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TRAFFIC REPORT

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CLOSING STRATEGY

ENDING IVORY TRADE IN HONG KONG

Lau, W., Xu, L., Guan, J. and Xiao, Y.



With the support of:



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ABBREVIATIONS AND ACRONYMS

AFCD	Agriculture, Fisheries and Conservation Department
Cap.	.....	Chapter number of Hong Kong Ordinances (Legal Acts)
Cap. 586	.....	Protection of Endangered Species of Animals and Plants Ordinance
CITES	.....	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COBRA III	.....	Operation COBRA III was a collaborative international law enforcement operation aimed at combating wildlife crime and bringing criminals to justice. The operation was completed in May 2015.
ETIS	.....	Elephant Trade Information System
EU	.....	European Union
EU-TWIX	.....	European Union – Trade in Wildlife Information eXchange
Hong Kong SAR	.....	Hong Kong Special Administrative Region of the People’s Republic of China
Mainland China	.....	People’s Republic of China
NIAP	.....	National Ivory Action Plan
NICE-CG	.....	China’s National Inter-Agency CITES Enforcement Collaboration Group
PICE-CG	.....	China’s Provincial Interagency CITES Enforcement Coordination Group
Pre-ban	.....	Ivory acquired before Hong Kong implemented the international trade ban in 1990 and have been registered by AFCD (Environment Bureau and AFCD, 2016)
Pre-Convention	.....	Ivory products that were acquired before 1975 for Asian Elephants and 1976 for African Elephants (Environment Bureau and AFCD, 2016)
UK	.....	United Kingdom of Great Britain and Northern Ireland
USA	.....	United States of America



Large ivory figurine displayed in a licensed ivory outlet in Hong Kong

EXECUTIVE SUMMARY

Elephant poaching and illegal ivory trade have increased considerably in the past decade. This has occurred despite international control measures through the listing of the Asian Elephant *Elephas maximus* and African Elephant *Loxodonta africana* in the appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which restricted the international commercial trade of ivory from 1990. It has resulted in calls for urgent deterrent actions that go beyond CITES requirements, including domestic measures to address the illegal trade.

CITES is given effect in Hong Kong through the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586) which controls the import, (re-)export and local trade of ivory. Hong Kong was once a prominent trading centre for ivory in the 1970s and 1980s, but the industry contracted considerably following the implementation of CITES trade restrictions in 1990, and waning demand from traditional overseas consumers. However, resurgence in international ivory trade activity in the past decade, both legal and illegal, have also reinvigorated Hong Kong's local ivory market. This has led many conservation advocates to campaign for a ban on ivory trade in Hong Kong. The Hong Kong Government's proposal to phase out local ivory trade, which was first announced in January 2016 and developed in June 2016, as well as additional enforcement and licensing measures, would be a significant commitment if passed through Hong Kong's Legislative Council, in line with ambitions in China, the USA and elsewhere to take drastic actions against illegal ivory.

This report presents an assessment of commercial ivory trade in Hong Kong. Market surveys of ivory outlets were conducted during two periods—August and December 2015—with a rapid survey in November 2016 revisiting most of the same shops. These surveys occurred during a period when denouncements of the local ivory trade were at their most vocal, with new government measures and the possible cessation of local ivory trade bringing about significant uncertainties for local ivory traders. In this respect, this report captures the market conditions and sentiments at a critical moment in Hong Kong's ivory trading history. In addition, CITES trade data on import and re-export of pre-Convention ivory from Hong Kong between 2000 and 2015, as well as government seizure reports, were analysed to examine the extent to which Hong Kong plays the role of a trading hub for the international ivory trade, and discrepancies with local sentiments about the state of Hong Kong's ivory industry.

Physical market surveys in the two main survey periods in 2015 found that while ivory is still readily available in Hong Kong, the vast majority of ivory retail outlets have to supplement their operations by selling a range of other goods, whether it is mammoth ivory, stone and timber carvings, other precious jewellery or antiques. Dealers generally spoke of a sluggish ivory market at the time of the surveys. When these ivory outlets were revisited in 2016, seven outlets appeared to have closed down for business, and two dealers spoke of plans to downsize by closing branch stores and to focus on the wholesale side of their ivory business. Overall, a consolidation of the market appears to be occurring. Larger specialist outlets were still making sales, but smaller outlets with a few ivory items displayed had fewer active transactions.

Local ivory trade is controlled through a licensing system whereby premises have to be licensed before they can commercially trade in pre-ban ivory (pre-1990), and the licence must be displayed on their premises. Market surveys found that only 38% of outlets had licences displayed or had claimed to possess one. When questioned about whether ivory items can be taken out of Hong Kong, 36% of local ivory dealers were willing to sell ivory to buyers intending to depart from Hong Kong, encouraging the smuggling of small ivory items as personal effects without going through the due process of acquiring a CITES permit. 42% of traders accurately mentioned the need to have adequate CITES documentation with their purchase. Outlets that had licences displayed were only slightly

less likely to suggest that smaller pieces of ivory might go unnoticed by enforcement authorities if taken across Hong Kong's borders. These findings present the shortcomings in the existing regulatory system, both in terms of compliance with existing regulations, as well as current perceptions of any law enforcement deterrent.

According to CITES trade data, a considerable quantity of pre-Convention ivory has been imported into Hong Kong between 2010 and 2014, totalling 6,056 ivory pieces plus 4,554 kg. The majority of these imports were sourced from European countries. More than half of the ivory imported was raw ivory. Meanwhile, declared re-exports of pre-Convention ivory amounted to 323 ivory pieces plus 3,264 kg during the same period. Data from the CITES trade database show that raw ivory re-exports during this time were all destined for mainland China, indicating that the market in China is probably a driver for Hong Kong's raw ivory imports. It is puzzling, however, that part of the inflows of raw ivory into Hong Kong remained in the city, according to CITES data, even though there are no more ivory carving factories in Hong Kong and most carvers only operate on a part-time basis undertaking repair and bespoke work.

The current proposal to phase out the local ivory trade, which as of the report's publication has still to be passed by the Hong Kong Legislative Council, will be a monumental step towards ending Hong Kong's once prominent role in the global ivory trade. However, a potential scenario that may develop even before a local trade ban is in place is that it could cause a surge in ivory trade out of Hong Kong. It is pertinent that law enforcement agencies remain vigilant that it does not lead to an increase of illegal trade activities. Several major ivory markets around the world have already imposed restrictions on the import of pre-Convention ivory, which would make Hong Kong's re-exports of ivory to those countries illegal, especially that of mainland China, which has had a blanket import ivory ban in place since 2016. Online ivory trade could be one method by which ivory dealers attempt to liquidate their stock, and much greater effort is required of Hong Kong's enforcement agencies to work with social media and e-commerce platforms to prevent illegal ivory transactions from taking place. Current plans to maintain an antique ivory trade, which would restrict trade to only a small pool of ivory items in Hong Kong, should also be monitored closely in future to prevent the laundering of non-antique ivory, or inadvertently encourage consumer demand for that ivory.

The report recommends that the Agriculture, Fisheries and Conservation Department (AFCD) take the following actions immediately to improve management of local ivory trade in Hong Kong while the trade is being phased out:

- Assess the status, use and possible re-export of pre-Convention raw ivory that has been legally imported into Hong Kong in recent years, through follow up with licensed traders that had imported the items;
- Ensure that aggregate figures and trends in Hong Kong's ivory stockpiles are published in the public domain not more than two months after year end, with a high degree of data resolution that includes quantities of raw/worked ivory, quantities by weight class, and types of ivory products;
- Develop information circulars on recent legislative changes and domestic measures in key trading markets such as China, Europe and the USA, to make certain that licensed ivory dealers in Hong Kong are aware of the rapidly evolving changes to international and domestic trade measures, particularly new restrictions that are either now in place or being planned;
- Require ivory traders to display an AFCD notice and poster in all licensed premises, and increase enforcement of this requirement so that potential customers have the means to identify lawful practices prior to the implementation of the proposed phase out plan;
- Clarify with licensed ivory dealers the conditions for selling through online platforms.

In addition, the Hong Kong SAR Government is encouraged to implement the following measures to tackle illegal ivory trade:

- Following the example of China's implementation of its ivory ban, Hong Kong should hasten the local ivory trade phase out process, starting with the cessation of ivory possession licences being issued or renewed, in order to lessen the opportunity for laundering of illegal ivory from other markets into Hong Kong if a long grace period was provided;
- Require regular monthly reporting of transactions by licensed ivory dealers to AFCD, which would enable ivory stock movements to be closely tracked;
- Expand the current hologram system for labelling registered ivory to all registered stockpiles, for all commercial pre-ban ivory over 100 g, to minimise confusion about product legality for consumers;
- Regulate the trade in antique ivory with a product marking and record keeping system so that future antique ivory trade can be managed and overseen by government authorities;
- Review Hong Kong's stockpile management system for confiscated ivory, ensuring that there is a system in place for electronic record-keeping, safe storage and periodic audit of stockpiles.
- Enhance co-operation of law enforcement agencies on wildlife crimes, including working with overseas counterparts and taking advantage of innovative communication and information sharing models that exist in other regions of the world, as well as local co-operation between AFCD, the Hong Kong Police Force and the Customs and Excise Department through joint operations and skills training;
- Review maximum penalties for wildlife crimes to levels that reflect the seriousness of organized criminal involvement;
- In line with the CITES Resolution on Demand Reduction (Resolution Conf. 17.4), develop supportive policies to encourage evidence-based strategies and campaigns targeting specific consumer groups to change behaviours about the consumption of ivory.

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1. BACKGROUND

Hong Kong remains one of the world's major ivory trade hubs, an unbroken legacy of having been a major player in the global ivory trade since the latter half of the 19th century. As a British colonial gateway to the Chinese mainland, Hong Kong's commercial linkages with British India and East Africa, especially Kenya, Sudan, Zanzibar and Tanganyika (the latter two now comprise modern day Tanzania) made the city a key staging post for raw ivory trade to Imperial China's vibrant ivory carving industry, particularly the manufacturing centres in nearby Guangdong province, for nearly 100 years (Milliken and Melville, 1989). Whilst Hong Kong's local ivory carving industry remained small for nearly a century, it was abruptly transformed in the late 1940s by a massive influx of ivory craftsmen fleeing civil war and political upheaval on the Chinese mainland. Indeed, in the 1970s and 1980s, Hong Kong assumed prominence—and then notoriety—as the world's largest ivory carving centre and foremost supplier of worked ivory products (Milliken and Melville, 1989), with as many as 3,575 carvers supporting this output (Martin and Vigne, 2015).

From 1979 through 1988, nearly 4,000 tonnes of raw ivory was imported into Hong Kong, of which just over 30% was re-exported to Japan, China, India, Taiwan and Thailand which largely depended upon Hong Kong for raw ivory supply (Milliken and Melville, 1989). Of the ivory that remained in Hong Kong for processing, 75% of the production was exported outright to a reported 102 countries/territories worldwide, totalling nearly USD350 million (HKD2.4 billion) over the period, according to Customs statistics; another 20% of the ivory production was directly purchased by tourists who returned home with ivory souvenirs, leaving only about 5% of the output for local consumption (Milliken and Melville, 1989). Hong Kong's trade in this period represented the deaths of between 414,554 and 445,171 elephants (Milliken and Melville, 1989).

Over the following decades, however, a significant decline in Hong Kong's ivory trade occurred. This decline was precipitated by the halving of the African Elephant *Loxodonta africana* population during the 1980s (Douglas-Hamilton, 1989) which led to the imposition of an international commercial ivory trade ban under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which took effect in January 1990. The concurrent rapid fall in consumer demand for ivory throughout the world severely impacted the local ivory industry at the same time an economic recession hit Hong Kong (Lemieux and Clarke, 2009). The industry further contracted when many prominent ivory trading families closed shop and migrated abroad prior to Hong Kong's reversion to China in 1997. Today, the ivory carving industry in Hong Kong has all but collapsed and recent studies indicated that only a handful of individuals engage in part-time repair work as carvers (Martin and Vigne, 2015).

But at the time of the CITES trade ban, Hong Kong's ivory dealers arguably possessed the largest quantity of pre-ban ivory stock globally, which remained eligible for local trade. In June 1989, just prior to the CITES trade ban, 497 tonnes of raw ivory and 168 tonnes of worked ivory was registered with the Hong Kong Government (Milliken and Melville, 1989). Following the CITES trade ban decision, the UK Government, on behalf of Hong Kong, placed a reservation against the listing of all African Elephant populations in Appendix I of the Convention, in order to afford Hong Kong authorities a six-month "grace period" before full implementation of the international ivory trade ban (Anon., 1990). Accordingly, a licensing system was subsequently introduced by the Hong Kong Government to allow legitimate pre-ban stocks to be sold domestically. Exports of pre-Convention ivory from Hong Kong were also possible under certain circumstances but required considerable paperwork and time, which acted as a kind of deterrent for trade through legal channels (Martin and Vigne, 2015). Over the next 15 years, the local ivory trade increasingly declined and stagnated (Lee *et al.*, 1997; Martin and Vigne, 2015). Since the mid-2000s, however, increasing demand from mainland China, according to some observers, has reinvigorated the trade with Chinese tourists propping up

retail ivory sales in Hong Kong for export—legal or otherwise—back home (Martin and Vigne, 2015). This surge in interest for ivory products has led to concerns that demand in Hong Kong itself could also be a driver of African Elephant poaching (Lo and Edwards, 2015), with recent forensic evidence confirming at least one case of ivory from poached elephants being laundered into the city’s legal market (Information Services Department, 2017).

