overall, changes in elephant populations have shown considerable variation, with several African regions experiencing severe losses and a few areas demonstrating the ability to maintain large, well-managed and healthy elephant populations.[6]

Several factors are at play in the population decline, including land use pressure, habitat loss, human-elephant conflict and illegal killings for meat and ivory. Climate change and the increasing frequency of droughts are also a major threat to elephant populations in certain regions. In addition, issues arising from tensions with humans will continue to pose a particular long-term threat to elephant survival and will require managed, sustainable solutions.

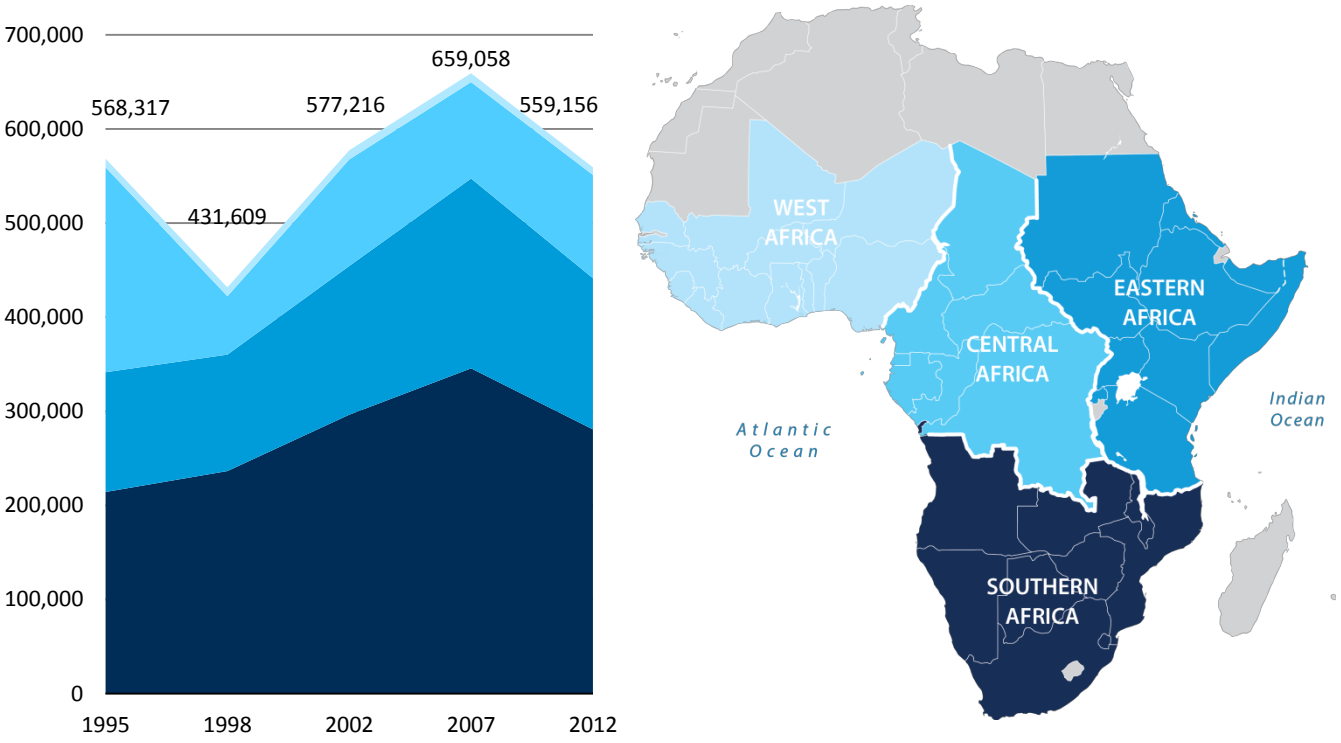
**Figure 1: African elephant population, 2007 vs 2012**




Source: AfESG

[1] Van Aaarde, R and Jackson, T (2006) 'Elephants in Africa', Africa Geographic, 14: 28-29.
[2] 'Elephants in the Dust -- The African Elephant Crisis', UNEP, CITES, IUCN, TRAFFIC, 2013.
[3] According to the Clinton Global Initiative's Partnership to Save Africa's Elephants, led by the Wildlife Conservation Society, African Wildlife Foundation, World Wildlife Fund, International Fund for Animal Welfare, and Conservation International and supported by 11 other partner organisations.
[4] African Elephant Database, 2012.
[5] Remarks by President Ali Bongo Ondimba, African Development Bank, 30 Mary 2013.
[6] 'Elephants in the Dust', 2013.

**Figure 2: African elephant range states* and elephant population estimates** by region, 1995 - 2012**




*The African elephant range states comprise the following 38 countries: Angola, Benin, Botswana, Burkina Faso, Cameroon, Central African Republic, Chad, Republic of Congo, Democratic Republic of the Congo, Cote d'Ivoire, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Malawi, Mali, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Swaziland, United Republic of Tanzania, Togo, Uganda, Zambia and Zimbabwe. *Note: The 2012 update of the AED cites no confirmed elephant populations in Sudan, which may warrant removing Sudan as a range state.*

** Total of definite, probable and possible population estimates by region.

Source: African Elephant Database.

## The international ban on ivory trade

Among the various factors that threaten elephant populations, the ivory trade remains the most significant and immediate. Although the trade of ivory products dates back to ancient times, the commercial trade increased dramatically over the course of the 20th century with the advent of new industrialised processes of manufacturing and the emergence of affluent middle class consumers in the United States, Europe and Japan. The ivory trade reached its peak in the mid-1980s, with 900 – 1,000 tonnes of ivory, supplied by approximately 100,000 killed elephants, being exported from Africa annually.[7]

[7] Barbier, Edward B, Joanne C Burgess, Timothy M Swanson and David W Pearce, *Elephants, Economics and Ivory*, 1990, p 32-33.

In response to the mass slaughter of elephants across the African continent during the 1970s and 1980s, policymakers, conservationists and scientists in both African range states and elsewhere began to lobby for greater steps to be taken to protect elephants. Established in 1975, the Convention on International Trade in Endangered Species of Wild Fauna and Flora is the primary international agreement governing trade in endangered species. Efforts to conserve elephants during the 1980s culminated in the decision at the 7th CITES Conference of the Parties (CoP) in October 1989 to list the African elephant on Appendix I of the CITES agreement as a species threatened with extinction (see Table 1). The decision came into effect on 18 January 1990, after which all international trade in ivory for commercial purposes was banned.

**Table 1: The CITES Appendices**

| | |
|---|---|
| **Appendix I** | Appendix I lists species that are the most endangered among CITES-listed animals and plants. They are threatened with extinction and CITES prohibits international trade in specimens of these species except when the purpose of the import is not commercial, for instance for scientific research. In these exceptional cases, trade may take place provided it is authorized by the granting of both an import permit and an export permit (or re-export certificate). |
| **Appendix II** | Appendix II lists species that are not necessarily now threatened with extinction but that may become so unless trade is closely controlled. It also includes so-called "look-alike species", i.e. species whose specimens in trade look like those of species listed for conservation reasons. International trade in specimens of Appendix-II species may be authorized by the granting of an export permit or re-export certificate. No import permit is necessary for these species under CITES (although a permit is needed in some countries that have taken stricter measures than CITES requires). Permits or certificates should only be granted if the relevant authorities are satisfied that certain conditions are met, above all that trade will not be detrimental to the survival of the species in the wild. |
| **Appendix III** | Appendix III is a list of species included at the request of a Party that already regulates trade in the species and that needs the cooperation of other countries to prevent unsustainable or illegal exploitation. International trade in specimens of species listed in this Appendix is allowed only on presentation of the appropriate permits or certificates. |

Source: CITES

While most African range states supported the international trade ban, Botswana, Namibia, South Africa and Zimbabwe opposed it, arguing that they had large and healthy elephant populations and that the ban would preclude them from using ivory to fund much-needed conservation efforts. They were subsequently given authorisation by CITES to downlist their elephant populations from Appendix I to Appendix II under a proviso known as the “Somalia Amendment”, enabling limited international trade in ivory products. The four countries have since auctioned a portion of their ivory stockpiles through two CITES-approved one-off sales in 1999 and 2008.

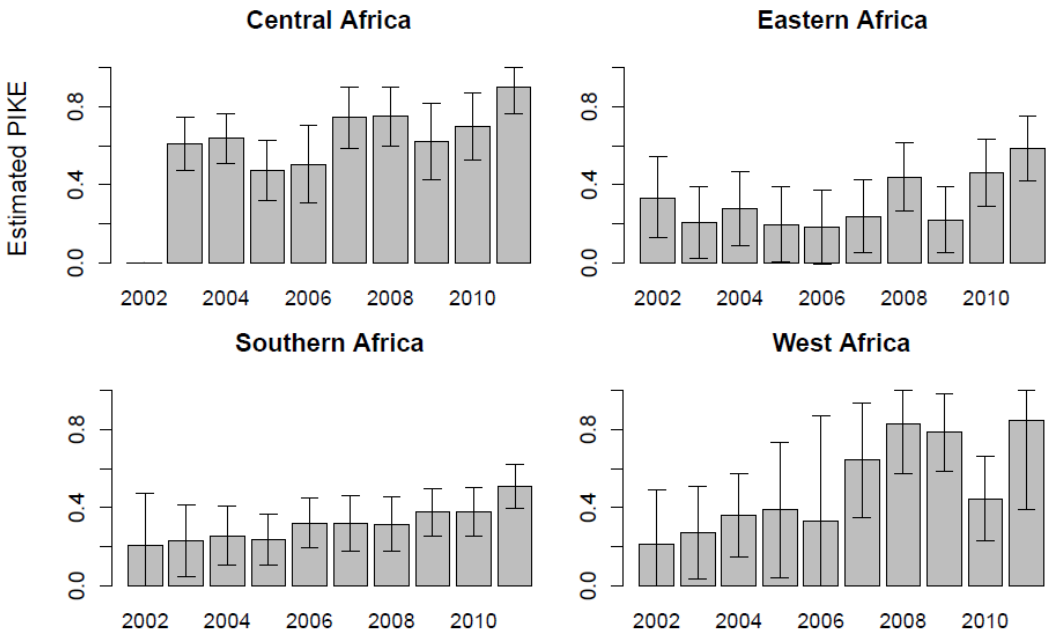
One of the conditions of the second one-off sale in 2008, agreed during the 14th CITES CoP in June 2007, was that no further sales from range states with elephants listed under Appendix II would be permitted for a period of nine years in order to enable effective monitoring of the effects of the sale on the ivory trade. If this agreement is upheld, then no further international sales of ivory will be permitted until 2017 at the earliest. Since 2008, a small number of range states with elephant populations in Appendix I have lobbied for the downlisting of their

elephant populations and/or further international sales, but each of these requests has been rejected by other CITES parties, or withdrawn.

## The drivers of the ivory crisis

Despite the introduction of a ban on the international trade of ivory products, poaching has increased dramatically in recent years. Since 2007, the illegal ivory trade has more than doubled.[8] According to data from the CITES' Monitoring the Illegal Killing of Elephants (MIKE) programme, levels of poaching are "clearly increasing" in all four regions of sub-Saharan Africa (see Figure 3).[9] Earlier this year, TRAFFIC, the wildlife trade monitoring network responsible for the Elephant Trade Information System (ETIS), reported that ivory seizures in 2011 had reached the highest levels since systematic data collection efforts began in 2001.[10] In addition, the seizure of large shipments of ivory (defined by CITES as 800 kg or more) has risen significantly in the past few years, indicating the increased involvement of sophisticated organised crime networks in both Africa and Asia.[11] TRAFFIC called 2011 an "annus horribilis" for African elephants. Initial data from 2012 shows that the situation has not improved.[12]

**Figure 3: Proportion of illegally killed elephants (PIKE)* across African regions, 2002 – 2011**




Source: CoP16 53.1

* With 95% confidence intervals.

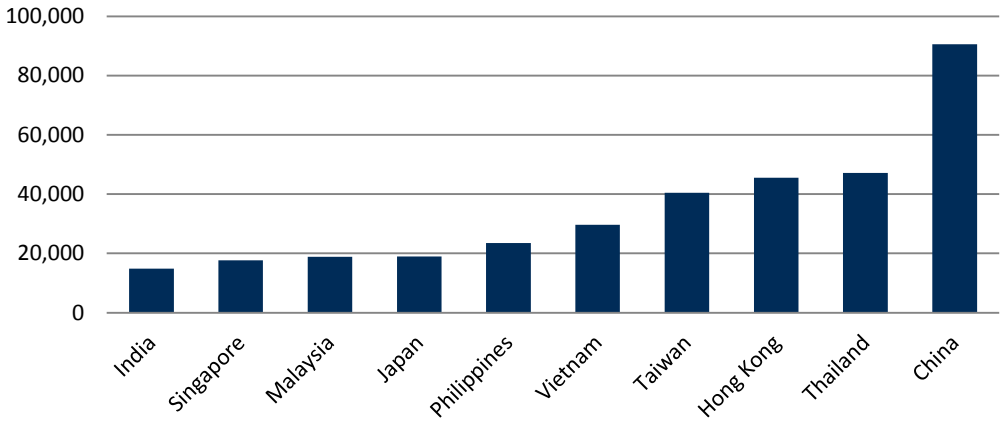
[8] 'Elephants in the Dust', 2013.
[9] CoP16 Doc. 53.1
[10] ETIS, Traffic.
[11] CoP16 Doc. 53.2.2 (Rev. 1)
[12] 'Elephants in the Dust', 2013.

The following sections outline the key drivers and assorted enabling factors behind the current ivory crisis.

## Demand-side drivers

Demand for ivory is the root driver of the ivory crisis. The escalation of elephant poaching in Africa in recent years, the increase in large-scale seizures of ivory, and rising market prices reflect the growth of demand in Asia -- particularly China, the largest consumer market for ivory. Analyses of historical ivory seizures and the findings of investigations into China's ivory markets have confirmed a surge in Chinese demand for ivory since the 1990s. A report by CITES singled out China as having the greatest influence on the increased illegal ivory trade since 1995.[13]

**Figure 4: Asian countries with most ivory seized, 1989 - 2011 (thousands of pounds)**




Source: National Geographic, 2013.

Income growth and the rise in consumer spending power is a strong driver behind the trend. CITES analysis shows a strong correlation between the proportion of all elephant deaths resulting from illegal killing and the strength of household consumption expenditure in China.[14] The strengthened Chinese currency also makes it cheaper for Chinese illegal suppliers to buy ivory overseas and sell it in China.[15] As spending power in China has increased and demand for ivory has risen, so too have ivory prices, with the price paid by carvers and ivory processors for illegal raw ivory increasing nine-fold in a decade, from 150 US dollars per kilogram in 2002 to approximately 1,300 dollars per kg in 2011 (see Figure 5).[16] The price paid by end consumers for black market ivory can be as high as 3,000 dollars per kg.[17]

[13] CITES Secretariat Technical Mission Report: Verification mission related to the control of internal trade in ivory in China 7-11 March 2005, SC53 Doc 20.1 Annex
[14] CoP16 Doc. 53.1
[15] Gabriel et al, 2012.
[16] CoP16 Doc. 53.1; Gabriel et al, 2011.
[17] Media reports of black market prices of 3,000 dollars per kg.

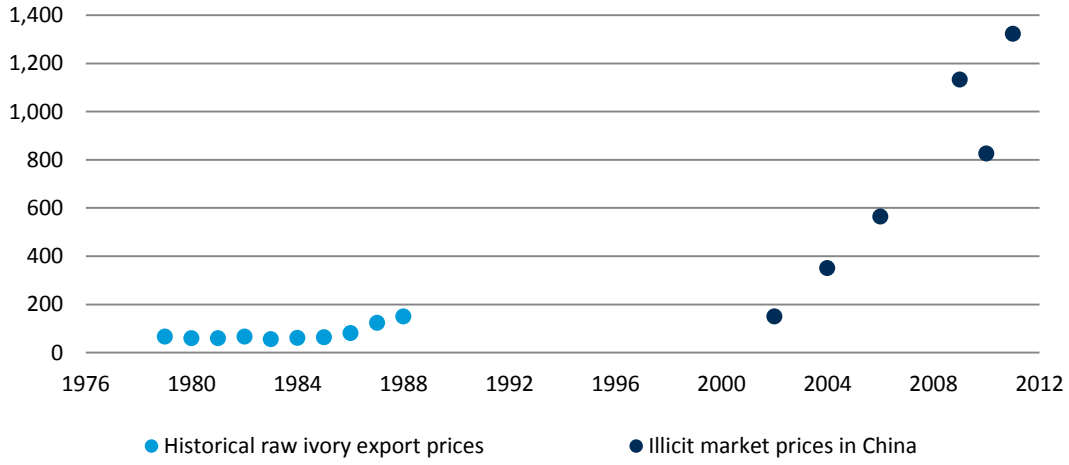
**Box 1: The limitations of seizure data**

Quantifying the illegal ivory trade is difficult. To estimate smuggling activity, the CITES Elephant Trade Information System (ETIS) uses ivory seizures as a proxy. While this remains the best means available of estimating the size of the illegal market, relying on seizure data is inherently problematic:

- More ivory seizures in a given year can mean that smuggling has increased, or that law enforcement is working harder, or both. Fewer seizures can mean that illegal trade is diminishing, but they can also mean that law enforcement has been less effective or that organised criminals are becoming better at ensuring that their shipments evade detection.

- Corruption can also complicate matters. Organised crime often has connections in local wildlife departments, customs offices, and freight-forwarding and transportation companies that enable them to move multi-tonne shipments from one country to another. In some jurisdictions, there are reports of customs officers seizing illegal ivory only when someone had not made a payoff.

**Figure 5: Historical ivory prices and illicit prices in China (US dollars per kg)**




Source: Barbier et al, 1990, p 34; Gabriel et al, 2012; SC62 Doc. 46.1 (Rev. 1).

## Chinese consumerism and culture

Demand for ivory is buoyed by its elite status in China. Ivory is deeply embedded in Chinese culture and has long been touted as a symbol of wealth. In addition, it has increasingly been viewed as a status symbol by China's newly rich and is reportedly a popular gift among some

Chinese government elites.[18] More recently, some traders have begun marketing ivory as a luxury product with "inflation-proof investment value", especially in the context of declining values of traditional assets such as real estate.[19] According to a recent survey of China's domestic ivory market, 11,100 ivory pieces were reportedly auctioned in mainland China in 2011 for total sales of 95.4 million US dollars, representing a 107% increase in volume and 170% increase in value over 2010.[20]

### China's legal trade

Rising demand for ivory among Chinese consumers is perpetuated by China's legal domestic ivory trade. Though the CITES ban prohibits China and other CITES member states from importing raw ivory from abroad, China continues to operate a regulated domestic ivory market. Chinese state-owned enterprises hold significant stockpiles of ivory (obtained prior to 1989 as well as through a CITES approved one-off purchase of approximately 60 tonnes of ivory in 2008), which are periodically released at set prices to domestic ivory industries. While these legal stockpiles supply a portion of the Chinese industry, some experts estimate that up to 90% of the ivory used by Chinese industry is sourced illegally.[21]

Surveys of Chinese ivory markets following the one-off sale of ivory to China in 2008 found that weak regulation of the legal ivory trade opened space for illegal ivory markets to thrive.[22] Several studies have shown that China's one-off purchase of ivory in 2008 confused already ill-informed merchants and consumers. Contradictory legislation is also partly to blame. According to a recent news article, in 2011 Beijing introduced legislation allowing Chinese travellers from Zimbabwe to carry up to 22 pounds of carved ivory products as souvenirs, a policy that openly contravenes the CITES ban and highlights the need to ensure that domestic legislation does not contradict international law. (Chinese government officials have said that some 90% of ivory seizures involve Chinese travellers concealing ivory in their suitcases.[23] According to media reports, Hong Kong recently introduced legislation allowing ivory in its raw state to be imported under license from Botswana, Namibia, South Africa and Zimbabwe.[24]) The existence of a sizeable legal trade in ivory obtained from the excavated remains of extinct mammoths -- estimated by some researchers to be larger than the annual trade in elephant ivory (see Box 19) -- further confuses the situation in a context in which public awareness of the ivory trade is already limited.

[18] 'Elephants Dying in Epic Frenzy as Ivory Fuels Wars and Profits', New York Times, 3 September 2012.
[19] Gabriel et al, 2012.
[20] Gabriel et al, 2012.
[21] EIA Briefing Document for 61st Meeting of the CITES Standing Committee, August 2011.
[22] Gabriel et al, 2012.
[23] 'From Elephants' Mouths, an Illicit Trail to China', NYT, March 2013.
[24] 'Targeting buyers of illegal ivory could hit trade where it hurts', SCMP, 17 September 2013.

**Box 2: Thailand: the world's largest unregulated ivory market**

While the rise of Chinese demand for ivory products is often cited as the single greatest driver of the current ivory crisis, other Asian countries, in particular Thailand, are important destinations for illegal ivory. Thailand remains the world's largest unregulated ivory market. At the 64th meeting of the CITES Steering Committee in March 2013, Thailand was identified, along with seven other countries, as a country that needs to take drastic actions to reduce illegal trade.

Legal reforms are needed to tackle Thailand's domestic market. Although it is against the law to bring ivory from African elephants into Thailand and to sell ivory from wild Asian Elephants, current law allows for ivory from domesticated Thai elephants to be sold legally. This allows massive quantities of African ivory to be laundered through Thai shops.

