

Out of Africa

Mapping the Global Trade in Illicit Elephant Ivory

by Varun Vira, Thomas Ewing, and Jackson Miller

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Our approach leverages nontraditional investigative techniques and emerging analytical technologies. We recognize the value of working on the ground in the field, capturing local knowledge, and collecting original data to inform our analysis. At the same time, we employ cutting-edge technology to manage and analyze that data. The result is an innovative analytical approach to conflict prevention and mitigation.

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LEGAL DISCLAIMER

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EXECUTIVE SUMMARY

Global environmental crime is estimated by the United Nations to be worth as much as \$213 billion annually. Over \$23 billion is attributed to the illegal wildlife trade alone, of which ivory is an important component. Across Africa, as much as 5-7% of the elephant population is being slaughtered annually by a wide range of highly militarized actors, closely tied to conflict, organized crime, and political corruption. The price of ivory has skyrocketed from USD \$5/kg in 1989 to a wholesale price of USD \$2,100/kg in China in 2014, with retail prices much higher. To achieve this value, a trafficking organization must source, consolidate, transport, and sell ivory along an extremely long and complex supply chain that crosses borders and oceans and travels from the remotest corners of Africa thousands of miles to retail markets in Asia. *Out of Africa* investigates the global ivory supply chain to find that the illegal trade has consolidated and professionalized with the large majority of profits accruing to transnational organized crime. Between 2009 and June 2014, these criminal networks trafficked as much as 170 tons of ivory, which could amount to as many as 229,729 elephants.

The supply chain is the point of weakness in the ivory trade. There are, for all practical purposes, near infinite supplies of poachers in the “bush;” just 3-5% of ivory retail values still equals many months’ salary for most rural Africans. At market in East Asia, rising incomes make for a large pool of consumers who are not easily or quickly persuaded to change centuries-old preferences. Meanwhile, it is possible that as few as 100 large-scale ivory consignments move annually, but account for 70-80% of the illegal ivory trade. Intercepting these containers and dismantling the networks that transport them is vital.

Out of Africa focuses primarily on the large-scale ivory seizures that indicate organized criminal involvement. The methodology is three-phased: the first phase involves open source collection of seizure-related information, structured in Palantir, while the second maps and investigates entities linked to seizures using open data and public records. The final phase analyzes ivory trends, flows, networks, and markets using geospatial, link, and qualitative analysis. C4ADS hopes to bring transparency to an opaque illicit industry in a way that provides actionable insights for policymakers, enforcement authorities, and conservation organizations engaged in combating illicit wildlife crime. During the investigation, C4ADS found:

- **Trends:** Poaching and trafficking in ivory is at the highest level in 25 years. 2013 witnessed the largest amount ever of ivory seized in 500kg or more consignments (a heuristic estimate of shipment volume that indicates organized crime involvement).
- **Flows:** The primary axis for the illicit ivory trade is from Africa to East Asia, through the international container shipping system. The majority of shipments exit Kenya and Tanzania, bound for China, Thailand, and Vietnam.
- **Networks:** Traffickers, particularly Chinese, straddle Africa and Asia. They are linked to ivory-related seizures in nearly every African range state and at nearly every stage along the supply chain.
- **Markets:** China is the largest market for both legal and illegal ivory. A large amount of illicit ivory appears to move past Chinese authorities, at least a portion of which is then laundered through the legal ivory market.

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METHODOLOGY

This report is primarily focused on the transnational illicit transportation system for ivory and the organized criminal networks that dominate it. Available public data, however, is extremely limited. A large amount of information in this report is derived from C4ADS's ivory seizure database of over 500 'significant' seizures since 2008, the vast majority of which are over or least 100kg in size. Nearly every seizure has been investigated in depth to collect all available open source information on location of seizure, weight (using a 3.7kg per tusk estimate unless otherwise provided), origin and transit countries, linked individuals and entities, as well as their associated properties, including beneficial ownerships, phone numbers, addresses, and other characteristics. We use a wide range of open source resources, including English, Swahili, Chinese, and Vietnamese-language media, public records, including business and tax registries, court documents and case law, financial reporting, and unclassified law enforcement documents, as well as aggregated information provided in academic reports and other literature. Our intention is to examine the trade through a security and law enforcement lens.

We supplement our dataset with available data from the Elephant Trade Information System (ETIS), the primary source of data on ivory seizures, maintained by TRAFFIC on behalf of CITES, a United Nations treaty organization. ETIS is non-public and composed primarily of government-reported statistics as per UN treaty obligations. As of July 2014, it had 20,708 seizure records, although the vast majority, or 97.8% of records, were seizures under 100kg, which are of limited interest to our examination of organized crime trends. We have pieced together a large amount of semi-structured ETIS data from various reporting and analyses, particularly CITES reporting documents and redacted data from a 2013 analysis by Fiona M. Underwood, Robert W. Burns and Tom Milliken. We rely on ETIS primarily for historical and statistical information.

C4ADS acknowledges limitations in the available data. There is significant uncertainty around the quality of law enforcement and rates of interdiction, as manifested in seizures, and there are non-trivial methodological differences between various forms of reporting. Our dataset, for example, includes 85 seizures weighing at least 500 kilos between January 2009 and December 2013; TRAFFIC meanwhile counted 77, which could be as a result of discrepancies in weight reporting in the open source, weaknesses in government reporting, or as a result of methodological differences, for example linked containers being counted separately. To enhance the rigor of our analysis and mitigate the inherent weaknesses in the data, we supplement all trend and statistical information with qualitative data harvested from our extensive correspondence with anti-wildlife crime experts, law enforcement personnel, and conservationists around the world.

INTRODUCTION

The nature of wildlife crime has changed over the past decade. Once purely a conservation and biodiversity issue, the scale of illegal exploitation of natural resources has expanded drastically to become a major source of financing for transnational criminal actors. With annual revenues estimated between 70 and 213 billion dollars annually (as per UNEP),¹ Wildlife criminals have professionalized from decentralized, opportunistic individuals to transnational organized networks capable of harvesting and moving product on an industrial scale. The period between 2009-2013 has been the worst for illegal ivory activity in over 25 years, since the ivory trade ban in 1989. In 2013, over 50 tons of ivory were seized globally, a historical record, and nearly 45 tons of that total were seized in large-scale consignments that bear the hallmarks of organized crime. It is difficult to precisely determine the number of elephants killed to furnish this supply, but at least 20,000 elephants are being killed annually of a population of about 450,000,² with the real number likely significantly higher. The International Union for the Conservation of Nature (IUCN) calculated that the “threshold of sustainability” was crossed in 2010 when poaching figures outstripped birth rates; in every year since, the elephant population has stayed in net decline.³

C4ADS’s first-phase report, *Ivory’s Curse*, found a very real threat of extinction for many elephant populations across Africa. This is particularly true in Central Africa, where poaching and conflict have intersected for decades, and resulted in once-hundreds of thousands strong elephant populations being reduced to small and isolated pockets. Even Tanzania, the world’s fastest growing economy and former home to Africa’s second largest elephant population, has lost 66% of elephants in its famous Selous ecosystem since 2009, making it the continent’s gravest poaching hotspot. Southern Africa, which now hosts two-thirds of Africa’s elephants, is the last haven, but has already begun registering alarming incidents, and is likely to see a rapid increase in poaching in the near future as elephant populations decline elsewhere.

Out of Africa picks up where *Ivory’s Curse* left off to document and investigate the supply chain and trafficking of ivory from the bush in Africa all the way to retail markets in Asia. We find a complex and highly lucrative business that is nearly entirely dominated by organized crime, including African, but particularly Asian networks, many based out of Africa. Their operating scale is difficult to overstate. One environmental crime organization, the Xaysavang network, known to be one of the most professional and diversified of wildlife traffickers, trades in species from ivory and rhino horn to leopards, snakes, bears, pangolins and likely numerous other species.⁴ A single Xaysavang sales agreement uncovered by investigative journalist Julian Rademeyer promised to supply a Vietnamese company with 40,000 rat snakes, 20,000 monocellate cobras, 10,000 king cobras, 20,000 water monitors and 20,000 endangered yellow-headed temple turtles, all for US\$860,000.⁵ Within the ivory trade, many hundreds of dead elephants can be packed into a single container-load of ivory, worth several times the

¹ “The Environmental Crime Crisis: Threats to Sustainable Development from Illegal Exploitation and Trade in Wildlife and Forest Resources,” *United Nations Environmental Program/INTERPOL*, 2014. Available at <http://www.unep.org/unea/docs/rracrimecrisis.pdf>, pg. 4

² “Status of African Elephant Populations and Levels of Illegal Killing and the Illegal Trade in Ivory,” *CITES/IUCN/TRAFFIC*, December 2013. Available at <http://goo.gl/Z3uuZE>; “2013 Provisional African Elephant Status Report: (2012) Continental Totals,” *IUCN African Elephant Specialist Group*, 2013. Available at <http://goo.gl/1hn3wx>

³ *Ibid*, pg. 8

⁴ Thomas Fuller, “US offers reward in wildlife-trade fight,” *New York Times*, November 13, 2013. Available at <http://goo.gl/BVmZ6m>; Julian Rademeyer, “The story that exposed the Xaysavang syndicate,” *Killing For Profit [Blog]*, November 10, 2012. Available <http://goo.gl/6Mc6HG>

⁵ Julian Rademeyer, “Untouchable? Wildlife crime kingpin Vixay Keosavang,” *Environmental Investigation Agency*, February 10, 2014. Available at <http://goo.gl/mTYKRR>

Xaysavang contract. Hundreds of such containers move from Africa to Asia annually. The largest seizure on record was 7.2 tons of ivory seized in Singapore in 2002, and included 531 exceptionally large tusks. Today tusk sizes are smaller but numbers of tusks are higher; a seizure in Guangzhou in 2013 included 1,913 tusks, or almost one thousand elephants.⁶

The current poaching and trafficking crisis is at least the second in the African elephants' recent history; the first in the 1970s and 1980s nearly wiped out Africa's continental population with as many as 100,000 elephants being poached annually at peak volume⁷ until the 1989 ivory trade ban. In many ways, the ivory trade ban was extraordinarily successful. The price of ivory rapidly dropped as many legal suppliers and retailers dropped out of the market, and poaching and trafficking began to ease to manageable levels through the 1990s. A declassified CIA assessment from the period indicates that the price of ivory plummeted more than 50% after the CITES trade ban to between USD\$1-5/kg, and states price, not any increase in deterrence or law enforcement, to be the primary reason for the subsequent decline in wildlife poaching.⁸

Through the 1990s, in response to the illegalization of ivory and decreased consumer demand, the legal supply chain contracted and consolidated, and by the end of decade was almost entirely dominated by governments, or quasi-official entities. Illegal ivory demand, however, did not entirely disappear, and was met by a parallel and fully criminalized trade that slowly evolved and consolidated through the 1990s, and was firmly in place by the early 2000s when East Asian demand began to pick up in earnest. By 2008-2009, when it was evident that ivory trafficking had reached unprecedented levels, these newly evolved criminal networks had not just professionalized but also firmly entrenched themselves within the trade; the old generation of traffickers accustomed to forging CITES paperwork and generally working within the legal system have today been crowded out and replaced by a newer generation that ignores the legal system entirely, and operates within the same networked black market as traffickers in other illicit commodities, including narcotics, weapons, illicit mineral exports, and counterfeit products.

Asia has always been an important destination market for ivory, although the exact scale of demand is difficult to measure. Available historical ivory trafficking data is skewed towards European and American markets as a result of law enforcement and reporting disparities, but even in the early years of illegal activity, as much as 18.8 out of the 52 tons seized between 1989-1996 was directed towards Asian destinations.⁹ Today, this number appears closer to 90% or even more, especially when restricted to an examination of large-scale consignments and not individual small-scale trafficking activity. Asian organized criminal networks appear to dominate the most lucrative segments of the illegal supply chain and increasingly appear to be vertically integrating their operations to maximize their profits; both downstream to the source of ivory and upstream into illegal carving factories. Chinese illicit ivory traffickers in particular have been arrested across nearly every single African range state, and operate at nearly every point along the ivory supply chain.

⁶ “充满血腥的象牙(Ivory reeking of blood,” *Shenzhen Customs District, People's Republic of China*, July 24, 2014, Available at <http://www.customs.gov.cn/publish/portal109/tab61265/info714029.htm>

⁷ “Threats to African Elephants,” *World Wildlife Fund*, Available at <http://goo.gl/95zIVa>, accessed March 31, 2014.

⁸ “Enforcement of the Ivory Trade Ban: A One Year Assessment,” *Central Intelligence Agency Memorandum*, January 19, 1991. Available at http://www.foia.cia.gov/sites/default/files/document_conversions/89801/DOC_0000255987.pdf

⁹ Steven V. Nash, “Still in Business: The Ivory Trade in Asia, Seven Years after the CITES Ban,” *TRAFFIC*, April 1997.

PROLOGUE: POACHING

In *Ivory's Curse*, our detailed examination of elephant poaching across Africa, we found an industrial level of slaughter in a highly militarized trade that is funding a wide range of destabilizing actors across Africa.

- From **Sudan** come some of the continent's oldest, most violent, and proficient poachers, who are closely tied to the region's conflicts and double as militiamen for the Janjaweed and other auxiliary forces armed and supported by the sanctioned government in Khartoum. Sudanese poachers were among those that poached the white rhino into extinction in the 1980s and are at the vanguard of forces pushing the once-huge elephant populations of South Sudan, Central African Republic, and northern Democratic Republic of Congo into isolated pockets on the brink of extermination. In search of ever-scarcer elephants, Sudanese poachers are operating as far afield as Northern Cameroon and Southeastern Central African Republic, almost 700km outside their normal operating areas. They have operated alongside Séléka rebels in C.A.R. in known poaching incidents in 2013, and are responsible for the deliberate ambush and murder of five rangers from Chad's Zakouma National Park in 2011.
- In the **DRC**, successive waves of civil war and politically backed lawlessness, looting, and murder have affected the country's elephants, alongside its people. The elephant population has declined from 100,000 or so in the 1960s to likely less than 5,000 today, and yet poaching continues with high intensity. The country's last major elephant populations are located in the northeast alongside some of the D.R.C's worst violence; elephants suffer from a range of highly militarized poaching forces, including North and South Sudanese as well as local Congolese militias and poaching gangs. It is the Congolese military, however, that is the country's biggest poacher, both due to individual soldiers hunting for bushmeat or personal profit, as well as military-backed poaching cartels that arm insurgents and gangs to procure ivory, gold, and other conflict resources. The majority of elephants fall within the purview of the FARDC's 9th Military Region based out of Kisangani, which is known to be a major regional hub for the ivory trade.
- **Tanzania** is the epicenter of the current poaching crisis. Its Selous ecosystem had 109,419 elephants in 1976, but as of 2013 was down to 13,084, with almost 25,000 elephants or nearly 66% of the park's population, lost between 2009-2013. Tanzania's parks are some of the continent's largest known ivory export hubs, second only to Kenya. Poaching in Tanzania appears closely tied to high-level political corruption, including at the Ministry of Environment and among prominent operators of legal hunting concessions. Large-scale ivory seizures in Asia and forensic testing have frequently traced back to Tanzania, and to concentrated sectors of the Selous, pointing to highly organized syndicates poaching in select areas on a truly industrial scale. A drastic decline in Tanzania's elephant population is likely to have significant economic impact, given that wildlife is believed to account for 90% of its tourism industry, which in turn generates almost a quarter of the country's foreign exchange.
- **Mozambique's** elephants have undergone a devastating decline while its rhinos have already gone extinct. Cross-border poaching in the Kruger-Limpopo Park has professionalized and grown to become a national security threat to neighboring South Africa, and an accelerant for poaching in Tanzania. Mozambican poaching gangs now

cross the border daily to hunt South Africa's small population of rhinos, some of the continent's last. The economic incentives are strong: a single rhino is now worth as much as \$200-300,000 dead. Mozambican organized crime poaching syndicates are established across the border, and raid with heavily armed and well-trained poaching gangs, that do not appear to be deterred by even the South African military, which has deployed in the parks. Mozambican poaching syndicates appear closely tied to local security forces deployed in the region; several incidents have linked rifle serial numbers and equipment from poaching incidents back to army, border guard, and police units deployed near the border. Mozambique is also well placed to become a major ivory trafficking hub for much of Southern Africa.

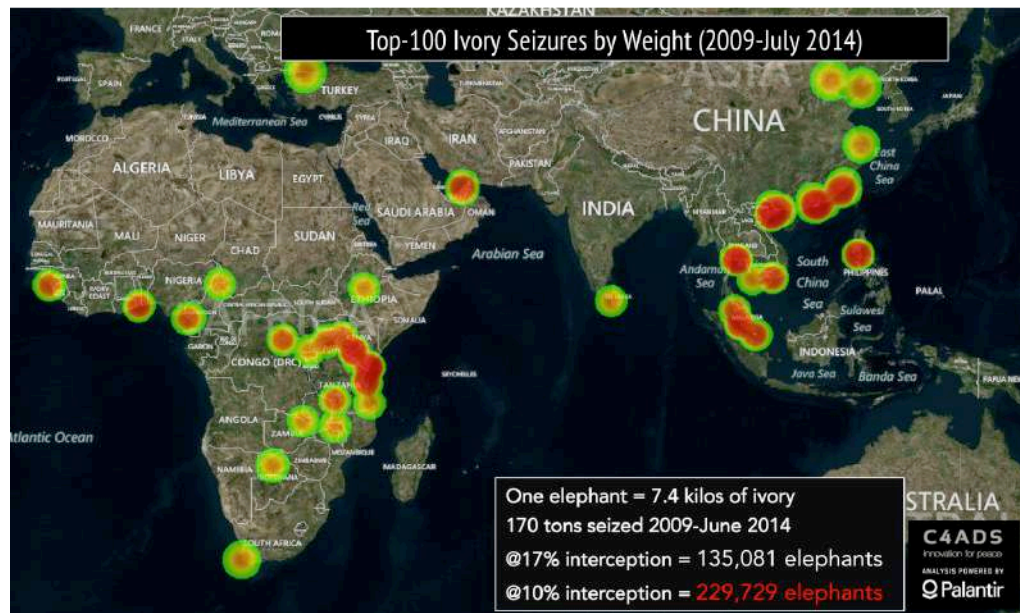
- **Kenya** appears to be facing an escalating poaching threat tied to domestic corruption, organized crime, and local poverty, as well as to cross-border Somali poaching gangs, including those linked to al-Shabaab, and other Somali militias. Statistics show that poaching in Kenya is steadily increasing, and Kenyan poachers are particularly notable for their high levels of violence when confronted with ranger forces. Shootouts, ambushes, and ranger casualties are no longer uncommon, while poachers appear equipped with increasingly better information, equipment, and weaponry. A significant amount of evidence suggests the collusion of Kenyan state, security, and political officials in the ivory poaching trade. Kenya's largest port of Mombasa is currently the continent's single most active ivory trafficking hub, servicing much of Central and East African poaching.
- **Zimbabwe** currently has low reported poaching levels but converging incentives make it likely that poaching will soon intensify. Demand for bushmeat in Zimbabwe and growing human-elephant contact contribute to the risk of increased poaching, but the most serious threat comes from the growing incursion of politically connected Mugabe regime loyalists into the wildlife sector. Safari and game reserves (and illegal hunting and poaching) are some of the few sources of scarce foreign currency left in Zimbabwe, and a number of individuals on the U.S. sanctions list have muscled into safari and hunting industries. Some of these individuals have already been linked to poaching and trafficking networks.
- The **TRIDOM** area, comprising parts of Cameroon, Gabon, and the Republic of Congo on the west coast of Central Africa, hosts the continent's last large forest elephant population. Elephants are located in the remote hinterland, which was once nearly untouched by humans, but is today threatened by rapidly growing forestry industries and spillover from conflict in neighboring countries. Recent surveys have shown very significant declines in local elephant populations, while a large number of small seizures have involved Asian logging and forestry exporters, particularly related to Chinese investment projects near the forest periphery.

TRENDS

Global illegal ivory activity is operating at its highest level in over 25 years (since the 1989 CITES trade ban). The volume of illegal trade is estimated to have tripled between 1998-2011 and is increasing at an escalating rate: activity more than doubled between 2007 and 2011.¹⁰ The scale is hard to understate. Large illegal ivory consignments, especially those weighing over 500kg of raw ivory, are widely perceived as a strong indicator of the involvement of organized crime, given the difficulties of consolidating the hundreds of tusks necessary to meet this volume. These types of seizures are rare, but constitute a majority of all ivory trafficked. Out of 3,360 weighted raw and worked ivory seizure records collected by ETIS in the 12 years between 1996-2008, there were only 60 large-scale (>500kg) seizures totaling 91 tons, accounting for a mere 1.8% of the total number of seizures but almost 60% of the total volume seized.¹¹ In the 5.5 years since, from January 2009 until June 2014, C4ADS has counted more than 90 such seizures totaling almost 170 tons (CITES counted 77 seizures between 2009-2013, totaling 140 tons). At 3.7kg a tusk and a 10 percent interception rate, this volume would equal 229,729 elephants killed and trafficked over the period.

2013 was the worst year on record for large-scale shipments. At least 19 large-scale seizures were recorded by ETIS, just shy of the 2011 high of 21, but they amounted to a record amount of ivory (by weight) of almost 45 tons, more than the total weight seized across all transactions in most years. **Figure 1.1** heat-maps the top 100 seizures in the C4ADS wildlife database in the period between January 2009 and June 31, 2014, including all greater than 500kg. This dataset clearly highlights the primary axis of ivory trafficking; out of Africa, especially East Africa, and towards East Asia, with very little evidence of flows traveling anywhere else in the world.

Figure 1.1: Top 100 Ivory Seizures by Weight (2009-July 2014)



Source: C4ADS Ivory Seizure Database hosted in Palantir

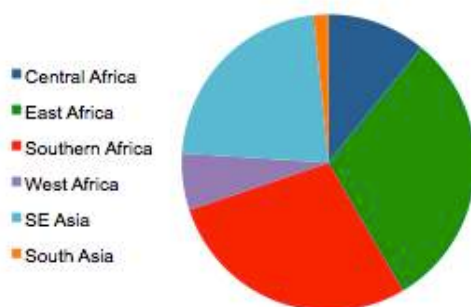
¹⁰ “65th Meeting of Standing Committee: Elephant Conservation, Illegal Killing and Ivory Trade,” *CITES CoPS16*, 2013. <http://goo.gl/GsRMWI>

¹¹ ETIS data; Available through Fiona Underwood, Robert W Burns, Tom Miliken, “Dissecting the Illegal Ivory Trade,” *PLOS One*, 2013.