In recent years, commercial-scale consignments of worked ivory products manufactured mostly in Africa have been seized with increasing frequency by the Hong Kong authorities and many of these seizures have reported Hong Kong as the “destination”. Data from the Elephant Trade Information System (ETIS)—the elephant product monitoring system managed by TRAFFIC on behalf of the Parties to CITES—show that, from 2009 through 2012, Hong Kong reported making only six commercial-scale seizures of worked ivory products (i.e. seizures which totalled 5 kg or more); these seizures totalled 156 kg. Between 2013 and 2015, however, the number jumped to 100 seizures, totalling 1,533 kg of worked ivory products (T. Milliken, *in litt.* to TRAFFIC’s East Asia Regional Office, 20 March 2017). In fact, the “final” destination could be different from the “reported” destination of these shipments, but even if only some of this worked ivory were destined for Hong Kong’s local market, wholesale laundering would appear to be occurring in contravention of local laws and CITES.

The culmination of worked ivory and raw ivory seizures, whether meant for the local market or in transit mostly to the Chinese mainland, has in recent years resulted in Hong Kong being identified in two successive ETIS analyses to CITES as one of the countries or territories of “primary concern” in the illicit ivory trade (Milliken *et al.*, 2012; 2016). As a result of this finding, Hong Kong has been subjected to an ongoing oversight process by the CITES Parties. Accordingly, Hong Kong has been compelled to take urgent action to address illegal flows of ivory within their jurisdiction, and to produce a National Ivory Action Plan (NIAP) which outlines a series of steps to address a range of ivory trade issues through time-based actions (CITES, 2013). This development has placed renewed international attention on Hong Kong’s ivory trade policies, compliance with CITES requirements and local law enforcement capabilities.

With Africa’s elephants currently in serious crisis, many conservation advocates have called for a ban on ivory trade in Hong Kong. This campaign has garnered significant media attention, both locally and worldwide, and appears to have gathered majority support from Hong Kong’s citizens, with a recent survey finding that 75% of Hong Kong people back an ivory trade ban (HKU-POP and WildAid, 2015). Further, more than 90,000 individual pledges support WWF Hong Kong’s “rewrite their future” campaign to end ivory sales in Hong Kong¹. The potential linkage between the local trade and the unrelenting elephant attrition in Africa clearly fuels negative sentiments towards Hong Kong’s ivory trade, fostering a community of resistance against the status quo (Martin and Vigne, 2015). With this background, the market surveys presented in this report were developed several months prior to the announcement by the Hong Kong Government to propose a ban on the local ivory trade in January 2016 (see section 2: Recent Developments). Therefore, the study was developed to assess possible market reactions to any potential regulatory changes.

A status update of Hong Kong’s ivory market was conducted through market surveys, as well as assessments of trade data and ivory seizure data. The survey results were compared with data from previous studies of the Hong Kong ivory market (Martin and Stiles, 2003; Lam and Xu, 2009; Martin and Martin, 2011; Martin and Vigne, 2015).

Section 2 of the report explores recent policy developments, outlining the proposed plan to phase out local ivory trade, and current efforts to tighten controls over licensed traders. Section 3 summarises

¹ As at 31 December 2016. See: <https://rewritetheirfuture.wwf.org.hk/>

the licensing conditions for local ivory traders. Section 4 provides details of the methodology used for conducting a physical market survey of ivory retailers/traders in Hong Kong, while section 5 presents the findings of the survey. In section 6, the status of the local physical market for ivory is discussed in the context of trends in CITES trade of commercial ivory and ivory seizures, and the possibility that ivory is being held for speculative investment purposes is suggested. Assertions that have been made about Hong Kong ivory trade are addressed, and gaps in current licensing and enforcement measures are highlighted. Finally, section 7 concludes with recommendations for the Hong Kong SAR Government to consider in light of proposed plans already announced to ban local ivory trade in the city.

2. RECENT DEVELOPMENTS

On 27 June 2016, the Legislative Council's Panel on Environmental Affairs discussed a proposal from the Environment Bureau and AFCD (2016) for a plan to phase out the local trade in elephant ivory. The proposed plan has since been approved by Hong Kong's Chief Executive in Council on 21 December 2016 (Information Services Department, 2016), an important step prior to the submission of an amendment bill to the Legislative Council where it will be considered for enactment. Furthermore, the proposed phase out plan is consistent with CITES Resolution Conf. 10.10 (Rev. CoP17) "Trade in Elephant Specimens", which recommends that Parties close domestic ivory markets that are contributing to poaching or illegal trade. A three-phase process towards a complete ban has been proposed:

- Step 1: A ban on the import and re-export of hunting trophies² and remaining post-Convention (1976) ivory items that are currently permissible under CITES—effective immediately when the bill is enacted;
- Step 2: A ban on the import and re-export of pre-Convention ivory—effective three months after the bill is enacted;
- Step 3: A ban on the possession of ivory for commercial purposes, prohibiting all local ivory sales (with the exception of antique ivory)—effective on 31 December 2021, after a five-year grace period.

Key issues, such as the timeframe towards a complete ban on local ivory trade, will be discussed when a bill to amend legislation is tabled with Hong Kong's Legislative Council during 2017. An alternative independent legal assessment by WWF-Hong Kong recommended that a two-year phase out plan could be achievable, if the Hong Kong SAR Government ceases to issue and renew ivory possession licences immediately (WWF-Hong Kong, 2016).

Hong Kong's move follows signals from other countries with significant ivory markets, most notably China and the USA, where policy changes to tighten domestic ivory trade have recently taken place. The phase out proposal also represents an example of the broader international intent to phase out domestic ivory markets that may be contributing to poaching or illegal trade, which was the subject of amendments to Resolution Conf. 10.10 "Trade in Elephant Specimens" which Parties adopted at the 17th Conference of the Parties to CITES. In the face of a growing tide of criticism against governments that remain idle towards elephant poaching and ivory trafficking crimes, and in light of the considerable local public awareness, the Hong Kong SAR Government decided to join, rather than resist, prevailing international trends.

China's evolving trade regulations on ivory also are of consequence to Hong Kong since buyers from mainland China are purportedly the main consumers of Hong Kong's ivory (Martin and Vigne, 2015). CITES is implemented separately in Hong Kong, therefore the border between Hong Kong and China is considered an international border for CITES trade purposes (Article 116 of Hong Kong's Basic Law). China's State Council has recently issued a directive to stop domestic processing and sales of ivory and ivory products by 31 December 2017, with some processing and sale activities to end earlier on 31 March 2017 (State Council, 2016). This is in addition to an international ivory trade ban that is currently in place in China, covering all ivory products obtained prior to 1975, with the exception

²From 2000 to 2014, only a single ivory trophy was imported into Hong Kong (UNEP-WCMC, CITES Trade Database), therefore, the impact of the ban on hunting trophies is primarily symbolic as Hong Kong is rarely a destination for sport hunted elephant trophies.

of some ivory artefacts for the purpose of “teaching and scientific research, cultural exchange, public display and for law enforcement” (State Forestry Administration, 2016). This ban will remain in effect through 31 December 2019 (State Forestry Administration, 2016).

In October 2015, prior to Hong Kong’s announcement of a proposed phase-out plan, AFCD published several measures to combat smuggling and strengthen enforcement of Hong Kong’s local ivory trade (AFCD, 2015). The 10 measures (see Box 1 below) reinforced actions that Hong Kong had committed to under the CITES-mandated NIAP process to improve local regulation and enforcement. Further, the Hong Kong SAR Government agreed to additional measures, such as the incineration of confiscated ivory and awareness-raising initiatives (CITES, 2015).

Box 1: 10 Measures to Combat Smuggling and Strengthen Control of Local Ivory Trade

Further to the publication of 10 measures to assist law enforcement and control local ivory trade (AFCD, 2015), the following elaborates on each of these measures, drawing from a discussion between TRAFFIC and AFCD, and in some instances identifies the progress in achieving these measures (AFCD, *pers. comm.*, 21 January 2016). Headings of each measure correspond with AFCD’s “10 measures” document (AFCD, 2015).

1. Enhanced liaison with the Customs and Excise Department and overseas enforcement agencies against smuggling of ivory

AFCD and China’s CITES Management Authority typically meet once a year to discuss licensing and enforcement issues. Additional efforts will be made between AFCD, Hong Kong Customs and counterparts in Guangdong province to meet more frequently, so that joint operations, information exchange and other collaborative activities can increase.

2. Sniffer dog programme to assist detecting and preventing smuggling of ivory

The Quarantine Detection Dogs programme was initiated in 2008 and currently employs about 8–9 dogs that are on duty at different border control points. While not previously trained to detect endangered species products, these working canines have now been trained to do so, focusing on identifying elephant ivory, dried seahorse and pangolins, amongst other products.

3. Enhanced interdepartmental collaboration

The Endangered Species Protection Liaison Group currently meets twice annually and provides the opportunity for AFCD to liaise with the Hong Kong Police and the Customs and Excise Department on wildlife trade issues. The frequency of these meetings will increase, to enhance their ability to organize joint operations, discuss smuggling issues and trends, and develop joint strategies.

4. Comprehensive stocktaking of pre-ban ivory (pre-1990)

Stocktaking of commercial ivory has been ongoing since the beginning of 2015. Of the 370 current possession licences, AFCD approximates that around 200 relate to ivory held in retail shops. Others hold commercial ivory privately. A comprehensive stocktake of ivory held by all licensees will be completed by the end of 2016.

5. Stepping up import and re-export control on pre-Convention ivory (pre-1976)

Previously, Hong Kong followed the CITES method of marking serial numbers with permanent markers on pre-Convention raw ivory only, for any items that were over 20 cm in length and/or over 1 kg in weight. CITES has not established marking requirements for scraps or worked ivory products. However, in order to improve AFCD's ability to control the import and re-export of pre-Convention ivory, it will implement an additional ivory marking system using hologram stickers on worked and raw ivory, which is apparently tamper-proof and leaves an indelible mark in the event of attempts to remove it.

6. Extending the use of tamper-proof holograms to pre-ban worked ivory under Licenses to Possess

The new hologram stickers will also pertain to pre-ban worked and raw ivory of more than 0.1 kg, to improve the tracking of ivory items held under a Licence to Possess. Anything smaller than this is considered not to be worthwhile, according to AFCD, as there is insufficient space to put a sticker and the item itself is unlikely to be worth very much. A new serial numbering system will also be introduced through the holographic stickers, in addition to previous serial numbers given to individual ivory tusks under the CITES numbering system. Photographic records of individual pieces will also accompany the new labelling process, and everything will be recorded in AFCD's databases accordingly.

The new hologram labelling system was only implemented from September 2015. This means that the licensees that have renewed their licences before this date will not have applied holographic labels to their stock. The licensees that have renewed their possession licences prior to the hologram labelling will still be able to sell their stocks without hologram labels, legally under the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586).

7. Use of radiocarbon-dating to determine the age of ivory

Radiocarbon-dating technology has become relatively cheap to apply, and yields results in a short amount of time, according to AFCD. For this reason, it will be employed by AFCD for determining the age of suspicious ivory stocks or imports, thus clarifying the legality of the ivory in question and support enforcement and conviction.

8. Enhance transparency for tracking licensed ivory stock

Relevant statistics, such as the quantity of licensed ivory, will be published on the AFCD website.

9. Licensees to report change in stock quantity at specified intervals

Licensees have to keep a transaction record of changes to their ivory stockpiles, which was previously inspected by AFCD officers during surprise visits or at licence renewal periods (every five years). AFCD has proposed to ask licensees to report transaction records instead on a more regular basis.

10. Raising awareness of potential customers on the control of ivory

Many licensees do not display their possession licences, despite it being a legal offence not to do so, because of a reluctance to display their only original copy of the licence. Some dealers have used a photocopy of the licence instead. Still others are disinclined since the licence includes personal or company addresses, which they may not want to share publicly.

In addressing this issue, two new items will be required to be displayed at licensed premises: a notice that outlines that the specific premises are licensed for holding ivory for commercial purposes, as well as a poster that carries the message that ivory cannot be taken out of Hong Kong without a CITES permit. The notice conceals personal addresses but still includes the total ivory quantities registered by the licensee under their Licence to Possess, which is a requirement by law, thus making its inclusion unavoidable. Both of these items will need to be displayed at licensed premises once their licences are renewed, i.e. from September 2015 onwards.

3. STATE OF LICENSING AND REPORTING OF IVORY STOCKPILES

With the proposed ban currently outlining a five-year grace period for ivory traders, licensed ivory traders are able to continue commercial trade in ivory until the year 2021. The current conditions for licensed local ivory trade is summarized as follows.