In a 2013 CITES report, Thailand was singled out alongside China as one of the "most important end-use markets driving illegal ivory trade today… Large ivory movements to Thailand in recent years are suggestive of the scale of demand for raw material for the country's clandestine ivory processing industry." Failure to address the illegal trade in Thailand would result in only a partial success in efforts to solve the ivory crisis.

## Supply chain factors

Illicit movement of ivory from Africa to Asia has increased significantly over the past ten years. East African ports in Kenya and Tanzania, as well as ports in South Africa and Nigeria, serve as the primary points of exit for Africa's illegal ivory, most of which make their way by ship through transit points in South-east Asia (including Malaysia, Singapore and the Philippines) and ultimately to consumers in China and Thailand.[25] Hong Kong remains a primary port of entry for ivory into China, and in recent years seizures have increased in frequency and scale.

### New smuggling routes

While it appears that most ivory bound for China transits busy ports in South-east Asia -- where the chances of interception remain low -- there are also signs that smugglers are increasingly channelling contraband through less secured ports and land crossings in Cambodia and Laos -- which were previously not implicated in the ivory trade -- in their attempts to circumvent more stringent controls and law enforcement efforts targeting illegal wildlife trade.[26] One explanation behind this trend is the increased involvement of organised crime syndicates in the ivory trade, and the smuggling of ivory through established routes and linkages also used for other illicit goods such as arms and narcotics. The difficulties of enforcement in an ever-changing supply chain re-enforce the imperative of tackling the ivory trade from a demand perspective.

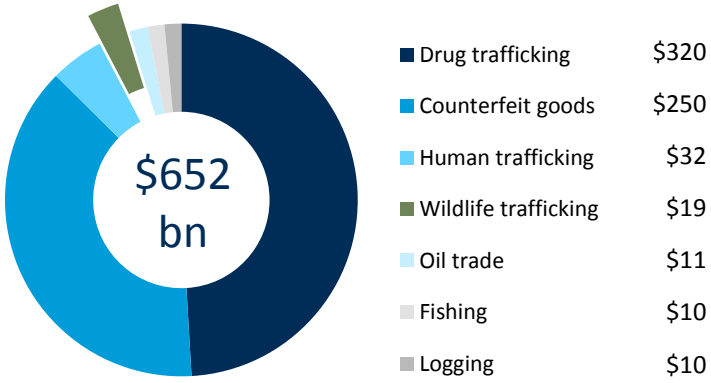
[25] Elephants in the Dust
[26] Nijman, Vincent and Chris R. Shepherd, 'The Role of Lao PDR in the Ivory Trade', TRAFFIC Bulletin, Vol 24. No. 1.

### Weak enforcement in transit states

Weak enforcement in transit and destination countries also facilitates illegal trade. Despite a growing number of major seizures in both transit countries such as the Philippines and Malaysia and in destination markets such as China, the ability of customs agents to intercept illegal shipments of ivory remains limited. Chinese officials have admitted that they are able to check less than 1% of containers arriving at their ports each year.[27] Given that an estimated 25,000 elephants were killed in 2011 according to TRAFFIC[28] (representing approximately 250,000 kg of ivory[*]) and approximately 39,000 kg of ivory was seized worldwide in the same year (see Figure 6 below), the total interception rate is approximately 15%. If we consider that the total number of elephants poached in 2011 may have been as high as 35,000, this would suggest an interception rate closer to 11%. This reflects similar interception rates for illicit goods cited by the US General Accounting Office and the US Fish and Wildlife Service (FWS).[29]

**Figure 6: The annual value of illicit trade (billions of US dollars)**

*The illegal ivory trade is worth between 7.8 and 10 billion dollars annually -- approximately half of all widlife trafficking*




Source: UNODC, OECD, ILO, WWF, FAO, World Bank.

### China-Africa trade ties

Just as the economic rise of China has stimulated new demand for ivory among the country's growing middle classes, it has also indirectly bolstered illicit supply chains. Chinese trade and investment in Africa has increased dramatically in the past decade and the continent is now home to approximately a million Chinese nationals. Several media reports and studies indicate that the growing presence of Chinese investors and workers on the ground in Africa has allowed African-based Asian-run organised crime networks to emerge.[30] According to Kenyan officials, approximately 90% of ivory traffickers arrested at airports are Chinese.[31]

[27] 'An Illicit Trail of African Ivory to China', New York Times, 1 March 2013.
[28] 'Elephants in the Dust'
[*] Most experts estimate the average tusk weight to be approximately 5 kg.
[29] 'The Ivory Trade and Elephant Poaching', Kenya Elephant Forum, 2012.
[30] 'Transnational Organized Crime in East Asia and the Pacific: A Threat Assessment', UNODC, April 2013.
[31] Kahumbu, Paula, 'China must send a clear message to consumers on ivory trade', *The Guardian*, 4 March 2013.

### Organised crime networks

Analyses of data from ETIS indicate a marked growth in the number of large-scale ivory seizures since 2009. Local law enforcement and customs agents as well as transnational crime experts attest that large shipments of illicit ivory signal the increased involvement of sophisticated organised crime networks. According to CITES, "trade of large volumes of ivory typically requires greater finance, better planning, organisation and intelligence, investment in secure facilities for storage and staging purposes, the ability to exploit trading links and networks between sources and end-use markets effectively and covertly, and higher levels of collusion and corruption between private sector operators and government."[32]

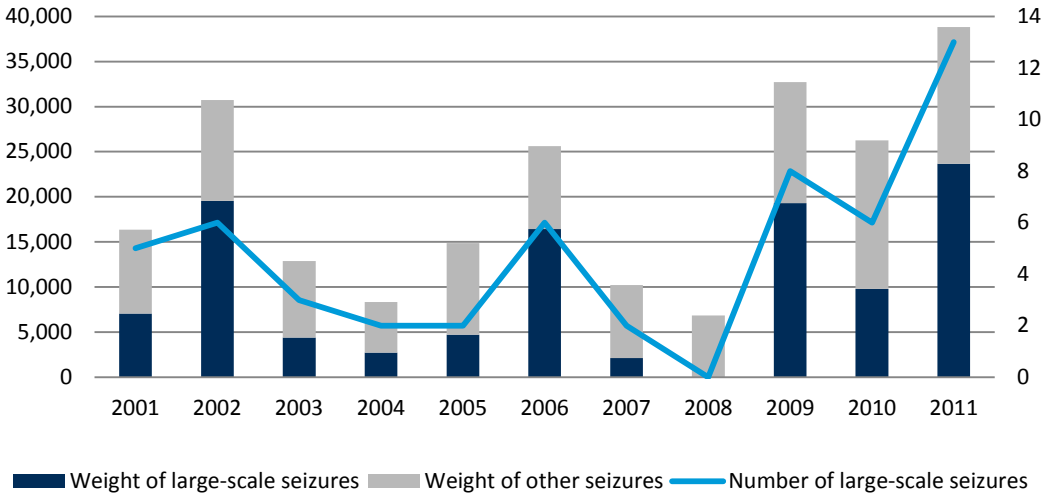
**Box 3: Online trading**

The internet is a new realm that plays host to illegal ivory trade. IFAW investigations have indicated that ivory is the most widely traded wildlife product on the internet. A joint study by Interpol and the International Fund for Animal Welfare (IFAW) of online ivory trade in nine EU countries found a market worth nearly 1.5 million euros -- about 4,500 kilogrammes of ivory -- in the 61 auction sites they investigated. With the world's largest online population, China also continues to host a number of important online marketplace for the sale of illegal ivory products. Internet trade is particularly difficult to govern as sites are hard to monitor and regulation has yet to catch up. Moreover, the anonymity and distance offered by the web helps to propagate illegal activity.

Other authorities, including Interpol, the UN Office on Drugs and Crime (UNODC), and the United Nations Commission on Crime Prevention and Criminal Justice, have also recognised the increasing involvement of organised crime syndicates in wildlife crime.[33] In a 2013 interview, Dan Ashe, the director of the FWS, the US department responsible for illegal wildlife trade, called the organised crime networks involved in the ivory trade, "syndicated", "well-organised" and "well-funded".[34] While the degree to which the illegal ivory trade is controlled by organised crime networks remains unclear, these groups are undoubtedly responsible for a large proportion of all illegally traded ivory. Seizure data from ETIS indicates that the largest 1% of seizures from 1996 through 2011 represent approximately 50% of the total weight of ivory seized.[35]

[32] CoP14 Doc. 53.2
[33] 'IFAW and INTERPOL at the Front Lines of the War on Ivory and Wildlife Trafficking', IFAW, 22 May 2013; 'CITES Secretary-General welcomes adoption of UN Commission on Crime Prevention and Criminal Justice draft resolution recognizing wildlife crime as a serious crime', CITES, 26 April 2013; 'Heads of UNODC and CITES urge wildlife and forest offences to be treated as serious transnational organized crimes', CITES< 23 April 2013.
[34] 'Illegal ivory stockpiles in the US will be destroyed to combat wildlife trafficking', Reuters, 9 September 2013.
[35] CoP16 Doc 53.2.2 (Rev. 1)

**Figure 7: Number and weight (kg) of large-scale seizures, 2001 - 2011**




Source: '2011: "Annus horribilis" for African elephants, says TRAFFIC', TRAFFIC, 29 December 2011.

## Supply-side factors

### Weak governance

Weak governance throughout the supply chain -- from African range states to transit and consumer states -- offers an environment in which the illegal ivory trade can thrive. A number of studies employing ETIS and MIKE data show that poor governance in range states, as measured by governance and corruption indicators from the World Bank and Transparency International, are more strongly correlated with poaching levels than any other indicator. According to a 2012 study commissioned by CITES, the failure to curb the illegal ivory trade is largely due to the fact that "many range states have not implemented strong domestic legislation and law enforcement to control illegal hunting and their unregulated domestic ivory markets".[36] Compared with other types of criminal activity, wildlife crime remains a relatively low priority for most countries. Range states, transit states and consumer states devote limited funding to combatting wildlife crime, resulting in weak enforcement capabilities.

### Armed conflicts and militant groups

Civil wars and armed conflicts in a number of range states have resulted in institutional collapse, lawlessness and the ready availability of small arms, creating a highly conducive environment for illegal poaching. According to a 2009 study, the presence of civil conflicts has been shown to correlate positively with poaching levels in African range states.[37] In recent years, a growing number of terrorist and militant organisations have turned to ivory to finance

[36] 'Decision-making Mechanisms and Necessary Conditions for a Future Trade in African Elephant Ivory', Martin et al, 24 May 2012.
[37] Lemieux, Andrew M. and Ronald V. Clarke (2009) 'The International Ban on Ivory Sales and its Effect on Elephant Poaching in Africa', British Journal of Criminology, 49: 451-471.

their activities. This includes, among others, the Lord's Resistance Army (LRA), the Sudanese Janjaweed, and the Somali terrorist organisation al-Shabaab, each of which have been implicated, directly or indirectly, in the cross-border killing of elephants.

In a November 2012 speech, Secretary of State Clinton argued that, "we have good reason to believe that rebel militias are players in a worldwide ivory market worth millions and millions of dollars a year."[38] More recently, in a 2013 report on Central Africa by Ban Ki-moon, the UN Secretary General argued that "illegal ivory trade may currently constitute an important source of funding for armed groups, including the LRA."[39] This is supported by data from MIKE as well as recent reports of unprecedented killings of elephants in poorly secured national parks in Cameroon and Chad in early 2013 -- and more recently a spate of elephant poisonings in Zimbabwe that constitute the country's worst case of poaching -- perpetrated by heavily-armed militias and criminal gangs. A recent investigation by the Elephant Action League found that up to 40% of al- Shabaab's funds could be related to the ivory trade.[40]

The increased involvement of both organised crime networks and militant groups means that poachers are becoming better funded, better equipped and better able to conduct more sophisticated, large-scale operations that are able to evade or overpower local law enforcement.[41] In response to concerns over the increasing militarisation of the ivory trade, US President Barrack Obama signed an executive order on 1 July launching 10 million dollar initiative to curb the illegal wildlife trade.

### Poverty

Poverty in many African range states compounds local governance issues. Analyses of MIKE data indicate that the level of poverty in and around elephant sites, as measured by human infant mortality rates and food insecurity, correlates strongly with levels of elephant poaching.[42] According to a recent study, "Poverty facilitates the ability of organised criminals to recruit, bribe or threaten locals and underpaid police, military personnel and wildlife rangers."[43] Persistent poverty in many range states also drives land use pressure and human-elephant conflict. Disruptions to seasonal movements and food and water resources pose serious challenges to the elephant population, even if poaching is curbed. These issues will continue to pose long-term threats to elephant survival. Human-elephant conflict in particular will require managed, sustainable solutions.

[38] Hillary Clinton, Remarks at the Partnership Meeting on Wildlife Trafficking, November 8, 2012.
[39] Ban Ki-Moon, Report to the UN Security Council on the activities of the United Nations Regional office for Central Africa, 20 May 2013.
[40] 'Africa's White Gold of Jihad: al-Shabaab and Conflict Ivory', Elephant Action League, 2013.
[41] 'Elephants in the Dust', 2013.
[42] SC62 Doc. 46.1 (Rev. 1)
[43] 'Elephants in the Dust', 2013.

# Regulation of the ivory trade

## The effects of the 1989 ban

Since it came into effect in 1989, academics, conservationists and policymakers have vigorously debated the effectiveness of the CITES ban on the international trade of ivory and its impact on poaching. While there is little dispute among experts that the ban helped to stem the dramatic tide of killings that was decimating Africa's elephant population in the 1980s, there is a growing consensus that the current ban is not in itself adequate and that additional measures are urgently needed to make it a workable, long-term solution in the context of the current ivory crisis.

## Poaching and elephant populations

Most evidence supports the view that the trade ban resulted in lower overall levels of illegal ivory activity and poaching than those which had prevailed prior to 1990 and that elephant populations in many areas began to recover following the measure.[44] However, improvements in the conservation status of African elephants during the 1990s and into the 2000s were also a result of a range of separate factors including local governance levels. There are indications that while elephant populations recovered in parts of East and Southern Africa following the ban, they continued to decline in much of Central and West Africa due in part to weaker governance and security, higher levels of corruption, and a lack of funding for conservation efforts, as well as the adverse consequences of civil war and insurgencies.[45]

While a small number of African range states in East and Southern Africa have demonstrated the ability to maintain healthy elephant populations, MIKE data shows that poaching levels -- specifically the proportion of elephants killed illegally -- have increased in virtually all range states in recent years, with the implication that previously secure populations may now be threatened.[46] In short, while the international ban was successful in reducing demand for ivory in traditional consumer markets and, in turn, overall levels of poaching, the killing of elephants continued to depend very much on local and regional dynamics in Africa.

## Ivory markets

Following the introduction of the international ban on ivory, markets in the West contracted significantly. Seizure records show a decline in the number of illegal ivory shipments seized in the United States and United Kingdom following the ban, indicating a greatly weakened demand for ivory products.[47] Most experts agree that the success that the 1989 ban achieved in terms of reducing poaching is due primarily to this sharp reduction in demand for ivory among traditional consumers.

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[44] Lemieux, Andrew M. and Ronald V. Clarke (2009) 'The International Ban on Ivory Sales and its Effect on Elephant Poaching in Africa', British Journal of Criminology, 49: 451-471.
[45] Lemieux, Andrew M. and Ronald V. Clarke (2009) 'The International Ban on Ivory Sales and its Effect on Elephant Poaching in Africa', British Journal of Criminology, 49: 451-471.
[46] SC62 Doc. 46.1 (Rev. 1)
[47] ETIS, Traffic.

The contraction of traditional consumer markets was partly the result of the large moral and legal demand-reducing effect of the 1989 ban as well as successful awareness raising campaigns during the late 1980s. Ivory became increasingly socially unacceptable in the well-educated societies of the United States, Europe and, to a lesser extent, Japan. According to some sources, demand for ivory in the United States appears to have already been declining in the years ahead of the 1989 ban as a result of rising ivory prices, cheaper substitutes, changing public opinion -- largely as a result of awareness raising campaigns -- and alternative investments seen to be more profitable.[48] There also appears to have been a decline in the Japanese ivory carving industry in the late 1980s, and weakened demand, due in part to uncertainties about the continuation of trade.[49] Perhaps most importantly, many major consumer states introduced national legislation to reinforce the international ban[*] and expended resources to ensure that these regulations were enforced. In addition, the increasing use of plastics in objects such as piano keys, combs, dominos and other objects traditionally made of ivory also contributed to the drop in demand.[50]

## Ivory prices

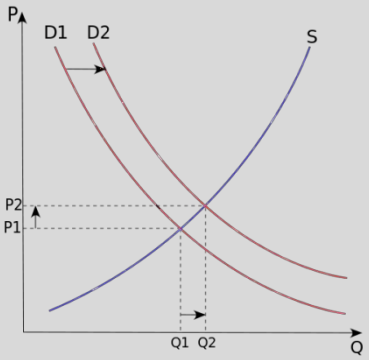
Comprehensive data on ivory prices after 1989 are not available. However, available national data show a dramatic drop in the price of ivory in African range states in the immediate aftermath of the 1989 ban. In Kenya, the price of raw ivory fell from approximately 140 dollars per pound in April 1989 to less than 5 dollars per pound in April 1990.[51] Ivory prices in African ranges states fell abruptly as a result of the sudden lack of legal outlets for raw ivory due to the ban on exports and due to the fact that the ban created expectations of lower future prices. Due to the considerable reduction in demand for ivory from the United States, Europe and Japan, the price of both raw and worked ivory in African range states remained well below 1989 levels throughout the 1990s.[52]

Most evidence suggests that the price of ivory in destination markets in East Asia remained at approximately 1989 levels for a decade following the ban, before rising in the early 2000s and eventually surpassing 1989 levels.[53] This indicates that, while the ban was successful in halting the upward trajectory of ivory prices in the short-term (and thereby disincentivising further poaching), the impact of the ban on prices was not long lasting. After a decade of relative stability, prices began to rise from the early 2000s due largely to the surge in demand for ivory among Chinese emerging middle classes, which was heightened by the two CITES-approved one-off sales of ivory in 1999 and 2008.

[48] Barbier et al, 1990, p 67.
[49] E. J. Milner-Gulland, 'An Econometric Analysis of Consumer Demand for Ivory and Rhino Horn', Environmental and Resource Economics, Vol 3, 1993, p. 85.
[*] A number of states imposed unilateral ivory import bans prior to the CITES decision to ban international trade in October 1989. These were: the United States (9 June), Switzerland (13 June), Hong Kong (16 June), Canada (24 July), the European Economic Community (17 August), Australia (22 August) and Taiwan (29 August).
[50] Barbier et al, 1990, p 67.
[51] Richard Leakey, A View from Kenya; Leakey, A Perspective from Kenya.
[52] Stiles and Martin, Pachyderm, No 30, January -- June 2001.
[53] Martin and Stiles, 'The Ivory Markets of East Asia', March 2003.

**Box 4: The economics of illicit markets**

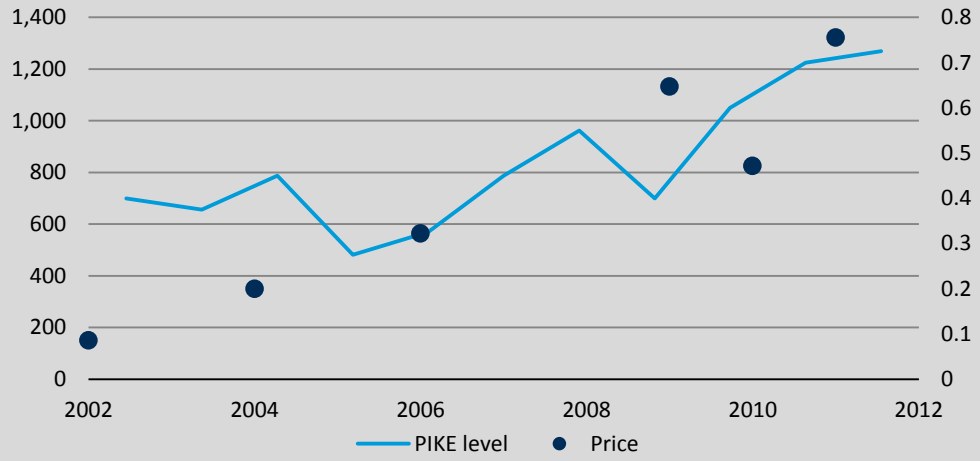
In illicit markets, as in other markets, the price of a good is determined by supply and demand. In illicit markets, supply of a good is driven primarily by consumer demand. Demand is a measure of both the consumer's willingness and ability to purchase a good. Some of the most important determinants of demand in a given market are income, population and expectations. Assuming supply remains unchanged, if demand increases, then the equilibrium price for the good will increase. If demand decreases, then the price will decrease.




*In the graph to the top-right, D represents demand, S supply, P price and Q quantity.*

In illicit markets for luxury goods, such as ivory, the price elasticity of demand tends to be low, that is, increases in price tend to have a limited impact on consumer's willingness to buy. In the decade from 2002 to 2011, demand for illegal ivory has risen dramatically even as prices have increased almost nine-fold from approximately 150 US dollars per kg in 2002 to over 1,300 in 2012. Higher prices increase the profitability of trafficking ivory, and have resulted in higher levels of poaching as the below figure demonstrates.