All trends point to an expanding and increasingly sophisticated trade. As seen in **Figure 1.2**, prior to 2009, no year saw greater than seven (>500kg) seizures, with an average of five seizures annually. Since 2009, however, the annual number of large-scale seizures has tripled to an average of 15 with a high of 21 seizures reported in 2011.¹² There is little consensus on what proportion of actual trafficking this actually represents given uncertainties in the interception rate. Private C4ADS correspondence with wildlife law enforcement officials suggests that fewer than 10% of illicit ivory shipments are actually seized, but UNODC in 2010 estimated a 17-40% interception rate, with emphasis on the lower end.¹³ Based on the nature of ivory flows, originating from low-capacity African ports and transiting through often under-screened Asian ports, it is possible that even these figures overstate interception rates.

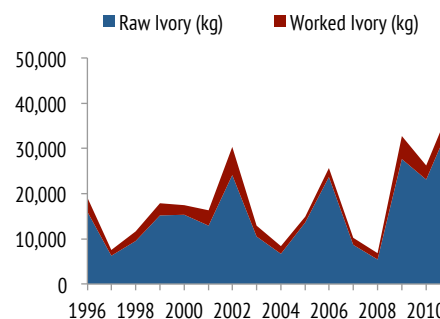
Available data through the 1990s is notable for the relatively low amount of reported seizures, but between 1989-2010, a total of 457 tons of ivory was seized, as seen in **Figure 1.3**, per ETIS data. This averages about 21.8 tons each year, about half of the volumes seized in recent years. Within this dataset, regional dynamics are changing. Southern Africa is declining significantly in large-scale seizures in recent years, while Southeast Asian and East African seizures are increasing. **Figure 1.4**, however, which breaks out seizures by type, shows that the vast majority of seizures by volume continue to consist of raw ivory shipments en route to processing centers, and not worked or finished ivory products en route to retail markets.

Figure 1.3: Ivory Seizures by Location ('89-'10)



Source: ETIS

Figure 1.4: Ivory Seizures by Type ('96-'11)

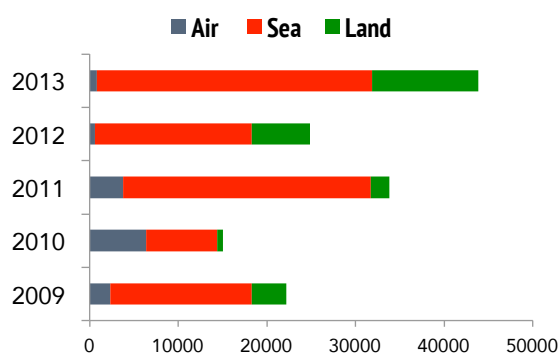


Source: ETIS

¹² CITES CoPS16, pg. 28

¹³ UNODC, 2010, The globalization of crime, "A transnational organized crime threat assessment," Chapter 7 Environmental resources, (2010), p. 158.

Figure 1.5: Ivory Seizures by Transport Mode ('09-'13)



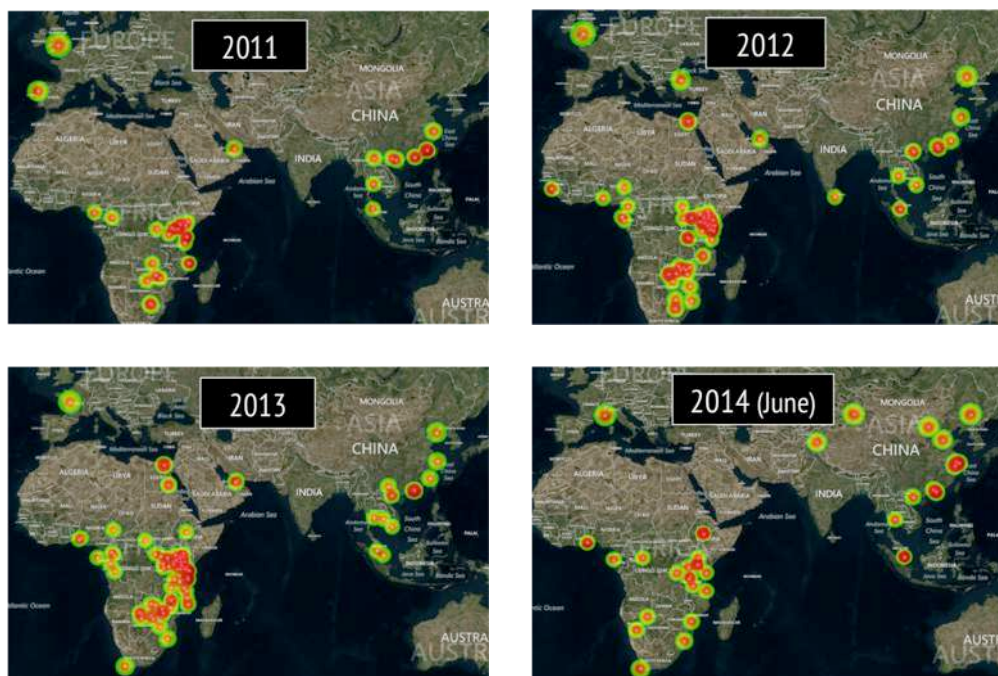
Source: ETIS

Ivory flows tend to follow a complex supply chain, which may involve long air, land, and sea routes along which contraband can be seized at any point. A clear majority of ivory flows, however, are seized at sea as seen in **Figure 1.5**. Airborne freight, which once accounted for a sizable share of trafficking incidents, has sharply decreased to a single large-scale seizure in 2013; although, seizures in 2014 recorded by C4ADS illustrate a moderate resurgence.

There are a growing number of seizures at African seaports, a promising trend, as most seizures have historically been in Asia.

The primary transport axis for illicit ivory is by sea through the Indian Ocean, from East Africa to East Asia, as reflected in a mapping of C4ADS data from 2011 to June 2014 in **Figure 1.6**. There are a few outliers to this trend, but most appear to be indirect routes cultivated by traffickers, and not alternative markets. East Africa has clearly eclipsed West and Southern Africa as the primary gateway, while illicit ivory continues to be seized along the entire East Asian littoral, from Southeast Asia up through the Chinese coastline, and particularly at ports in the Strait of Malacca, northern Vietnam, and the Chinese Pearl River Delta.

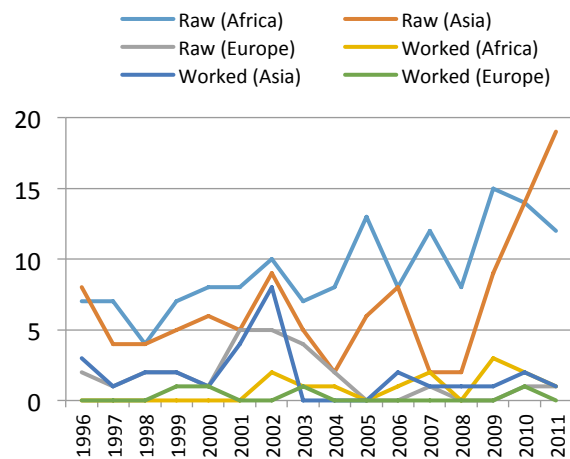
Figure 1.6: Heatmap of Ivory Seizures by Year



Source: C4ADS Palantir ivory seizure database

Examining ivory consignments greater than 100kg sheds further insight on the growing importance of East Asian markets within the illicit ivory trade. **Figure 1.7** distinguishes seizures by location and by raw vs. carved ivory, and finds that Africa to Asia has consistently been the primary axis for illegal ivory consignments since the mid-1990s. After 2008, however, a sharp spike in raw ivory seizures was registered in Asia, while western markets, which have always been a minority, declined further to virtually no activity. Only four seizures (>100kg) were recorded in Europe between 2004 and 2011, and much of that activity actually appears to have been tied to Asian markets.

Figure 1.7: >100kg Seizures Raw vs. Worked (1996-2011)



Source: ETIS

While this data, much of it harvested from ETIS, offers interesting insights into the ivory trade, it contains serious gaps, notably several countries known to be poaching and trafficking hotspots that have reported almost nothing. Sudan, for example is known to have been a major, if not the largest, ivory trafficking center through the 1970s and 1980s. Yet, it reported only 202 seizures representing 6 tons in the 21 years after the 1989 trade ban,¹⁴ despite having exported over 1,121 tons of ivory in the 8 years prior.¹⁵ During the same period, despite having lost almost 200,000 elephants, the Central African Republic and Chad collectively reported only 61 seizures representing just over 2.2 tons over the same 21-year period. Tanzania hosts another glaring gap, and is especially relevant today as the country is widely considered the continent's poaching epicenter. In ETIS data from 1989-2011, Tanzania accounted for 21 of the 83, or more than a quarter, seizures recorded greater than 800kg, yet nearly all took place in the 1990s. An August 2011 seizure of 1,041 tusks was only the second large seizure in Tanzania since 2002, despite ivory clearly transiting through; ten seizures totaling 28.6 tons were seized in Asia that had originated from Tanzania between 2003-2010,¹⁶ and in 2011-2014 several seizures in Malaysia, Vietnam, and China originated from Tanzanian ports. Moreover, new countries appear to be rising in prominence as trafficking centers; in 2013-2014, several large-scale seizures occurred in the Togolese port of Lomé, which did not appear to play a major role in previous years.

¹⁴ "Monitoring of Illegal Trade in Ivory and other Elephant Specimens," *CITES CoPS15 Doc. 53*, March 13-25, 2010. Available at <http://www.cites.org/sites/default/files/common/cop15/inf/E15i-53.pdf>

¹⁵ Philip Winter, "Sudan Elephant Conservation Plan," *African Elephant Conservation Co-ordination Group*, 1991.

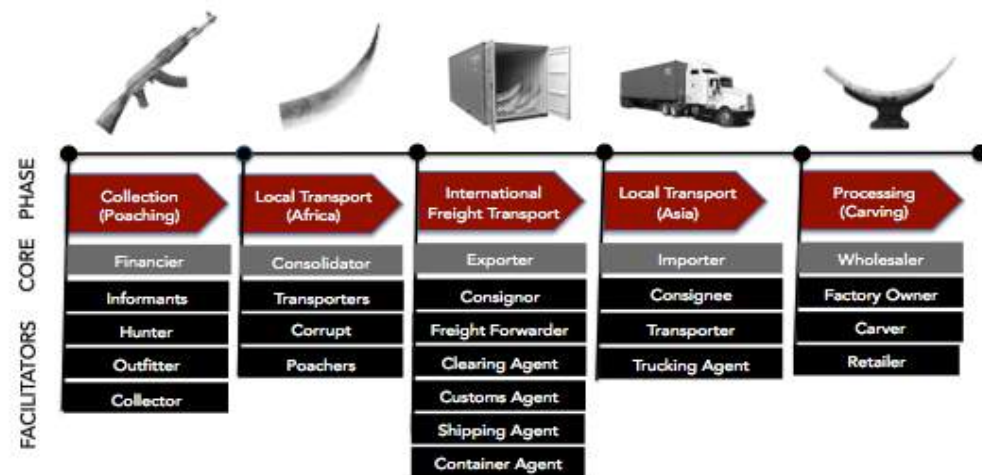
¹⁶ "More than 1,000 tusks seized in Tanzania," *TRAFFIC*, August 26, 2011. Available at <http://goo.gl/AjMFvV>

FLOWS: THE VALUE CHAIN

Understanding the flow of ivory is imperative. Ivory flows upstream along its value chain, from low-value poaching in the ‘bush’ across Africa up into the hands of established African and Asian criminal networks that move it through the international transport system to market tens of thousands of miles away. After a tusk is removed from an elephant, there is an abrupt transfer from the nonprofessional, but often highly militarized, poaching networks that carry out the killing, to more professional trafficking networks capable of nesting their illicit activities within the legal international trade and transportation systems.

The ivory supply chain is best conceptualized as a series of functional steps, as seen in **Figure 2.1**, each of which is necessary for the transformation of individual tusks into a consolidated, containerized shipment, and finally a processed product ready for retail sale. Each functional step is centered at a different physical location, and entails the involvement of a wide range of actors, who may only be aware of the actors with whom they have immediate contact. Each actor occupies a place in the value chain by virtue of the unique skills they bring to the table, and which increase in value with distance from the actual poaching. The more functional steps a network is able to control, the higher its level of vertical integration, and thus the higher its potential profit margin and the commensurate levels of organization and sophistication required. It is a worrying trend then that many Asian organized crime networks appear to be consolidating and expanding their operational range on both ends of the chain: reaching ever closer to the actual source of ivory in Africa, while expanding from trafficking alone, into the Asian retail sectors, and further into direct involvement with black market carving factories – all in a bid to maximize profits.

Figure 2.1: The Conceptual Ivory Value Chain

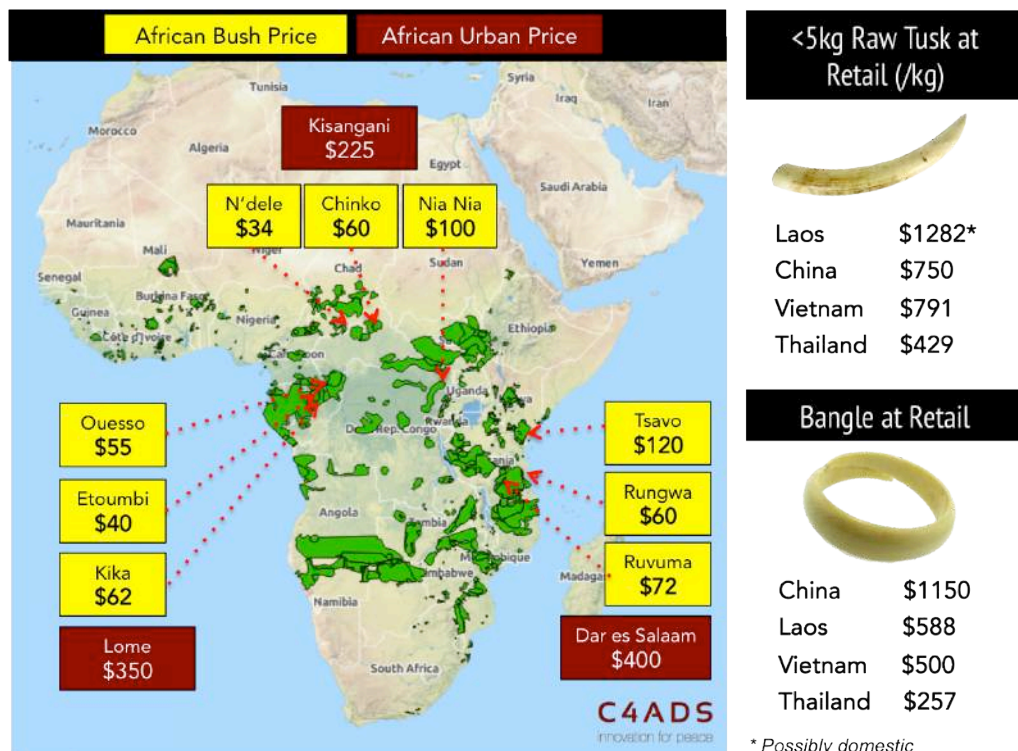


Source: C4ADS analysis

Those able to make the physical leap along the supply chain from Africa to Asia are placed to make the highest profits; as a result, examining price can be an important means to understand trade dynamics. Previous analysis of price chains in the West Central African TRIDOM region revealed that the increase in local prices from the forest to an export hub corresponded to known trafficking routes, and that prices increased along with population density and with proximity to trafficking hotspots. Prices can increase by up to 500% relative

to their bush value by the time they reach African urban centers, and over 4,000% by the time they reach retail markets, as seen in **Figure 2.2**. At every stage of the supply chain, prices appear to include comfortable margins that incentivize a large number of individuals and entities to engage with the trade. Poachers for example receive less than 5% of the value of a kilogram of ivory compared to Asian retail prices, but that 100 or so dollars for a single tusk still vastly outperforms alternative local labor choices.

Figure 2.2: Comparative Prices (per kg) Across Africa and Asia (July 2014)



Source: Ivory market surveys and C4ADS correspondence with Kenya Wildlife Service, PAMS Foundation, LAGA, TALF/PALF, Chinko Project, African Parks, Bonobo in Congo, Daniel Stiles, Vincent Nijman,

The **collection** of ivory increasingly takes place on an industrial scale. While there is still opportunistic poaching driven by the relatively high local value of ivory, most local poaching appears to source to, or have been entirely co-opted by, organized criminal networks. DNA tracing of large seizures made in Asia all traced back to same small pockets of elephants in Tanzania's Selous, highlighting syndicates able to mount repeated and very concentrated poaching operations.¹⁷ Other DNA analysis, from a seizure in Tianjin, China, traced the ivory back to elephants from Tanzania, Mozambique, and Malawi,¹⁸ highlighting networks capable of sourcing from across multiple borders to consolidate large shipments. Both highlight the level of impunity required. Poaching networks are able to leverage the collusion of politicians, security forces, and even wildlife rangers, as well as buy the local support needed to find and poach so many elephants so quickly. A notorious incident in 2013 in Hwange National Park

¹⁷ Lisa Brown and Sam Wasser, "Using Forensic Science to Combat the Illegal Ivory Trade," at a forum hosted by *The Richardson Center for Global Engagement, World Wildlife Fund and African Parks*, October 31, 2013. Available at <http://goo.gl/VGECPN>, pp. 27-31.

¹⁸ "Research Project on Determination of Age and Geographic Origin of African Elephant Ivory," *CITES*, March 3-14, 2013. Available at <http://www.cites.org/sites/default/files/eng/cop/16/inf/E-CoP16i-19.pdf>

in Zimbabwe that resulted in the poisoning of nearly 100 elephants was orchestrated by a trafficking network but co-opted local villagers to actually go out and place the cyanide along elephant watering holes. Such collusion is unsurprising; even just 2-3% of the retail value of a single pair of tusks (as is not uncommon for poachers to receive) can mean many months worth of local income, creating a huge supply of willing and eager would-be poachers.

The “**African local transport**” leg of the supply chain is by itself an extremely long and complicated route, as seen in **Figure 2.3**. Ivory can travel hundreds of miles from remote and infrastructure-deficient corners of the African bush to major urban centers for consolidation and containerization, and then hundreds more miles to an exit port or airport. The number of handoffs along this route varies widely; rhino horn poaching networks from Mozambique are organized enough to receive horn from poachers within minutes of their returning from poaching operations in South Africa, rapidly moving it within a day to a consolidation point. Less organized poaching theaters likely see more hand-offs, with leakages occurring along the route. However, nearly every poaching theater examined in *Ivory’s Curse* saw high levels of criminal organization and what appeared to be relatively swift movements away from the forest periphery.

Speaking generally, the end of the “African local transport” leg is usually the point where African poaching networks hand off to Asian trafficking networks, although every network is unique, and Asian networks appear to be trying to move downstream to control more aspects of the local transport chain; most Asian trafficking networks appear to have facilitators permanently or temporarily based in range states, to arrange or facilitate consignments.

Figure 2.3: Network and Shortest Path Analysis of DRC-Uganda-Kenya Ivory Trafficking Route



Source: USAID GIST Portal Africa roads basemap; shortest path analysis QGIS route plugin; C4ADS investigation of linked entities

International freight transport begins at Africa’s largest ports and airports, with traffickers nesting their activities within the legal transportation system. This is in many ways intuitive: the ivory trade is a business, and traffickers seek to minimize costs across an extremely long route to East Asia. The cost of transport along the international leg is likely the most expensive leg of the supply chain for traffickers. It includes not only the direct cost of leasing one, or multiple, containers along one of the more expensive global shipping lanes, but also the indirect costs of bribing or coopting customs officials, freight logisticians, and other facilitators who are all needed to successfully move illicit products through the international shipping system. Additionally, at this point, traffickers usually set up shell companies to consign the product while hiding ownership details, which requires additional expertise and funds. Goods can be transshipped through multiple transit points, where networks may or may not also have facilitators to expedite travel. The continent’s most active ivory export hubs are in East Africa; Kenya’s Mombasa port profiled in **Figure 2.4** registered the most seizures worldwide in 2013-2014.

Figure 2.4: Ivory Export Hubs: Port of Mombasa, Kenya

Kenya’s Mombasa Port is currently the continent’s single most active ivory export hub, replacing Dar es Salaam. It is also East Africa’s primary trade hub for both licit and illicit activity. Instability in Mombasa has grown through 2013-14



Indicator	2007	2008	2009	2010	2011	2012
Throughput ('000 TEU)	585	615	618	695	770	895
Gross Shipping Waiting days	0.43	0.55	0.23	0.50	1.11	0.33
Container Dwell Time (days)	6.1	12.1	6.0	5.6	6.5	6.7
Ship Turnaround Time	3.7	4.9	3.6	4.0	4.4	4.2
Gross moves/day	289	293	320	330	309	456

Source: Bollore Logistics



MV Al Noor seized July 3, 2014 carrying over 300kg of heroin worth \$2.5 million.



October 2013, 100 disabled people intercepted while being trafficked to Tanzania to work as beggars



March 2014 car bomb found in Mombasa, a known al-Shabaab financing & recruiting hub

Source: Bollore Logistics; open source reporting.

“Asian local transport” chains, like their African counterparts, can also themselves be long and complex, as ivory moves from an import point to its final destination at a carving or processing facility. Just like in Africa, a range of shell companies and obfuscation techniques are used to receive cargo, while ivory can again move across multiple borders, often involving multiple hand-offs and modes of transport that depends on networks and routes. Just on the China-inbound axis for example, ivory can transit to the Chinese mainland via Hong Kong and Macao on river barges and speedboats, into Southern China on trucks and buses crossing the border from northern Vietnamese ports, or on fishing boats and tugs moving from the Philippines to the Chinese coastline. Local transport chains generally end at the point of sale or handoff to a carving factory or other processing center, but there are growing suggestions and anecdotal evidence that some syndicates are stockpiling and warehousing ivory to release gradually into the market.

SEABORNE FLOWS

Maritime trafficking is the primary transport vector for illicit wildlife products originating from poaching hotspots in Africa en route to East Asian retail markets. Illegal ivory shipments nest within licit patterns of trade and transportation, and most contraband is seized at transshipment ports along major shipping liner hubs, from Africa to East Asia, through Indian Ocean shipping lanes. The ease and sophistication with which ivory traffickers are able to navigate through the shipping system illustrates the trade's linkage to transnational organized crime, political corruption, and professionalized illicit facilitators. Between January 2009 and December 2013, there were 77 large-scale (>500kg) ivory seizures across the world, per ETIS data, 64% of which were transported by sea, amounting to 72% of the total weight seized.¹⁹ Seaborne shipments are increasing in both frequency and as a share of total trafficked volume, but most seizures have historically been on the East Asian leg of the journey, where security screening is better than African ports. 2013 marked the first reversal of the trend, with more seizures in Africa than in Asia, a potentially promising indicator. By C4ADS estimates, there are likely between 100-200 container-loads of ivory moving annually, a small number relative to much larger numbers of small-scale seizures on land and at airports around the world.