3.1. Licence to Possess

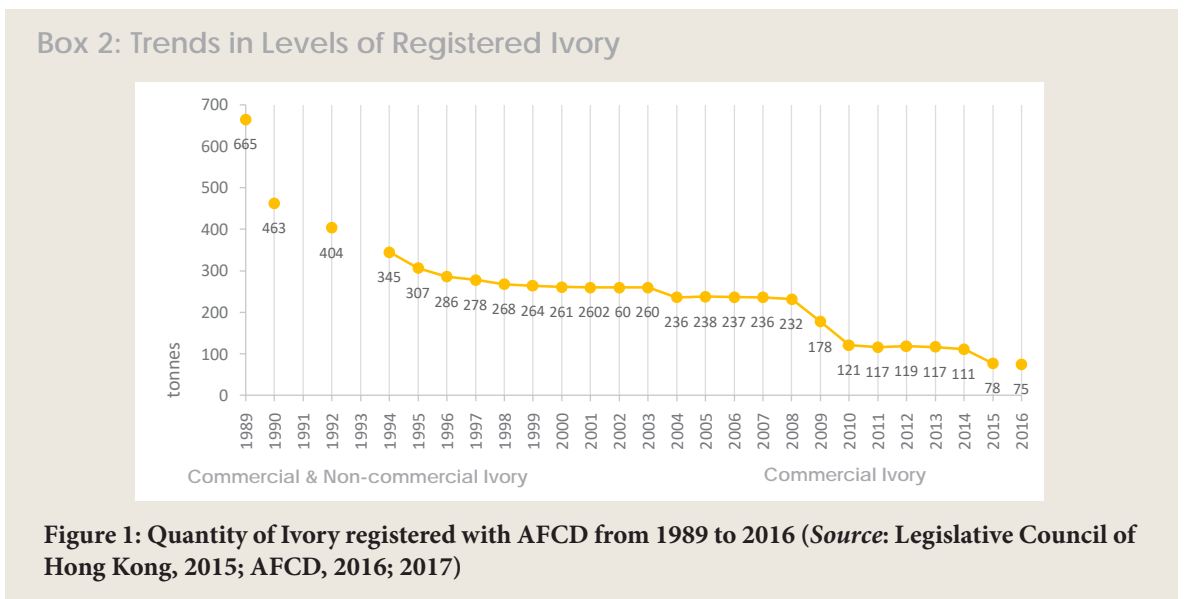


Poster discouraging the smuggling of ivory out of Hong Kong, for display in licensed ivory outlets and border points.

Ivory possession licences were originally issued under the Animals and Plants (Protection of Endangered Species) Ordinance (Cap. 187) to those in possession of ivory in the early 1990s. Pre-Convention ivory for commercial and non-commercial possession was registered with AFCD, although those who owned less than 5 kg of worked ivory were exempt from having to obtain possession licences. Despite this exemption, the ivory licensing conditions in Hong Kong went beyond CITES requirements at the time.

An update of items held or modified (e.g. from raw to worked ivory) were reported to AFCD each time possession licences were renewed, and licence renewal initially occurred every two years. However, this changed after five-year licences were issued for ivory possession around the year 2000, and persisted after the licensing rules were amended with the introduction of Cap. 586. Furthermore, the amendments meant that licences were now only required for those holding ivory for commercial purposes. Those holding ivory for non-commercial purposes (in private use) were no longer required to obtain a licence. Consequently, in terms of tracking ivory

stock values over time, the more limited requirements of the new registration system for licensed ivory dealers effectively rendered such data incomparable with data on registered ivory collected prior to 2006, which included privately-held non-commercial stocks (see Figure 1).



New legislation (Cap. 586), which came into effect in 2006, was not fully reflected in AFCD's record of registered ivory until 2010, as a large majority of licensees renewed their licences between 2009 and 2010. This explains major drops in registered ivory seen in both of these years, due to the exemption of non-commercial ivory from official registration.

Overall, the use of registered ivory as a measure of ivory trade trends, particularly of the comparison of records from 1990 to 2016, is problematic, given that two different ways of accounting for registered ivory transpired over this period (initially for both commercial and non-commercial ivory, and then commercial ivory only). Stockpiles were relatively stable, with only modest annual declines observed in the years when only commercial ivory levels were recorded (2010–2016).

3.2. Stockpile and Transaction Records

It is a requirement for all transactions of ivory products in Hong Kong to be recorded on a Records Sheet that is provided by AFCD to licensees. The record must be made within three days of a transaction, and these records can be requested for inspection by AFCD at any time. Surprise inspections are typically done when AFCD is alerted of suspicious activity at licensed premises.

The number and weight of ivory stockpile pieces are recorded: tusks, cut pieces, worked ivory and scrap are treated separately. Small discrepancies in the total weight of ivory stockpiles is allowed given the loss generated through processing, e.g. residue from cutting tusks and carving worked items.

3.3. Other Forms of Selling

Hong Kong licensees can sell registered, pre-Convention stocks of ivory online, as long as the sellers are in possession of a Licence to Possess. However, it is not always clear whether ivory items advertised online from Hong Kong sellers are from licensed premises, as there are no requirements for this information to be shared or for retail licences to be displayed with such advertisements. In a recent (November 2016) rapid survey of Hong Kong-based online platforms, 11 advertisements and posts for ivory items were found (TRAFFIC, unpublished). At least three of these advertisements and posts did not include any mention of having the requisite certificates or indication that the seller was a licensed dealer. None of the advertisements provided proof of the possession of a licence, whether with a photo of the licence itself or their unique possession licence number, and therefore provide grounds for further investigation.

Monitoring of the ivory trade through online platforms is understandably challenging for these reasons, especially as e-commerce and social media platforms have been known to facilitate the trade in illegal ivory (Xiao and Wang, 2015; Guan and Xu, 2015). This area of trade will need further attention and improved oversight by Hong Kong authorities to ensure online trading is legal, and to prevent the laundering of illegal unregistered products. Monitoring and enforcement of online trade will be of greater relevance as shifts in avenues of trade may be expected after the announcement of a proposed ban and timeline for implementation (see section 6).

4. METHODOLOGY

4.1. Targeted Ivory Outlets

A survey of legal ivory dealers was conducted in Hong Kong during August and December 2015. The August survey included 60 priority shops, which were identified through four methods³:

- Yellow pages, under “wholesalers and manufacturers”;
- A list of ivory outlets provided by WWF-Hong Kong;
- Hong Kong NGOs that further highlighted six major ivory dealers; and
- Previous data about key shops and locations from TRAFFIC’s 2009 survey.

A further 78 shops were visited in the December 2015 survey. These shops were identified with the help of information shared by other NGOs on credible ivory-selling outlets. There was limited overlap in the shops visited during the two survey periods.

4.2. Method of Survey

The August survey was conducted by two TRAFFIC researchers fluent in Mandarin and English. The December survey included four TRAFFIC researchers, who between them could converse in Cantonese, Mandarin and English.

A covert survey method was adopted whereby the surveying team presented themselves as tourists with an interest in buying ivory, whether for themselves or asking on behalf of a relative.

When shops were either closed or inaccessible, the researchers called the shop owner (if a phone number was available) to inquire about the status of the business and/or a time to visit.

Several pieces of information from ivory dealers were sought:

- Shop status—whether it was open/closed for business;
- Display of AFCD licence;
- Availability of elephant ivory;
- Possibility of taking ivory out of Hong Kong;
- Willingness to promote illegal behaviour;
- Number of ivory items on display;
- Prices of select ivory items;
- Opinions of ivory dealers—on issues ranging from future ivory business prospects, the status of ivory carving in Hong Kong, solutions to the ivory problem, and public opinion against ivory trade.

Market surveys were conducted according to TRAFFIC’s established methodology for monitoring wildlife markets. It is noted that forging a relationship with the traders can be important—to first win their trust—in understanding illegal behaviour. However, the rapid nature of the market surveys conducted for this report did not allow time to establish relationships with individual traders, which may have affected the recorded responses.



Ivory figurines and cup sets on display in a Hong Kong ivory outlet.

© CHERYL LO

³These methods for identifying ivory retail outlets were used, as AFCD does not publicly disclose the list of registered ivory traders.

5. RESULTS

5.1. Status of Shops

No. of Shops	Open, with ivory	Open, but no ivory found	Not open on day of survey ⁴	Closed down	Unknown ⁵	TOTAL
Aug 2015	27	5	4	17	2	55
Dec 2015	47	17	8	4		76
TOTAL	74	22	12	21	2	131⁶

Table 1: Number of shops visited during August and December 2015 surveys

A total of 131 retail shops were targeted for visitation during the survey. Of these, 96 shops (73%) were in operation on the day of the survey, and only 74 shops (56%) were found to have ivory products on display. This number is comparable to a December 2014/January 2015 study that found 72 shops with ivory on display in Hong Kong (Martin and Vigne, 2015). Twenty-two (17%) out of 131 shops visited no longer displayed any ivory, but presumably once had ivory for sale.

Ivory shops tend to be concentrated in two main areas of Hong Kong: along Hollywood Road and Upper Lascar Row in the Central and Western district; and in several isolated hotspots in the Yau Tsim Mong district. These locations suggest a number of differentiated micro-markets that serve different consumer segments. Hollywood Road possesses a high concentration of art and antique galleries in Hong Kong, and the ivory products displayed and sold in this area are likely to be targeting high-end antique buyers. Also along Hollywood Road and Upper Lascar Row are numerous shops that sell ivory trinket pieces targeting the tourist trade, although large showcase pieces of carved ivory are also available for the more affluent buyers.

Shops in the Yau Tsim Mong district of Kowloon also tend to target tourists, with ivory found in souvenir shops, shopping areas inside hotels, or tourist malls in areas such as Tsim Sha Tsui East and the Jade Market. A limited number of specialty ivory stores were also found in both districts, catering to local middle class buyers seeking utilitarian pieces such as ivory chopsticks or name seals.

At least 21 shops (16%) were found to have vacated their premises, presumably having moved or closed for business. These shops would have closed within the last six to seven years, since the oldest data used to identify ivory-selling outlets came from a previous TRAFFIC survey in 2009. This survey confirmed the well-publicized withdrawal of ivory stocks for sale by four department stores, and their chain stores around Hong Kong⁷ in 2014 and 2015. The reason for shops closing was not elicited during this survey, but discussions with current ivory dealers suggest that very few could make a profit from the local ivory trade alone. Many have switched to selling ivory alternatives such as mammoth ivory, or a variety of precious stones such as jade, diamond, or alternative materials used in the production of trinkets such as precious woods.

⁴ These shops were not opened for business on the survey day. In addition, attempts to contact the shopkeepers by phone went unanswered. This figure included shops that were in the process of renewing their licence, hence selling was temporarily suspended.

⁵ Locations of the shops were not known. Attempts to contact shop by phone was also unanswered.

⁶ Seven shops were visited in both the August and December 2015 surveys. For the sake of clarity, these shops were only counted once. Where shops were not opened during either the August or December survey, the count went towards the survey period in which it was opened (four out of seven shops). Where shops were either opened during both the survey periods, they were counted towards the December survey (three out of seven shops).

⁷ The four department stores are: Wing On Department Store, Yue Hwa Chinese Products Emporium, Chinese Arts and Crafts, and Chinese Goods Centre Ltd (Kao, 2015)

5.2.Outlet Types and the Types of Ivory Items on Display

Retail ivory shops can be grouped into several categories of ivory outlets, each category offering a similar range of ivory products:

Antique Galleries

A large proportion of antique galleries had displays of carved tusks and ornamental figurines carved entirely out of ivory. Popular household utensils such as chopsticks and tea sets, and accessories such as hair brushes, beaded necklaces, pendants, fans and snuff bottles were also found at several galleries. Ivory was also used in chess sets, card and pen holders, either with ivory inlaid or carved entirely with ivory. An ivory chandelier was also found in one store.

Gift Shops

The majority of ivory items found in gift shops were trinket jewellery pieces such as pendants, bangles and earrings. Selected large figurines, made into dragons and elephants were found, as were large carved tusks. Chopsticks and name seals were also displayed in some gift shops. A number of these shops were also selling items made from mammoth ivory.

Hotel Souvenir Shops and Jewellery Stores

A large array of jewellery items were found in hotel souvenir shops compared with the typical jewellery shop. Bracelets, pendants, bangles and earrings were found. Animal motifs such as elephants and camels were most common. A select few had ivory figurines for sale.

Mah-jong and Name Seal Shops

Mah-jong and name seal shops specialize in these items respectively, with some of their selection made entirely of ivory. These tend to be the most expensive items in their collections. One mah-jong shop surveyed that had ivory items was also selling trinket pieces, chopsticks and Christian crosses made from ivory.

Specialty Stores

A large variety of ivory items were sold at specialty stores, from carved or polished tusks, to figurines with Chinese Gods such as Buddha or Guanyin, and more functional items such as chopsticks, hand-held fans and letter openers. Large quantities of ivory trinkets were also found. A majority of specialty stores (nine out of 16) also had mammoth ivory displayed alongside elephant ivory items. Some of these stores have also branched out into other materials in making very similar statuettes, such as the use of wood and blue stone.



Various ivory trinkets, including bracelets, necklaces, name seals, dice and small figurines on display.

