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Professor Dillman

IPE 101

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White Gold: Tracing the Illicit Elephant Ivory Trade

Conversation surrounding drug and arms trafficking continues to dominate the political sphere as policymakers from around the world investigate the illicit global economy; however, illegal wildlife trade has become an increasingly significant, yet overlooked issue within political discourse. From small specimens of sea horse to parts of lions, tigers, and bears, the increasing demand for animals and their by-products around the world fuels an illegal market worth up to US\$20 billion, undermining wildlife conservation, biodiversity, and global security (Duffy 2010, 18). Although constituting a small percentage of this demand for illicit wildlife products, consumers seek elephant ivory for its aesthetic appeal, medicinal properties, and cultural significance (Barron 2015, 218). China remains the world's largest consumer of this "white gold," where over 70 percent of the world's ivory consumption takes place (BBC 2015). Moreover, East Africa serves as the dominant region for elephant poaching, where populations have decreased by 30 percent within the past seven years (Chockshi and Gettleman 2016). What once seemed like a trivial niche market has now created a variety of issues, pressuring governments around the globe to initiate response. By examining the vast network of the illegal ivory supply chain (primarily between Tanzania and China) each phase of the trade process reveals significant social, political, and economic implications that continue to intrigue scholars analyzing the international political economy today.

According to The Center for Advanced Defense Studies (C4ADS), a non-profit organization that seeks to understand the culprits of global conflict, “Tanzania is the epicenter of the current poaching crisis” (Vira et al. 2014, 8). Officially a unitary republic, corruption within the Tanzanian political structure remains highly prevalent and delivers negative ramifications to all sectors of the economy: “The most affected sectors are government procurement, land administration, taxation, and customs” (Business Anti-Corruption Portal 2016). Under the Prevention and Combating Corruption Act (PCCA), corruption is criminalized; yet, a lack of stable institutions and non-compliance among government agencies continues to undermine government integrity. Shortages in funding and overall institutional inefficiency incites government officials to seek out petty corrupt practices for a more desirable compensation. For the illegal ivory trade, corruption and government instability provide the ideal environment for poachers lurking around Tanzania’s “protected” wildlife areas. Evidence of corruption within the political structure expands the argument that government intervention, or rather non-intervention, has profound effects on the dynamics of trade.

At the receiving end of the trade route, China remains the world’s top consumer for elephant ivory. Interestingly, China was not always geared toward high patterns of consumption until around the end of the 20th century, when the country was liberated from the economic shackles of Mao Zedong’s Great Leap Forward and Cultural Revolution. Prior to the late 1970s, Chinese citizens saved more and spent less simply because the country’s economic conditions did not allow for casual spending on luxury goods like ivory. Following the death of Chairman Mao in 1976, Deng Xiaoping introduced “socialism with Chinese characteristics,” a mixed economy, to China (Schoppa 2011, 153). These new liberal economic policies relied more on

market forces, privatized businesses, and established low-tax economic zones to incentivize foreign investment. Maintaining synergy between trade liberalization and a powerful state to direct credit, China's economy enjoyed an extraordinary boom in the 1990s, leading to an overall increase in consumption and an impressive middle class (Schoppa 2011, 153). Chinese citizens were then able to broaden their scope of demand for normal goods such as ornaments carved from ivory. In her book *Nature Crime: How We're Getting Conservation Wrong*, Rosalyn Duffy dispels the belief that the illegal ivory trade is driven by poor communities in Africa: "As with other products such as rice and cotton, the direction of the wildlife trade is mostly from the poorer parts of the world to richer parts of the world" (Duffy 2010, 17). Advanced nations like China with an emerging consumer culture encourage poachers in the African savannas to exploit their comparative advantage in attaining large quantities of elephant ivory (Strauss 2015). With high demand on the line, poachers in African countries like Tanzania turn to elephants for a quick profit, whether to feed their families or finance an ongoing crime operation.

Unlike commodities that are grown or manufactured, an elephants must be hunted for their profitable ivory tusks. Poachers spend a great of time tracking down elephants to kill, putting themselves at risk of being trampled or encountering other dangers in the wilderness. Many poachers have familiarized themselves with stealthy and effective hunting strategies. A recent documentary titled *The Ivory Game* provides a thrilling glimpse into how advanced poachers use technology such as gun silencers, tracking devices, and night vision equipment to increase their chances for a successful hunt (Davidson and Ladkani 2016). The use of advanced hunting methods and equipment indicates that elephant poaching takes place on very intricate level, often involving multiple individuals who are paid by organized crime syndicates. The

C4ADS report, “Out of Africa,” supports this claim by concluding that “while there is still opportunistic poaching driven by the relatively high local value of ivory, most local poaching appears to source to, or have been entirely co-opted by, organized criminal networks” (Vira et al. 2014, 15). Similar to wide-scale illegal drug trafficking, individuals cooperate by dividing and specializing labor to meet demand efficiently, and avoid running into the law. One essential actor is the “financier,” who functions behind the scenes to facilitate a system of poachers by providing weapons, ammo and other essentials. The financier will also hire informants to avoid confrontations with law enforcement during transportation. (Vira et al. 2014 28). Every interaction of the process becomes capitalized, requiring a stable financial mechanism to keep operations efficient and in-tact.