**Figure 8: PIKE (proportion of illegally killed elephants) levels and the price of illegal ivory ($US/kg) in China, 2002 - 2012**




Source: MIKE, CITES.

**Box 4: The economics of illicit markets (continued)**

The dynamics of supply, demand and price of illicit markets are often complicated by the presence of parallel legal markets, for instance in the case of counterfeit goods. In the case of ivory, these dynamics are further complicated by the nature of ivory itself, the complex regulatory environment that governs its trade, and the speculative behaviour of various actors and stakeholders who operate within the system

- Ivory is a naturally accruing commodity that grows on living animals, can be acquired in a variety of ways, and exists in both raw and worked forms.
- The legal status of ivory can vary widely and is determined by a number of complex and sometimes contradictory international and national laws.
- Ivory is held, both legally and illegally, by a multitude of actors from poachers and illegal suppliers to industry traders and carvers to governments and, finally, end consumers. The behaviour of each of these actors impacts the market.

(See pages 31 – 33 for a more detailed explanation of the complex nature of the ivory trade system.)

## The difficulties arising from the 1989 ban

Though, as the above section explains, the 1989 ban was successful in reducing overall levels of poaching in African range states, reducing consumer demand for ivory among traditional consumers, and halting the upward trajectory of ivory prices, it failed to address a number of important issues, including the problem of naturally accruing ivory (ivory from elephants that have died of natural causes) and the presence of legal domestic ivory markets. It thus augured in a system in which pressure for international sales of ivory persisted alongside growing consumer demand in Asia, in the absence of any mechanisms for legal international trade. Addressing these legacy issues of the 1989 ban will be key to solving the current ivory crisis.

### Controlling domestic trade

While the 1989 ban made the international trade of ivory products illegal, it did not restrict domestic trade in ivory products, either in African range states or elsewhere. National legislation regulating domestic ivory trade varies widely in range states, with a number of countries banning all trade in ivory products and others continuing to allow internal trade to varying degrees. In most non-range states, it is legal to manufacture and trade pre-ban ivory. While many states have introduced national legislation banning the import of post-ban ivory and restricting the internal trade of pre-ban ivory, a number of major consumer countries have failed to follow suit.

Economic analyses of the trade ban have demonstrated that the presence of unregulated or poorly regulated domestic markets in both African range states and elsewhere has stifled the effectiveness of the international ban. According to a 2011 CITES report, "the pull of major unregulated domestic ivory markets in both Africa and Asia and large-scale movement of ivory to service these centres of consumption, have continued to exert great influence on trade patterns."[54] Last year, a study of China's domestic ivory market concluded that, "The legal trade is sustaining and perpetuating a rising demand for elephant ivory."[55]

**Box 5: The legal status of ivory trade in the United States**

In the United States, African and Asian elephants are protected under the US Endangered Species Act (ESA) and CITES. The US Fish and Wildlife Service (FWS) is the principle federal agency responsible for implementing and enforcing the ESA and CITES.

In general, export of raw African and Asian elephant ivory from the United States is prohibited. Currently, no commercial import of non-antique African elephant ivory, with the exception of sport-hunted trophies (from certain African range states), is permitted under the African Elephant Conservation Act of 1989. African elephant ivory can be legally owned or bought and sold within the United States providing it meets ESA requirements and state laws. Worked African elephant ivory acquired before the 1978 ESA listing of the African elephant as a threatened species or antique ivory (over 100 years old) may be imported or exported for non-commercial purposes or, in limited situations, for commercial purposes with a certification from the FWS.

African elephant ivory within the United States that was imported prior to the 1989 ban, imported as sport-hunted trophies, or obtained as the result of federal law enforcement action is considered legal.

## Political polarisation

The 1989 ban worked to create political divisions between African range states who support the ban and those who favour continued international trade in ivory. At the 8th CITES CoP in 1992, Zambia, Namibia, Malawi and Zimbabwe attempted unsuccessfully to downlist their elephant populations to Appendix II. After a second failed attempt at the 9th CoP in 1994, in 1997 three Southern African range states -- Botswana, Namibia, and Zimbabwe -- successfully lobbied to have the African elephant downgraded from Appendix I to Appendix II on the basis that they had sufficiently large and well-maintained elephant populations. Three years later, South Africa became the fourth country to successfully petition to downlist its elephant population to Appendix II. The polar positions between pro-ban and pro-trade range states have become increasingly entrenched and have prevented the international community from acting decisively and effectively to enforce the provisions of the 1989 ban.

[54] SC61 Doc 44.2 (Rev. 1)
[55] Gabriel et al, 2012.

## Accruing stockpiles

An important shortcoming of the 1989 ban was that it provided no solution for how to deal with ivory stockpiles that were quickly accruing in many range states. The continued presence of viable domestic markets for ivory in Asia and the rising value of ivory on the black market has led to continued agitation by several range states to lobby for further international sales of ivory. Stockpiles are now at the centre of the political rift between pro-trade and pro-ban range states and constitute a major barrier that has prevented range states from working together toward a common solution to the ivory crisis.

In addition, stockpiles have become an inducement for corruption -- in recent years there have been many reports of leakages of ivory from government stockpiles into the black market from both range states as well as transit states and consumer states. In 2012, three tonnes of ivory disappeared from Zambian stockpiles, while Mozambique lost more than a tonne and Botswana confirmed the theft of 26 tusks.[56] Since 2005, the Philippines has reported leakages of over seven tons.[57] An unconfirmed news report in 2008 cited a Chinese report to UN regulatory officials stating that 121 tons of ivory was leaked from Chinese stockpiles between 1991 and 2002.[58] In addition, as stockpiles continue to accrue, they are becoming increasingly costly to maintain and secure (see Box 15).

## Decline in the value of the elephant

The ban on the export of ivory products from range states has arguably lowered the economic value of elephants in the eyes of both local people and range state governments. Local people can no longer sell ivory to improve their livelihoods nor can governments sell ivory in order to fund conservation efforts. As a result, some of the primary financial incentives to protect elephants have diminished. A number of studies conducted in the 1990s drew attention to the need to provide incentives for elephant conservation in the absence of ivory-linked sources of income.[59] According to a 1996 study of elephants in Botswana, the 1989 ban reduced the economic value of local elephant populations by half, resulting in a move to convert most elephant range to livestock keeping.[60] However, where community based conservation models exist, safari tourism remains an important source of foreign exchange and income for local people.

[56] 'Three Tonnes of Ivory Vanish as Thieves Loot Southern Africa Stockpiles', IFAW, 22 June 2012.
[57] 'Destroying Elephant Ivory Stockpiles: No Easy Matter', National Geographic, 2 August 2013.
[58] 'UN report raises doubts on China ivory supply', Associated Press, 11 July 2008.
[59] Barnes, 'Economic Influences on Elephant Management in Southern Africa', 1998; Khanna and Harford, 1996; Barbier et al, 1990; Hitch, CITES and the 'Ivory ban', 1999.
[60] Barnes, 'Changes in the economic use value of elephant in Botswana: the effect of international trade prohibition', 1996.

## The impact of the one-off sales

In 1999, CITES allowed an 'experimental, one-off' sale of ivory stocks from the (then) three Appendix II African range states to Japan. In addition to providing a means of funding conservation efforts in select range states, this measure was intended to relieve demand for ivory, bring the price of ivory down, and ultimately disincentivise black market trade by raising the cost of illegal activity vis-à-vis potential gains.

Lack of conclusive evidence regarding the impact of the 1999 sale on the ivory trade, combined with successful lobbying by pro-trade range states (including South Africa whose elephant population was downlisted to Appendix II in 2000), as well as increased pressure for a sale by China, resulted in the 2008 decision to allow a second one-off sale.

While there is a consensus that the two one-off sales in 1999 and 2008 failed to satisfy demand for ivory or curb black market trade, there is some divergence of views regarding the degree of influence they had on the illegal trade.

### The 1999 sale

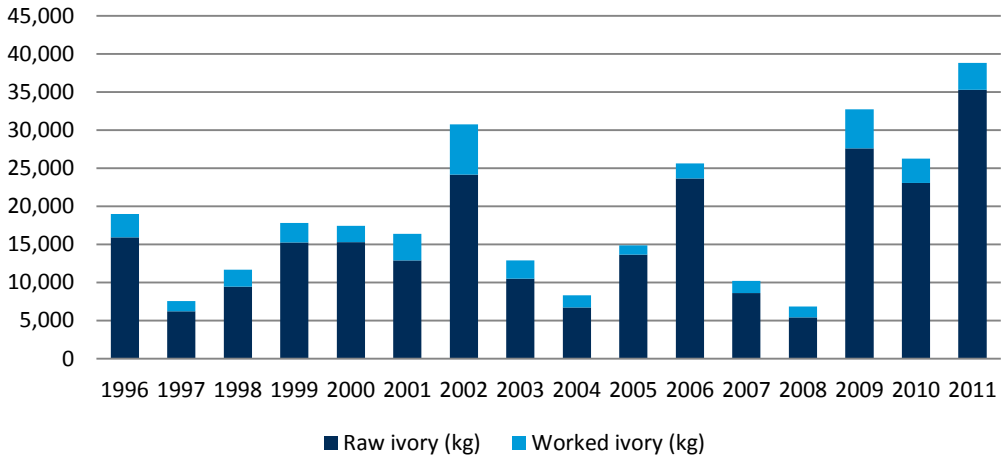
#### Inconclusive impact on poaching

The impact of the first sale of 1999 is disputed. Early data from ETIS and MIKE indicated that overall illegal ivory trade fell in the following years. According to Steven Broad, Executive Director of TRAFFIC: "The ETIS data strongly indicate a fall in illegal ivory trade levels following the previous 'one-off' ivory sale. Whether this was cause and effect or a coincidence, we don't know, but TRAFFIC and WWF will be watching closely to see what happens to ivory seizure and elephant poaching levels once these auctions have taken place."[61] As late as 2009, CITES reported that ETIS data "provides no evidence that the first one-off ivory sale under CITES resulted in any overall increase in illicit trade in ivory, but on the contrary the opposite was likely."[62] Subsequent analyses of ETIS data by CITES argue that in fact there was likely a marginal increase in illicit ivory activity following the 1999 sale, but that, given uncertainties in data, the general pattern for the decade from 1997 through 2007 is one of "relative stability".[63]

In contrast, a 2000 study by the Environmental Investigation Agency (EIA) maintained that the sale caused a clear increase in illegal trade in some cases.[64] In the three years following the 1999 sale, there were increased reports of seizures, with 2002 the highest in terms of total seizures between 1989 and 2008 (seizures for 1996-2011 shown in Figure 9). A number of subsequent studies by academics conclude either that the 1999 sale had no discernible impact on poaching levels or that it is not possible to draw conclusive findings from available data.[65]

[61] 'First ivory auction from southern Africa takes place', TRAFFIC, 28 October 2008.
[62] CoP15 Doc 44.1 (Annex)
[63] CoP16 Doc 53.2.2 (Rev. 1)
[64] EIA, 'Lethal Experiment', 1 April 2000.
[65] Bulte, 'The Effects of One-Off Ivory Sales on Elephant Mortality', 2007.

**Figure 9: Reported ivory seizures (kg), 1996 - 2011**




Source: CoP16 Doc. 53.2.2 (Rev. 1)

### Role in stimulating demand

While evidence of a rise in poaching or illegal trade as a result of the 1999 one-off sale remains inconclusive, its effect on demand appears to be evident. The 1999 sale of approximately 50 tonnes of ivory did not satisfy Japanese demand -- it soon pushed for a second sale and, after several years of delay by CITES, imported a further 39 tonnes of ivory from African countries during the second one-off sale in 2008. The 1999 sale also appears to have simultaneously increased Chinese interest in ivory. At the 2002 CITES Conference of the Parties, China asserted that the first one-off sale of ivory to Japan had spurred increased demand in China, led to confusion among Chinese retailers and consumers about the legal status of ivory, and contributed to law enforcement problems.[66] While the impact on Chinese demand was probably gradual, it is notable that, after years of relative stability following the 1989 ban, the price of ivory in China began to rise in the early 2000s.[67]

### Precedent for future sales

Perhaps most importantly, the 1999 sale represented the first clear break in the international ban and served as a precedent for the second one-off sale of ivory in 2008. In particular, the one-off sale probably impelled South Africa, which had been excluded from the first sale, to continue to lobby in favour of the downlisting of its elephant populations to Appendix II and for a second one-off sale. In 2002, ETIS Director Tom Milliken told the BBC that, "following the last one-off sale under CITES in 1999, it is encouraging to note that the illicit trade in ivory progressively declined over the next five years".[68] Encouraged by these initial findings, CITES member-states agreed to a second sale of ivory to Japan and China, but with the proviso that

[66] EIA, 'CITES ivory trade system is flawed and drives poaching', 14 September 2012.
[67] Gabriel, Grace G, Ning Hua, Juan Wang, 'Making a Killing: A 2011 Survey of Ivory Markets in China', IFAW, 2012.
[68] 'China gets ivory imports go-ahead', BBC, 15 July 2008.

no further one-off sales from the four African countries with elephant populations listed under Appendix II would be permitted for a period of nine years following the date of the sale.

**Table 2: Timeline of CITES decisions related to the ivory trade**

| Year | CITES Conference of the Parties | Event |
|---|---|---|
| **1992** | **CoP8** | Botswana, Malawi, Namibia and Zimbabwe present a joint proposal to transfer their elephant populations from Appendix I to II. The proposal is withdrawn after discussions. |
| **1994** | **CoP9** | Sudan and South Africa proposals to transfer their populations to Appendix II are withdrawn. |
| **1997** | **CoP10** | Botswana, Namibia and Zimbabwe elephant populations are downlisted from Appendix I to II. They are allowed to sell 50 tonnes of raw ivory to Japan. |
| **2000** | **CoP11** | South Africa's elephant population si downlisted from Appendix I to II. Proposals from Botswana, Namibia and Zimbabwe to allow further trade in ivory are withdrawn. |
| **2002** | **CoP12** | Namibia, Botswana and South Africa are allowed to trade 60 tonnes of ivory. A proposal for an annual quota for export of raw ivory from Namibia is withdrawn. A proposal from Zambia to downlist its elephant population and proposals for sales of raw ivory from Zambia and Zimbabwe are rejected. |
| **2004** | **CoP13** | Namibia and South Africa present trade proposals. Namibia is allowed to trade traditional amulets incorporated in finished jewellery for non-commercial purposes and trade in elephant leather and hair goods for commercial purposes. South Africa's proposal for commercial trade in leather and hair goods is adopted. |
| **2007** | **CoP14** | A one-off sale of 108 tonnes of ivory from Botswana, Namibia, South Africa and Zimbabwe is approved. A nine-year moratorium on trade by current Appendix II countries is approved, intended as a 'resting period' during which the Parties would present no further ivory trade proposals. |
| **2010** | **CoP15** | Proposals by Tanzania and Zambia to transfer their elephant populations from Appendix I to II are rejected, along with requests to sell between them approximately 120 tonnes of ivory as well as raw hides, live animals and hunting trophies for non-commercial purposes. Kenya withdraws its proposal (supported by 24 other range states) for a twenty-year moratorium on further proposals to allow trade in ivory from populations already in Appendix II. |

## The 2008 sale

### Stimulating demand

Most observers agree that the 2008 sale contributed to rising demand for ivory in Asia, pushing up the price of ivory and resulting in higher rates of poaching. A 2013 report by CITES confirms a progressively sharper and statistically significant increase in illicit ivory trade from 2008 onwards.[69] While, as the CITES report attests, it is not possible to establish a clear causal link

[69] CoP16 Doc. 53.2.2 (Rev. 1)

between the one-off sales and the increase in illicit ivory trade, the 2008 sale undoubtedly contributed to the trade in indirect ways.

A survey of China's ivory markets conducted two years after the 2008 one-off sale of ivory concluded that the CITES decisions to allow one-off sales "broke the integrity of what had effectively been a ban on international commercial ivory trade".[70] The sales served to buttress legal domestic trade in consumer countries, which the report concluded, "is sustaining and perpetuating a rising demand for elephant ivory." In a 2012 US Senate hearing, leading African elephant expert Dr Iain Douglas-Hamilton concluded: "In hindsight, it looks as if the new spike in demand for ivory and the resulting poaching crisis was exacerbated by the decision in 2008 to allow a one-off sale to China of legal ivory. This seems to have stimulated demand, as we predicted might be the case. It does not seem to be problematical now for Chinese consumers to buy ivory if some of it is legal and some is not. It creates confusion".[71]

Importantly, although CITES was able to have some control over the manner in which the actual one-off sales were conducted, it had no subsequent authority over how the ivory was subsequently priced and distributed once sold. Following the 2008 sale, instead of selling the purchased ivory freely at market prices, China artificially increased prices from an average purchase price of 67 US dollars per pound to over 500 and limited the supply of ivory, releasing only five tons annually to designated factories.[72] As a result, the 2008 sale failed to flood the market with cheap ivory that would undercut the black market. The black market ivory remained competitive and poaching continued.

### Mixed signals

As with the earlier sale, the 2008 sale appears to have contributed to confusion about the legal status of ivory among ivory traders and consumers. The 2008 sale also added an additional layer of confusion, as it coincided with a nine year moratorium on further ivory sales by range states whose elephant populations were then on Appendix II. These policies sent mixed signals to the various stakeholders in the ivory trade. Thus, the sale likely stimulated demand by sending signals that it was legal and acceptable to buy ivory, while at the same time inducing some ivory traders that were aware of the moratorium to begin stockpiling ivory given the future restrictions on any legal supply.

A number of studies have put forward recommendations arguing against any further one-off sales. A 2010 article published in Science and co-authored by over a dozen conservationists and scientists contended that "no 'one-off' ivory sales should be approved, regardless of who is the seller or buyer". According to the article, "Such sales split the appendix listing of a single species (which CITES itself recommends against); introduce uncertainty of supply into the marketplace,

[70] Gabriel et al, 2012.
[71] 'Ivory and Insecurity: The Global Implications of Poaching in Africa', Hearing before the Committee on Foreign Relations, United States Senate, 112th Congress, Second Session, 24 May 2012.
[72] Christy, 'Ivory Worship', 2012.

encouraging poaching; and stimulate conflict among people working for effective elephant conservation."[73]

### Fuelling calls for further one-off sales

Just as the 1999 sale encouraged South Africa to lobby for the downlisting of its elephant population to Appendix II, the second one-off sale inspired similar sentiments among other African range states. In 2010, Zambia and Tanzania put forward bids to downgrade their elephants' endangered status to Appendix II. Tanzania made a request to sell 90 tonnes of its ivory in a third sale. These proposals were rejected by CITES at the 15th CoP in March 2010 due to concerns that both countries had not adequately combated poaching of elephants and the illegal ivory trade. In 2012, Tanzania made a second bid* -- this time to sell 101 tonnes of ivory, valued at approximately 55 million dollars, over three times the combined value of the 2008 sale. However, Tanzania withdrew its bid in December, prior to the 16th CoP, after being rebuffed by conservation groups who argued that such a large volume of ivory, made suddenly available on the global market, would further embolden illegal trade.

**Table 3: The 1999 and 2008 one-off sales**

| 1999 sale to Japan | | | 2008 sale to China and Japan | | |
|---|---|---|---|---|---|
| | Volume (kg) | Price ($US/kg) | | Volume (kg) | Price ($US/kg) |
| **Botswana** | 17,171 | 105 | **Botswana** | 43,153 | 164 |
| **Namibia** | 19,900 | 108 | **Namibia** | 7,226 | 164 |
| **Zimbabwe** | 12,367 | 59 | **Zimbabwe** | 3,700 | 135 |
| | | | **South Africa** | 47,356 | 142 |
| **Total volume / average price** | **49,438** | **94** | | **101,435** | **157** |
| **Total purchase price*** | | **4,682,443** | | | **15,482,810** |

* Not based on figures from table.
Source: CITES

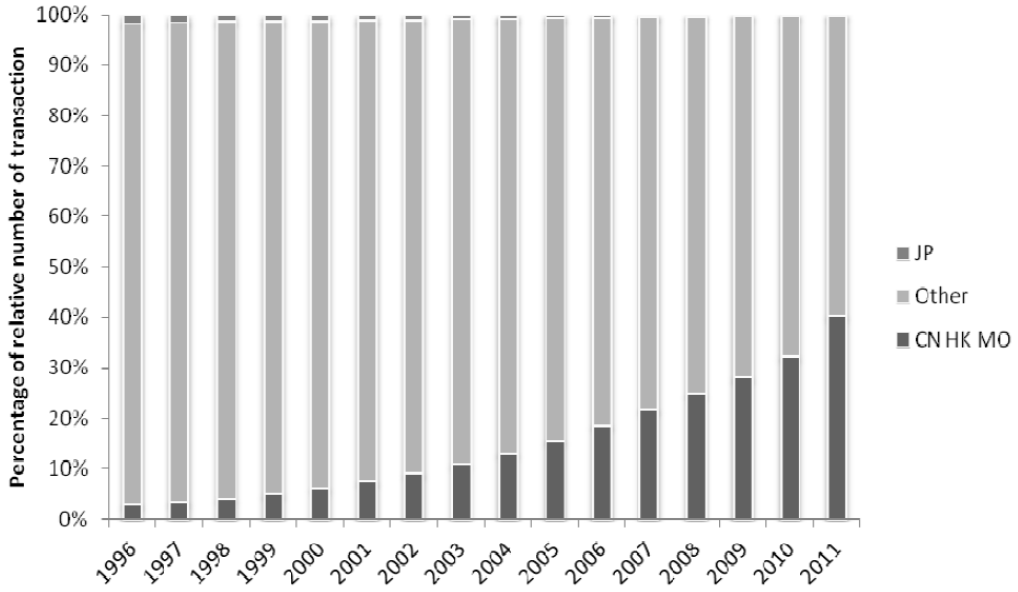
## Conclusion

The precise impact of the CITES-approved one-off sales on poaching and the ivory trade remain disputed. A number of observers have argued that the sales were an important stimulus to demand and also contributed to higher levels of poaching. Others argue that the impact of the sales was more limited or that it is not possible to establish causality between the sales and the spiralling ivory crisis. The most plausible answer is that, while the one-off sales indirectly worked to stimulate demand for ivory by sending mixed signals about ivory's legal status,

[73] Wasser et al, 'Elephants, Ivory, and Trade', 2010.
* Tanzania also applied for a sale in 2007, but withdrew its proposal before CITES CoP14.

demand was also influenced by other factors such as economic conditions and shifting cultural practices in consumer states such as China. It is notable that China's role in the ivory trade, as measured by the ETIS Transaction Index (see Figure 10), has increased at a steady rate since 1996 and does not appear to have been influenced in any significant way by the one-off sales. In contrast, Japan's role has diminished.[74] This suggests that, since the introduction of the 1989 ban, broader factors such as economic growth in China may have been more important in contributing to demand for ivory than any policy measures introduced by CITES.