5.3. Outlet Types and the Size of Ivory Stocks on Display

The survey team visited a variety of shops with ivory for sale, including 24 antique galleries, 16 ivory specialty stores, 15 gift shops and 10 name seal stalls. Ivory was also found, although less frequently, at jewellery stores, hotel souvenir shops and shops that sell mah-jong pieces. The number of some outlet types identified in the current market survey was similar to those reported in Martin and Vigne’s (2015), namely antique galleries, gift shops and hotel souvenir shops, but differ widely when other outlet types are considered.

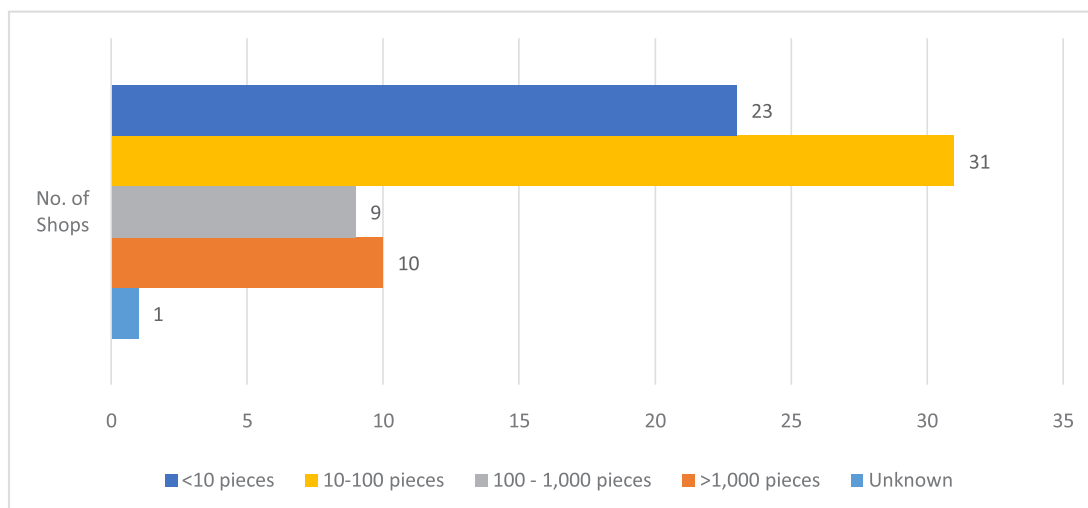


Figure 2: Quantity of ivory items on display

When asked, shopkeepers usually stated that all of their ivory stocks had been deployed for display. Indeed, they are legally bound to hold all of their ivory stock in the “keeping premises” as outlined in the Licence to Possess. Not surprisingly, the number of shops displaying fewer than 100 ivory pieces (73%) far outweighed shops that had much larger quantities of ivory on display.

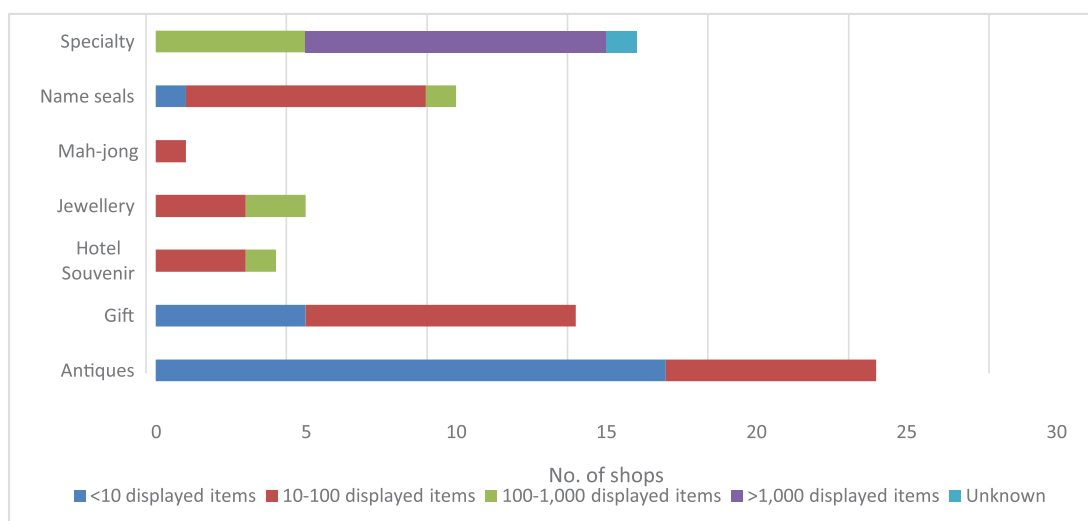


Figure 3: Quantity of ivory items on display by outlet type

On average, it was ivory specialty shops that had the greatest number of ivory items on display, with 10 out of 16 shops having thousands of items. Two jewellery stores, as well as one name seal stall and one hotel souvenir shop had between 100 and 1,000 ivory items for sale. Gift shops, antique galleries and mah-jong shops all had fewer than 100 ivory items displayed in store.

5.4. Licence and Poster Display

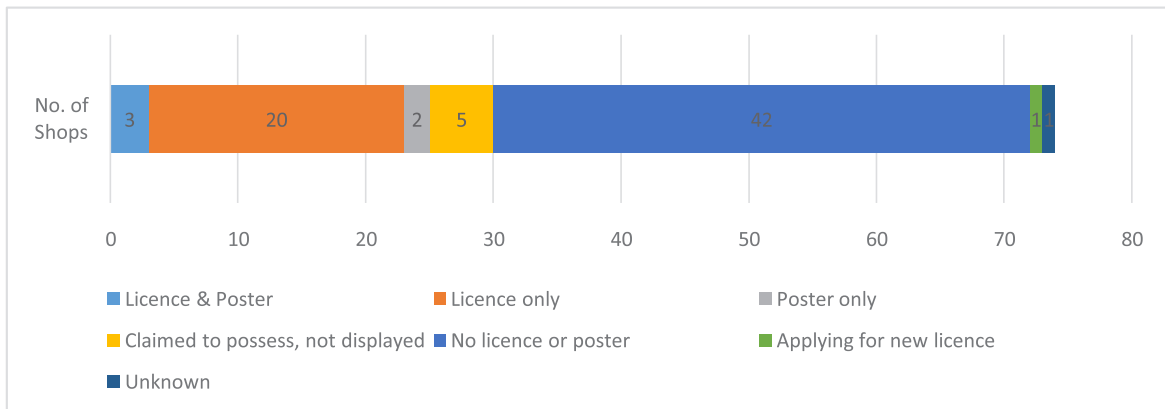


Figure 4: Licence and poster display

A condition of the Licence to Possess is that licensees must display their licence in a conspicuous position on their keeping premises. Of the 74 shops surveyed, only 23 (31%) were found with licences displayed. The rest did not have licences displayed during the survey, including those that claimed to possess a licence but did not display them and dealers that were in the process of applying for a new licence. As previously mentioned in Box 1, many licensees were reluctant to display their ivory licences as their personal/company addresses are shown on them. It is unclear, however, what constitutes “conspicuous” display of licences and posters, therefore contravention of the licence conditions is largely ambiguous.

AFCD initiated a new requirement to have posters displayed at licensed premises, starting from September 2015. These posters were only given out to ivory licensees at the point of licence renewals, hence only a portion of licensed premises would have received the posters by the December survey. Indeed, the survey found only a few—five out of 47 shops with ivory—that had posters displayed on their premises.



Licensed ivory outlet with License to Possess and poster prominently displayed.

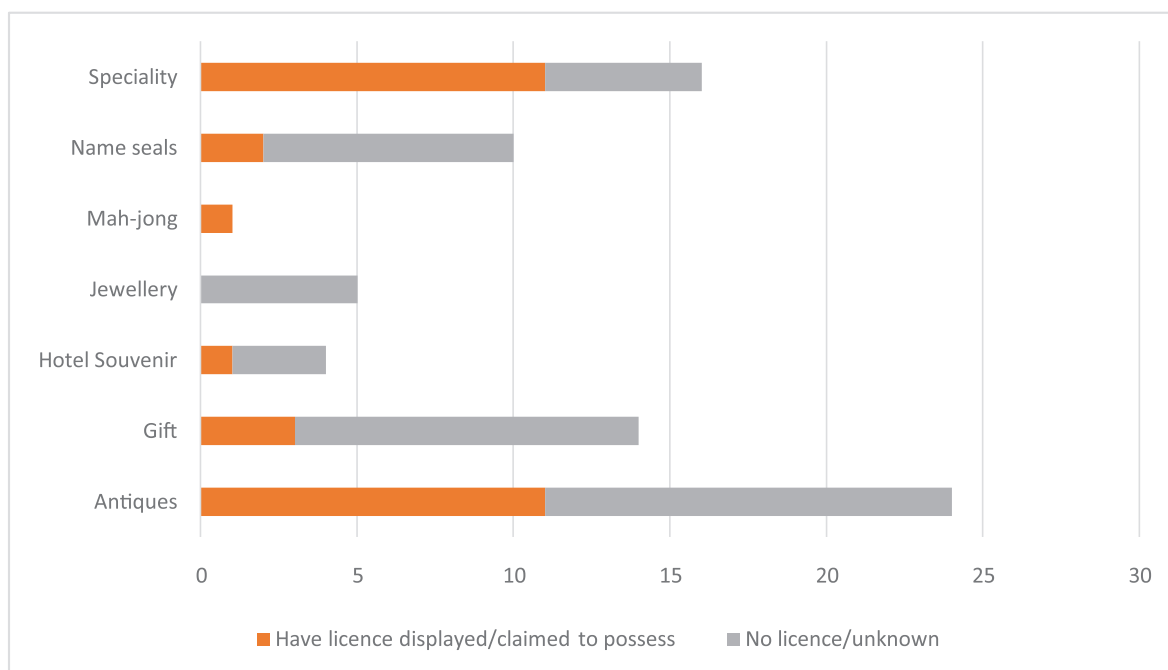


Figure 5: Licence display by outlet type⁸

Antiques galleries (11 out of 24 shops) and speciality stores (9 out of 15 shops), i.e. shops that sell elephant ivory or mammoth ivory exclusively, had the greatest proportion of outlets with licences displayed (see Figure 5). With the highest prices for ivory items observed at antique galleries and speciality stores, it is perhaps not surprising they were more likely to show their registered credentials.

5.5. Prices of Displayed Ivory

A variety of worked ivory products were available for purchase in Hong Kong, at a wide range of prices. The most expensive piece found during the current survey was a large statuette at an antique gallery that was selling for HKD850,000 (USD107,595). At the other end of the price range was an elephant pendant in a tourist gift shop that was selling for just HKD100 (USD13).

Retail prices have been used in the past as an indication of the relative demand for ivory in the market. Chopsticks are a relatively common and homogenous item for price comparisons between shops. A pair of ivory chopsticks was found to cost between HKD600 to HKD4,500 (USD77–580) during the August and December 2015 surveys. Prices are not dissimilar to the range of chopsticks (pair) prices in Martin and Vigne (2015), which were reported as USD128 to USD513, nor to 2011 prices that were reported as between USD108 and USD538 (Martin and Vigne, 2011). Price differences, even for a relatively homogenous item such as a pair of chopsticks, can depend on the quality and age of the ivory, as well as the type of store in which it is being sold.

While price changes for chopsticks might be difficult to track in Hong Kong, they are substantially different from prices in mainland China, where a pair of chopsticks cost around USD800 in 2015 (TRAFFIC, 2015, unpublished study). It has been suggested that the price difference is due to the higher cost of rent for licensed premises in mainland China, which tend to be situated in upmarket malls, as well as the additional cost of certification for individual items on the mainland (Martin and Vigne, 2014).

⁸ The issue of licences, and whether shops visited had licences displayed or not, were condensed into two categories: (1) “Have licences displayed/claimed to possess” includes shops that had “Licence and Poster”, “Only licence displayed”, “Claimed to possess, not displayed”, and “Applying for new licence” categories; (2) “No licence/unknown” includes the categories “Only poster displayed”, “No licence or poster found” and “Unknown” (see Figure 5).

