



CITES and the trade in rhino horn

by Michael 't Sas-Rolfes

Rhino horn has been traded between Africa and Asia for nearly 2 000 years. It was not until the mid 1970s that conservationists, concerned about the decline in rhino populations, attempted to restrict this trade by listing all rhino species on Appendix 1 of CITES, the UN Convention on International Trade in Endangered Species.

'Ban and enforce'

Since then, this 'ban and enforce' approach has been progressively stepped up, the only concessions being in 1994 (an Appendix 2 down-listing for South Africa's white rhino population to allow for trophy hunting and live sales) and 2004 (a similar down-listing for Swaziland and limited black rhino trophy hunting quotas for South Africa and Namibia).

From the early 1990s, trade in rhino horn has also been illegal domestically within major consumer countries such as China. The only legal way to move a rhino horn across borders was by way of a permitted trophy from a professional hunt.

In the last few years, rhino horn buyers from Vietnam have attempted to exploit the legal trophy loophole, resulting in further restrictions and even calls to ban rhino trophy hunting altogether.

Ban successful?

But is this a good idea? How successful has the trade ban approach been to date, and can it really succeed in the future?

Conventional wisdom holds that the trade ban can succeed with sufficient levels of enforcement and enough political will. In my opinion the trade ban is a dismal failure.

To understand why, we need to consider the basic laws of economics: supply and demand.

A trade ban does not end trade. Making it illegal simply raises the risks, and therefore costs, of trading. In theory, if all consumers are law-abiding, a trade ban should reduce demand. In practice, consumers are not always law-abiding. If demand for a product persists after a trade ban, illegal supply will continue if the price is right.

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The ban for elephant ivory was considered to be a success because it initially led to a drop in demand from law-abiding and conservation-conscious western consumers. However, Asian consumer demand remained and persists to this day, which is why elephant poaching continues.

Because Asians regard rhino horn as an important medicine and cultural icon, demand for it has persisted too. Worryingly, it also appears to be relatively insensitive to changes in price (in technical economic jargon, we say that demand is ‘price inelastic’). The problem with price-inelastic demand is that when you restrict supply, the illegal trade actually becomes more profitable, not less. This escalating profit opportunity eventually attracts serious professional criminals: organised syndicates who specialise in trading contraband (drugs, arms, and more) across international boundaries.

The ban creates a further problem. Rhino horn is a potentially renewable resource, but if there are limited economic incentives to invest in protecting live rhinos in the

wild (and they are worth more dead), they may effectively be ‘mined’ – in other words, harvested to commercial extinction. As this happens, the value of rhino horn tends to rise exponentially, which encourages speculative stockpiling. This leads to even more rhinos being unnecessarily killed now to harvest horns for anticipated future demand and the expectation of super profits.

If we look at the past performance of the CITES trade ban, we see strong evidence of this. Following the ban in the mid-1970s, retail prices of rhino horn rose steeply in significant consumer markets such as Taiwan, South Korea, Japan and Yemen. This was followed by a surge in poaching throughout Africa in the 1980s, causing the decimation of unprotected black rhino populations in countries such as Tanzania, Zambia and Zimbabwe. The poaching only ceased in the early 1990s, once all the easy pickings were gone and at which time there appeared to be a surplus of horn on the black market.

Growing demand

The subsequent lull in poaching led many conservationists to believe that the CITES approach was finally working. Recent events have proven this view to be incorrect. Between 1990 and now, the black market retail price of rhino horn has increased at least tenfold. This suggests that any surplus black-market stockpiles have mostly disappeared. The illegal demand for rhino horn is stronger than ever and driving a new wave of intense poaching.

It is unfortunate that South Africa’s Appendix 2 down-listing for white rhino did not extend to rhino horn. The rhino trophy hunting market has encouraged greatly increased private sector investment in live rhino production and expansion of habitat in the last twenty years. Today, white rhino numbers in South Africa stand at some 18 800, up from some 6 000 in 1993, with



25% of these in private hands. However, this positive effect is now constrained by conflict with the illegal horn trade. Since the mid-2000s, the black market retail price of horn in Vietnam has exceeded the trophy value of a white rhino, leading Vietnamese buyers to pose as trophy hunters so that they could legally export horn to their country.

The CITES-compliant authorities have reacted to this by trying to clamp down on this market, with perverse results. As a 'command-and-control' approach, CITES dictates that the market should be strictly controlled and monitored to levels that are probably unnecessary and possibly unachievable.

TOPS legislation

The implementation of CITES-compliant TOPS (threatened or protected species) legislation and other measures to restrict domestic trade and movement of live rhinos and rhino horn has constricted the supply of horn to the market and probably driven the black market price up even further. This has been followed by increased illegal rhino killing and trade, which has become even harder to control as organised crime syndicates have increasingly become involved.

The irony is that as CITES measures are progressively implemented and tightened, the trade becomes ever harder to monitor or control, which leads to calls for even tighter restrictions. The end result could be the complete closure of all legal markets (including trophy hunting), thereby severely reducing the incentives for private investment in rhino conservation, with disastrous consequences for rhinos.

The sensible way to address the growing Vietnamese market would be to supply it from existing stockpiles (which are significant) or harvest horn from live animals, to satisfy some of the demand, bring down the price and thereby reduce incentives for poaching and illegal trade. Unfortunately, the way

CITES works tends to preclude such a sensible solution, instead favouring the anti-market approaches to conservation that are supported by many governments and preservationist NGOs.



The way forward

CITES presents a significant challenge to the role of the private sector in the wildlife industry. To repeal the CITES trade ban on rhino horn would be a time-consuming process (a likely minimum of five years) and necessitate a serious lobbying effort to win the necessary country votes. But since politics, not common sense, drives many CITES decisions (especially those involving charismatic species), there is no guarantee that a legal trade proposal would succeed.

Despite the extent of this challenge, I believe that the legal trade option must be seriously considered, because (contrary to popular belief) the ongoing trade ban is both a risky and counter-productive approach to the problem of rhino poaching. The private sector can and must unite to play a leading role in this initiative. The rhino's future may depend on it. **WR**