Making a Killing

A 2011 Survey of Ivory Markets in China

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**Acknowledgement**

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**Ensure a future for elephants and people**

The International Fund for Animal Welfare (IFAW) works to improve the welfare of wild and domestic animals throughout the world by reducing commercial exploitation of animals, protecting wildlife habitats, and assisting animals in distress. We seek to motivate the public to prevent cruelty to animals and to promote animal welfare and conservation policies that advance the well-being of both animals and people.

IFAW supports the restoration and protection of the ecosystems and safe corridors elephant populations need to survive and thrive. We work hand in hand with local communities to mitigate human-elephant conflict and enable people and wildlife to live in harmony. From training law enforcement officials in anti-poaching and anti-smuggling techniques, to educating consumers that every piece of ivory comes from a dead elephant, IFAW addresses each link in the ivory trade chain.

Elephants face increasing threats from habitat loss and fragmentation, conflict with human communities, and poaching to supply the global demand for ivory. IFAW strives to reverse these alarming trends to ensure that there will always be a place for elephants.
An unprecedented surge in ivory seizures occurred in 2011. Media reported that 5,259 elephant tusks were seized worldwide in that year alone, representing the lives of at least 2,629 elephants. In spite of the government’s efforts to regulate the ivory trade, China continues to be the world’s main recipient of smuggled ivory.

In 2004 China introduced an ivory product registration and certification system to control the domestic ivory market and to meet the conditions required by the Convention on International Trade in Endangered Species of Fauna and Flora (CITES) for the purchase of stockpiled ivory from some African countries. In July 2008, the CITES Standing Committee approved of China as a trading partner for the second so-called “one-off” sale of ivory from Botswana, Namibia, South Africa and Zimbabwe.1

China’s ivory registration and certification system stipulates that only government-approved ivory processing and retail outlets are allowed to engage in ivory trade. Since the introduction of the ivory control system in 2004, the government had, by November 2011, approved a total of 172 processing factories and retail outlets. Licensed ivory facilities were specifically selected from a government-approved list which is published online. While visiting these licensed facilities in five coastal cities in China, the survey team (made up of Chinese-speaking investigators) found nearly twice as many unlicensed ivory dealers in the same and nearby shopping areas. Of the 158 ivory carving and retail outlets visited in the month-long survey, only 57 were licensed: 101 were unlicensed and operating illegally. Together, these legal and illegal outlets make available for sale thousands of pieces of ivory.

In addition, illegal ivory trade activities were taking place in legal facilities. Among the licensed facilities, 59.6 percent (34/57) were found to violate the system in some way to launder illegal ivory. Taken together, the unlicensed and non-compliant ivory facilities outnumbered legal ones—nearly six to one (135/23). The most common form of violation found in licensed retail shops was with the use of “the government-issued ivory identification card.”

Further, the survey found widespread abuse of the ivory trade control system. It became clear that illegal ivory, once smuggled to the country can be laundered freely through the legal market. The legal trade is sustaining and perpetuating a rising demand for elephant ivory. The sale approved by CITES in 2008 spurred production for illegal trade, making a lethal combination that is fueling the strong demand for ivory products in China.

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Together, these legal and illegal outlets make available for sale thousands of pieces of ivory. In addition, illegal ivory trade activities were taking place in legal facilities. Among the licensed facilities, 59.6 percent (34/57) were found to violate the system in some way to launder illegal ivory. Taken together, the unlicensed and non-compliant ivory facilities outnumbered legal ones—nearly six to one (135/23). The most common form of violation found in licensed retail shops was with the use of “the government-issued ivory identification card.”

The survey was conducted over the past ten years. Recently we initiated our fifth survey of ivory markets in China. This survey was conducted from March 2009. The survey was conducted by local experts who both visited physical markets and monitored online marketplaces. The physical market visits were conducted in September and October 2011 in five cities along the eastern seaboard of China. Online marketplaces were monitored for one week in January 2012.