5.6. Willingness to Promote Illegal Behaviour

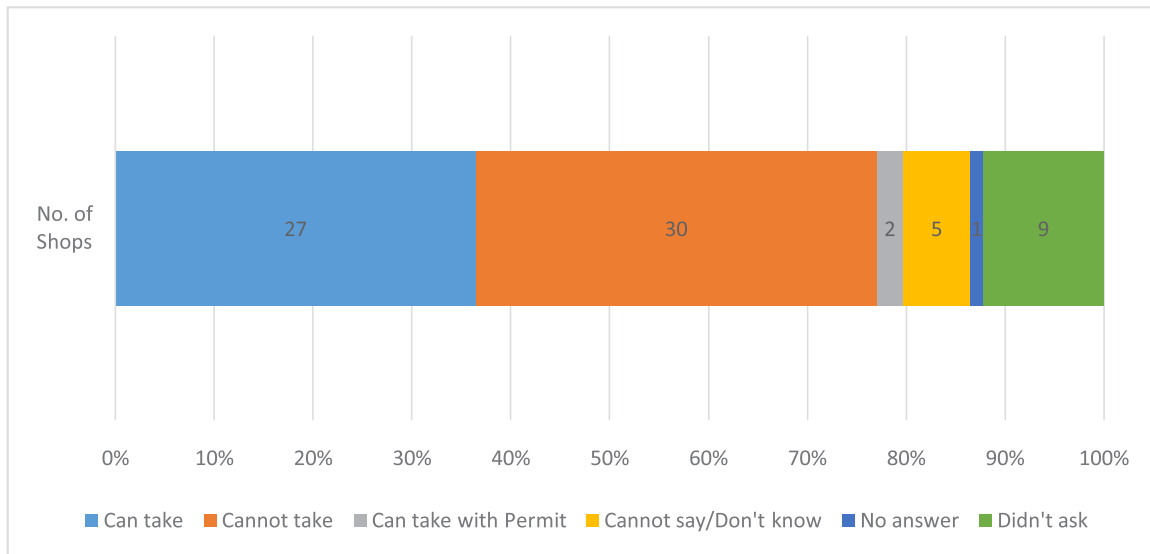


Figure 6: Response to the question of whether ivory items can be taken to mainland China

The issue of legality was explored by directly asking shopkeepers if the ivory that was displayed could be taken to mainland China, thereby crossing an international border⁹ in violation of Cap. 586 and CITES regulations for the trade of ivory. 42% of the shopkeepers (32 out of 74) were aware of the law and communicated its requirements accurately to the surveying team, i.e. that ivory cannot be taken back to China, or if they intended to do they must first get a CITES certificate.

Some 27 shopkeepers (36%) stated that ivory could be exported to mainland China. Many shopkeepers in this category felt that small ivory trinkets for personal use could be taken without any problem since such items were easy to hide in bags and luggage, which suggests some knowledge of illegality. Some offered more detailed strategies to conceal purchased ivory, or suggested pretexts if caught at the border crossing. Two shopkeepers selling name seals recommended carving one's name on the seal so it could be treated as a pre-owned personal property. Another shopkeeper stated that only a receipt from the shop was needed as legal proof. Yet another offered to post an ivory name seal to an address in mainland China. Lastly, one shopkeeper offered to deliver the ivory product through to Shenzhen, which could then be picked up in the mainland for onward travel, for a fee of HKD10,000. It should also be noted that a further five shopkeepers (7%) claimed not to know if ivory could be taken to mainland China.

It should be noted that at the time the market surveys were conducted, there was already considerable media attention about Hong Kong's ivory trade, as well as increasing scrutiny by civil society groups. This could have led to a more cautious approach by ivory shopkeepers approached in the market surveys. While the researchers merely asked about the ivory items displayed, it is difficult to assess how shopkeepers' willingness to promote illegal behaviour would have changed if the buyer was serious about purchasing ivory items.

⁹ CITES is implemented separately in Hong Kong from mainland China, therefore the border effectively constitutes an "international border" even though Hong Kong is a Special Administrative Region of China.

5.7. Licences Displayed and Willingness to Promote Illegal Behaviour

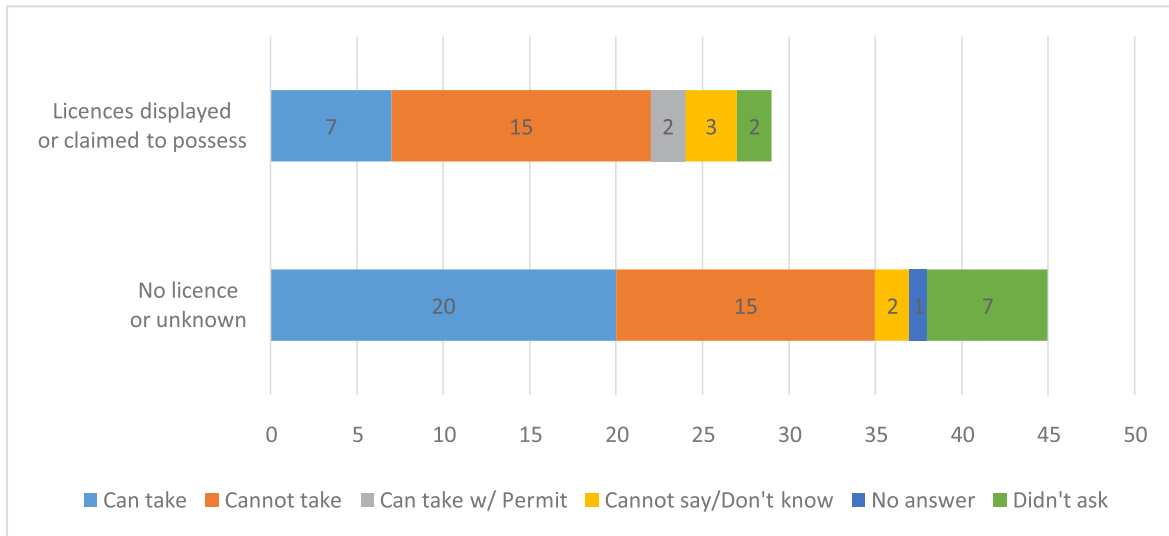


Figure 7: Comparing shopkeeper’s willingness to promote illegal behaviour based on whether licenses were displayed on the premises

Figure 7 shows whether adherence to the law in one respect, i.e. displaying licences (or claiming to possess a licence), translates to other law-abiding behaviour, such as communicating correctly about whether ivory can be taken overseas.

15 out of 29 (59%) of those that had licences displayed, or claimed to possess a licence, correctly stated that ivory cannot be taken to mainland China, or can only be taken with relevant CITES permits. Of those premises where no licences were found, only 15 out of 45 (33%) of shopkeepers mentioned the legal restrictions in taking ivory across the border.

Out of the group with licences displayed (or claimed to possess them), seven out of 29 (24%) asserted that ivory can be taken to China and overseas. This compares to 20 out of 45 (44%) of those where no licences could be observed on the premises.

Curiously, five shopkeepers out of the 74 shops with ivory could not give an answer to the question about taking ivory out of Hong Kong. Adding this to those that promoted taking ivory out of Hong Kong, a total of 43% of ivory shopkeepers could not, or were not willing to, convey that the export of ivory was an illegal activity. While it can be counter-intuitive for shopkeepers to hold back from making a sale, they hold the responsibility for correctly advising buyers of the law. Further work by AFCDD to inform licensees of the regulations is necessary.

5.8. Number of Ivory items Displayed and Willingness to Promote Illegal Behaviour

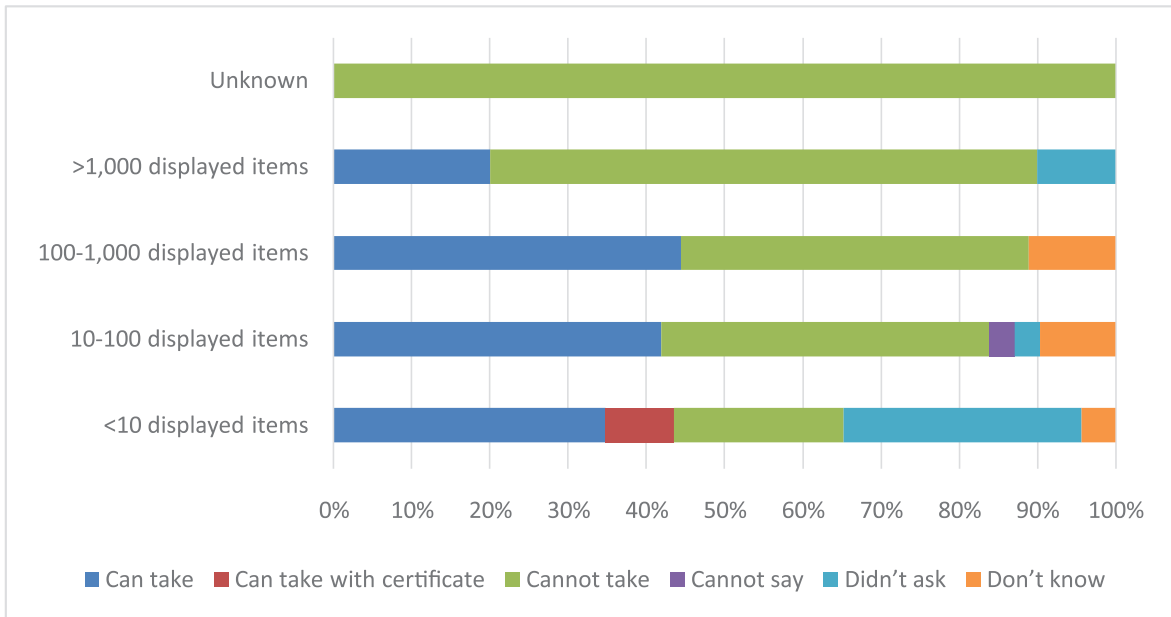


Figure 8: Comparing willingness to promote illegal behaviour based on quantity of ivory displayed

The willingness of ivory shopkeepers to state that ivory can be taken out of Hong Kong, thereby promoting illegal behaviour, was less evident amongst ivory specialty shops, which typically had over 1,000 ivory items on display. These specialty shops tend to be more cautious, with 20% of them stating that ivory can be taken out of Hong Kong, while 70% mentioned it could not. In contrast, a larger proportion of shops (35–45%) that had fewer ivory items displayed (including shops with <10 ivory items, 10–100 items and 100–1,000 items) stated that ivory items could be taken out of Hong Kong.

6. CHALLENGES IN PHASING OUT HONG KONG'S IVORY TRADE

By publishing plans to phase out the local ivory trade (Environment Bureau and AFCD, 2016), the Hong Kong SAR Government has conveyed its commitment to reducing the major threat to conserving the world's elephants, in line with other domestic and international efforts to restrict ivory trade. The current phase-out plan follows from Hong Kong's NIAP commitments, made in 2013 (CITES, 2013), as well as additional law enforcement and control measures outlined in 2015 (see Box 1; AFCD, 2015). Market surveys were conducted as part of TRAFFIC's research in the second half of 2015, at a time when public pressure on the local ivory trade was intensifying.

The research findings provide not only an evaluation of the local ivory market during this critical period, but also highlight problems with the status quo for trade locally (section 6.1) and internationally (section 6.2). A suggested timeline for the local ivory trade ban has been published in the proposed phase-out plan (Environment Bureau and AFCD, 2016). Challenges in implementing the proposed ban both prior to, and after the ban takes effect, are considered and outlined in this section of the report.

6.1. Local Ivory Trade under the Existing Regulatory System

One of the most revealing findings from market observations was the inconsistency of licensed dealers in complying with local CITES regulations. The required display of licences, notices and posters has been designed to enable consumers to recognize legitimate selling places and conditions for purchasing ivory. Yet, after more than two decades of licence implementation, only 31% of shops visited had noticeable licences displayed.

Having possession licences displayed, which allow dealers to conduct commercial trade in ivory, is not a guarantee of absolute regulatory compliance. The market survey also found that having licences displayed did not prevent a small percentage of licensed dealers from suggesting to researchers that smaller pieces of ivory might go unnoticed by enforcement authorities if taken across Hong Kong's borders. Furthermore, this tendency to suggest that ivory items can be smuggled out of Hong Kong came from a range of shop types, whether it was hotel souvenir shops, stores that specializes only in elephant and mammoth ivory, antique galleries or tourist gift shops. Shops that specialize in name seals, perhaps because of their small size, had an even greater likelihood of suggesting the concealment of ivory to take out of Hong Kong.

The willingness of ivory dealers to encourage the smuggling of ivory as personal effects out of Hong Kong and the limited display of ivory possession licences highlight the shortcomings in the existing regulatory system in terms of both compliance with existing regulations, as well as current perceptions of any law enforcement deterrent.

6.2. Recent Escalation of Ivory Trade

The CITES ban on international trade of ivory led to local restrictions being implemented on the import and (re-)export of ivory in Hong Kong. From 1990 onwards, international trade in ivory was only allowed if the items were classified as pre-Convention (pre-1976) and with accompanying CITES permits, in accordance with CITES requirements that were implemented through Hong Kong's Cap. 586 regulations.

Since 2010, the number of import records of mostly pre-Convention ivory products into Hong Kong has been increasing (Figures 9, 12 and 13). Much of this increase occurred with imports for commercial purposes (Figures 10 and 11). This pattern of trade was particularly pronounced between

2011 and 2014, when Hong Kong imported a total of 6,056 ivory pieces, plus 4,554 kg,¹⁰ of worked and raw pre-Convention ivory (AFCD, *pers. comm.* 7 April 2017 to TRAFFIC). The majority of these imports were sourced from European countries (70% for worked ivory and 98% for raw ivory; see Figures 14 and 15). In contrast, declared re-exports of pre-Convention ivory from Hong Kong during the same period (2011–2014) amounts to 323 ivory pieces, plus 3,264 kg, of pre-Convention ivory¹¹ (AFCD, *pers. comm.* 7 April 2017 to TRAFFIC). This would suggest a net inflow of ivory into Hong Kong, but it is unclear whether the imported ivory was retained in Hong Kong for commercial purposes or as personal items.¹²

The increased trade activity in pre-Convention ivory during 2010-2014 contrasts with the status of the local ivory market when market surveys were conducted for this report in 2015. Ivory vendors interviewed during this survey were mainly pessimistic about their future ivory trade prospects and articulated the desire to shift their retail focus towards alternative products, which concurs with Martin and Vigne's survey of the Hong Kong ivory market in early 2015. In fact, the vast majority of ivory retail outlets supplemented their operations by selling a range of other goods, whether it is mammoth ivory, stone and timber carvings, other precious jewellery or antiques.

