



25th May 2017

Hon Tanya Chan
Room 814, Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Hon Tanya Chan,

Public Hearing on June 6th 2017: Supporting the Hong Kong Government's Ivory Trade Ban

We write to express our support for the Hong Kong Government's upcoming legislative proposal concerning the ivory trade. We wholeheartedly support the government's three step plan to ban the Hong Kong ivory trade; and its proposals to increase maximum penalties under the Protection of Endangered Species Ordinance Cap 586. However, we **do not** support any proposition to compensate traders or buy out their stocks. Our reasons are stated:-

i) Reasons That We Support The Ivory Trade Ban In Hong Kong and Raising Penalties Under Cap 586

- Hong Kong's 'legal' trade in pre-Convention ivory has been administered through a licensing system run by AFCD, that has proven to be regularly circumvented by traders.^{1,2,3} Without prohibitively expensive scientific analysis it remains impossible to distinguish 'legal' Pre-Convention ivory from 'illegal' ivory, taken from recently and illegally-killed elephants.⁴
- Traders themselves have explained the practice of replenishing old stocks with newly poached ivory because the licensing system can be easily flouted.^{5,6}
- Increasing consumer demand, has allowed unscrupulous traders to launder freshly poached illegal ivory into the market as the legally licensed product. In the past 4 years, 12,242 kg of ivory has been seized as it was smuggled into Hong Kong.⁷ This volume alone (a fraction of the illegal market), may have cost the lives of as many as 556 elephants.
- Today, ivory poaching has reached unprecedented levels, driven by demand in Asia. Scientific research indicates that if nothing is done, the African will elephant populations will become extinct in our lifetime.⁸
- The illegal ivory trade is denying developing economies that depend on wildlife for tourism.⁹ In 2013, the value of a single dead elephant's raw tusks was estimated at ~HK\$163,600 (US\$21,000), whilst their value to tourism over their lifetime (to local communities, travel companies and airlines) was estimated at ~HK\$12.53 million (US\$1.61 million).
- Tragically, countless frontline rangers protecting elephants against poachers, predominantly in African nations, have been brutally murdered.¹⁰
- Between 2009 and 2016, at least 595 Park Rangers were confirmed killed in the line of duty.¹¹
- The global support for closing ivory markets is clear, as indicated with 183 nations that are signatories of CITES being unified in closing domestic markets that contribute to poaching or illegal trade. Hong Kong has proven to be a trade hub with a significant illegal component as have most if not all the markets in Asia.^{12,13,14} Outliers to this support includes Japan – where there is, however, increasing opposition to the ivory trade.

ii) Reasons Why We Do Not Support Compensation For Traders Or Any Government Buying Of Ivory Stocks

- The ivory traders have been forewarned for some 27 years to prepare and sell their ivory:
 - The government's view on compensation as regards the ivory trade goes back to 1989, when in response to the international ivory ban Anson Chan stated in LegCo:
*"that there can be no question of the government compensating them [traders] for their losses...We are, therefore, taking forward the entering of a short-term -- and I emphasize "short-term" -- reservation to allow sufficient time for traders to dispose of their existing businesses and for the retraining scheme for ivory craftsmen to be implemented."*¹⁵
 - In 1990, the LegCo Finance Committee approved HK\$5.88 million to provide ivory workers with vocational training and a subsistence allowance, in an effort to move them out of the industry.¹⁶
 - Traders have had a grace period of 27 years to sell their pre-Convention ivory stocks and further diversify their businesses.
 - Traders have further known since March 2016 that the government intends to ban the domestic trade in pre-Convention ivory and that the commercial possession ban will not commence until December 2021, providing additional time to sell their stocks.
- Most traders do not rely solely on the trade in ivory for income. In China, for instance, carvers have diversified their trade,