In general, the survey found widespread abuse of the ivory trade control system. It became clear that illegal ivory, once smuggled to the country can be laundered freely through the legal market. The legal trade is sustaining and perpetuating a rising demand for elephant ivory. The sale approved by CITES in 2008 spurred production for illegal trade, making a lethal combination that is fueling the strong demand for ivory products in China.
Following two decades of elephant poaching that more than halved the population of elephants in Africa, the Parties to CITES (Convention on International Trade in Endangered Species of Fauna and Flora) decided in 1989 to list all African elephants on Appendix I, which effectively banned the international commercial trade in elephant ivory. The ivory trade ban of 1989 was short-lived. CITES member countries at the 1997 Conference of the Parties (CoP10) approved proposals to down-list elephant populations in certain southern African countries and to allow a “one-off” ivory stockpile sale. In 1999, Japan purchased 49.57 metric tonnes of ivory from that sale.

In 2007, CITES approved another stockpile sale and allowed China to join Japan as an ivory trading partner. At an auction in the subsequent year, a total of 108 metric tonnes of ivory from South Africa, Zimbabwe, Namibia and Botswana were sold to China and Japan.

Since those stockpile sales there has been a dramatic decline in some populations of wild elephants in Africa. Over the past 10 years, elephant range countries in Africa have seen an escalation of elephant poaching, mainly to supply the ivory trade. The poaching problem is particularly rampant in Central Africa. Large-scale poaching reduced elephant populations in Chad’s Zakouma National Park from 3,800 in 2006 to just over 600 in 2009. In 2011, Kenya lost 278 elephants to poachers, compared to 2 in the previous year. Across much of the African continent, depleted elephant populations that had begun to recover from their low points of three decades ago, are declining again.

Along with the increase in elephant poaching there has been an increase in ivory seizures around the world. According to TRAFFIC, 2011 saw a record number of large ivory seizures globally, presumably reflecting a sharp rise in illegal ivory trade underway since 2007.

The report states that at least 13 large-scale seizures, each more than 800kg in weight, took place in 2011 alone, compared to 16 in the previous four years (2007-2010) combined. A TRAFFIC press release stated that “A conservative estimate of the weight of ivory seized in the 13 largest seizures in 2011 puts the figure at more than 23 tonnes – a figure that probably represents some 2,500 elephants, possibly more.”

The escalation in elephant poaching in Africa and the increase in large seizures of elephant ivory around the world reflect the rising demand in Asia. Data from the Elephant Trade Information System (ETIS) show a substantial increase over the past 10 years in illicit ivory that moves from Africa to East Asia which almost exclusively represents the market in China, including Hong Kong SAR and Macao SAR.

It concludes that “China has surpassed Japan as the world’s largest consumer market for illegal ivory products, and that countries like Malaysia, the Philippines and Vietnam are transit points on the ivory trade route to China.” Historically, China has been a significant destination for illicit trade in ivory. The Chinese market was identified in a CITES report as the single most important influence on the increasing trend in illegal trade in ivory since 1995.

After CITES banned the international commercial trade of elephant ivory in 1989, uncertainty about a sustained supply of legal elephant ivory caused carvers increasingly to turn to carving bone and ivory from mammoth, an extinct species (Mammuthus primigenius) that is legally imported. In recent years, 60 tonnes of mammoth tusks have been exported annually from Russia, mostly to China.

Ivory carvings have long been coveted as a status symbol by the Chinese and were previously the preserve of the privileged few. The dramatic increase in consumer power among the Chinese, combined with the cultural interest in defining status, is driving an exponential rise in the consumption of luxury products such as elephant ivory.

According to an IFAW-commissioned public opinion poll in 2007, the major consuming group for ivory is also the group that has the most buying power in China. This class of consumers, well-educated adults between the ages of 26-45 with steady income, tends the most to buy ivory in order to demonstrate its privileged social and collector status.

As China, already a key economic partner in Africa, increases its investments on the continent, an increasing number of Chinese nationals (workers, businessmen and visitors) are reaching every corner of Africa – and a rising number of Chinese nationals are implicated in illicit ivory trade. Improved transportation infrastructure makes it more efficient than ever to move people and goods among countries and continents. By land, air and sea, the markets in Asia are connected more than ever with Africa. According to the China CITES Management Authority, China Customs interceded in 933 wildlife smuggling cases in various ports across China in 2010. Ivory made up 73 percent of the seized contraband.