In November 2016, the researchers revisited some of the same surveyed ivory outlets, roughly a year after market surveys were conducted for this report. Seven outlets that were revisited appear to have closed down for business, and two traders stated that they have since downsized, closing branch stores or converting to wholesale business only. The proposed local ivory ban, which was introduced during the course of 2016, seems to be having a differentiated effect on ivory outlets in Hong Kong. Smaller outlets with a few ivory items appear to have less success in liquidating their stock, but specialist ivory outlets were still making sales, with shoppers still seen at these outlets when the researchers visited. While a reduction in the licensed trade in ivory will only become evident when the relevant statistics are published, a consolidation of the market was already evident close to the end of 2016.

For raw ivory, statistics from the CITES trade database show that Hong Kong had imported a



Raw and cut ivory pieces.

significant quantity of pre-Convention raw ivory during the period 2011 through 2014, totalling 747 pieces plus 4,298 kg. Almost all of this was sourced from Europe (Figure 15). Raw ivory re-exports from Hong Kong were considerably less than total imports (both raw and worked ivory) during the same period. This suggests that there is some retention of imported raw ivory in Hong Kong. It is uncertain, though, how this retained raw ivory has been used, since there are no ivory carving factories left in the city (Martin and Vigne, 2015). In addition, according to the Hong Kong traders surveyed, the few part-time carvers remaining locally, or those located overseas who make brief trips to Hong Kong, are largely involved in bespoke work.

Between 2011 and 2014, there were no records of raw ivory being re-exported from Hong Kong to countries other than mainland China (UNEP-WCMC CITES Trade Database). The fact that during this period all re-exported raw ivory from Hong Kong was destined for mainland China raises important questions about the nature of these trade transactions. Whilst ivory processing in China

¹⁰ Trade data are reported in a variety of units. Hence the sum of the quantity reported by number of pieces and quantity reported by weight equals the total ivory imports to Hong Kong with CITES permits.

¹¹ This figure refers to the import of *Elephantidae spp.*, *Elephas maximus* (Asian Elephant) and *Loxodonta africana* (African Elephant). Only the import of elephant ivory is considered, and excludes the import of elephant skins or leather, teeth, skulls and derivatives.

¹² It should be noted that re-exports of ivory from Hong Kong could also have been drawn from existing stockpiles, which would suggest that higher amounts of imported ivory were demanded for local use and/or commercial trade than import and re-export differences alone would indicate.

was certainly ongoing during that time, other studies have suggested that a possible explanation might be the stockpiling of ivory for investment (Stiles, 2015). Vigne and Martin’s (2014) study of ivory markets in China uncovered a practice of importing expensive ivory items, including raw ivory tusks, from Hong Kong to mainland China, with investors speculating on tusks becoming rarer in the future to yield greater profits. Hence investment behaviour could, in part, have propelled the recent influx of pre-Convention ivory imports into Hong Kong.



Figure 9: Imports of worked and raw ivory for commercial purposes into Hong Kong, 2005–2014.
Source: UNEP-WCMC, CITES trade database.

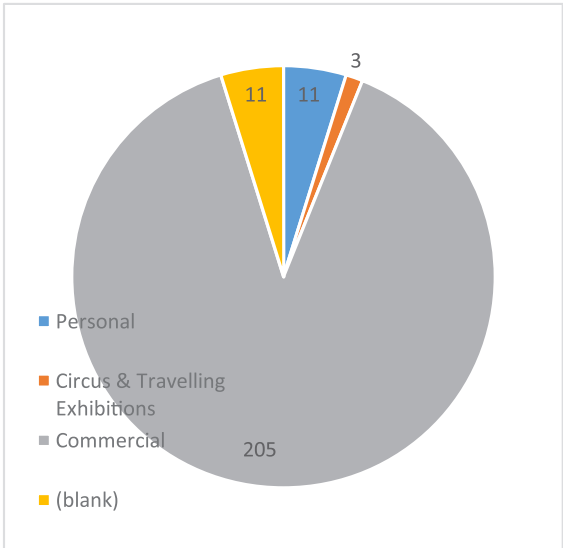


Figure 10: Declared “purpose” of worked ivory imports into Hong Kong by number of records, 2005–2014, according to importer data.
Source: UNEP-WCMC, CITES trade database. “Worked ivory” refers to records reported as “carvings” and “ivory carvings”.

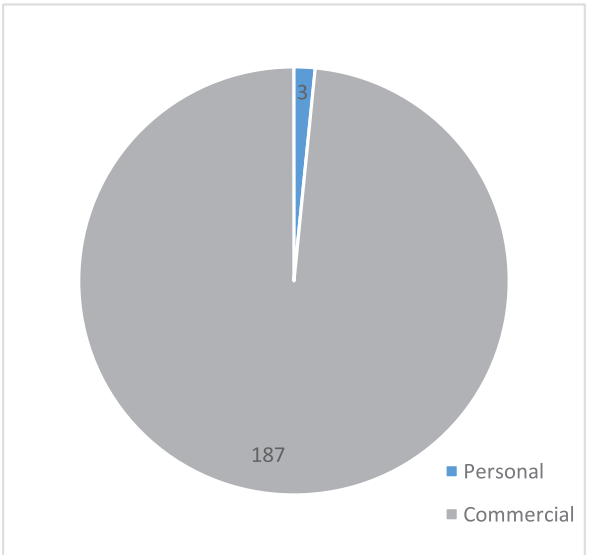


Figure 11: Declared “purpose” of raw ivory imports into Hong Kong by number of records, 2005–2014, according to importer data.
Source : UNEP-WCMC, CITES trade database. “Raw ivory” refers to records reported as “ivory scraps”, “ivory pieces” and “tusks”.

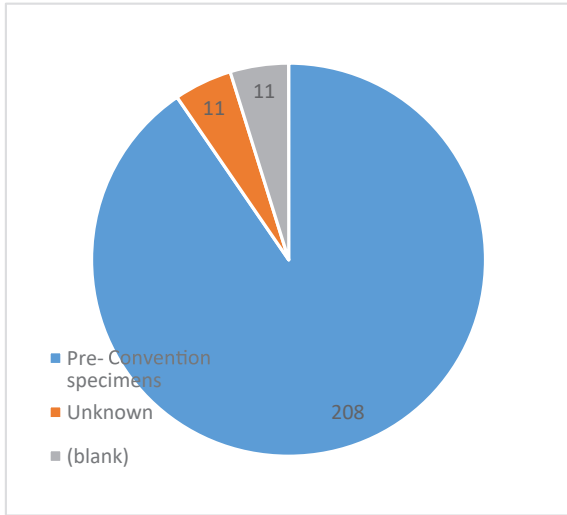


Figure 12: Declared “source” of worked ivory imports to Hong Kong by number of records, 2005–2014, according to importer data.
Source: UNEP-WCMC, CITES trade database.
 “Worked ivory” refers to records reported as “carvings” and “ivory carvings”.

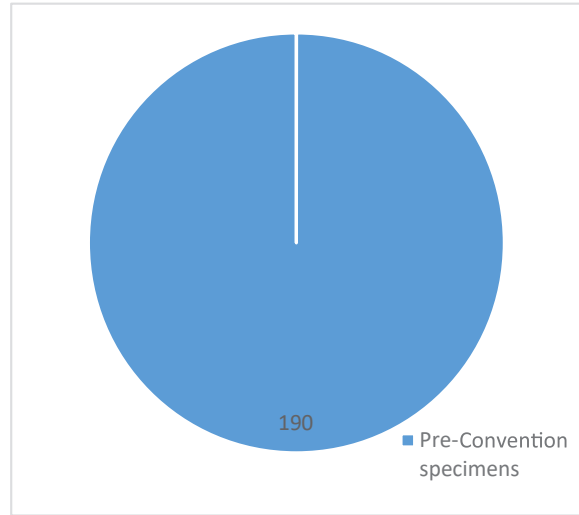


Figure 13: Declared “source” of raw ivory imports to Hong Kong by number of records, 2005–2014, according to importer data.
Source: UNEP-WCMC, CITES trade database.
 “Raw ivory” refers to records reported as “ivory scraps”, “ivory pieces” and “tusks”.

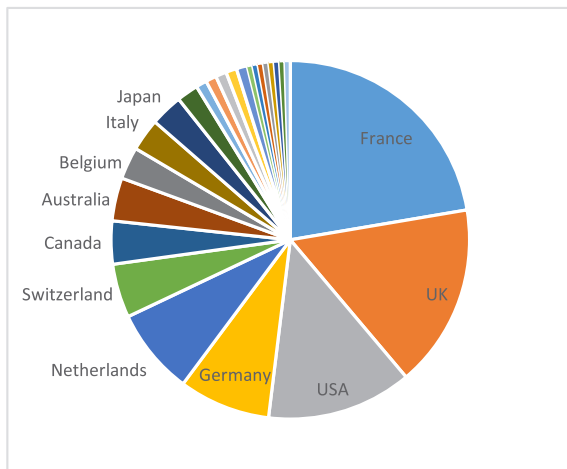


Figure 14: Declared source country of worked ivory imports to Hong Kong, by number of records, 2005–2014, according to importer data.
Source: UNEP-WCMC, CITES trade database.
 “Worked ivory” refers to records reported as “carvings” and “ivory carvings”.

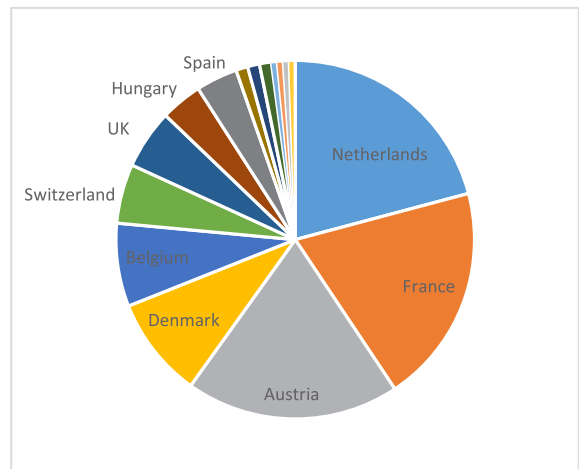


Figure 15: Declared source country for raw ivory imports into Hong Kong, by number of records, 2005–2014, according to importer data.
Source: UNEP-WCMC, CITES trade database.
 “Raw ivory” refers to records reported as “ivory scraps”, “ivory pieces” and “tusks”.

Seizures of illegal ivory in Hong Kong have also been on the rise in recent years. Ivory seizures occurring between 2010 and 2013 were especially pronounced (Figure 16), reaching an estimated value of HKD84 million in 2013. A large percentage of the total volume of seizures during this period was due to several large-scale ivory seizures.¹³ For example, in 2012, three large-scale seizures (56 seizure cases in total) contributed to 92% of the total volume of illegal ivory seized in Hong Kong during that year (4,944 kg out of 5,368 kg; T. Milliken, *in litt.*, 20 February 2017). The large-scale seizures occurring between 2010 and 2013 were almost entirely made up of raw ivory, but an increase in the number of worked ivory seizure cases can also be observed from 2012 onwards, although at lower volumes per seizure (T. Milliken, *in litt.*, 20 February 2017). The majority of these recent worked ivory seizures were transported by smugglers in checked baggage on flights originating from Africa (T. Milliken, *in litt.*, 20 February 2017).

Statements of arrested smugglers taken during interrogation do not often reveal very much about the trade route, nor if there were plans for onward travel from Hong Kong (AFCD, *pers. comm.*, 7 May 2016). Nevertheless, ivory seizure statistics do suggest that Hong Kong is a major gateway for the global trade in illegal ivory. Some of this may inevitably have ended up in Hong Kong’s local market, laundered as a legal ivory product. One of the only cases of this was uncovered recently when ivory was found to be obtained after 1990 through radiocarbon dating, in violation of Cap. 586 (Information Services Department, 2017). Other researchers have suggested that most ivory shipments confiscated in Hong Kong are destined for mainland China (Martin and Vigne, 2015). As Hong Kong plays a sizeable intermediary role in the flow of merchandise goods between China and the rest of the world (12% of mainland China’s exports (US\$278 billion) and 13% of imports (US\$251 billion) were handled via Hong Kong in 2014; HKTDC, 2016), it is conceivable that a similar dynamic is at play for the illegal ivory trade. Information, especially from arrested smugglers, would be critical for confirming this. However, interrogation and investigation capacity within AFCD needs to be improved considerably for this to happen if it is hoped to uncover and curtail illegal trade chains. The use of controlled deliveries may be warranted to examine where such shipments could be heading, given their frequency.