With a seemingly foolproof structure in place, poachers exploit the vast conservation parks sustaining thousands of elephants and other wildlife, which are often too large for rangers to monitor completely. At a forum hosted by the Richardson Center for Global Engagement, the World Wildlife Fund, and African Parks, Lisa Brown and Dr. Sam Wasser of the University of Washington present their research on DNA samples taken from large ivory seizures en route to Asia and trace their origin to elephants from the Selous Game Reserve in Tanzania, suggesting that the majority of poached elephants are frequently killed in “hotspots” over short periods of time (Brown and Wasser 2013, 27). After an elephant or a group of elephants has been killed, poachers then mutilate the cephalic region to extract as much ivory as possible. Tusks require a great deal of butchering to be completely removed because they are so deeply embedded in the skull. Poachers may also take meat or hide from the elephant and proceed to leave the animal to decay in the dry savanna (Davidson and Ladkani 2016). Once the tusks are successfully

extracted, poachers sell them to criminal networks and continue hunting as the ivory moves to the consolidation phase to be processed for its journey to China.

The small percentage of retail value paid out to a poacher can mean a month's worth of income, but as the ivory makes its way through a complex transportation network to the Chinese market, the initial transaction seems ridiculously minuscule (Save the Elephants 2016). C4ADS recognizes the “African local transport” stage of the supply chain, where a network of “consolidators” receive and package the raw ivory to exchange with Asian traffickers (Vira et al. 2014, 16). Often coming out of extremely rural areas with poorly regulated infrastructure, the ivory travels hundreds of miles to an export region to undergo containerization. Some ivory consignments may be transported by air; however, sea transport remains the primary method because traffickers can seamlessly integrate their illicit operations within legal modes of transportation and avoid costly seizures (Vira et al. 2014, 18). According to information gathered by CITES, the International Union for Conservation of Nature (IUCN), and TRAFFIC concerning large-scale (>500kg) ivory seizures, 72 percent of the total weight was transported by sea (CITES et al. 2014, 14). The ivory export hub is primarily centered around Eastern Africa where ports in Tanzania and Kenya receive up to 80 percent of large-scale ivory shipments. Consolidators will outfit a standard 20 to 30 foot container with up to 3 tons of ivory and disguise the consignment with “innocent” materials like timber, sea shells, and cashew nuts. Financiers also pay handsome sums to corrupt customs agents and judiciary officials, thus completely dismantling enforcement: “The nexus between criminal syndicates and corrupt freight logisticians may be particularly important, as without legitimate freight forwarders and shipping agents to help obscure the paperwork and the true consignment details, consignments

would be much more vulnerable to interception” (Vira et al. 2014, 18-19). Facilitated by a shady co-op of financiers, poachers, consolidators, and corrupt agents, ivory consignments make their way to a “staging area” to be sold to either another trafficking organization or transported internationally—perhaps to the free-trade powerhouse of Hong Kong. (Vira et al. 2014, 29).

As the supply enters the busy ports in East Africa, the interaction between illicit and licit actors becomes more apparent. Domestic import-export companies involved in agricultural trade act as “cosigners and consignees” that often serve no other purpose than construing logistics to accelerate the transport of illegal wildlife products like ivory. These indications show how proper enforcement remains difficult when corrupt clearing agents and customs officers become involved in the very crime they supposedly pledge to stop: “without such facilitators, there is no easy means for ivory trafficking syndicates to move their product” (Vira et al. 2014, 29-30). Once the ivory is successfully integrated within licit trade, consignments make their way to “wholesalers” based in East Asia, predominantly China. Due to the higher chances of being seized in East Asia, C4ADS notes that “many ivory shipments appear to funnel through a small number of ‘chokepoints’” to divert enforcement (Vira et al. 2014, 22). Featured in the 2016 documentary, *The Ivory Game*, wildlife investigator Hongxiang Huang goes undercover to examine how Chinese ivory wholesalers utilize the poorly enforced Vietnamese village of Nhi Khe as a transport node. Huang’s hidden camera shows a conversation between himself and Chinese wholesalers as they discuss how they are able to transport over US\$1,300 worth of ivory into China by securing an “off-the-books” Vietnamese bank account, allowing the buyer to pay by simply depositing money. The dealers also explain how Vietnamese and Chinese border patrol agents are paid to look the other way when a consignment is being transported (Davidson and

Ladkani 2016). Although not all transactions enjoy such a secure and complex trade route, the situation depicted in *The Ivory Game* suggests how the trade has become dangerously professionalized by intelligent businessmen.