The illegal trade in wildlife ivory is also aided by the advent and spread of Internet technology. An IFAW survey conducted in 11 countries worldwide in 2008 found that more than 70 percent of the wildlife products sold online were elephant ivory products.

By the end of 2011, China’s online population surpassed 500 million and made it the world’s largest online population. Despite ivory trade bans from some of China’s largest online marketplaces, such as Taobao, eBay, and some of China’s largest online marketplaces, such as Taobao, eBay, and

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Footnotes:

2 See supra note
8 See supra note
9 Id.
percent and 170 percent respectively from 2010.\textsuperscript{16} China Central Television reported that ivory products, which formerly appealed only to collectors, are being sought by regular investors as “white gold.”\textsuperscript{17} A spokesman for a collection association asserts on a CCTV program that the price of ivory collectibles is increasing by 30 percent a year, yet ivory products still cannot meet the strong market demand. Once they come onto the auction market, they are snatched up instantly.\textsuperscript{18}

In the context of these social, cultural and economic dynamics in China, IFAW sought to review the implementation of China’s ivory product registration system and to better understand the impacts of the 2008 ivory stockpile sale on the ivory markets in China.

\textsuperscript{17} Wall Street Journal, January 30, 2012, Forget Stock – Chinese Turn Bullish on Booze and Caterpillar Fungus.
\textsuperscript{18} 何去何从的犀角象牙雕刻拍卖 http://collection.chinaluxus.com/Cln/20120318/143970.html

III Survey Methods

During September and October, 2011, IFAW investigators selected 57 ivory facilities licensed by China’s State Forestry Administration (SFA) to visit in Beijing, Shanghai, Guangzhou, Fuzhou and Putian (the latter two in Fujian Province).

While visiting these licensed facilities, investigators learned of and visited 101 unlicensed facilities as well. In total, the survey included 158 ivory trade facilities, including two carving factories and 156 retail outlets.

The two carving factories were located in Guangzhou and Fuzhou. The retail ivory shops were located in antique malls, markets and major hotels.

Under cover of procuring ivory gifts for companies, the Chinese-speaking investigators engaged in conversations with traders and owners of facilities to gather as much information as possible. When the ivory traders were unsuspecting and willing to talk, the investigators also took photos.

The following list (see next page) describes the key information that was sought from ivory traders in these interviews and from observations of the shops. Depending on the level of cooperation from the traders, the sequence of the questions and the frequency in which they were asked varied.

IFAW has monitored the ivory markets in China, on a regular basis over the past decade. This physical market survey was conducted by Chinese investigators with experience monitoring the ivory trade and identifying elephant ivory by sight. The detailed findings from the survey of the physical market were submitted in Chinese language to China’s wildlife management and enforcement authorities in November 2011.

The price data gathered varied widely. Prices on the lower end of the range were used in this study. To be consistent, prices on the lower end of the range were used when comparing with those collected from previous market surveys in 2006 and 2009.

IFAW started monitoring online wildlife trade in China in 2005 and has compiled comprehensive data on trends, methods and websites involved in wildlife trade. In January 2012, IFAW conducted a one-week spot check of online marketplaces specifically for illegal ivory trade. Using key-word searches and code words traders use to evade detection the survey covered 13 websites that were previously identified to have a large number of illegal wildlife listings. The websites included collection and auction sites, e-commerce platforms and online forums.

\begin{itemize}
\item For more information on China’s ivory markets, see the detailed findings from the survey of the physical market and the online market surveys.
\item To view the full survey report, please visit our website.
\end{itemize}
**IV  Ivory Product Registration System**

To meet CITES requirements to become a trading partner for the 2008 ivory stockpile sale, China's State Forestry Administration (SFA) launched the ivory product registration system in May 2004.20 21 Two key requirements in the registration system are the licensing of ivory facilities and identification cards for each piece of ivory sold. The registration system requires each carving factory and retail outlet to apply for its respective license for processing or trading in elephant ivory. Those that are licensed receive a Certificate of Registration designating it as a carving factory or retail outlet. The Certificates of Registration are issued by SFA and the State Administration for Industry and Commerce (SAIC).