**Figure 10: Comparing relative ivory trade activity in China and Japan based on Transaction Index* for all countries/territories in all weight classes (ETIS 26 June 2012)**




* The ETIS Transaction Index depicts global illegal ivory trade activity in six ivory type and weight categories, providing a measure of the frequency of raw and worked ivory transactions occurring from 1996 onwards, with 1998 set to 100 to constitute a baseline for comparative purposes.

Source: CoP16 Doc. 53.2.2 (Rev. 1)

[74] CoP16 Doc. 53.2.2 (Rev. 1)

# Solving the ivory crisis: assessing the legal frameworks

## The ivory trade: a complex reactive system

The ivory trade is a complex, reactive system. It is shaped by a number of factors, including the nature of ivory itself, the regulatory environment that governs its trade, and the behaviour of various actors and stakeholders who operate within the system. While the normal behaviour of markets -- of relations of supply, price and demand -- hold to a great extent, the ivory trade is very different from a trade in conventional goods. What are conventionally considered as 'externalities' are, in the case of the ivory trade, internal to the system. Regulation, which is typically on the margin of conventional trade activity, is at the core. Malpractice and criminality, peripheral to most conventional markets, is central. Perhaps most importantly, in such a system, any policy measures aimed at reducing or eliminating the ivory trade depend to a large degree on the behaviour of a multitude of actors operating, both legally and illegally, within the system. For these reasons, the implications of proposed policy measures on the ivory trade are necessarily subject to a degree of speculation. It is nevertheless possible to make well-informed and reasoned predictions about the most likely implications of a proposed policy intervention.

## The nature of ivory

Unlike most other traded goods, legal or illegal, ivory grows on living animals. Elephants are highly intelligent animals that require vast expanses of land and forage to survive and whose populations are dispersed across all four sub-Saharan regions of Africa and in thirty-eight range states. Unlike some threatened species, which can be bred in captivity and 'harvested', it is not possible to 'harvest' elephants for their ivory. Perhaps most importantly, unlike many other natural resources, such as diamonds or minerals, ivory is not a finite resource (nor is it fixed geographically), but is a naturally accruing product in indefinite supply that can be 'acquired' in a variety of manners, through natural accrual from dead elephants, culling of 'problem animals', and illegal poaching for ivory.

Elephants do not exist in isolated ecological systems. Many live in close proximity to human settlements. As such, local populations can play a crucial role in the management of elephant populations and the implementation of regulations at the local and national levels to control the ivory trade. However, poor governance, underdevelopment and poverty in African range states continue to drive human-elephant conflict, sometimes leading to the culling of elephants, and incentivise local people to poach. Local dynamics therefore play a crucial role in the ivory trade.

## The regulatory environment

The legal status of ivory can vary widely and is determined by a number of complex and sometimes contradictory international and national laws. Though the international trade of ivory was banned by CITES in 1989, a number of different types of ivory are exempt from the international ban, including ivory obtained legally prior to the 1989 ban, ivory from hunting trophies (from Appendix II countries only), and non-commercial ivory used for scientific

purposes. In addition, the ban does not strictly apply to countries with elephant populations listed under Appendix II, which can, with CITES approval, legally export ivory for commercial purposes, as occurred during the 1999 and 2008 one-off sales. This situation is further complicated by the fact that CITES parties agreed during the 2007 CoP that Appendix II countries would refrain from lobbying for further one-off sales for a period of nine years following the 2008 sale. Finally, two African range states (Angola and South Sudan) are not party to the CITES agreement and therefore are not legally bound by the international trade ban, while Malawi entered a reservation to the 1989 ban that is still in effect.

National laws can complement or contradict international legislation governing the ivory trade. A number of countries have national laws that restrict the import of raw ivory, reinforcing the international ban. For example, the United States and the EU (then the European Economic Community) both passed domestic legislation prohibiting commercial imports of raw and worked ivory in 1989. However, both allow for trade in antique ivory (defined by the EU as ivory manufactured prior to 1 June 1947 and the US as ivory that is one hundred years old or more, a 'rolling' date that will eventually conflict with other national and international legislation), as do most other countries. Domestic legislation in a number of countries also allows for the import of non-antique raw and worked ivory produced prior to 1989 (in the case of the United States, prior to the listing of the African elephant as a threatened species under the US Endangered Species Act in 1978).

In contrast, many countries, though parties to the CITES agreement, do not have domestic legislation expressly banning the import of all post-1989 ivory. China, for example, bans the import of ivory only as far as it is restricted by CITES and, unlike the United States and EU, does not have additional legislation banning imports outright. This factor enabled it, under domestic law, to import raw ivory from African range states during the 2008 one-off sale.[75] African range states have wide ranging national laws governing the ivory trade, with some allowing the trade and manufacturing of raw ivory, others allowing only the trade of worked ivory products, and about a third prohibiting the manufacture, purchase and possession of all ivory products (see Table 5).

The variation in international and domestic legislation surrounding the ivory trade makes any attempt to regulate it much more difficult. For this reason, a policy measure that may be successful in one jurisdiction, may not be effective in another. Existing laws, to the extent that they are widely understood and/or observed, will also have effects on the behaviour of various stakeholders in the ivory trade.

## The actors in the ivory trade

The ivory trade consists of a multiplicity of actors at each stage of the supply chain. Ivory is held both legally and illegally, in raw and worked forms, by a number of different actors from poachers and illegal suppliers -- including members of organised crime networks and militant groups -- to industry traders and carvers to governments -- in range, transit and consumer

[75] 'Regulations of the People's Republic of China on the Administration of the Import and Export of Endangered Wild Animals and Plants', State Council, 12 April 2006.

states -- and, finally, end consumers. The ivory trade system is not only complex, but also reactive. Every policy, promulgated or even just suggested, will affect the behaviour of the various players, which in turn will affect the supply of ivory, demand for ivory products, and the price of ivory, both legal and illegal.

Past studies show that in the case of illicit markets, the default position of most players will be to evade regulations and to continue to trade in ivory so long as it remains profitable and the risks limited. However, the same 'type' of actor may react in more than one way to the same policy, with countervailing effects. Overall, the complexities of the ivory trade, the paucity of hard data on the illegal ivory trade, and the lack of conclusive studies on the behaviour of poachers and consumers of ivory, make it difficult to predict precisely how these actors will react to a given policy intervention.

## Assessing the legal frameworks

In addition to taking into account the complex nature of ivory as a commodity, the regulatory environment that governs its trade and the various actors and stakeholders who operate within the system, any successful policy intervention to tackle the ivory crisis will inevitably have to address its main drivers. As outlined above, the current ivory crisis is primarily the result of three main drivers:

- rising consumer demand in Asia;
- the involvement of organised crime in the supply chain; and
- weak governance in African range states.

Fully addressing one or more of these three drivers would deliver a substantial blow to the illegal ivory trade and would drastically reduce poaching:

- Removing consumer demand in Asia would substantially reduce the price of ivory, making poaching unprofitable.
- Preventing organised crime networks from operating through anti-ivory enforcement along the supply chain would make the trade in illegal ivory less feasible.
- Strengthening governance in African range states and bolstering local enforcement would render the poaching of elephants less practicable.

The ivory crisis is ultimately a demand-driven problem, and is supplied by illegal networks often operating in corrupt, weak or stateless jurisdictions. While a decisive intervention at any stage of the supply chain, from poacher to end consumer, could effectively block the flow of ivory, driving down demand is likely to be the most practical and effective means of solving the ivory crisis. Any solution to the ivory crisis will ultimately have to result in a concerted reduction of consumer demand for ivory. This process can be facilitated by supply-side measures such as the disposal of stockpiles and the establishment of moratoria on further one-off sales, which will necessarily require the involvement of African range states.

There are three main legal frameworks for addressing the ivory trade:

- maintaining the status quo;
- instituting a legal international trade in ivory; or
- imposing greater restrictions on the ivory trade.

The merits and weaknesses of each of these options are discussed in more detail in the following sections.

## Maintaining the status quo

Most researchers acknowledge that the ivory crisis is now at its worst level since the 1989 ban came into effect and that the situation is continuing to deteriorate. A number of recent trends highlight the scale and severity of the crisis:

- Poaching levels (as measured by MIKE's PIKE levels) are now clearly increasing in all African sub-regions with unsustainable levels of killing.[76]
- The current crisis is not only affecting small and fragmented elephant populations in West and Central Africa but also large and previously secure populations in East and Southern Africa.[77]
- The scale of slaughter is increasing, with record numbers of elephants killed in recent raids on wildlife reserves in Cameroon, Chad and Zimbabwe.[78]
- Three of the five years in which the greatest volumes of ivory were seized and reported to ETIS since 1989 occurred in 2009, 2010 and 2011. Successive years of peak seizure volumes is not a pattern that has been previously observed in ETIS data.[79]
- The number of large-scale seizures has increased dramatically since 2008, indicating the increased role of organised crime groups.[80] These groups are believed to be highly adaptive and the emergence of new trade routes in ETIS data is likely to be evidence of evolving tactics.[81]
- Recent massacres indicate the increased involvement of armed militias as well as the use of advanced weaponry including rocket-propelled grenades and helicopters not previously

[76] 'Elephants in the Dust', 2013.
[77] 'Elephants in the Dust', 2013.
[78] 'Elephants Dying in Epic Frenzy as Ivory Fuels Wars and Profits', New York Times, 3 September 2012; 'New Promises Follow Elephant Slaughter in Chad and Cameroon', National Geographic, 27 March 2013; 'Zimbabwe: Poachers Poison 91 Elephants', ABC News, 1 October 2013.
[79] 'Experts report highest elephant poaching and ivory smuggling rates in a decade', Joint Press Release, TRAFFIC, IUCN, UNEP-WCMC, ICCWC, 21 June 2012.
[80] '2011: "Annus horribilis" for African elephants, says TRAFFIC', TRAFFIC, 29 December 2011.
[81] 'Elephants in the Dust', 2013.

seen in the poaching of elephants.[82] Since September 2013, over 100 elephants in Zimbabwe's Hwange National Park have been poisoned with cyanide, in what has become the country's worst-ever episode of poaching.[83]

- Profits from the illegal ivory trade are increasingly being used to fund extremist groups[84], including the Lord's Resistance Army in Uganda, the Sudanese Janjaweed and affiliates of al-Qaida in Somalia.

- Demand for ivory has risen significantly in recent years, particularly in parts of East and South-east Asia, and levels of poaching (PIKE levels) are closely mirrored by trends in consumer spending in China.[85]

- Unregulated, or insufficiently regulated, domestic ivory markets (particularly in China) are enabling the laundering of elephant ivory from illegal sources.[86]

If a coordinated and well-funded international intervention is not made, then these trends are likely to continue. Rising demand for ivory products will continue to drive ivory prices higher, incentivising poaching on ever-greater scales and by increasingly organised and sophisticated groups. Unless the tide of poaching is stemmed, vulnerable African elephant populations may soon become extinct. According to a 2013 report entitled 'Elephants in the Dust', the product of an inter-agency collaboration between the United Nations Environment Programme (UNEP), the International Union for Conservation of Nature (IUCN), CITES and TRAFFIC, "For many of the range states in Central and Western Africa, the extent of the killings [poaching] now far exceeds the natural population growth rates, forcing their elephants into widespread decline and putting them at risk of extinction in those countries."[87]

While conservationists, scientists and policymakers disagree over the precise implications for elephant populations of current trends, most agree that if the current situation is allowed to continue, local extinctions, or extirpation, will occur on some scale, if not on a continent-wide scale then in specific regions or sub-regions. Most threatened are small and fragmented elephant populations in West and Central Africa. Many larger herds in parts of Eastern Africa area also in sharp decline. While the threat to larger and better managed elephant populations in some Southern African countries is less imminent, if the status quo continues elephant populations will almost certainly decline in these jurisdictions too, as poaching levels have already reached unsustainable levels.

[82] 'Elephants Dying in Epic Frenzy as Ivory Fuels Wars and Profits', New York Times, 3 September 2012; Testimony of Iain Douglas-Hamilton, Ivory and Insecurity: The Global Implications of Poaching in Africa before the Committee on Foreign Relations, US Senate, 24 Mary 2012.
[83] 'Zimbabwe: Poachers Poison 91 Elephants', ABC News, 1 October 2013.
[84] Clinton, Hillary Rodham, 'Remarks at the Partnership Meeting on Wildlife Trafficking', 8 November 2012; 'US to destroy ivory stocks in effort to stop illegal elephant poaching', The Guardian, 9 September 2013.
[85] CoP16 Doc. 53.1
[86] Written testimony of John E. Scanlon, 'Ivory and Insecurity: The Global Implications of Poaching in Africa', US Foreign Relations Committee Hearing, 24 Mary 2012.
[87] Elephants in the Dust

## Instituting a legal trade

Since the 1989 CITES ban, relatively little serious consideration has been given to the possibility of instituting a legal international trade in ivory. Although most national and international stakeholders remain highly sceptical of a reversal of the trade ban, a number of observers have called for reinstating a regulated international trade as a solution to the worsening ivory crisis. While a handful of range states in Southern Africa have long been in favour of a regulated ivory trade that would allow periodic sales of national stockpiles, the argument appears to have gained ground in recent years, due in part to perceptions that CITES policy measures have failed to curb poaching or are no longer sufficient.

### Arguments for legalising trade

Proponents of a legalised trade have put forward a number of arguments, which are summarised below:

- **Need for economic incentives.** Most proponents of a legalised trade contend that weak governance in African range states and lack of local incentives to protect elephant populations will continue to neutralise current international-led efforts to stem the illegal ivory trade. They argue that a regular, legalised trade in ivory is the only way to ensure that local populations residing near elephant populations receive incentives to protect elephants.

- **Trade is necessary for enforcement.** In addition to improving the welfare of local communities, proponents of trade argue that income generated from the sale of ivory could be used to strengthen law enforcement and the management of elephant populations. Under the present international system, they argue, the revenues from ivory fund criminals rather than conservation.

- **Political imperatives.** Proponents of a legalised trade argue that sovereign countries should have the right to use their natural resources according to their own national interests. An additional argument is that banning ivory trade prevents governments in range states from utilising natural resources to address issues such as poverty in rural areas. Finally, the current system has been criticised for failing to acknowledge the success of elephant management plans which have increased elephant populations in certain countries, and disincentivising such practices by preventing elephant populations that meet the criteria from being downlisted to Appendix II.

- **Difficulty of reducing demand.** Proponents of legalised trade tend to be pessimistic about the prospects of a policy solution targeting demand for ivory. Many observers have argued that demand in Asia is unlikely to drop due both to cultural reasons and as a result of the high price of ivory and it's perceived 'investment status'. Without a concerted reduction in demand, they argue, no solution to the ivory crisis will be possible.

- **Naturally accruing ivory can supply the market.** According to the study commissioned by CITES in 2011 to investigate the feasibility of a regulated ivory market (see Box 6), annual production is possible for some 300 tonnes of ivory from 350,000 elephants through natural

mortality, control of problem animals, trophy hunting and culling for ecological reasons. Proponents of a legal trade argue that such stockpiles would be enough to satisfy consumer demand. In addition, revenues from the sale of such natural accumulated ivory could then fund conservation and law enforcement efforts.

- **Inciting illegal trade.** A number of pro-trade observers argue that the illegal status of ivory will further fuel black market activities. Instead, they endorse effective management of the international ivory trade -- for instance, allowing only the sale of naturally accrued ivory from legally held stockpiles -- alongside stigmatisation of illegal ivory. Supporters of a legal trade also argue that the disposal of national ivory stockpiles would further limit the availability of ivory, driving the price of the commodity higher and, consequently, raising incentives for black market participants. In contrast, many state that flooding the market with legal ivory would result in a price drop which would decrease poaching pressures.

- **Emotive considerations.** Those in favour of a regulated international trade in ivory have sometimes argued that the current dominant thinking around the ivory trade espoused by many conservationists (ie that any trade in elephant products is morally wrong) is based on emotive considerations rather than logic. This, they argue, has resulted in the key international players failing to give due consideration to the option of a legalised international trade regime, an option that many believe could ultimately be the best means of conserving elephant populations.

## Discounting the argument for legalising trade

While there is some merit in the above arguments, a legalised trade should be discounted for the following reasons:

- **Demand can be curtailed.** The argument for a legal trade in ivory rests partly on the case that Asian demand simply cannot be stemmed. However, past evidence shows that demand for ivory has fluctuated dramatically over the years. In other countries where ivory has held strong cultural value, including Japan and parts of Europe and North America, mainstream demand has fallen away dramatically since the 1989 ban. A targeted well-funded awareness raising campaign, combined with additional policy measures, could be effective in curtailing demand.

**Box 6: The Decision Making Mechanism (DMM)**

The CITES-initiated DMM remains the most advanced study exploring the feasibility of a legal international trade in ivory. In 2007, the CITES 14th Conference of the Parties agreed to adopt Decision 14.77 to propose "a decision-making mechanism for a process of trade in ivory". The Secretariat stated that the study was "not to determine whether there should or should not be international trade in ivory, which is a separate and distinct matter for the Parties. This is a technically-focused study on a 'decision-making mechanism for a process of trade in ivory under the auspices of the Conference of the Parties' that could be used by the Parties should they decide to enable future international trade in ivory under the CITES convention.

In 2008, the Standing Committee agreed to commission an independent study on the development of a decision-making mechanism that would explore "the conditions under which international trade in elephant ivory could take place." In 2011, the Standing Committee commissioned a report on the feasibility of a regulated ivory trade that was submitted in 2012. The report, entitled 'Decision-making Mechanisms and Necessary Conditions for a Future Trade in African Elephant Ivory', discussed a decision-making process that "would provide for those directly responsible for the conservation of elephants and the supply of ivory, to link directly with those responsible for carving ivory through a single link in the form of a Central Ivory Selling Organisation."

While the DMM was not discussed during the last CoP in March 2013, the consultancy report submitted in 2012 as part of Decision 14.77 received criticism from a number of organisations and CITES member states:

- In a critique of the report, IFAW concluded that, "Not until such a time that poaching and illicit trade are under control and it can be shown that legal trade does not drive illegal activities should legal trade be considered under any future decision making mechanism for future ivory trade." IFAW's statement was supported by Benin, Burkina Faso, Mali, Liberia, Central African Republic, Nigeria, Cote d'Ivoire and Kenya.

- The Kenya Elephant Forum also published a critique in which it stated that "Both the report and the underlying concept of a sustainable trade in ivory should be rejected as being seriously flawed in terms of procedures, economics, biology, geo-politics and operations."

- The EIA argued that the report was biased, failed to meet the terms of reference provided by the Standing Committee, did not address key issues, and presented conclusions and recommendations that are fundamentally flawed. In its critique of the report, the EIA argued, "In light of mass poaching of African elephants, the increase in illegal trade in ivory, and the fact that the legal sales have clearly failed to reduce illegal trade, EIA urges the Standing Committee not to proceed with any further discussion on a future international trade in ivory at this time."

- **Legal trade would be unlikely to satisfy consumer demand.** The ivory trade is ultimately driven by consumer demand. None of the proposals for a legalised trade have argued that such a move will reduce demand. With China's middle classes rapidly expanding, sustainable ivory production (estimated to be equivalent to 300 tonnes per year by the authors of the DMM) is unlikely to be able to sustain demand in the medium-term. Given that as many as 35,000 elephants were poached in 2011 (equivalent to approximately 350 tonnes of ivory), it appears that demand for ivory may have already surpassed this level. This unsustainable level of demand is likely to increase further if trade is legalised. Such a move may also lead to smaller and more fragile populations being wiped out by unsustainable killing.

