



## **China and the Illegal Rhinoceros Horn Trade: Deficiencies and Recommendations**

### Briefing Document for Delegates to CITES Standing Committee 70

#### **Introduction**

An insatiable demand for rhino horn has driven a poaching crisis that has seen at least 7,100 rhinos slaughtered in Africa over the past decade. China has historically been a significant consumer of rhinoceros horn and is the primary destination for poached rhino horn today. Since 2006 1.42 metric tons<sup>1</sup> of seized rhino horn have been linked to China, including Hong Kong, though this likely represents only a fraction of the total amount of rhino horn entering the country.

Given China's outsized role in global rhino horn trafficking, it has an equally large responsibility to take proactive action to prevent poaching and illegal trade. China has shown that it can take the necessary steps to curb illegal trade in endangered wildlife when there is sufficient political will, such as with rhino horn in the 1990s and its newly implemented domestic ban on trade in elephant ivory.

At SC70, the Environmental Investigation Agency (EIA) urges CITES Parties to agree that China be included on the list of Countries for Priority Attention by the CITES Rhino Working Group and further urges China to: (1) implement the recommendations of the CITES Rhino Working Group report to SC70; (2) prioritize the investigation and prosecution of transnational criminal syndicates responsible for rhino poaching and illegal trade; (3) expand enforcement to investigate and prosecute sellers or manufacturers of rhino horn products on the Chinese domestic market, including online trade; (4) publicly reaffirm its ban on domestic trade in rhino horn and its support for the CITES international trade ban; (5) close its legislative loopholes; and (6) shut down any ongoing or proposed production or trade schemes that would violate international or domestic bans on trade in rhino horn.

#### **Domestic Legislation and Legal Loopholes**

Rhino horn trade has been banned in China since 1993 when the State Council issued a circular prohibiting all domestic trade in rhino horn and tiger bone (including all parts, medicine, crafts or other products containing rhino horn or tiger bone), requiring any stocks to be sealed and reported to provincial forestry departments, and removing the two wildlife products from the official Chinese medicine pharmacopeia. However, possession of rhino horn and rhino horn products is not explicitly prohibited by the State Council order, undercutting law enforcement and sending mixed messages to consumers about the legality of rhino horn.

The Wildlife Protection Law (WPL) is China's primary piece of legislation regulating wildlife conservation. The law underwent significant revisions in July 2016, but the revised WPL still includes major loopholes that undermine China's domestic rhino horn trade ban. Notably, the WPL does not explicitly criminalize the possession of illegally-sourced wildlife products, including rhino horn, and does not prohibit the use of protected species in medicinal products. The WPL also allows for domestic trade in specimens from captive-bred species under special state protection through a licensing and special-marking permitting system, where these species are included on a 'utilization list'. While at present rhinos have not been included on the State Forestry and Grassland Administration's (SFGA) utilization list, the licensing and special-marking permitting system for the trade and utilization of protected species in China nevertheless poses a significant threat to rhinos, in addition to other threatened species including tigers, pangolins, and bears. A further loophole in the WPL allows for commercial trade in parts and products of protected species for purposes of 'heritage conservation'.

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<sup>1</sup> EIA calculation. Available upon request.

The recent example of a permit issued for the sale of 1.23 tons of leopard bone in March 2018, apparently under this loophole<sup>2</sup>, demonstrates how loopholes are being used in practice to sanction commercial trade in protected, CITES Appendix-I listed species, including species that are not included on the SFGA utilization list. For a full analysis on the WPL, see EIA's briefing dated 3 March 2017.<sup>3</sup>

### **Enforcement Shortcomings**

China should be commended for the successes it has achieved in making seizures of rhino horn, but it is unclear how many of these seizures have resulted in successful prosecutions and what penalties were associated with any convictions. Furthermore, seizures alone do not address the source of the problem. Instead, China must shift its focus to more meaningful investigations and prosecutions that target the Chinese-led transnational syndicates moving poached rhino horn from Africa to its final destination in Asia. China has the necessary legislation and law enforcement capacity to conduct detailed investigations that may involve controlled deliveries, tracking illicit finances, and other complex investigative techniques, however these tactics have been underutilized with respect to combatting criminal syndicates trafficking rhino horn.

Because trade is technically illegal in China, Chinese consumers who purchase rhino horn often do so when travelling abroad to countries where rhino horn is either legal to purchase or where wildlife laws are unclear or unenforced. Rhino horn has repeatedly been documented for sale, often openly, in towns near the China border in Myanmar, Lao PDR, and Viet Nam, where it is frequently displayed alongside a host of other illegal wildlife products derived from elephants, tigers, pangolins, and other endangered species. The economies of these border areas, like Mong La in Myanmar and the Golden Triangle Special Economic Zone in Lao PDR, are controlled by Chinese nationals, rely almost entirely on the business of Chinese tourists, and depend on illicit industries like gambling and trafficking of wildlife, drugs and people. The Government of China, which has been aware of this problem for years, must work with neighboring countries to take urgent enforcement action to shut down all businesses engaged in illegal wildlife trade and other criminal activities, and to investigate the criminal networks involved.

