

Black and Grey

-Illegal Ivory in Japanese Markets-

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Japan Wildlife Conservation Society (JWCS)

JWCS was established in 1990 by scientists / conservationists and citizens who are the same conservation-minded people, and obtained the legal entity granted by the Tokyo Prefectural Government in 2001.

Our policy is to conserve wildlife by establishing coexisting relationships between human beings and wildlife. In this way we create renewed cultures that are aware of natural environment and at the same time conserve biological nature.

However, businesses, governments and all types of rights and interests, combined together, have formed a strong force threatening wildlife and the movement to conserve wildlife at present. They even employ new ideology and scientific technology against conservation.

In this complex and serious situation, JWCS has set up the following objectives and is conducting projects to achieve them;

To establish philosophy and strategy upon which all the activities are based;

To investigate and understand the current situation of wildlife, especially the commercial utilization of it, focused on international trade;

To collaborate with inter-governmental bodies, governments and NGOs in order to improve international conservation policies and actions;

To promote the conservation of 吐lagship•species such as elephants and tigers in the ecosystems, to support local NGOs operating to conserve such species in the field, and to raise public awareness of conservation of wildlife.

To enrich man 痴 natural environment by conserving wild species and their diverse ecosystems · this ideal can and should enjoy a universal value irrespective of any differences among individuals, gender, ethnic groups, nations, corporations and religions. Our society aims to meet this challenge.

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Foreword

The Convention on International Trade in

Endangered Species of Wild Fauna and Flora (CITES) at its 7th meeting of the Conference of the Parties (COP7) in 1989 decided to list the African elephants (*Loxodonta africana*) on Appendix I and the international trade in ivory was totally banned in 1990. At the time, Japan accepted the decision without reservation.

Seven years later, populations of African elephants in Botswana, Namibia and Zimbabwe were down listed from Appendix I to Appendix II at CITES COP10 in Zimbabwe in 1997. An experimental one-off sale of approximately 50 tons of ivory from those three countries to Japan was conducted in July 1999.

In 2000 at COP11 in Nairobi, Kenya, the elephant population of South Africa was downlisted from Appendix I to II, with strict prohibitions maintained on international trade.

Undaunted, Botswana, Namibia, South Africa and Zimbabwe again submitted proposals for discussion at COP12 to be held in Santiago, Chile in November 2002. These proposals involve the export of the ivory stockpiles and from elephant populations listed in Appendix II on a regular basis with annual quota. Additionally Zambia submitted a proposal for downlisting of its population from Appendix I to II and exporting its ivory stockpiles.

Although there is no specific destination country mentioned in these proposals, Japan is assumed to be the prime candidate for ivory imports, considering its large ivory manufacturing industry and its market for previous sales.

Of the many concerns regarding proposals for so-called “limited” resumption of the ivory trade, one of the most compelling is that resuming trade at any level may stimulate illegal trade of ivory and further poaching of elephants in the wild including Asian elephants (*Elephas maximus*).

This report - Black and Grey - Illegal Ivory in Japanese Markets - takes a critical look at illegal ivory markets in Japan and argues that Japan’s domestic controls on the ivory trade are far from being adequate to ensure such trade does not threaten the elephant species.

The Japanese ivory market has two faces. The first face is the “Black” market. Weak Japanese domestic trade control allows ivory acquired from illegal sources to be broadly distributed. The

second face is the “Grey” market. “Legal” ivory in trade that is inevitably used as a cover for illegal sources of ivory to make their way to the market.

The principal question that the report is trying to answer is:

“Do domestic controls on ivory in Japan provide precautionary measures sufficient to ensure trades now proposed by the southern African countries do not accelerate poaching and increase illegal ivory in trade?”

We believe this question is one of the most important ones to be discussed at the upcoming COP12 and hope that this report contributes to informed and responsible decision making by parties at the Santiago COP.

Executive Summary

This report highlights the illegal ivory trade involving Japan and finds that domestic trade control mechanisms in Japan are far from adequate to ensure any future legal trade in ivory does not negatively impact the elephant species in Africa and Asia.

Smuggling of ivory into Japan is ongoing. Official seizures from 1994 and 2001 number 208.

Undercover investigations reported here have found that substantial stocks of ivory are available in some other Asian countries that serve as entrepôts, such as Singapore and Taiwan. Illegal ivory trade routes exist between these entrepôts and Japan. The investigation further found that a distribution network exists linking professional brokers and manufacturers in Japan. One of the brokers investigated was very familiar with smuggling routes and methodology.

JWCS believes that the Japanese ivory industry is inextricably linked to smuggling. The pursuit of certain type, size, quality and price of ivory that is driving some in the Japanese ivory industry to engage in the smuggling related activities will continue to influence their illegal behaviors.

Additionally, weak trade control mechanisms in Japan are not enough to eliminate illegal ivory from entering and circulating on the domestic market. The three systems controlling the domestic ivory trade: registration of whole tusks, the ivory business registration system and an ivory products certification system, still allow smuggled ivory to distribute freely in the form of cut pieces or products. Even, illegal ivory hankos are easily laundered (Figure 1).

Apart from the deficiencies of the regulatory regime itself, the implementation and enforcement is not effectively conducted. For example, retailers selling ivory hankos are obliged to register at the Government. However, there are so many hankos retailers neglecting this regulation (Figure 2, 3).

Considering that more prudent precautionary measures should be required for any annual trade of stockpile ivory than the previous experimental one-off sale between southern African countries and Japan in 1999, we come to the following conclusion:

The current domestic control of ivory in Japan cannot effectively function as the precautionary measure to guarantee the success of any future regular trades or one-off experimental trades.

Therefore, all the proposals for downlisting African elephants and trade of ivory stockpiles

presented by Botswana, Namibia, South Africa, Zambia and Zimbabwe to CITES COP12 (Prop. 12.6, 12.7, 12.8, 12.9 and 12.10) should be rejected.

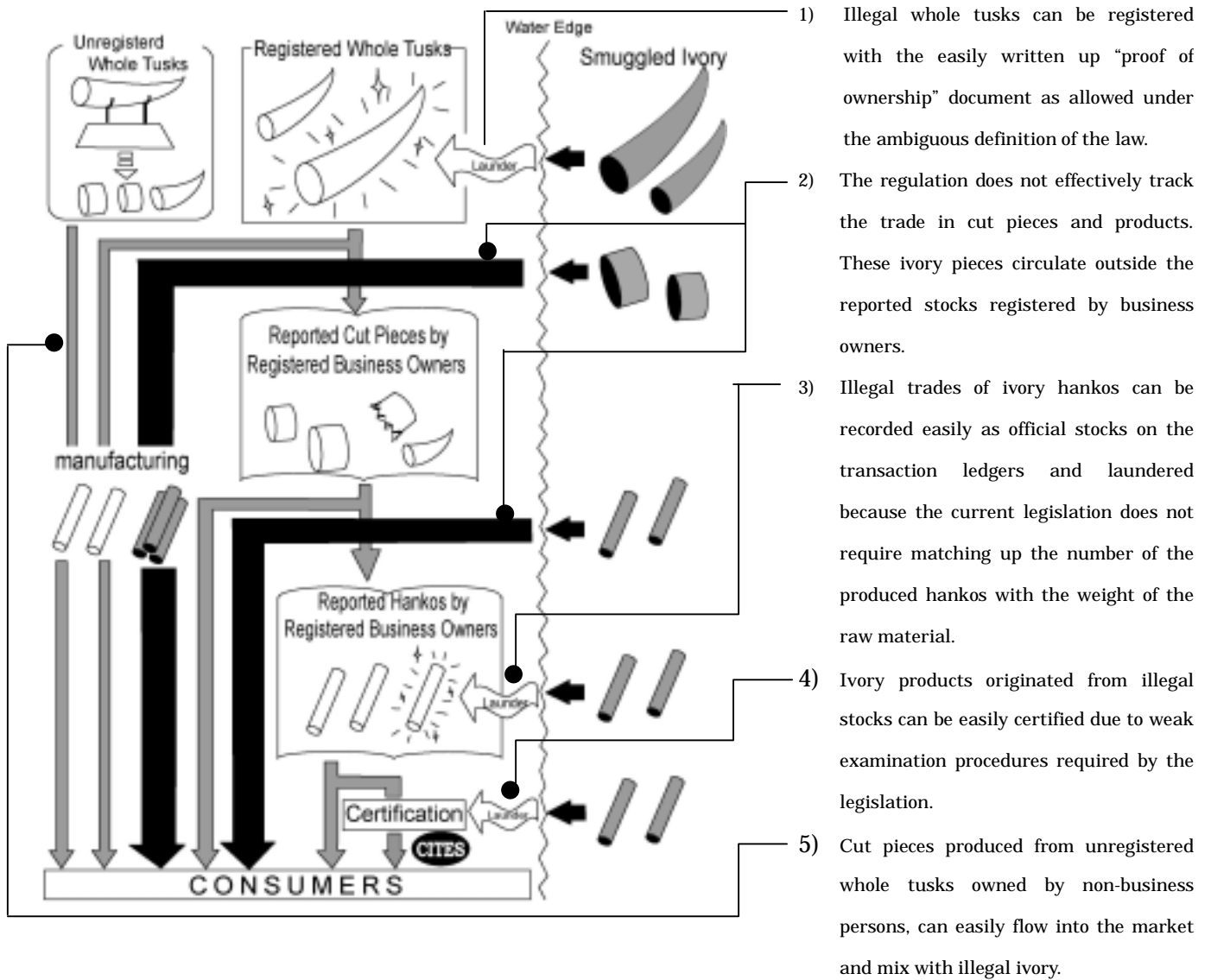


Figure 1 Loopholes of Japanese legislation for domestic trade control of ivory

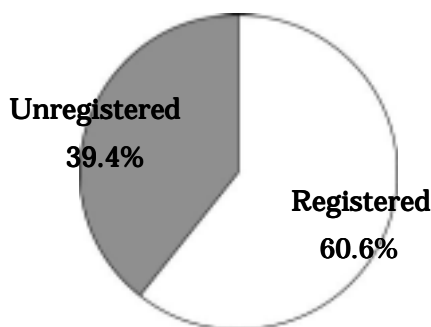


Figure 2 Registraion status of hankos retailers in Tokyo (1072 shops listed in the business phone books)

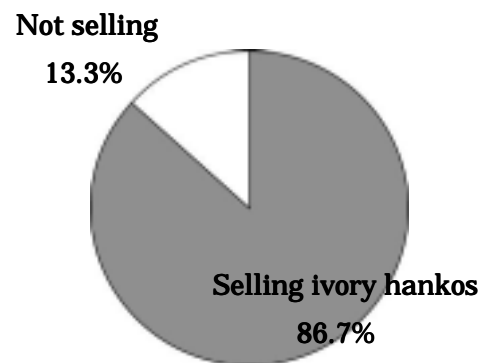


Figure 3 Sale of ivory hankos at unregistered hankos retailers (randomly selected 218 shops)

Chapter I

The Legal Circulation of Ivory on the Japanese “Grey” Market

- To understand the potential entry and circulation of smuggled ivory on the market –

I Circulation of raw material ivory

I-1 The circulation mechanism of raw material ivory, including whole tusks and cut pieces

The two industry associations of ivory manufacturers, the Tokyo Ivory Arts and Crafts Association and the Osaka Ivory Arts and Crafts Association, together form the Japan Federation of Ivory Arts and Crafts Association (around 50 members). The core members of these associations are major ivory manufacturers who are also importers. Between 1975 and 1979, two thirds of the annual total import of about 300 tons was imported by five major manufacturer/importers from this association (Martin, 1985).

These manufacturers exchange and trade in raw ivory among themselves (Martin, 1985). Two of the ivory manufacturers hold an auction of ivory once a year and the prices they set at the auctions are regarded as the standard prices for the industry (Modern Hankos, August 1997, Martin 1985). Fifteen members from the associations made bids for the 50 tons experimentally imported from 3 southern African countries in 1999.

“The Law for Conservation of Endangered Species of Wild Fauna and Flora” (LCES) regulates that the traders of ivory cut pieces, or manufacturers are obligated to register their businesses to the Minister of Economy, Trade and Industry (METI).

The members of the two associations account for only about 20% of the total number of manufacturers registered with METI in 2001 (223) (Section III-3-2-1, Chapter III). However, it was reported that 66% of the registered ivory stocks in 1996 are in the hands of the association members (EA & MITI, 1996).



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I-2 Ivory whole tusks

Whole tusks including raw tusk, polished tusk and carved tusk are required to be registered with the Japan Wildlife Research Center (JWRC), an organization appointed by the Minister of Environment (ME), under LCES (Section I-1, Chapter III).

The ivory registration system prohibits any person from transferring a whole tusk without registration. However, no registration is required if the whole tusks are only in someone's possession. Hence, total number of tusks exempted from registration is unknown.

The number of "registered organs of elephants" i.e. whole tusk, was classified according to the category of the requirements for registration under LCES (Note I-A) and the results are shown in Table I-1.

Table I -1 The registered organ of elephants (whole tusk)

	Requirement of registration	1995	1996	1997	1998	1999	2000	2001	Total
African Elephant	The stocks acquired inside Japan before the effectuation of CITES regulation	5,740	359	280	47	49	106	88	6,669
	The population not listed in Appendix I	0	0	0	0	5,449	0	0	5,449
Asian Elephant	The stocks acquired inside Japan before the effectuation of CITES regulation	0	0	0	2	0	0	0	2
Total weight of the registered whole tusks in the year (ton) (Number X 15.3kg)*		87.8	5.5	4.3	0.7**	50.4***	1.6	1.3	151.6

A term in each year is from July 1 in this year to June 30 in next year.

*15.3kg is the average weight of the registered whole tusks up to Dec. 1996 (ME&METI, 1997)

**Asian elephant tusks aren't involved.

***The import weight is used for the tusks from "the population not listed in Appendix I" in 1999

Source: Japan Wildlife Research Center

Note I-A

The whole tusks imported from the three southern African countries in 1999 are categorized as "the population not listed in CITES Appendix I" and the rest is categorized as "the stocks acquired inside Japan before the effectuation of CITES regulation" in the LCES and its bylaws.