- **Difficulties of enforcing legal trade across Africa.** Many authorities on the ivory trade do not believe that it would be possible to enforce a legal trade across Africa. Most African range states do not have sufficient funding, infrastructure or governance to regulate a legal trade or to counter existing problems related to illegal trade that would likely persist alongside a regulated market. In addition, previous experiments to regulate the ivory trade during the 1980s were widely recognised as failures.[88]

- **Legal trade would take too long to come into force.** Even if a regulated international trade in ivory could be introduced as a workable solution to the current crisis, it would likely take too long to come into effect. There is currently a moratorium on any further one-off sales of ivory until 2017. In addition, current proposals for a Decision Making Mechanism for a possible legal trade remain nascent, have faced significant criticisms, and would take a considerable amount of time to further develop (see text box 6 above). Finally, introducing an effective system would be very costly and would require approval from two-thirds of CITES members. Given that legalising trade now or in the future does not appear to be a priority for most CITES parties, the likelihood of obtaining such approval appears to be remote.

- **Legal trade could deepen divisions between range states.** Initiating a legal trade in the short-term would likely have to be based on the sale of naturally accrued ivory from Southern African countries with large, well-managed elephant populations. Such a system would effectively leave out countries that do not currently have healthy, thriving populations or the ability to detect and securely collect ivory from natural deaths (including most populations in West, Central and Eastern Africa, barring some jurisdictions in Kenya and Tanzania). The result is that a legal trade would primarily reward Southern African states, deepening the divisions that already exist between African range states in terms of their ability to manage elephant populations.[89]

[88] Barbier et al, 1990; 'A System of Extinction -- The African Elephant Disaster', EIA, 1989.
[89] Interview, Dr Kathleen Gobush, September 2013.

## Conclusions

Taking each of the above points into consideration, an attempt to solve the current ivory crisis through the introduction of a legal trade would likely have negative impacts. African range states have neither the resources, funding nor levels of governance required to properly enforce a legal trade of the scale that would be required to satisfy consumer demand. Even if African range states were able to do so, any legalisation of ivory trade would likely enhance incentive for poaching as legal ivory could provide a cover for illegal ivory. Most importantly, legalisation would render ivory much more acceptable to consumers and would likely result in a massive surge in demand -- strengthening the trend observed in recent years. Naturally accruing ivory would not be able to keep pace with this demand, fuelling black market demand, higher prices and greater incentives to poach. In the context of a regulated international ivory market, illegal ivory would be very difficult to distinguish from legally sourced ivory, making enforcement much more difficult.

## Imposing greater restrictions on the ivory trade

With the future of the African elephant gravely imperilled under the status quo, and a legalised trade likely to exacerbate the situation, tighter restrictions on the ivory trade appear to be the only viable solution to the crisis.

The persistence of legal domestic ivory markets in many countries has worked to facilitate the illegal trade and has led to lobbying from some African range states for one-off international sales of ivory. A complete ban would effectively render domestic trade illegal and remove the possibility of further one-off sales. The strength of trade bans lies in their ability to decisively reduce consumer demand, the primary driver of the ivory crisis, as well as their ability to simplify law enforcement both on the ground in range states and along the supply chain.

While a complete ban on all international and domestic trade would be the most effective solution to the current ivory crisis -- and indeed support is building for much stronger measures to be taken to prevent further ivory sales[*] -- obtaining such an agreement will face considerably political difficulties. In the absence of a complete ban, the disposal of national ivory stockpiles combined with an effective consumer awareness campaign could be effective in reducing demand for ivory and ending the current poaching crisis. The merits and limitations of putting national stockpiles beyond commercial use, which Stop Ivory's proposed intervention aims to achieve, will be discussed in more detail in the following sections.

[*] In September 2013, the Clinton Global Initiative unveiled an 80 million dollar project to combat elephant poaching. The money will also be used to lobby for a ban on all commercial ivory sales until elephant populations are brought back to healthy levels across Africa.

# Analysis of Stop Ivory's proposed actions

While a number of steps have been taken to counter the illegal ivory trade -- including the introduction of an international ban on the trade of ivory products in 1989 -- these have failed to stem the tide of poaching. African range states and international NGOs have urgently called for a new approach to address the ivory crisis. In 2010, the range states agreed on a list of actions to address the ivory crisis, set out in the African Elephant Action Plan. Further recommendations for action were adopted at CITES meetings in 2012 and 2013. However, no mechanism has yet been advanced to deliver these urgently required actions in a coordinated and effective manner.

## Stop Ivory's proposed actions and the focus of this report

### An overview of Stop Ivory's proposed actions

In 2012 a small group of Africa wildlife experts came together to explore with stakeholders across the political spectrum new possible opportunities to achieve an immediate and lasting solution to the ivory crisis. Stop Ivory is the product of that collaboration. It is an independent, single purpose, not-for-profit initiative with a three-year time horizon to stop all trade in ivory by 2016.

Stop Ivory recognises that:

a) The ivory crisis is severely damaging to all range states and is of concern to the world as a whole;

b) The ivory crisis is driven by consumer demand, which far outstrips supply and cannot now sustainably be met through trade;

c) The ivory crisis appears to be worsening and immediate action must be taken;

d) The actions agreed by the range states and CITES member states to tackle the ivory crisis (the "Agreed Actions"[*]) must now be funded and implemented; and

e) The absence of a common approach and the existence of legal markets (both domestic markets and 'one off' sales under CITES) has impeded the funding and implementation of the Agreed Actions and effective demand reduction.

Stop Ivory is a new approach to funding and implementing the Agreed Actions. It will enable the range states and other CITES member states to adopt a common policy on elephant conservation; and to bring an end to the ivory trade. It will do this by:

[*] See Appendix A: The Agreed Actions

a) Securing funding for the Agreed Actions and procuring national ivory stockpiles as a combined and comprehensive solution;

b) Disposing of, or otherwise putting beyond any commercial use, all existing national ivory stockpiles and 10 years' future natural accrual;

c) Enabling access to private sector skills and expertise in the delivery of the Agreed Actions, including in protection, enforcement, governance and consumer education.

Stop Ivory is working with expert partners to design, model and stress-test each aspect of the above approach (referred to throughout the report as Stop Ivory's proposed actions); as well as engaging in extensive consultation with range states and other stakeholder groups. As part of this process, Oxford Analytica has produced this independent assessment of the viability of Stop Ivory's proposed intervention as a means of tackling the current ivory crisis.

**Box 7: The African Elephant Action Plan and the Agreed Actions**

**The African Elephant Action Plan**

At the 14th CITES CoP in 2007, the parties adopted Decisions 14.75 to 14.79 to develop an African Elephant Action Plan (AEAP), as well as an African Elephant Fund (AEF) for its implementation, in order to address the threats facing African elephants. The AEAP was adopted unanimously by all range states at the 15th CoP in Qatar in 2010, following meetings of range states in June 2008 (Mobasa), March 2009 (Gigiri) and June 2009 (Dar es Salaam).

The stated purpose of the AEAP is to provide "a concise and clear statement of the activities that MUST be implemented and most urgently require funding if Africa's elephants throughout their range are to be protected from the multiple and serious threats they face." The Action Plan seeks to address "the situation on the ground" and identifies eight priority objectives, as well as a list of strategies and activities necessary to carry them out.

The activities of the AEAP are supported by the multi donor AEF which was established at the 61st meeting of the CITES Standing Committee in August 2011. To date, the AEF has received some 600,000 US dollars in contributions from China, France, Germany, the Netherlands, the United Kingdom, and South Africa.

**Box 7: The African Elephant Action Plan and the Agreed Actions (continued)**

**The Agreed Actions (as summarised in "Elephants in the Dust")**

*The recommendations below are drawn from those adopted by the Standing Committee at its 62nd meeting (Geneva, July 2012), which were based on document SC62 Doc. 46.1 (Rev. 1); and those proposed by the Secretariat to the Conference of the Parties to CITES at its 16th meeting (Bangkok, March 2013), as contained in documents COP16 Doc. 53.1, 53.2.1 and 53.2.2. They also complement activities proposed in the African Elephant Action Plan, agreed by the African elephant range States in the sidelines of the 15th meeting of the Conference of the Parties (Doha, 2010) (see document COP15 Inf. 68).*

- Support and enhance anti-poaching tracking and intelligence operations, through the development, training and education of tactical tracker and intelligence units in all protected areas.
- Facilitate appropriate mandates to allow park rangers to pursue poachers and conduct patrols outside park boundaries, and develop international agreements to facilitate cross border cooperation to pursue, arrest and extradite poachers and illegal traders.
- Strengthen anti-smuggling operations, customs controls and container search programmes (including the controls of small airstrips, and boats in ports and estuaries). Enhance and improve the use of controlled deliveries and forensic analysis to identify the source of ivory and support the investigations of the criminal networks operating along the entire illegal ivory supply chain.
- Enhance national and international interagency collaboration to fight organized wildlife crime by supporting programmes that target enforcement along the entire illegal ivory supply chain, such as through the ICCWC and regional criminal intelligence units and networks, as well through judiciary training and the practical application of 'best practice' techniques and methodologies for conducting investigations and joint enforcement activities.
- Address weak governance and corruption at all levels, including in customs, the military, the police, the wildlife departments and other governmental agencies, using transboundary criminal intelligence units and further improving training and organization of specialized, well-paid and strongly-mandated anti-poaching units working inside and outside protected areas to undertake both intelligence and enforcement operations.
- Reduce market demand for illegal ivory by conducting targeted and effective awareness raising campaigns about the devastating impacts of the illegal trade in ivory, and aimed at potential or current buyers in East and South-east Asia.
- Strengthen national legislation as necessary, and strictly enforce relevant provisions to eradicate illegal or unregulated domestic ivory markets, especially in Africa and Asia.
- Maintain and improve the connectivity of elephant landscapes in Africa by increasing the extent of conservation areas and the investment in their effective management and protection to help reduce habitat loss and consequent range loss. This requires prioritized land use planning in non-protected elephant habitat, and is particularly critical for regions with growing human population densities and agricultural pressures. This, in turn, will help mitigate human- elephant conflict.
- Urgently assist and financially support the African Elephant Fund to enable elephant range States to improve their capacity to manage and conserve their elephant populations through improved law enforcement and anti-poaching activities, habitat restoration and conservation, dealing with human-elephant conflicts, and monitoring and research, as laid out in the African Elephant Action Plan. Provide access to the Global Environment Facility to support the implementation of the African Elephant Action Plan.
- Establish sustainable funding mechanisms for the continued implementation of MIKE, ETIS and the African and Asian Elephant Database, to ensure continuous monitoring of the overall status of African and Asian elephant populations and their habitats, levels of illegal killing of elephants and the international trade in illegal ivory.

## A summary of Stop Ivory's rationale

Stop Ivory argues that its approach will:

- remove a major source of supply into the market (both legal and illegal through leakage of stockpiles);
- remove the incentive for range states to lobby to trade their legal stockpiles;
- increase certainty and facilitate and reduce the costs of enforcement;
- remove the costs and risks of ivory storage;
- send a clear message to consumers that ivory is illegal and its use unacceptable;
- incentivise range states to engage in further efforts to address the ivory crisis; and
- enable states to access much needed funding at the same time as disposing of stockpiles in order to provide an important source of revenue for conservation efforts.

Stop Ivory also argues that, as increased demand is the major factor driving the current ivory crisis, a carefully researched and culturally appropriate consumer campaign targeting consumers, including Chinese consumers, would further aid efforts to address the ivory trade.

As the continued existence of domestic ivory markets has also been identified as one of the principal reasons why the illegal international ivory trade has managed to flourish, a complete ban requiring countries to ban domestic trade as well as international trade would also be an important supplementary measure.

## The focus of this report

Stop Ivory asked Oxford Analytica to evaluate the impact of putting all national ivory stockpiles beyond commercial use on demand for ivory, the price of ivory on the illegal market, and the prices and value of ivory held illegally in Southeast Asia. Secondarily, Stop Ivory asked for an assessment of how the impact would differ if putting stockpiles beyond commercial use was combined with a number of additional policy measures. These questions, listed below, comprise the central focus of this section of the report:

1. *What are the likely immediate, short- and long-term impacts of putting ivory stockpiles beyond commercial use on:*

    a) *international demand for ivory;*

    b) *the price of ivory on the illegal market; and*

    c) *the prices and value of stockpiles held illegally in South-east Asia.*

2. *How different, if at all, is the impact of putting all national ivory stockpiles beyond commercial use likely to be if:*

    a) *national governments were given access to a fund for elephant conservation;*

    b) *it was agreed to put all future naturally accruing ivory for a period of 10 years beyond use;*

    c) *a large-scale consumer targeted campaign to decrease demand were implemented;*

    d) *a complete ban on all ivory trade were instigated; or*

    e) *any combination of the above.*

The following analysis addresses each of these questions in turn. The concluding chapter addresses the final question (e) and provides an overall assessment of Stop Ivory's proposed intervention.

## The impacts of putting national ivory stockpiles beyond commercial use

*This section will address the questions outlined in the above section. It will specifically consider the impact of putting ivory stockpiles beyond commercial use in the context of the current legal regime (ie assuming that an international ban on ivory trade will remain in place alongside a moratorium on any further CITES-approved one-off sales of ivory until 2017 at the earliest) and with no additional policy measures in place.*

### The international demand for ivory

1. *What are the likely immediate, short- and long-term impacts of putting ivory stockpiles beyond commercial use on:*

    a) *international demand for ivory*

It is widely accepted that the single most important factor driving the illegal ivory trade is continued demand for ivory products from consumer states. Many researchers, conservationists and policymakers believe that, without concerted demand reduction, no solution to the ivory crisis is possible, a position that has also been adopted by the pro-trade lobby. As such, the impact that putting national ivory stockpiles beyond national use has on demand will be a crucial determinant of the policy's success.

Without additional policy measures in place, putting national ivory stockpiles beyond commercial use by itself is likely to have a limited impact on consumer demand. While the action could have a moderate short-term stigma effect on some consumers, it is unlikely to be powerful enough to substantially impact demand in the long term. The impact would be greater if government-owned or controlled stockpiles in consumer states, particularly China, were also disposed of.

**Box 8: Determinants of international demand for ivory**

Consumer demand for ivory is driven by a multitude of factors. Since demand in East Asia has been identified as one of the primary drivers of the ivory crisis, the focus will be on determinants of demand in this context. In the case of East and South-east Asian markets, specifically China, the growth of demand is due to a number of specific factors:

- **The elite socio-cultural status of ivory.** As in many cultures, ivory is deeply embedded in Chinese culture and has long been regarded as a symbol of wealth. In addition, it has increasingly been viewed as a status symbol by China's newly rich. More recently, some have begun to perceive ivory as having "inflation-proof investment value", especially in the context of declining values of traditional assets such as real estate.

- **A context of economic growth and rising affluence.** Chinese demand for ivory has significantly increased since the 1990s, largely as a result of rapid economic growth and rising affluence. The continued rise of China's middle classes means that more people are able to afford ivory.

- **A large legal domestic market.** The presence of a large legal domestic market in China, perpetuated by the 2008 one-off sale, means that ivory is relatively widely available. Ivory is also a source of income for thousands of people involved in trade, manufacturing and sale of ivory products.

### Immediate and short-term implications

The immediate- and short-term implications on demand of putting ivory stockpiles beyond commercial use will depend on the reactions of various stakeholders within the supply chain, from poachers to smugglers and middlemen to ivory carvers and end users.

- **End consumers.** The impact of disposing of stockpiles on end consumers depends on, firstly, whether or not news of the initiative reaches consumers and, secondly, whether or not it induces a change in their behaviour. If news of the initiative does reach consumers in China and other major markets it could send a signal that commercial use of ivory is no longer acceptable. This would likely generate a stigma effect on some buyers. However, without a targeted awareness raising campaign, the disposal of stockpiles alone is unlikely to induce a substantial or lasting reduction in demand. The message is likely to be considerably more powerful if stockpiles are disposed of in major consumer markets such as China. End consumers are much more likely to stop buying ivory if their own government has demonstrated commitment to ending the trade. A 2013 survey of Chinese ivory consumers found that 60% said that they believed "the strong recommendation of a government leader" against purchasing ivory would be effective in stopping the ivory trade.[90]

[90] 'The Ivory Trade: Thinking Like a Businessman to Stop the Business', National Geographic, 26 February 2013.

- **Illegal suppliers.** The impact of disposing of stockpiles on illegal suppliers depends on whether they interpret the action as a positive or negative development for the ivory trade. If illegal suppliers take the disposal of ivory stockpiles as a sign of greater future restrictions on the ivory trade and believe that there will be no viable consumer market for ivory in the long-term, some may decide to opt out of the trade altogether, which would translate into a long-term decline in demand for ivory among illegal suppliers. At the same time, such a proposition could incentivise operators to sell as much ivory as possible before greater restrictions come into force and render the trade unviable, resulting in greater levels of poaching to feed this higher demand among illegal suppliers in the short term. On the other hand, the mere prospect of legal sales might cause illegal ivory operators to deduce that there will continue to be a viable, sizeable demand for ivory in the long term. If illicit operators maintain hope that there will be more legal releases -- and thus a sustainable demand for ivory -- the strategy of illicit operators will likely be to continue feeding the market in anticipation of higher future prices, maintaining a supply chain even ahead of current demand, and thereby perpetuating the poaching crisis.

### Long-term implications

Long-term implications depend primarily on whether the prospect of indefinitely continued non-availability of legal elephant ivory resulting from a one-off disposal will contribute strongly to the reduction of international consumer demand. A one-off disposal of ivory stockpiles in African range states, without additional measures, is unlikely to induce a significant reduction in demand in major consumer states. Such a measure is likely to be impactful only in so far as it can induce a similar move by major consumer states. The disposal of stockpiles in major consumer states such as China, even without domestic bans, may induce long-term changes in consumer behaviour.

In the long run, cultural factors will play an important role, such as whether stigma and risk outweigh fashion, desire and habit among a particular group of consumers. At present, limited knowledge of Chinese consumer behaviour means that the long-term effects on demand of the disposal of ivory stockpiles will remain uncertain. Devising an appropriate strategy and tactics for such a consumer targeted campaign will be crucial to addressing demand.

## The price of ivory on the illegal market

1. *What are the likely immediate, short- and long-term impacts of putting ivory stockpiles beyond commercial use on:*

   *b) the price of ivory on the illegal market*

The price of ivory on the illegal market has important implications for the ivory crisis. In the case of ivory, prices arguably have a more powerful impact on the supply-side than on the demand side. High ivory prices make the poaching of elephants a profitable enterprise and thereby drive the trade. Price can also impact demand, although the price elasticity of ivory is relatively low. Ivory is essentially a luxury good and so increases in price can effectively spur demand as ivory is perceived to be more valuable. In recent years, demand for ivory appears to have kept pace with price. However, if ivory prices continue to rise, they will eventually reach a threshold at which most consumers can no longer afford it.

**Box 9: Determinants of the price of ivory on the illegal market**

The price of ivory on the illegal market is determined by a range of factors. While price is ultimately determined by consumer demand -- recent increases in the price of ivory on the illegal market have been driven by the growth of demand in China -- it is also impacted by other factors that affect each stage of the supply chain from the risks inherent in poaching and smuggling (determined by the strength of local enforcement and penalties in range states, transit states and consumer states), to additional costs incurred by corruption and bribery. According to a study examining elephant ivory and rhinoceros horn in South Africa, the price of illegal ivory increases by an average of 20% as it moves along the supply chain from one trafficker to the next.

The price of ivory on the illegal market is also influenced by the presence of legal sales. While the international trade in ivory is currently prohibited, one-off sales of legal ivory in 1999 and 2008 may have had a limited impact on the overall price of ivory. Under normal circumstances, the release of a legal supply of ivory should decrease the price of ivory on the illegal market in the short term. While this may have been the case immediately following the one-off sales in 1999 and 2008, the sales were not large enough to satisfy demand and effectively worked to incite further demand. As a result, the net (longer term) effect of the one-off ivory sales was probably to drive up the price of ivory on the illegal market, although no studies have yet proven this causality.

Finally, the price of ivory on the illegal market is also driven by long-term perceptions of the value of ivory by those involved in the trade from the poacher through to the end consumer. The price of ivory is also affected by its current perception among both consumers and traders as an investment asset -- a good whose value is likely to appreciate. So long as ivory remains a good that is legally tradable (even in limited circumstances) -- or a good for which there is the prospect of future legal trade (under further one-off sales, for instance) -- its value is likely to remain high.

### Immediate and short-term implications

The withdrawal of a large quantity of a supply commodity from a market with constant or rising demand typically brings about a marked increase in price. The fact that the proposed intervention will only affect legal ivory that is currently outside of the international market means that the effect on pricing will be more limited. Disposing of stockpiles would almost certainly increase the price of illegal ivory in domestic markets in African range states, particularly in those states where national stockpiles were previously released into the market. Disposing of stockpiles will have a less certain impact on the price of illegal ivory in consumer states. Due to uncertainties, it is likely that when the disposal of stockpiles is announced the illegal prices will oscillate temporarily.

Any disposal of legal ivory would send a signal that legal ivory may become permanently beyond use, which is likely to increase the value of illegal ivory, as it becomes the only remaining viable source. In parallel, a mass disposal of ivory stockpiles may cause poachers and illegal traders to charge more in the realisation that the ivory trade is becoming a higher risk activity as it attracts increasing international attention and as concrete steps are taken to curtail it. On the other hand, if this signals to major players that a ban or other major restriction on ivory trade is imminent and the consumer market may be drastically reduced, then their confidence in the future of a large-scale profitable market will be weakened, and resources will be shifted elsewhere. How these tendencies will balance out depends on circumstances, yet the absence of data on the rationale and motivation of illegal suppliers and end consumers makes it difficult to arrive at a definite conclusion.