The certificates are required to be displayed at the location of the operation. The names and locations of the licensed facilities are contained in a series of lists published by the SFA. Since 2004, SFA has issued updated approval lists seven times. By the end of 2011, 36 carving factories and 136 retail outlets around the country had received SFA-issued certificates to trade in elephant ivory.

The registration system requires each ivory item displayed, exhibited or issued an export permit to be accompanied by its own identification card. According to the SFA notification, “one ivory product one identification card; each ivory product is inseparable from its own identification card.”

The “Ivory Product Identification Card” comes in standard and simplified forms. The standard card requires a photograph of the ivory produce, and pertains to items weighing more than 50g and that have “artistic and market value.” The simplified card is for items under 50g and does not require a photograph.22

After China received the new stock of ivory from the 2008 one-off sale, a new type of identification card was introduced. This one was meant to identify ivory products made from the legal stockpile import. Each card carries the words, “This ivory carving is made of raw ivory imported from Africa in 2008 and has been registered. It can be traded and used within P.R. China only if accompanied with the certificate and the special mark. Export is prohibited.”

The ivory product registration system requires each carving factory and wholesaler to mark the

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20 SFA Notice Regarding Ivory Processing Factories (2004) #85
21 SFA Notice China Wildlife Utilization Marking System (January 31, 2005)
22 http://www.forestry.gov.cn/portal/zrbh/s/1492/content-456739.html
23 SFA Classification Criteria of ivory collection certificate, 2005
To ensure that China's share of the 2008 ivory stockpile sale would last for at least ten years, SFA indicated in a 2008 circular that 5.5 tons of ivory per year is allowed into the market. With 36 ivory carving factories licensed by the government, according to the 2001 SFA list, each could have a ration of 138kg of legal ivory per year.

Identification cards accompanying all of the ivory products carved or sold from that facility with a unique alphabetic code. Each factory or wholesaler can serve multiple retail outlets with ivory products carrying its code. Legal ivory can only be sold at specified licensed retail outlets. Carving factories are not allowed to engage in direct sales of their ivory products.

Nearly two-thirds of the ivory facilities visited did not display a Certificate of Registration and were not on the list of SFA-approved facilities, thus were completely illegal.

### Illegal activities by licensed facilities

Among the licensed facilities, 59.6 percent (34 of 57) were found to violate the system in some way. Violations included misuses of ivory identification cards, selling ivory without a retail license and using the “legal” status as a cover for trade in smuggled ivory. Illegal trade in the total number of licensed and unlicensed facilities investigated in this survey (135) outnumbered legal trade (23). Nearly six to one.

#### Licensed carving factories process illegally sourced ivory

One of the two carving factories visited was newly licensed after China received ivory from the stockpile sale. The Guangzhou factory, repeatedly implicated in illegal ivory trade by NGOs prior to 2008, now has officially received a license. While the license legitimizes the factory for processing and trading ivory China purchased in 2008, the factory was found in this survey to violate regulations in several ways. The owner explained to investigators the methods employed to circumvent the system in order to sell ivory products from illegal sources. Products produced from smuggled ivory do not carry any identification that can be traced back to the factory. This protects the factory’s license, which the owner said cost him more than one million Yuan (US$158,000) to obtain. The factory owner in Fujian complained that the 120kg government ration would only last two months in his factory. To generate enough profit to keep the factory in operation year-round, the owner insisted that it had to carve smuggled ivory.

#### Licensed carving factories engage in direct sales

As required by the ivory product registration system, ivory carving factories can only provide ivory products to retail outlets for sale. They are not allowed to engage in direct sales. However, both the factories visited for the survey agreed to fill purchase orders from the investigators. Both factories have exhibition centers where the ivory products on display were also for sale.