There is no officially registered whole tusk in the category of "acquired outside Japan before the effectuation of CITES regulation" which include the legally imported pre-ban stocks according to CITES article VII, section 2 because the Ministry of Economy, Trade and Industry (METI), the Management Authorities in Japan controls import of ivory more strictly than other items regulated by CITES. Namely, METI regards ivory as pre-ban stock when ivory of African or Indian (Asian) elephants (*Elephas maximus*) were gotten in export or re-export countries before the date when the Convention was effectuated (July 1, 1975) ("The notification on the import" issued by METI), while the standard date for other items is not earlier than the date of ratification of CITES by Japan (November 4, 1980).

-In 1995 (6/28/1995-6/30/1996), the number of tusks registered was higher as the registration system was implemented for the first time that year. The government offered incentives to the manufacturers who register their whole tusks within six months from the first day of the implementation of the registration system (Chapter IV).

-In the six years since then (1996 to 2001), 929 tusks were registered, as “the stocks acquired inside Japan before the effectuation of CITES regulation” Assuming the average weight of a tusk is 15.3kg (EA & MITI, 1996), it means that approximately 14.1 tons of whole tusks have entered the domestic ivory market during the past 6 years. The point to be discussed is where the registered tusks came from. Certainly, it was reported that ivory manufacturers have emphasized the value of ivory as an object of investment in the early 1970’s, and then polished ivory came in to the country (Martin, 1985). However, it seems difficult to account for the 106 tusks registered in 2000 and 88 in 2001 over 20 years after the said ivory trade boom and over ten years after the trade ban. It is suspected that some smuggled ivory might be included in that number (Section II-1-3, 4, Chapter III).

-In addition, it is worthwhile to note that two whole tusks of Asian elephants, the import of which has been banned in Japan since 1980, were registered in 1998. Until the 1920s when more African elephant ivory were imported to meet the high domestic demand, mostly ivory from Asian elephants were used in the Japanese ivory industry (Martin, 1985). Ivory from Asian elephants (*Elephas maximus*) called in Japanese “Togata” has the advantages of both “Hard” as African forest elephants (*Loxodonta africana cyclotis*) and “Soft” as African savanna elephants (*Loxodonta africana africana*) (JWCS, 1999). The fact that whole tusks from Asian elephants were registered in 1998 indicated their availability on the market and the value placed on them by the manufactures.

I-3 Ivory cut pieces

The registered business owners are obliged to report the volume of stocks of cut pieces when they registered their business, and to record the volume of stocks after each transaction on a transaction ledger and to submit it when requested by METI (Section I-2-1, Chapter III).

The changes of cut piece stock volumes by the registered manufacturers are shown in Table I-2.

Table I-2 Stock volume of cut pieces reported by the registered manufacturers

	July-95	July-96	July-97	July-98	July-99	July-00	March-01
Stock volume of cut pieces	98.3	-	82.1	75.2	63.8	-	73.7
Change of the stock volume	-	-	-16.2	-6.9	-11.4	-	9.9

The transaction ledgers were not requested to submit in 1996 and 2000.

Source : METI

-The results indicate that about 100 tons of ivory cut pieces in July 1995 were reduced to 16.2 tons in July 1997. It means 8.1 tons per year on average was reduced. After 1997, 6.9 ton reduced till July 1998, then 11.4 ton was reduced till July 1999. However, it is impossible to judge the annual consumption of cut pieces because the data of stock volume of whole tusks, which produce stock of cut pieces is not available.

-From July 1999 to March 2001, the stock showed an increase of 9.9 tons. This shows that new cut pieces in considerable volume were produced from the tusks experimentally imported from the 3 southern African countries in July 1999.

I-4 The price of raw material ivory (whole tusks or cut pieces)

The prices of raw material ivory at the auctions held by the two ivory associations have been virtually controlled by a handful of major dealers who play the central role in the two ivory associations (Martin, 1985).

In 1997, the amount of ivory offered at the auction was less than the previous years. Also, the bidding prices at the auction have increased from 50,000 JPY/kg (435 USD/kg) in 1994 to 70,000 - 100,000 JPY/kg (610 - 870 USD/kg) because of the shortage of raw ivory (Modern Hankos, August 1997).

In individual transactions where negotiations can take place, raw ivory is sometimes sold between individual manufacturers at prices lower than the auction prices. For example, according to a dealer who apparently does not belong to the aforementioned associations, in 1997 the price of raw ivory offered by a manufacturer was 60,000 JPY/kg (525 USD/kg), while another manufacturer stated that it was 55,000 yen/kg (480 USD/kg) (JWCS, 1999).

II Circulation of ivory hankos

II-1 The circulation mechanism of ivory hankos

Name seal stamps are called “hankos” in Japanese and worked materials processed just before carving names, or blank hankos is called “inzai”. Ivory hankos or inzai flow from manufacturers to wholesalers and retailers. Some manufacturers wholesale hankos to retailers and others retail or mail order directly from their own shops (JWCS, 1999).

Hankos are sold widely at special hanko retail shops, stationery shops and department stores. According to a trade periodical, the number of retailers who possibly deal in ivory hankos, including mail order stores and jewelry shops, amounts to 50,000 (Modern Hankos, December 1998)

The hanko related products wholesalers formed a nationwide business organization named “Zen-Nihon

Inpan-youhin Shoko-Kumiai” which consists of 151 members (JWCS 1999).

The hanko retailers also formed a nationwide business organization named “Zen-Nihon Insyo-gyo Kumiai Rengokai” In June 2001, only 2,830 retailers became membership shops (Modern Hankos, November 2001).

LCES obligates the traders of ivory hankos, including manufacturers, wholesalers and retailers to register their business to the Minister of Economy, Trade and Industry. By 2001, 50 manufacturers, 362 wholesalers and 10,263 retailers registered (Section III-3-1, Chapter III).



II-2 The scale of circulation of ivory hankos

The registered business owners are obliged to report the volume of ivory hanko stocks when they register their business, to record the volume of stocks after each transaction on a transaction ledger and to submit it as requested by METI (Section I-2-1, Chapter III).

The change of stock volume of ivory hankos reported by registered business owners is shown in Table I-3.

Table I-3 Stock volume reported by the registered business owners

	Unit : number	
	July-99	March-01
Total	2,195,453	1,652,092
Manufacturer	442,955	391,425
Wholesaler of hankos	848,838	548,753
Retailer of hankos	906,660	711,914

Source : METI

-The difference of the stock volume between July 1999 (2,195,453) and March 2001 (1,52,092) shows a reduction of approximately 540,000 ivory hankos. However, the actual consumption volume is unknown.

According to LCES, registered ivory manufacturers can apply to JWRC to get official certification for his ivory products including hankos. However, it should be noted that because the application is voluntary, the number of

certification issued could be just a fraction of the total number of ivory products produced. The total number of certificates issued for ivory hankos is shown in Table I-4 and the total weight of the certified hankos (kg) is shown in Table I-5.

Table I-4 Number of the certification of ivory hankos (African elephant)

	1995*	1996	1997	1998	1999	2000	2001	Total
Number of the certification of ivory hankos	883,845	99,426	90,276	97,195	102,893	57,295	89,837	1,420,767

A term year is from July 1 in the year to June 30 in the next year.

*1995 means from January 1 in 1996 to June 30 in 1996)

Source: Japan Wildlife Research Center

Table I-5 Total weight of the certified ivory hankos (African elephant)

	1995	1996*	1997	1998	1999	2000	2001	Total
Total weight of the certified ivory hankos	—	899.9895	1,594.3575	1,633.2445	1,843.8272	1,013.6127	1,537.3508	8,522.3822

Unit : kg

A term year is from July 1 in the year to June 30 in next year.

*1996 means from January 1 in 1997 to June 30 in 1997.

Source: Japan Wildlife Research Center

The number of certification exceeded 880,000 in 1995 when the ivory products certification system started, but decreased to between 90,000 and 100,000 per year, except for 2000.

-The average weight for each certified hanko between 1997 and 2001 is 17.4g.

II-3 Price and types of ivory hankos

Hankos used in Japan are classified into two groups, i.e. cylinder-shaped and square-shaped hankos. Regardless of their materials, companies use square-shaped hankos, while individuals generally use cylinder-shaped hankos. Cylinder-shaped hankos sold at the present time are generally 10, 12, 13.5, 15, 16.5, and 18mm in diameter and 45 and 60mm in length. The mostpopular sizes are 12x60mm and 15x60mm, with the later more so than the former. Hankos made of ivory are the most expensive (JWCS, 1999). Hankos are graded “standard” “good” “excellent”. At wholesalers and retailers that have a good selection of hankos, they are graded in more categories based on quality.

II-3-1 Types and prices of wholesaled hankos

Japan's largest hanko and stamp exhibition was held in October 2000 and in September 2002. JWCS investigated prices and types of ivory hankos available at wholesaler's booths.

Ivory hankos mainly exhibited at the wholesalers • booths were 10, 12, 13.5, 15, 16.5 and 18mm in diameter and 60mm in length. Some wholesalers have sold 75mm-long hankos. Prices of 12x60mm and 15x60mm hankos displayed at the exhibition were shown in Table I-6. The price in 1999 was quoted from JWCS report published in 1999. The prices in 2000 and 2002 were obtained by this investigation.

Table I-6 Price of the ivory hankos

Size		Ivory hankos seller		1999		2000		2002	
Diameter	Length			Price	No. of samples	Price	No. of samples	Price	No. of samples
12.0mm	60mm	Wholesaler		4,000yen~7,500yen (US\$33~63)	4	1,950yen~5,270yen (US\$16~44)	8	1,900yen~5,800yen (US\$16~48)	7
		Retailer	Department stores	—		—		25,200yen~62,500yen (US\$210~521)	14
			Hankos stores	13,000yen~35,000yen (US\$108~292)	4	—		11,700yen~60,000yen (US\$98~500)	10
15.0mm	60mm	Wholesaler		5,000yen~18,000yen (US\$42~150)	4	2,500yen~7,170yen (US\$21~60)	8	2,950yen~14,000yen (US\$25~117)	8
		Retailer	Department stores	—		—		45,300yen~74,200yen (US\$378~618)	17
			Hankos stores	11,000yen~80,000yen (US\$92~667)	6	—		13,000yen~80,000yen (US\$108~667)	10

120JPY=1US\$

Research prices in 1999 is compiled from JWCS 1999.

The price for ivory hankos sold by wholesalers was at the highest in 1999, dropped to the lowest point in 2000 and somewhat rallied in 2002. However, prices for ivory hankos that are at the lower price range stayed at the 2000 lows.

II-3-2 Types and prices of retailed ivory hankos

From August to September 2002, JWCS investigators visited and telephoned 32 department stores in Tokyo and 12 hankos retailers at Chiyoda-ku, the center of Tokyo, to check types, sizes and prices of ivory hankos. In the case when hankos were sold as a set, we examined the content and price.

Twenty-five out of 32 department stores visited sold ivory hankos. Ivory hankos were priced higher than hankos

made from any other types of material. Ivory hankos sold at these department stores were 10, 12, 13.5, 15, 16.5, and 18mm in diameter and 45 and 60mm in length, while almost all ivory hankos sold at hanko shops were 60mm in length.

Prices for 12 $\bar{\text{r}}$ 60mm and 15 $\bar{\text{r}}$ 60mm hankos, which were the most popular size, are shown in Table I-6. The price in 1999 was quoted from the 1999 JWCS report, while price in 2002 was based on this investigation.

Department stores

In department stores, ivory hankos were not graded by quality rather by size and the number of characters carved. Two-piece sets of different size hankos were sold at between 30,000 yen (\$250) and 85,000 yen (\$708), while three-piece sets from 78,000 yen (\$650) to 112,000 yen (\$933). Clerks at the accessories counter of a department store explained the CITES regulation on ivory but the clerks at the hankos counter of the same department store didn't.

Hankos shops

According to this investigation, quality of ivory hankos in the hankos shops, which were priced much lower than that of department stores, was monotonous. Five hankos shops sold hankos as a set, which was priced from 39,000 yen (\$325) to 100,000 yen (\$833).

II-3-3 Conclusion

General price trends

The retail prices of ivory hankos were compared in the most common size, 15x60mm.

-According to the JWCS report in 1999, the prices for the 15x60mm size ranged from 11,000 yen (\$92) to 80,000 yen (\$667).

-A specialized hankos magazine surveyed 1,172 retailers out of 3,500 the prices of retailed ivory hankos sized 15x60mm (Modern Hankos, February 2001 and March 2001). According to the survey result, prices ranged from 9,000 yen (\$75) in a franchised discount store to 100,000 yen (\$833). The most common price in Japan ranged from 10,000 yen (\$83) to 19,999 yen (\$167) (23.2%), and from 11,000 yen (\$92) to 14,999 yen (\$125) (38.3%) in Tokyo.

-In both department stores and hankos shops surveyed in 2002, the prices ranged from 13,000 yen (\$108) to 80,000 yen (\$667).

Comparison shows that the price for ivory hankos in 2002 is somewhat higher than that in 1999, but is within limits of nation-wide prices, published in 2000. Therefore, it does not seem that the prices for ivory hankos are rising steadily every year. The most common prices for hankos in Japan reported by the survey result of

specialized hankos magazine are low on the whole.

Ivory hankos are priced very low at the franchised discount stores. If retail prices for ivory hankos increase, it may not sell well and also cause cheap hankos to flow into the market. Influenced by discount stores, general hanko shops are keeping the prices as low as possible.

The trend of retailing seems to be reflected on the wholesaling price. It is supposed that wholesalers want to drive up the prices at heart. But, actually, they cannot do so because the retailers may generally hesitate to buy so expensive one under the current economic depression.

Polarised demand for ivory hankos

The hankos made of “Togata” from Asian elephants or African forest elephants are quite scarce now in the wholesaler stocks.