Now in its final destination, raw ivory is distributed to carvers or carving factories to be made into valuable ornaments worth thousands or even millions of dollars (Vira et al. 30). Although worldwide ivory trade was banned in 1989, China received approval from CITES to make a one-time purchase of 73 tons to consolidate into a legal market (Bale 2015). Many experts speculate that the existence of a legal ivory system has allowed for illegal ivory laundering, making it difficult to distinguish the source of finished ivory products. Licensed ivory retailers can easily establish connections with illegal traffickers to increase their stockpiles and gain a competitive edge in this posh market. Chinese organized crime units like the Triad have also turned to centralizing control over carving factories to reap benefits beyond trafficking (Vira et al. 2014, 30). Once marketed at US\$450 per kilogram in 2010, the wholesale value of illegal ivory in China increased to US\$2,100 per kilogram in 2014—over four times the former value (Vira et al 2014, 37). On the contrary, the value of raw ivory at the collection phase in Tanzania is only about US\$50-\$100 per kilogram. Lucrative opportunities in the illegal ivory trade are simply more attractive, making the law seem fiscally unreasonable. In a booming Chinese economy structured around an increasingly liberal economic framework, individuals succumb to the forces of the market and seek out their own self-interests, even if that means possibly undermining law or the sociopolitical structure.

Now that the illegal wildlife market has manifested as a global threat to the environment and global security, national governments have increased their efforts to regulate wildlife trade

through comprehensive policies and trade agreements—the most important being the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), a multilateral treaty aimed at protecting endangered species like African Elephants. “Fears about the impact of the wildlife trade on species conservation led to the development of CITES in 1973, and it came into force in 1975,” according to Rosaleen Duffy in her book, *Nature Crime*. “Membership is voluntary and is made of national governments” (Duffy 2010, 46). Headquartered in Geneva, Switzerland, the CITES Secretariat collects and distributes data to other members states and organizes the Conference of Parties (CoP) every two years to assess relevant issues and make decisions accordingly. Each of the 183 member states has a National Management Authority that consists of one or more ““Scientific Authority”” to provide assessments on how trade patterns might threaten certain species of flora and fauna (Duffy 2010, 47). To establish the criteria for regulated wildlife trade, CITES implements a system of three Appendices. Species listed under Appendix I are strictly banned from trade, while trading species listed under Appendix II is allowed under certain restrictions. Appendix III species are characterized when at least one country has requested other CITES members to help control the trade. African elephants, however, constitute a problematic ““split listing”” between Appendix I and II because countries like China have lobbied for less restrictions on the grounds of ““cultural significance.”” Despite CITES being an international organization (IO), Duffy argues that “it is still heavily reliant on national-level informants and monitoring” (Duffy 2010, 47).

With national interests at play, policymakers rarely approach the illicit wildlife trade without assuming an underlying agenda. Government officials promoting an economic liberal stance might actually consider eliminating wildlife trade restrictions altogether to preserve the

integrity of the market, naming trade restrictions as the primary cause for extensive black markets. Allowing unrestricted flows of wildlife products between countries would create overall efficiency and absolute gains by meeting demand and improving the livelihoods of African hunters with a steady income. Rosaleen Duffy refers to the creation of Kruger National Park in South Africa to construct her argument that multilateral conservation efforts can bring negative consequences by displacing communities in the name of conservation. Residents who relied on the area designated for Kruger National Park for sustenance were instead labeled as “criminals” who threaten the biodiversity of the so-called “manufactured Eden” (Duffy 2010, 56). On the other hand, some policymakers use a more realist approach in response to the illegal ivory trade.

