

RHINO HORN

STOCKPILE ACQUISITION
COMPENSATION & DESTRUCTION:



DAVID KEITH JONES

Does it serve the interests of Rhino Conservation?

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‘The authors have conducted extensive investigations on the rhino trade in Asia and Middle Eastern end-use markets and it is probably not an exaggeration to state that our collective research on this issue represents virtually the entire body of published market survey data to date.’



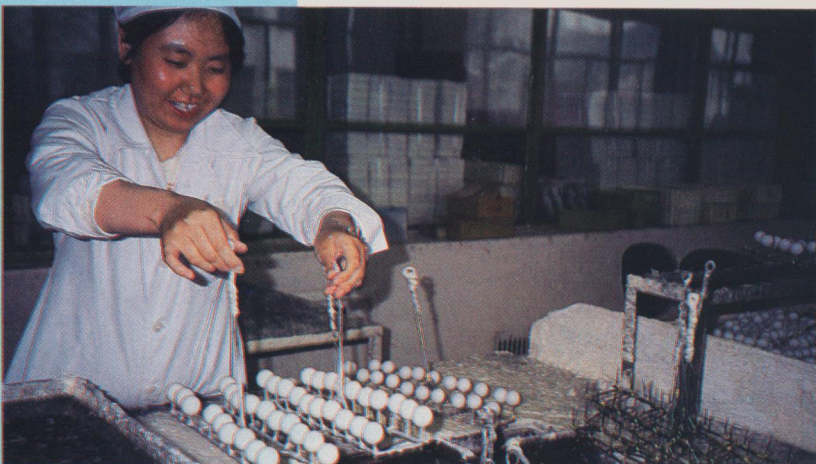
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Above right: A collection of almost 300 rhino horns was placed on top of a pile of wildlife products minutes before they were set on fire in January 1990 by the Kenya government.

Below: China is the main country in the world making medicines containing rhino horn; the factories use up about 650 kilos of rhino horn a year.

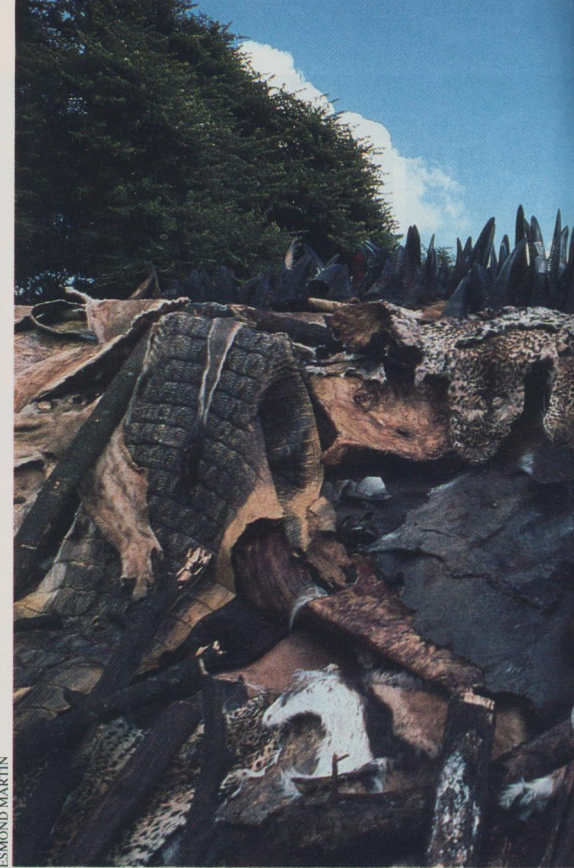


ESMOND MARTIN

For the purpose of curbing the continuing illegal trade in rhino horn, moves to have all existing stocks destroyed are gaining momentum in international conservation circles. This idea was first put forward in July 1987, at the sixth meeting of the Conference of the Parties to CITES, when Resolution Conf. 6.10 was adopted, urging 'all Parties ... to destroy all government and parastatal stocks of rhinoceros horn, with supporting contributory funds from external aid sources to be used for rhino conservation in the state concerned'. The resolution was adopted when our understanding of the rhino horn trade was far less complete than it is today. Moreover, it was recognised at the time that the recommendation for the destruction of presumably 'legal' stockpiles charted territory well beyond the Convention's mandate on international trade.

At the 28th meeting of the Standing Committee of CITES held in June 1992, Annex 2 of the Summary Report stated that it 'regards the existence of substantial illegal stockpiles of rhino horn in some countries, including Parties to the Convention, as totally unacceptable to and incompatible with implementation of the Convention', urges 'action to acquire and destroy rhino horn on the part of government agencies responsible for CITES', and finally notes 'that failure to take such action would be viewed as a serious infraction, likely to result in a call for trade bans or other appropriate actions'.