Majority of the hankos exhibited by wholesalers at the exhibition were made of “Soft” African savanna elephants. A wholesaler said, “Soft” ivory is used for “standard” or inexpensive grade. The cheapest kinds are bleached and sold very well to the consumers who don’t understand the quality of ivory. On the other hand, he mentioned that there are some customers who would pay any price for excellent “Hard” hankos.

The retail price of smuggled ivory hankos

A Chinese manager, who is running a hanko shop at a department store, said that he imported hankos from China then have them engraved in Japan to sell. He also said that his shop had a wide choice of sizes. He priced his hankos ranging from 6,000 yen (\$50) to 38,000 yen (\$317), much cheaply than other department stores. This reveals that smuggled ivory hankos continue to come in to the market as was already pointed out in the 2000 JWCS Report.

III Circulation of Ivory Accessories

III-1 Types and prices of ivory accessories

Ivory accessories for “kimonos” or Japanese traditional dresses and western dresses are widely used in Japan. The demand for them increased around 1980 (Martin, 1985).

The number of certificates issued for accessories made of African elephant ivory is shown in Table I-7. There was no certificate issued for accessories made of Indian (Asian) elephant ivory. As mentioned in regard to hanko certification (Section II-2), certified products make up only a fraction of the ivory accessories available on the market.

Table I-7 Number of certification of ivory accessories

	1995*	1996	1997	1998	1999	2000	2001	Total
Number of certification of ivory accessories.	10,132	514	751	7,060	4,496	193	672	23,818

A term year is from July 1 in the year to June 30 in the next year.

*1995 is from January 1 in 1996 to June 30 in 1996

Source: Japan Wildlife Research Center

The number of certificates issued exceeded 10,000 in 1995 when the ivory products certification system was newly introduced.

-Application for certification increased in 1998 and 1999 by 7,060 and 4,496 respectively in anticipation for the market demand increase stimulated by the experimental ivory imports from Botswana, Namibia and Zimbabwe in 1999. According to an accessory distributor, one of the biggest department stores had a big summer sale on ivory accessories in 1998 or 1999.

JWCS surveyed 35 department stores in Tokyo to find out if ivory accessories are sold. Two department stores sell them on a regular basis. Four stores only sell ivory accessories at promotional events for a limited time. Twenty-nine stores cited the CITES regulation when informing us that they do not deal with ivory accessories. Ivory accessories were not sold at the accessory counter, but at the jewelry shop in a department store.

One of the department stores which sell ivory accessories on a regular basis, had an ivory corner at the jewelry counter with a huge variety of ivory accessories such as brooches, pendants, necklaces, earrings, neckties, ear picks, paperknives, hankos, ornaments, Buddha statues, and so on. Their prices widely ranged from 5,800 yen (\$48) to 465,000 yen (\$3,875).

III-2 Discussion

- The usage of ivory experimentally imported from southern African countries in 1999 as accessory materials

Before CITES banned ivory trade, small cut pieces generated as by products in the production of ivory hankos and small tusks were re-exported to Hong Kong and Taiwan to be used as raw materials for accessories. Japan exported an average of 44 tons of scrap pieces per year during 1979 to 1988 (Kiyono, 1997). It was a commonplace for Japanese manufacturers to establish and manage factories overseas in cities like Hong Kong

(JWCS, 2000). At that time, Japan re-imported much of the ivory accessories made in Hong Kong and Taiwan, although some accessories were made in Japan (Milliken, 1989). The domestic production of ivory accessories have continued even after the international ivory trade was banned, and the manufacturers wholesale their products to department stores, accessory shops, boutiques directly or through accessory wholesalers (JWCS, 2000).



© JWCS

Forty percent of the ivory legally imported in 1999 were not suitable for hanko production due to size and quality reasons, so they must be used as materials for accessories (Modern Hankos, July 1999).

However, re-exporting the ivory originally imported from Botswana, Namibia and Zimbabwe in 1999 is prohibited. Therefore, the ivory could only be used for domestic production. In order to assess the necessity of trade control in non-hanko ivory products we have to see how much of the 50-ton legal ivory went to the accessory manufacturers. .

JWCS visited and telephoned seven companies including manufacturers and wholesalers of ivory accessories and several accessory distributors.

Many of the manufacturers claimed that ivory legally imported in 1999 were used not for accessories, but for hankos only. An ivory wholesaler said, “The ivory imported in 1999 was not distributed to accessory makers, but are stocked” However, one manufacturer who produces high-grade accessories made from both hawksbill turtle shell and ivory admitted, “We got the ivory imported in 1999”.

It is concluded that part of the ivory from the one off sale in 1999 have got into the accessory market.

IV Circulation of other ivory products

IV-1 The types of ivory products

There are many other kinds of ivory products besides hankos and accessories, such as carved ornaments, called “netsuke” parts for Japanese musical instruments such as picks of “samisen” chopsticks, pipes, Buddhist statues, tea canister lids and tea powder ladles, ear picks, etc.

The ivory products certification system categorized ivory products made from African elephants into ivory hankos, accessories, personal effects, musical instruments, recreation accessories (Mah-jong, etc.), tableware, stationery, smoking instruments, daily goods, Buddhist objects, and tea utensils. Table I-8 lists the various non hanko and accessory ivory products. There is no registration for Indian (Asian) elephants.



Table I-8 Number of certification of ivory products (except hankos and accessories)

Number of certification of ivory products	1995*	1996	1997	1998	1999	2000	2001	Total
Ornament	9,681	704	656	586	708	926	339	13,600
Musical instrument	3,168	0	10	0	0	0	0	3,178
Recreation accessories (Mah-jong, etc.)	42	2	0	0	4	0	12	60
Tableware	3,193	402	246	869	580	1,144	119	6,553
Stationary	150	0	8	11	3	18	14	204
Smoking instruments	2,791	3	0	41	357	106	0	3,298
Buddhist utensil	1,542	7	0	0	0	50	695	2,294
Tea ceremony item	1,050	16	15	0	5	3	0	1,089
Daily goods	1,716	7	0	0	174	32	40	1,969

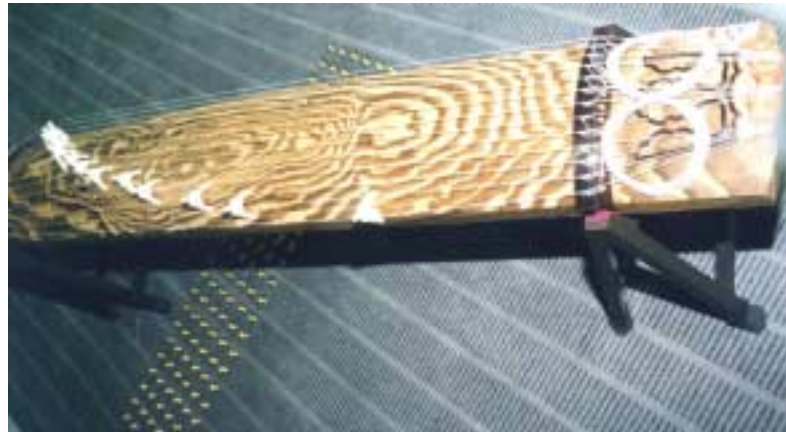
A term year is from July 1 in this year to June 30 in next year.

*1995 is from January 1 in 1996 to June 30 in 1996

-A large number of certificates were issued in 1995 when the certification system was newly introduced but the number gradually decreased.

-Ivory products certified were predominately tableware, such as chopsticks. The number increased to 1,144 in 2000 then markedly decreased to 119 in 2001.

-From 1995 until now, only 1997 saw ten “musical instruments” certified.



“Koto” © Hirotsugu Iizuka

“Kotoji” for “Koto” © Hirotsugu Iizuka

The import data on “worked elephant tusks and articles made of elephant tusks” including all ivory products are shown in Table I-9.

Table I-9 Imports of worked elephant tusks and articles of elephant tusks in Japan

Exporting Country	Import	
	Quantity (kg)	Value (1,000Yen)
1996		
CHINA	215	5,948
RUSSIA	89	1,723
ESTONIA	15	362
USA	0	1,040
TOTAL	319	9,073
1997		
CHINA	931	48,674
HONG KONG	9	2,511
UNITED KINGDOM	3	212
GERMANY	0	1,387
RUSSIA	18	458
TOTAL	961	53,242
(EU)	3	1,599
1998		
CHINA	190	16,804
HONG KONG	11	1,048
USA	3	539
TOTAL	204	18,391
1999		
CHINA	137	10,955
UNITED KINGDOM	6	1,089
TOTAL	143	12,044
(EU)	6	1,089
2000		
CHINA	348	14,534
ZIMBABWE	20	235
TOTAL	368	14,769
2001		
HONG KONG	61	2,108
FRANCE	3	604
USA	4	373
Total	68	3,085

Source: Customs Statistics,
Ministry of Finance

-A total of 2,063kg of ivory products (on an average of 340kg a year) were imported in the six years from 1996 to 2001. The number of the imported “carvings” of African and Asian elephants was on the newest CITES Annual Report 1998 that Japanese government presented to the CITES Secretariat. According to this report, products of 217 pieces and 51kg made of African elephant ivory and 161 pieces made of Asian elephant ivory were imported in 1998 (source: METI).

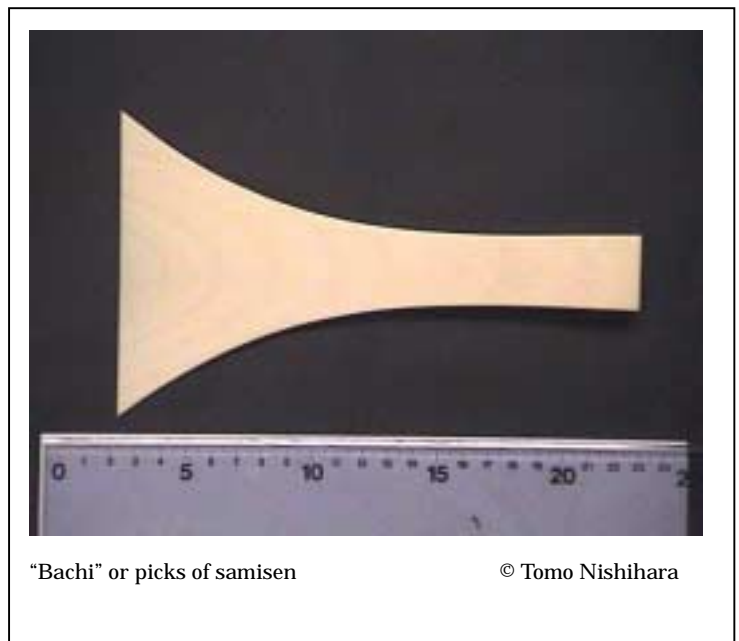
-1997 saw a remarkable increase for imports (961kg) and 2001 had quiet 68kg. Again, this happened due to the anticipation for higher demand stimulated by the decision of CITES COP10 to downlist the African elephants in Botswana, Namibia and Zimbabwe in 1997.

IV-2 Discussion

- The trend in circulation of and demand for ivory products as parts of Japanese traditional musical instruments

The main ivory products for musical instruments are: “bachi” or picks of a samisen, “koma” or bridges for a samisen, “nejimaki” or a screw on the head of a samisen to twist a string for tuning and “kotoji” for supporting a string and for tuning of a koto.

JWCS investigator conducted an interview with a samisen dealer. According to him, ivory parts for Japanese musical instruments freely circulate from



manufacturers to dealers like his company and to consumers or players. The demand for ivory parts seems to come mainly from professional players. Picks made of wood or artificial resin satisfy amateurs and sell well to them. However, it is said that there is no material but ivory that can satisfy the requests of professionals. There are approximately 1,000 professional players in Japan. They are fastidious and require only the custom-made and finely processed bridges and picks for samisens. Nothing but ivory can meet this request.

For amateurs one ivory pick can probably last for life. However, professionals generally order one ivory pick a year. A popular samisen player recently ordered five to six picks. They are expendables for professionals.

As mentioned previously, there was no certification for four years running since 1998. However, ivory picks are

produced to meet the orders from samisen professionals. It is thus clear that these picks are not certified though they are not illegal.

Chapter II

Smuggling ivory into Japan and Japanese “Black” market

I Past Official Seizures

I-1 The official seizures recorded

Importing ivory without permission required by the Law for Foreign Exchange and International Trade is regarded as a violation of the Customs Law as well and import of the ivory is stopped at the customs.

When the customs regards scale of the violation as relatively insignificant, the importer voluntarily abandons the ownership of the smuggled ivory and receives no penalty. When it is a serious violation, a notification imposing administrative fine is sent to the importer. In the extreme case, the importer is criminally charged by the customs to the police or the prosecutor and will be prosecuted in court.

Meanwhile, as the smuggling case has entered Japan, the police and the prosecutor are in charge of the investigation.

Table II-1 Number of the cases in which the imports of ivory were stopped at the customs

Year	Number of cases	Types of ivory		Methods	
1994	49	—	—	—	—
1995	37	—	—	—	—
1996	37	—	—	—	—
1997	23	—	—	—	—
1998	18	—	—	—	—
1999	15	Raw tusk	3	Trip cargo by air	1
				Trip cargo by sea	2
		Worked ivory	12	Trip cargo by air	10
				Trip cargo by sea	2
2000	12	Raw tusk	0	—	
		Worked ivory	12	Trip cargo by air	6
				Foreign mail	6
2001	16	Raw tusk	2	Commercial cargo by sea	1
				Foreign mail	1
		Worked ivory	14	Commercial cargo by air	1
				Trip cargo by air	9
				Foreign mail	4

Source: Ministry of Finance

Table II-1 shows the number of cases in which the imports of ivory were stopped at the customs and table II-2 shows the number of cases where penal measures were taken under the Customs Law on ivory imports (Ministry of Finance). The number of cases on Table II-1 include the cases on Table II-2 except for the case in 2000, which

was exposed after the ivory had passed through the customs.

Therefore, the total number of official seizures from 1994 and 2001 is 208.