Before the 1989 global ivory trade ban, Southern Africa was the primary exit point for illegal seaborne ivory shipments; however, the key export axis has shifted to Eastern Africa in recent years. From 2009-2011, three ports intercepted 58% of global ivory weight: Mombasa, Dar es Salaam, and Zanzibar, which are also the points of origin for the majority of 2013's ivory shipments.²⁰ Illicit ivory flows nest within licit patterns of trade, and criminal syndicates do not appear to maintain parallel trafficking lanes. Essentially, the movements of illicit ivory in transit closely resemble those of any ordinary commodity. As such, combating the illicit ivory trade will not require shutting down parallel trafficking lanes, but rather will mandate enhanced due diligence along the shipping supply chain to better identify trafficking typologies, and more comprehensively apply compliance protocols and risk filters.

The typical large-scale ivory consignment today contains between one and three tons of ivory and is carried in a standard 20 or 40-foot (1-2 TEU) container, which can carry roughly 21-27 tons of cargo. Traffickers hide the ivory among a wide range of cover material as seen in **Figure 2.5**, with some methods more elaborate and sophisticated than others. Some networks utilize materials such as garlic or fish to hide the smell of decomposing ivory, or create false backs within containers to hide contraband from inspectors; others rely on the strength of their port contacts. Smuggling

Figure 2.5: Shipment Cover Materials



Source: Open source and law enforcement reporting

¹⁹ "Status of African Elephant Populations and Levels of Illegal Killing and the Illegal Trade in Ivory," CITES/IUCN/TRAFFIC, Dec 2013, pp. 14.

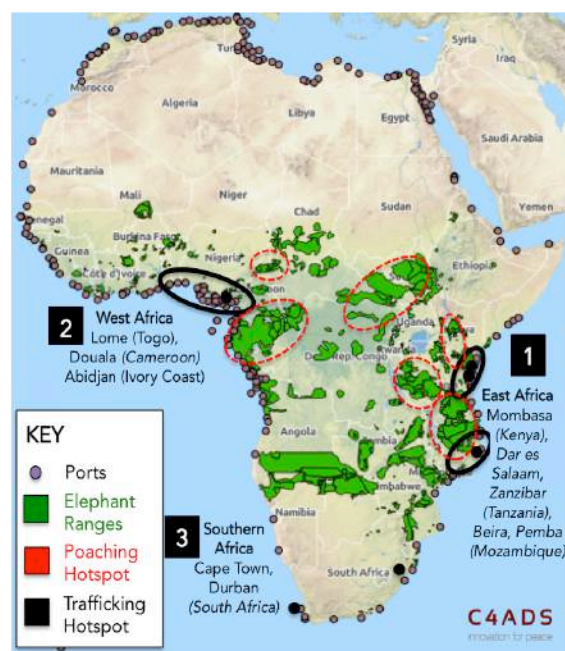
²⁰ CITES CoPS16, pg. 20.

patterns can change; modus operandi, methods of obfuscation, type of obfuscation materials, the characteristics of consignors, and the choice of routes can all evolve and adapt, but they can also collectively amount to a “signature.” This signature can help trace back the origins of a network and create risk metrics to more effectively harden the shipping system against known violators and trafficking techniques. The nexus between criminal syndicates and corrupt freight logisticians may be particularly important, as without legitimate freight forwarders and shipping agents to help obscure the paperwork and the true consignment details, consignments would be much more vulnerable to interception.

Ivory does not generally exit out of remote coastal areas, but rather out of a small number of the continent’s largest and most-established ports, many of which serve as regional trade hubs. These ports are not large by global standards; not a single African port ranks within the world’s top-50, and the entire continent accounts for only 5.5% of seaborne dry cargo movements.²¹ Moreover, ivory traffickers appear to move their product through a relatively small cohort of shipping companies and logistics providers, simply because they are the only option; this of course does not mean the companies are complicit or even negligent, but rather disproportionately exposed to the risk. Three major pre-inspection companies, Bollore Logistics, Bureau Veritas, and Cotecna, screen the majority of cargo across numerous African ports, while fewer than ten shipping liners (namely CMA-CGM, Maersk, Zim, Hapag-Lloyd, PIL, Evergreen Shipping, Delmas, NYK, and Mediterranean Shipping) service the majority of Africa-East Asia container routes. These companies cannot be expected to police a difficult operating environment alone, but engaging them will be critical to solving the problem.

Major poaching and trafficking hubs are illustrated in **Figure 2.6**, but the primary export hubs today appear to be East African. The three ports of Mombasa, Dar es Salaam, and Zanzibar accounted for 58% of all ivory weight seized between 2009-2011, while in 2013, C4ADS seizure figures suggest that as much as 80% of large-scale ivory seizures were in either Kenya, Tanzania, or Uganda. Mombasa has the highest number of seizures globally by volume – some 18 tons between 2009-2013 by C4ADS’s count – but despite a large number of containers that were seized in Asia and known to have originated from Tanzania, very few seizures are actually made at Tanzanian ports, likely due to mismanagement and corruption at port facilities. To a lesser degree, Mozambique’s ports of Pemba and Beira are also active in the ivory trade. Mozambique has lost nearly all its

Figure 2.6: Major Poaching & Trafficking Hotspots



Source: IUCN data; C4ADS seizure database; Ivory’s Curse

²¹ “Review of Maritime Transport 2013,” *United Nations Conference on Trade and Development*, 2014. Available at http://unctad.org/en/PublicationsLibrary/rmt2013_en.pdf

elephants as of 2014, but could reemerge as a trafficking hub if poaching in other countries in Southern Africa picks up. It already serves as a transit route for rhino poached out of South Africa's Kruger ecosystem, but could also traffic ivory for landlocked neighboring Zimbabwe and Zambia, and possibly even Botswana. Further north, there is very little visibility in Somalia and Sudan, although Port Sudan (North Sudan) has long been linked to the ivory trade, and Sudanese poaching gangs are known to return to North Sudan. Similarly, an unknown portion of ivory, likely Central African and Kenyan, passes through the ports of Somalia, including Kismaayo (Kenyan-controlled), Mogadishu, and possibly Baraawe (al-Shabaab-controlled), for onward transit on dhows to Persian Gulf ports.

In the mid-2000s, a significant amount of trafficked ivory exited West Africa. One of the largest seizures pre-2008 (in 2006) was seized in Hong Kong, but the container was traced back to Cameroon and found with ivory chips and a flour sack from Gabon; the container serial numbers indicated it had been shipped three or more times along that route.²² Since 2008, East African routes have dominated, but West Africa is resurging in activity as of 2013-2014, which likely correlates to the growing levels of poaching in Gabon, Republic of Congo, and Cameroon, the last major population for forest elephants in the world. Ivory is known to exit out of the ports of Douala (Cameroon), Lome (Togo), and Abidjan (Ivory Coast), but also likely through Nigeria, Republic of Congo, and possibly Gabon, although there have been no major seizures at their ports. The trade appears trans-bordered: Nigerian nationals have been involved in the trade, there are persistent hints of professional Guinean networks operating in the region,²³ while French-speaking West Africans now supply ivory as far south as Angola.²⁴ Ultimately, both West and East Africa are likely to grow in tandem as trafficking hotspots, especially as Central Africa's last elephants are exterminated and poaching shifts closer to each coast.

Southern Africa, which once saw the export of hundreds of thousands of tusks pre-1989, now has much lower poaching and trafficking levels, though the region is witnessing a gradual resurgence. Highly professional Asian rhino horn and abalone syndicates are known to operate out of South Africa, including the Chinese Triads,²⁵ and may have already diversified into elephant ivory. Ivory out of Zimbabwe is known to enter South Africa for onward processing or transit, while there have been significant seizures in port cities like Durban and Cape Town; the latest saw over 3,000 worked and very fresh cut pieces seized at a storage facility in Cape Town in May 2014.²⁶ More worrying than known incidents, however, are the incentives: Southern Africa now has an estimated two thirds of the continent's elephant population, and sheer numbers suggest that poaching will soon displace into Southern Africa. Zimbabwe is already witnessing rising levels of industrial poaching, while Botswana and Namibia, which are two of the safest elephant ranges, have also witnessed incidents that suggest sophisticated poaching and trafficking cartels are already active. In December 2010,

²² Samuel K Wasser, William Clark, Ofir Drori et al, "Combating the Illegal Trade in Elephant Ivory with DNA Forensics," *Conservation Biology*, Vol. 22, No. 4, (2008), pp. 1065-1071.

²³ C4ADS correspondence with Karl Ammann

²⁴ Colin McClelland and Manuel Soque, "Angola's China Trade Links Foster Booming Trade," *Bloomberg*, July 9, 2014. Available at <http://www.bloomberg.com/news/2014-07-08/angola-s-china-trade-links-foster-booming-illegal-ivory-trade.html>

²⁵ C4ADS correspondence with South African financial intelligence official; "Criminal Nature: The Global Security Implications of the Illegal Wildlife Trade," *IFAW*, June 2013. Available at <http://goo.gl/gLzdyd>; "Transnational Activities of Chinese Organized Crime Organizations," *Crime and Narcotics Center, Directorate of Intelligence*, April 2003. Available at <http://goo.gl/goSj4F>

²⁶ Francesca Villette, "Fingerprints link accused to illegal tusks," *IOL News*, May 27, 2014. Available at <http://goo.gl/iixUrG>

almost 40 tusks weighing over 480kg were seized in an incident tying Botswanan politicians to Chinese organized crime,²⁷ while in 2014 three Chinese nationals were arrested in Namibia with over 14 rhino horns,²⁸ likely from its population of fewer than 5,000 black rhino.

A host of law enforcement deficiencies allow for a rather unimpeded operational environment for major criminal syndicates. A number of port security indicators are seen in **Figure 2.7**, all of which affect a trafficker's ability to operate. The level of corruption within the ports likely stands first and foremost; from high-ranking government and security force officials who 'protect' consignments, down to dockworkers or customs agents bribed to get cargo cleared and shipped. However, customs inspection rates, especially physical and multiple inspection rates, can vary significantly between ports, especially in terms of specialized screening equipment or resources such as canine units that are specific to illicit wildlife flows. Similarly, port procedures and infrastructure can determine costs for traffickers; the number of required export documents can increase the avenues for corruption but also the costs in terms of how many individuals or sets of paperwork need to be forged, while the quality of port infrastructure determines how easily and cheaply shipping liner routes to East Asia can be found. Container dwell time, the time containers spend before being loaded onto a ship, may be particularly important as the majority of seizures are as a result of tip-offs rather than screening detection: in most African ports dwell time can be very long, meaning a sizable risk of interception during the loading process.

Figure 2.7: Port-Level Comparative Risk Indicators

	Kenya (Mombasa)	Mozambique (Pemba)	Cameroon (Douala)	Ivory Coast (Abidjan)	S. Africa (Durban)
Physical Inspection Rate (%)	25	UNK	9	2.5	5
Multiple Inspection Rate (%)	2	UNK	6	1	2
Required Export Documents (#)	8	7	11	9	5
Irregular Payments in Exports (1-7)	2.5	3.4	2.7	2.4	4.5
Cost to Export Container (US\$)	2,255	1,100	1,379	1,990	1,705
Container Dwell Times (days)	5	21	12	12	4.5
Quality of Port Infrastructure (1-7)	3.8	3.4	3.7		4.7
Transshipment Connectivity (1-100)	72	69	75	76	82

Source: Africa Development Bank Data Portal; World Bank Logistics Performance Index 2012, World Economic Forum Global Enabling Trade Report 2012, International Finance Corporation Trading Across Borders 2013, World Economic Forum Global Competitiveness Report 2013

A comprehensive port security index is best left to maritime logistics specialists and beyond the scope of this report, but speaking broadly, ports that demonstrate both poor screening quality and superior infrastructure, particularly in terms of shipping connectivity, are likely to

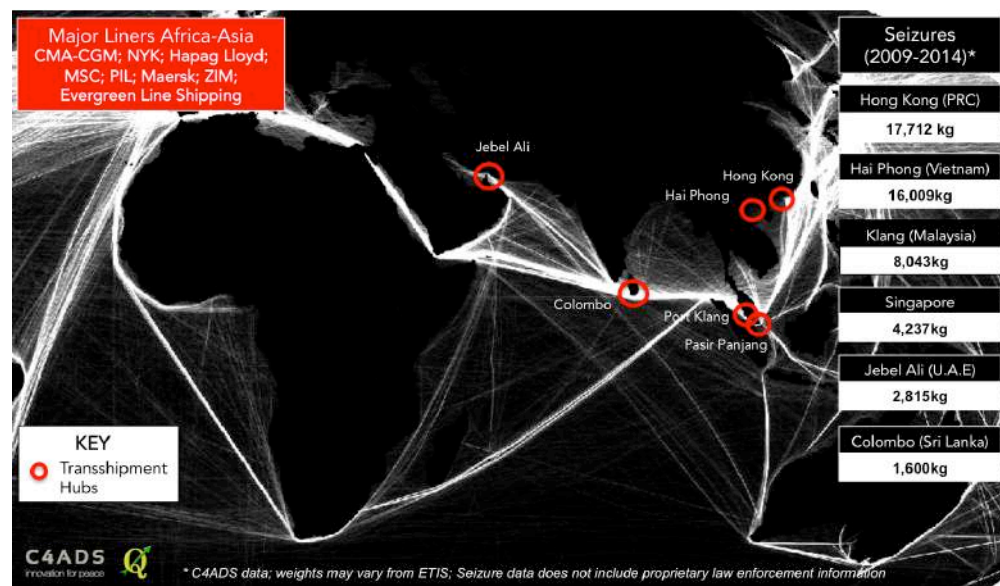
²⁷ Reuben Pitse, "BCP councilor linked to cross border ivory syndicate," *Sunday Times (Botswana)*, December 16, 2010. Available at <http://www.sundaystandard.info/article.php?NewsID=9530&GroupID=1>

²⁸ "Chinese arrested for rhino horns," *The Namibian Sun*, March 24, 2014. Available at <http://goo.gl/ZZiRXz>

be the most vulnerable to ivory trafficking (and other contraband). They balance traffickers' needs to mitigate cost while maximizing the probability of cargo getting through. As a result, as noted by observations above, the majority of seizures are not at small, informal ports, but within the continent's most important trade hubs. Mombasa in particular is currently the continent's single-most important ivory trafficking hub, and even a cursory glance at the metrics highlights its relatively high levels of corruption, even by continental standards, as well as its relatively good port infrastructure (in particular it's connections to major shipping liner routes and rapid container processing time). Abidjan is another concern, as it is a major routing hub for West African shipping activity sharing many of the same characteristics as Mombasa. Durban in South Africa by contrast has significantly better metrics than other regions, but still ranks high in corruption, and low in screening quality, when measured against global standards.

Illicit ivory is not only vulnerable at African ports; it is also vulnerable during transit. Many ivory shipments appear to funnel through a small number of 'chokepoints,' defined as the natural transshipment hubs for the few major cargo liners that dominate Africa-East Asia maritime trade. Many of these hubs correlate with high ivory seizure rates as seen in **Figure 2.8**. In some sense this is purely physical: eastbound shipping lanes from Africa to Asia flow out through the Indian Ocean, around the tip of the Indian subcontinent, through the Strait of Malacca, and then branch out to end-ports across East Asia. Shipping routes are also defined by business needs; most cargo ships maintain tramp routes between a set of ports, picking up and unloading cargo at each, which yields efficiencies for shipping liners, but also means that as a natural function of travel, goods (and ivory) are transshipped along multiple ports and vessels. Currently, the most important ivory transshipment hubs appear to include the ports of Hong Kong (China SAR), Hai Phong and Ho Chi Minh City (Vietnam), Port Klang (Malaysia), Pasir Panjang (Singapore), Colombo (Sri Lanka), and Jebel Ali (U.A.E.). China is most often the end-destination, and ivory is seized in particular in the Pearl River Delta region, at the ports of Guangzhou, Shenzhen, Zhuhai, Macao, and Hong Kong.

Figure 2.8: Major Africa-Asia Shipping Lanes and Known Ivory Transshipment Hubs



Source: Global Shipping Lanes GIS data from National Center for Ecological Analysis and Synthesis; C4ADS Ivory Seizure database

On the Africa-East Asia routes, ports along the Strait of Malacca are likely to be natural transshipment hubs, particularly for trade to China, and indeed Port Klang in Malaysia and the Pasir Panjang Terminal in Singapore are repeatedly named in large-scale seizures. This is unsurprising; both CMA-CGM and Maersk, two of Africa and the world's largest shipping lines, maintain hubs in Malaysia; CMA-CGM in particular maintains routes across all major African regions, including through its Delmas subsidiary, and has had containers involved in ivory trafficking activity. Similarly, Singapore's Pasir Panjang Terminal is the hub for Pacific International Lines (PIL), a major operator in East Africa whose containers have also been linked to several large-scale seizures. This is not to imply the container companies themselves are involved in ivory trafficking, rather that there are weaknesses within their supply chains and compliance frameworks that are being exploited by ivory traffickers.

Figure 2.9 lists the top-five ivory seizure hubs as per C4ADS seizure data between 2009 and June 2014, but there is already a body of evidence that suggests traffickers are beginning to adapt their routes away from the direct liner routes to Asia that are under increasing scrutiny. For example, in 2013 two containers of ivory from the Democratic Republic of Congo passed through the standard land route into Uganda for containerization and then onto Kenya; however, instead of transiting to Malaysia or the Persian Gulf, the contraband was to travel to a consignee in Turkey.²⁹ Similarly direct routes out of Tanzania appear to have decreased; the forensic evidence on a large seizure in Sri Lanka showed the ivory had been sourced from Tanzania, but was consolidated in Uganda, and exported from Mombasa, a long, roundabout route, especially when compared to direct onwards transit through Dar es Salaam.³⁰ There have also been recent major seizures in Cambodia in 2014,³¹ which is off traditional high-volume shipping lanes, suggesting traffickers are attempting to find new entrance points into China, including those that involve longer overland travel. Conversely, however, there are also growing numbers of seizures at Chinese ports likely reflecting the expanded scale of trafficking; in 2013 the port of Guangzhou, in China's ivory carving epicenter, made its largest seizure on record of over four tons.

Figure 2.9: Top Five Ports by Ivory Seizure (kg)

Port Name	Ivory Seized
Mombasa (Kenya)	18,817kg
Hong Kong (China)	17,712kg
Hai Phong (Vietnam)	16,009kg
Xiamen (China)	12,078kg
Port Klang (Malaysia)	8,043kg

Source: C4ADS Ivory Seizure database

²⁹ Charles Mghenyi, "Two tonnes of ivory seized at Mombasa," *The Star (Kenya)*, October 7, 2013. Available at <http://goo.gl/cl7Bz8>

³⁰ Tom Miliken, "Progress in Implementing the Elephant Trade Information System (ETIS)," *Pachyderm*, No. 54 (2013): July-December 2013.

³¹ "Cambodia seizes record amount of illegal ivory," *Associated Press*, May 9, 2014. Available at <http://goo.gl/sWweUa>

AIRBORNE FLOWS

Airborne flows account for the majority of trafficking incidents by number, but a minority of trafficked ivory by volume. Most airborne seizures involve trinkets and other finished pieces weighing under 10kg transported in hand or checked personal luggage. There have been several reported large-scale seizures carried in airfreight, but they have always been a minority of the total shipments moving each year, and have been steadily falling since 2009, with a slight up-tick so far in 2014. Weight restrictions, airfare, freight costs, and increasingly stringent levels of security screening at airports all function to deter airborne ivory flows; however, flight remains the primary means available to small-scale traffickers such as tourists, migrant workers, and traders. The number of interceptions has increased sizably in recent years. A large proportion is likely to reflect the expanded Chinese business and tourism flows through African airports,³² but not all; in July 2013, a seizure at Jomo Kenyatta International Airport in Nairobi involved the former US defense attaché.³³

Given the small amounts trafficked, effective screening and credible judicial action can be a deterrent, much more so than on seaborne flows dominated by organized crime. The number of airline connections between Africa and China should continue to proliferate, with traffic growth projections reaching 8% annually through 2030.³⁴ However, there are still a relatively small number of airliners that ply the route. No Chinese carrier operates a direct flight yet, while Ethiopian Airways, Kenya Airways, South African Airways, Air Algerie, Air Mauritius, EgyptAir and Angola's TAAG are the only African carriers with non-stop flights to China.³⁵ Malaysian, Korean, and Singaporean airlines maintain some routes, while Turkish Airlines and Gulf carriers are expanding routes; likely as a result, a growing number of incidents are being reported in Gulf airports.³⁶

C4ADS geospatial analysis of all flight routes out of Africa in **Figure 2.10** identifies a small number of airports that act as chokepoints through which the large majority of Africa-outbound, China-inbound flights transit. Three of these airports: Nairobi's Jomo Kenyatta International Airport (JKIA), Addis Ababa's Bole International Airport and Johannesburg's OR Tambo, handle 36% of the entire continent's international traffic.³⁷ In nearly all transit airports, there has been a sizable spike in ivory-related activity. In Dubai for example, 33 pieces of ivory were recovered in all of 2010-2011 as compared to 196 pieces already seized in 2014 as of June.³⁸ Angola's Quatro de Fevereiro Airport in Luanda, meanwhile, is one of the few with direct flights to China, and concurrently has seen a fair share of sizable seizures, accounting for one of 2013's few significant airborne seizures. More recently in April 2014, Hong Kong customs officials apprehended 15 Vietnamese nationals transporting 790 kg of

³² Thompson Ayodele and Olusegun Sotola, "China in Africa: An Evaluation of Chinese Investment," *Initiative for Public Policy Analysis (Nigeria)*, Working Paper Series, (2014). Available at http://www.ippanigeria.org/china_africa_working.pdf

³³ Nicholas Kulish, "Ivory Culprit in Kenya: Ex-Official from US," *New York Times*, July 24, 2013. Available at <http://goo.gl/zCH2N9>

³⁴ "Airlines aim to upgrade flights," *China Daily*, March 10, 2014. Available at <http://goo.gl/j0F5UW>

³⁵ "Kenya Airways to focus on Asia with new Beijing and Shanghai routes, as more 787s and 777s arrive," *Centre for Aviation*, March 18, 2014. Available at <http://goo.gl/uwhx7t>

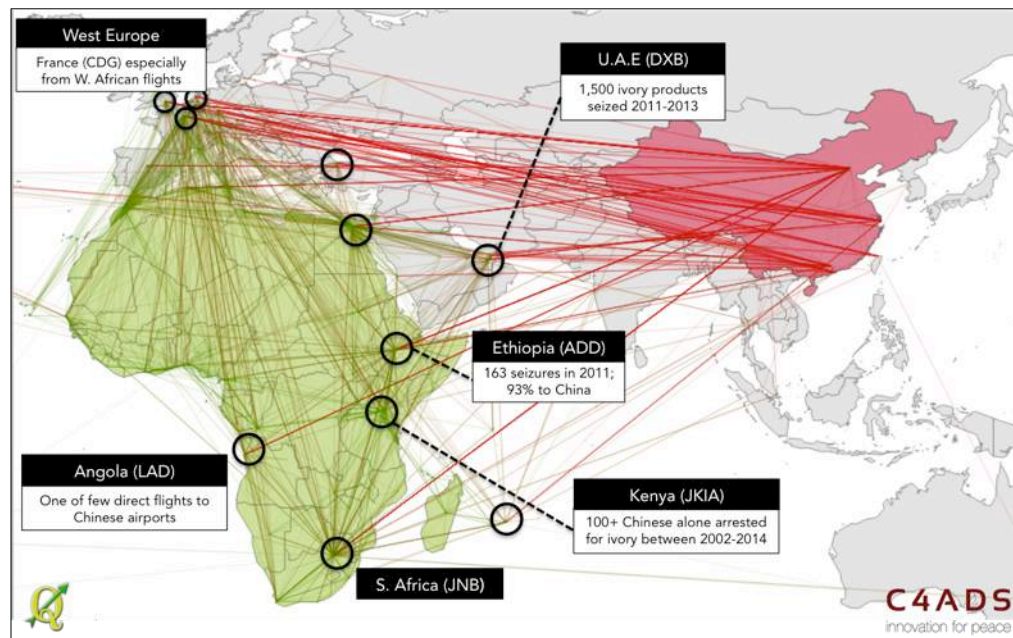
³⁶ "Dubai airport warns passengers against carrying ivory," *Gulf News*, June 5, 2014. Available at <http://goo.gl/Tln6gh>

³⁷ "Africa Infrastructure Country Diagnostic: Air Transport Challenges to Growth," *World Bank Sustainable Development Africa Region*, June 2009. Available at <http://siteresources.worldbank.org/EXTAIRTRANSPORT/Resources/515180-1262792532589/challenges.pdf>

³⁸ Mohammad el-Sadafy, "Sharp rise in ivory smuggling via Dubai this year," *Emirates* 24/7, June 4, 2014. Available at <http://goo.gl/w7YqB7>

raw and semi-finished ivory from Angola concealed in 32 pieces of luggage, one of the largest airborne seizures in recent years.