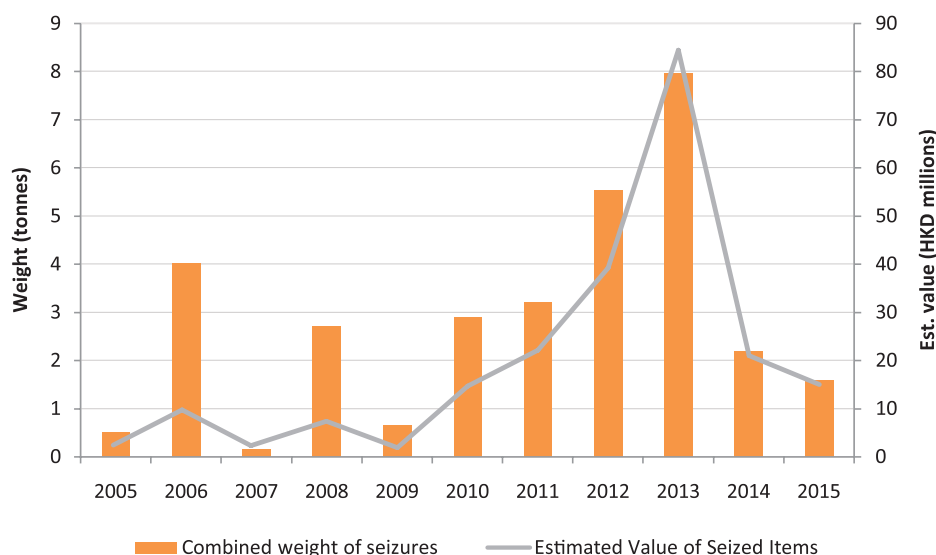


Figure 16: Ivory seizures in Hong Kong by weight and value, 2005–2015.
Source: Customs and Excise Department (2013a); Legislative Council of Hong Kong (2015).

¹³ The threshold for large-scale seizures that need to be forensically assessed is any ivory seizure is 500 kg or more, according to CITES Resolution Conf. 10.10 (Rev. CoP16).

6.3. Challenges to Phasing Out Hong Kong's Ivory Trade

The proposed ivory phase-out plan (Environment Bureau and AFCD, 2016) represents an important step in tackling the illegal flow of ivory in Hong Kong. The proposed plan includes halting trade activities within the city and of ivory import/exports, which would complement import bans of pre-Convention ivory that are already in place in a number of other countries. Cessation of the local ivory trade would also make it more difficult for visiting tourists, purportedly the main consumers of Hong Kong's ivory (Martin and Vigne, 2015), to source ivory products in Hong Kong. In addition, further action should be taken to address the smuggling of ivory out of the city, in order to prevent ivory from being traded on the black market. Possible scenarios that might develop before and after the ban, and that Hong Kong's enforcement authorities should closely monitor, include:

- **Outflow of Ivory to Overseas Markets**

Ivory trading activities should be closely monitored by Hong Kong's law enforcement agencies even prior to a local trade ban, as signals of an impending ban could prompt a surge in ivory trade out of Hong Kong as ivory dealers are pressured to liquidate their stocks. Overseas markets where domestic trade remains open and legal would be obvious targets. Potential and existing ivory markets in Cambodia, Lao People's Democratic Republic, Viet Nam and Myanmar, which serve both local and Chinese touristic demand for ivory, could become major destinations for the outward flow of Hong Kong's ivory. China is another obvious market where, despite forthcoming restrictions on legal sales (State Council, 2016), demand and illegal trade may persist (Vigne and Martin, 2014).

That a trade ban could trigger high volume movements of ivory stocks to markets abroad has some precedence—over the six-month reservation period that Hong Kong enjoyed following enactment of the CITES trade ban in 1990, between 18 January and 7 July 1990, officially a total of 592 kg of worked ivory and 8,491 kg of raw ivory was legally exported from Hong Kong (Caldwell and Luxmoore, 1990). In fact, beyond reported exports, Hong Kong's ivory stockpiles greatly contracted during this period.

However, an increasing number of countries are implementing more stringent constraints on ivory trade. These include import and/or export bans of pre-Convention ivory in China, USA and the EU, which are major source and destination countries for Hong Kong's trade in pre-Convention ivory (Figures 14 and 15). Enforcement authorities in Hong Kong will need to be vigilant of potential smuggling attempts, given that there are fewer opportunities to dispose of ivory stocks legally in traditional markets for Hong Kong's ivory traders, especially in China. There is also an urgent need for local licensed traders and enforcement authorities to be informed and kept abreast of policy developments in overseas markets while it is still legal to export ivory out of Hong Kong, and to distinguish between legal and illegal markets.

- **Antique Ivory**

Current plans for a phase out of local ivory trade in Hong Kong excludes the trade in antique ivory, with the proposed antique ivory cut-off date established as 1 July 1925, 50 years prior to CITES entering into force (Environment Bureau and AFCD, 2017). Historically, much of the influx of ivory products into Hong Kong, especially at the height of ivory trade into the city during the 1970–80s, dates back to ivory from elephants killed around that time¹⁴ (Milliken and Melville, 1989). Therefore, maintaining an antique ivory trade might be seen by the Hong Kong

¹⁴ Hong Kong importers, together with European traders, were believed to have monopolized the flow of ivory from Africa during the 1970–80s (Milliken and Melville, 1989).

SAR Government as sustaining the trade in a relatively small pool of ivory items, while being consistent with the regulations of other ivory-banning countries.

However, a legal ivory antiques market that fosters a market in ivory, albeit narrowed, could also have the unintended effect of encouraging consumer demand in ivory. Unlike interest for antique ivory products in markets such as the UK, where consumers place greater value on the product's antiquity than the material it is made of (Lau *et al.* 2016), Chinese consumers find the opposite appealing, placing greater value on products made of ivory. Therefore, allowing this subset of Hong Kong's ivory stockpile to be traded commercially could have the inadvertent outcome of enabling a legal front for the illicit trade of all other ivory products that do not meet the definition of antiques. This issue will need to be carefully watched going forward.

- Online Ivory Sales

Online ivory trade on e-commerce websites and social media have also gained popularity over the past few years, and are often preferred as a less scrutinized space for dealers to trade in illicit ivory (Xiao and Wang, 2015). Although there have been efforts in recent years to remove and censor ivory selling on e-commerce websites, trade on social media platforms has proven harder to trace. Transactions are often undertaken through private, one-on-one and encrypted messaging, making it difficult for enforcers to identify and investigate such activities (Xu and Guan, 2015). For Hong Kong's licensed ivory dealers, selling ivory online is not illegal *per se*, but would be illegal if the transaction required the ivory item to be taken out of Hong Kong without the requisite CITES permit. Monitoring and enforcement of ivory trade on websites and through social media will require law enforcement agencies to work with the private sector, especially those that provide servers, to prevent online transactions that are constituted as illegal; additionally, the logistics and courier sector as transport conduits should become engaged. Hong Kong authorities will need to be more proactive in engaging private sector companies to prevent illegal trade from occurring on their platforms if, and when, the proposed ban comes into force.

Further research and investigations are necessary to verify the flows of ivory in/through Hong Kong, especially of ivory re-exports, and to understand the various avenues for illegal ivory trade. Hong Kong's law enforcement agencies should make use of controlled deliveries to understand illegal ivory trade flows, as well as market surveillance and targeted inspections.

6.4. Challenges in Tackling Organized Crime

The 10 measures proposed by AFCD to combat smuggling and strengthen control of local ivory trade (see Box 1) includes a comprehensive inventory of ivory stocks held under ivory possession licences, which was initiated in 2015 and is due to be completed by the end of 2016 (AFCD, *pers. comm.*, 26 April 2016). This has been complemented by surprise inspections that could potentially uncover irregularities in ivory stock management by licensed traders. While these measures were critical for ensuring compliance with the requirements governing possession licences, they are not necessarily an efficient way for addressing potential criminality and organized networks



Set of ivory tea utensils

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that might be present in Hong Kong. Stocks held on licensed premises are checked, but illegal stockpiles could easily be held elsewhere. The focus on the retail end of a trade chain ultimately lacks effectiveness without a complementary effort to investigate and delve into the network of people and organizations that operate at earlier stages of the supply chain.

The lack of comprehensive investigations is also true of seizures that are made at border control points, as investigations do not tend to extend beyond seizing the item and arresting individual smugglers. Operation COBRA III provided evidence that collaborations between law enforcement at a transnational scale can yield results in terms of uncovering smuggling ringleaders and organized crime networks. Stopping the flow of illegal ivory into Hong Kong will therefore require the city's enforcement agencies reach out to their overseas counterparts, and dedicate time and budgetary resources to such collaboration. AFCD's provision for 2016–2017 of an extra three staff members to the endangered species team and earmarking of an additional HKD3.7 million to strengthening controls of the ivory trade (Secretary for the Environment, 2016) is a promising start, as is the establishment of an interagency unit, the Wildlife Crime Task Force, composed of representatives from AFCD, Customs and Excise Department and Hong Kong Police Force (Environment Bureau and AFCD, 2016). Capacity building and joint collaboration with their overseas counterparts on tackling organized wildlife crime networks should be made a vital component of the work of the Wildlife Crime Task Force to halt the illegal trade in ivory. The ability of the Task Force to address wildlife crime can also be bolstered through high-level participation of the Hong Kong SAR Government's Security Bureau.

7. CONCLUSIONS

Hong Kong's ivory trade has become highly contentious during the recent wave of elephant poaching in Africa for three reasons. Firstly, the local physical market continues to display large quantities of ivory products openly, indeed more than any other city in the world (Martin and Vigne, 2015). Despite the dramatic decline in the processing of ivory and the much-diminished retail market from the ivory industry's heyday in the 1970s and 1980s, today's legacy is still viewed dimly in a world increasingly connected and driven by social media. Secondly, increasing volumes of pre-Convention ivory for commercial purposes have been imported into Hong Kong since 2011, outweighing re-exports, which is at odds with the notion of a fading local ivory market. These legal imports, much of them hailing from European countries where stocks of antique ivory still exist, are expected to stop soon, as the EU is considering an export ban and drafting guidelines (European Commission, 2016). Ivory re-exports to mainland China, which could previously be re-exported from Hong Kong for personal use, should also cease with the mainland's ban on all ivory imports, announced back in March 2016 (State Forestry Administration, 2016). Thirdly, large volumes of illegal ivory from Africa have been seized in Hong Kong's ports of entry, some in transit to Viet Nam, but mostly with the final destination unknown. The rise in ivory seizures since 2011 in particular links to the global phenomenon of increased illegal ivory trade flows, making Hong Kong one of several countries/territories of "primary concern" in the illegal ivory trade, according to analyses of the ETIS data reported to CITES (Milliken *et al.*, 2012; 2016).

These three factors form the backdrop for the proposed plan to phase out local ivory trade that is now, as of writing, due to be put before Hong Kong's Legislative Council. If the proposed plan passes, Hong Kong's ivory trade policy will be embarking upon new territory, demonstrating a new and unprecedented commitment to combating crimes associated with illegal ivory trade. Full market closure would be a bold solution, ending an historical legacy, and one that solves the perennial question of "legality" in the ivory trade for local consumers; that is, removing the local ivory market makes it clear, once and for all, that commercial trade in ivory is prohibited. Yet questions around sustaining an antique ivory trade remain, and should be addressed as part of the current legal amendments proposed.

Much more also needs to be done to tighten up the management of local ivory trade before a local trade ban comes into place. Research for this report found that 36% of local ivory dealers were willing to sell ivory products to buyers intending to depart Hong Kong without acquiring any CITES documentation for their purchases. Further, more than half of the premises sampled did not have the requisite licences displayed, suggesting that work to monitor compliance and enforce local trade restrictions remain critical. Part of enforcing local laws should include efforts to increase public awareness and foster consumer behaviour change, as many of the buyers of Hong Kong's ivory are mainland Chinese (Martin and Vigne, 2015), who are, knowingly or not, taking ivory illegally across the border. Hence improving knowledge about ivory trade legality, especially at point of purchase, can help local laws to be enforced. Improving data transparency could also encourage public surveillance of possible illegal activities in the market by civil society.

Further research and investigations could help shed more light on the role Hong Kong is playing with respect to global flows of illegal ivory. Putting in place systems and establishing channels for co-operation with law enforcers in other countries will be key to bolster the combined ability to act on such smuggling operations.