branching into jade, wood and bone carving.¹⁷

- Those individuals, who have speculated and stored ivory to sell in the future, have the opportunity to legally sell this ivory now. Further, since the proposal was first announced they have had at least 15 months warning to sell their stocks.
- No country has provided compensation, China does not intend to and there is no legal precedent to do so.
- Compensation is a high risk strategy that will likely motivate dishonest traders in Hong Kong to increase their ivory stock in the short term from illegal sources, before the ban becomes effective. Thus increasing future compensation payments and having a perverse impact i.e. fueling poaching. It will likely stoke more than a year of “open season” poaching before the government stops issuing licenses, allowing organized syndicates to cash in on the opportunity of laundering ‘blood ivory’ through Hong Kong, before the ban takes effect.
- A study published in 2016 found that international announcement of the legal ivory sales corresponded with an abrupt ~66% increase in illegal ivory production across Africa and Asia.¹⁸ This was because poachers saw the opportunity to use the legal ivory to supply their poached product. By providing compensation to Hong Kong traders, a similarly ‘perverse incentive’ will be provided.
- Providing compensation to traders sends a dangerous signal to the market and sets a dangerous precedence, which could also fuel the poaching of ivory in preparation for similar bans in other countries supported by such compensation schemes.
- As individual taxpayers, we do not think that public funds, either in the form of outright grants or any other form, should be made available to any industries or trades which are adversely affected by changes in economic or commercial circumstances, when that industry has been forewarned for nearly three decades.
- Compensation will cost Hong Kong taxpayers millions if not billions of dollars.¹⁹ This payment would be to just a few hundred individuals and businesses that have had ample time to prepare, diversify, divest, etc., as noted above.

While we do not support compensation for these reasons, we do support investment in non-financial assistance programmes e.g. retraining for industry workers.

Yours sincerely,

Lisa Genasci,
CEO, ADM Capital Foundation

¹ Knights, P., Hofford, A., Andersson, A. and Cheng, D. (2015) *The Illusion of Control: Hong Kong's 'Legal' Ivory Trade*. WildAid. Available at: <http://wildaid.org/sites/default/files/resources/The%20Illusion%20of%20Control-Full%20Report.pdf> [Accessed 23 May 2017], p. 4.

² WildAid HK (2015). Undercover Footage of Hong Kong Ivory Trade - CHI. [video] Available at: <https://www.youtube.com/watch?v=K3fzYqPERHU> [Accessed 23 May 2017].

³ WildAid HK (2015). Undercover Footage of Hong Kong Ivory Trade - ENG. [video] Available at: <https://www.youtube.com/watch?v=ixi2ZT5XhI> [Accessed 23 May 2017].

⁴ Wasser, S. (2016) Personal Communication.

⁵ Lo, C. and Edwards, G. (2015) *The Hard Truth. How Hong Kong's Ivory Trade is Fuelling Africa's Elephant Poaching Crisis*. WWF Hong Kong. Available at: http://awsassets.wwf.hk.panda.org/downloads/wwf_ivorytrade_eng_eversion.pdf [Accessed 23 May 2017], p. 11.

⁶ Knights, P., Hofford, A., Andersson, A. and Cheng, D. (2015) *The Illusion of Control: Hong Kong's 'Legal' Ivory Trade*. WildAid. Available at: <http://wildaid.org/sites/default/files/resources/The%20Illusion%20of%20Control-Full%20Report.pdf> [Accessed 23 May 2017], p.10.

⁷ AFCD, via WildAid.

⁸ Great Elephant Census (2017) *Great Elephant Census*. Available at: <http://www.greatelephantcensus.com/> [Accessed 23 May 2017].

⁹ iWorry (2013) *Dead or Alive: Valuing an elephant*. Available at: <http://iworry.org/wp-content/uploads/2013/09/Dead-or-Alive-Final-LR.pdf> [Accessed 23 May 2017], p.3.

¹⁰ The Guardian (2017) *Five rangers die in grim month for wildlife protectors*. Available at: <https://www.theguardian.com/environment/2017/feb/27/eight-rangers-killed-in-grim-week-for-wildlife-protectors> [Accessed 23 May 2017].

¹¹ International Ranger Federation & The Thin Green Line Foundation (2016) *2009-2016: Ranger Roll of Honour – In Memoriam*. Available at: <https://www.thingreenline.org.au/wp-content/uploads/2016/07/2009-2016-Honour-Roll-1.pdf> [Accessed 23 May 2017].

¹² Wildlife Trade Working Group (2015) *Wildlife Crime: Is Hong Kong Doing Enough*. ADM Capital Foundation. Available at: <http://admcf.org/resources-wildlife-hong-kong/> [Accessed 23 May 2017].