By addressing 'illegal stockpiles' and calling for their acquisition and destruction, the Standing Committee's recommendation effectively extends the reach of the Convention further into the realm of domestic policy in sovereign states and complicates matters by using ambiguous terms. No one disputes the existence of 'illegal' rhino horn stocks in various parts of the world, but, with the rare exception, they remain hidden from government authorities. Equally, it must be acknowledged that there are 'legal' rhino horn



ESMOND MARTIN

stocks and products in the hands of government agencies and private individuals all over the world. While Resolution Conf. 6.10 explicitly links compensation to the call for destruction of government-held rhino horn, the Standing Committee's use of the word 'acquire' is problematic as it potentially implies activities ranging from legal seizure to overt purchase schemes.

These issues were not clarified at the Standing Committee's 29th meeting held in March 1993. Nonetheless, a decision was taken to advise officially China, Taiwan, South Korea and Yemen to acquire and destroy their rhino horn stockpiles or risk the imposition of general wildlife trade bans. Another letter with the same basic content was issued to all CITES Parties, including African and Asian range states where wildlife authorities are known to hold rhino horn stocks. The CITES Secretariat has been mandated to prepare a report to the Standing Committee by July 1993 on actions taken by these countries and other CITES Parties to comply with Resolution Conf. 6.10 and subsequent Standing Committee recommendations.

In the meantime, the U.S. Fish and Wildlife Service is considering a petition to certify that Taiwan, China, South Korea and Yemen are undermining the effectiveness of CITES by continuing to allow trade in rhino horn. The petition, filed pursuant to the Pelly Amendment to the Fisherman's Protective Act of 1967, allows the U.S. government to impose wildlife trade sanctions against countries which are certified by the Secretary of the Interior or the Secretary of Commerce. During the public comment period, the organization Earth Trust called for a 'buy-back program ... for purchasing Taiwan's illegally accumulated rhinoceros horn' as the way forward. Their proposal



ESMOND MARTIN

included a 'short amnesty period (1-2 months) allowing sufficient time to advertise the program and to insure [sic] participation'. The Environmental Investigation Agency (EIA) also issued a similar call in November 1992 with the instigation of a boycott campaign against Taiwanese products by writing: 'The only safe long-term answer is an end of consumption of rhino horn and the destruction of all stockpiles. The cost of financing this ... must rest with Taiwan and other consumer nations'.

The destruction of valuable wildlife products to keep them from entering international markets has its most immediate origins in the ivory trade issue. Kenya's decision to destroy an enormous stockpile of elephant tusks just prior to the 1989 decision to ban all international trade in ivory captured the imagination of the world. No compensation was involved in the bold symbolic gesture (but international and bilateral donor agencies ultimately flocked to Kenya with conservation funds amounting to US \$112 million over five years). Shortly thereafter, Taiwan followed suit by conducting periodic public incinerations of confiscated ivory and other wildlife products, including rhino horn on three occasions. Kenya held another public burning of ivory in 1990 and on that occasion also destroyed most of the government's stockpile of rhino horns. None of these instances involved any form of compensation. Overt financial incentives were introduced into the equation in February 1992 when the David Shepherd Foundation provided the Zambian government with £100,000 as compensation for the destruction of 8 tonnes

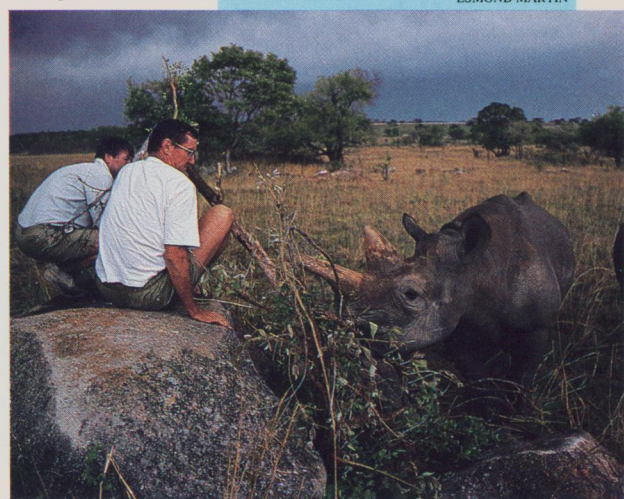
of ivory in a *quid pro quo* arrangement organized by the EIA. At the time of the burning, Zambian authorities gratuitously provided 115 rhino horns for destruction. While compensation to Zambia was not publicly linked to a unit ivory price, it represented over £12 per kilogramme. Given the low quality of the ivory burned (the average tusk weight was only 2.5 kilogrammes), the unit price was well above black market ivory values in Africa at the time. Moreover, some critics questioned the involvement of government officials who have been linked to allegations of illegal ivory trading in the past.

