

## CHAPTER 6

## FLAWED ASSUMPTIONS UNDERLYING CALLS FOR THE LEGALISATION OF THE RHINO HORN TRADE

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### 1. PREAMBLE

People who support the legalisation of the rhino horn trade should learn a salutary lesson from the ivory trade.

- In 1999, Zimbabwe complained of having been cheated by the Japanese ivory buyers at the first "one-off" sale of ivory. It was clear that the Japanese traders had formed a cartel to ensure that prices remained low.
- In 2006, a member of the CITES Secretariat stated that the "beauty" of having China involved at the next sale was that the Chinese and Japanese traders would compete in outbidding each other, thus escalating the price.
- In 2008, shortly after the second "one-off" sale, the Botswana press reported that the country had received only half the money it was expecting to receive for its ivory. The other sellers fared no better.
- Research carried out by Brian Christy in China - and published in National Geographic - revealed that the Japanese and Chinese bidders had formed a cartel to keep prices low and to decide in advance which lots would be bought by which company.

The result was that the SADC countries that sold their ivory in 2008 received less than half the price that legal ivory was selling for 18 years earlier, before the ban. Contrary to the political statements made at the time, the ivory auctions of 1999 and 2008 were no triumph for southern Africa or for "sustainable use". In fact, given that it costs tens of thousands a year to store ivory in the correct conditions, it was a financial disaster. But the traders and investors made a fortune from it, and they will do so again if rhino horn is legalised, because that's what they do.

Turning now to the flawed assumptions underlying the rhino horn trade proposal:-

#### FLAWED ASSUMPTION #1: THE RHINO HORN TRADERS WILL CO-OPERATE WITH SOUTH AFRICA'S PLAN TO UNDERCUT THE ILLEGAL MARKET

South Africa's plan to sell rhino horn legally at a lower price, in order to undercut the illegal market, will backfire badly. There is no incentive for the East Asian traders to keep prices low at the retail end. Rhino horn traders, like ivory traders, have only one interest: the profit margin. Regardless of whether the South African horn is sold to a government, as happened with the ivory, or whether to a central selling organisation, that will not be the end point in the chain. It will have to reach the end user through people who:

- a. are already wealthy enough to buy it
- b. understand the rhino horn market

In other words, it will be sold to the very people who are driving the poaching of rhinos in South Africa right now. Do South Africans *really* want to reward them by selling them cheap rhino horn?

Although most people are aware that much of the illegal trade in wildlife is controlled by organised crime (the Yakuza in Japan, the Triads in China, Taiwan, Singapore and Hong Kong), what many do not realise is that the legal trade in many products is also dominated by these organised crime groups. The shark fin trade is an example. Even before any shark species were listed in the CITES Appendices, it was - and remains - highly secretive and conducted mainly via cash and handshakes, in order to avoid a paper trail

The Takaichi family runs one of the largest ivory trading companies in Japan, and they bought ivory at both the 1999 and 2008 auctions. In 2010, they were in court for trading in illegal ivory. The Poon family, exposed for dealing in huge quantities of illegal ivory in the United Arab Emirates in the 1980s, moved to Hong Kong, where the wealth they had accumulated from poached elephants allowed them to become large-scale shark fin dealers. These traders move easily between legal and illegal trade when it suits them.

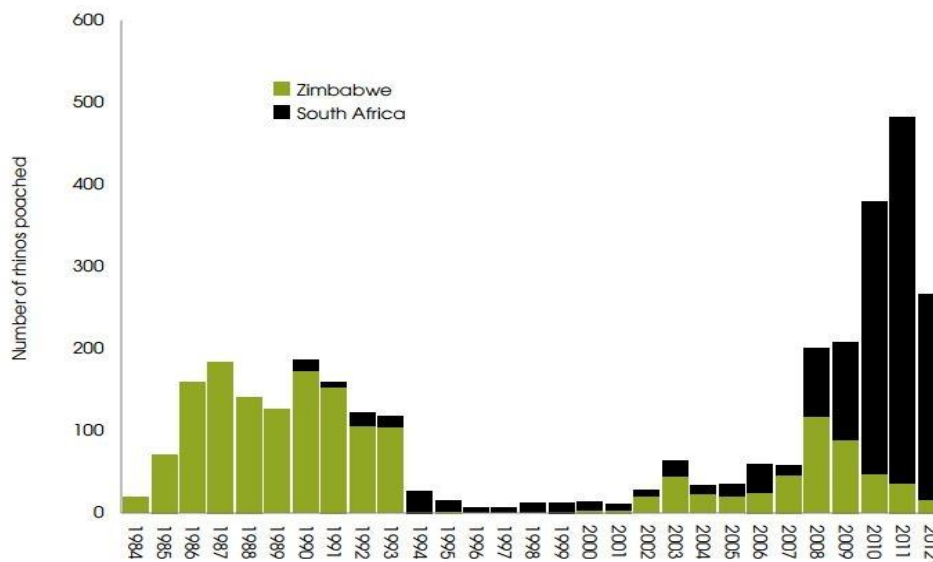
Parallel legal and illegal markets exist all over the world. The illegal trades in alcohol and cigarettes are worth billions of dollars globally and trade in wildlife is no different. Recently, the Secretary-General of CITES said that the legal trade in python skins is worth around USD1 billion a year, but that the illegal trade in python skins is also worth USD1 billion, and it threatens to destroy the legal trade.