From a mercantilist (realist) perspective, government response to the illicit wildlife trade is understood as an attempt to advance the interests of the state. In his article, “How the Illegal Wildlife Trade is Fueling Armed Conflict,” David H. Barron cites how “in 2013 the Director of National Intelligence testified before congress that the ‘illicit trade in wildlife...threatens to disrupt the rule of law in important countries around the world’” (Barron 2015, 221). While the United States may genuinely care about the near-extinction of elephants, it is difficult to see exactly where intention lies beneath all the interstate decision-making. Director Barron exhibits some mercantilist sentiments by emphasizing how illegal wildlife products like ivory pose an ominous threat to the virtuous “rule of law” of the United States. Moreover, he continues to legitimize US dominance by specifically mentioning “important countries” as if countries outside of his definition were not important. On the other hand, China has been flexing its muscles abroad by investing in Africa’s strategic resources—ivory included. In a 2013 article for *Reuters*, Fumbuka Ng’wanakilala writes about a specific case in Tanzania where 706 ivory tusks

were confiscated from Chinese nationals involved in a garlic export business (Ng'wanakilala 2013). The ease in which Chinese companies are able to control the source of illicit ivory suggests how China's power has influenced Africa to the point that even illicit markets are being taken over. As mercantilist policymakers seek regulation to deter possible challenges to the United States, critics with a structuralist understanding see government intervention as the only way to prevent the exploitation of vulnerable individuals.

Elephants are not the only subject of exploitation within the illicit ivory trade. Organized crime leaders also exploit human labor by using their power as leverage to increase profit margins. The case also remains the same for China. Bartholomäus Grill points out in his article "Africans Divided Over Chinese Presence" that many South African locals view Chinese investors as 'yellow masters'" who use local prisoners as forced labor for construction (2013, 6). A structuralist would assume that if exploitative practices are common in Africa's licit markets due to the flawed nature of capitalism, then the illicit markets surrounded by more violence and crime would only involve more exploitation because labor policies are virtually nonexistent and national law is not taken seriously in an illegal "atmosphere." Beyond the lives of elephants, government officials enforce policies by recognizing how illegal ivory trade can diminish humanitarian rights and lead to class disparities in the pursuit of profit. Conversely, constructivist IPE scholars analyze individuals and how psychology, habits, and discourse develop cultural norms and shape ideas of conservation to be understood as the morally responsible action for governments to implement.

Many actors within the political realm seek various perspectives drawn from objective or structural realities to address state-market interactions, failing to realize that representational or

constructivist frameworks have an important role in developing widely accepted beliefs and norms among individuals. Challenging today's wildlife enforcement institutions, Rosaleen Duffy examines conservation policy with an insightful constructivist approach. As she discusses the organizational components of CITES, she recognizes that scientific knowledge problematizes notions of conservation and biodiversity, which are seen as "politically neutral" and "uncontested." Acting as "knowledge brokers," scientists constitute what David N. Balaam and Bradford Dillman define as "epistemic communities" in their textbook *Introduction to International Political Economy* (2014, 106). According to Duffy, epistemic communities play a vital role in determining policy outcomes by providing research and dispersing ideas with scholarly authority (Duffy 2010, 48). Duffy also goes on to discuss the powerful role of non-governmental organizations (NGOs) in shaping public discourse. Bound together by values like biodiversity and conservation, NGOs like the World Wide Fund for Nature (WWF) were instrumental for the creation of CITES, an IO that now works side-by-side with other various NGOs. Similar to epistemic communities, NGOs are recognized as "transnational advocacy networks (TANs)," acting as "norm entrepreneurs" that campaign and lobby to elicit political responses to the illegal ivory trade (Balaam and Dillman 2014, 105). It is the symbiosis between TANs, epistemic communities and IOs that constructs societal beliefs about the ivory trade by standardizing wildlife regulation as a moral responsibility.

Like many commodities being sold on the illicit global market, elephant ivory fuels a complex supply chain involving specialized individuals who cooperate extensively to achieve maximum profits. Tracing elephant ivory as it is poached in Tanzania, domestically processed, and then transported to Chinese markets supports the notion that political actors always look to

intervene in the market, especially concerning illegal trade. Political actors bring different perspectives to the table, each focusing on *cui bono?* or “who benefits?” when assessing the political-economic situation. Economic liberals primarily remain in favor of relaxing wildlife trade regulations, claiming that less government intervention diminishes demand in the black market and creates an overall positive-sum game, while mercantilists understand policies and interactions between states as architectures of power, which create tensions even when illegal transactions are involved. Structuralists critique the structure of capitalism and look at how class disparities and labor exploitation in licit markets correlate to higher levels of exploitation when individuals operate in an illicit atmosphere with no respect to the law. The constructivist approach explains how NGOs, scientists, and IOs operate cohesively to manufacture social norms about wildlife conservation by contributing to political discourse and problematizing notions of biodiversity. Although on the surface the illicit ivory trade seems to be nothing more than a shady, large-scale transaction, a multidisciplinary, IPE examination of the supply chain provokes new insights that are often neglected otherwise.

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