### Long-term implications

In the long term, the price of illegal ivory will ultimately depend on demand. Given that the disposal of stockpiles alone is unlikely to significantly reduce demand, then illegal ivory prices can be expected to remain high, although likely somewhat lower than if the status quo were to remain.

## The prices and value of stockpiles held illegally in South-east Asia

1. *What are the likely immediate, short- and long-term impacts of putting ivory stockpiles beyond commercial use on:*

   *c) the prices and value of stockpiles held illegally in South-east Asia*

Data on the price and value of stockpiles held illegally in South-east Asia is extremely limited and based only on vague anecdotal evidence. While it is likely that criminal organisations hold significant stockpiles of illegal ivory across parts of South-east Asia, there are no indications as to the size or value of these stockpiles. It is unclear whether illegal ivory operators tend to immediately sell illegal ivory to traders and other middle men for sale in China, Thailand and other consumer states, or whether a significant quantity of poached ivory is stored in warehouses or other facilities prior to sale. On the one hand, criminals have an incentive to immediately sell ivory to end consumers in order to avoid costs and risks involved in

maintaining large stockpiles. On the other hand, in the context of rising prices, they have an incentive to stockpile ivory and sell it at a later date in order to obtain the highest revenues.

It is also possible that some South-east Asian governments or government officials hold stockpiles containing ivory that has been purchased or obtained illegally (ie not through legal sales or seizures). During the 1980s some African range states accumulated large stockpiles of illegal ivory and served as primary exporters of African elephant ivory despite having small domestic elephant populations. In 1986, Burundi apparently produced 23,000 tonnes of ivory despite having just one elephant, indicating that the country either purchased ivory from other range states or was involved in cross-border poaching.[91] In a similar vein, it is possible that South-east Asian states could accumulate ivory through the purchase of poached elephant ivory as well as through seizures of illegal ivory. It should also be noted that, in addition to holding ivory sourced from African elephants, some of the 13 Asian range states may hold sizeable stockpiles of Asian elephant ivory.

**Box 10: Determinants of the price and value of stockpiles held illegally in South-east Asia**

The price and value of stockpiles held illegally in South-east Asia are largely determined by the same forces that affect the price of ivory on the illegal market, namely: demand, factors along the supply chain, and presence of legal sales (see Box 9). If the supply of ivory is constrained -- as a result of a decline in poaching levels or greater numbers of seizures, for instance – so long as demand remains constant then the value of illegally stockpiled ivory in South-east Asia will increase. Similarly, the non-availability of legal sources of ivory would be likely to drive up the price of illegally held stockpiles.

### Immediate and short-term implications

Given the paucity of data on stockpiles held illegally in South-east Asia, the prospects for the prices and value of these stockpiles in the event of the disposal of legal stockpiles are speculative. Removal of any component of supply, legal or illegal, will invariably put upward pressure on ivory prices, increasing the value of remaining supplies. However, the impact will vary significantly depending on the extent to which legal supply is constrained. If stockpiles in African range states are disposed of but those in consumer states such as China remain intact, then the immediate and short-term impacts on illegally held stockpiles will be relatively limited, as range state stockpiles do not directly supply demand except through one-off sales. However, if all national stockpiles are disposed of, including Chinese stockpiles (which are estimated to supply about 5 tonnes of raw ivory to the domestic market annually[92]) then illegal stockpiles will become the only convenient, readily available sources of large quantities of ivory, and would therefore have a significant value in meeting demand.

[91] Barbier et al, 1990.
[92] Christy, Bryan, 'Ivory Worship', National Geographic, October 2012.

## Long-term implications

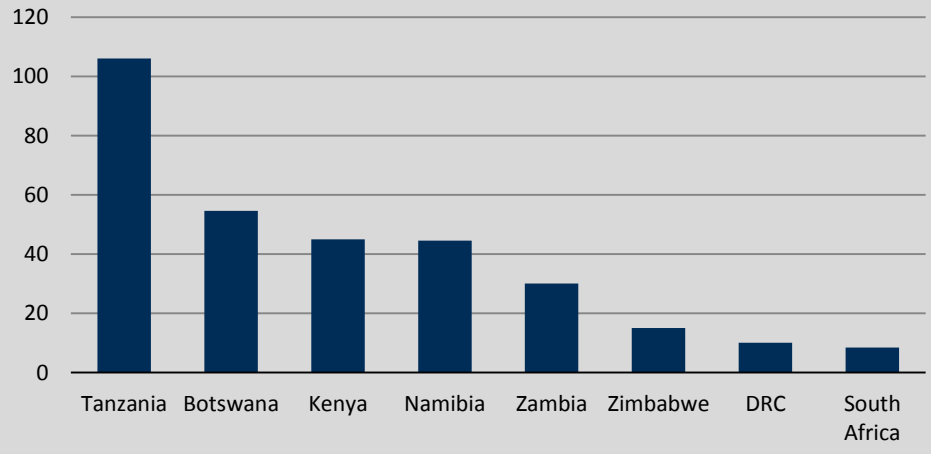
In the long term, the price and value of stockpiles held illegally in South-east Asia will depend largely on demand for ivory. If the disposal of ivory stockpiles leads to a marked reduction in demand, then the overall price of ivory will drop as will the value of illegal stockpiles. However, if demand remains broadly constant or continues to rise, then the value of illegal stockpiles will increase. In this scenario, if ivory traders turn to illegal stockpiles as primary sources of supply, and these stockpiles are depleted at an accelerated rate, it could then increase pressure for further poaching to replenish them.

**Box 11: Estimating the size of legal ivory stockpiles**

There are currently no comprehensive estimates of legal ivory stockpiles held by national governments. According to a recent report jointly produced by UNEP, CITES, IUCN and TRAFFIC, "The size of ivory stockpiles in many countries in and outside Africa, and their possible contribution to the illegal ivory supply chain, remains another important gap in the current understanding of the dynamics of the illegal ivory trade."

A 2010 survey by TRAFFIC estimated the total size of African range state stockpiles to be 340 tonnes based on responses by 24 of the then-37 range states. Given natural accrual and seizures since the survey was conducted, current stockpiles are likely to be significantly higher. Non-range states (including both transit and consumer states) are estimated to hold approximately 300 tonnes. There are no reliable estimates of stockpiles held illegally in South-east Asia.

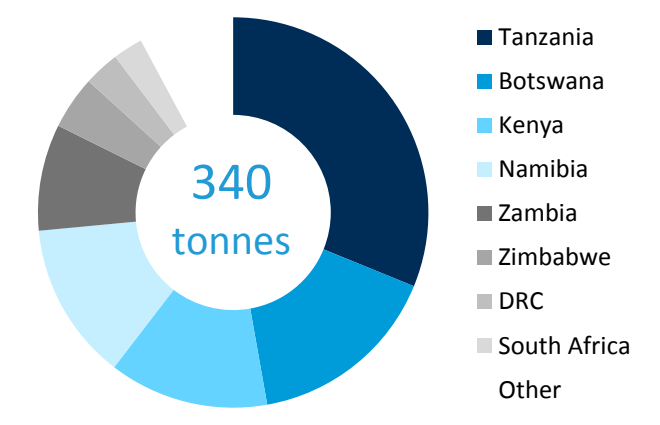
**Figure 11: African range states with largest reported ivory stockpiles (tonnes), 2010**




Sources: TRAFFIC, 2010.

**Box 12: Estimating the size of ivory stockpiles (continued)**

**Figure 12: Relative size of ivory stockpiles in selected African range states, 2010**

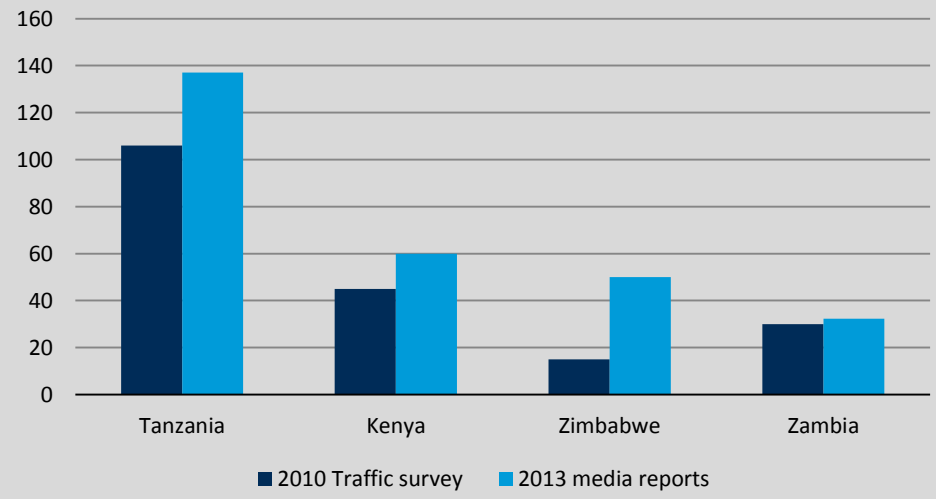



Sources: TRAFFIC report (April 2010)

The eight range states shown in Figure 12 collectively reported stockpiles of over 313 tonnes in 2010, accounting for 90% of all stockpiles reported.

Recent media reports suggest that the size of certain national stockpiles may now be significantly higher than the figures from the 2010 TRAFFIC survey results. In addition, in their formal proposals to CITES to downgrade their elephant populations in 2010, both Tanzania and Zambia reported higher stocks of ivory than in the TRAFFIC survey.

**Figure 13: Discrepancy in size of ivory stockpiles (tonnes)**




Sources: TRAFFIC report (April 2010), various media reports.

## The political implications of disposing of stockpiles

### Drivers and impacts of recent stockpile disposals

In the past two years, three countries -- Kenya, Gabon and the Philippines -- have disposed of part or all of their ivory stockpiles. In September 2013, a fourth country, the United States, announced that it would disposed of its six-tonne stockpile of illegal ivory in October. These efforts have all been undertaken in the context of the current crisis as part of a push to publicise the illegal ivory trade and stem poaching:

- **Kenya.** Kenya is the only country to have disposed of part of its stockpiles on two occasions: in 1989 in the aftermath of the CITES ban and again in 2011, when it burned nearly five tonnes of ivory seized in Singapore and returned to Kenya. The Kenyan President at the time, Mwai Kibaki, said that the latest burning was intended to demonstrate the continent's determination to fight criminal networks. The ivory represented approximately 10% of Kenya's total stockpile.

- **Gabon.** In June 2012, Gabon became the first country in Africa to dispose of its entire ivory stockpile. The move came in the aftermath of record levels of elephant killings in 2011 and was cited by President Ali Bongo as an effort to demonstrate the country's policy of "zero tolerance for wildlife crime". Prior to the burning of Gabon's stockpile, a comprehensive audit was taken to determine the quantity, weight and origin of the existing tusks, and protocols were established to ensure that any future seized ivory can be properly documented and securely managed.

- **Philippines.** This June, the Philippines disposed of its five-ton stockpile of ivory, becoming the first Asian country to do so. The Department of Environment and Natural Resources (DENR) Secretary Ramon Paje said that the move was intended to send a strong response over the killing of elephants by poachers. In a statement Paje said, "The Philippines will not be a party to the massacre and we refused to be a conduit to this cycle of killing."

- **United States.** In September 2013, the White House announced its intention to burn the United States' stockpile of ivory in October as part of a new drive to combat illegal wildlife trafficking worldwide. Steve Oberholtzer, the FWS special agent in charge of the disposal said that the goal was "to get international support" to tackle the ivory crisis. In a media interview, Bernadette Atencio, the supervisor of the United States' National Wildlife Property Repository, said that disposing of the country's ivory stockpiles would clear space in the warehouse, but she feared that it would soon fill again.[93]

[93] 'Ivory stashed in Denver to be crushed in effort to stave off poaching', The Denver Post, 9 September 2013.

**Table 4: The disposal of ivory stockpiles, 1989 - 2013**

| Year | Country | Volume of ivory (tonnes) | Reported value |
|---|---|---|---|
| 1989 | Kenya | 12.0 | $3 million |
| 1992 | Zambia | 9.5 | -- |
| 2007 | Chad* | 1.8 | -- |
| 2011 | Kenya | 5.0 | $16 million |
| 2012 | Gabon | 4.8 | $9.3 million |
| 2013 | Philippines | 5.0 | $10 million** |
| 2013 (potential) | United States | 6.0 | $12 million (estimated) |

Sources: Various

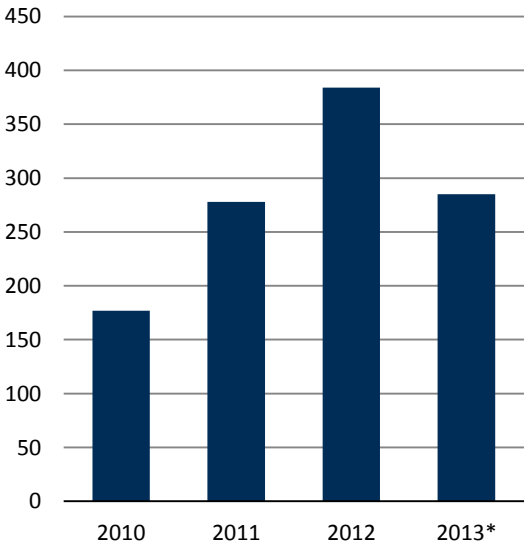
*According to several sources, including a TRAFFIC report published in April 2010, Chad disposed of some of its stockpiles in 2007. No figures could be found on the size or value of ivory disposed of.

** WWF estimate, based on $2,000 per kg. The Philippines' Department of Environment and Natural Resources puts the price at $200 per kg due to its poor quality.

The impact of the disposal of these stockpiles on levels of poaching remains unclear. In a recent BBC article, the head of Gabon's national park system argued that poaching has continued despite the burning and that the situation is running out of control. "If we do not turn the situation around quickly, the future of the elephant in Africa is doomed."[94] In Kenya, the 2011 burning of stockpiles appears to have had no discernible impact on poaching. According to statistics from the Kenya Wildlife Service, the country lost 190 elephants between January and August this year, as compared to 384 in 2012, 278 in 2011, and 177 in 2010 (see Figure 14).[95]

Despite the lack of evidence to suggest that burning stockpiles has directly reduced poaching on the ground, it is likely that the decisions of Kenya and Gabon to burn their stockpiles has helped to galvanise further support for similar measures elsewhere -- as the recent moves by the Philippines and the United States attest.

**Figure 14: Number of elephants poached in Kenya, 2010 -- 13**




* Projected figure: 190 elephants were killed between January and August inclusive.

Source: Kenya Wildlife Service, 2013.

[94] 'Poaching boom sees thousands of elephants killed in Gabon', BBC, 6 February 2013.
[95] Kenya Wildlife Service

On 24 September 2013, the United States requested the Secretariat to inform CITES Parties "that they are invited to support their action on 8 October by disposing of their own stockpiles of confiscated ivory or other illegally traded CITES specimens to demonstrate that all CITES Parties stand together in the global effort to combat poaching and illegal wildlife trade."[96] Actions such as these could further encourage other CITES member states to dispose of their own stockpiles, possibly building momentum for a widespread disposal of stockpiles.

### Preventing further leakage from national stockpiles

The disposal of stockpiles is also likely to have the positive benefit of preventing further leakages of stockpiled ivory. Leakages from government stockpiles comprise an important element of total illegal ivory. While comprehensive data on leaked stockpiles is not available, it appears that major leakages have increased in recent years alongside poaching as demand and prices have risen. In 2012, Zambia and Mozambique both reported unprecedented leakages of ivory from their national stockpiles.

In addition, a 2010 TRAFFIC survey indicates that 7 out of 23 range states[*] who confirmed having government stockpiles reported lower stock of ivory in 2010 compared to 1997.[97] Given that substantial amounts of ivory should have been accumulated through natural means and seizures during this 13 year period -- and that no one-off sales had been permitted for the countries in question, nor is domestic ivory trade permitted in any of the countries (except Cameroon) -- this indicates substantial rates of leakage.

Whether the proportion of leaked ivory in total illegal supplies is growing cannot be determined from the available data. However, it is likely that, as conservation and enforcement efforts gradually improve across Africa, obtaining ivory from stockpiles rather than direct poaching of elephants may come to be seen as a preferred option by criminal organisations. Removing the possibility of leakages is therefore an important element of reducing the ivory trade overall.

At the same time, removing leaked stockpiles could have unintended consequences. In a context of constant or rising demand, the removal of leaked ivory as a source of illicit supply is likely to lead to pressure for increased quantities of poached ivory to make up for this shortfall. According to ETIS Director Tom Milliken, the seizures can result in huge losses for criminal syndicates and, without arrests or penalties, can cause illegal suppliers "to accumulate more ivory faster because they want to make up for what they just lost".[98] This is why it is imperative that any disposal of stockpiles is supplemented by policy measures that will work to reduce demand.

[96] Notification to the Parties, No. 2013/044
[*] Sudan, Malawi, Central African Republic, Burkina Faso, Cote d'Ivoire, Cameroon, and Niger.
[97] Milliken, Tom, 'Report on the results of the *Elephant and Ivory Trade Questionnaire* pursuant to Decision 13.26 (Rev. CoP14) on the *Action plan for the control of trade in elephant ivory*', April 2010.
[98] Milliken, Tom, Interview with Yale Environment 360, 23 January 012.

### Removing incentives for further sales

In addition to removing the possibility of further leakages, disposing of stockpiles in African range states would remove the incentive for further one-off sales -- at least temporarily -- among countries with their elephant populations listed under Appendix II (currently Botswana, Namibia, South Africa and Zimbabwe). The desire to capitalise on the sale of national stockpiles was a primary driver of the one-off sales in 1999 and 2008. Disposing of stockpiles would then effectively remove the possibility of any further one-off sales for a significant period of time -- at least until national stockpiles once again reach saleable levels. With the temptation of further one-off sales removed, pro-trade range states are likely to be more inclined to adopt more substantive permanent measures to address the ivory crisis.

Without the removal of stockpiles, it is hard to see how more substantial restrictions on the ivory trade, such as a complete ban, could be agreed among range states. At the same time, it should not be automatically assumed that the one-off removal of stockpiles will induce all African range states to accept more last-lasting or permanent constraints on their natural resources. The staunchest pro-trade states are likely to resist agreeing to measures which would see these resources permanently beyond their control. In short, it may be easier to accomplish a long-term moratorium on any ivory trade -- for a period of 10 or 20 years or until such time as elephant populations are secure -- rather than an indefinite ban.

### Sending signals to consumer states

The disposal of stockpiles would signal to major consumer states such as China that African range states are united in their stance against further legal sales of ivory to international markets. If major consumer states become convinced that the Appendix II countries who previously favoured one-off sales have sided permanently with the majority pro-ban states and that no further legal sales will be allowed then they may be persuaded to disposed of their own stockpiles. If African range states agree to the disposal of their stockpiles and if other states with ivory markets such as Japan also do so then the international pressure for major consumer states such as China and Thailand to follow suit may be too great to resist.

However, there is the possibility that China will simply wait out the present moratorium on international ivory sales, which is due to run until 2017, at which point there will again be the possibility of further one-off sales from the four Appendix II countries. (There is also the possibility of the downgrade of one or more Appendix I range states to Appendix II as early as the next CITES CoP in 2016, with the potential for further international sales even under the present moratorium, which only applies to current Appendix II countries.) A one-off disposal of ivory stockpiles with no further political commitment to dispose of stockpiles or restrict trade may be no more effective than the current moratorium in terms of inducing China to abandon ivory. Some countries, particularly Appendix I countries with large elephant populations have demonstrated an ability to accrue ivory at rapid rates. If national stockpiles were disposed of in 2014, there is a possibility that, absent an agreement for the ongoing disposal of accrued ivory, some states would have accrued a saleable supply of naturally accrued ivory by late 2017, when the current moratorium on one-off sales expires.

As noted above, if major consumer states were to dispose of their own stockpiles, this would induce a much greater impact on domestic consumer demand, and pricing. More importantly, it would open up a window of opportunity during which China and other major consumer states may be convinced to introduce stricter legislation surrounding domestic ivory trade. If the disposal of ivory stockpiles is universal and if further measures are taken internationally to restrict trade (via an extended moratorium, for instance), China would likely find itself under increased political pressure to agree to a complete ban.

## The impacts of additional policy measures

### Providing national governments with access to a fund for elephant conservation

2. *How different, if at all, is the impact of putting all national ivory stockpiles beyond commercial use likely to be if:*

   a) *national governments were given access to a fund for elephant conservation*

Paying range states to disposed of their stockpiles on a per kilogramme basis as a means of funding conservation efforts and removing incentives for further one-off sales has been proposed on several occasions in the past (see Box 13). While it is important to ensure that range states receive access to funding in return for the disposal of their ivory stockpiles, a number of problems are likely to arise from direct bilateral payment schemes. Firstly, direct payment schemes effectively create a parallel market for ivory and can incentivise poaching to build up national stockpiles. Secondly, under such a system, funding would go to countries with the largest stockpiles rather than those that are most in need of support. In order to avoid some of these negative consequences, Stop Ivory proposes to provide access to funding to the African Elephant Action Plan on the basis of need (rather than on a per kilogramme basis) and on the pre-condition of ivory disposal by each range state.