Table II-2 Number of the cases where penal measures were taken based on the Customs Law

		1994	1995	1996	1997	1998	1999	2000	2001
Total number of cases		6	1	3	2*	3	2	1	0
Types of ivory	Raw tusk	0	0	0	1	0	1	1**	0
	Inzai (blank hankos)	3	1	2	1	1	1	0	0
	Sculpture et al	3	0	1	0	2	0	0	0

*One case in 1997 was the penal measure of the accomplice of the case in 1996

** Each seized raw tusk was cut into about 30 cm.

Source : Ministry of Finance

Although the number of smuggling cases has generally decreased since 1994, there have been 10 to 20 cases of stop of import and 1 to 3 cases resulted in punishment every year excepting 2001. The data from the Ministry of Finance (MOF) does not include the cases before 1993 but the report from the CITES Panel of Experts issued in 1997 indicated that there were 46 smuggling cases from 1989 to 1995, 7 of which ended in court as criminal cases. In 4 cases, the importers were sentenced to over one year imprisonment and others were fined (CITES Panel of Experts, 1997).

Table II-3 shows the details of some smuggling cases as appeared in the major newspapers in Japan from 1990 to 1992. Table II-4 shows the details of cases where importers received penal measures from MOF data after 1994.

Table II-3 The cases of the ivory smuggling appeared in the Japanese newspapers (1990 -1992)

Case	Date	Country of origin	Type of imported ivory	Quantity (piece)	Culprit
No. 1	Feb 1, 1990	Taiwan	Inzai (blank hankos)	12,000 pieces	Four Japanese, two Taiwanese and one Hong Konger
No. 2	Mar 6, 1990	Hong Kong	Inzai	4,000 pieces of inzai and 6,000pieces of worked ivory	
No. 3	May 2, 1990	Hong Kong	Inzai	25kg(1,247 pieces)	Two Taiwanese
No. 4	Jun 22, 1990	Hong Kong	Inzai	960kg(30,000 pieces)	
No. 5	Aug 30, 1990	Hong Kong	Inzai	78kg(3,000 pieces)	One Japanese
No. 6	Apr 1, 1991	The Philippines	raw ivory	780kg(62 pieces)	Three Japanese, two Philippineses and one Korean
No. 7	Mar 1, 1992	South africa	raw ivory	372.3kg(27 pieces)	One Japanese and one British

Source: Japanese newspapers

Table II-4 Cases that the penal measures were taken based on the Customs Law after 1994

Case	Year	Exporting Country	Types of imported ivory	Quantity (number)
No. 8	1994	Singapore	inzai (blank hankos)	15
No. 9	1994	Taiwan	inzai (blank hankos)	119
No. 10	1994	Singapore	inzai (blank hankos)	18
No. 11	1994	Hong Kong	sculpture, etc	39
No. 12	1994	Taiwan	sculpture, etc	80
No. 13	1994	Taiwan	sculpture, etc	23
No. 14	1995	Taiwan	inzai (blank hankos)	1
No. 15	1996	Taiwan	inzai (blank hankos)	1
No. 16	1996	Singapore	inzai (blank hankos)	13,800
No. 17	1996	China	sculpture, etc	22
No. 18	1997	Cote d'Ivoire	raw ivory	5
No. 19	1998	China	inzai (blank hankos)	100
No. 20	1998	Canary Islands	sculpture, etc	3
No. 21	1998	Hong Kong	sculpture, etc	145
No. 22	1999	Senegal	raw ivory	2
No. 23	1999	Hong Kong	inzai (blank hankos)	1,200
No. 24	2000	Singapore	raw ivory	500kg

Source : Ministry of Finance

I-2 13,800 pieces of ivory hankos smuggling case in 1996 (Table II-4, File No. 16)

Among recent smuggling cases, file No. 16 involves the largest amount of ivory blank hankos. The details are as follows (Asahi Shimbun Newspaper, January 16, 1997 and Osaka Yomiuri Shimbun Newspaper, January 16, 1997):

Date: November 1996
 Imported in: Kansai International Airport
 Exported from: Singapore
 Smuggling route: Originated country - ? - Singapore - Japan

Participants: A) a customs agent in Osaka B) a free-lance professional in Hyogo Prefecture
Quantity of ivory: Blank hankos 350 kg, 13,800 pieces
Process: When A imported ivory into Kansai airport per B's request, a customs officer found the ivory. A pretended that the ivory cargo was delivered from Hong Kong by mistake and that it was to be shipped back. Then the ivory cargo was temporarily stored in a bonded area. When A tried to take the ivory into Japan by switching the ivory cargo with another cargo, he was arrested.

This case indicates the remarkable amount of blank hankos that are smuggled and could be mixed with legal ivory on the domestic market. The exporting country, Singapore is known as the entrepot of illegal trade of wildlife and related products. The criminal participants in this case deposed that they have succeeded dozens of times prior to arrest, using the same smuggling method. Considering the large volume and frequency of smuggling, it is clear that this smuggling case was not for personal trade. It is suspected that the smuggled ivory materials were supposed to be mixed with legal ivory and sold to consumers through the legal sales route.

This case highlighted the systematic smuggling route connecting Singapore and the Japanese domestic ivory hankos market again.

This case further pointed out the deficiencies of the law, which can permit the goods in question to be shipped back. Namely, without prior judicial proceedings, Japanese law does not give the customs officers the authority to confiscate the goods with deprivation of ownership, that are traded in violation of CITES.

I-3 Discussion

The information above suggests that ivory has been continuously smuggled since the ban of ivory imports in 1990. More recently on June 28, 2002, the Singapore authority seized 532 tusks and 40,810 ivory pieces stuffed in six wooden crates on a container passing through the port on the way to Japan (The Straits Times, 12 July, 2002). The most common form of smuggled ivory is blank hankos, which often come from Hong Kong, Singapore and Taiwan in recent years. Cases like No. 16 or No. 4 which involve considerable volume lead us to the conjecture that smuggled ivory hankos are supposed to be mixed in with the legal hankos, and that the Japanese domestic hankos market has the direct connection with this type of systematic smuggling. In cases of "raw" ivory smugglings (No.9, 10, 18 and 22), it is strongly suspected that the final destinations of smuggled ivories are someone who can manufacture them.



The case No. 24 is another serious case, which requires analysis from a different angle hence, it will be discussed in III.

II Investigation in Singapore and Taiwan

II-1 Background

Table II-4 shows that Singapore, Taiwan and Hong Kong are all implicated in ivory smuggling cases. It is therefore anticipated that smuggling routes exist between these countries and regions with Japan.

In the years preceding the CITES ivory ban, Hong Kong imported large quantities of ivory from Singapore. Raw ivory imports arriving from Singapore increased from 3.3t in 1983 to 178.4t in 1985. In 1986, when the Macau ivory trade shut down to comply with CITES, Singapore was regarded as Asia's pre-eminent entrepot for ivory of illicit origin. Hong Kong imports of ivory from Singapore in that year reached 285.4t (Keong, 1997).

Hong Kong traders were believed to have established factories in Singapore or to have directly encouraged local manufacturers to increase production (Keong, 1997). Those ivory products were exported to Hong Kong.

Moreover, Japan recorded significant imports of raw ivory from Singapore in 1987 and 1988, 26.8 and 24.5t respectively, according to the Japan Customs data. Japan also recorded two peaks of imports of worked ivory from Singapore in 1985 (0.9t) and 1988 (3.9t) (Keong, 1997).

That means, Singapore had been also an important entrepot for ivory trading for Japan up to the trade ban.

Regarding the ivory stocks in Singapore, the CITES Secretariat allowed that 270.5t of tusks (55,819 tusks) and 26.8t of cut pieces (1986 pieces) were registered for legal export under the CITES system in 1986 (Keong, 1997).

While the stocks in Singapore were estimated to be in excess of 60t in 1990, Singapore traders are reported to have exported their commercial stocks before the ban came into effect, leaving little in the way of remaining stocks (Keong, 1997).

If so, where did the ivory involved in the two prominent cases No. 16 and No. 24 in Table II-4 come from?

II-2 The objectives and methodology of the investigation

JWCS planned an investigation to get the information about the ivory stocks and markets in Singapore and the trade route from Singapore to Japan. A JWCS investigator visited and contacted some manufacturers and retailers in Singapore in August 2002. Afterwards, JWCS sent another investigator to Taipei, Taiwan for back up investigation regarding the trade route Singapore - Taiwan - Japan.

II-3 The results of the investigation

II-3-1 A Hong Kong wholesaler in Singapore



Ivory accessories exhibited for sale by the Hong Kong wholesaler

© JWCS

JWCS investigator visited an ivory handicraft shop in the center of Singapore city. Behind the facade of a retail shop, in reality the company holds big ivory stocks and wholesales ivory products including blank hankos. Based in Hong Kong, the company had exported huge amount of ivory to Japan until the ban.

Many types of ivory carvings and accessories including bangle rings, earrings, necklaces and broaches were on display. However, hankos could not be found. Initially, the manager said that there was no more hankos and the company had no plan to produce any

more because it could not be exported at present. But after he recognized the investigator as not a private customer but a wholesaler, he indicated that there was a certain amount of ivory stocks in Singapore and he would have no problem to provide 10,000 hankos, the amount requested by the investigator.

He was very familiar with Japanese tastes for hankos including the cylinder-shape, good texture, pinkish color and popular sizes. Considering the fact that he does not display hankos in spite of maintaining big stocks, ivory hankos were seemed to be given a very different status from other ivory crafts, that is, goods for underground business.

Moreover, he mentioned that the total available volume of stocks of hankos depended on the sale price and the requested size. This implied that he has some route to obtain more ivory stocks responding to the request from customers. It is suspected that there is a supply route of blank hankos from Hong Kong to Singapore.

II-3-2 Ivory hankos manufacturers in Singapore

II-3-2-1 Manufacturer M-1

JWCS investigator contacted an ivory manufacturer (herein after “M-1”). M-1 exported a few thousand blank

hankos per month to Japan until the ban. He owned tons of ivory stocks at that time.

At present, M-1 has an office/workshop and a souvenir shop in a big shopping complex, which is selling ivory carvings, chopsticks, bangle rings, several kinds of accessories, pipes, and hankos both of square-shaped and cylinder-shaped.

JWCS investigator visited M-1's office twice and met with the brother of the manager/owner on the first day and met with the manager on the second day.

Some ivory products were on display with other endangered species products including bekkō bracelets and broaches in the window next to the front door. Inside the door, more ivory products were on display in both the wall-mounted display case and the other free standing case.

Ivory hankos for Japanese

According to the manager, some products are made in China and others in HK except for hankos and some pendants. Hankos are made in Singapore. This fact seemed to well reflect the history of Singapore as a big ivory hankos carving center, which was established by HK dealers in the 1980s to avoid the CITES regulation (Thornton and Currey, 1993).

The manager showed a cylinder shaped hanko 15mm (diameter) × 60 mm (length). He said that the customers for this type of hankos are only Japanese. The brother of the manager showed about 20 hankos in a plastic bag as the only stock at present.

An ivory hanko 15 × 60mm in size was sold for 30 - 35 Singapore dollar wholesale.

Ivory stocks

The JWCS investigator observed the small warehouse & workshop behind the office. There were about 7 whole tusks weighing between 15 and 20kg except for one tusk, which looked less than 10kg. All tusks looked as African savanna elephant origin. Stored in the chest were about 10 more tusks with top and bottom parts already cut off. From the shape of the cut pieces, it is clear that they were used to produce hankos. Especially, the short cut piece about 70-80mm in length is obviously being processed for hankos. This short cut piece will be divided



An ivory hankos and the brother of M-1

© JWCS

into several cylinders. One tusk may originally weigh 9-10kg. Ten to fifteen hankos may be produced from a tusk of this size.

There was a 39kg whole tusk near a door, which separated the office from the warehouse and workshop. The marking “SG52928/8639” on the tusk means that the tusk was registered with the Singapore government and legalized for export in 1986, the registered number is 52928. The tusk can produce over 100 hankos (15 $\bar{7}$ 60mm in size).

The brother of the manager promised that M-1 can produce as many as 5,000 hankos and he confessed that M-1 has another warehouse other than this office/workshop. However, he suddenly changed his story after talking with the manager on the phone, and he stressed that they have just old and a small amount of raw tusks as he showed to the investigator. The manager told the investigator that there was not enough ivory stock in Singapore and no exchanging of raw materials between Singaporean dealers.



The stock of whole tusks at the warehouse of M-1
© JWCS

Exporting of ivory hankos

The manager told the investigator that his Japanese clients usually buy in small amounts, for example, 10 hankos. The manager insisted that it was difficult to export ivory from Singapore to Japan after he mentioned the recent big seizure of ivory in Singapore. However, he confirmed that carrying small quantities of ivory pieces overseas would never cause any problem.

The manager recommended Hong Kong as a place to acquire big quantities of ivory products, both because there are larger stocks there and it is safer to export. Considering the entire conversation with him and his brother and the display of hankos in his warehouse, one could not help but suspect that M-1 has substantial volume of ivory stocks in his warehouse and may have trade route through Japanese brokers who visit this office.

Asian and African ivory

According to the manager, African ivory has an advantage against Asian ivory in size because more hankos can be produced from one African elephant tusk than from an Asian one. However, Asian ivory has better quality than African ivory. It is more beautiful in texture with a checkered pattern, however more fragile, soft and easier to break than African ivory.

According to the manager, it is more difficult to get Asian tusks than African ones. He got his Asian tusks one by

one. The last time he acquired an Asian tusk was over 10 years ago. He said he didn't have any Asian whole tusk nor process it at the present.

II-3-2-2 Manufacturer M-2

M-2 is in the manufacturing, wholesaling and retailing ivory business. His products include hankos. He has a show room in a lucrative handicrafts shopping complex. The JWCS investigator visited the show room and met with the manager.

M-2 had all of the usual ivory products. In addition, he showed an antique small bowl made of rhino horn and confessed that he received an order from Japan to produce a necklace composed of 18 rhino horn beads. This production consumes two African rhino horns. The manager showed a small carving in progress made of hornbill horn as well.