Bringing rhino horn across the border into China from these border regions remains fairly simple and low-risk. Most rhino horn products purchased by Chinese tourists are small trinkets such as beads, bracelets, or pendants, which can be easily concealed and may be difficult for customs authorities to identify. If a buyer wishes to avoid the risk of personally transporting rhino horn across the border, traders are often able to arrange courier services to ship the product to China with little chance of detection.

### **Longhui Pharmaceutical Company, Ltd.**

Eight years after China's domestic rhino horn trade ban came into effect, a Chinese pharmaceutical company began importing live white rhinos from Africa as part of an ambitious project to produce rhino horn medicinal products from their own private herd of rhinos. Longhui Pharmaceutical Company, Ltd. (Longhui) purchased its first 10 white rhinos from South Africa in 2001, and over the next few years would import dozens more to their breeding and research facility in Hainan to build up their rhino horn supply. It was here that Longhui's researchers successfully experimented with a "self-suction living rhinoceros horn-scraping tool" to obtain horn from live rhinos. In 2009, Longhui established a new

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<sup>2</sup> EIA. 2018. Chinese Government agency issuing permits for commercial trade in bone of hundreds of leopards. <https://eia-international.org/report/chinese-government-agency-issuing-permits-commercial-trade-bone-hundreds-leopards/>

<sup>3</sup> EIA. 2017. China's Revised Wildlife Protection Law: Concerns and Opportunities. <https://eia-international.org/wp-content/uploads/Chinas-revised-Wildlife-Protection-Law-EIA-concerns-and-opportunities-1.pdf>

research and breeding facility in Yunnan. Shortly after, the rhinos were moved from Hainan to the 2000-acre Yunnan facility, which will eventually serve also as a wildlife park and is already home to giraffes, zebras, and other species imported from Africa.

Recent revisions to Resolution Conf. 11.20 (Rev. CoP17) seek to prohibit specimens of traded live rhinos and their offspring from entering commercial trade while also requiring that the trade promotes *in-situ* conservation of the species. At the 30<sup>th</sup> meeting of the CITES Animals Committee China's own delegation admitted they were struggling to identify *in-situ* conservation benefits provided by Longhui's breeding operation.

Notwithstanding the CITES implications, any trade in rhino horn, even for medicinal purposes, is banned by the 1993 State Council circular. It is unclear how Longhui expects to overcome this legal obstacle, though they have previously suggested that their project enjoyed the tacit support of the State Forestry Administration (now the SFGA) and the special-marking permitting system authorized by the WPL could be used to facilitate domestic trade. Longhui currently houses more than 100 rhinos at its facility in Yunnan, approximately two dozen of which were bred in China, and as recently as 2016 reaffirmed their intention to obtain raw materials from their animals. Allowing the resurgence of a rhino horn medicine market in China would have a devastating effect on the world's rhinos by unleashing a torrent of demand not only in China but also in other Asian countries that historically consumed rhino horn medicinal products.

## **Conclusion**

Rhino poaching continues unabated in Africa due to sustained demand for rhino horn in China and other Asian countries like Vietnam, and because insufficient progress has been made to dismantle the transnational criminal syndicates facilitating rhino horn trafficking. As the primary destination country for poached rhino horn, China has a considerable responsibility to proactively target these syndicates for criminal investigation and prosecution. China has proven they can take effective steps to combat the illegal trade in endangered wildlife, and must now train their sights on rhinos if these species are to have a chance at survival.

## **Recommendations**

*To the 70<sup>th</sup> Standing Committee:*

- Agree that China should be on the list of Countries for Priority Attention by the CITES Rhino Working Group as recommended in CoP17 Doc. 68 Annex 5

*To China:*

- Implement the recommendations of the CITES Rhino Working Group report (SC70 Doc. 56)
- Prioritize the investigation and prosecution of transnational criminal syndicates responsible for rhino poaching and illegal trade
- Expand enforcement to investigate and prosecute sellers or manufacturers of rhino horn products on the Chinese domestic market, including online trade
- Publicly reaffirm its ban on domestic trade in rhino horn and support for the CITES international trade ban
- Close its legislative loopholes
- Shut down any ongoing or proposed production or trade schemes that would violate international or domestic bans on trade in rhino horn