Providing national governments with access to a fund for elephant conservation will not have a direct effect on consumer demand for ivory. If the fee paid for the stockpiles was made public (and on a per kilogramme basis) it could send a price signal to the market and could impact the prices and value of stockpiles held illegally in South-east Asia through the same mechanism. However, the majority of the price impact would arise from the disposal of the stockpiles themselves, irrespective of whether national governments derive funding from it. If range states are able to access funding and funds are provided to wildlife services, this would significantly improve conservation, law enforcement and anti-poaching efforts.

**Box 13: Paying governments to dispose of stockpiles**

Paying African range states for the disposal of their stockpiles on a per kilogramme basis has been proposed on a number of occasions in the past:

- In 1997, at the 10th CITES CoP, the parties to CITES adopted Decision 10.2 (no longer in force) to allow for donors to provide funds for the disposal of existing ivory stockpiles.
- In 1998, the United Kingdom pledged 60,000 British pounds towards the disposal of ivory stockpiles and two years later announced that it would enter into negotiations with Mozambique to purchase its small declared ivory stockpile for non-commercial disposal.
- In 2002, the Humane Society of the USA proposed purchasing 30 tonnes of South Africa's ivory stockpile for 250,000 US dollars.

However, none of these proposals were executed, partly because African range states felt that they would be able to receive more for their stockpiles through commercial sales. In the event, South Africa received 142 US dollars per kg for its ivory in the 2008 sale, 17 times more than the 8.3 US dollars per kg that the Humane Society offered.

### The impact of Stop Ivory-linked funding

It is unlikely that range states with large stockpiles (particularly those with elephant populations in Appendix I or those who have previously lobbied for one-off sales) would agree to dispose of these without some form of compensation as ivory stockpiles are regarded as an important national asset. The revenue that could be obtained from the sale of these stockpiles is likely to be significant. Taking the best available estimate of African ivory stockpiles -- approximately 340 tonnes according to TRAFFIC -- and assuming a price of 157 dollars per kg (the same as was received by the Appendix II countries during the 2008 one-off sale), the total revenues would be over 53 million dollars. However, as the price of ivory has risen significantly since 2008, it is likely that the price paid per kg would have to be substantially higher in order to gain the consent of all range states. In 2012, Tanzania put forward a bid (later retracted) for the sale of 101 tonnes of ivory, which it estimated would be worth approximately 55 million dollars at auction, or 545 dollars per kg. At this price, the disposal of African range state stockpiles could result in revenues of over 185 million dollars.

Given limited national budgets for elephant conservation in Africa (see Box 14), access to funding on this scale could provide a substantial boost to conservation efforts in the short term. However, a one-time injection of cash would be less effective in improving conservation efforts in the long term. Even a system of ongoing payments over a ten-year period may fail to provide substantial additional funding as ivory stockpiles would be depleted after the first purchase and, in most cases, would be accumulated only gradually thereafter. Some previous research papers have argued that even a regulated market enabling African range states to sell their

ivory on international markets on an ongoing basis would not provide enough funding to significantly enhance conservation efforts.[99]

**Box 14: Current funding for elephant conservation in range states**

There is currently no comprehensive data on elephant conservation funding in African range states. However, a number of national wildlife authorities release annual reports that provide financial statements. According to the Kenya Wildlife Service's 2011 annual report, its total expenditures for the year ending 30th June 2011 were 5,859,533,000 Kenyan shillings (approximately 67 million US dollars). According to CoP15 Prop 4, funding for anti-poaching efforts in Tanzania (through the national treasury and Tanzania Wildlife Protection Fund) has averaged between 5 and 6 billion Tanzanian shillings (4 – 4.8 million US dollars) annually between 2001 and 2009.

It appears likely that, in almost all regions where elephant populations exist, spending on wildlife conservation is below the annual recommended rate of 200 – 500 US dollars per $km^2$. (According to a 2013 study of African lions, fenced reserves can maintain lions at 80% of their potential densities on annual management budgets of 500 US dollars per $km^2$, while unfenced populations require budgets in excess of 2,000 dollars to attain even half of their potential densities.) On this basis, and given that African elephants have a known range of 2,302,782 km (according to 2013 figures from the Elephant Database), the annual cost would be between 460 million and 1.15 billion dollars annually. Of course, in addition to elephants, this funding would also ensure the conservation of a range of other species.

### The problems of direct payments

Paying national governments bilaterally on a per kilogramme basis for putting their ivory beyond commercial use could lead to a system whereby those governments with the largest elephant populations and the best enforcement and management capacities (ie those that are most successful in seizing illegal ivory and retrieving ivory from dead elephants, and obtain the most ivory through the culling of problem animals) receive the greatest amount of funding, with the implication that elephant populations will continue to suffer in weaker states with the least capacity for enforcement.

A system that pays governments according to the size of their ivory stockpiles could exacerbate existing political divisions between the pro-trade countries of Southern Africa, with relatively well-managed elephant populations, and the pro-ban countries in Central, West and Eastern Africa, with comparatively poorly-managed populations. Furthermore, the resulting improvement in security in well-managed jurisdictions that might be derived from such funding would place upward pressure on prices as poaching becomes more difficult there. Poachers have shown an increasing ability to target elephants in multiple, geographically disparate

[99] Bulte, Erwin H and van Kooten, G Cornelis, 'Economics of Antipoaching Enforcement and the Ivory Trade Ban', American Journal of Agricultural Economics, Vol 81, May 1999.

regions and, in the longer term, such a policy could exacerbate the killing of elephants in the worst governed states as poachers shift away from more tightly controlled jurisdictions.

**Box 15: The cost of maintaining national stockpiles**

Maintaining secure facilities for the storage of ivory entails considerable costs and relieving this burden has often been cited by pro-trade range states as a reason for one-off sales:

- According to a statement by Tanzania's Natural Resources and Tourism deputy minister, Ezekiel Maige, the cost of securing ivory is 'unbearably high and storage facilitates are hard to come by'. In its 2010 proposal for a one-off sale of ivory, Tanzania stated that annual costs to secure its ivory stockpile amounted to 75,000 US dollars and the cost of building a much-needed new storage building would amount to no less than 1 million dollars.

- In 2011, the acting director general of Zimbabwe's National Parks and Wildlife Management Authority stated that, "There are significant costs involved in retrieving ivory from the field, treating the ivory for preservation, transporting to different centres for storage including security at various stations and at the head office, which needs to be met."

- Earlier this year, DENR Secretary Ramon Paje, stated that it costs the Philippines 46,000 dollars annually to protect its five-tonne stockpile (which was disposed of in June).

Paying governments to put national ivory stockpiles beyond commercial use through a one-off disposal would certainly relieve these burdens. However, the impact would be temporary as new stocks would soon accumulate, particularly in those countries with the largest and best maintained elephant populations. According to media reports, Zimbabwe's ivory stockpiles increased from approximately 42 tonnes in early 2011 to 50 tonnes in mid-2012. The Zimbabwe Parks and Wildlife Management Authority (ZPWMA) website currently puts stocks at 62.4 tonnes. In a recent statement, ZPWMA Relations Manager Caroline Washaya-Moyo said that ivory is accumulated at an average rate of 1.1 tonnes per month, from natural deaths, problem animal control, and confiscations, a figure questioned by some elephant experts.

## Impacts on the ground

While providing funding to African range states to dispose of their national ivory stockpiles would constitute an important means of removing the incentive for further one-off sales, instituting an effective system of funding will be complicated and, if not carefully thought through, could yield unexpected consequences.

The manner in which funds are allocated will need to be transparent and, to the extent possible, in accordance with needs (ie allocated to those countries that face the greatest threats from poaching and where funding can be most beneficial to conservation). At the same

time, some consideration will have to be given to the size of stockpiles as countries with the largest stockpiles are unlikely to want to pool the revenues obtained from their sale if they suspect that they will receive relatively limited amounts of funding in return.

In addition, steps should be taken to ensure that the benefits of funding reach communities living alongside elephant populations, particularly in areas where human-elephant conflict is a major concern. In such jurisdictions, and where governance is weak and elephant populations widely dispersed, an effective payment system may need to involve paying local communities or individuals for reporting dead elephants and/or turning in their ivory to local authorities. Implemented correctly, such a system of payment could offer local communities financial incentives to maintain elephant populations. However, unless carefully managed, it could also stimulate a practice of locals poaching for the bounty, rather than simply retrieving ivory from elephants that have died of natural causes.

Finally, there is the perennial danger that payments for ivory could be syphoned off by corrupt politicians in range states with weak governance or used for non-conservation purposes. Ensuring that funding is provided directly to wildlife services is one way of limiting the potential for embezzlement, although prospects for corruption will still exist and all efforts should be made to ensure that funding is secure and transparent and that those who receive funds can be held accountable for ensuring that it goes toward protecting elephant populations. In this case -- as in others -- policy measures will require sensitivity to underlying social and cultural dynamics on the ground.

**Box 16: Problem of naturally accruing ivory**

Government stockpiles are derived partly from seizures of illegal ivory, but also from the collection of naturally accruing ivory from dead elephants and ivory derived from the culling of problem animals. These latter sources are ongoing and present real problems for the long-term prevention of trade in ivory. Ivory stockpiles constitute a potentially valuable economic asset that could be sold in future one-off international sales -- or on domestic markets, as the current CITES ban deals exclusively with international trade. At the same time, large ivory stockpiles can be very costly to maintain and secure (see Box 15). As a result, African range states may not be willing to consent to voluntary disposal of naturally accrued ivory on an ongoing basis without some form of compensation. However, maintaining permanent programmes of purchase and disposal of naturally accruing elephant ivory may not be feasible.

## Putting future naturally accruing ivory for a period of ten years beyond use

2. *How different, if at all, is the impact of putting all national ivory stockpiles beyond commercial use likely to be if:*

   b) *it was agreed to put all future naturally accruing ivory for a period of 10 years beyond use*

As with the current moratorium on one-off sales, instituting a policy that would ensure that naturally accrued ivory was disposed of for ten consecutive years would signal to ivory chain operators that no legal sources of ivory will be available on the market for a significant period. The precise impact on demand and price of disposing of ivory for a ten-year period will depend on the reactions of individual actors along the supply chain (see pages 46 – 47).

The success of disposing of ivory for a ten-year period will ultimately rest on its ability to reduce demand. While a one-off disposal (in the context of the current moratorium on one-off sales) is not likely to have a significant direct effect on demand (other than through political mechanisms or if in concert with a targeted awareness raising campaign), due to the fact that ivory stockpiles are effectively already beyond use and significant quantities of ivory could be accrued and made available by the end of the moratorium period, continual disposal of ivory stockpiles over a period of ten years could have a more significant impact.

A ten year disposal of naturally accrued ivory will help to reinforce the message that the international community is united in its stance against further legal sales of ivory. Such a measure may also go further than a one-off disposal in convincing proponents of the ivory trade, illegal suppliers and end consumers that the ivory trade is not viable in the long term, with potential demand-reducing effects. The continued disposal of any legal supply will also make it more difficult for illegal suppliers to launder money and reduce possibilities for the white washing of illegal ivory.

However, it should be remembered that the current nine-year moratorium on one-off sales (instituting in 2008 and due to run until 2017) has had little if any discernible effect on demand; on the contrary, demand has risen significantly since the moratorium was put in place. The impact of the moratorium on consumer behaviour, therefore, appears to have been negligible, indicating either that consumers are not aware of international policy measures regarding the ivory trade or, if they are, they have not been persuaded to change their behaviour as a result.

Even assuming that such a policy succeeds in stifling demand to such an extent that illegal trade is no longer a significant issue after the ten year period, there is still the problem of what to do with naturally accruing ivory in range states (see Box 16). After the ten year period lapses, problems could gradually emerge as governments find themselves with no source of revenue for their ivory stockpiles and the continued burden of collecting and disposing of ivory. As elephant populations recover in the absence of significant levels of illegal trade, this burden on range states will increase. In short, unless policy measures succeed in reducing demand well below the point of commercial viability, a limited moratorium lasting less than a generation could have a limited impact.

## Instigating a large-scale consumer targeted campaign

2. *How different, if at all, is the impact of putting all national ivory stockpiles beyond commercial use likely to be if:*

   *c) a large-scale consumer targeted campaign to decrease demand were implemented*

The impact of a consumer campaign on international demand for ivory and its price on the illegal market is difficult to predict, because it is contingent on both how well targeted the campaign is and the receptiveness of key ivory demand markets to being swayed into changing their consumer preferences. Past examples demonstrate that successfully targeted campaigns can substantially reduce demand for wildlife products among consumers. However, a poorly targeted campaign may only register a short-term dip in consumer demand for (and therefore the price of) ivory. A consumer campaign is likely to have a much greater demand-reducing effect if the message is one concerning the legality, not just the morality, of ivory trade, and if it is supported by the governments of consumer states.

### Understanding the cultural context

To be effective, consumer campaigns need to be designed in a culturally sensitive fashion. Given the paucity of data on the effectiveness of consumer campaigns in China and given the nature of China's affinity for ivory, the precise impact of an anti-ivory campaign is uncertain. While the 1989 ban and the accompanying media attention given to the ivory trade resulted in an unprecedented drop in demand for ivory among traditional consumer states in the West and Japan, the same should not necessarily be expected of China:

- **Cultural affinity.** Ivory is deeply embedded in Chinese culture and has become seen as both a status symbol and investment asset (see pages 12 – 13).

- **Source of employment.** Ivory is also a source of income for thousands of people involved in the trade, manufacturing and sale of ivory products. According to a recent survey of China's ivory market, as of November 2011, the Chinese government had approved a total of 172 ivory processing factories and retail outlets. In addition to visiting 57 of these facilities, investigators also discovered an additional 101 unlicensed facilities. [100] This indicates that there may be several hundred ivory factories and retail outlets (licensed and unlicensed) across China.

- **Level of pre-existing education.** Most studies indicate that Chinese consumers and the general public remain poorly educated about ivory. Previous polling by the International Fund for Animal Welfare (IFAW) found that 70% of Chinese did not realise that ivory came from dead elephants. A more recent survey of 961 urban residents in Beijing, Shanghai and

[100] Gabriel et al, 2012.

Guangzhou conducted by WildAid found that 50% of responds did not think elephant poaching was common, while only 33% thought that ivory came from poached elephants.[101]

- **Nature of use.** Unlike in the West, where ivory was traditionally used in the production of a range of practical items such as piano keys, billiard balls, and dominos -- items that have since been replaced with plastics and other synthetic substitutes -- in China, ivory is primarily used for the creation of luxury display and gift items for which there is no immediate and widely accepted substitute.

**Box 17: Surveying Chinese consumer behaviour**

In 2013, National Geographic conducted a survey of ivory consumers in nine of China's largest cities. The sample group comprised 600 individuals with an annual income of 32,000 US dollars and above (mean 84,000 dollars), aged between 18 and 55 (mean 35) and split 49% to 51% between males and females.

- 8 out of 10 said they owned at least one ivory product, with 2.7 pieces on average
- 68% of households had purchased at least one ivory product in the past
- 50% of respondents associated ivory with "rarity", 14% with "wisdom" (14%), 29% with an ability to confer "status" (29%), and 87% with a feeling of "prestige"
- 20% associated owning ivory with animal cruelty and 10% felt uncomfortable about its possession
- 84% said they planned to buy ivory goods in the future
- 60% said that making ivory "illegal to purchase under any circumstances" or "the strong recommendation of a government leader" would be the most effective way to stop ivory trading

### The importance of awareness raising campaigns

A number of observers acknowledge that tackling the ivory trade from the supply-side alone is unlikely to solve the crisis. According to the legal opinion commissioned by Stop Ivory in 2013, "Raising awareness in the far Eastern markets is a particularly important part of any co-ordinated response to the very serious risk of extinction facing the African elephant now."[102] This view is supported by a number of conservation groups. According to World Wildlife Fund president and CEO Carter Roberts, in a statement backing the US government's announcement that it will dispose of its ivory stockpiles, "If we're going to solve this crisis we have to crush the demand".[103]

[101] 'Ivory Demand in China', WildAid, 2013; 'Hope for elephants as more Chinese feel remorse for ivory purchases', IFAW, 24 July 2013.
[102] 'In the Matter of the Stop Ivory Campaign', Legal Opinion, 2013.
[103] 'US Fish and Wildlife Service's announcement to destroy US ivory stockpile', IFAW, 9 September 2013.

WildAid, an NGO currently campaigning against ivory in China, has also argued that the war on poaching requires concerted demand reduction. According to Co-Founder and Executive Director Peter Knights, "Unlike the addiction-driven, poverty-associated drug trade", the ivory trade "can be countered through demand side law enforcement and demand reduction campaigns."[104] In a recent article, Knights asserted that the marked reduction in poaching that occurred following the 1989 ban was largely due to media campaigns which "collapsed demand in the United States and Europe" and "significantly reduced" the Asian market. "Poaching increases were demand driven, not a result of reduced law enforcement in supply countries and, without demand reduction, increased enforcement may only drive up prices."[105]

**Box 18: Impact of media campaigns in the late 1980s**

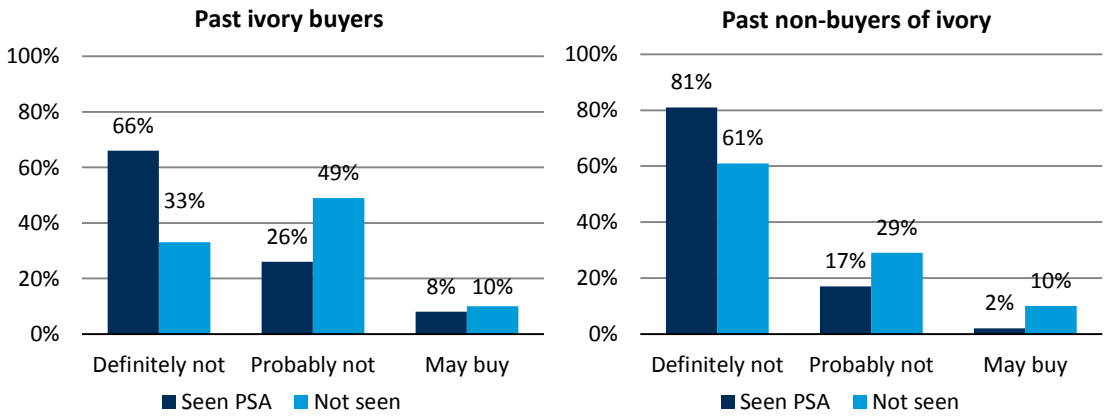
Awareness raising campaigns have previously played an important role in reducing demand for ivory products. According to Barbier et al (1990), awareness raising campaigns were important in contributing to reduced demand for ivory in the United States in the late 1980s, even before the CITES ban came into effect in early 1990: "Public opinion is becoming a dominant factor in the declining USA demand for ivory products. Throughout 1988 and 1989 there were intensive campaigns to alert the public to the threat of extinction of the African elephant… These campaigns have had a significant impact upon attitudes towards buying ivory, which is strongly undermining the demand." While there was a discernible reduction in demand for ivory in the United States (and in other major consumer markets) prior to the 1989 US ban on ivory imports or the 1989 CITES ban largely as a result of the moral-demand reducing effects of campaigns, the collapse of demand was to a large degree the result of the changed legal status of ivory from 1989 and, prior to that, the prospect of the impending illegality of ivory imports.

Despite the challenges they face, recent mass public awareness campaigns have shown some traction. A 2012 campaign by WildAid and Save the Elephants took place in China, with the former Houston Rockets basketball star Yao Ming as spokesman. Studies (supported by anecdotal evidence) have found the main consumers of ivory to be newly wealthy middle-aged men who are eager to make expensive discretionary purchases. As such, symbols of the aspiring middle class, such Yao Ming and Chinese actress Li Bingbing, a UNEP Goodwill Ambassador and also a WildAid spokesperson, have significant potential to change consumer behaviour. In February 2013 both celebrities signed up to campaigns aimed at raising awareness about ivory and rhino horn through a project organised by WildAid, Save the Elephants, the African Wildlife Foundation and UNEP. In September 2013, the Duke of Cambridge and footballer David Beckham joined Yao Ming to film public service announcements (PSA) against ivory that will air in China and Vietnam later this year as part of WildAid's demand reduction campaign.

[104] Knights, Peter, 'OPINION: The "War on Poaching" Needs a Different Approach to the "War on Drugs"', WildAid, 5 July 2013.
[105] Knights, Peter, 'OPINION: The "War on Poaching" Needs a Different Approach to the "War on Drugs"', WildAid, 5 July 2013.

A 2013 survey conducted by Rapid Asia found that IFAW's 'Mom, I have teeth' anti-ivory PSA had a significant impact on consumer behaviour. The PSA explains that ivory products come from dead elephants and encourages consumers to reject buying ivory. The survey, of 1,067 urban Chinese, found that both past buyers and non-buyers of ivory were considerably more likely to avoid future purchases after being exposed to IFAW's PSA (see Figure 15).[106] According to Grace Ge Gabriel, Asia Regional Director for IFAW, "The main reason given for not purchasing ivory in the future is that they [Chinese consumers surveyed] feel remorse because elephants are being killed."[107] In contrast, a survey conducted by National Geographic in 2013 (see Box 19) found that 84% of Chinese middle and upper-middle class consumers who had previously purchased ivory planned to buy ivory goods in the future -- approximately half of the sample of 600 individuals admitted to having seen video and billboard advertisements showing how poaching is threatening elephant populations.[108] While recent surveys reveal some mixed results, it is apparent that previous awareness raising campaigns have had some impact. In order to be effective, future awareness raising campaigns will have to be carefully designed to target those demographics that are the primary purchasers of ivory products.

