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## ILLEGAL RHINO HORN TRADE IN NHI KHE, VIET NAM

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### Abstract

The village of Nhi Khe in Viet Nam caters to tourists mainly interested in ornamental objects made from rhinoceros horn, rather than medicine. Based on field collection of selling prices, the research finds a much lower average price for raw horn than is commonly reported: about US\$26,000 per kilogram, rather than the US\$60,000 widely cited. It is unclear whether this difference represents a declining trend in the price of horn, or is simply an artefact of exaggerated claims in the past. If it is the latter, this is disturbing, since inflated values can actually provide an incentive for further wildlife crime. The research also found a further price decline over 26 months of observation, down to about US\$18,000, suggesting that supply may have outstripped demand. This could be good news for the rhinoceros, at least in the short term.

*Keywords: rhino horn, illicit trade, wildlife market, sales, Viet Nam*

### Introduction

As early as 2012, journalists reported that Nhi Khe, a village just south of Hanoi, was a major hub for the processing and sale of rhino horn, ivory, tiger, pangolin and helmeted hornbills. The following article is based on research conducted in this open wildlife market by the Wildlife Justice Commission (WJC) in 2015 and 2016.

The Nhi Khe wildlife market is predominantly tailored for a Chinese clientele, with the larger shops arranging the smuggling of products into China. The Vietnamese traders used Chinese terms in relation to illicit trade—rhino horn was often referred to as Hei Huo (black product), while ivory is known as Bai Huo (white product)—and prices were primarily quoted in Chinese renminbi. The traders were found to use Chinese bank accounts for the receipt of payments for wildlife products, thus facilitating the movement of significant illicit financial flows. In addition, we observed an emerging trend of Chinese buyers using WeChat Wallet, a payment application within the Chinese instant messaging service WeChat, to pay Vietnamese suppliers for goods purchased.

\*Wildlife Justice Commission.

Indications of corruption were apparent, including:

- The reported bribery of local and provincial government officials by traders in Nhi Khe to ensure protection.
- Bribery of Vietnamese customs officials to allow the smuggling of wildlife products into China.
- Traders demonstrating prior knowledge of planned police inspections.

During the one-year investigation, large amounts of rhino horn, ivory, tiger and other illegal wildlife parts and products were observed being offered for sale. The quantity of raw and processed rhino horn alone amounted to 1,061 kg, with an estimated value of \$42.7 million.

### **Methodology**

Six covert field investigations were undertaken in Viet Nam: in July, September and October of 2015, and in March, June and October 2016, respectively. Another field investigation was conducted in China in September and October of 2015. Covert recording equipment was used to gather evidence of illegal sales and capture conversations with traders. WJC mimicked trade practices it had observed and used Chinese investigators posing as potential buyers from China.

In addition, 36 Facebook and 27 WeChat accounts were monitored to detect possibly illegal advertisements and sales of wildlife products. These sources were also used to map out connections between traders and learn about their lifestyles. Key traders were engaged in conversation on WeChat to obtain evidence, including on trafficking methods used and commodities offered for sale.

### **Nhi Khe**

Nhi Khe is a village of around 600 families (2016 estimate). Most of those families work in the traditional handicraft business. In 2015, the investigators positively identified 33 individuals on social media and at the Nhi Khe wildlife market who were using the market to engage in illegal trade. In 2016, 14 of these 33 continued to be active, and an additional 18 were identified. Although many others may have been involved as well, we can conclude that at least 51 individuals were using the market to participate in wildlife crime, which underlines the importance of the market to the village.

Most of the people identified were wildlife traders, though there was considerable variation in the volumes and ranges of species in which they traded, as well as in the degree of their social media use. Others acted as translators, couriers, wholesale brokers and the like. The five Chinese translators identified were Vietnamese women who typically accompanied Chinese customers to the village. Day rates for translators were quoted at 150 renminbi, equivalent to \$22. The interpreters were crucial in enabling the trade, because they assumed the role of central communicators. They escorted clients to the village, facilitated meetings to view products and helped to negotiate prices.

The retail outlets selling wildlife products offered items derived from many species, including rhino horn, ivory and rosewood. These outlets operated on a number of policies similar to those expected of legitimate businesses, including:

- Volume discounts.
- A deposit policy (usually quoted at between 20 and 30 per cent).
- Refunds for shipments intercepted by enforcement agencies.
- Use of international bank accounts.

A much larger volume of trade was detected in 2016 than in 2015, but this cannot truly be interpreted as a trend, because subjects identified as trading in greater volumes were targeted for surveillance after the initial assessment. The total monetary value of rhino horn traded during the entire investigation, both raw and as worked products, amounted to \$42,700,000, of which \$4,009,413 (9 per cent) was observed in 2015 and \$38,690,587 (91 per cent) in 2016. In contrast, investigators found that some traders who were observed trading via their WeChat or Facebook accounts in the first period appeared to have stopped doing so during later observation. Many of the premises identified in 2015 were not visited in 2016, and trading at those sites may still have been ongoing.