Figure 2.10: Trafficking Chokepoints from Africa to China by Air



Source: Open Flights Data

Identifying key air transit chokepoints can narrow high-risk air-trafficking routes even further, as only a few planes regularly ply certain routes. For example, Kenya Airways route KQA866 between Nairobi and Guangzhou has seen at least a couple of ivory seizures in recent years, as have some Emirates Airlines routes, namely EK306 and EK308 between Dubai and Beijing, or EK372 between Dubai and Bangkok. From West Africa, routes are more likely to transit through Western European airports, namely Paris's Charles De Gaulle, which may merit preemptive action especially as elephant poaching levels rise in parks like Minkébé and Odzala in Gabon and the Republic of Congo. Already, pangolins out of West Africa are regularly seized across major European airports; between 2012-2013, over a ton of pangolin items were seized across 47 seizure records.³⁹

In terms of organized crime, the use of airfreight to smuggle ivory has trended downwards since 2009. Only one major seizure each was recorded in both 2012 and 2013, and major known hotspot airports have seen diminished activity. Between 2010-2011, authorities seized almost 4 tons of ivory across 9 seizures at Jomo Kenyatta International Airport in Nairobi, but less than half of this volume was seized in 24 incidents from 2012-present. On the other end, at Bangkok's Suvarnabhumi International Airport, over 5.5 tons were seized in just over a year

³⁹ "Analysis of seizure data for *Manis* spp submitted by Member States of the European Union to the European Commission," *CITES/TRAFFIC*, SC65 Doc 27.1, April 2014. Available at <http://www.cites.org/sites/default/files/eng/com/sc/65/EFS-SC65-27-01-A04.pdf>

between 2010 and 2011,⁴⁰ whereas 2013 witnessed only one major recorded incident in Bangkok airport (of 105 kg intercepted from a flight from Angola).⁴¹

Despite the fall in activity, there have been some important recent airborne seizures and possibly resurgent trafficking. An April 2014 interception involving 15 Vietnamese nationals transporting 790 kg of raw and semi-finished ivory from Angola concealed in 32 pieces of luggage (seen in **Figure 2.10**) was particularly unusual in its method. Large-scale ivory shipments by air are usually carried in airfreight, and not in passenger luggage; in that respect, the fact that so much ivory was found on individuals on a single flight more closely resembles the drug courier model than traditional ivory trafficking practices.

The Vietnamese in that case were en route to Cambodia, where another significant 80kg air seizure was made in February 2014 at Siem Reap airport, also possibly from Angola.⁴² Mozambique could be another origin point: in December 2013, a 200kg raw ivory seizure trafficked through airfreight was intercepted at Hanoi International Airport, originating from Mozambique.

Figure 2.11: April 2014 seizure at Hong Kong Airport



Source: China Daily

In addition to commercial flights, it is often claimed that some Asian diplomats abuse their privileges to traffic in ivory and rhino horn through embassies and airports. Such claims are very difficult to validate, but they often accuse Chinese diplomats with links to Zimbabwean and Mozambican elites of using embassy pouches to move ivory, diamonds, and other high-value commodities. There is little evidence to back these claims with regard to Chinese diplomats, but there is better visibility with the North Koreans. At least one North Korean citizen was arrested in 2012 attempting to smuggle 130 pieces of ivory out of Mozambique on a flight to Korea via South Africa,⁴³ while between 1996 and 2005 at least six North Korean diplomats were forced to leave their posts in Africa after failed attempts to smuggle ivory and rhino horns, one in Kenya involving 689kg.⁴⁴ There is no evidence North Korea has any carving industry; rather it is thought that North Korean diplomats stop over in Beijing to leverage their contacts with Chinese buyers.⁴⁵ It is very difficult to impact such ‘protected’ traffickers given diplomatic immunities.

In net, however, traffickers benefit from poor screening and high levels of corruption at airports; one Chinese national who was arrested in Guangzhou coming from Doha and linked to a wildlife trafficking syndicate based in Lagos later boasted to police that, “Nigeria probably has the world’s most relaxed custom regulations. You don’t even need to be present to check

⁴⁰ “More than 1 tonne of ivory and rhino horns seized in Bangkok,” *TRAFFIC*, February 25, 2011. Available at <http://goo.gl/QIBjee>

⁴¹ “Thai authorities seize Bt16 million in Angolan ivory,” *Pattaya Mail*, August 31, 2013. Available at <http://goo.gl/3ijpti>

⁴² “Two men arrested in Siem Reap airport with 80kg of ivory,” *NMA TV*, February 18, 2014. Available at <http://goo.gl/r0BrxA>

⁴³ “North Korean caught smuggling ivory,” *AllAfrica*, October 12, 2012. Available at <http://goo.gl/lgQIR7>

⁴⁴ David L. Asher, “North Korea’s Criminal Activities: A Growing Proliferation Challenge,” *The Wilson Center*, October 21, 2005. Available at <http://goo.gl/01WXtd>; Sheena Chestnut Greitens, “North Korea’s Evolving Operations to Earn Hard Currency,” *Committee for Human Rights in North Korea*, 2014. Available at <http://goo.gl/BRgqcy>

⁴⁵ Jacqueline L. Schneider, “Sold into Extinction: Global Trade in Endangered Species,” (ABC-CLIO: 2012), pg. 114.

your luggage.” The seizure in question – 39.5kg of ivory along with 30.95kg of rhino horn – was relatively small but the syndicate’s operations through Nigerian airports appeared to have been extensive; the team was later alleged to have conducted 18 successful operations within the past year, supplying a network of buyers in Guangzhou.⁴⁶

Identification of air-trafficking chokepoints can help provide analytical guidance on where, and in what form, to concentrate law enforcement resources. Particularly important are improved screening technology, specialized resources such as canine units, and customs training on wildlife risk indicators. Better air patrolling is unlikely to affect the majority of large-scale syndicates that use containerized seaborne trafficking routes, but an increased risk of interception may severely de-incentivize the thousands of tourists and migrant workers who hand carry ivory out of Africa for small business activity and personal possession. Impacting these flows can in turn help suppress African ivory markets that appear to exist primarily to service these consumers, and the decentralized poachers who supply their products to local markets and are likely more sensitive to price and demand fluctuations.

As important as interceptions are, credible follow-on judicial action is imperative for deterrence. Traditionally, most individuals arrested at airports have been let go with small fines or just confiscation of contraband, but the situation may be changing. In December 2013, Kenya’s new Wildlife Conservation and Management Act escalated the punishment for killing endangered species to a minimum fine of 1 million shillings (over \$11,000) or 5 years in prison, up from a cap of 40,000 shillings (approx. \$455) or 10 years in prison; these new fines represent an increase of up to 2,400%. The most serious cases now bear life imprisonment as well as a 20 million shilling (approx. \$23,000) fine.⁴⁷ In January 2014, Kenyan courts sentenced Chinese national Tang Yong Jian to the maximum fine or a 7-year jail sentence for smuggling a 3.4kg ivory tusk in transit from Mozambique to China via Nairobi’s Jomo Kenyatta International Airport.⁴⁸

⁴⁶ “象牙走私拼图：象牙贸易生了走私市场 (The paradox of ivory smuggling: the legal ivory trade promotes a rapidly expanding black market)” *Weekly Times*, June 20, 2014, Available at <http://collection.sina.com.cn/yjjj/20140620/0820155196.shtml>

⁴⁷ Vidhi Doshi, “Nairobi gets tough on ivory smugglers,” *The Independent*, January 29, 2014. Available at <http://goo.gl/CRtk4g>

⁴⁸ “Chinese ivory smuggler gets record sentence in Kenya poaching crackdown,” *South China Morning Post*, January 28, 2014. Available at <http://www.scmp.com/news/china/article/1415789/chinese-ivory-smuggler-gets-record-sentence-kenya-poaching-crackdown>; “Chinese ivory smuggler gets record Kenyan fine,” *BBC Africa*, January 28, 2014, Available at <http://www.bbc.com/news/world-africa-25925176>

NETWORKS

C4ADS has done limited link analysis on every large-scale seizure since 2008, and more thorough analysis on a select few others to examine their connections to other entities and activities. Illicit wildlife networks are complicated, and the skills required to carry out a single successful end-to-end ivory transaction are disparate, ranging from hunting and tracking to local smuggling, knowledge of international shipping and the licit container industry, and intimate connections with overseas ivory markets. The network requires people to occupy different positions along the chain and perform specific tasks in different geographies, all to move a single consignment. Within networks, a small group of individuals, i.e. the “syndicate,” directly own the contraband, but they rely on a large number of facilitators as seen in **Figure 3.1**. The more vertically integrated a network, from source to market, the higher its profit margin.

Figure 3.1: Functional Model of the Ivory Value Chain

Location	Task	Requirements
Forest to Forest periphery	Collect and bundle ivory	Poacher contacts
Local to Urban Transport	Move ivory to staging location	Local Transporter contacts
Staging Area	Prepare paperwork & container, shipping logistics	Freight logistics contacts
Port or Airport	Clear customs and security (Africa)	Customs contacts
Port or Airport	Clear customs and security (Asia)	Customs contacts
Urban Sale Point	Move ivory to warehouse or sale point	Ivory wholesaler contacts
Carving Facility	Launder, carve and process for retail consumer	Skilled carvers

Source: C4ADS analysis

Different networks have different levels of vertical integration. Those that can operate from the forest to the carving facility in theory maximize profits, but in reality, this is difficult to achieve. More generally speaking, African networks appear to control operations from the forest to the staging area, at which point the contraband is sold and becomes the responsibility of the Asian recipient networks that handle international transportation. Some networks, however, do achieve a very high level of vertical integration; the Xaysavang network, the target of a \$1 million U.S. State Department bounty, orchestrated its rhino horn operations from its operational headquarters in Laos, but sourced horn directly using South African-based Laotian and Thai members of the syndicate, and then also managed the packaging, travel logistics, and final sale in Asia. Rhino horn, however, is significantly more valuable pound-for-pound as compared to ivory, and often hand-carried in much smaller consignments. Large ivory consignments that require the sourcing of hundreds of elephants require much more than just a plane ticket, and thus many more facilitators.

During the collection phase, a **financier** generally directs poaching networks, as described in detail in *Ivory’s Curse*. He may never come into contact with a tusk, but his political and social capital is critical: it outfits *hunters* with rifles, ammunition, and rations to last extended periods in the forest, allows for *informants* within wildlife agencies to provide information on high value targets and ranger patrols, *corrupt agents* in the judiciary and law enforcement agencies who ensure the protection of cargo and employees, and finally *collectors* who directly

pay and collect the contraband from poachers. The financier's level of organization determines hunting efficiency, which in places like Tanzania, where DNA tracing shows very concentrated poaching, could be extremely high.

During the African transport phase, the “**consolidator**” receives and packages cargo. A consolidator can be a single individual or a series of individuals who help move ivory upstream, and can involve coordinating multiple collectors, sorting, packaging and transporting ivory to a staging area where it is either sold to another trafficking network, or packaged for international transport. Consolidators in the D.R.C. for example are often Ugandan nationals, who consolidate ivory consignments in places like Kampala before transporting them overland across the border towards Kenyan seaports. A range of facilitators may be required along the route, from corrupt law enforcement and political officials guaranteeing safe passage to bus or trucking companies required to carry the cargo. The final consolidation point, where ivory is packaged for international transport, is likely the most common point where African poaching networks transfer products to Asian traffickers, although Asian traffickers may source further down the chain.

Increasingly, the individuals arranging logistics within Africa are Asian nationals, very often Chinese, as seen in **Figure 3.2**. In late 2013, for example a Chinese garlic export business based in Dar es Salaam was allegedly the conduit for a multi-ton seizure in Tanzania,⁴⁹ while in 2011, a Chinese logging contractor Tianhe, was allegedly involved in multi-ton seizure in Mozambique.⁵⁰ Meanwhile, the proliferation of Chinese commercial actors has helped bring Chinese demand right to the source of ivory; China Bridge and Road Corporation (CBRC), building roads and airports near Odzala National Park in the Republic of Congo, has had at least three documented incidents of its employees reportedly involved in ivory trafficking.⁵¹ This included one of the first-ever reports of Chinese nationals directly supplying ammunition to poachers, indicating an active role in the facilitation of poaching. More recently, in July 2014, Wonghai Huo, a Chinese national, was arrested in Harare, Zimbabwe, in possession of ivory, gold and 33,000 rounds of assorted ammunition.⁵²

Consignors and consignees sign for the illicit cargo, making them either the direct owners or a part of a series of steps implemented by the actual beneficiaries to mask their ownership. Consignors are most often companies domiciled in Africa, and are frequently import-export companies associated with the movement of raw materials or agricultural products. These companies are often shell companies that conduct no actual business, but the transit of illicit products through the licit shipping requires paperwork, as well as logistical and legal action, which necessitates the cooperation or collusion of various individuals, such as freight forwarders, clearing agents, shipping and customs agents, dockworkers, and corrupt port officials. These operations are where the convergence between licit and illicit entities is most necessary, and can be leveraged to become a major source of vulnerability for traffickers.

⁴⁹ Fumbuka Ng'wanankilala, “Tanzania seizes 797 elephant tusks, arrests Chinese nationals,” *Reuters*, November 5, 2013. Available at <http://www.reuters.com/article/2013/11/05/us-tanzania-poaching-idUSBRE9A40PC20131105>

⁵⁰ Huang Hongxiang, “The Chinese ivory smugglers in Africa,” *China Dialogue*, November 27, 2013. Available at <http://goo.gl/dfrv85>

⁵¹ Arwa Damon and Brent Swalis, “Chinese construction camps eyed as ivory trade conduits in Republic of Congo,” *CNN*, January 8, 2014. Available at <http://www.cnn.com/2014/01/08/world/africa/congo-chinese-ivory/>

⁵² “Zimbabwe arrests Chinese man for ammunition possession,” *NDTV*, July 23, 2014. Available at <http://goo.gl/LbkmfT>

The facilitators of international transport are highly important nodes for law enforcement organizations to target, as their specialized skills are in high demand and applicable to a wide range of illicit activities, and not just the trafficking of wildlife products. Corrupt freight logisticians assisting ivory networks are unlikely to be content with the limited profits of just a niche activity; they are likely to also lend their capabilities to other illicit networks, including narcotics and weapons. Facilitators' provision of support is based on a risk-reward calculation, in which ivory trafficking is an attractive activity. It is a high-impunity criminal activity with still low judicial punishments, yet is high-value and high-volume, with billions of dollars in illicit profits. Sizably increasing the risk of interception, arrest and conviction can deter facilitators or drive up their costs, possibly pushing them to divest from the trade. Without such facilitators, there is no easy means for ivory trafficking syndicates to move their product.

Figure 3.2: Asian Traffickers Moving Downstream



7.62X39mm casing with headstamp of PRC State Ordnance Factory 811 found with Chinese trafficker at Yengo, Republic of Congo; March 3, 2014. Source: Withheld.



706 tusks seized at residence of Chinese nationals running garlic import/export business in Dar Es Salaam, Tanzania; November 2013. Source: IPP Media.

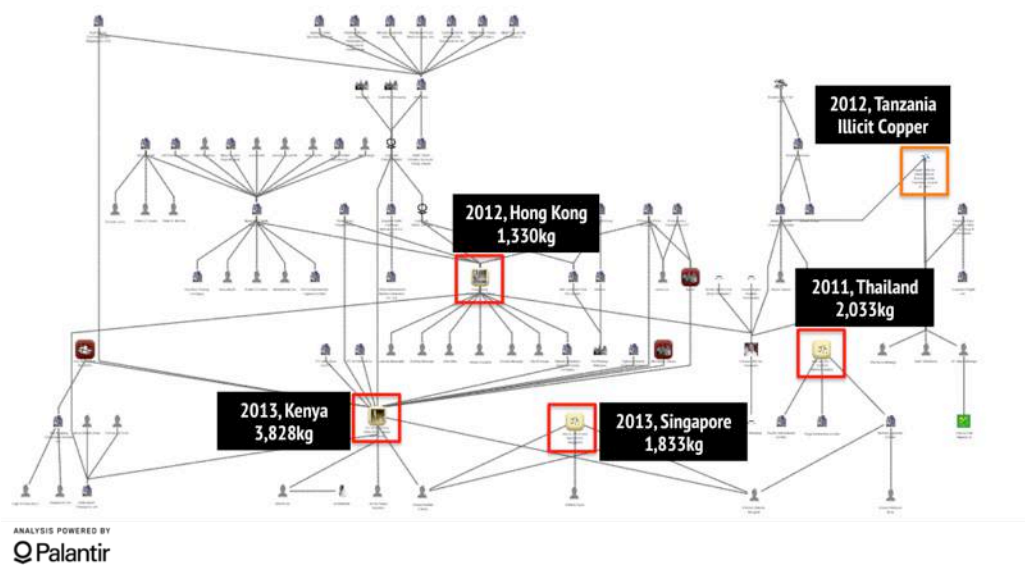
Most **wholesalers** are based in East Asia, and may either be part of the trafficking network, or may purchase ivory to then distribute to carvers and carving factories. It is suspected that illegal ivory is laundered into the legal ivory system, but there are suggestions that illicit ivory in places like China is carved in black market ivory factories that can be owned by the trafficking network. This would allow profit margins to increase, as syndicates would now control not just arbitrage across Africa to Asia, but also the conversion of raw ivory into a finished worked product to be sold at retail consumer prices. This latter model would imply a very high degree of centralization and commensurately high profits; ivory is collected in the bush at \$50-100/kg, consolidated at \$250-400/kg, wholesaled at \$2,100/kg and can be retailed in the millions.

NETWORK: GLOBAL DISTRIBUTION CHAIN

Seemingly disparate seizures can be linked together by an examination of open source records to reveal large ivory trafficking networks, which have been active for years despite arrests and seizures. One example is the network displayed in **Figure 3.3**. Beginning with a January 15, 2013 seizure of 3,828 kg of ivory at Mombasa port, C4ADS was able to link together multiple consignments seized over the years in a range of countries including Kenya, Singapore, Tanzania, Singapore, Thailand and Hong Kong, and totaling 2,500 ivory tusks and pieces or over nine tons of ivory. The network was tied together by a large number of facilitators that included illicit mineral transporters, freight forwarding companies, shipping agents, politicians, and shipping companies, many centered on the port of Mombasa in Kenya.

Two men were arrested in the January 2013 seizure: Gideon Naftali Osinyo, a Kenyan Ports Authority official, and James Ngala Kassiwa. Osinyo was also allegedly linked to a 1,833 kg ivory seizure in Singapore eight days later on January 23, 2013, and was reported by Kenyan authorities alongside a Frederick Sabubu Mungule, a director of Muhaso Agencies Limited.⁵³ Mungule had been arrested earlier on charges related to smuggling 2,033 kg out of Mombasa port in April 2011 and seized in Bangkok, as confirmed in parliamentary transcripts.⁵⁴

Figure 3.3: A Global Distribution Chain



Source: open source reporting; Kenyan, Tanzanian, Singapore, Thailand, and Hong Kong business registries

The range of entities involved highlights the transnational and complex nature of required logistics. According to consignment documentation for the January 13th seizure, an al-Mustaqim Trading Company, a Mombasa-based company registered to an Osman Ali Omar and Musa S Aden⁵⁵ either knowingly or unknowingly handled the transport and trucking of

⁵³ "Singapore Stops 1.8 Tonnes of Illegal Ivory from Transshipment," *Agri-Food & Veterinary Authority of Singapore and Singapore Customs*. 30 Jan. 2013, Available at <http://goo.gl/cBw9KQ>; "Singapore Stops 1.8 Tonnes of Illegal Ivory from Transshipment," *Singapore Customs News Letter In Sync*, Jan/Feb 2013, Issue 22, Available at <http://goo.gl/IO8Uj8>; Galgalo Bocha, "Two in Court Over Sh91m Ivory Seized at Mombasa Port," *Business Daily* 1 Oct. 2013, Available at <http://goo.gl/1iWQma>; Oketch, Willis. "Agent Faces Charges of Attempt to Export Ivory." *Standard Digital News* 8 Feb. 2013. Available at <http://goo.gl/vR0GR0>

⁵⁴ "Kenya National Assembly Official Record," May 10, 2011. Available at <http://goo.gl/94LI38>, pg. 21.