## FLAWED ASSUMPTION #2: RHINO HORN BANS DON'T WORK

While it may not suit the purposes of the pro-trade lobby to admit it, the ban on rhino trade has worked - where it was enforced and supported with appropriate action. In the early 1990s Taiwan was a major importer of rhino horn for TCM purposes. After a highly successful NGO campaign, followed by sanctions from the USA, Taiwan clamped down hard on the trade and, at the same time, China outlawed rhino horn trade and removed rhino horn from its TCM pharmacopoeia.

The result was that poaching dropped precipitously and only increased significantly when the Vietnamese came on the scene.

### TRAFFIC graph



**Figure 20** Number of rhino poached by year in Zimbabwe and South Africa from January 1984 – 20 June 2012\* (data from N. Anderson, Lowveld Rhino Trust)

The rhino horn market in Taiwan has never recovered from the clampdown in the 1990s.

A ban is not simply a series of words on a piece of paper. South Africa has failed to carry out many of the necessary actions that would support the rhino horn ban. For example:

- while poachers are frequently killed or imprisoned, the more affluent and influential "khaki collar" criminals are usually given bail, or have the charges against them dropped, or turn State's witness and walk away free. The message, as one such individual was heard to boast in his local pub, is that these people are "untouchable". Some are known to have continued trading rhinos while out on bail. One is reported to have had his passport returned to him so that he could travel to Zambia. If the perpetrators think they will always get away with it, why would anyone expect this kind of crime to stop?
- the domestic rhino horn trade was not banned until 2009. This allowed rhino horn to be exported to East Asia, as admitted in the 2014 DEA report, thus undermining the ban.
- the government's constant threats to legalise trade have provided a major incentive to obtain and stockpile rhino horn
- the relaxed attitude towards pseudo-hunting, which began in 2003 but was not acted upon for five years, has ensured the illegal killing of many more rhinos and the entry of many more rhino horns into the east Asian markets
- the failure of South Africa to act upon advance warnings about pseudo-hunters from the Czech Republic has allowed individuals known to be engaged in illegal activity to receive export permits for rhino horn in South Africa as recently as 2012.

If South Africa is serious about banning rhino horn trade, then why has it failed to police the hunting industry, punish major South African offenders or act on advance warnings about pseudo-hunting?

### FLAWED ASSUMPTION #3: THERE IS ENOUGH RHINO HORN TO FLOOD THE MARKET

According to the Chairman of the Vietnamese Traditional Medicine Association, patients with less serious illnesses such as flu and rheumatism were prescribed 0.2 grammes of horn per day, to be taken for a month. That's 6 grammes per patient, per illness.

The middle class in China and Vietnam is estimated to number 400-600 million people. Let's take the lower estimate, and assume that only 10% of those people could afford and would want to use rhino horn. Let us also assume an average weight per horn of 4 kgs. If each of those people took only one 6-gramme course of rhino horn "treatment" in a year, that's still 40 million people. We would need 60,000 rhino horns **per year** to supply that demand.

This calculation excludes:

- 1) Potential users in Hong Kong, Taiwan, Singapore, Thailand and Malaysia
- 2) All other uses for rhino horn (high-end gifts, rhino horn jewelry and carvings)
- 3) The purchase and stockpiling of rhino horn as an investment
- 4) Future economic growth areas such as Burma, Laos and Cambodia

5) "Treatments" for more serious illnesses such as cancer and strokes

## CONCLUSIONS

- Legalising trade would simply add legally-sourced rhino horn to the illegally-sourced horn.
- It is highly likely that by encouraging "legal" purchases, the market would increase, as would the poaching, particularly as there is not nearly enough to go around.
- The criminals who are currently engaged in trading South African rhino horn would be the most likely beneficiaries of a legal trade.

Bans can and do work, but they have to be enforced and backed up with supportive action, such as punishing offenders and closing legal loopholes.