### Ivory trade without identification cards

The most common form of violation of the ivory product registration system in licensed retail outlets was the separation of ivory products from their identification cards. Among the 34 licensed facilities investigators found to be conducting illegal trade, two were carving factories and 32 were retail outlets. Twenty of these 32 outlets (62.5 percent) did not display identification cards for most of the ivory products in the store. When asked for the ID card, salespersons in 14 outlets (43.7 percent of the retail shops) actively dissuaded the potential buyer from obtaining it, claiming that "it takes as long as a year to get an ID card," "it costs money to get the ID card," and "the ivory product costs more if it comes with the ID card." Some blantly admitted that "the ID card is for display only in order to evade inspection," and that "ID cards are sold to unlicensed ivory shops as cover for the sale of illegal ivory." Some salespersons told potential customers there was no need to request an ID card because the only use for an ID card is to prove that the product is made of genuine ivory.

### Methods used to circumvent the ivory regulatory system

Salespersons in most of the illegal shops in this survey knew about the ivory product registration system and the law. Posters and brochures issued by the SFA warning against illegal ivory trade were prominently displayed in many of the shops where illegal trade took place. Traders practiced a variety of methods to circumvent the ivory product registration system. Some used mammoth ivory to disguise illegal elephant ivory.
ivory. Since the mammoth is an extinct species, its
can be legally imported from Russia. Some shops
sold mammoth ivory as a cover to evade inspection.

Since 2008, China has developed systems to filter
out words for ivory on its platforms and set up screens
to automatically screen for ivory in 2008, and
com and Alibaba.com, banned elephant ivory
products listed had already been sold. Several
e-commerce websites, Taobao,
and others in the USA.

In addition to ivory, this seller also listed pangolin scale,
since the shop registered in September 2010. In
in the province on the border with Vietnam had posted 526 ivory products
since the shop registered in September 2010. In
to, rhino horn and bear parts for sale. Most of the wildlife
products had already been sold. Several sellers told IFAW investigators that the raw
ivory price had risen 50 percent, from about CNY10,
the price increase, demand continues to
rise as ivory is promoted as having “inflation-proof
investment value” and that possessing and gifting
ivory demonstrates status. The owner of the carving
factory in Fuzhou said that, for the first time since
2006, Adjusted for inflation using the China
Consumer Price Index (CPI), the wholesale price for
ivory increased about 2.75 times from 2006 to 2011.

Currency fluctuation boosts Chinese buying power in international markets

During the past six years, the Chinese RMB has
strengthened in value against the USD. While
the proportionate change in the price of ivory in
Chinese Yuan has nearly tripled, the increase is
much less in US dollars. The ivory price in USD
has increased by a factor of 2.34 (see chart, above).

Hence, with a strengthening RMB, purchasing ivory
with USD lowered the effective price for traders in

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Wholesale ivory price per kg.

<table>
<thead>
<tr>
<th>Year</th>
<th>Market price in RMB</th>
<th>CPI adjusted price in RMB</th>
<th>Price in USD adjusted to exchange rate of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥4,500</td>
<td>¥4,500</td>
<td>$564</td>
</tr>
<tr>
<td>2009</td>
<td>¥16,000</td>
<td>¥17,319</td>
<td>$1,133</td>
</tr>
<tr>
<td>2011</td>
<td>¥15,000</td>
<td>¥12,386</td>
<td>$1,322</td>
</tr>
</tbody>
</table>

The price of ivory has increased significantly since 2006, reflecting a strong demand in China. The increase is particularly notable in 2011, when the price rose to ¥15,000, possibly due to a variety of factors including increased smuggling and demand from wealthier consumers. The price in USD is lower, at $1,322, reflecting the strengthened Chinese Yuan.

In the Chinese market, rising demand drives up the price of ivory which, in turn, increases the attractiveness of ivory as an asset and store of financial value. The result is that ivory is promoted as an investment. In the overseas market where illegal ivory is sourced, the strengthened Chinese Yuan provides more purchasing power to Chinese buyers who convert RMB to USD for their ivory purchases. For criminals involved in illegal trade, this means huge profit margins for smuggling ivory into China.

One of the traders at an ivory retail outlet told investigators that the high profit margin has lured eight out of ten former ivory carvers into the raw ivory smuggling business.