8. RECOMMENDATIONS

AFCD is encouraged to take the following actions immediately, to improve management of the local ivory trade while working towards a local ivory trade ban:

- Assess the status, use and possible re-exports of pre-Convention ivory that have been legally imported for commercial purposes into Hong Kong in recent years. Of particular interest is the status of imported raw ivory that has been retained in Hong Kong, to assess whether it has been carved, sold, and/or stockpiled. This could help explain why such imports were occurring at a time when the size of the local market is reportedly depressed and shrinking.
- For public transparency, aggregate figures and trends in Hong Kong's stockpiles should be published in the public domain not more than two months after year end, with a high degree of data resolution that includes quantities of raw/worked ivory (number of pieces and volume distribution), quantities by weight class, and types of ivory products (tusks, figurines, trinkets, etc.). This will require reporting beyond the level of detail currently requested for ivory possession licensees, and would in fact provide much more refined data for the validation of stocks. AFCD's stocktake of all commercial ivory items should allow this level of data resolution and form the basis for future stock updates by licensed dealers. More regular reporting of transactions by licensed dealers (see recommendation 8.1.) would enable ivory sales to be more readily compared with the baseline. This would allow AFCD to assess the rate of decline of commercial ivory stockpiles at much more regular intervals, and to identify and respond to irregularities more rapidly. It would also ensure that an updated inventory of stocks held in Hong Kong is available should a local ivory ban be adopted. This baseline will be essential for implementation and enforcement of a ban.
- Develop information circulars on recent legislative changes and domestic measures of key trading markets such as China, Europe and the USA. This would ensure that licensed ivory dealers in Hong Kong understand the rapidly evolving changes to international and domestic trade measures, and are reminded of CITES restrictions for the import/re-export of ivory. Information on documentation requirements and burden of proof should be included.
- Licensed traders that renewed their licences after September 2015 were required to display a new notice and poster (see Box 1), both of which are intended to make clear to potential buyers that ivory should only be purchased at licensed premises and that a permit is required to take ivory out of Hong Kong. Given the news about Hong Kong's impending local ivory ban, it is important that potential consumers have the means to identify allowable practices under the law, particularly at the point of purchase. Therefore, the requirement to display a notice and poster should extend to all licensed premises, and a leaflet on the legal ramification of possessing an ivory item for personal purposes, which AFCD could produce for ivory dealers to give to customers with every purchase. This would not entail a huge effort on the part of AFCD, as physical addresses are kept by the Department, and newly required materials can be sent by post.
- The conditions for selling through online platforms should be clarified for Hong Kong ivory possession licence holders. At present, it is difficult to assess whether a seller is legally permitted to sell ivory based on posts and advertisements on e-commerce websites and social media platforms. AFCD should propose an additional administrative measure for Hong Kong licensed holders to include a photo of their licence and written description about their licensed status. AFCD is further encouraged to work with other government agencies with greater investigative powers to track commercial trade of ivory online by sellers of unclear licence status.

The Hong Kong SAR Government is encouraged to implement the following measures to combat illegal ivory trade:

8.1. Bring Forward Proposed Plans to Ban Local Ivory Trade

The proposed plan to ban local ivory trade would permit local ivory sales to be sustained until 2021, allowing licensed ivory traders an additional five years to liquidate remaining ivory stocks (75 tonnes of registered ivory remains at the end of 2016; AFCD, 2017). A recent legal analysis by WWF Hong Kong shows that it is possible for a local ivory ban to be implemented within two years, starting immediately with the cessation of ivory licence renewals (WWF Hong Kong, 2016). The analysis suggested granting the Chief Executive the powers to cease issuing and maintaining of commercial trade licences for certain species, through an amendment of Cap. 586. This would allow a local ban on the ivory trade to be carried without a lengthy grace period, if the Chief Executive were to act immediately to terminate commercial ivory trade once the amended law is enacted.

Given China's domestic trade ban on all commercial ivory sales by the end of 2017, and the recent CITES Resolution (10.10. Rev CoP17) urging the closing of domestic ivory markets that contribute to poaching or illegal trade as a matter of urgency, there is now greater justification for a more rapid implementation of a local ivory ban in Hong Kong. The city could be vulnerable to any unlawful attempts to leak ivory out of the mainland, given that Hong Kong is one of the closest markets where ivory can still be legally traded (for the time being). Narrowing the allowable trade window in Hong Kong (i.e. the grace period) could reduce the opportunity for laundering of illegal ivory from other markets to Hong Kong, which the city's phase out plan was designed to accomplish.

Bringing the effective date of a local ivory ban forward would more fruitfully build on the international momentum to end the illicit ivory trade than the government's proposed alternative, and demonstrate Hong Kong's ability to respond resolutely to the urgent elephant crisis.

8.2. Regular Reporting and Monitoring

There is a greater need to monitor ivory movements within Hong Kong over the next few years, to understand better the methods that licensees are taking, or intending to take, to liquidate ivory stocks before the local ivory trade ban is in place. With the risk that existing commercial stocks could potentially be redirected into trade through black market channels, it is critically important to keep track of ivory stock movements in Hong Kong, through ongoing physical and online market surveys.

One way in which the tracking of local ivory trade can be improved is to impose a requirement for more regular reporting of transactions on licensed ivory dealers. Currently, information on ivory transactions, and therefore changes in overall stockpile levels for individual licensees, are only gathered every five years, when transaction data are submitted pursuant to the renewal of licences. Reporting of transactions, set at monthly intervals, would allow AFCD to maintain an actual account of the level of ivory stocks in the city at any given moment in time. For example, the government of Thailand now requires that retail dealers report ivory sale transactions on a monthly basis (Apinya Jaitae, Senior Forestry Technical Officer, Department of National Parks, Thailand *pers. comm.* to Tom Milliken, TRAFFIC, August 2015). Given the impending ban, these changes should be implemented as soon as possible.

This should not be too burdensome for licensees since they are already being asked to keep their own record of transactions within three days of the sale taking place. The format of submission should not differ greatly from the current format, although AFCD could devise a more efficient manner of submissions through online tools to minimize the effort required by both licensees and AFCD personnel.

8.3. Expand System of Stockpile Labelling

With the introduction of the hologram labelling system in September 2015, a number of ivory items in the market now have the new labels attached. However, licensed dealers that renewed their licences prior to September 2015 do not have the new labels, creating a mishmash of labelled and unlabelled ivory items for sale in the marketplace. This could create undue confusion about product legality for consumers.

The hologram labelling system has great value in allowing the enforcement authorities to trace and track ivory items, especially during the proposed five-year grace period where local ivory trade is allowed before a ban comes into force. AFCDC should propagate this labelling system to all commercial ivory pieces above 100 g (Box 1) within the next 12 months. This would provide an avenue for existing licensed dealers to prove the legality of their products and address any biases arising from the poor timing of the new labelling system. Ensuring more of Hong Kong's ivory stocks are labelled under the new system would help to level the playing field amongst all licensed ivory dealers.

8.4. Regulating the Trade in Antique Ivory

The Hong Kong SAR Government has expressed its intention to maintain the trade in antique ivory, but there are few indications at present concerning the mechanism for proving an ivory item's antiquity. The Hong Kong SAR Government is urged to clarify the mechanism of proof as soon as possible, so that the potential size of the market for antique ivory stocks can be assessed.

It is also currently unclear how the antique ivory trade will be managed and overseen by government authorities if such trade is allowed. AFCDC is currently empowered to impose a licensing system for commercial trade in scheduled species listed on Cap. 586, including elephants, and at the very least, such a licensing regime should be enforced on antique ivory traders. It is suggested that a proactive approach to the management of commercial trade in antique ivory should be introduced, including a process for AFCDC to stocktake, label and record all commercial antique ivory items in Hong Kong. Such an endeavour may not be as onerous as it sounds, since a similar process had been undertaken between 2015 and 2016 on the 77 tonnes of commercial pre-Convention and pre-ban ivory for sale (as at the end of 2015; Legislative Council, 2016), and that the pool of commercial antique ivory should be considerably smaller. If this process is completed prior to the imposition of the local ivory trade ban in 2021, enforcement authorities would be well-equipped to monitor future trade in antique ivory, and potentially limit the potential for illegal laundering of non-antique ivory into the legal antiques market.

8.5. Review Hong Kong's stockpile management system for confiscated ivory

In 2014, the Hong Kong Government announced plans to incinerate its ivory stockpiles that had been confiscated between 2003 and 2014. Since mid-2016, all of the planned 28 tonnes of confiscated ivory has been completely incinerated (ESAC, 2016). While this effort represented an important policy shift at the time, it is nevertheless unclear how future confiscated ivory—from border and market seizures—will be dealt with. Hence, Hong Kong's policy around ivory stockpile management needs to be clarified. Furthermore, issues concerning electronic record-keeping of confiscated ivory, their safe storage and the periodic auditing of such stocks should be reviewed.

8.6. Tackling Ivory and Other Wildlife Crimes: Enhancing Enforcement

Co-operation between law enforcement agencies on wildlife crimes, both within Hong Kong and with their overseas counterparts, is critical given the possible transnational nature of such crimes. Hong Kong's Customs and Excise Department, for example, have signed Memorandum of Understanding (MoU) agreements with their overseas counterparts on co-operation and mutual assistance.¹⁵ These high-level commitments need to be complemented with communication and information exchanges between personnel within the various law enforcement agencies. There are successful models of such co-operation through online sharing platforms that exist globally to foster enforcement co-operation, ranging from EU-TWIX,¹⁶ which allows for real-time alerts between enforcement personnel within Europe, to NICE-CG and PICE-CG,¹⁷ China's national and provincial platforms, respectively, for collaborative enforcement effort between China's various law enforcement agencies. Hong Kong's newly established Wildlife Crime Task Force (Environment Bureau and AFCDC, 2016) could greatly benefit from implementing similar communications tools and collaborative methods.

Plans to increase the involvement of the Hong Kong Police Force and the Customs and Excise Department with AFCDC, within the auspice of the Wildlife Crime Task Force (Environment Bureau and AFCDC, 2016), is encouraging. Assistance on investigations, from gathering information and intelligence when taking official statements from arrested smugglers, to examining underlying links to organized crime, will be greatly enhanced through this proposed interdepartmental collaboration within the Wildlife Crime Task Force. In this regard, the task force should aim to scale up the government's oversight of its borders, and improve its tracking and interrogation methods in dealing with wildlife crimes, extracting lessons from its handling of other serious crimes.

Moreover, as stated in Hong Kong's NIAP and AFCDC's 10 measures, there is a greater push by AFCDC to make use of forensic technologies to identify the origin of ivory seizures and assess the age, and therefore legality, of ivory pieces under suspicion. In March 2017, results from forensic tests was used for the first time in a court of law in Hong Kong, but testing was conducted in an overseas lab which meant greater costs and time in producing test results (TRAFFIC, 2017). Such technologies have not been extensively developed locally, but investing in capacity building of local laboratories, or in-house within AFCDC, would help accelerate testing and support more rapid enforcement actions to combat illegal ivory trade prior to and after a local ivory trade ban. As a wildlife trade hub, Hong Kong could benefit from much needed forensic examination capacity for other smuggled wildlife specimens beyond ivory.

8.7. Tackling Ivory and Other Wildlife Crimes: Penalties to Suit a Serious Crime

The element of risk is a prevalent part of the equation for would-be ivory smugglers of organized crime networks, but judicial rulings in Hong Kong for wildlife crimes in general are not sufficient deterrents for such criminals. Sentences that are handed out under Cap. 586 are typically well short of the maximum levels,¹⁸ and pale in comparison to penalties set by other countries for similar crimes.

When laws reflect wildlife trafficking as a transnational organized crime, it gives recognition of a security threat requiring more severe sentencing in criminal prosecutions. It may also lead to the

¹⁵ For example, MoUs with Argentina and Viet Nam Customs signed in 2013 (Customs and Excise Department, 2013b).

¹⁶ EU TWIX is one example of a common platform of law enforcement in Europe to share information and has led to greater intelligence sharing and more acute assessment of risks amongst enforcement agencies in different European countries (Anon., n.d.).

¹⁷ National Inter-agency CITES Enforcement Coordination Group (NICE-CG); Provincial Inter-agency CITES Enforcement Coordination Group (PICE-CG).

¹⁸ Offences under Cap. 586 are liable on conviction to a Level 6 fine (HKD100,000) and one year of imprisonment.

engagement of mainstream law enforcement agencies to collaborate to combat wildlife crimes locally and between countries (ADMCF *et al.*, 2016).

As the government seeks to review penalties for wildlife crimes (Environment Bureau and AFCD, 2016), it is important that offences are created to reflect the seriousness of such crimes, and that a process should be initiated with the Department of Justice to find suitable amendments to the law to indicate both the “serious” and “organized” nature of wildlife crime.¹⁹

8.8. Demand Reduction Strategies

The Hong Kong SAR Government should implement the CITES Resolution on Demand Reduction strategies to combat illegal trade in CITES-listed species (CITES Resolution Conf. 17.4), which was agreed in 2016 at the 17th Conference of the Parties. Giving effect to this resolution could lead to greater awareness about the consequence of ivory consumption on remaining elephant populations, research to understand the dynamics of demand, and campaigns to reduce consumption of illegal wildlife products, targeting specific consumer groups. Existing efforts by AFCD that emphasise the legal prohibitions on illegal import and export of ivory, through posters displayed in licensed outlets and border crossings, is a valuable example of this. Following on from those efforts, future campaigns will probably be necessary if the proposed local ivory trade phase out plan is implemented. Research on the motivations for procuring illegal ivory, and more targeted campaigns that address the specific demand of key consumer groups, would be a good approach going forward.

¹⁹The UN Convention on Transnational Organized Crime does not define wildlife crime, but the components of organized and serious crimes in many instances reflect wildlife trafficking. An organized criminal group involved in a serious crime is defined as three or more persons acting together to commit a crime punishable by at least four years incarceration to “obtain either directly or indirectly, a financial or other material benefit” (Article 2).

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TRAFFIC, the wildlife trade monitoring network, is the leading non-governmental organization working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

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