The destruction of stockpiles for money came full circle when, in early 1992 in the United Arab Emirates (UAE), Dubai authorities established the dangerous precedent of offering direct compensation for the acquisition and destruction of privately-held stocks of ivory. The government's offer amounted to between US \$174-188 per kilogramme for over 12 tonnes of ivory – altogether over US \$2 million – more money than the ivory was worth in Africa or the UAE at the time!

As similar initiatives now gain momentum for rhino horn, it is time to consider carefully whether such proposals are really in the best interests of rhino conservation. The authors have conducted extensive investigations on the rhino horn trade in Asian and Middle Eastern end-use markets and it is probably not an exaggeration to state that our collective

Antique cups from China and religious statues from South East Asia, all carved from rhino horn, were sold in China by their owners to pharmaceutical factories from 1950 to 1980.

ESMOND MARTIN



Glen Tatham, Chief Warden of Zimbabwe, looks at black rhinos on Imire Game Ranch in central Zimbabwe.

research on this issue represents virtually the entire body of published market survey data to date. Drawing on this experience, we believe that the destruction of rhino horn stockpiles, especially those privately-owned, as advocated under the scenarios mentioned above, are not practical and would ultimately be counter-productive with serious and detrimental consequences to rhino conservation as a whole. Consider the following issues:

Is there a legal way for governments to acquire privately-held rhino horn stocks without offering compensation?

Encouraging holders of rhino horn to give up their stocks voluntarily is one option, but participation in any such scheme is likely to be very low. Confiscation during the course of law enforcement activities is another possibility and ongoing efforts worldwide periodically

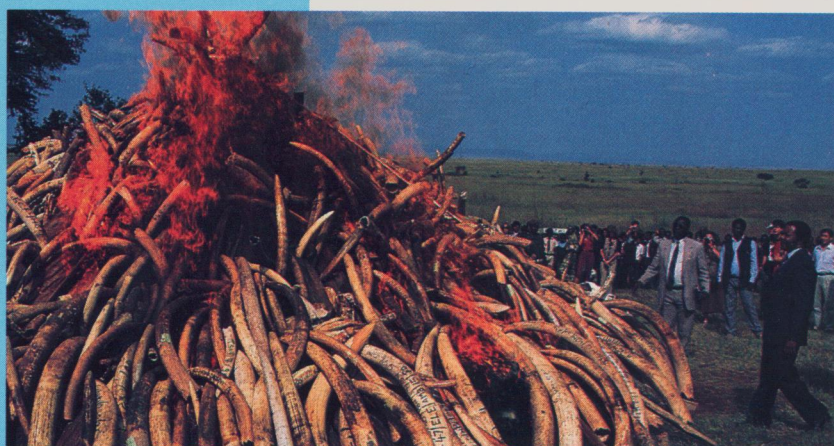
horn stockpiles at the time they prohibited imports. Consequently, there is little scope for differentiating between pre-ban and post-ban rhino horn stocks. In legal matters, issues of *possession* and *sale* are often treated separately, whereby the future sale of a commodity is prohibited but its possession is not retroactively penalized. In this regard, Taiwan's imposition, in November 1992, of a complete internal rhino horn trade ban covers intent to sell, display for sale, and exchange, but not possession. Similar action in South Korea in January 1993 also included storage, but neither country has yet prosecuted any offenders pursuant to these measures and future legal challenges in local courts are likely in instances where rhino horn possession is the only demonstrable offence. In fact, there are few other examples where governments have banned possession of commodities which have enjoyed a long-established legitimate place in local commerce. Apart from weapons, narcotics, pornography or other such items which are deemed to be criminally or socially dangerous or offensive to society as a whole, compulsory forfeiture without compensation is not an acceptable option in most legal systems. Even in the United States, for example, where there is strong public support for strict rhino horn trade controls, federal prohibitions under the U.S. Endangered Species Act (ESA) only apply to import, export, and interstate commerce. Consequently, legally acquired rhino horn which predates the ESA can be possessed anywhere in the United States and can even be sold between citizens of the same state wherever such action is not explicitly prohibited under state law. Any attempt by the U.S. government to demand forfeiture of such rhino horn without corroborating evidence of a violation would be struck down in a court of law. It needs to be appreciated that similar legal constraints generally exist in the rhino horn consuming countries of the world, so options to avoid compensation in the acquisition of privately-held rhino horn stocks or products are very limited.