⁵⁵ "Listing," *Freight and Logistics*, Jan.-Mar. 2013: 32. Available at <http://goo.gl/SzC6wP>

the contraband. Another Kenyan freight forwarding company, Three Ways Freighters Ltd. was identified as the clearing agent;⁵⁶ Three Ways Freighters does not appear on any Kenyan business register but is on the list of suspended clearing agents by the Kenyan Revenue Authority.⁵⁷ Mwalilo General Trading Company and Ngindo General Trading Company, based in Mombasa and Nairobi respectively, served as exporters.⁵⁸ The consignees were Indonesian: PT Sumber All Co., PT Alam Daya Co., and PT Kundur Prima Karya Komp., three importers from Batam, a free trade zone 12 miles south of Singapore, at least two of which are shell companies. The ship *MV Lalbahadur Shastri*, owned by the Shipping Corporation of India, was to transport the contraband while the East African Commercial and Shipping Co. LTD, was the shipping line associated with the seizure, and is listed as a liner within the Nippon Yusen Kaisha (NYK) Group, a major container leasing multinational.⁵⁹

The container leased for the shipment, NYK FSCU7615602, is linked to another container GESU1271362 owned by Seaco, which carried a separate 1,330 kg ivory seizure in Hong Kong two months prior on November 15, 2012.⁶⁰ As per reporting, the containers, consignees, transporter, clearing agents and exporters from the January 13th Mombasa seizure are all connected to this particular seizure in Hong Kong.⁶¹ According to customs documents, the ivory from the Hong Kong seizure originated from Dar es Salaam port and made its way through Dubai before arriving in Hong Kong.⁶²

A Tanzanian businessman was arrested in connection to the Hong Kong seizure, alongside Ally Kimwaga, Dustan Mwanga, Godfrey Mwanga, John Mlai, Khalid Falzadin, and Lusekolo Mwakajila.⁶³ The businessman was prominent in the community and had served as Chairman of the Coast Region Football Association and Secretary General of the Simba Sports Club of Dar es Salaam, as well as Acting Managing Director of Liberty Express (Tanzania) Limited, a trucking company that transported an illicit consignment of copper from Zambia to Dar es Salaam in a Scania lorry with plate number T 821 DCL that was seized on August 27, 2011.⁶⁴ He was acquitted in the ivory and copper case, as was another politician who was a member of the National Executive Committee and General Assembly of Tanzania's ruling political party, Chama Cha Mapinduzi, through Lushoto District.⁶⁵

⁵⁶ Ochieng, Wesonga. "KRA Officials Cleared Sh100m Ivory Haul." *The Star (Kenya)*, January 17, 2013. Available at <http://goo.gl/DmOX9T>; Patrick Moyoyo, "Ivory Smuggling Rings Use Briefcase Companies to Escape Police Drag nets," *The Daily Nation (Tanzania)*, November 10, 2013. Available at <http://goo.gl/nK26PK>

⁵⁷ "Suspended Clearing Agents," *Kenya Revenue Association*, Available at <http://goo.gl/9xss0M>

⁵⁸ Stephen Makabila, "Cabinet Forms Special Team to Curb Poaching," *Standard Digital News*, February 9, 2013. Link at <http://goo.gl/VBQYPv>; Fadli. "Batam, Alleged Transshipment Point for Ivory from Africa." *The Jakarta Post*, March 10, 2013. Available at <http://goo.gl/yIF97X>

⁵⁹ Calvin Onsarigo, "Kenya: Al Shabaab Suspect Held in Lamu East," *The Star*, January 24, 2013, Available at <http://allafrica.com/stories/201301241008.html>; "Service Network, AEF: Asia-East Africa Service," *NYK Line - Nippon Yusen Kaisha*, 2014, Available at http://www2.nykline.com/liner/service_network/aeef.html

⁶⁰ Wesonga Ochieng, "KRA officials clear Sh100m ivory haul," *The Star (Kenya)*, January 17, 2013. Available at <http://goo.gl/DmOX9T>; Martin Mwuara, "Duo charged with smuggling 638 pieces of elephant tusks," *The Star (Kenya)*, January 25, 2013. Available at <http://goo.gl/kqzO3y>

⁶¹ Wesonga Ochieng, "KRA officials clear Sh100m ivory haul," *The Star (Kenya)*, January 17, 2013.

⁶² "HK Customs seize ivory tusks from incoming container," *Hong Kong Customs and Excise Department*, November 16, 2012. Available at <http://goo.gl/PnD93Z>; Rose Athumani, "Tanzania: Kagasheki confirms ivory tusks shipped from Dar es Salaam," *AllAfrica*, November 18, 2012. Available at <http://goo.gl/M63Z0K>

⁶³ Flora Mwakasala, "Hassanol in elephant tusks scandal," *Daily News (Tanzania)*, November 24, 2012. Available at <http://goo.gl/jo67Dg>; Karama Kenyunko, "One more joins Hassano case," *IPP Media*, December 21, 2012. Available at <http://goo.gl/MpFm47>; Rosina John, "Probe on Hassano's illegal ivory case incomplete," *The Citizen (Tanzania)*, January 16, 2014. Available at <http://goo.gl/6JZHFu>; Faustine Kapama, "DPP files objection to Hassano's bail application," *Tanzania Daily News*, December 24, 2012. Available at <http://goo.gl/1A3uqS>

⁶⁴ Faustine Kapama, "Witness testifies in Hassano case," *Tanzania Daily News*, July 25, 2013. Available at <http://goo.gl/JvGg6g>

⁶⁵ "Hassano cleared of copper theft," *Daily News (Tanzania)*, November 12, 2013. Available at <http://goo.gl/YM5f5Z>

NETWORK: AFRICAN CONFLICT ZONE SOURCING

Entities directly linked to ivory seizures can be investigated to map and reveal broader networks that are often linked to a variety of illicit activities, including in Central African warzones. In this case, individuals and entities linked to (but not necessarily complicit in) one of the world's largest ivory seizures include a series of natural resource exploiters working in the DRC, South Sudanese arms purchasers, Congolese warlords, freight logistics providers in Uganda, Tanzanian freight forwarders and container freight stations (used for storage of cargo before loading), and a range of Asian shipping companies, including at least one owned by a Tanzanian politician (who was later exonerated of participation).⁶⁶

In January 2009, Vietnamese authorities at the port of Hai Phong seized 6.2 tons of elephant tusks in a container, declared to contain plastic waste, originating from Dar es Salaam port in Tanzania.⁶⁷ This seizure was by itself one of top-three seizures by weight ever recorded but later in March, two other containers with the same declared cargo, and also originating from Dar es Salaam, arrived in the Port of Manila, Philippines, where they went unclaimed. Later opened by authorities, they were found to contain between one and three tons of ivory.⁶⁸ Initial investigations by the *Environmental Investigative Agency* linked the three consignments together to the same shipper, Puja Limited and freight forwarder, Team Freight.⁶⁹ No major convictions were made as of 2014, when C4ADS built on EIA's investigation into the network, which is mapped in **Figure 3.4**.

The use of shell companies to mask transactions is widespread. In this case, Puja Limited, the shared shipping agent was linked only to a PO Box, and was not registered with Tanzanian corporate or shipping directories. While Team Freight, one of the four logistics companies later charged with trafficking was not a shell company (its premises and assets had been inspected by a credible microfinance institution⁷⁰), its activity was a significant step up from its declared income in 2009 of 40,350 euros, two thirds of which derived from incomes from two local pubs ("Zero" and "Miti Mirefu").⁷¹ Other companies linked to the seizure included Kigoma M.N. Enterprises Tanzania Limited, Uplands Freight Forwarders Tanzania Limited, and Nectar Logistic Limited. Arrests included five Tanzanian Revenue Authority officials.⁷²

⁶⁶ "Kinana seeks remedy over poaching claims," *Daily News (Tanzania)*, May 15, 2013. Available at <http://goo.gl/UPM8Ok>

⁶⁷ "Cooperation leads to Tanzanian arrests in VN's biggest ivory seizure case," *Vietnam Breaking News*, June 4, 2009. Available at <http://goo.gl/AYWIEEx>; "How can Vietnam auction seized ivory from Tanzania?" *Bazara*, March 16, 2009. Available at <http://goo.gl/q4WE5H>

⁶⁸ "Taking Stock of the Illegal Ivory Trade," *World Customs Organization*, February 2010. Available at <http://goo.gl/MfIR45>, pg. 11.

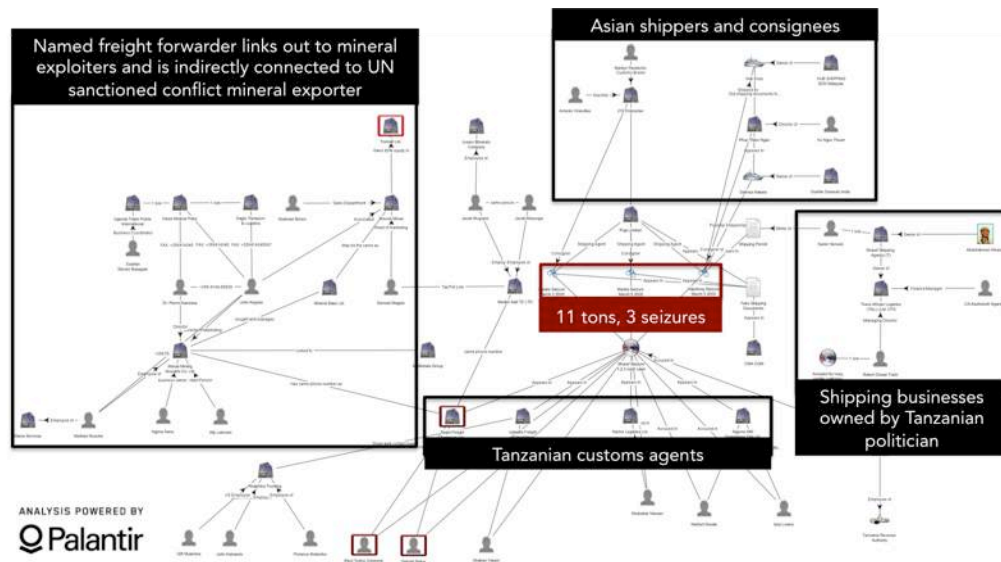
⁶⁹ "Open Season: The Burgeoning Illegal Ivory Trade in Tanzania and Zambia," *Environmental Investigation Agency*, March 2010.

⁷⁰ "Forum: Question Regarding Loan ID 6536 for Team Freight Ltd.," *MYC4*, posted September 14, 2009. Available at <http://goo.gl/m0bSpZ>

⁷¹ "Team Freight: Income Statement, January 1 2009 to December 31 2009," Available at <http://goo.gl/mgqGHI>

⁷² "Tanga elephant tusks smuggling case: TRA official accused of conspiring with smuggler," *JamiiForums*, April 2, 2009. Available at <http://goo.gl/4zu0CJ>

Figure 3.4: Central African Conflict Zone Sourcing



Source: open source reporting; Kenya and Tanzania corporate registries, court records, and official gazettes

The associated properties of Team Freight – phone numbers, registered addresses, connected individuals – were associated with several other companies both in Tanzania and abroad, including Mussa Enterprises Limited, Madili Asili TZ Limited, and Marua Mining Grounds Co. Ltd. This last company is “an umbrella of manual mining companies in Eastern Democratic Republic of Congo, Uganda and Tanzania”⁷³ and is of particular interest, as it links (albeit indirectly) Team Freight to alleged arms traders and conflict resource exploiters sanctioned by the United States and the United Nations, as well as to networks of international shipping companies engaged in the natural resources trade. One company linked to Marua by its contact information is Pentagon International Procurements Consultancy and Commission Agents (PIPCCA) Ltd, a Ugandan company trading Tanzanite ore, copper cathodes, and timber to China, and with an email that appears to tie to a shipping company in Guangzhou.⁷⁴ PIPCCA claims, in one trade solicitation dating from 2007, to source gold and other ores in Eastern Congo from the Congress of the Defense of the People (CNDP), headed by now-arrested General Laurent Nkunda.⁷⁵ Similarly, Marua’s contact information links to “Uganda Trade Points International,” a company based out of Kampala⁷⁶ and managed by an individual who appears to also manage “Southern Sudan Procurement Agency” which appears to be in the market for heavy conventional military equipment including ballistic vests and helmets, T-52 main battle tanks, early warning radar systems, and military cargo aircraft for the South Sudanese military.⁷⁷

⁷³ “Marua Mining Grounds Co. Ltd.: About Us,” [Cached] *Wayback Machine*, June 5, 2008. Available at <http://goo.gl/lCV4tW>

⁷⁴ “Pentagon International Procurements, Consultancy & Commission Agents Ltd.,” *The Enterprise*, Available at <http://goo.gl/ckeA75>, last accessed August 10, 2014.

⁷⁵ Trade Solicitation, available at <http://bbs.fobshanghai.com/viewthread.php?tid=827140>

⁷⁶ “Marua Mining Grounds – Canton Fair Buyer,” Available at <http://goo.gl/PRHdpC>; “Company Profile: Uganda Trade Points Int’l,” *IndiaBizClub*, Available at <http://goo.gl/PAvOz0>

⁷⁷ Web postings on multiple websites, particularly *TradeHolding* at <http://goo.gl/UUOxRk>; <http://goo.gl/GSvzNR>; <http://goo.gl/UUOxRk>; <http://goo.gl/mFLScN>

Mineral Base Limited, a mining company registered in the Democratic Republic of the Congo, bought Marua Congo,⁷⁸ and also appears to own a 80% stake in Tremalt Limited.⁷⁹ Tremalt was cited by the UN as furnishing arms to the Zimbabwean Defense Forces and the Congolese Armed Forces during the Congo War in 2002,⁸⁰ and designated by Treasury's Office of Foreign Assets Control for providing support to the regime of Robert Mugabe in 2008.⁸¹ Brecon Mines, previously owned Tremalt, is linked to Marua by shared phone number.⁸² Brecon was owned by a John Bredenkamp at least until the early 2000s, who is another Zimbabwean designated by the U.S. Treasury Department.⁸³ Currently, Tremalt participates in a joint venture with D.R. Congo's state-owned GECAMINES,⁸⁴ and also claims to be a shareholder in GECAMINES⁸⁵ with the right to a 42sq km gold property in Shenyanga "Gold Property," in the western part of Tanzania.⁸⁶ Multiple other connections are also seen in Uganda, a known ivory packaging and transit hub. In particular, contact information links to a Mulamba Trucking, a logistics company which had or has a presence in the United States, South Africa, and Lubumbashi in the Democratic Republic of the Congo, and whose website has since been taken down.⁸⁷

Within the network, multiple Asian shipping companies and logistics providers were linked to the transaction, including a Vietnamese customs broker, 210 Enterprises, but also the subsidiary of a shipping company based out of the U.A.E., Sharaf Shipping Company (T) Limited, which was linked to the January Hai Phong seizure, and is owned by a Tanzanian politician and former Deputy Minister of Defense who was later cleared of involvement in the smuggling of tusks,⁸⁸ although his company was reported to have issued a bill of lading for the shipment.⁸⁹ Some of the paperwork was allegedly prepared by a Mr. Samir Hemani, at the time an employee of Sharaf Shipping.⁹⁰ Sharaf Shipping is a subsidiary of Sharaf Group, which also owns Trans-African Logistics (TALL),⁹¹ a car freight station at Dar es Salaam port.⁹² The Managing Director of TALL, a British national, Robert Dewar Twist was arrested on August 2013 in possession of 24kg of ivory as well as lion's teeth, nails, and elephant bone.⁹³

⁷⁸ "Company Directory: Minerals Base Ltd," *TradeBoss*, Available at <http://goo.gl/ogizSK>

⁷⁹ Ibid.

⁸⁰ "Letter Dated 15 October 2002 from the Secretary-General addressed to the President of the Security Council." *UN Security Council*. Available at http://www.pcr.uu.se/digitalAssets/96/96819_congo_20021031.pdf

⁸¹ "Sanctions List Search," *United States Office of Foreign Assets Control*, Available at <http://sdnsearch.ofac.treas.gov/>; "John Bredenkamp, Billy Rautenbach added to US sanctions list," *US Treasury*, November 25, 2008. Available at <http://goo.gl/MQo3at>

⁸² "Brecon Mines Limited," *BusyTrade*, Available at http://samuelmagato.en.busytrade.com/contact_us.html

⁸³ "John Bredenkamp," *Africa Mining Intelligence*, June 30, 2004. Available at <http://goo.gl/SHVIOz>; "Questions of Compliance: The Conduct of Central African Mining and Exploration Company (CAMEC) PLC and its Nominated Advisor, Seymour Pierce Limited," *Rights and Accountability in Development*, May 2011. Available at <http://goo.gl/CWJeJC>

⁸⁴ "Agreement for the Formation of a Joint Venture Company," GECAMINES. Available at <http://goo.gl/PjZIOQ>

⁸⁵ "Company Directory: Minerals Base Ltd," *TradeBoss*, Available at <http://goo.gl/ogizSK>

⁸⁶ Ibid.

⁸⁷ "Mulamba Trucking: About Us," [Cached], Available at <http://goo.gl/J8hFBy>, last accessed August 10, 2014.

⁸⁸ "Ncimi says Kinana not involved in ivory shipping scandal," *IPP Media*, May 1, 2013.

⁸⁹ "Dar court denies bail 790m/- ivory smuggling case suspects," *Daily News (Tanzania)*, August 4, 2009.

⁹⁰ "Ncimi says Kinana not involved in ivory shipping scandal," *IPP Media*, May 1, 2013. Available at <http://goo.gl/4hmqG5>; "Samir Hemani," *LinkedIn*, Available at <http://goo.gl/GcT5GD>

⁹¹ LinkedIn profiles and resumes of employees state TALL is associated with Sharaf group; <http://goo.gl/8Ei5zL>, <http://goo.gl/bfYFYW>, <http://goo.gl/88p32Q>

⁹² "Car freight stations new line of logistics business in country," *The Citizen*, June 5, 2011. <http://goo.gl/ITlppy>

⁹³ Karama Kenyunko, "Briton charged with economic sabotage," *IPP Media*, August 14, 2013. Available at <http://goo.gl/JY2f3L>

As of July 2014, most of the companies listed above still seem to be in operation. “Team Freight Limited” for example is still registered with the Tanzanian Revenue Authority⁹⁴ under the directorship of an Elladius Cornelio Tesha, the same individual who owned Team Freight back in 2009.⁹⁵

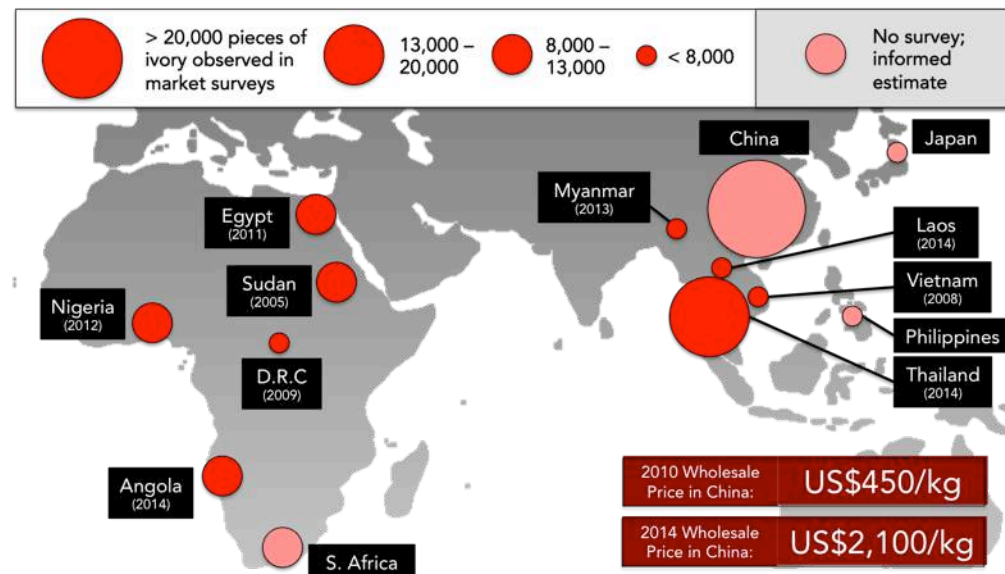
⁹⁴ “List of Licensed Customs Agents for the Year 2014,” *Tanzania Revenue Authority Customs and Excise Department*, Available at <http://www.tra.go.tz/documents/List%20of%20licensed%20customs%20agents%202014.pdf>

⁹⁵ “Team Freight: Background,” *MYC4*, Available at <http://goo.gl/jCEE4U>

GLOBAL MARKETS

China is the world's largest market for ivory, but there are also significant markets across both Africa and East Asia, as seen in **Figure 4.1**. Western markets appear to have shrunk considerably; between 2005-2011, per ETIS data, there were only five seizures greater than 100kg in Europe, while through the mid-2000s, the U.S. market appeared to trade largely in antique and worked ivory and not African raw ivory.⁹⁶ Up until 2001, the largest seizure on the US West Coast was only around 115kg, while the largest seizure in US history as of 2014 remains the 2011 seizure of one ton of ivory illegally imported by a Philadelphia antiques dealer who ordered the ivory from West Africa carved to his specifications.⁹⁷ While significant, these incidents pale in comparison to the Africa-Asia flows discussed throughout this paper. China is the largest market for ivory and Chinese demand drives markets across Africa and East Asia. Wholesale prices have increased very significantly in China, reaching \$2,100/kg in 2014, almost five times a previous estimate in 2010.⁹⁸

Figure 4.1: Ivory Demand by Country



Source: Market surveys

African Retail Markets for ivory are large and spread across multiple countries, but today they service primarily Asian – specifically Chinese – customers, and may be supplied by the same poaching syndicates that source to Asian traffickers. A form of market selection appears to have developed within the trade. Asian seizures routinely include large and intact tusks, while ivory available in African retail markets appears to be smaller and of lower quality. In correspondence with C4ADS, Daniel Stiles, who has carried out many of the most credible African market surveys over several years, states that he believes that the average tusk size declined significantly in markets such as Nigeria and also “saw this clearly in the DRC, and

⁹⁶ Beth Allgood, Marina Ratchford, Peter LaFontaine, “US Ivory Trade: Can a Crackdown on Trafficking Save the Last Titan,” *IFAW*, 2014

⁹⁷ “Eye on Ivory: Investigations and Inspections,” *United States Fish and Wildlife Service*, November 2013. Available at <http://goo.gl/Kt1YeY>

⁹⁸ Lucy Vigne and Esmond Martin, “Consumption of elephant and mammoth ivory increases in southern China,” *Pachyderm*, No. 49, 2011. ; Jeremy Hance, “Price of ivory triples in China,” *Mongabay*, July 7, 2014. Available at <http://goo.gl/4mmuxa>

less clearly in Cameroon in 2010.”⁹⁹ The implications are non-trivial, suggesting traffickers are responding to specific orders by discerning Asian customers, but also that they are consolidating enough to sort, select, and supply ivory across both markets.