Many ivory products were on display in both the wall-mounted display case and the other one on the floor. Many of them were produced in Mainland China and some in Singapore.

Ivory hankos for Japanese

The manager boasted of his knowledge about the tastes of his Japanese clients. He mentioned that Japanese buyers prefer cylinder-shaped hankos than square-shaped ones and that they think that the lines shown in the texture of the ivory is important. He said that Japanese do not want ivory from mammoth teeth because they are not only fragile but also lacking in texture.

Ivory stocks

The manager alluded that he had only 10-15 raw tusks in the old ivory stock now and those tusks will be used up soon. He could not promise to supply ivory hankos next year.

According to him, there were many stocks in Singapore 3 or 4 years ago. Yet, those stocks were sold at low prices to Japan and Taiwan. Now ivory craftsmen are using mammoth from Russia and Canada though they crack easily.

The investigator felt very doubtful if M-2 will quit next year when his old stock of ivory runs out, as ivory products make up his main product line and he has a broad client base from overseas (described in the next paragraph). The fact that he has raw rhino horns and a hornbill horn, both of which are obviously very difficult to obtain, shows that M-2 has ways to obtain new stocks of raw materials.

Exporting of ivory hankos

The manager knew the recent big seizure in Singapore and mentioned that exporting in big volumes is difficult.

He has regular buyers of ivory hankos from Japan and Taiwan. His Japanese dealer client bought certain amounts of hankos every year but not yet this year (2002). His Taiwanese dealer client visits M-2 痴 show room every week and just recently ordered 1,000 pieces of ivory hankos every 3 months. The Taiwanese dealer client told the manager that the hankos will be exported to Japan. Also, as mentioned previously, the manager indicated that a certain volume of ivory stocks was exported from Singapore to Japan and Taiwan 3 or 4 years ago. It means that there are two well established trade routes from Singapore to Japan. One route is direct route and another route is via Taiwan.

Asian and African ivory

Initially, the manager said that the quality between Asian and African ivory was the same though he added that a hankos made of Asian tusk was more easily cracked down than African tusk. On the other hand, he agreed that the cost of raw material as Asian elephants origin was higher. His confusing explanation may mean that the manager recognized some advantages of Asian tusk than African one on the other factors than fragility.

II-3-3 Ivory hankos retailers in Singapore

II-3-3-1 Retailer R-1

R-1 keeps a very small souvenir shop in a big shopping complex. The old shop owner now has just old stocks of small carvings made in China among various cheap souvenirs. Before the trade ban, his main commodity was ivory products including hankos. His main customers were Japanese, Taiwanese and Korean at that time. He did not seem to have any idea how to revitalize his business any more.

But, the shop owner still has contact with a Hong Kong based ivory supplier in Singapore. Without disclosing the name of his contact, the old shop keeper did say that the supplier was related to a big ivory company, from whom he had bought ivory products before. After a telephone call to the supplier, the shop keeper told the investigator that the supplier would make direct contact with the investigator later. He said that the supplier promised to check the stocks in HK because he only had 20 raw tusks in Singapore at that time.

It is obvious that the ivory supply route from HK into Singapore is still active.

II-3-3-2 Retailer R-2

R-2 is a big handicrafts souvenir shop selling carvings and accessories from various materials including stones, jade, fish bone (bone of whales), etc. However, the most noticeable commodities were ivory carvings displayed on the upper part of a wall-mounted display case.



R-2 has hankos as well. The manager showed round-shaped hankos in 3 sizes (12 × 60mm, 15 × 60mm and 18 × 60mm).

The present stock in the shop is small (around 10 pieces). The manager phoned to her supplier in the office behind the show room and confirmed that there was not enough hankos in stock at that moment but a supply of ivory hankos newly manufactured from raw materials for up to 1000 pieces could be obtained if a deposit was made. JWCS investigator was asked to contact her later if the offer was accepted.

The background of the supplier is unknown. But, from her explanation, the investigator believes that she has means of obtaining ivory stocks from a manufacturer.

II-3-3-3 Retailer R-3

R-3 is a small shop located on the 1st floor of a shopping complex in a residential district. Polished ivory, pipe, bangles, carvings, a polished tusk, carved tusks, pendants, chopsticks and hankos were all for sale. Additionally, even raw ivory beads were displayed.

Of the ivory hankos on display, the shop keeper showed round-shaped hankos in 3 sizes of 18 × 60mm, 15 × 60mm and 10 × 60mm. The retail price was 80 SGD for the 18mm size and 60 SGD for the 15mm size.

When asked about her stock volume, the shopkeeper picked up a set of 100 cylinder-shaped 15x60mm hankos wrapped with plastic sheet in square form, obviously from mass production. She said they represented only a portion of her stock and that she had so many hankos because she could not export them officially then. She and her friends were afraid that they might be arrested by the Customs if she tried to export ivory at this time.

She had exported ivory products, mainly hankos to Japan before the ban. But, she refused to name of her counterpart trader from Japan nor the exact volume of her stock.

II-3-3-4 Retailer R-4



Ivory beads at R-3

© JWCS



Ivory hankos at R-3

© JWCS

R-4 kept two handicraft shops located in two big side by side shopping complexes. The investigator visited one of the shops which was surrounded by many other handicraft shops. There were many ivory carvings and accessories on display together with those made of jade, fish bone, etc.

The shop exhibited around 30 cylinder-shaped ivory hankos. Most of them were 60mm in length but of different diameters (10mm, 12mm, 15mm and 18mm) and some were 75mm in length (suspected to be made in Africa). Also, some had flat head and the others had slightly bulging head, which are more popular in Japan.



Ivory hankos at R-4

© JWCS

The total number of hankos stocked in those 2 shops was around 100. The shop owner told JWCS investigator that he could offer a discount price from 85 SGD to 45 SGD per piece if the investigator would buy 100 hankos. However, the owner did not anticipate to obtain new supply of hankos to meet the request of

1,000 from the investigator. In addition, he said it would be difficult for him to export the hankos, showing a newspaper article featuring the recent big seizure.

II-3-3-5 Retailer R-5



Various ivory hankos at R-5 © JWCS



The manager of R-5 offered a set of 100 hankos © JWCS

R-5 keeps two shops on the same floor of a shopping complex amongst many handicraft shops. One shop specialized in ivory hankos. The display case with 4 shelves was jam-packed with ivory hankos of various designs and types. Advertisement written in Japanese was shown on the shelves, which read “ivory carvings made by

specialized hanko manufactures”.

There were more ivory carvings and hankos in the other shop across the passage way. Advertisement written in Japanese was shown as “excellent souvenir”.

The manager in this shop checked his stock of hankos 15 × 60mm in size to be 200 and told the investigator that he could discount the price of all of them up to 30 SGD. He did not anticipate to obtain 1,000 until the end of this year.

II-4 Back up investigation in Taiwan (Taipei City)

According to the ivory manufacturer in Singapore (M-2), a Taiwanese dealer visits his show room every week and ordered 1,000 pieces of ivory hankos every 3 months to resell to Japan. Therefore, JWCS decided to conduct a short term investigation in Taipei City.

At first JWCS investigator talked with the owner of one of the souvenir shops where ivory hankos were openly available. According to the owner, the import of ivory into Taiwan was banned five or six years ago. He estimated the total number of hankos in stock in Taipei is about 300 to 400. In his shop there were only 30 hankos, each with 15mm and 13mm in diameter. This area has the most concentration of hanko shops, yet only fewer than 5 shops deal with ivory.

However, the situation was totally different at a well-known night market. The owner of the hankos shops, where stone hankos were displayed, eagerly pulled ivory hankos out of the drawer as soon as the investigator asked him if ivory hankos was available. Furthermore, after discussing with his friends on the phone, the owner told the investigator, in Japanese, that one of his friends owned a hanko manufacture factory and that they traded ivory hankos to Japan every month. The owner agreed to show the quality of the hankos the next day.



The owner of hankos shop pulled out an ivory hankos out of the drawer © JWCS



The sample of ivory hankos stock shown at the hotel

© JWCS

The shop owner brought an interpreter to the investigator's hotel. He was fluent in English and Japanese, and claimed that he had lived in Japan for ten years previously. At first this man seemed to be more cautious and insisted on trading the hankos remained as stocks using the excuse that the factory was closed. However, his story changed during the discussion, and he admitted that his friend was manufacturing cow horn hankos in his factory and could consistently supply 100 ivory hankos every month for a long time. The quality of the ivory hanko samples he brought was high.

According to the information obtained from other sources, 139 dealers officially registered 5,101 raw tusks in Taipei (China Times, April 12, 2000). However, the cutting of whole tusks and manufacturing of ivory products are not allowed (Wu and Phipps, 2002). The source of the raw material for producing hankos is not obvious, but it is suspected that the raw material will be provided from the official stocks prohibited to be cut or a newly supplied ivory from black market. In October 2002, the owner of a well-known store of Chinese art works was sentenced for 7 months imprisonment with suspension of 3 years at Taipei District Court for selling ivory products including hankos purchased from a merchant who traveled between mainland China and Taiwan (United Daily, Oct. 23, 2002).

In any case, the trade of produced ivory hankos is illegal.

Regarding trade routes, none of them admitted to have a direct route to Japan. They explained that some traded through Hong Kong and some through mainland China.

The Taiwanese trader whom the JWCS investigator followed from Singapore could have his base outside of Taipei City.

II-5 Conclusion

Due to the recent 6 ton ivory seizure in Singapore, most of the traders investigated appeared to be cautious about admitting ivory exports. However, some important facts were found as follows:

-The claim that the raw ivory stocks are running low is doubtful. It is rather suspected that manufactures investigated has certain volume of ivory stocks and may have some trade routes through Japanese brokers.

-Substantial amount of blank hankos is kept by retailers. Some retailers have their own suppliers. In at least one case, the supplier is a Hong Kong dealer rather than a manufacturer in Singapore. This Hong Kong dealer also does wholesale and retail ivory hankos business in both Hong Kong and Singapore.

-Though the trade volume is uncertain, the investigator is certain that ivory blank hankos smuggling routes exist between Singapore and Japan.

-It is possible that some dealers use Taiwan as a conduit to smuggle ivory from Singapore to Japan.

III Investigation of the Illegal Ivory Trade Network in Japan

III-1 The ivory smuggling case involving a board member of an ivory industry organization in Tokyo

III-1-1 Summary of the case No. 24 (Table II-4)

Time: April 14, 2000

Imported Port: Kobe Port

Exported Country: Singapore

Smuggling Route: Originated Country (Elephants in the forest of West or Central Africa) - Singapore - Japan

Participants: A) a manager of an ivory hankos manufacturing company in Saitama (a board member of the Tokyo Ivory Arts and Crafts Association)

B) ivory broker in Hong Kong (British citizenship)

Quantity: 27 raw tusks (492.375kg), chopped into 132 pieces (about 30cm long each)

Smuggling process: B imported the cardboard box which contained ivory mixed up with legal imports of wooden chopsticks at Kobe Port. Having had contact with B before importing, A was going to transport the box to his office for storage, recognizing its contents including ivory.

III-1-2 Implication of big ivory manufacturers in the smuggling case

This case involving 500 kg of ivory marked the second largest amount of smuggled ivory in Japan. This smuggling was carried out during the eleventh meeting of the Conference of the Parties to CITES in April 2000 and shocked the international community. The ivory in this case was again smuggled from Singapore, where 13,800 pieces of ivory hankos were smuggled in 1996 (File No. 16), as reported in I-2.



Seized ivory tusks in April 2000 © Customs of Tokyo

As a result, A was found guilty (transporting of property obtained through smuggling, Customs Law article 112, section 1) and subsequently sentenced in December 2000 to a fine of 300,000 yen (\$2400). B was found guilty (importing without permission, Customs Law article 111, section 1) and sentenced in August 2000 to 1 year and 6 months imprisonment at hard labor. However, the sentence was suspended to 4 year probation.

JWCS attended the entire criminal trial on A and B and learned the following:

As a broker in Hong Kong, B used to import large quantities of ivory into Japan and had connections with many Japanese ivory business people before the trade ban. After the trade ban in 1990, B visited Japan every year to maintain relationship with A, one of the board members of an ivory industry organization (Tokyo Ivory Arts and Crafts Association). The president of the Tokyo Ivory Arts and Crafts Association at that time visited B in detention at the police department.

B was responsible for not only smuggling ivory originally possessed by a Taiwanese, from Singapore into Japan, but also distributing it in Japan. B had requested A in advance of the illegal transport, storage in Japan. B stated that A himself was not a customer of the ivory trade.

Though no end customer of the ivory was identified, B 痴 numerous contacts in the ivory manufacture industry in Japan and the implication of A as a board member of the leading ivory manufacturing group, in the criminal case, establish the possible end purchaser of the smuggled ivory as the large manufacturers.

III-2 Investigation of the trade network between professional brokers and ivory manufacturers in Japan

III-2-1 The objectives and methodology of the investigation

Past official seizures have implicated the so-called individual brokers as the direct smuggling parties. Yet to whom was the smuggled ivory supposed to reach?

JWCS has suspected that for raw tusks and large volume of blank hankos to be smuggled into Japan, the brokers had to have end customers identified beforehand. Particularly for the raw tusks, the role of the manufacturing groups cannot be underestimated. JWCS does not believe that the smuggling case with which the prominent Japanese ivory manufacturer was involved (Section III-1) is a unique and isolated case.

Therefore, JWCS investigators conducted a series of undercover investigations in several Japanese cities during September 2002, into the trade network between brokers specialized in ivory and Japanese ivory manufacturers.

III-2-2 Result of the investigations

JWCS investigator visited Yamanashi prefecture which is the center of hankos manufacture and made contact with Mr. X, a big manufacturer and wholesaler of ivory hankos.

X registers his ivory trade business to the METI and had submitted the transaction ledger as requested by METI. JWCS checked the submitted ledger but didn't find any specific violation against the system for registration of ivory business.

