

*Chapter 3: Control of trade in endangered species by  
the Agriculture, Fisheries and Conservation Department*

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The Audit Commission ("Audit") conducted a review to examine the control of trade in endangered species by the Agriculture, Fisheries and Conservation Department ("AFCD").

2. The Government protects endangered species of animals and plants set out in the three Appendices to the Convention on International Trade in Endangered Species of Wild Fauna and Flora ("CITES")<sup>1</sup> through the implementation of the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586) ("PESAPO"). CITES regulates international trade of species of animals and plants through a system of permits and certificates in which the required permits/certificates must accompany the species in question when leaving and entering a country. As of December 2020, CITES regulated 38 713 species, including 5 945 species of animals and 32 768 species of plants. They are specified in Schedule 1 to PESAPO ("scheduled species"). AFCD is responsible for administering and enforcing PESAPO, with advice given by the Endangered Species Advisory Committee established under PESAPO. In 2019-2020, the expenditure incurred in the control of trade in scheduled species (including curbing of illegal trade) by AFCD amounted to \$50.8 million.

3. The Committee noted the following findings from the Director of Audit's Report No. 76:

Licensing and inspections

- Audit analysis of the Endangered Species Licensing and Enforcement System ("ESLES")<sup>2</sup> records of 121 004 consignment inspections<sup>3</sup>

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<sup>1</sup> CITES is an international agreement between governments with the aim to ensure that international trade in specimens of wild animals and plants does not threaten their survival. The specimens are classified into three Appendices according to the degree of threat posed by international trade. Appendix I includes species that are threatened with extinction, Appendix II includes species that are not presently threatened with extinction but may become so unless trade is controlled, and Appendix III includes species identified by any party to CITES as requiring cooperation in controlling their trade.

<sup>2</sup> ESLES is a computer system used by AFCD to facilitate the issue of licences/certificates and related enforcement work.

<sup>3</sup> All import, introduction from the sea, export and re-export shipments of scheduled species, irrespective of whether a licence is required, must be inspected by AFCD upon landing in Hong Kong or prior to export. The importer/exporter should make an appointment with AFCD at least two working days in advance for such an inspection.

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conducted from 2016 to 2020 and examination of selected inspection reports revealed that:

- (a) the inspection ratios<sup>4</sup> of 103 691 (86%) inspections were not recorded in ESLES;
  - (b) Audit examination of 25 inspection reports prepared by AFCD's inspection officers found that for nine (36%) reports, the inspection officers did not submit the reports within three working days;<sup>5</sup> and
  - (c) supervisory inspections were only conducted for 0.1% to 1.4% of consignment inspections in each year, which were falling short of the 5% requirement;
- out of 79 944 import, export and re-export licences issued from 2016 to 2020, 13 394 (17%) had expired as at 31 December 2020. However, as at 31 January 2021, the relevant licensees had not responded to AFCD's reminder letters to return the unused licences;
  - Audit selected 19 applications for possession licences<sup>6</sup> for examination and found that there was no record of measurement of the keeping facilities in four new applications for possession of live specimens;
  - unique markings (i.e. tagging or labelling techniques) were only adopted for a limited number of species, including microchips for captive-bred Asian arowana, holograms for elephant ivory and number tags for crocodilian skin;

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<sup>4</sup> The inspection ratio is the proportion of consignment having been inspected. According to AFCD's operation manual, a minimum inspection ratio is adopted according to the weight or quantity of the specimen, and the actual inspection ratio should be recorded in the inspection report as far as possible.

<sup>5</sup> According to AFCD's operation manual, inspection officer should submit a written report to his/her supervisor and update the inspection records in ESLES within three working days following the inspection.

<sup>6</sup> According to PESAPO, the possession of a specimen of an Appendix I species or a live specimen of wild origin of an Appendix II species requires a possession licence issued in advance by AFCD unless it is exempted.

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- the annual target of 1 500 shop inspections<sup>7</sup> had not been reviewed despite that it had been exceeded by 26% to 107% from 2016 to 2019 (the number of inspections ranged from 1 885 to 3 102 each year);
- Audit selected some 150 shop inspection reports in 2017 for examination and found that 24 shops inspected were no longer in operation. However, 16 (67%) of the 24 shops were not yet removed from the shop list in ESLES as of December 2020;
- from 2016 to 2020, irregularities had been detected in 93 shop inspections. However, the reports of 54 (58%) out of these 93 inspections were submitted 2 to 11 working days after the inspections;<sup>8</sup>

Investigation and prosecution

- from 2010 to November 2020, 6 126 alleged cases in contravention of PESAPO were opened for investigation. As of November 2020, 327 cases were remarked as under investigation and prosecution. Audit selected 20 cases for further examination and found that in 15 cases, investigation and/or prosecution had been completed but AFCD was yet to take the required follow-up actions (e.g. warning letters not yet issued and/or court order for forfeiture of seized specimens not yet applied for);
- as at 30 November 2020, 601 of the 6 126 cases were remarked as pending application for court orders for forfeiture of the seized specimens. For 566 cases out of the 601 cases, the time elapsed from the date of offence was more than one year;

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<sup>7</sup> AFCD will conduct shop inspections at retail outlets of various nature, such as wet market, aquarium, pet shop, flower shop, craft shop, and Chinese medicine shop, to detect possible violations of PESAPO and educate the shop owners regarding the provisions of PESAPO, particularly changes to the legislation.

<sup>8</sup> According to AFCD's operation manual, on or before the next working day of the inspection, inspection officer should submit to the supervisor the inspection report for premises with irregularities detected and requiring follow-up actions.

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- from 2011 to 2020, there were only on average 29 intelligence reports received from registered informers<sup>9</sup> each year, accounting for 20% to 40% of all intelligence reports received. The level of reward for cases leading to conviction had not been revised since 1999;

Other related issues

- specimens of scheduled species seized during enforcement of PESAPO were kept under AFCD's custody. Audit noted that no separate list of live specimens ready for disposal was prepared, and disposal/dumping exercises for live/dead specimens were not regularly conducted as required by AFCD's operation manual;
- AFCD had not maintained proper records on inspections to most care centres<sup>10</sup> holding seized live specimens;
- the last stocktaking exercise on dead specimens was conducted in 2013, and annual stocktaking of seized specimens was suspended due to manpower deployment; and
- AFCD commenced a placement scheme in 2011 to rehome pet animals of Appendix II species<sup>11</sup> to suitable private individuals. Two non-governmental organizations ("NGOs") had joined the scheme. AFCD had not conducted regular visits to the two NGOs or conducted any overall evaluation of the scheme. Since January 2015, AFCD had not reported to the Endangered Species Advisory Committee the number and species of live animals donated to the two NGOs.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding AFCD's licensing control and inspections of trade in scheduled species, AFCD's work in investigation and prosecution of alleged contravention of PESAPO, stocktaking arrangements of specimens and placement

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<sup>9</sup> To encourage the public to provide information on illegal import, export and possession of scheduled species, AFCD has set up a reward scheme since 1999. An individual who would like to provide information in respect of illegal import, export and possession of scheduled species could register with AFCD as an informer.

<sup>10</sup> Live specimens are sent to appropriate care centres for temporary holding and care.

<sup>11</sup> Species that are already available in the pet market and of comparatively lower conservation value.

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scheme of pet animals of scheduled species. The replies from the **Director of Agriculture, Fisheries and Conservation** are in *Appendices 9 and 10*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.