The primary customers observed in nearly all African ivory market surveys since 2005 were Chinese nationals, both tourists and overseas workers attracted by the bargain of significantly lower prices than those available back home. In Angola in 2014, ivory necklaces that would cost \$450 back home in China were selling for \$30, while wholesale ivory was available for \$150/kg as opposed to \$2,100 in Beijing.¹⁰⁰ African vendors regularly go out of their way to sell to Chinese customers; in at least two incidents in Douala in Cameroon, sellers were visiting incoming Chinese ships with products for sale and with invitations to conduct larger transactions at safer locations on shore.¹⁰¹

Figure 4.2: Ivory Markets in Africa



Chinese tourists at Angola's Benfica market
Source: Lucy Vigne, National Geographic



Ivory store at Lagos Airport in Nigeria
Source: Daniel Stiles

Egypt and Sudan are two of the world's oldest ivory trading centers, and are in close proximity to once-abundant elephant ranges in north Central Africa, particularly South Sudan, the Central African Republic, Chad, and the northern Democratic Republic of Congo, all of whose elephant populations are now on the verge of extinction. Khartoum and Omdurman in North Sudan were ancient carving centers, clearing houses, and end markets for ivory, and as much as 1,121 tons of ivory was exported from North Sudan in just the seven years between 1981-1987.¹⁰² There have been no recent surveys conducted in Sudan; the last in 2006 found a still-thriving industry, but shifting towards Chinese customers, primarily workers servicing Chinese energy and infrastructure contracts. Egypt may be a similar story: illicit ivory activity dropped sizably through 1998-2005, but a 2011 survey found a resurgent trade. Surveyors counted 8,343 items for sale in Cairo's souks alone, of which approximately 3,000 items were freshly carved within the past five years.¹⁰³ Chinese tourists were regarded as the principal buyers, eclipsing the traditional Arab and Western clientele. Enforcement in both countries is weak; Sudan is likely even weaker than Egypt, given the forensic evidence collected in *Ivory's Curse* that suggests Sudanese state sponsorship of large poaching networks. However, even

⁹⁹ C4ADS correspondence with Daniel Stiles

¹⁰⁰ Jason Straziuso, "Ivory for sale in Angola; big tuskers die in Kenya," *Associated Press*, June 19, 2014. Available at <http://goo.gl/mMM01e>

¹⁰¹ "LAGA: May 2006 Law Enforcement Report," *LAGA*, 2006. Available at <http://goo.gl/tvZqKK>

¹⁰² Sudan AECCG Sudan Elephant Conservation Plan

¹⁰³ Esmond Martin and Lucy Vigne, "Illegal Ivory Sales in Egypt," *TRAFFIC*, January 2012. Available at <http://www.traffic.org/home/2012/1/30/illegal-ivory-trade-blooms-during-egypts-arab-spring.html>, pg. 118

Egypt reported only one seizure to ETIS between 2003 and 2009, and only two between 2009-2011, an illogically small number considering its historical role in the ivory trade.

Nigeria's ivory trade has existed for centuries, but a survey in 2012 found more ivory present in retail stores in Lagos than at any point since monitoring began in 1989. During the weeklong survey, over 14,200 ivory items were seen across 33 retail outlets, the majority in Lagos's Lekki market. Ivory items were primarily tourist souvenirs and most customers were Chinese, although some buyers were European, American, Japanese, Lebanese, and Nigerian.¹⁰⁴ The number of items witnessed in 2012 had increased from previous surveys, but the average weight had declined by as much as half, with only smaller tusks and items evident for sale.¹⁰⁵ Nigeria is positioned to be potentially serviced by multiple elephant poaching hotspots, from Cameroon to Gabon/ROC, or even further afield from Central Africa, including the DRC. The survey indicated that raw ivory generally enters Nigeria from Cameroon, Congo Brazzaville, CAR, Gabon, the DRC, and Kenya, and is subsequently transported to Asia or West Africa.¹⁰⁶

In **Angola** in 2014, surveyors found a large, open, and relaxed ivory market in Luanda, and counted 10,026 items of ivory for sale, vastly bigger than they had anticipated.¹⁰⁷ Most of the ivory was believed to have come from forest elephants, likely from the TRIDOM area in West Africa, given the preponderance of French-speaking wholesalers and retailers. The market was "obviously all designed with the Chinese" in mind according to the survey, with Chinese nationals observed as the main buyers, and ivory styles designed for the Chinese.¹⁰⁸ The market appeared to be thriving, likely with ample demand from the more than quarter of a million Chinese migrant workers residing in Angola, the largest Chinese expatriate population in Africa. Angola is likely also growing as a transit route; Luanda, as noted earlier, also has one of Africa's few direct flight routes to China, and was recently the origin of 790kg of ivory seized off several individuals stopped at Hong Kong Airport in June 2014.

EAST ASIA

East Asia is the primary global market for ivory today, from high-end storefronts in China to street markets in Thailand. Illicit ivory activity, as measured in seizures, has increased significantly since 2009, with nearly every large-scale seizure around the world tied in some way to an East Asian destination. While the scale might be increasing, ivory consumption is not a new phenomenon and has a long history across East Asia, as a religious symbol for Filipino Christians and Thai Buddhists, as traditional medicine in Vietnam, and as a status symbol in China. East Asia has several legal or semi-legal markets, and some governments have actively lobbied for the preservation of the ivory carving industry. In 1999, Japan secured the first exemption to the ivory trade ban, receiving 50 tons, which was followed by a second 'one-off' sale in 2009 of 62 tons to China and 40 tons to Japan. The sale was predicated on

¹⁰⁴ Esmond Martin and Lucy Vigne, "Lagos, Nigeria: One of the largest retail centers for illegal ivory surveyed to date," *TRAFFIC Bulletin*, Vol. 25, No. 1, (2013). Available at <http://goo.gl/TZFQeH>, pp. 35-40.

¹⁰⁵ Ibid, pg. 39

¹⁰⁶ Ibid, pg. 36

¹⁰⁷ Jason Straziuso, "Ivory for sale in Angola; big tuskers die in Kenya," *Associated Press*, June 19, 2014. Available at <http://goo.gl/mMM01e>

¹⁰⁸ Elena Bersacola, "Reporting on the Ivory Trade in Angola: Will the Nation's Entry into CITES Make Any Difference?" *National Geographic*, January 30, 2014. Available at <http://goo.gl/w0ZOgz>; Jason Straziuso, "Ivory for sale in Angola; big tuskers die in Kenya," *Associated Press*, June 19, 2014. Available at <http://goo.gl/mMM01e>

CITES' perception that the ivory trade in East Asia was under strict regulatory control,¹⁰⁹ and that a limited supply would better control the market. Results were decidedly mixed. In Japan, where the trade was already in decline, it continued to decline to the point that within a decade Japan today appears to play a negligible role in the modern illegal ivory trade. In China, however, the relaxation of the ban coincided with a massive surge in ivory-related demand, reaching unprecedented levels.

Figure 4.3: Ivory Markets in East Asia



Main showroom for the Guangxi Huokun Ivory Crafts Processing Co. Ltd in Nanning city, China
Source: Company brochure



Ivory tusks, bangles and other trinkets seen on display in shop in Phuket, Thailand
Source: Phuket Gazette

High levels of corruption, low law enforcement capacity and low political will has resulted in many Asian law enforcement agencies disregarding or considering wildlife trafficking not to be a serious type of organized crime, although this is changing. At the very least, this environment enables a large amount of illegal ivory to enter East Asia with a high degree of impunity, but there have also been cases of law enforcement officials directly implicated in the trade. One of the more egregious examples of theft from government stockpiles occurred in the Philippines, where in 2006 several tons of seized ivory stockpiles kept in locked government storerooms disappeared, not only from the customs office, but also from the wildlife department itself.¹¹⁰ In 2008 in China, the Environmental Investigation Agency acquired an internal Chinese memorandum from 2002 that claimed the loss of 101 tons of ivory from government stockpiles.¹¹¹

China is widely regarded to be the world's largest ivory market and the largest regional carving center, although there is no clear idea of the amount of ivory in circulation. China, like Japan, received a one-off sale of ivory of 62 tons in 2008, which according to the Chinese government is currently doled out in annual 5-ton rations. In recent years, the wholesale price of ivory has exploded in China. Once pegged at \$450 in Fuzhou in 2010, by 2014 the same researchers concluded that wholesale prices had almost tripled to \$2,100/kg. In 2013, the Chinese legal output consisted of 17,877 items for retail sale, although 80% were below 50 grams each, and only 38 pieces weighed over 16kg,¹¹² which appears to correlate closely with legal amounts released onto the market. A 2011 survey by IFAW, however, found that the

¹⁰⁹ Bryan Christy, "Ivory's Worship," *National Geographic*, October 2012. Available at <http://goo.gl/yk6KJ>

¹¹⁰ Ibid.

¹¹¹ "China, Ivory Trade and the Future of Africa's Elephants," *Environmental Investigation Agency*, 2008. Available at <http://goo.gl/LOVyz0>

¹¹² Brendan Moyle and Kirsten Conrad, "The Chinese Illegal Ivory Market: A Pilot Study," *Massey University School of Economics and Finance*, 2014. Available at <http://ssrn.com/abstract=2459207>

total volume of available ivory in China increased by 170% between 2010 and 2011, and estimated that 70% of “wildlife products” sold online were illegal, including 17,847 ivory-related listings.¹¹³ Between 1989-2011 73% of the 933 seizures made in 2010 involved ivory,¹¹⁴ while during the same period China accounted for 41,095kg, or the world’s largest volume of seized ivory, per ETIS data. China’s market is explored in much more detail in the following section.

Thailand is estimated to be the world’s second largest ivory market behind China, and has long served as a regional trade hub, with 71 carvers and over 88,000 ivory items visible for sale in 2001.¹¹⁵ Today, the market is smaller but growing, with most of the available ivory likely illegal, especially as no legal raw ivory imports have been allowed in Thailand since 1990 and domestic supply is not believed to exceed 650kg per year.¹¹⁶ A market survey between January 2013 and May 2014 witnessed an increase in ivory retail stores in Bangkok from 71 to 162 outlets, while the number of ivory products on sale almost tripled from 5,715 items to 13,237.¹¹⁷ TRAFFIC reported six seizures in Thailand between January 2013 and May 2014, the largest a 72kg shipment, but in prior years Thailand has accounted for at least seven of the 76-largest seizures since 2009, totaling at least 9.1 tons.¹¹⁸

Vietnam is the epicenter of the rhino horn trade, and a hotspot for the ivory trade in Asia, both as a transit and consumer country. A market survey conducted in 2008 revealed that in Ho Chi Minh City, 1776 pieces of ivory were sold at 49 different outlets, the highest out of any city that was surveyed, with the Chinese, Thais, and Vietnamese buying the most.¹¹⁹ Ivory prices in Vietnam are among the highest in Asia, with a 0-5kg tusk selling for about US\$791/kg.¹²⁰ Illegal ivory seizures are similarly common; between 2004 and 2012, authorities seized 25,825 kg of ivory.¹²¹ Most seizures occur in the north, most frequently at the port of Hai Phong, close to the Chinese border, but seizures in the south are beginning to increase, particularly through Ho Chi Minh City port. Smaller amounts of ivory also enter Vietnam from multiple other points of entry, including Thanh Hoa, Nghe An, Ha Tinh, and Hanoi.¹²² China is regarded as a major end-destination for illegal ivory entering Vietnam,¹²³ with smugglers likely moving product overland through border checkpoints such as Mong Cai, which lies along the shortest road path from Hai Phong to Guangzhou in China.

Myanmar shares a 2,192-mile long border with China, and is witnessing increasing signs of illegal ivory activity. A survey in early 2014 confirmed the border town of Mong La as a growing center of ivory activity and found 3,494 ivory items for sale, in contrast with 200

¹¹³ Grace G. Gabriel et. al, “Making a Killing,” *International Fund for Animal Welfare*, 2011, pg. 3, 5.

¹¹⁴ Ibid, pg. 5

¹¹⁵ Daniel Stiles, “Saving the Asian Elephant: A Study of Ivory Carvers in Thailand,” *National Geographic Society*, May 2003. Available at <http://danstiles.org/publications/ivory/05b.NGS%20REPORT-Thailand.pdf>

¹¹⁶ Naomi Doak, “Polishing Off the Ivory: Surveys of Thailand’s Ivory Market,” *TRAFFIC*, 2014. Available at <http://goo.gl/pSxYhs>, pg. 12

¹¹⁷ Ibid, pg. 6

¹¹⁸ Ibid, pg. 13-14

¹¹⁹ Dan Stiles, “An Assessment of the Illegal Ivory Trade in Vietnam,” *TRAFFIC*, 2008. Available at <http://goo.gl/8wyfE3>, pg. v, vi, 13

¹²⁰ Dan Stiles, et.al, “Ivory Prices,” *The East African Wildlife Society*, 2011. Available at <http://danstiles.org/publications/ivory/29.Ivory%20prices.pdf>, pg.20

¹²¹ CITES CoPS16, pg. 3.

¹²² Ibid, pg. 4

¹²³ Tim Jackson, “Ivory Apocalypse,” *Elephants Without Borders*, April 2013. Available at <http://www.elephantswithoutborders.org/downloads/papers/Ivory%20Apocalypse.pdf>, pg. 48

pieces in 2009, and none in 2006.¹²⁴ Surveyors also found whole tusks for the first time. Most customers appeared to be Chinese tourists visiting for the casinos and brothels, although Mong La is a known narcotics transit route and a well-connected hub for cross-border trafficking into China's Yunnan province (and then likely en route towards Guangzhou).¹²⁵ A previous survey in 2006 found 7,882 ivory products for sale across seven markets, but surveyors believed much of it was domestic and other Asian ivory.¹²⁶

Cambodia does not have a large domestic ivory market, but has long, porous borders with Thailand, Laos, and Vietnam, each of which has sizable ivory smuggling activity. Ivory trafficking in Cambodia has risen significantly between 2013 and 2014, with at least three significant seizures made in (or in transit to) Cambodia in 2014, including three tons seized at Sihanoukville Port in May.¹²⁷ Cambodia's rise as a possible transit country is not necessarily new; a 2011 seizure in Kenya of almost 2.6 tons was due to travel to Cambodia in wooden crates declared as handicrafts. Cambodia does not share a land border with China, but a March 2014 seizure of 260kg was headed by road to the Vietnamese border.¹²⁸ A March 2013 survey found 981 ivory items total in Siem Reap and Phnom Penh, which did not appear to be fresh carvings.¹²⁹ Buyers were mostly Cambodians who favor Asian elephant tusks to African, though the overall Cambodian market prizes gold and precious metals for investment and status over elephant products.¹³⁰

Laos has a small ivory market that appears to exist primarily to serve Chinese tourists. A 2013 market survey found a total of 1,929 items on sale in the capital, Vientiane, and in the city of Luang Prabang, although surveyors did not find African ivory in domestic markets.¹³¹ While Chinese buyers dominated the market, surveyors also found indications of Thai, Vietnamese, Japanese, and South Korean buyers.¹³² Laos is regarded as having weak wildlife enforcement and reporting, and is a known transit country for trafficked ivory, with ETIS reporting at least four large seizures between 2009 and 2011, totaling over four tons.¹³³ Ivory from Laos is believed to enter China over the relatively porous border, but especially along the Mekong River, which is as a major narcotics and human smuggling hotspot through the Golden Triangle and the borders of Thailand, Myanmar, Laos, and China.¹³⁴ Laotian ivory prices are considerably higher than those in China and Thailand; for example, a 2012 TRAFFIC report found that a set of three bangles cost approximately USD\$1,300 in Laos, as compared to

¹²⁴ Vincent Nijman and Chris R Shepherd, "Emergence of Mong La on the Myanmar-China border as a Global Hub for the International Trade in Ivory and Elephant Parts," *Unpublished*. (2014).

¹²⁵ Michael Black and Roland Fields, "Virtual gambling in Myanmar's drug country," *Asia Times*, August 26, 2006. Available at <http://goo.gl/IeWAQV>

¹²⁶ Chris R. Shepherd and Vincent Nijman, "Elephant and Ivory Trade in Myanmar," *TRAFFIC Southeast Asia*, 2008.

¹²⁷ "Cambodia seizes record amount of illegal ivory," *Associated Press*, May 14, 2014. Available at <http://goo.gl/sWweUa>

¹²⁸ Sen David, "Elephant ivory seized at border," *Phnom Penh Post*, March 24, 2014. Available at <http://goo.gl/gaX1eu>

¹²⁹ Martin, Esmond and Martin, Chryssee. "The Decline in Cambodia's Ivory Trade," *Bloody Ivory*, 1 Dec. 2013.

Available at <http://www.bloodyivory.org/news/traffic-cambodia-domestic-market-elephant-poaching-ivory-trade>

¹³⁰ *Ibid*.

¹³¹ Lucy Vigne, "Recent Findings on the Ivory and Rhino Horn-Trade in Lao People's Democratic Republic," *Pachyderm*, July-December 2013. Available at <http://goo.gl/Rm1ntM>, pgs. 36-39

¹³² *Ibid*, pg. 40

¹³³ "Laos playing growing role in illegal ivory trade: report," *AFP*, July 11, 2012. Available at <http://goo.gl/Wma9Aw>

¹³⁴ Jon Fernquest, "Mekong River: New Drug Smuggling Route," *Bangkok Post*, August 1, 2011. Available at <http://goo.gl/aJukxs>

approximately USD\$250 in Thailand,¹³⁵ while a full tusk cost approximately USD\$1,600/kg in 2013.¹³⁶

Japan was once one of the largest consumers of ivory in the world, but its involvement in the illicit trade appears to have significantly declined over the past decade. CITES authorized two one-off sales to Japan in 1999 and 2009, allowing the import of 93 tons of ivory.¹³⁷ Japanese demand for ivory is centered on the tradition of using *hankos*, name seals traditionally made from ivory to mark signatures. The illicit market is likely to have been significant in the relatively recent past: a seizure of 7.2 tons in Singapore in 2002 included 42,000 hankos. Even today, however, there is at least some illicit ivory activity; between 1998 and 2010, 77 seizure incidents were reported at Japanese ports and airports,¹³⁸ although the majority of Japanese seizures consist of worked rather than raw ivory.¹³⁹ Japan's ivory is routed from across East Asia, including through China, Thailand, Hong Kong, South Korea, and Taiwan,¹⁴⁰ and significantly the United States, which had the second highest frequency after China.¹⁴¹ In a high-profile case in May 2011, the former CEO of Takeichi, a famous Japanese hanko company, was arrested alongside his son for allegedly buying approximately 509 kg worth of ivory for 19,572 yen over the course of three months.¹⁴² The Internet is particularly important for continued Japanese trade in ivory. A 2014 report by EIA found over 28,000 ads on the most popular e-commerce website in Japan, Rakuten, with hankos prices ranging from US\$36 to sets of three for US\$3,000.¹⁴³

Significantly, recent cases have also shown Japan becoming an exporter of ivory. In May 2014, 76 kg of ivory from Kobe was seized in Thailand,¹⁴⁴ while between 2010 and 2012, a Chinese husband-wife team smuggled almost 3.26 tons of ivory from Japan into mainland China using Chinese nationals in Japan as intermediaries. The two would sell the product online, supplying ivory across China, from Jilin province in the northeast to Guangdong in the southeast.¹⁴⁵

¹³⁵ Vincent Nijman and Chris R Shepherd, "The Role of Lao PDR in the Ivory Trade," *TRAFFIC*, 2012. Available at http://www.vincentnijman.org/files/a111_nijmanshepherd_ivorytradelao_trafficbull_201.pdf, pg.42.

¹³⁶ Lucy Vigne, "Recent Findings on the Ivory and Rhino Horn-Trade in Lao People's Democratic Republic," *Pachyderm*, July-December 2013. Available at <http://goo.gl/Rm1ntM>, pg. 38

¹³⁷ "象牙印章流通の裏側(The Darkside of the Ivory Name Seal Trend)," *Japan Tiger and Elephant Fund*, March 2013. Available at http://www.jtef.jp/img_showcase/130322_ivory_report.pdf, pg. 26

¹³⁸ *Ibid.*, pg. 36

¹³⁹ Masayuki Sakamoto, "Elephant Poaching? None of Our Business," *Japan Tiger and Elephant Fund*, March 2010. Available at <http://www.jtef.jp/english/text.html>

¹⁴⁰ "象牙印章流通の裏側(The Darkside of the Ivory Name Seal Trend)," *Japan Tiger and Elephant Fund*, March 2013. Available at http://www.jtef.jp/img_showcase/130322_ivory_report.pdf, pg. 36

¹⁴¹ *Ibid.*, pg. 36

¹⁴² *Ibid.*, pg. 11

¹⁴³ "Blood E-Commerce: Rakuten's Profits from the Slaughter of Elephants and Whales," *Environmental Investigation Agency*, March 2014. Available at <http://www.eia-international.org/wp-content/uploads/Blood-e-Commerce-FINAL.pdf>, pgs. 3, 11.

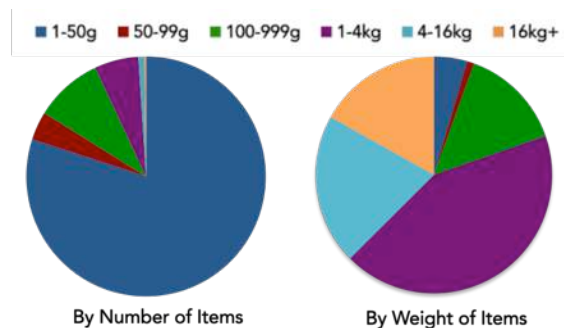
¹⁴⁴ "日本から輸入の象牙 76 キロ タイで押収(76kg of Ivory from Japan Seized in Thailand)," *Newsclip*, 28 March 2014. Available at <http://www.newsclip.be/article/2014/03/28/21285.html>

¹⁴⁵ Ruiping Zhou, "网购象牙避海关监管金额过亿元八人获刑 (Online ivory vendor evades customs and facilitates 8-person smuggling operation yielding over 100 million CNY in profits)" Anhui Provincial Court, October 28, 2013. Available at <http://www.ahcourt.gov.cn/sitecn/mtjjahfy/57146.html>

THE CHINESE LICIT MARKET

The ivory sector has a long history in China and was listed as part of the country's "intangible cultural heritage" (非物质文化遗产) by the Ministry of Culture in 2006.¹⁴⁶ China is the world's largest ivory consumer, and Chinese demand appears to drive ivory-related activities across Africa, as well as in neighboring East Asian countries. Chinese nationals have been reported in ivory-related offenses in virtually every African range state, and at all steps along the ivory value chain, save for the physical poaching. Recent surveys of African ivory markets all conclude that Chinese nationals, including tourists, migrant workers, and visiting businessmen, are primary customers upholding the markets today, while Chinese nationals based out of Africa and Asia operate illicit networks that liaise with African poaching gangs to acquire and consolidate ivory, consign cargo, and set up shell companies, and then move the product through Chinese entry points for sale to processing facilities. The final destination of illicit ivory within China is opaque; it is quite likely that illicit ivory is laundered through the licit system, although there is little data and visibility on this leg of the value chain.