When JWCS investigator contacted X, he said he would buy only legal ivory and didn't know how to smuggle ivory. He advised the investigator it was useless to contact manufacturers as before CITES was the wrong time. While he said "we, manufacturers cannot buy illegal ivory" he introduced the investigator to another man, Mr. Y. Then JWCS investigator met Y in Osaka. Y has worked as a special broker supplying ivory to manufacturers for more than 20 years. He said he is popular among the ivory hankos manufacturers in Japan. Before the meeting, the investigator had informed the broker about the quality, quantity and price of the "contraband" (1 ton of Asian tusks with 25kg average weight per tusk).

The ivory smuggling route from a special broker to manufacturers

Y said he had a manufacturer in Osaka who wanted to buy the entire shipment proposed by the investigator, 1 ton of ivory with average tusk weight 25 kg. He was calm and composed to say that it is nothing for Japanese ivory manufacturer to pay JPY 50 million (\$416,667) in cash. However, if the shipment contains 5-10kg tusks, which cannot be used for production of hankos, the manufacturer would request to reduce the total price.

The procedure of the trade is as follows; First, the supplier shows Y the weight of each tusk. Then Y shows the weight to the manufacturer who is the final buyer. Y informs the supplier the price, which was decided by the manufacturer. Then the price negotiation starts.

However, Y suggested a bogus company set up by the supplier in Japan as the receiver of the imported ivory. A paper company would protect both Y and his manufacturer if the deal was exposed. Y insisted many times not to trouble the manufacturer by the details of the smuggling.

Y said that X who introduced Y to the investigator buys ivory from him.

Y suggested that the time to trade should be in December post CITES COP.

Smuggling route

While Y said he only buys ivory in Japan, he seemed to be familiar with the smuggling routes.

- According to Y, a shipment of smuggled ivory from Singapore was seized in Japan last month (August 2002). The person involved was arrested in Osaka. The Japanese government refused to reveal the case to the public because it was before CITES meeting. The Singapore route is now dangerous.
- The Philippines route is also dangerous because it is also used as smuggling route for counterfeits from Korea to Japan. Japanese authority watches this route carefully. Taiwan route also might be dangerous, he said.
- He expected the routes through China and Russia to be easier but did not elaborate.

Method of smuggling

Y was very proud of his knowledge about smuggling methods, calling it a craft: “You should charter a small ship with ivory and transship them onto a Japanese fishing boat at the Sea of Japan. This fishing boat must be docked at a small port. From there your bogus company obtains the goods”.

The value of ivory from Asian elephants

According to Y, every manufacturer knows the superb quality of tusks from Asian elephants. When he mentioned to the manufactures that this offer of 1 ton ivory was from Asian elephants, the manufacturer was overjoyed and jumped at the offer, according to Y.

III-3 Discussion

- Dose Japanese ivory industry perpetuate smuggling?

As confirmed in Section I, smuggling of ivory into Japan is happening. Also it is found that substantial stocks of ivory are available in some entrepots and the trade routes exist between those countries and Japan. Furthermore, there is a distribution network linking professional brokers and manufacturers in Japan.

JWCS believes that the Japanese ivory industry will never break up with smuggling. For the following reasons, Japanese ivory industry is supposed involved in the smuggling activities. These fundamental reasons will continue to direct their illegal activities.

Ivory type

Each type of ivory material from different species of elephants, i.e. Asian Elephant (*Elephas maximus*) called “Togata”, Forest Elephant (*Loxodonta africana cyclotis*) called “Hard” and Savanna Elephant (*Loxodonta africana africana*), called “Soft” is classified to be better suited for the respective ivory products. The ivory material clearly decides the quality of the products. For example, “Togata” is reserved for luxurious hankos, “Hard” is used for luxurious hankos, parts for Japanese musical instruments and chopsticks, “Soft” is used for common hankos (Chapter I III 3-1-2, Menon, 1998, JWCS, 1999).

The raw ivory allowed in the experimental trade and waiting for resumption of actual trade is only “Soft”. No “Togata” or “Hard” ivory is allowed in the trade. The legal trade did not and will not satisfy the higher end ivory demand for luxurious hankos or Japanese musical instrument parts.

At a big hanko exhibition targeting retailers (Section II-3-3, Chapter I), the whole salers of ivory hankos admitted

to the JWCS investigator that not only Asian tusk but also “Hard” has special value because they are rare and short in supply. One of the biggest ivory manufacturers displayed only square-shaped blank hankos made of “Hard”. The old stocks should be cut to produce “Hard” blank hankos, he said. The manufacturer also touted that some customers would pay premium price in pursuit of the most excellent “Hard” hankos.



Ivory hankos for wholesaling in Japan. “H” written on the boxes means “hard” ivory of forest elephants © JWCS

A dealer of Japanese musical instrument sniffed at the ivory that could be imported as the result of the CITES meeting in 2002 because the ivory would be “Soft” from southern Africa. But he anticipated that the stocks of precious “Hard” may be entered into the market if the international trade is resumed and the price of ivory reduces generally, that’s why the business organization of Japanese musical instrument is lobbying to the Government of Japan to resume ivory trade (the result of hearing by JWCS in 2002, see Section IV-2, Chapter I).

Ivory size and quality

In order to produce the best hankos, larger tusks are required. The minimum size of it is approximately 7 to 8kg (Modern hankos, June 1999). The smaller the tusk size, the less material to be used for hankos. The part of tusk near the surface has many cracks and bad texture, hence not suitable for hankos (JWCS, 1999).

But much of the ivory imported from South African nations in 1999 are rather small and 40 % of them are not suited for hankos production (Modern hankos, Nov 1999). This lack of suitable material to produce hankos will persist even if future ivory trade is allowed from southern African countries.

Ivory price

As described in Section I-1, Chapter I, much of the ivory stock is in the hands of a few manufacturers, hence they control the price. Those manufacturers are the core members of ivory industry organizations in Tokyo and Osaka and also the members who benefited from the experimental trade. However, a majority of the registered



ivory businesses are outsiders to these organizations. With high prices set by the core members of the organizations, these individual ivory manufacturers have to resist temptation of smuggling to supply cheap ivory materials or blank hankos.

Weak legal system

The final factor that aggravates the smuggling problem is the weak legal system in Japan. This point will be discussed in Chapter III. The structure and implementation of the legislation present many loopholes of which ivory traders can take full advantage.

Chapter III

The Deficiencies in the Domestic Trade Control of Ivory in Japan.

I Current Domestic Trade Control

I-1 The regulations on ivory trade (the registration system of whole tusks)

The Law for Conservation of Endangered Species of Wild Fauna and Flora (LCES) regulates domestic trade of endangered species including the listed species in CITES Appendix I (LCES article 6, 12 and 20).

The regulation only applies to whole tusks including raw, polished or carved tusks (Cabinet Order to implement LCES article 2-3, 2-4 and 2-5).

Under the regulation, anyone who trades an ivory whole tusk should register it with the Japan Wildlife Research Center (JWRC) appointed by the Minister of Environment. When the tusk is registered, it has to be determined that the tusk fulfills all the requirements based on the law.

The registered tusk has to be traded along with “the registration form”. Those who trade in whole tusks without registration will be sentenced to a fine of no more than 1,000,000 yen (\$8,333) or to imprisonment with hard labor for a year or less.

I-2 The regulation on business for trade in ivory (The ivory business registration system)

According to LCES, any person who is involved in the business of trading in raw material ivory or ivory hankos is required to register his business (name, address, location of the facility and its name, first day of business, and the stock volume when the registration is turned in) to the Minister of Environment and the Minister of Economy, Trade and Industry (LCES article 33-2 and 33-3).

All ivory manufacturing, ivory hankos wholesaling and ivory hankos retailing businesses are required to register.

Those who register the business have the following obligations:

1) Obligation to acquire information regarding the name and address of the transferor / transferee. Furthermore, the transferee must confirm the information that the transferor has acquired the ivory (cut pieces or hankos) from (“source of acquisition • hereinafter).

When a trader issues a ‘Management card’ voluntarily in order to prove the history of acquisition, this is all that is required for the trader to fulfill the obligation of gaining the information regarding the source of acquisition (LCES article 33-3 paragraph 1).

2) Obligation to record the information regarding the ivory trade in the transaction ledger and maintain it.

The transferees must record the following information in the transaction ledger: name and address of the transferor, source of acquisition if without management card (if the ivory has a management card, the card number), amount and traits, date, and stock volume after the transaction. The transferor must record this set of information in his transaction ledger: , name and address of the transferee, amount and traits, the card number if the ivory has a management card, date, and stock volume after the transaction(LCES article 33-3 and METI & ME Order regarding the business trading internationally protected species article 2).

The ivory business registration system is made to manage only the movement of the reported stocks by the registered business owners. The system does not regulate anything about the trade in ivory outside the reported stocks.

ME and METI are authorized to oversee that the required obligations are met by the traders. When an violation is noticed, entire or partial suspension of the business can be imposed for up to three months (LCES article 33-4).

ME and METI are authorized to request the trader to report the business including submission of the transaction ledger, send inspectors to the facility to investigate the documents and question the person concerned. When the requests are refused or incorrect information is provided, the dealer will be imposed a fine of 200,000 yen (\$1,666) or less (LCES article 62 paragraph 1 number2).

For those who conduct business without proper registration, and those who submit a false registration are subject to a fine of 500,000 yen (\$4,166) or less (LCES article 61 paragraph1 number 2).

I-3 The incentive scheme to motivate ivory manufacturers to manage the stocks (the ivory products certification system)

The manufacturers can apply for the certification that the products have been made of the legally acquired raw materials when the following requirements are fulfilled (LCES article 33-7 paragraph 2, METI & ME Order article 8):

- 1) When the product is made from the raw material accompanied by the management card.
- 2) When the product is made from the raw material accompanied by the registration form for whole tusks.
- 3) When the product is made from the raw material legally imported.

It is optional for the manufacturers to apply for the certification (LCES article 33-7 paragraph 1).

The products which are eligible to be certified are: “accessories,” “ornament,” “musical instrument,” “hankos,” “recreation accessories (ex. Mah-jongg),” “tableware” “stationary,” “smoking instruments,” “dairy goods,” “Buddhism utensil,” and “tea ceremony item” (LCES article 33-7 paragraph 1, CO article 5-5, the METI & ME Order article 7). When a manufacture applies for the certificates, each of the items gets its own certification seal. It is totally up to the manufacturer whether to attach the certification seal on the product. However, they must not attach the certification seal on the item, which is not certified (LCES article 33-7 paragraph 4). The certification is handled by the JWRC which is appointed by the ME and METI.

II The deficiencies in the domestic trade control

II-1 The deficiencies in the registration system of whole tusks

II-1-1 If the ivory do not have the whole shape, the regulations do not apply to them

The regulation only applies to the whole tusks.

However, the recent official seizures show that the smugglers usually cut the tusks into pieces including blank hankos. In the year 2000 incident which implicated the board member of ivory manufacturers association, the smugglers broke the tusk into smaller pieces (Section III-1, Chapter II). It is widely assumed that transfer of whole tusks is highly risky at Customs. The investigation in Singapore by JWCS (Section II, Chapter II) indicates that many dealers are aware of the difficulties to smuggle whole tusks. Therefore, it is obvious that other than whole tusks, trades in cut pieces and blank hankos must be subjected to regulations in order to prevent the smuggled ivory from entering the domestic market.



A raw tusk and a carved tusk exhibited in a specialized hankos shop in Japan

© JWCS

II-1-2 Current registration system does not apply to the entire stock of whole tusks existing in Japan

Based on the current regulations, the obligation for registration only occurs when the owner transfers the tusk. In other word, possession of tusks does not require the owner to register. Hence, it is presumed that there is a certain amount of unregistered tusks in Japan. It is possible for those unregistered tusks to flow freely into the raw material market because, when the owners cut the tusks into smaller pieces, they can trade the items freely without the obligation of registration (Section II-1-1). If such uncontrolled flow of ivory occurs, it makes it even easier for

the illegal ivory to enter the market.

II-1-3 No marking system for registered ivory

Double-registration for the same item must be prevented. When a registration is applied, the traits of the item are to be written down on the application form, and the picture should be submitted with the application form to avoid double-registration. However, since it is almost impossible to identify each individual item, special marking is necessary for this ivory registration procedure.

II-1-4 A registration is completed without inspection of actual items or any official requests for reports to the owner

Under LCES, the Japan Wildlife Research Center is not authorized to ask the applicants for reports regarding history of acquisition or to inspect the actual items on the registration request. However, false information or misinformation is liable to happen unless effective measures as mentioned are prepared. A successful registration examination is hard to complete with this system.

II-1-5 The language that defines proof documents for registration is so ambiguous that every registration is qualified

Under the current regulation, all of the whole tusks have been registered because they make up “the stocks acquired inside Japan before the effectuation of CITES regulation,” except for the items which have been imported by the three southern African countries in 1999 (SectionI-2, Chapter I). The person requesting the registration only need to produce a document explaining that the acquisition happened before the effectuation of CITES regulation on the species (Prime Minister’s Office Order article 11 paragraph 2 number 2).

The definition of the document on the provision of LCES is very ambiguous.

The Japan Wildlife Research Center requests the applicant to provide in a receipt or statement of delivery as a proof document. However, if such documents have been misplaced, the applicant can provide instead a “proof of transfer” which could be newly filled out by the transferor, or a “proof of ownership” which could be newly filled out by a third person who is not a family member of the owner. What the “proof of transfer” needs only to contain are approximate date of the transfer, species whether African elephant or Indian (Asian) elephant, and the number of items. The “proof of ownership” document needs to contain the same information, and the method of acquisition of when, where, and from whom “as far as they know” (The Japan Wildlife Research Center 2001).

The “proof of ownership” is especially unreliable. First, if the person is not a member of the owner’s family, anyone can be eligible to be a third person. But the witness who hasn’t been involved in the transfer is valueless as evidence. Second, the information on the acquisition, which is limited to “as far as they know” cannot be evaluated objectively nor supported by other evidence. These methods allow all the application to pass the registration procedure.