What would be the scope of the buy-out?

If it were comprehensive in nature the buy-out would have to include whole horns, pieces of horn, powder and shavings, manufactured rhino horn medicines, carvings and other products such as dagger handles in Yemen. If the scope were limited to only raw material, for example, allowances for possession of manufactured medicines and other products would have to be made, which, of course, could open potential loopholes in the development of any future control system.

Who would be affected by a buy-out and how long would it take?

It would depend on the scope of the buy-out.



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Above: Kenya's 1990 ivory incineration. No compensation was involved in the bold symbolic gesture.

Below: A Chinese official examines African rhino horn chips imported from Yemen into China.

result in small amounts of rhino horn accruing to government authorities in this manner. Excluding these examples, the answer is probably no. Consumer countries which have seriously attempted to address internal trade issues – Japan, Hong Kong, Taiwan and China, for example – have all experienced legal difficulty in penalizing possession and sometimes even the sale of rhino horn which was acquired before restrictions on imports or internal commercial use came into effect. The issue is further complicated by the fact that, other than Hong Kong, none of the major consuming countries instituted compulsory measures to identify and register existing rhino

In the case of Taiwan, TRAFFIC estimates that rhino horn in the form of whole horns, pieces of horn or powder is currently held by some 9,500 retail dealers engaged in traditional medicine practices. More stocks are probably in the hands of other individuals outside the traditional medicine industry. To process logistically all of Taiwan's retail dealers in a two-month (as proposed) buy-back programme focused only on raw rhino horn material, government authorities would need to deal with an average of 160 retail dealers each day. While this may be an achievable feat over a 60 day period, broadening the scope of the buy-out to include other items runs the risk of overloading the system. In such instances, longer periods of time would probably be necessary to process participants adequately. In an enormous country such as China, for example, where manufactured medicines which purport to have rhino horn as an ingredient are conceivably in the hands of hundreds of thousands of individuals, it is difficult to imagine how any comprehensive buy-out programme could ever be successfully executed. And finally, it goes without saying that governments would require additional time to establish a proper administrative framework for the execution of a buy-out. Realistically speaking, from start to finish, a buy-out would take several months to plan and properly execute. During that time, the impact on rhino numbers could be serious.

What would the level of compensation be?

In order to secure a general compliance with any buy-out programme for a high-value commodity such as rhino horn, it is likely that the government would be compelled to offer high compensation. Token compensation well below the market value of rhino horn would probably result in most individuals failing to comply. In Taiwan, for example, beyond the handful of individuals who registered their rhino horn stocks in 1991, most people possessing rhino horn remain completely unknown to the government authorities. This is the general case throughout all major consuming countries where incentives to avoid participation clearly outweigh the risks of failure to comply. On the other hand, it is not difficult to imagine that buying stocks at high prices would result in the movement of rhino horn held in other countries into the buy-out country and, worse yet, could produce incentives for new spates of rhino poaching in Asian and African range states. Another issue to consider in this respect is how one would establish the rates of compensation for rhino horn in different forms. Would compensation for powder, which can be easily adulterated or

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faked, be at the same rate as whole horns? For instance, the main dealer in rhino horn in Yemen is requesting compensation of US \$900 per kilogramme for his 500 kilogrammes stockpile of powder and chips, offcuts from the making of dagger handles; this price is almost the same as that for raw rhino horn as the dealer claims his powder is pure and thus of high quality for the making of medicines in East Asia. What about manufactured medicines where rhino horn as an ingredient is not recognizable or where the medicine fraudulently lists rhino horn as an ingredient? Given the time constraints in a limited grace period, could government authorities be expected to undertake costly and complex forensic examinations to prevent fraud and ensure that compensation is only for real rhino horn? These and other complications remain to be addressed.

Who would pay the compensation?

The issue of who would ultimately underwrite the cost of compensation is likely to take centre stage in the ensuing debate. While Resolution Conf. 6.10 explicitly calls upon 'external aid sources' to compensate governments who destroy their own rhino horn stocks, as mentioned, the more recent Standing Committee proposition for acquisition of 'illegal' (i.e. privately-held) rhino horn is clearly ambiguous. The pressure on Taiwan by certain NGOs to pay its own way has been noted previously. The economic profiles of Taiwan and South Korea are such that these are probably the only consumer countries which might be able to allocate sufficient funds for such compensation. Meanwhile, the high cost of any comprehensive buy-out programme is probably beyond the means of most other government authorities unless large external subsidies were provided. In China, for example, where the officially acknowledged stockpile consists of at least 8,500 kilogrammes of raw rhino horn, a buy-out limited to these stocks alone would entail well over US \$12 million even if compensation were half its current market value. By the same token, if Asian and African range states with government-held rhino horn stockpiles were pressured to comply with Resolution Conf. 6.10, it is very likely that they would