Figure 4.4: Chinese Legal Ivory Output (2013)



Source: Detecting Centre for Wildlife, Harbin via Brendan Moyle

Estimating the size of Chinese ivory demand or the amount of ivory moving around within China is very difficult. China's size precludes comprehensive market surveys, and what surveys are conducted are few and mostly appear to lag behind trends. Moreover, there exist two markets in parallel – the licit and the illicit – the distinguishing of which can be difficult,

both in analytical and practical terms. The licit market for ivory in China is provided for by an annual government ration of 5-tons of ivory from a 62-ton stockpile acquired in a 2008 "one-off" sale. China's reported licit ivory output is very small, both in terms of the amount of illicit ivory exiting Africa, and in terms of that circulating around China. In 2013, it comprised 17,877 new items made for sale, of which 14,302 (80%) were less than 50 grams in weight each. Only 38 pieces weighed over 16kg but accounted for over 16% of the total weight.¹⁴⁷ Prices in the retail market range from US\$450 for a pair of chopsticks to US\$591,000 for a fairly small carving of a famous painting, done by master carver Li Dingning.¹⁴⁸

The price of ivory in China has increased dramatically in recent years. A 2014 survey found a wholesale price (i.e. the price paid by processing centers) of US\$2,100, more than three to five times the \$455-750 price quote they had collected from their surveys in Fuzhou in 2010.¹⁴⁹ At the retail level, by most accounts, Chinese investors appear to perceive ivory as a superior

¹⁴⁶ the First List of Intangible Cultural Heritage (includes 501 items) issued by the State Council and released on January 6, 2006," *China Heritage Quarterly*, Available at <http://goo.gl/ovFOkN>

¹⁴⁷ Brendan Moyle and Kirsten Conrad, "The Chinese Illegal Ivory Market: A Pilot Study," *Massey University School of Economics and Finance*, 2014. Available at <http://ssrn.com/abstract=2459207>

¹⁴⁸ "象牙名贵，血牙则可遇不可求(Ivory is sought-after; blood ivory, on the other hand, cannot sought, only discovered)," *Southern Capital Network*, April 11, 2014, Available at http://epaper.oeeee.com/G/html/2014-04/11/content_2052862.htm

¹⁴⁹ Lucy Vigne and Esmond Martin, "Consumption of elephant and mammoth ivory increases in southern China," *Pachyderm*, No. 49, 2011, pp. 4.

asset class, anticipated to yield high returns. As per an auction newsletter, 11,100 ivory pieces (USD\$95.4million) were auctioned in mainland China in 2011, an increase of 170% since 2010.¹⁵⁰ Wealthy consumers who see ivory products as both a sound investment and a status symbol drive much of this growth. That ivory is an investment vehicle is not only evident through its rapid price increase but also through its nicknames of ‘white gold’ (白金) and ‘organic gemstone’ (有机宝石). There is evidence that large-scale investors are beginning to establish their own personal ivory stockpiles, assuming that its value will continue to appreciate.¹⁵¹ In some parts of China, however, namely the Hong Kong SAR, there is a stronger environmental movement and backlash against ivory consumption, so much so that under pressure in March 2014, the state-owned China Arts & Crafts (HK) Ltd, and two other local retailers announced they would stop selling ivory, ostensibly “due to the adjustment of product mix.”¹⁵²

The Chinese licit ivory market is closely tied to the government. Not only are government agencies like the State Forestry Administration and State Administration for Industry and Commerce charged with ensuring the legality of the ivory trade, but three of the four companies and ivory carving factories that bought,¹⁵³ and thus dispense, the country’s ivory stockpile, are state owned enterprises (SOEs). While many of the country’s SOEs lag far behind their privatized competitors, state-financed carving factories are growing in revenue and work alongside private commercial businesses through organizations like the government-sponsored Ivory Carving Committee of the China National Arts and Crafts Association.

Figure 4.5: Chinese Gov’t Ivory Gift to United Nations



300kg ivory sculpture of “Chengtou-Kunming Railway” and site of Long March, presented to U.N. in 1974.
Source: Teddy Chen, United Nations

Since ratifying CITES in 1981, the Chinese government has attempted to take an increasingly active role in regulating the country’s ivory market. In addition to the CITES-mandated Management and Scientific Authorities, the PRC’s State Forestry Administration (SFA)—a government organization directly controlled by the State Council and currently run by Zhao Shucong,¹⁵⁴ is charged with ensuring the terms of the convention are upheld.¹⁵⁵ Originally this meant that no new ivory could enter the country, though this was appended in 2008 for the 62-ton one-off sale. This stockpile would become the source of all of China’s legal ivory.¹⁵⁶ The

¹⁵⁰ 何去何从的犀角象牙雕刻拍卖(Rhino horn and ivory auctions go up), *China Luxus*, March 18, 2012. Available at <http://collection.chinaluxus.com/Cln/20120318/143970.html>

¹⁵¹ 投资涌入象牙收藏 象牙价值飙升(Investment pours into collection, value of ivory skyrockets)" *GansuNet*, May 4, 2011, Available at <http://www.gscn.com.cn/pub/jishuhua/sctz/2011/05/04/1304492991597.html>

¹⁵² “Hong Kong retailers say they’ll stop selling ivory,” *Wall Street Journal (China Real Time)*, May 14, 2014. Available at <http://goo.gl/6MTLj7>; Clare Baldwin, “China government-owned crafts chain suspends controversial ivory sales,” *Reuters*, March 18, 2014. Available at <http://goo.gl/Otg6Kl>

¹⁵³ “China’s black market boosts deadly ivory trade,” *Encs.cn*, December 13, 2011. Available at <http://goo.gl/UKSyT6>

¹⁵⁴ 赵树丛出任国家林业局局长 梁书昆不再担任(Zhao Shucong is appointed as Head of the State Forestry Administration, Party Secretary, Jia Zhibang no longer holds the position)," *People’s Daily*, March 31, 2012, Available at <http://politics.people.com.cn/GB/17552844.html>

¹⁵⁵ Yufao Guo and S Wang, “CITES Implementation in China: Success and Challenge,” *Regional Sustainable Development Review*, Vol. III, Available at <http://www.eolss.net/Sample-Chapters/C16/E1-54-38.pdf>

¹⁵⁶ Pieter Kat, “What happened to the money earned?” *Lion Aid*, February 27, 2014. Available at <http://goo.gl/hXo6dJ>

number of factories handling this stockpile¹⁵⁷ has since doubled to include the state-owned enterprises Daxin Ivory Carving Factory and Beijing Ivory Carving Factory.¹⁵⁸ In order to maintain this stockpile for at least ten years, the SFA announced that only 5 tons of ivory would be allowed to enter the market, a mere 138 kilos if rationed equally across all registered carving factories. There does not seem to be a cap on the number of factories or retail outlets; the number has slowly but steadily climbed since the registration process started in 2004. In 2004, the SFA had given 17 companies a license to process raw ivory and an additional 87 outlets the right to sell ivory products;¹⁵⁹ at the time of this report, there are 37 registered carving factories and 145 retail outlets.¹⁶⁰

The status of China's carving industry is a source of concern for Chinese authorities who intervened to stave off a coming collapse by acquiring the 2008 stockpile. Japan's carving industry (and possibly domestic demand) essentially died when its skilled carvers retired without training new apprentices. This was a major concern in China, as well, and until a few years ago many factories were laying off employees as ivory sources dwindled.¹⁶¹ When the government labeled ivory carving an intangible cultural heritage, it signaled the start of state-backed efforts to preserve and revive the industry. Since the 2008 stockpile purchase, many of the factories have begun to hire and train new carvers for the first time in decades.¹⁶² This growth is also seen in the number of firms entering the industry; the State Forestry Administration has assigned licenses to an additional 20 manufacturers and 58 retailers since its registration scheme started in 2004.

Figure 4.6: Fake ID Card in Guangzhou



Source: Esmond Martin and Lucy Vigne

On paper, the Chinese legal ivory market is one of the most regulated in the world; in practice, there appear to be significant enforcement gaps. All licensed processing and retail facilities, after filing the proper paperwork, are supposed to undergo routine audits by the SFA's Wildlife and Nature Reserve Management Department to ensure compliance, including displaying proper paperwork in showrooms and registering all carved products with ID cards.¹⁶³ The ID registration system has become a critical element of China's ivory market.¹⁶⁴ The SFA as well as the State Administration for Industry and Commerce (SAIC)—another government entity that directly answers to the State Council and currently run by the Minister

¹⁵⁷ “我国竞拍得 61 吨象牙原材料 (Bidders bid on 61 tons of raw ivory),” *China State Forestry Administration*, November 25, 2008. Available at <http://goo.gl/rfOUen>

¹⁵⁸ “受质疑的北京牙雕技术 (Beijing ivory carving industry called into question),” *XinhuaNet*, January 19, 2007, Available at http://news.xinhuanet.com/shuhua/2007-01/19/content_5624595.htm

¹⁵⁹ “Ivory Market in China: China Ivory Trade Survey Report,” *IFAW*, June 2006. Available at <http://goo.gl/AGr4eT>

¹⁶⁰ “允许从事象牙加工活动的单位，及其加工场所名单 (List of state-sanctioned Entities engaged in ivory processing activity, along with processing sites) *State Forestry Administration*, January 24, 2013, Available at <http://www.forestry.gov.cn/uploadfile/main/2013-1/file/2013-1-24-64c077c335744bc68bd1e04f2987c70f.doc>

¹⁶¹ “牙雕作品如何选购保养 (How to buy and maintain ivory products),” *China Building Decoration Materials Network* Available at <http://www.cbh-jj.com/wzs/wzs452.html>

¹⁶² “强化业务技能 打造高效团队工艺美术板块开展产品推介技巧培训 (Strengthen business skills, build effective teams: Fine arts and crafts sector launches skill training),” *Guangzhou Light Industry and Trade Group*, June 4, 2012, Available at <http://www.gzlig.com/newsview.aspx?tid=816&id=2185>

¹⁶³ “象牙加工经营规范管理情况通报会召开” (Briefings held to standardize operations and management conditions governing ivory processing facilities),” *State Forestry Administration Department for Wildlife and Natural Protection*, December 15, 2013, Available at <http://www.forestry.gov.cn/portal/zrbh/s/1492/content-515586.html>

¹⁶⁴ Grace G. Gabriel et. al, “Making a Killing,” *International Fund for Animal Welfare*, 2011.

of Commerce, Zhou Bohua—jointly issue ivory registration cards.¹⁶⁵ These cards, which are mandatory for every item and include a picture for all items over 50 grams, are meant to guarantee that the ivory came from the government stockpile and was processed by a licensed factory, but in practice there appears to be significant abuse. Surveys of Chinese markets found items on sale without their requisite cards, or with re-used cards intended for another item. In a 2011 survey, 20 of the 32 retail outlets visited did not have identification cards matching the products, and in almost half of the stores they visited, retailers actively discouraged them from taking the ID cards with them, some outright admitting they needed the cards to evade inspectors, and others offering a range of excuses, including that the product would cost more if sold with the card.¹⁶⁶ A separate survey found similar results; 63% of the 6,437 items on sale in Guangzhou lacked ID cards, while 90% of the 80 visited retail outlets failed to display the compulsory identification.¹⁶⁷

There appear to be wider issues with the Chinese regulatory process. From the outset, there were significant problems in how the government conducted the 2008 ‘one-off sale’ auction. An interview by investigative reporter Bryan Christy with the former director general of China’s CITES Management Authority, reveals that an auction that was supposed to be competitive and maximize funding for African conservation efforts quickly resulted in the Chinese and Japanese buyers colluding to bid on different types of ivory, thereby keeping prices low, and eventually securing their needs at a paltry \$69/kg.¹⁶⁸ China also failed to follow up on the CITES expectation that it would now flood the market with licit ivory to drive down prices, and destroy the illicit business model. Instead, the government, through its craft associations and carving factories, significantly raised the price to \$530/kg.¹⁶⁹ Since then, policymakers have consistently underestimated the scale of abuse and criminality within the Chinese trade. In March 2005, CITES declared itself “more than satisfied” with China’s internal controls on the illicit ivory trade and predicted it would soon stamp out the illicit market, based on which the 2008 ‘one-off sale’ was allowed to proceed, yet by 2009 it was becoming apparent that there was a large illicit trade, and that China was the primary driver.¹⁷⁰

¹⁶⁵ “国家工商行政管理局关于实行商标注册用商品国际分类的通知” (Notice from the State Administration for Industry and Commerce on the implementation of trademark registration using the international classification system of goods), “State Administration for Industry and Commerce of the People’s Republic of China, May 21, 2007, Available at http://www.saic.gov.cn/fldyfbzdjz/zcfg/200705/t20070523_57418.html

¹⁶⁶ Grace G. Gabriel et. al, “Making a Killing,” *International Fund for Animal Welfare*, 2011, pg. 2, 11.

¹⁶⁷ Lucy Vigne and Esmond Martin, “Consumption of elephant and mammoth ivory increases in southern China,” *Pachyderm*, No. 49, 2011, pg. 4

¹⁶⁸ Bryan Christy, “Ivory’s Worship,” *National Geographic*, October 2012. Available at <http://goo.gl/yk6KJ>

¹⁶⁹ Ibid.

¹⁷⁰ Bryan Christy, “Ivory’s Worship,” *National Geographic*, October 2012. Available at <http://goo.gl/yk6KJ>

CHINESE PROCESSING CENTERS

There are three primary schools of ivory carving in China. The ‘Southern School’ based in Guangdong is the most celebrated, and has produced the most elaborate products, including their signature ‘puzzle balls’ that consist of independently rotating spheres carved from a single tusk. The ‘Northern School’ based in Beijing focuses more on Buddhist figures and landscapes carved into tusks, while the ‘Changzhou School’ based out of Jiangsu Province is the smallest school and is characterized by using ink to highlight shallow carvings in the tusks. As recently as the past decade there were credible fears that the entire industry was going to die out through a combination of aging carvers and diminishing ivory supplies, in a similar fashion to what appears to have happened in Japan, compelling the Ministry of Culture in 2006 to classify ivory carving as part of China’s ‘intangible cultural heritage.’

Ivory has had a long history of being viewed as a status symbol, but consumer preferences and carving styles are in transition. The previous generation of master carvers—many of whom are now retired but still serve as consultants for the larger factories and help train new employees—could spend over a decade on a single, elaborate piece. These pieces were often religious (as in Li Dingning’s Buddhist-inspired work) or political (as evidenced in Zheng Suisheng’s carvings of Mao Zedong). Today, classical items like intricate puzzle balls, tusk bridges, and religious icons are still seen as ideal showpieces by the Chinese elite. The wealthiest patrons will commission pieces to their exact specifications, and there have even been cases of individuals establishing carving studios for their own private enjoyment.¹⁷¹ Ivory carvers as a result can have good business and political connections, as well as status in Chinese society; Su Zhongyang, seen in **Figure 4.7**, for example, was one of a select few who carried the Olympic Torch in Beijing in China’s coming-out 2008 Olympic Games.

Figure 4.7: Master Carver Su Zhongyang



Su Zhongyang, master carver and owner of the Guangzhou Flying Dragon factory carrying the Olympic Torch in Beijing in 2008

Today, while traditional and religious-themed products remain prevalent, there is a growing trend amongst the newest generation of carvers to focus on more ostentatious works. These young carvers, armed with electric hand tools that greatly speed up the carving process, have created carvings that encompass everything from iPhone covers to cigarette lighters to palanquins. The above-mentioned Su Zhongyang, typifies the new generation and has made a name for himself by creating particularly flashy pieces, including the 99 *Luck Dragon Car* seen in **Figure 4.8**, that was created as a fundraising tool for the 2010 Asian games and combines ivory and yak bone with over 10 carats worth of South African diamonds for the eyes of the hood ornament.¹⁷²

¹⁷¹ Bryan Christy, “Ivory’s Worship,” *National Geographic*, October 2012. Available at <http://goo.gl/yk6KJ>

¹⁷² “Ivory Carving Car Donated to Guangzhou Asian Games,” *Overseas Chinese Affairs of Guangdong*, December 12, 2007, Available at <http://gocn.southcn.com/english/localculture/200712120082.htm>

Figure 4.8: High-Skill Carving Output



From left to right: 1) 80-kg 'Golden Age of the Universe,' by Li Dingning (李定宁), master carver at the Daxin Factory; 2) 'The Great Man Mao Zedong' by Zheng Suisheng (郑岁生), master carver of Wenzhou City Huabao Carved Ivory Company; 3) 99 Lucky Dragon Car by Su Zhongyang (苏忠阳), master carver at Guangzhou Dragon Gift Trading Company. Source: Chinese open source reporting

Compared to even the mid-2000s, the entire ivory industry has witnessed a revival. The 2008 ivory auction that led to the creation of a government stockpile has eased some concerns over the dwindling supply of ivory. While factories still complain that their rations are far too small to fully meet their needs, they are still producing a number of complex works and have even begun hiring new carvers. The fact that new companies are entering the market and established factories—which had been steadily shrinking in size throughout the 1990s as carvers retired or laid off—have begun to train new carvers is perhaps the greatest sign that the industry is once again experiencing a period of growth.¹⁷³ Daxin, for example, had almost doubled its carver pool to 40-45 carvers in 2011, up from about 20 in 2004.¹⁷⁴ Even as the pool of master carvers specializing in traditional motifs shrinks, this next generation is developing its own style to reflect changes in consumer tastes, carving goods such as cellphone cases and ostentatious jewelry.

Ivory carving factories continue to cluster in areas that traditionally specialized in ivory production. Southern provinces contain the bulk of China's ivory carving studios, particularly Guangzhou, which is the origin of the 'Southern School' style of carving. Guangdong, the provincial capital, is dominated by the Daxin Ivory Carving Factory, a subsidiary of the state-owned Guangzhou Light Industry and Trade Group,¹⁷⁵ located in the industrial Yuexiu district. As the oldest and most established of Guangdong's ivory carving factories, Daxin was originally established as a co-op of ivory carvers meant to serve as a display to other Communist countries of China's traditional ivory craftsmanship.¹⁷⁶ Since being licensed by the SFA and gaining access to the government stockpile, Daxin has used its experienced carvers to train the most recent generation. Its staff has doubled to include over 100 employees, 45 of which are carvers.¹⁷⁷

¹⁷³ “北京象牙雕刻厂有限责任公司举行象牙雕刻学员出师汇报会(Beijing Ivory Carving Factory Holds Ivory Carvey Apprenticeship Briefing),” *Beijing Arts and Crafts*, April 27, 2013, <http://goo.gl/IvptLQ>

¹⁷⁴ Lucy Vigne and Esmond Martin, “Consumption of elephant and mammoth ivory increases in southern China,” *Pachyderm*, No. 49, 2011.

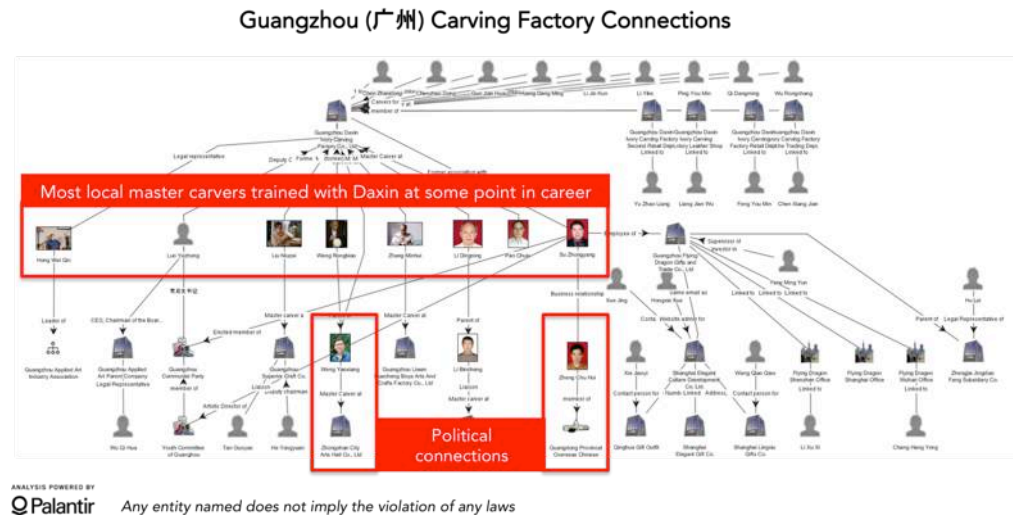
¹⁷⁵ “广州市大新象牙工艺厂企业介绍(Daxin Ivory Carving Factory Company Introduction),” *Guangzhou Daxin Ivory Carving Factory*, June 6, 2008, Available at <http://goo.gl/r6xNTs>

¹⁷⁶ “寻找广州牙雕新出路 (Searching for a new Ivory Outlet in Guangzhou)” *Xkb.com.cn*, April 27, 2014, Available at http://news.xkb.com.cn/shoucang/2014/0427/320957_5.html

¹⁷⁷ Lucy Vigne and Esmond Martin, “Consumption of elephant and mammoth ivory increases in southern China,” *Pachyderm*, No. 49, 2011, pg. 82.

Daxin's oversized presence in Guangzhou manifests itself in the fact that it acts as center of the province's ivory industry as seen in **Figure 4.9**. Many of the region's carvers have worked together at the factory; as a result, even when master carvers have left to set up their own company, they will often recruit or work with Daxin employees. Furthermore, many master carvers come from families that have spent generations working with ivory, leading to a number of family ties that continue to shape the industry. As a result, individual carvers and relationships largely dominate Guangzhou's ivory market, most of them tied back to Daxin.

Figure 4.9: Guangzhou Network Map



Source: Open source reporting; company websites and financial filings; Guangzhou business registries

While the relationships between carvers characterize the South's ivory network, companies rather than the carvers define the connectivity of the network in Beijing, as seen in **Figure 4.10**. Outside of Guangdong, Beijing has the country's largest and most developed ivory carving market.¹⁷⁸ Not only does the city have a wealthy class of consumers who are eager to use ivory as a form of investment, but factories also have unrivaled access to the central government's funds for protecting 'China's intangible heritage.'¹⁷⁹ As a result, not only are the factories connected to one another via personal relationships between the carvers (although to a far less visible extent in Guangdong), but they are also united through connections to large corporations. Whereas Guangdong is dominated by Daxin Factory, many of the Beijing factories with a State Forestry Administration license have a working relationship with Beijing Gongmei Group,¹⁸⁰ an enormous conglomerate of arts and crafts companies that produce everything from ivory to jade to carpets. Furthermore, these companies are all heavily dependent on the three local companies that are charged with maintaining the government stockpile and handing out the ivory ration to other companies: Beijing Mammoth Art Company, China Arts and Crafts (Group) Company, and Beijing Ivory Carving Factory¹⁸¹.