WeChat (51 per cent) and Facebook (20 per cent) were found to be the social media platforms of choice for conducting illegal wildlife trade. While fewer subjects used both platforms (10 per cent) to advertise their products, others displayed a clear preference for one or the other. This may have been an indication of their target audience, given that Facebook is not available in China and WeChat is a Chinese platform. On WeChat, over the course of one year, at least 8,300 images of wildlife products illegally offered for sale were documented. Analysis of the estimated profits generated on WeChat and Facebook indicates that catering to a Chinese rather than a local clientele likely yields greater returns.

## Quantities and prices

During the entire investigation, approximately 1,061 kg of rhino horn, both raw and processed, was observed being traded, corresponding to between 401 and 579 rhinos killed (see table 1).<sup>1</sup> Since about 1,000 rhinos have been poached annually in recent years, and far lower volumes before 2013, we can conclude that the Nhi Khe market is substantial. The total monetary value of those rhino horn parts and products was estimated at \$42,700,000. While profit margins are unknown, this represents a significant sum, given the limited number of traders identified and the size of the village itself.

**Table 1. Total monetary value of horns and horn products, and estimated number of rhinos**

Commodity type	Number of rhinos affected		Estimated value	
	Min.	Max.	(Vietnamese dong)	(United States dollars)
356 horns and horn tips	178	356	952 400 000	42 700 000
Processed products	223	223		
	401	579		

Many different types of rhino horn products were offered for sale, as well as the horns themselves. Table 2 provides an overview of the type and number of products directly observed being offered for sale and highlights the prevalence of artefacts and jewellery products being traded. Beads made from rhino horn were the most frequently observed item being offered for sale.

Media reports commonly report high prices for raw rhino horn in Viet Nam. The most frequently cited figure is \$65,000 per kilogram,<sup>2</sup> inviting comparisons with the price of gold. However, such prices were not observed during the investigations.

<sup>1</sup>The following calculation was used:

- For raw horn, in the 2015 investigation, only front horns were observed, therefore, statistically, 1 horn or horn tip was considered to represent 1 rhino. During the 2016 investigation, several back horns were observed in addition to front horns. Therefore, statistically, 1 horn or horn tip was considered to represent between 0.5 and 1 rhino.
- For processed horn products, to obtain the equivalent number of rhinos killed, the total weight recorded was divided by 2 kg, which was the average weight of rhino horns observed in this investigation.

<sup>2</sup>See, for example: Achim Steiner, "Putting a stop to global environmental crime has become an imperative", *UN Chronicle*, vol. LI, No. 2 (September 2014).



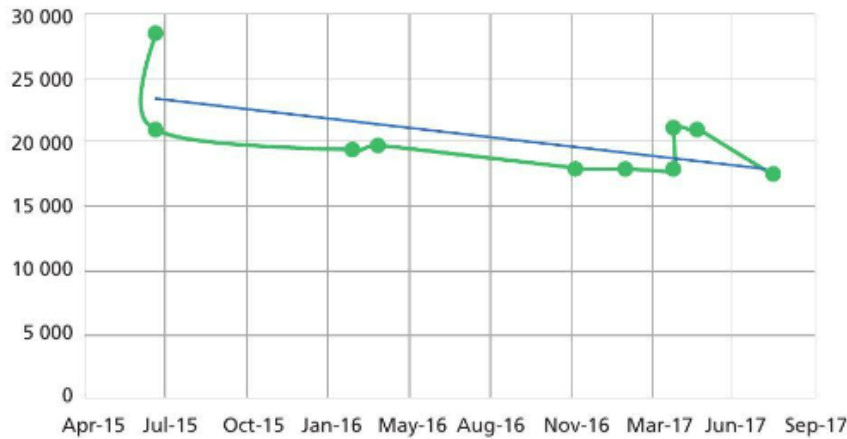
**Table 2. Type and number of rhino horn parts and products observed being offered for sale<sup>3</sup>**

	Whole horns and horn tips (pieces)	Bangles (pieces)	Bracelets (pieces)	Pendants (pieces)	Beads (pieces)	Libation bowls and cups (pieces)	Offcuts (in kg)
2015	41	43	79	183	514	139	15.6
2016	315	738	451	1 595	9 609	960	109.0
Total	356	781	530	1 778	10 123	1 099	124.6

Each time data were collected, prices were taken from at least eight sellers in at least seven locations, both within and outside Nhi Khe. The average price calculated for 1 kilogram of raw rhino horn was \$26,653, or less than half the figure commonly cited in the media. Worked rhino horn was more expensive, averaging \$74,685 per kilogram for bangles, bracelets, beads or pendants, and \$65,500 per kilogram for libation cups (including the lids).

Following the initial investigation, prices were continually monitored using the same methodology. During two years, price data were collected specifically for raw rhino horn. Between the first data point being obtained in July 2015 until the latest data point obtained in April 2017, the price of raw rhino horn does appear to have decreased by 39 per cent (\$10,500) (see figure I). The reasons for this downward trend remain unclear.