The intermediate goods market. An intermediate goods market is one in which suppliers X and Y sell their products to a common retailer for subsequent distribution to final consumers.

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As a key consumer country, China is under significant pressure to control the illegal trade in elephant ivory. Over the past five years, concerted government efforts and significant progress have been made to implement the ivory product registration system and to raise awareness among key target audiences.

One of the areas in which China has achieved progress is in the control of online wildlife crime. Recognizing the impossibility of regulating ivory trade online, China wildlife management authorities took steps to educate the online industry and to encourage it to incorporate wildlife into policies on online trade. Taobao.com, China’s largest consumer-to-consumer online marketplace with 370 million registered users, banned elephant ivory listings in 2005. Taobao.com followed up on the ban with online education initiatives and by updating of code word filters to effectively detect and eliminate ivory listings.

One of the collection websites, China Collection (www.sc001.com.cn), which was identified in previous online wildlife trade studies as a key platform for illegal ivory trade, removed the trading section and installed improved information exchange and collaboration among government agencies, industries and NGOs that could be conduits for illegal ivory trade. Improved information exchange and collaboration among government agencies, industries and NGOs have generated some results. Acting on information provided by IFAW, enforcement agencies conducted a targeted crackdown in January 2012 on ivory markets in the cities implicated in this report, resulting in the arrest of 15 suspects and the recovery of 28 kg of illegal ivory.

However, effective enforcement faces many challenges. The illegal ivory trade chain spans China, moves across porous borders under the guise of legally traded products and is aided by improved transportation systems and communication technologies. Ping Xiang, a border town between Vietnam and China, where law enforcement officers seized 707 elephant tusks in April 2011, is a key transit point for illegal ivory. Much of the smuggled ivory is hidden inside hardwood furniture. Many of the former wood traders have now shifted to illegal ivory trade due to its higher profit margins. Hundreds and thousands of trucks...
go through this remote outpost every day, making intensive inspections impossible under current law enforcement staffing conditions. A vast network of illegal traders, all with single names and multiple temporary cell phone numbers can provide as much ivory as a buyer wants and can disappear instantly.29

Power and wealth are implicitly linked in the illegal trade of elephant ivory. Many ivory traffickers possess these traits, as well as political connections. Few ivory smuggling arrests have resulted in prosecution and even fewer in convictions. Most resulted simply in the confiscation of the illegal ivory. Well-connected ivory smugglers pull strings to avoid punishment. In order to convict ivory smugglers under Chinese law, the government must prove the value of the ivory to be at a certain level. According to one prosecutor, while the price of ivory has increased in China, the level of ten years ago. This has effectively prevented the confiscation of the illegal ivory. Well-connected smuggling arrests have resulted in prosecution and these traits, as well as political connections. Few ivory trafficking a high-profit and low-risk criminal activity. The conditions of the ivory “one-off sales” have made it even harder for Chinese consumers and enforcement authorities to understand the rules they need to follow regarding ivory imports and trade. Recently, Zimbabwe, one of the countries allowed to sell its government-owned ivory stockpile to China and Japan, announced it would allow the export of souvenirs from Zimbabwe. Each permit allows one weight not to exceed US$5,000 and 10kg. Once in the country, these items contribute to the massive amount of ivory already being traded inside China both legally and illegally, further exacerbating the enforcement difficulties faced by Chinese authorities.

To educate Chinese nationals traveling to Africa about the illegal wildlife trade and to warn against the purchase of ivory, government agencies, in partnership with IFAW and other NGOs, have produced brochures, posters and radio programs. These materials are displayed at African embassies in China and at international ports and are broadcast on Chinese language radio outlets in Africa. Public service announcements (PSAs) produced by NGOs urging consumers to reject elephant ivory are springing up across China. Polls show that seven out of ten Chinese do not know that ivory comes from dead elephants.28 In Chinese, ivory “Xiang Ya”, literally means “elephant tooth.” The “Mom, I have Teeth” PSA produced by IFAW is designed to teach the public that every piece of ivory comes from a dead elephant. The message resonated with the Chinese audience so well that it was adopted into school text books and college entrance exams.