¹⁷⁸ Grace G. Gabriel et. al, "Making a Killing," *International Fund for Animal Welfare*, 2011, pg.10-12

¹⁷⁹ "Order of the President of the People's Republic of China, No.42," *World Intellectual Property Organization*, February 25, 2011, Available at <http://www.wipo.int/edocs/lexdocs/laws/en/cn/cn179en.pdf>

¹⁸⁰ Gongmei Group website, Available at <http://goo.gl/tyPaop>

¹⁸¹ 中国黑市象牙 2 万元 1 公斤：象牙商称光抓人没用 (Chinese ivory black Market, 20000 yuan/kg: ivory vendors claim that merely catching people is useless), I w 钱网, June 27, 2013, Available at <http://www.zgqw.com/3/3-1922>

Figure 4.10: Beijing Network Map



THE CHINESE ILLICIT MARKET

There is very little information on the illicit market in China, but seizure records, court documents, and other open source information point to a large amount of illicit ivory entering the Chinese mainland. China accounts for almost half the global total of seizures reported to CITES, or about 600 seizures per year,¹⁸² but the vast majority of these seizures are small, and most trends suggest a large amount of ivory continues to get through. NGO-led investigations have consistently found serious abuses within the market; a 2002 document procured by the Environmental Investigation Agency (EIA) includes a Chinese official reporting the loss of 110 tons of ivory from government stockpiles,¹⁸³ corresponding to almost 11,000 elephants, or twice the amount of ivory released in the 2009 one-off sale. More recently, a detailed NGO report in March 2013 estimated that 70% of the ivory circulating in China is illicit, and that 57% of licensed ivory facilities were laundering illicit ivory.¹⁸⁴ A market survey in the Guangzhou and Fuzhou retail markets in 2011 suggested 61% of the 6,347 observed ivory items were illicit,¹⁸⁵ and even factory managers have gone on record to state that the government ration is far below their required output.¹⁸⁶ Ultimately, this final leg of the ivory supply chain, when illicit traffickers make contact with licit factory owners and their agents, is the most opaque. It is known that a large amount of illicit ivory gets past Chinese customs and border authorities, but how much, or how much is laundered through the licit system, is unclear. An emerging trend appears to be the growth of illicit, unregistered carving factories that allow traffickers to control final retail distribution and earn even higher profit margins.

The majority of China's illicit ivory appears to enter through two major axes, from over the borders in Southern China, particularly overland from Vietnam, and through ports in the Pearl River Delta region, particularly Hong Kong's Tsing Yi and Kwai Chung container terminals. Given trafficking trends, ivory likely enters from a variety of points along China's 1,400km-long border with Vietnam, but the town of Mong Cai is known to be a major trafficking hotspot.¹⁸⁷ Mong Cai lies along the shortest driving path from the Vietnamese port of Hai Phong, known to be one of the largest ivory import points, and the Chinese city of Guangzhou, known to be one of China's most important carving and transit centers for ivory. Further up the border, the town of Puzhai is also within a few hours driving distance of both Hai Phong and the provincial capital in Guangxi, and is a key stop on a major drug trafficking route and entry point for illegal wood product, as well as ivory flows.¹⁸⁸ Cambodia, Laos, and Myanmar all also share land borders with southern China, and have seen large ivory seizures without ivory markets of corresponding size. All involve significantly longer transport routes to reach China's populated eastern littoral than Vietnam. Mong La in Myanmar is a known wildlife trafficking axis, as is the Mekong Delta region between Cambodia and Laos, another known smuggling hotspot.

There is little information on how the trade functions, but arrest and court records from the period provide some insight. A local Chinese trafficking network in 2009, for example,

¹⁸² "Control of Ivory Trade in China," *CITES CoPS 15 SC62 Inf.* 8, July 23-27, 2012. Available at <http://goo.gl/hwHUIc>

¹⁸³ "China, Ivory Trade and the Future of Africa's Elephants," *Environmental Investigation Agency*, 2008.

¹⁸⁴ "Ivory Demand in China," *WildAid and Save the Elephants*, 2014. Available at <http://goo.gl/Iqce60>

¹⁸⁵ Lucy Vigne and Esmond Martin, "Consumption of elephant and mammoth ivory increases in southern China," *Pachyderm*, No. 49, 2011.

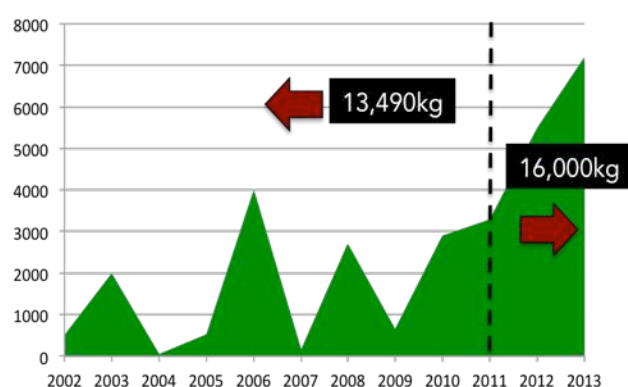
¹⁸⁶ "Ivory Demand in China," *WildAid and Save the Elephants*, 2014. Available at <http://goo.gl/Iqce60>

¹⁸⁷ C4ADS correspondence with Scott Robertson, WCS

¹⁸⁸ "广西小镇成非法象牙批发窝点借道红木家具走私 (Small Town in Guangxi becomes key node in illegal ivory trade, utilizes mahogany furniture trade routes)," March 14, 2012, Available at <http://goo.gl/CZfnWw>

maintained contacts with a Vietnamese supplier who would smuggle the ivory across the narrow river that separates Dongzhen city in China from the wildlife trafficking hub of Mong Cai in north Vietnam. Supply appears to have been sporadic (the Vietnamese supplier would initiate contact when he had a new consignment), while trust appeared low. A Chinese representative would first travel across to view samples, examine quality, and negotiate price, and only then would the contraband move. Once in China, the network utilized a refrigerated truck, disguising the ivory as frozen seafood to drive it the 700km or so to Guangzhou, where it would be repackaged within wooden crates, for an additional 800km drive to Xianyou in Fujian province.¹⁸⁹ In the years since 2009, the trade has increased in volume and professionalism, and trafficking operations today may be more sophisticated.

Figure 4.11: Hong Kong Ivory Seizures (2002-2013)



Source: ETIS, C4ADS (2011-2013) large-scale seizures

Likely more than the land routes, illicit ivory enters China through the Pearl River Delta ports, particularly Hong Kong, but also Guangzhou, Shenzhen, and Macao. As seen in **Figure 4.11**, ivory-related activity in Hong Kong has risen significantly, likely because of its outsized role as a transshipment hub for the Chinese mainland, but also possibly because more sophisticated networks avoid shipping directly from Africa to Guangzhou. There are exceptions: just in July 2013,

customs authorities at the port of Huangpu (Guangzhou) made a seizure of 4,467kg of ivory (as well as rhino horn),¹⁹⁰ the largest in Guangzhou's history. Large-scale seizures have also been reported in recent years in Macao and Shenzhen, but Hong Kong appears to be the primary ivory import and transit hub. From Hong Kong, ivory is likely trafficked via river barges and speedboats across the bay into Guangzhou along well-established trafficking routes controlled by Chinese organized crime. This role is not new; Hong Kong has no significant known carving or wholesale market, yet since the 1990s, "virtually all seizures...involved export to other countries."¹⁹¹ Meanwhile, Guangzhou is a known trafficking hub for methamphetamines manufactured in Guangdong province and shipped out through Hong Kong, and today is increasingly home to African narcotics syndicates, including Tanzanians and West Africans, who are reported to be basing operations out of the city.¹⁹²

Once inside mainland China, there is very little information on the movement of illicit ivory. It is suspected that a large amount is laundered into the supply chain of licit Chinese ivory

¹⁸⁹ Nanyong Jie "原省政协委员邵燕芳涉嫌非法买卖象牙案开庭(Former Provincial CPPCC Member Suspected of Illegal Ivory Trading in Case Hearing)," *Supreme Court of Zhejiang Province*, Available at http://www.bjcx.gov.cn/info/bcontent_9413.htm

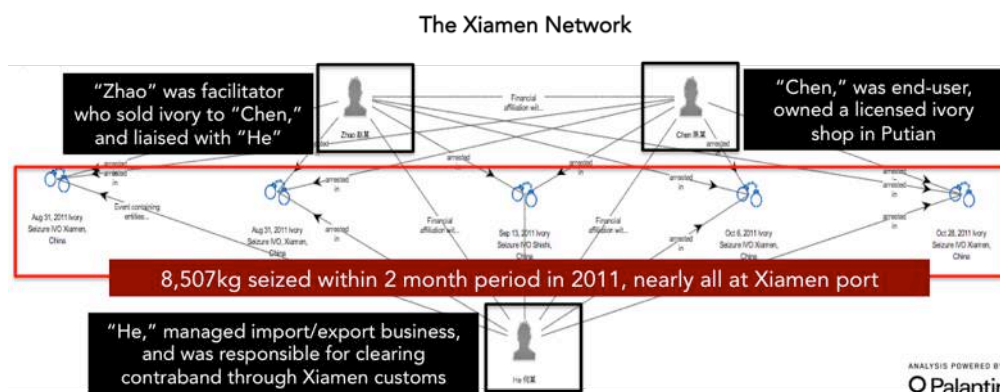
¹⁹⁰ "黄埔海关开专项行动保护濒危物种(Huangpu Customs Carries out Special Action to Protect Endangered Species)," *The Anti-Smuggling Bureau of Huangpu Customs*, July 11, 2013, Available at <http://goo.gl/uccpQ3>

¹⁹¹ "Still in Business: The Ivory Trade in Asia, Seven Years after the CITES Ban," *TRAFFIC*, April 1997.

¹⁹² Harris, Brian, "Arrests highlight fears over Hong Kong's role in crystal meth smuggling," *South China Morning Post*, May 18, 2014, Available at: <http://www.scmp.com/news/hong-kong/article/1514509/arrests-highlight-fears-over-hong-kongs-role-crystal-meth-smuggling>

carving factories, but little evidence exists. The most compelling case of licensed dealers trafficking in large volumes of illicit ivory involved the “Xiamen network” seen in **Figure 4.12**, which was responsible for at least five distinct consignments seized between August and November 2011, totaling up to 2,046 tusks, or 8,507kg of ivory. Four of the seizures involved containers intercepted at Xiamen port, while another much smaller seizure was made during a raid on a licensed ivory storefront in Putian.¹⁹³ The containerized ivory had been disguised within copper ore, cashew nuts, and other assorted products, as is common of many seaborne transactions, but they originated from disparate ports, including Kenya, Tanzania, and Nigeria¹⁹⁴ and all arrived at Xiamen. The buyer was an individual identified only as “Chen” who was later found to have contracted the buying of 7.68 tons of ivory at an agreed upon price of \$300-400/kilo from the trafficking network. Chen owned the ivory retail store in Putian that was raided and had a license to trade in ivory products. Eventually, Chen and the traffickers were sentenced to prison terms ranging from seven to fifteen years, hefty by wildlife crime standards, but still light compared to those meted out for trafficking other illicit products in China.¹⁹⁵

Figure 4.12: Xiamen Network Map



Source: Xiamen Customs District, People's Republic of China

The Xiamen network was the clearest (but not the only) example of evidence of a nexus between carving factories and ivory traffickers. Zhongshan Yixingxin Arts and Crafts, Ltd, a licensed ivory vendor in 2011, had a previous sales contract with the Beijing Mammoth Arts and Crafts Co. Ltd through which it acquired 530kg of ivory. The manager of Zhongshan Yixingxin, Yao Quanan, was convicted in 2011 for having arranged and facilitated the illicit import of at least two ivory consignments, one via an air route through Taiwan, and the other a seaborne shipment through Malaysia and Hong Kong. Some of the ivory they imported was

¹⁹³ “象牙巨案”现形记(The “True Nature” of Ivory Traffickers), *Xiamen Customs District of the People's Republic of China*, November 6, 2013, Available at <http://xiamen.customs.gov.cn/publish/portal156/tab61157/info639009.htm>; “男子半年从非洲走私 7.7 吨象牙终审获 15 年徒刑 (Man smuggles 7.7 tons of ivory from Africa over six month period, receives 15-year sentence),” *National Anti-Smuggling Bureau of China*, May 22, 2013, Available at http://www.jisi.gov.cn/News/ztd/201305/20130522144336_9282.html

¹⁹⁴ “男子半年从非洲走私 7.7 吨象牙终审获 15 年徒刑 (Man smuggles 7.7 tons of ivory from Africa over six month period, receives 15-year sentence),” *National Anti-Smuggling Bureau of China*, May 22, 2013, Available at <http://goo.gl/C5M6Ys>

¹⁹⁵ Scobell, Andrew, “The Death Penalty in Post-Mao China,” *China Quarterly* (123), September 1990, p. 503-520

warehoused; the rest was stored within their office building, where police seized over 300 tusks, amounting to over one ton of ivory.¹⁹⁶

Illicit ivory networks may be establishing a parallel carving industry and setting up their own factories to avoid the complexity of laundering through the licit system, and to increase profit margins. The incentives are certainly strong; ivory's value even for a low quality or basic carving, such as a bangle or necklace, can allow traffickers to earn up to 2,500% of the bush value they may have procured the ivory for. The bottleneck to achieving this capability, however, remains the carver. A skilled carver can significantly increase the value of raw ivory, but they are few in number, and generally well known. The advent of machine carving has worked in traffickers' favor by simplifying the process of adding value, and while these may not earn the millions an intricate carving would, illicit traders can still stand to earn substantial margins on volume as they flood street and retail markets. Limited recent market surveys in 2014 appear to confirm this hypothesis, finding similar amounts of licit and illicit ivory trinkets such as necklaces, bracelets, and figurines across multiple retail centers in Beijing and Fuzhou.

Mass-producing such trinkets may be relatively easy for organized syndicates, but in today's market even highly skilled carvers have incentives to enter the illicit system. In 2011, regular carvers were earning 2000-3000 yuan per month (USD\$303-455), while master carvers received about USD\$909-1,061/month, a fraction of what organized crime can afford to pay. Further, there may already be a pool of trained carvers not currently being monitored within the licit system; in Fuzhou, for example, carvers often retire in their 40s, but then continue to carve from home.¹⁹⁷

Similar to the parallel carving market, there is also likely a parallel retail system that works outside fixed storefronts and relies instead on personal and business connections to find buyers and commission items. This model may be particularly attractive to business and political elites, who are buying ivory primarily for the status value, and would thus prefer their products carved and manufactured to their own specifications, and not off-the-shelf. A recent example of these private illicit sales was illustrated in December 2013, with the arrest of Shao Yanfang, a member of the provincial Zhejiang China People's Political Consultative Conference, and the Board Chairwoman of Guangli Heng Microfinance Co. Ltd. According to Chinese court records, Shao was found with several ivory tusks at her house,¹⁹⁸ which she had procured the ivory from Huang Cheng, a worker at a lending company in Fujian, who in turn received 33 ivory tusks and other rhino horn products as collateral for a 3.5 million CNY loan that defaulted. Huang took the tusks to Shao, with whom he had had financial relations in the past. The two negotiated a price and arranged the sale to avoid paperwork, with Shao initially writing an IOU and later creating a separate bank account to pay the 3.5 million CNY across three installments.¹⁹⁹ Shao was also involved with a separate case where she had allegedly hired a local thug to beat up her Board Chairman with whom she was embroiled in a dispute over

¹⁹⁶ “国家林业局年第号公告 (First State Forestry Administration Proclamation of 2011),” *State Forestry Administration*, January 30, 2014, Available at http://www.forestry.gov.cn/portal/main/govfile/13/govfile_1790.htm; “刑事判决书, (2012)珠中法刑初字第 135 号 (Court Record of Case No. 135),” *Intermediate People's Court of Zhuhai City, Guangdong Province*, 2012, Available at <http://goo.gl/kfDVEf>

¹⁹⁷ Esmond Martin and Lucy Vigne, *A Report on the Soaring Demand for Elephant and Mammoth Ivory in Southern China*, Elephant Family, 2014, Available at <http://goo.gl/B9chuw>

¹⁹⁸ “Chinese political advisor dismissed over ivory trading,” *Shanghai Daily*, May 14, 2014, Available at <http://goo.gl/T0ab0Z>

¹⁹⁹ Nanyong Jie “原省政协委员邵燕芳涉嫌非法买卖象牙案开庭 (Former Provincial CPPCC Member Suspected of Illegal Ivory Trading in Case Hearing),” *Supreme Court of Zhejiang Province*, Available at <http://goo.gl/Yi5Ard>

shareholder funds, and it is uncertain which case instigated the arrest. In court, she would later deny all ties to the transaction, despite 16 ivory tusks being found at her house, and her husband handing over another six tusks. Shao's political credentials were later revoked; she was stripped of membership of the Zhejiang CPPCC and the Wucheng People's Congress.²⁰⁰

²⁰⁰ “关于撤销邵燕芳浙江省政协委员资格的决定 (On the Decision to Dismiss Zhejiang Province CPPCC Shao Yanfang),” *Chinese Communist Party Leading Cadres Database*, May 14, 2014, Available at <http://cpc.people.com.cn/n/2014/0514/c83084-25014421.html>; “关于撤销邵燕芳浙江省政协委员资格的决定” “On the Decision to Dismiss Ying Haixi and Shao Yanfang at the Sixth Plenary Session of the Jinhua City CPPCC,” *Jinhua City Government Website*, July 18, 2014, Available at <http://goo.gl/9J8vbu>

RECOMMENDATIONS

Disproportionate attention is currently being paid to the beginning and end of the ivory supply chain, on tackling poaching through deterrence, and on reducing the end-demand by reeducating consumers. Both are extremely important, but also extremely difficult, especially in the short time frame available. Disrupting the intermediate sections of the supply chain, however, is likely to be a more tractable intervention. These are the phases most clearly linked to organized crime, and the points at which large ivory consignments are consolidated and vulnerable. Better enforcement action along the supply chain can entail significant financial loss to criminal syndicates, and while this form of suppression is not a comprehensive solution, it can buy breathing room for anti-poaching and demand-reduction efforts to bear fruit.

Targeting the supply chain will require unity of effort between government policymakers, NGOs and conservationists, law enforcement agencies around the world, and the private sector. An information sharing environment that bridges the many jurisdictions that a single transaction will cross, and effectively assesses, analyses and focuses enforcement resources at key chokepoints, will be essential to monitor and combat illicit activity. Below is a short list of recommendations C4ADS assesses as crucial.

Treat Ivory as an Organized Crime, not Conservation Issue

There is little doubt that the illicit ivory trade is no longer just a conservation issue, but has evolved from an opportunistic and artisanal trade to a multi-million dollar criminal enterprise spanning continents. It contributes to the degradation not only of natural environments, but also of African communities, the rule of law, and security in some of Africa's most fragile states. Meanwhile, it also amounts to a massive illicit financial transfer out of the poorest communities in Africa towards some of the most destabilizing and destructive actors on the planet, including international organized crime syndicates, warlords, corrupt politicians, and even extremists, insurgents, and terrorists.

Asian organized criminal networks in particular accrue the majority of illicit proceeds, dominate the majority of the supply chain, and are networked within the broader black market and trafficking flows. In purely logistical terms, there is a strong convergence between the ivory trade and alternative forms of illicit activity. African narcotics networks are now known to be based in Asian ivory hubs such as Guangzhou, while Asian ivory traffickers based in Africa use a wide range of corrupt African freight logistics providers and other services to move their product, at least some of whom have been linked to narcotics and weapons trafficking and terrorist financing. Recognizing this convergence between once disparate illicit sectors, and acknowledging the professional logistical chains that traffickers use, will be vital in hardening the international transport system against this and other forms of illicit activity.

Facilitate Data and Intelligence Coordination

Better analysis and more data collection of poaching and trafficking activities may appear a peripheral priority in the face of a mounting elephant slaughter in the field, but in reality it is among the most important bottlenecks impeding the fight against wildlife criminal networks.

Criminal networks operate globally, across borders and sectors, and seamlessly exchange information on routes, logistics, prices, and supply chain security; in contrast, governments and partner NGOs are handicapped by their failure to effectively communicate and coordinate across sectors, borders, and jurisdictions. C4ADS' own experience has been instructive: intensive open-source data collection efforts spanning the past year have uncovered a significant amount of valuable information once held by disparate stakeholders, which when combined yields compelling insights into the ivory trade. Often such insights are only partially realized, due to stakeholders who are unaccustomed and in many cases unwilling to work directly together for reasons of personal security, trust, and donor competition.

Architectures that attempt to bridge these divides are incredibly important, in terms of collecting actionable tips, conducting credible investigations, and effectively transmitting information to appropriate and vetted entities across multiple jurisdictions. Data analysis should synthesize information to critically examine flows and routes on a regular basis to help concentrate law enforcement resources at key chokepoints and against specific networks. NGOs should be better integrated with each other and with law enforcement agencies across the world, to more actively share information and intelligence across jurisdictions and along the entire ivory supply chain.

Move Up the Value Chain

Focusing enforcement efforts on the supply chain sidesteps targeting impoverished African poachers, as well as uninformed and ultimately unimportant retail consumers, to focus instead on the organized criminal networks that transport the majority of today's illegal ivory. However, even within organized criminal networks, efforts at interdiction have too often netted only low-value individuals, and not the true beneficiaries who consign cargoes, bankroll transactions, and ultimately reap the financial rewards. Moving up the value chain will require more intensive investigation of key networks and entities, facilitated by sharing historical and current data, primarily on seizures.

Moving up the value chain can also mean identifying key nodes within networks, and attacking them to remove vital capabilities required for the complex supply chain to function. Identifying the convergence of wildlife networks with other forms of illicit trafficking (including the trade in drugs, weapons, and illicit minerals), uncovering patterns between seemingly disparate seizures, and following financial activity along the supply chain, can identify both the 'kingpins' of specific syndicates and also key facilitators who service multiple syndicates, and are not easily replaceable.

Enhance Due Diligence along Global Transport Chains

The majority of today's illegal ivory is transported by sea, nesting within licit containerized trade; as a result, enforcement efforts must include the shipping and freight logistics companies who are institutionally innocent of any involvement in the ivory trade, but have supply chains that are increasingly being hijacked by organized criminal networks. Similarly, banks inadvertently launder the illicit proceeds of organized wildlife crime, while pre-

inspection companies allow large ivory flows to get through their screening and compliance procedures.

These licit facilitating industries can play an important role in suppressing the illegal ivory trade, but cannot be expected to police an extremely difficult operating environment alone. To more efficiently identify suspicious consignments and work with law enforcement will require better identification of typologies associated with wildlife criminals and better real-time information on complicit and linked entities that can be updated into compliance and due diligence protocols and transmitted to banks, shipping companies, port operators, and others. Better analysis must communicate high risk export sectors, ports, and companies utilized by traffickers, convey accurate information on routes and container patterns, and work closely with licit but affected entities to strengthen their supply chains. This effort is likely to have a sizable spillover impact on all forms of illicit trade, given the networked nature of ivory and wildlife product traffickers.