The provision of the laws, which do not establish any standard for the credibility of the proof documents created the language ambiguity and further prevented the effective registration of the whole tusks.

II-2-1 The system can not track ivory outside of the stocks reported by the registered business owners

The provision of LCES indicates that the ivory business registration system was established to manage and track the ivory cut pieces and hankos in the reported stocks owned by the registered business owners. However, if a business owner receives cut pieces or hankos and does not record the transfer, this system thus has no way of tracking this illegal flow of ivory.

The registered business owners should report the stock volume when they registered their business, and record the transfers of their stocks from that time on, and the total volume of the delivery (including self-consumption) and receiving is supposed to be identical. Under this scheme, the total volume is believed not to have extra incoming. Therefore, the ivory business registration system does not have any effect on the ivory circulating outside the reported stocks owned by registered business owners, for instance, on smuggled ivory.

Thus, even if an owner received cut pieces or hankos from someone and does not record the transfer, no contradiction will be found out on his fulfillment of the obligation imposed by the regulation. The Minister of Environment and the Minister of Economy, Trade and Industry are authorized to order requirements for the transaction ledger, and when the business owners do not follow the order, they can punish the business owner by suspending their businesses (LCES article 33-4). However, as mentioned above, no business owner would volunteer the information about recording illegal ivory into the reporting system and there is no way for the system to track it either (Note IV-A).

II-2-2 The ivory business registration system does not link with the registration system of whole tusks

The ivory business registration system requires the manufacturers to record the transfer of cut pieces received. (Section I-2)

The term “received” means that it does not apply to the action of a manufacture cutting and using self owned whole tusks (Environment Agency, 1995). It means that LCES does not require the registered manufacturers to record the cut pieces originated from self owned whole tusks on the transaction ledgers.

This lack of linkage between the two registration systems obviously provides loopholes for undocumented ivory to flow into the system unobserved.

II-2-3 Insufficient linkage between the tracking of cut pieces stocks and hankos stocks provide cover for illegal launder of ivory

Corresponding to the two kinds of ivory business, trading in raw material ivory and trading in ivory hankos, the LCES established two types of transaction ledgers to track ivory cut pieces and ivory hankos respectively.

The hankos manufacturers must record the cut pieces used on the cut pieces ledger and the produced hankos on the hankos ledger. In the “stocks column” on the ledgers, they record the gross weight of cut pieces used for the production on the cut pieces ledger, and the number of produced hankos on the hankos ledger.

However, the current system does not require checking ensuring that the number of hankos produced match with the weight of the cut pieces.

This could make it possible that more hankos than actually produced are able to be recorded on the hankos ledger.

II-2-4 The current ivory business registration system cannot effectively monitor even the transaction inside the reported stocks of cut pieces or hankos

The current ivory business registration system heavily relies on the honesty of the ivory traders. Yet, ME and METI are not sufficiently authorized under LCES to penalize dishonesty and violation of the regulation. Specifically:

- Lack of penal regulations.

There is no punishment for the registered business owners who neglect to obtain information from the transferor, and neglect to record data or record false data in the transaction ledgers.

Note IV-A

It does not mean that the system is totally valueless. The system is partially effective for collection of information regarding the ivory business by ME and METI.

- It is legal to receive ivory from unregistered business owners.

Although the regulation could fine those who transfer ivory without business registration (no more than 500,000 yen (\$4,166) fine), it specifies no punishment against the registered business owner who receive the ivory. Neither the regulation nor the punishment entailed is clear enough and severe enough to deter transferring of ivory by unregistered dealers.

II-2-5 The current ivory business registration system does not regulate the business trading in ivory products besides hankos

The ivory business registration system only applies to raw material ivory and ivory hankos. The wholesalers and retailers who trade in ivory products other than hankos fall out of ivory business registration system.

However, a variety of other finished products made of ivory are available in Japan (Section III-3, Chapter I). In 1998, certified “accessories” has increased from previous years (Section III-1, Chapter I). It is speculated that this resulted from the expectation for an upsurge of consumption demand stimulated by the experimental ivory trade. Furthermore, the 50 tons of imported ivory from three countries, Botswana, Namibia, and Zimbabwe were not qualified to make hankos due to the size and quality (JWCS, 2000). The conditions stipulated in the experimental sale prohibited Japan from re-export of the ivory. The investigation by JWCS revealed that at least a part of stocks from 3 southern African countries was used for the production of accessories (Section III-2, Chapter I).

JWCS further believes that it is important to obtain the information from the businesses dealing ivory products other than hankos. There is no reason to exclude them from the ivory business registration system.

II-3 The deficiencies in the ivory products certification system

II-3-1 Consumers do never hesitate to buy uncertified ivory products because it is legal to buy them

For this system, the Environment Agency (currently the Ministry of Environment) had hope that “The consumers can choose certified products due to the certification seal, and that will help to eliminate the illegal products. (Environment Agency, 1995).” However, it is up to the manufacturers if they apply the certification seal to each item. ; This inevitably creates confusion and effectively makes the system useless. A product without the certification seal does not mean it is an illegal item. Consumers subsequently do not have to select products with the certification seal.

On the other hand, current Japanese consumers are mainly concerned about the quality and price of the products and are not at all bothered whether the hanko has the seal or not.

II-3-2 Ivory products originated in illegal ivory can be easily certified because of the weak

II-4 Conclusion

The trade control mechanisms in Japan, which is composed of the registration system of whole tusks, the ivory business registration system and the ivory products certification system, are weak and not effective enough to prevent illegal ivory from entering the domestic market.

The most important deficiencies are as follows (FigureIII- 1).

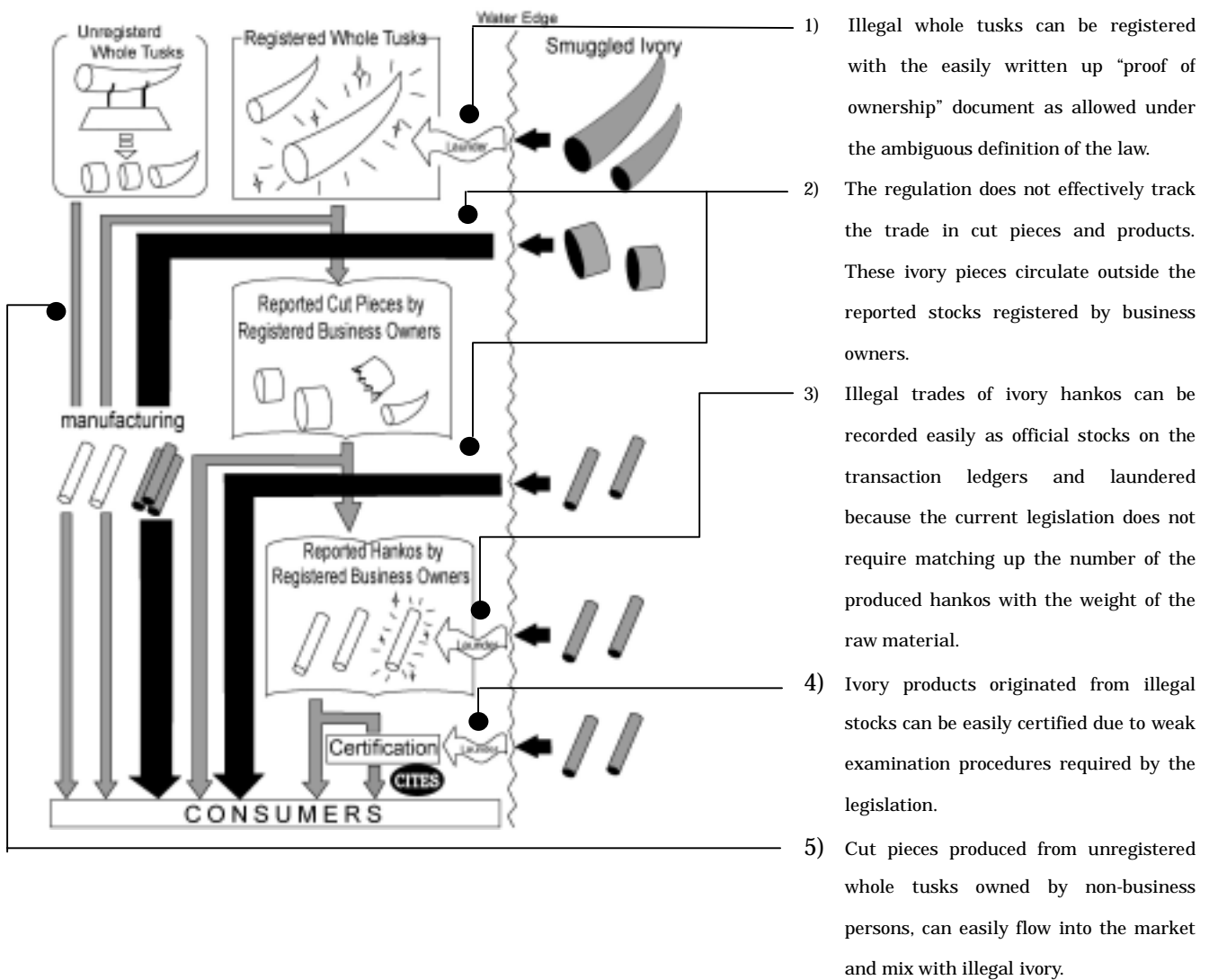


Figure III-1 Loopholes of Japanese legislation for domestic trade control of ivory

III The implementation and enforcement of the ivory business registration system

III-1 The necessity of review

Since the domestic trade control legislation itself is being challenged by the aforementioned numerous loopholes and problems, it should be obvious that there is no need to further discuss the effectiveness of its implementation and enforcement.

However, JWCS feels that it should be evaluated to determine the ability and intention of the Japanese government to manage the ivory business.

Hence, “the ivory business registration system” was chosen out of the three systems to be studied. When international ivory trade was re-opened after a nine-year ban in 1999, one of the conditions for the resumption was consolidation of the management of ivory markets in Japan and the key factor of the consolidation was the improvement of the ivory business registration system (Note IV-C).



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The study of the ivory business registration system focused on 4 areas below because they are involved with the fundamental obligation of the system, and the official statistics are available.

- a. The fulfillment of the obligation to register the business by ivory hankos retailers.
- b. The fulfillment of the obligation to submit the transaction ledgers by registered manufacturers, registered wholesalers of ivory hankos, or retailers of ivory hankos.
- c. The records on the transaction ledgers from the manufacturers.
- d. Acceptance of business closure form.

Note IV- C

The African elephant populations in Botswana, Namibia, and Zimbabwe were down listed from Appendix I to Appendix II at the COP10 in June 1997. And it was decided that resumption of ivory trade will be conducted by following the conditions in “Decision 10.1”

One of the most important conditions in Decision 10.1 was that trade in raw ivory shall not resume unless deficiencies identified by the CITES Panel of Experts in enforcement and control measures have been remedied (Decision 10.1 Part A. a).

The panel of experts pointed out some deficiencies in the domestic trade control in Japan, and the most serious problems were found to be in the management of the cut pieces stock and the control of retail trade to detect the imported partially worked ivory (e.g. *inzai*, blank *hankos*) (CITES Panel of Experts, 1997).

The ivory business registration system was revised to cope with the problems. Until then, the only ivory business subjected to the regulation were those that deal with cut pieces 20 cm or more in length or 1 kg or more in weight. In other word, only particular manufacturing businesses are regulated. The revision removed the restrictions, but it also included the ivory *hankos* trading, effective in March 1999. Since then, all businesses in ivory manufacture, wholesale and retail of ivory *hankos* became subjected to the business registration system.

As a result, the CITES Secretariat verification team reported to the 41st meeting of CITES Standing Committee, that the problem was recognized as solved, and the committee agreed for re-opening the import to Japan.

III-2 Fulfillment of the obligation to register the businesses by ivory *hankos* retailers

LCES imposes the ivory *hankos* retailers the obligation to register their businesses, and when the retailers do not obey the obligation, a punishment will be enforced (Section I-2). The investigation was conducted regarding the *hankos* retailers who did not have registration.

III-2-1 The methodology of the investigation

JWCS requested the METI to disclose the business application forms of *hankos* retailers in Tokyo and obtained the list of registered *hanko* retailers in September 2002. Then JWCS searched the Tokyo business phone book via the internet to compile a list of *hanko* retailers (“*hankos*”). Comparing the two lists, JWCS picked out the unregistered business owners and conducted telephone interview with them.

III-2-2 The result of the investigation

The result of the investigation was shown on the Table IV-1.

Table III-1 Status of registration of ivory hankos retailers to METI (in the 23 districts of Tokyo)

	Registration status of hankos retailers			Status of ivory hankos sale by unregistered hankos retailers		
	Number of the hankos retailers listed in the business phone book	Registered hankos retailers	Unregistered hankos retailers	Unregistered hankos retailers (randomly selected)	Ivory hankos sale	
					Yes	No
No.	1,072	650	422	218	189	29
(%)	-	60.6% (650/1,072)	39.4% (422/1,072)	-	86.7% (189/218)	13.3% (29/218)



Figure III-2 Registration status of hankos retailers in Tokyo (1072 shops listed in the business phone books)

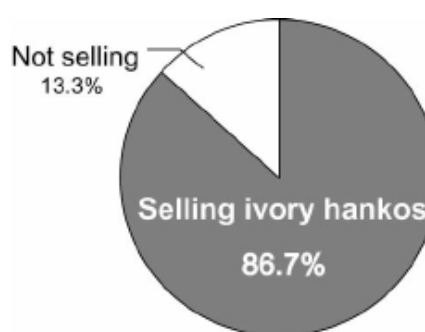


Figure III-3 Sale of ivory hankos at unregistered hankos retailers (randomly selected 218 shops)

1,072 hanko retailers were found in the business phone book in the 23 districts of Tokyo. Among them, 650 retailers registered with the METI; 422 unregistered. We randomly chose 218 among these 422 retailers and found 189 retailers deal ivory hankos including mail ordering. This suggests that 86.7% (189 out of 218) of the unregistered retailers trade ivory hankos.