Conducted in a two-month period, the survey presented here was not meant to be a comprehensive evaluation but a glimpse into the ivory markets in China. The study revealed an increasingly difficult-to-control domestic market and makes it clear that the sale of legal ivory products serves as cover for an extensive and increasingly lucrative illegal market. The influx of ivory from the 2008 stockpile sale to China has generated a substantial increase in the number of factories and retail outlets licensed to trade ivory. The expanded legal market has given some ivory carving and retail enterprises the opportunity to violate the law under the cover of “legality,” further stimulating demand. A growing number of illegal ivory trade facilities are springing up to fill the demand gap left by the limited amount of legally imported ivory. In fact, to meet the rising demand, large numbers of licensed facilities are white-washing ivory illegally smuggled into China.

While welcoming the government decision to “not approve any new ivory carving factories in principle” and to make the license approval process more stringent,21 IFAW encourages China to more rigorously enforce laws and regulations in order to reduce the black market trade in ivory, which exists not only in illegal unlicensed facilities but in more than half the licensed facilities investigated in this survey. The ivory product registration system is widely and openly ignored and violated. The most common violation is through the misuse of the ivory identification cards required to accompany each piece of legal ivory. The survey found that it is common practice in some licensed facilities to refuse to provide customers with the identification card, thus making a mockery of the registration system. Further, the identification card itself has become a commodity, sold to unlicensed shops to provide “legal status” for smuggled ivory.

More frequent and effective inspections of the market and stricter enforcement of the laws are needed. Market inspections should be carried out in a more clandestine manner by undercover law enforcement officers. The evidence and intelligence gathered from these inspections could support large-scale, multi-agency operations to crack down on illegal ivory trade. Intelligence-led enforcement, combined with severe penalties, is necessary to deter illegal wildlife trade. Penalties should include high fines and prison sentences in addition to the confiscation of illegal ivory. Punishment must be such that wildlife trafficking becomes a high-risk crime like drugs and arms trafficking.

The caution that ivory traders in Fujian expressed following the arrest of a key ivory trader supports the argument that strong enforcement activity can serve as an effective deterrent. Enforcement operations like that, along with successful prosecution and conviction of wildlife criminals, should be publicized and promoted. The agencies that carry them out must receive support and reinforcement from the government and from the public. Such demonstrations of a strong law enforcement presence serve as examples to wildlife traffickers that their activities will not be tolerated, regardless of their position and connections.

In the Chinese market, the wholesale price of ivory, after adjustment for inflation, has increased nearly three times in the past six years. The dramatic increase in the price of ivory reflects a strong demand for ivory in China. With other investment options diminishing, ivory and the parts and products of other endangered wildlife species are increasingly promoted for their so-called “inflation proof investment value.” Ivory is now considered “white gold” by investors and people seeking to demonstrate their wealth and status. The rarer the animal, the more it is coveted by wealthy consumers and investors, a growing cohort in China.

In the markets outside China where illegal ivory is sourced, the strength of the Chinese Yuan (RMB) against the US dollar provides more purchasing power to Chinese who convert RMB to USD to buy ivory. For ivory smuggling and trafficking operations, the weakened USD and rising ivory prices in the Chinese market mean huge profits.

C 29 Id.
28 Id.
27 IFAW Public Opinion Poll on Elephant and Ivory Trade, Horizon Research Consultancy Group, 2007
26 State Forestry Administration official document #258 (2008)
Once smuggled ivory reaches China, the line separating legal from illegal disappears. Not knowing which ivory item is legal or illegal, potential consumers may well base their purchasing decisions on price. An IFAW-commissioned poll in 2007 showed that, among actual ivory consumers, 75.4 percent preferred to buy ivory at a cheaper price without corresponding identification cards. Legal ivory, when assuming the costs of registration and licensing, is inherently more expensive. The cheaper illegal ivory thus becomes more attractive for consumers on the black market.