¹³ Martin, E. and Vigne, L. (2015) *Hong Kong's Ivory – More Items for Sale than in Any Other City in the World*. Save The Elephants. Available at: <http://savetheelephants.org/wp-content/uploads/2016/11/2015HongKongIvoryReport.pdf> [Accessed 23 May 2017].

¹⁴ Knights, P., Hofford, A., Andersson, A. and Cheng, D. (2015) *The Illusion of Control: Hong Kong's 'Legal' Ivory Trade*. WildAid. Available at: <http://wildaid.org/sites/default/files/resources/The%20Illusion%20of%20Control-Full%20Report.pdf> [Accessed 23 May 2017].

¹⁵ Legislative Council (1989) *Official Report of Proceedings, Wednesday, 8 November 1989*. Available at: http://www.legco.gov.hk/yr89-90/english/lc_sitg/hansard/h891108.pdf [Accessed 23 May 2017], p. 28.

¹⁶ Legislative Council (1990) *Official Report of Proceedings, Wednesday, 4 July 1990*. Available at: http://www.legco.gov.hk/yr89-90/english/lc_sitg/hansard/h900704.pdf [Accessed 23 May 2017], p. 52.

¹⁷ Xu, Y., Xiao, Y., Guan, J. and Lau, W. (2016). *An Act to Save African Elephants: A Ban on Commercial Ivory Trade in China, A Feasibility Study Briefing*. WWF and TRAFFIC, Beijing, China, p. 10.

¹⁸ Hsiang, S. and Sekar, N. (2016) *Does legalization reduce black market activity? Evidence from a global ivory experiment and elephant poaching data*. National Bureau of Economic Research: Cambridge, MA.

¹⁹ Legislative Council (1990) *Official Report of Proceedings, Wednesday, 4 July 1990*. Available at: http://www.legco.gov.hk/yr89-90/english/lc_sitg/hansard/h900704.pdf [Accessed 23 May 2017], p. 50.



ADDRESS TO THE LEGISLATIVE COUNCIL OF HONG KONG ON TUESDAY JUNE 6TH 2017

Sam Inglis, on behalf of ADM Capital Foundation

Honourable Legislative Councillors, Representatives of the Government, Esteemed Park Rangers, NGOs, Private Citizens and Ivory Traders, I am grateful for the opportunity to affirm our organisation's support for a bill that is long overdue – that which will bring about the abolition of the ivory trade in Hong Kong.

On behalf of myself and my colleagues at *The ADM Capital Foundation*, I wish to say that the ivory trade of Hong Kong has persisted for far too long. Accordingly, we are in total agreement that the trade should be banned in as expeditious a manner as is possible. We agree with the three-stage plan and the decision to raise the maximum penalties under the Protection of Endangered Species Ordinance Cap 586. However, we vigorously oppose any suggestion that there should be any compensation for anyone engaged in the ivory trade.

The result of this bill will be the end of a brutal and bloody trade, which profits from pillaging corpses and mutilating the faces of majestic and sentient species. The ivory trade has literally built itself upon the body parts of a fellow mammal.

There are no defensible arguments being posited by the traders sitting here today, and they excuse themselves of any complicity or culpability in the deaths of hundreds, if not thousands, of elephants. Yet Hong Kong's traders peddle in body parts, and have been caught red-handed, filmed confessing to laundering 'blood ivory', poached in countries wracked by political instability and all-out civil war. They have profited from bloodshed. They have infused their quote 'legal' stockpiles with freshly poached tusks. Hong Kong's traders are a critical cog in a complex, far-reaching and violent machine.

Hong Kong's ivory traders have been provided with a 27 year "grace period" – two years before I was born here in Hong Kong. If they haven't been able to sell their 'legal' stocks, perhaps that is a sign from the consumer – that it is not a product worth buying. These traders made a bad bet. Perhaps they are awful salespeople. Whatever the reason, what right do these individuals have to demand that the people of Hong Kong bail them out? I ask you, why should Hongkongers 'foot the bill' for their ineptitude and lack of foresight?

We are an international city, and what we do here matters. Hong Kong has long tarnished its international standing on behalf of these traders. We have stood in defiance of 183 signatories to CITES, who are striving to eradicate the ivory trade, including the People's Republic of China. It is time for us to join these nations in the 21st Century. After all, it is 2017.