**Figure 15: The impact of IFAW's 'Mom, I have teeth' PSA on Chinese consumer behaviour**




Source: Rapid Asia, 2013.

## Impact of macroeconomic and social factors

Rising Chinese demand for ivory since the 1990s has taken place against the backdrop of rapid economic growth in China and growing prosperity. In the past decade, demand for luxury goods in China has grown exponentially. From 2007 to 2011 many luxury-goods firms enjoyed double-digit annual growth in China.[109] However, with significantly slower growth rates in China since 2012 and less money available for conspicuous consumption, there has already been a discernible decline in the rate of growth of demand for luxury goods items. According to a study

[106] 'Impact Evaluation on Ivory Trade in China IFAW PSA: "Mom, I have teeth"', Rapid Asia, March 2013.
[107] 'Hope for elephants as more Chinese feel remorse for ivory purchases', IFAW, 24 July 2013.
[108] 'The Ivory Trade: Thinking Like a Businessman to Stop the Business', National Geographic, 26 February 2013.
[109] 'Luxury goods in China: Beyond bling', The Economist, 8 June 2013.

published by Bain & Company in December 2012, overall year-on-year growth of the Chinese luxury goods market is expected to slow to approximately 7% from a high of 30% in 2011.[110]

In addition, the stigma arising from current anti-corruption measures targeted at politicians and the wealthy is likely to further reduce the demand for luxury items. According to the Financial Times, "sales of global luxury goods are slowing due to a sharp retrenchment of demand in Asia after a clampdown on gift giving in China".[111] The above-cited Bain study also noted a "softening" of luxury gifting due to new policies to restrict government spending on luxury goods in place since October 2012. Claudia D'Arpizio, head of the fashion and luxury goods practice at Bain, argued that social networks and microbloggers in China are giving some luxury brands a "negative image" among consumers.[112] In the context of these trends, now may be an opportune time to initiate a large-scale and targeted awareness raising campaign.

### The impact of similar campaigns

Previous awareness raising campaigns have had varying levels of success in reducing demand for wildlife products in China:

**Shark fin.** Up to 100 million sharks are killed each year for their fins alone. More than 95% of the annual harvest of shark fin worldwide is consumed in China, Hong Kong and Taiwan. In September 2012, Beijing diners alone were consuming an estimated 7.5 tonnes of shark fin every day.[113] Concerted efforts by Western NGOs to raise awareness about shark fin soup in China have been successful in reducing demand. According to a statement by the chairman of the Shark Fin Trade Merchants Association in late 2012, "The whole industry has recorded a [sales] decrease of 50 per cent on last year. [The decline] is mainly due to the omnipresent advocacy by green groups."[114]

Census and Statistics Department figures show that Hong Kong's shark fin imports declined by 70% from 10,292 tonnes in 2011 to 3,087 tonnes in 2012 (up to November).[115] According to the Chinese Ministry of Commerce, consumption of shark fin dropped a further 70% from December 2012 to September 2013.[116] Several researchers believe that the drop in demand is part of a wider anti-corruption crackdown by the Chinese government. Zhao Ping, the deputy director of the Department of Consumption Economy Studies at the Chinese Academy of International Trade and Economic Co-operation, believes that up to 50% of the drop in shark fin

[110] '2012 China Luxury Study', Bain & Company, December 2012.
[111] 'Luxury goods sales slow as China clamps down on gift giving', Financial Times, 16 May 2013.
[112] 'Luxury goods sales slow as China clamps down on gift giving', Financial Times, 16 May 2013.
[113] 'Shark fin soup off the menu: China's crackdown on extravagant banquets gives sharks a second chance', The Independent, 3 September 2013.
[114] 'Shark fin trade 'victim of anti-Chinese conspiracy', says traders', South China Morning Post, 5 January 2013.
[115] 'WildAid's Campaign Helps Reduce Shark Fin Demand', WildAid, 6 February 2013.
[116] 'Shark fin soup off the menu: China's crackdown on extravagant banquets gives sharks a second chance', The Independent, 3 September 2013.

consumption is the result of cutbacks in government-related dining.[117] Scientists believe that this drop in demand has contributed to recovering shark populations.[118]

**Box 19: Ivory substitutes**

Many different types of ivory can be worked into carvings; these include walrus, hippopotamus, bull, rhinoceros and mammoth. According to a 2010 study, there may be a larger quantity of mammoth ivory in international commerce than elephant ivory, both legal and illegal. China (including Hong Kong) currently imports approximately 60 tonnes of mammoth ivory per year from Russia. While high quality mammoth ivory has been known to be of similar quality to elephant ivory -- and many consumers value it due to its finite supply owing to the fact that it comes from an extinct species -- most potential ivory substitutes are generally perceived to be of lower quality. In addition, there is a danger of placing other animals in greater danger if substitutes became popular. Nevertheless, the potential market for elephant ivory substitutes in China warrants further review.

**Fur trade.** The international trade in fur is highly lucrative, with an estimated global value of 16 billion dollars annually. Conservative estimates suggest that approximately 40 million animals are killed each year for their fur.[119] Although demand for fur has declined significantly in traditional markets in the United States and Europe, there has been a dramatic surge in demand from China in the last two years. In 2010, China accounted for approximately half of the fur coats sold worldwide. US exports of mink pelts to China last year reached 215.5 million dollars -- more than double the value and volume shipped in 2009. Meanwhile the price of mink pelts has risen to 141 dollars from approximately 98 dollars two years ago.[120]

A number of organisations including People for the Ethical Treatment of Animals (PETA) and Ogilvry & Mather Beijing have been involved in media awareness campaigns involving Chinese celebrity endorsement and online petitions. However, anti-fur campaigns in China appear to have been relatively small scale. So far there has been no discernible drop in Chinese demand for fur products, which appears to be continuing to rise, even in the context of an overall slowdown of growth in China's luxury goods market.[121] This is possibly due to the fact that furs are not common gifting items and have not been specifically targeted in Beijing's anti-corruption crackdown.

[117] 'Shark fin soup off the menu: China's crackdown on extravagant banquets gives sharks a second chance', The Independent, 3 September 2013.
[118] 'China's Anti-Corruption Crackdown Is Saving Sharks', International Business Times, 4 September 2013.
[119] 'Fighting the Fur Trade -- China', Care for the Wild, 2013.
[120] 'China's Middle Class Sparks High Demand for US Fur', Huffington Post, 14 April 2013.
[121] 'Ogilvry Beijing's fur hurts campaign alerts people to the brutal realities of fur in fashion', Campaign Brief, 27 March 2013.

## Introducing a complete ban on ivory trade

2. *How different, if at all, is the impact of putting all national ivory stockpiles beyond commercial use likely to be if:*

   *d) a complete ban on all ivory trade were instigated*

A complete ban on ivory, encompassing domestic markets in both range states and transit and consumer states, would substantially reduce demand for ivory. Consumers in East Asia would have the uncertainty removed over the distinction between legal and illegal ivory. As it becomes clear that all ivory is illegal, the majority of law-abiding consumers would stop purchasing it, leaving only a small contingent of hardcore buyers. The price would plummet as a result of drastically reduced demand -- as would the price and value of stockpiles held illegally in South-east Asia -- and poaching would decrease as it becomes less profitable. In addition, the ban on domestic trade would undermine the 'white washing' of illegal ivory, by driving up legal risks and costs along the supply chain, and driving down law-abiding consumer demand.

### The nature of a complete ban

The success of a complete ban will depend on whether such a ban encompasses all states (range state, transit states and consumer states) and whether it pertains to international trade only or both international and domestic trade. There is also a question of whether or not a complete ban would encompass all types of ivory including pre-1989 ivory and antique ivory.

- **Complete ban on international trade only (or agreement to an extended moratorium).** A complete ban on the trade of ivory internationally would necessitate the upgrading of all African elephant populations to Appendix I. This would ensure that no further one-off sales of ivory could occur, although in practice, there is the possibility that countries could again be allowed to downgrade their elephant populations to Appendix II under current CITES regulations. This effectively reflects the system that was in place under the 1989 ban prior to the 10$^{th}$ CoP in 1997, when Botswana, Namibia and Zimbabwe were allowed to downlist their elephant populations to Appendix II. As noted above, this led to two CITES-approved one-off sales, in 1999 and 2008, which effectively breached the complete ban on international ivory trade that had been in effect since early 1990. If a complete ban were to be reinstated, effectively a return to the status quo-ante of 1990-97, this would likely have a limited impact in reducing demand for ivory in the immediate and short terms as it would not represent a significant shift from the present regime, under which there is effectively a moratorium on any further one-off sales until 2017 at the earliest. In the long term, a complete ban on international trade would likely have the effect of reducing demand, as legal supplies would no longer be available to provide cover to illegal ivory in domestic markets in China and other major consumer states. In addition, proponents of ivory trade and illegal suppliers may perceive such indefinite restrictions as a sign that the ivory trade is no longer viable.

- **Complete ban on international and domestic trade.** A complete ban on the trade of ivory both internationally and domestically would require an upgrading of African elephant populations listed under Appendix II to Appendix I to absolve the possibility of international trade, as well as the introduction of national legislation banning domestic trade in range, transit and consumer states. There is little doubt that the presence of legal domestic ivory markets in both range and consumer states is a key facilitator of the illegal international trade. If most consumers who purchase ivory do so under the assumption that it is legal, then a ban eliminating domestic ivory trade would have a profound impact on demand, leaving only a small contingent of hardcore buyers willing to purchase ivory illegally. It is possible that even a complete ban would leave a stable, much smaller, illicit high-price market. This would represent containment of the trade to a much lower level that would solve the ivory crisis but not represent total elimination of the ivory trade.

- **Complete ban on international and domestic trade (only in range and/or transit states).** If domestic trade were banned only in African range states, it would have a much less significant impact on demand, as the vast majority of ivory is consumed outside of Africa, and the majority of African states already have significant controls on domestic ivory trade (see Table 5). However, a complete ban on domestic trade in all African range states and/or transit states could result in significant international pressure for China and other major consumer states to also adopt domestic bans. So long as key consumer markets including China and Thailand maintain a legal domestic trade in ivory, demand is likely to remain high.

### Aiding enforcement

A complete international and domestic ban would facilitate the interception of ivory by law enforcement agents and customs officials, since any product they encounter would be considered contraband. A ban is likely to make it more costly for poachers to trade ivory and get their product to market as the chances of being caught would increase and laundering would no longer be an option. Nevertheless, detecting smuggled shipments of ivory at busy ports will remain difficult. Ivory is unlikely to be a priority in most places and even in the best-equipped ports, prioritisation is likely to continue to be given to preventing the trafficking of arms, humans, drugs and excisable goods. In addition, without strong national legislation not only reinforcing an internationally-imposed ban on domestic trade but also establishing strict penalties for breaking these laws, a significant but greatly reduced group of consumers may continue to buy ivory.

### Pre-1989 and antique ivory

An important additional consideration is whether a complete ban will also prohibit the trade of antique ivory and/or pre-1989 ivory. Without a complete ban on the trade of all ivory products -- and in the absence of a readily available and inexpensive means of accurately determining the age of ivory -- there is the possibility that new supplies of illegal worked ivory could be passed off as pre-1989 or antique ivory, satisfying demand in a reduced but possibly still sizeable market. To be as effective as possible, a complete ban would ideally encapsulate pre-convention and antique ivory. However, introducing such a ban would be very difficult as the trade in pre-convention and antique ivory is significant throughout much of Asia, North America and Europe. In addition to the large amount of antique ivory held privately, a large quantity of

antique ivory continues to be traded for cultural and educational purposes between museums, universities and other institutions.

**Table 5: Degree of ivory trade prohibition in 30 African range states***

| Country** | Import prohibited | Export/re-export prohibited | Domestic trade prohibited | Possession prohibited | Score |
|---|---|---|---|---|---|
| Burkina Faso | ✓ | ✓ | ✓ | ✓ | 100 |
| DRC | ✓ | ✓ | ✓ | ✓ | 100 |
| CAR | ✓ | ✓ | ✓ | ✓ | 100 |
| Congo | ✓ | ✓ | ✓ | ✓ | 100 |
| Guinea | ✓ | ✓ | ✓ | ✓ | 100 |
| Guinea Bissau | ✓ | ✓ | ✓ | ✓ | 100 |
| Mali | ✓ | ✓ | ✓ | ✓ | 100 |
| Niger | ✓ | ✓ | ✓ | ✓ | 100 |
| Rwanda | ✓ | ✓ | ✓ | ✓ | 100 |
| Sudan | ✓ | ✓ | ✓ | ✓ | 100 |
| Senegal | ✓ | ✓ | ✓ | ✓ | 100 |
| Chad | ✓ | ✓ | ✓ | ✓ | 100 |
| Ethiopia | ✓ | ✓ | ✓ | | 75 |
| Kenya | ✓ | | ✓ | | 50 |
| Mozambique | | | ✓ | ✓ | 50 |
| Sierra Leone | | ✓ | ✓ | | 50 |
| Swaziland | ✓ | | ✓ | | 50 |
| **Botswana** | | | ✓ | | 25 |
| Cote d'Ivoire | | | ✓ | | 25 |
| Ghana | | | ✓ | | 25 |
| Nigeria | ✓ | | | | 25 |
| Tanzania | | | ✓ | | 25 |
| Uganda | | | ✓ | | 25 |
| Zambia | ✓ | | | | 25 |
| Cameroon | | | | | 0 |
| Malawi | | | | | 0 |
| **Namibia** | | | | | 0 |
| Togo | | | | | 0 |
| **South Africa** | | | | | 0 |
| **Zimbabwe** | | | | | 0 |

*This table does not include Angola, Benin, Eritrea, Gabon, Equatorial Guinea, Liberia, Somalia, or South Sudan.

** Countries with elephant populations in Appendix II are in bold.

Source: TRAFFIC, 2010.

# Prioritising policy measures: the best way forward

The ivory crisis is ultimately a demand-driven problem, and is supplied by illegal networks often operating in corrupt, weak or stateless jurisdictions. In policy terms, a three-pronged approach focused on eliminating demand, dismantling trafficking networks and cracking down on poaching is therefore best-placed to tackle the ivory crisis. Of these, concerted demand reduction is the single most important policy component, with the potential to undermine and fundamentally disincentivise ivory trafficking and ultimately derail the unsustainable trend in poaching.

Imposing greater restrictions on the ivory trade is likely to be more beneficial in resolving the ivory crisis than either maintaining the status quo or introducing a legalised market, which many experts agree suffer from major regulatory flaws. If current trends in poaching and the illegal ivory trade continue, elephant populations in many parts of Africa will face extirpation in the coming decade. Legalising trade may only exacerbate the situation. Implementing a legal trade would require years of additional research and careful planning, would not be easily enforced given weak governance and enforcement capacity, would provide additional opportunities for the laundering of illegal ivory, and would stimulate new consumer demand, perpetuating the current crisis.

Stop Ivory's offers a mechanism to deliver greater restrictions on the ivory trade and fund much-needed actions that African range states have already agreed to undertake. Procuring agreement for the disposal of national ivory stockpiles -- a central feature of Stop Ivory's overall approach -- will help to clarify the international legal status of the ivory trade; remove substantial monetary incentives for future one-off sales of ivory; eliminate the possibility of leakages of legal ivory from ivory stockpiles into the illicit supply chain; reduce long-term possibilities for the 'white washing' of illegally-sourced ivory in domestic markets; and send a clear message to proponents of the ivory trade, poachers and illegal suppliers that the international community is united in its stance against further legal sales of ivory.

Stop Ivory's multifaceted approach has the potential to cause a substantial reduction in demand for ivory. In combination with a successfully targeted awareness raising campaign, the disposal of stockpiles over a ten year period could further stigmatise ivory while educating consumers about the ecological and socioeconomic costs of the ivory trade. In addition, funding linked to Stop Ivory's initiative has the potential to significantly improve conservation and capacity building in African range states, which would help to render poaching and smuggling more difficult and, in a context of falling demand, potentially far less profitable.

Stop Ivory's approach is advantageous as it offers a means to fund and enable an existing agreement made between range states -- the African Elephant Action Plan and the Agreed Actions. As such, it is an approach that has the potential to be implemented with the urgency required to address the current ivory crisis. In addition, each component of Stop Ivory's approach is grounded by important precedents: the voluntary disposal of national ivory stockpiles has occurred on at least six occasions since the 1989 ban, three times since 2011; a moratorium on international sales of ivory by Appendix II countries is currently in place and will be until late 2017; many countries have already introduced complete domestic bans on ivory;

and a number of conservation groups have begun to take steps to improve awareness about ivory in China and other major consumer markets, with some positive results.

Despite its merits, Stop Ivory's proposed intervention is not without potential pitfalls. Putting national ivory stockpiles beyond commercial use alone -- without the successful implementation of additional policy measures -- may not be sufficient to reduce demand to manageable levels. Without abated demand, the only means of tackling the ivory trade would be to drastically improve governance and law enforcement in African range states or to disable organised crime networks along the supply chain, both undertakings which -- if possible at all -- would require an exorbitant amount of time and funding to achieve.

If Stop Ivory's proposed intervention fails to achieve a substantial reduction in consumer demand for ivory, particularly in major consumer markets such as China, the disposal of ivory stockpiles could give rise to a number of unintended consequences. If demand for ivory remains constant or continues to rise, curtailing the amount of ivory that is leaked from government stockpiles to the illicit market and restricting future legal supply by disposing of ivory stockpiles may drive up prices and incentivise further poaching. In addition, future supply uncertainties and expectations of higher prices may induce speculative hoarding by illegal suppliers. Finally, in a context of continued high demand for ivory, if funding is linked to the amount of ivory set aside, and not allocated in accordance to range states' needs, it could disproportionally benefit states with the largest and best-managed elephant populations, generating adverse pressures that accelerate poaching in the worst governed range states.

In order to ensure that Stop Ivory's approach has the best chances of success, the disposal of ivory stockpiles should be sought in tandem with the following additional policy measures:

- **Providing national governments with access to a fund for elephant conservation.** Ensuring that range states have access to funding in return for the disposal of their stockpiles, has the potential to improve conservation, law enforcement and capacity building in African range states. This can help to render poaching and trafficking more difficult and, in a context of falling demand, potentially far less profitable. Efforts should be made to ensure that such funds are distributed directly to national wildlife authorities based on need.

- **Placing naturally accruing ivory beyond use for a period of ten years.** Seeking to put all naturally accruing stockpiles beyond commercial use for a period of ten years or more will help to reinforce the message that the international community is united in its stance against further legal sales of ivory. Doing this in concert with the existing moratorium (due to expire in 2017) could mean no further legal international sales of ivory until 2027. Such a measure may convince proponents of the ivory trade, poachers and illegal suppliers that the ivory trade is not viable in the long term.

- **Implementing a large-scale consumer targeted campaign.** In order to have the greatest chances of success, Stop Ivory should ensure that the disposal of ivory stockpiles is accompanied by a large-scale consumer targeted campaign. Alongside legal restrictions on trade such as moratoria and bans, awareness raising campaigns can play an important role in stemming demand by stigmatising ivory and educating consumers about the ecological and socioeconomic costs of illicit trade. Previous campaigns globally show that the cultural

affinity for a sensitive good can be effectively displaced by ecological responsibility. While the degree of success that a consumer campaign can achieve remains uncertain, past campaigns have demonstrated good potential for success. In the current political climate and in light of certain social and economic developments in China, a well-funded and carefully executed consumer campaign could achieve a sizeable reduction in demand for ivory.

This combined approach stands the best chance of reducing illegal ivory trafficking and poaching. However, even if the above policy measures are implemented, unless trade in ivory is made illegal, both domestically and internationally, the possibility remains that Stop Ivory's actions may not be successful in curtailing demand to the extent required to reduce or eliminate the poaching of elephants. A complete ban would be sure to have a decisive impact on consumer demand. In conjunction with a large-scale consumer targeted campaign, the effect of such a ban would be even more immediate. Consumer demand would abate among the vast majority of law-abiding citizens. As a result, prices would drop and illegal ivory would become much less profitable, leading to a substantial reduction in poaching.

But achieving domestic bans or moratoria on ivory in major consumer states will be difficult. So long as it is legal and acceptable to buy and sell ivory in domestic markets, demand will persist, prices will remain high and there will be scope for suppliers to intervene and make a profit, a reality that will persist regardless of the status or legality of the international trade in ivory. Any solution to the ivory crisis will ultimately have to result in a concerted reduction of consumer demand. Without reduced demand, any other efforts will be significantly less likely to succeed.

While Stop Ivory's approach cannot be guaranteed to succeed in eliminating the ivory crisis, it would nevertheless constitute an important step in achieving the political consensus necessary for further substantive restrictions on the ivory trade. Political momentum for greater efforts to address the illegal ivory trade is building rapidly. Alongside new initiatives to fund anti-poaching efforts and the disposal or announced disposal of national ivory stockpiles by a number of range and non-range states, Stop Ivory offers a mechanism to allow African range states to move beyond historically entrenched positions on the ivory trade and provides them with a credible, financially enabling means to find a common solution to the ivory crisis. If African range states can stand united against ivory, they are likely to generate momentum for greater global efforts to reduce or eliminate the ivory crisis.