expect full compensation from external sources as originally recommended. The one tonne of Asian rhino horn believed to be in India and Nepal, for example, would command a wholesale price of about US \$20,000 a kilogramme, while the 7 tonnes of African rhino estimated to be held by South Africa, Zimbabwe, Namibia and other range states has a wholesale value of approximately US \$1,500 per kilogramme. It remains to be seen whether donor agencies or other bodies would provide funds for rhino horn buy-outs in range states which could exceed over US \$30 million.

What happens if buy-outs become an institutionalized solution?

If Taiwan or any other country actually were to undertake a buy-out under international pressure, it is predictable that similar buy-outs could become the 'solution of choice' for other consumer countries. As it is difficult to imagine organising one massive simultaneous global buy-out, the likelihood that speculators would simply amass rhino horn stockpiles and wait for the next buy-out to be announced is a very serious worry. Indeed, once institutionalised, destruction could ultimately become just another form of rhino horn trade, albeit one sanctioned in the name of conservation! One only has to remember the ill-conceived provision in the CITES ivory export quota system which allowed non-Parties to register legally and subsequently trade ivory stockpiles upon joining the Convention to imagine what could happen. The rush to slaughter African elephants and stockpile their tusks in Singapore, Burundi, and other entrepot states before their accession to the Convention was arguably the single most damaging flaw in the CITES control policy for ivory. Organised buy-outs of rhino horn hold similar prospects for rhino conservation. In Africa, there are numerous examples of unscrupulous government authorities condoning the accumulation and laundering of valuable wildlife products from neighbouring states. Would the spectre of large rhino horn stockpiles suddenly appearing in countries which have no or very few rhinos of their own become a reality?


Who would be the principal beneficiaries in a buy-out for destruction of privately-owned stockpiles?

In fact, it is very likely that the majority of privately-held rhino horn stocks ultimately produced during any buy-out scheme would come from outsiders to the traditional medicine market (middlemen importers, speculators, and black market dealers) who lack any direct avenue for dispensation of their own. Moreover, these stocks would probably be turned over to the competent authorities through third parties. At the end of the day, the real criminals will have profited with their

anonymity intact, while the traditional trade in rhino horn as medicine will continue in one form or another. Another consequence is that the black market price for rhino horn would most likely increase due to the decline in supply, leading to further rounds of poaching in range states and speculative purchase in end-use markets.

What happens to the demand for rhino horn after a buy-out takes place?

The logical answer is that it will continue to exist. Buy-outs clearly fail to address the fundamental issue of demand and the role rhino horn plays in traditional medicine practices which span millennia. Even in the event of high compensation, it is likely that significant quantities of rhino horn would remain in the hands of traditional medicine practitioners in East Asia who ascribe to its efficacy. In one recent survey in Taiwan, for example, 35 out of 130 (27 per cent) traditional doctors felt that rhino horn was irreplaceable for certain illnesses, suggesting that minimally one-quarter to one-third of the traditional medicine community would continue to prescribe rhino horn in certain situations. Law enforcement faces a formidable challenge. Rhino horn can easily be concealed and, in the form of powder or when combined with other animal, herbal or mineral ingredients in medicinal formulas, it is detectable only through complex and expensive laboratory test procedures. There is little risk to doctors who continue to dispense rhino horn medicines to sick patients through established channels. Moreover, some consumers remain ignorant of the fact that rhino horn is even an ingredient in the medicines which they consume. Where rhino horn dispensation is direct, most consumers come to a doctor with an ailment and, after diagnosis and consultation, take away a prescription of medicine produced on the spot. In Asia, patients rarely question the wisdom of their doctors.

In conclusion, the proposals offered by certain NGOs and CITES bodies for the organised acquisition, compensation and destruction of rhino horn stockpiles have been simplistic in content and naive in direction. To propose such far-reaching solutions without carefully assessing their ramifications is both dangerous and irresponsible. We have attempted to highlight the numerous complexities which would ultimately shape this issue in administrative, economic, legal, social, and conservation terms. Our conclusion is that the acquisition of rhino horn stockpiles, especially those privately-held, and other rhino products will be extremely difficult to achieve without resulting to organized buy-outs and that doing so would unleash a whole series of counter-productive forces to the detriment of the world's five species of rhinoceros. 

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Kristin Nowell formerly was the Director of TRAFFIC Taipei and currently is writing the Action Plan for the IUCN/SSC Cat Specialist group.