Public awareness campaigns targeting Chinese nationals along the entire supply chain, from poaching to transiting to consuming countries are urgently needed. The two legal ivory stockpile sales over the last 20 years have created much confusion among consumers. Many people believe all international commercial ivory trade is now legal. This misunderstanding is further aggravated by the fact that legal domestic ivory markets exist in many countries in Africa and Asia. To alleviate further confusion among the Chinese public, the message must be clearly communicated that all cross-border ivory trade is illegal. Furthermore, the message should emphasize that participation in ivory trade stimulates demand and fuels the escalating elephant poaching crisis in Africa.

IFAW’s survey has revealed the shortfalls in only one link of the global ivory trade chain: the consumer market in China. However, China alone cannot be blamed for the escalation of elephant poaching and ivory trafficking worldwide because the trade chain spans continents and oceans from Africa to Asia. To solve the poaching crisis, the international community must understand the market dynamics and the impact of CITES ivory trade decisions. CITES decisions to allow repeated ivory stockpile sales broke the integrity of what had effectively been a ban on international commercial ivory trade. At the 2002 CITES CoP, China asserted that the first one-off sale of ivory to Japan had spurred increased demand in China and caused law enforcement problems. It contended that many Chinese misconstrued the one-off sale as lifting the international commercial ivory trade ban and that the legality of ivory sales in some elephant range states gave the wrong signal to Chinese people working and touring in those countries. The situation today, 10 years later, is much worse.

The intention of the stockpile sale was to flood the market with legal ivory in order to reduce its price. However, the reverse has happened. The influx of legal ivory into the market in China has spurred demand, pushed up prices and created a gray market in which legal ivory provides outlets and opportunities for illegal ivory to be sold. The responsibility to protect elephants rests with the international community as a whole. Elephant range states have to close domestic ivory markets and improve enforcement to control elephant poaching. Countries identified as key transit points for ivory trafficking have to increase communication and collaboration with INTERPOL and regional law enforcement networks to effectively combat the criminal syndicates involved in the illegal trade. CITES Parties need to consider the implications of their decisions to allow repeated ivory sales. It has long been known that putting a price on a wildlife species leads to the depletion or elimination of its populations. The more endangered a species is, the higher its price tag. In effect, this is what has happened with elephants.

High ivory prices and expectations of even higher prices in the future fuel greater demand for ivory as an investment vehicle that will hold its value. The more endangered elephants become, the higher the price for their tusks and the greater the value of ivory as an investment. Thus, a spiral of extinction develops, with higher prices driving more poaching, decreasing elephant population leading to ever higher ivory prices and greater demand, which creates increased financial incentives for poaching.

The poaching of African elephants is on the rise. In the first two months of 2012, more than 400 elephants were butchered for their ivory in Cameroon’s Bouba Ndjida National Park alone. First-hand information collected by IFAW revealed the indiscriminate and violent nature of the killings of entire elephant families, including juveniles with small tusks.

The poaching incident in Cameroon in early 2012 and ongoing elephant killing in many parts of Africa may mark a return to the mass slaughter of elephants in the 1970s and ’80s which prompted the international ban of commercial trade in ivory in 1989.

What is different today compared to 30 or 40 years ago are the enhanced opportunities for wildlife trafficking afforded by advances in technology, the integration of global markets and the massive consumer power in Asia. The burgeoning Asian market, together with efficient means of commerce, transport and communications, could have an even more immediate and devastating impact on elephant populations.

One way to help protect elephants in Africa is to eliminate the demand for ivory on an international level. As long as elephants are still being killed for their tusks, CITES Parties should reject any proposal to allow international commercial trade in ivory. The world’s governments and people share a collective moral responsibility to ensure the long-term survival of elephants.

32 IFAW Public Opinion Poll on Elephant and Ivory Trade, Horizon Research Consultancy Group, 2007
33 CSMA Letter to TRAFFIC (2002)
35 IFAW Press release, Too late – military intervention fails to halt elephant slaughter in Cameroon, March 12, 2012
<table>
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<tr>
<th>Date</th>
<th>Country</th>
<th>Tusk(s)</th>
<th>Worked Ivory</th>
<th>Other Wildlife Products</th>
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<td>USA</td>
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<td>907</td>
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<td>0</td>
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Weight information collected from published media sources in 2011.