The investigation also found that ivory hankos are being sold not only at specialized hankos stores, but also sold at many stationary stores or mail order companies. The investigation focused only on ivory hanko retailers. Assuming that the rate of business registration for non hanko specialty stores would be lower than hanko retailers, we believe that when combining all the stores that sell ivory hankos, the ratio for unregistered stores will be even higher.



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III-3 Fulfillment of the obligation to submit the transaction ledgers by registered manufacturers, registered wholesalers of ivory hankos, or registered retailers of ivory hankos

LCES imposes the registered business owners the obligation to submit their transaction ledgers when requested by ME and METI. And when the registered business owner do not obey the obligation, a punishment will be enforced (Section I-2). The information about submission of the transaction ledgers was studied to determine if the ivory business owners indeed fulfill their obligation.

III-3-1 The methodology of the investigation

JWCS requested from METI, the information regarding how many transaction ledgers for cut pieces and hankos have been requested and how many of them have actually been submitted as of August 2002.

The information regarding hankos retailers in each prefecture was requested, and the information was obtained in September 2002.

III-3-2 The result of the investigation

The information from the METI was shown in the Table IV-2.

Table III-2 Status of the obligation to submit the transaction ledger (2001)

	Type of Ledger	Number of business requested to submit transaction ledger	Number of submission of the transaction ledger	Submission rate
Manufacturer	Cut pieces	223	169	75.8%
	Hankos	50	41	82.0%
Wholesaler of hankos	Hankos	362	240	66.3%
Retailer of hankos	Hankos	10,263	7,252	70.7%

Source : METI

III-3-2-1 Submission of the transaction ledgers for cut pieces.

All the registered ivory manufacturers have an obligation to submit the ledger for cut pieces. 223 manufactures were asked to submit the ledgers and 169, or 75.8%, were submitted in 2001.

In other word, approximately a quarter of the manufacturers failed to fulfill their obligation. Although there is punishment for failing to fulfill this obligation, METI has never imposed the punishment on anyone for this matter.

III-3-2-2 The submissions of the transaction ledgers for ivory hankos.

50 manufacturers have been asked to submit their hankos ledger, and 41, or 82.0%, of them fulfilled the request. 362 wholesalers have been asked to submit the ledgers for hankos and 240, or 66.3%, of them have fulfilled the request.

10,263 retailers have been asked to submit the ledgers for hankos and 7,252, or 70.7%, of them have fulfilled the request.

A third of the wholesalers failed to submit ledgers for hankos. The results from the retailers in Shimane prefecture and Yamaguchi prefecture were promising, 100 % fulfillment of the obligation. However some prefectures achieved less than 60% fulfillment (Iwate pre. 60.0%, or 39/65, Aichi pre. 59.1%, or 582/951, Oita pre. 59.6%, or 59/99). The lowest data recognized was Okinawa pre. 29.6%, or 77/260.

METI has never imposed the punishment on anyone for this matter.

III-4 The records on the transaction ledgers by the manufacturers.

III-4-1 The methodology of the investigation.

In June 2002, JWCS requested METI to disclose the transaction ledgers received up to July 2001. Two kinds of transaction ledgers exist for cut pieces and hankos respectively and both of them were studied by JWCS in September 2002.

However, most of the important data such as date, transferee/transferor, amount, stock volume were missing from the ledgers for reasons of “confidentiality” to protect the “record of personal information” or “possible to threaten competitive status and profit of legal person.”

III-4-2 The results of the investigation

Based on the limited information, JWCS noticed the following examples of deficiencies:

- 1) Only the volume of delivery and receiving, or daily profits were recorded. It is presumed that those dealers did not understand the purpose of the transaction ledger.
- 2) No information about the source of the ivory acquisition, or in the column for “transferor” only a number for the transferor was recorded even though no management card has been issued..
- 3) No information about the traits of the items is recorded.
- 4) The confusion over the ledger formats for hankos and cut pieces exist (each format contains different requirements).

III-5 Acceptance of business closure form.

III-5-1 The methodology of investigation.

JWCS requested METI to disclose the information of business closure forms, and information was obtained in June 2002. However, the stock volume information was withheld. Again the reason for withholding the information was given as “confidential” information due to the consideration of “possible threat to competitive status and profit of legal person.”

III-5-2 The result of the investigation

Fifteen business closure forms have been submitted until 2001. Five of the documents have been accepted although the date and disposal method of the stocks are unknown. One of them even had 115.57kg of stock (the information obtained through analysis of the form).

METI official mentioned that they would discuss the stock disposal method with the dealer over the phone. However, there is no effective method to prevent unregistered dealers from continuing the business.

III-6 Conclusion

Apart from the deficiencies of the legislation itself, the implementation and enforcement is not effectively conducted. The ability and intention of both the Government and ivory businesses to implement and enforce the system is low.

First of all, the ivory business registration system is not properly implemented.

Almost 40% of hankos retailers in Tokyo do not register their businesses and near 90% of the sampled unregistered retailers are actually selling ivory hankos.

Considering the fact that the Ministry of Environment, METI, and the main hanko business organizations are located in Tokyo, it is very doubtful that the registration system could be adopted in other prefectures.

Second, submission of the transaction ledgers is not satisfactory. Especially, the ledgers that apply to cut pieces (for manufacturers), and hankos for wholesalers and retailers.

Third, most transaction ledgers and the business closure forms are not properly filled out.

Fourth, METI does not impose any punishment on those business owners though METI & ME continually inspect ivory manufacturers, wholesalers and retailers.

Chapter IV

Discussion

“Do domestic controls on ivory in Japan provide precautionary measures sufficient to ensure trades now proposed by the southern African countries do not accelerate poaching and increase illegal ivory in trade?”

Background

Considering the recent related discussions, it would be reasonable to assume that Japan is again going to be the main import country for the ivory trades proposed by Botswana, Namibia, South Africa, Zambia and Zimbabwe at CITES COP12, although no importing country was specified in the proposals.

The conditions for the resumption of trade in African elephant ivory from the populations transferred to Appendix II was outlined in Decision 10.1 which was adopted at the meeting of COP10 in June 1997.

The first condition in Decision 10.1 was that “trade in raw ivory shall not resume unless deficiencies identified by the CITES Panel of Experts in enforcement and control measures have been remedied” Part A, a).

The CITES Panel of Experts had pointed out some deficiencies on the domestic trade control of ivory in Japan, and the most serious problems are regarding the management of the stock for cut pieces and “the control of retail trade to detect the imported partially worked ivory (e.g. inzai)” (CITES Panel of Experts, 1997).

Then, the Government of Japan revised the ivory business registration system in order to address the problem.

Then the CITES Secretariat verification team regarded the problem as solved and the parties decided at the 41st meeting of CITES Standing Committee in February 1999 to allow the experimental export of close to 50 tons of ivory from Botswana, Namibia and Zimbabwe to Japan pursuant to Decision 10.1.

The content and the deficiencies of the revised system are discussed in Chapter III Section I-2 and II-2. We would like to ask whether the above domestic control of ivory in Japan can really function as the precautionary measure for the success of future regular trades proposed by the southern African countries to CITES COP12?

The threat of illegal ivory trade caused by Japanese ivory industry

Smuggling of ivory into Japan is continuing. The total number of official seizures from 1994 and 2001 is 208. Undercover investigation has found that substantial stocks of ivory are available in some other Asian countries

that serve as entrepots, such as Singapore and Taiwan. Illegal ivory trade routes exist between these entrepots and Japan. The investigation further found that a distribution network exists linking professional brokers and manufacturers in Japan. One of the brokers investigated was very familiar with smuggling routes and methodology.

Obviously, African and Asian elephants are both exposed to the threat of illegal ivory trade caused by the Japanese ivory industry.

Assessment of the effectiveness of Japan's ivory trade control measures

JWCS report confirmed that the current domestic ivory trade control in Japan has many deficiencies on the legislative level. The most important deficiencies are as follows (Figure III-1).

- 1) Illegal whole tusks can be registered by easily made up “proof ownership” documents allowed under the ambiguous language of the law.
- 2) The law does not regulate the trade in cut pieces and products. This ivory is freely distributed and circulated outside of the reported stocks by registered business owners.
- 3) Illegal trades of ivory hankos can be recorded easily as official stocks on the transaction ledgers and further laundered because the current legislation does not require matching the number of hankos produced with the weight of the raw material.
- 4) Ivory products originated from illegal ivory can be easily certified because the examination procedure required by the law is weak and ineffective.
- 5) Uncontrolled legal flow of cut pieces, which are produced from the unregistered whole tusks owned by non-business persons, makes illegal ivory easier to be mixed in with.

Apart from the deficiencies of the regulatory regime itself, the implementation and enforcement is not effectively conducted.

This conclusion is further confirmed by the fact that almost 40% of hankos retailers in Tokyo do not register their businesses in ivory hankos according to the law and nearly 90% of the sampled unregistered retailers are actually selling ivory hankos (see Section III-6, Chapter III.)

In conclusion, the Japan's domestic ivory trade control is not nearly effective enough to prevent illegal ivory from entering into and circulating on the Japanese market.

The differences in conditions required for the experimental trade and future regular trades

The language regarding any precautionary measure in Proposal 12.8 by South Africa is even weaker than what was in the proposals from Botswana Namibia and Zimbabwe at COP 10. Proposal 12.8 does not specify the trade partner nor prohibit the ivory from being re-exported. In addition to whole tusks, the ivory trading proposals further request to export “cut pieces of ivory that are both 20cm or more in length and one kilogram or more in weight”.

Already trade control problems were exacerbated by the fact that any trade in cut pieces are not regulated under Japan’s domestic trade control system, when only whole tusks were allowed to be imported from the one-off sale in 1999. It is unimaginable how Japan can implement further precautionary measures to ensure that future regular trades and trade in cut pieces will not provide cover for illegal trade.

The involvement of a board member from the ivory industry organization in illegal trade made Japan further loose credibility

As mentioned in Chapter II Section III-2-1, the second largest ivory smuggling activity in Japan, carried out while the ivory trade discussions were going on at CITES COP11 in April 2000, sent shock waves through the international community.

One person implicated in this criminal case was confirmed to be a board member of the Tokyo Ivory Arts and Crafts Association, consisted of ivory manufacturers in Tokyo area including Yamanashi.

Encouraged by the Government of Japan, Tokyo Ivory Arts and Crafts Association, with its fellow organization in Osaka, has lobbied the CITES Parties to allow ivory trade to be resumed. It has sent observers to every meeting of the CITES COP.

They have also influenced the process of legislation regarding domestic control of ivory and implementation structures. When the initial domestic control of ivory regulation started in 1995, each manufacturer applied for registration of whole tusks and reported the stocks of cut pieces and ivory products to the Government.

The legislation opened the way for the registration or report of the stocks based on “legal right” in accordance with CITES related domestic laws at the time of the initiation of the control system.

However, the EA (ME at present) and MITI (METI at present) allowed the registration or report of the stocks without delivery invoice or other specific proof documents proving the import date. Registration or declaration term for those stocks was a simple confirmation letter from the president of Tokyo Ivory Arts and Crafts Association and its fellow organization in Osaka that said “this is confirming the imported date written by

applicant (date before the effectuation of CITES regulation) was true” (Anon., 1995).

This fact proves how important the credibility of the Tokyo Ivory Arts and Crafts Association and its fellow organization in Osaka is to the interpretation and implementation of the regulation.

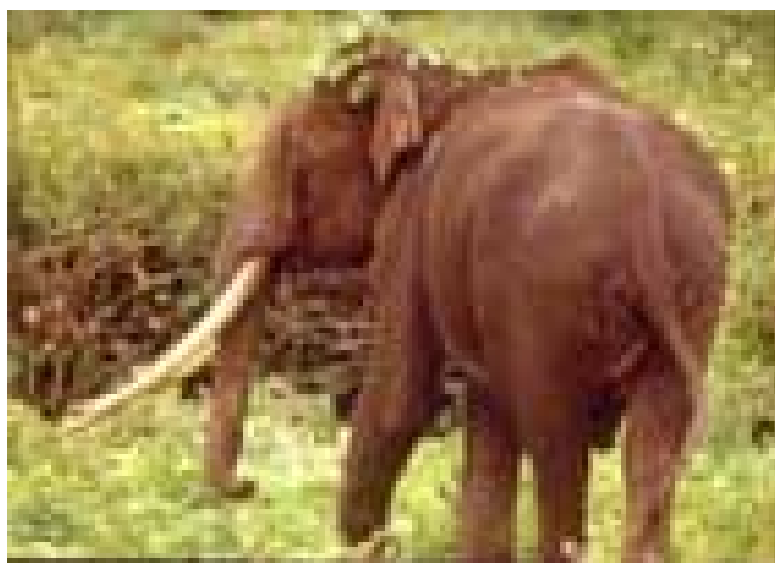
Furthermore, only members of Tokyo Ivory Arts and Crafts Association and its fellow organization in Osaka were allowed to attend the ivory auctions for the experimental trade in 1999. They played a critical role in the implementation of the experimental trade ranging from the auctions to the actual imports. The board member of Tokyo Ivory Arts and Crafts Association who was implicated in the smuggling case in 2000 attended these auctions and imported ivory from three countries 7 months before the carrying out the criminal activity. Obviously this case destroyed the credibility of the ivory industry and the implementation of the trade control regulation in Japan.

This case further confirmed that the pursuit of certain type, size, quality and price of ivory will continue to influence the Japanese ivory industry and prevent it from involvement in illicit trade.

Conclusion

The current domestic control of ivory in Japan cannot effectively function as the precautionary measure for the success of any one-off or regular trades.

Therefore, all the proposals for downlisting African elephants and trade of ivory stockpiles presented by Botswana, Namibia, South Africa, Zambia and Zimbabwe to CITES COP 12 (Prop. 12.6, 12.7, 12.8, 12.9 and 12.10) should be rejected.



Asian elephant

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