**Figure I. Raw rhino horn prices in United States dollars (July 2015 to April 2017)**



<sup>3</sup>The greater volumes recorded in 2016 are likely to have resulted from enhanced investigation methods rather than from an increase in trade.

As with elephant ivory, average prices can be misleading if the material is used for artistic purposes, as various factors affect the quality of the product. First, the structure and colouring of a rhino horn differs from base to tip. If a segment of rhino horn is cut from the middle and held up to the light, it has a translucent, amber glow. In contrast, horn tips are compressed, almost black, and the material is much firmer than the base of the horn.<sup>4</sup>

Colour and density can affect the price. In general, the blacker the horn, the more expensive it will be. The most precious part is the core, sometimes referred to as the “meat”, where it is darkest, gradually fading into brown, red, yellow and even white in successive concentric rings towards the surface. The tip is the most expensive part of the horn because that is believed to be where the energy of the rhino is concentrated.

Historically, Asian rhino horn has been regarded as related to the fire element and, as such, more potent and effective for medicinal purposes than its African rhino horn, which has been seen as representing the water element. Today, relative scarcity further enhances the value of Asian rhino products. Even in 1991, a survey of rhino horn stocks in Taiwan Province of China found that Asian horns were 29 times higher in price than African horns, and that retail prices varied by a factor of between five and nine as a result.<sup>5</sup> During the research, little or no reference was made to the species of rhino from which the horn originated. There could be two reasons for that. Firstly, the current investigation took place 25 years after the survey described and there were fewer Asian rhino horns in circulation at that point. Secondly, the recent investigations showed that there was a paucity of rhino horn products being traded for medicinal use and therefore any demand or preference for “fire” horn was irrelevant.

### Trafficking and corruption

In addition to selling rhino horn products, the traders provided delivery services to addresses in China. A destination frequently offered was the Chinese province of Guangxi, in particular the border towns of Pingxiang (often referred to as Puzhai) and Dongxing. Dongxing abuts the Vietnamese border town Mong Cai and is well known as a transit point for wildlife contraband.

<sup>4</sup>Richard Emslie and Martin Brooks, *African Rhino: Status Survey and Conservation Action Plan* (Gland, Switzerland, and Cambridge, United Kingdom of Great Britain and Northern Ireland, International Union for Conservation of Nature, 1999).

<sup>5</sup>Ibid.

When asked about delivery to other provinces in China, traders either offered referrals to other contacts or were reluctant to discuss the matter.

This strong preference for certain delivery points suggests their services are dependent on connections with specific corrupt border control officials. Investigators observed that the delivery services were important to Chinese customers. Curiously, delivery to Yunnan Province was never offered, even though it, too, borders Viet Nam. The fee requested varied by destination, averaging \$357 per kilogram to Pingxiang, on the border, and \$893 to Fujian Province, which lies further away.

In addition to corruption in border control, those investigated suggested that local police corruption was essential to their business model. For example, after a crackdown, one trader actually celebrated the arrests of his rivals. A major broker discussed the recent arrests of other subjects in Nhi Khe during a meeting with undercover investigators and stated it was good for business. Unlike other environments, where law enforcement action is perceived as a threat to the criminal, in a corrupt environment it acts as an essential facilitator of the crime.

- Informant:** Arrests are good. Less competition!  
**WJC:** You get more business.  
**Informant:** Too many people do this now.  
**WJC:** Have you been arrested in Viet Nam?  
**Informant:** No.  
**WJC:** Not arrested.  
**Informant:** My connections in Viet Nam are good. I won't get arrested.  
**WJC:** Really? You have good connections with the police?  
**Informant:** Yes.  
**WJC:** I hear they arrested some people. Their connections weren't as good.  
**Informant:** They arrested small folk.

### **The significance of Nhi Khe**

It is important not to generalize from what may be only the most visible and accessible portion of the market. That said, Nhi Khe is remarkable for the sheer volume of rhino horn that was on display during the observation period. The investigations showed that the horns of at least 400 rhinos were being traded. That is more than the national rhino populations of all but four States in Africa, and nearly half the number poached annually in recent years. The Nhi Khe market for rhino horn artwork and jewellery is remarkable for its

focus on Chinese customers. Although Viet Nam is understood to be a primary destination for rhino horn, it is also clearly a highly significant transit area for products ultimately bound for China. Of the more than 8,000 images posted on WeChat that we documented during the investigation, fewer than five featured offcuts of rhino horn. Since the covert investigators dispatched for the study were ethnically Chinese, any Vietnamese element of the market may have been neglected and the Chinese element may have been overrepresented. However, the products documented were estimated to be worth \$42.7 million, which likely accounted for a substantial proportion of the rhino horn market. The vast majority of that volume was found to be aimed at Chinese nationals.

Research that has relied on a review of trafficking patterns and expatriate involvement in Africa may have overstated the significance of the market for rhino horn in Viet Nam itself. It is unclear how long the domestic market and the market in China have been in place or how the situation has evolved over time. It also remains unclear whether the decline in the price of rhino horn observed in the course of the study is indicative of a long-term trend. The evidence suggests that the price was generally much lower than popularly supposed.



