



8 July 2018

Committee Secretary
Parliamentary Joint Committee on Law Enforcement
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee

Additional information requested at Parliamentary Hearing, Melbourne 4 July, by Jason Wood MP

In 2016 a paper was submitted to the National Bureau of Economic Research detailing the impacts of the one-time legal sale of 107 tonnes of ivory to China and Japan in 2008. The research was undertaken by Solomon Hsiang, University of California, Berkeley, and Nitin Sekar, Princeton University, as was titled:

“Does legalisation reduce black market activity? Evidence from a global ivory experiment and elephant poaching data”¹

The researchers obtained data on illegally killed elephants from 2003 -2013 through the ‘Monitoring the Illegal Killing of Elephants’ program which tracks poaching across 79 sites in 40 African and Asian countries. They also used information from the ‘Elephant Trade Information System’, known to be the world’s largest collection of ivory seizure records. This, amongst other data allowed the researchers to observe the illegal production of ivory through elephant poaching before and after the 2008 legal sale.

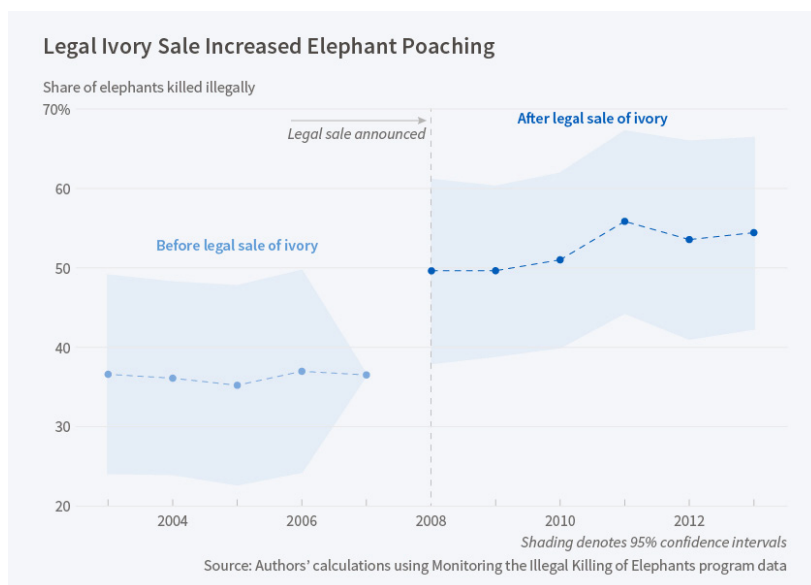
Research findings – elephant poaching

The researchers found that the 2008 legalised ivory sale corresponded with:

- An abrupt 66 percent increase in illegal ivory production through poaching of elephants across two continents
- An estimated 71 percent increase in ivory smuggling out of Africa

They conclude that the 2008 sale resulted in “an abrupt, significant, permanent, robust and geographically widespread increase in the production of illegal ivory through elephant poaching, with a corresponding 2009 increase in seizures of raw ivory contraband leaving African countries”. They note this increase did not correspond with any changes to China’s or Japan’s affluence during this period.

The chart below shows the significant step change in poached elephants after the legal sale was announced in 2008.²



- 1 “Does legalisation reduce black market activity? Evidence from a global ivory experiment and elephant poaching data,” Solomon Hsiang and Nitin Sekar, The National Bureau of Economic Research, <http://www.nber.org/papers/w22314.pdf>
- 2 “Did a Legal Ivory Sale Increase Smuggling and Poaching?”, The National Bureau of Economic Research, <http://www.nber.org/digest/sep16/w22314.html>

Research findings – illegal black-market activity

In relation to black-market activity, the researchers also concluded:

- The legal sale of ivory triggered an increase in black market production by increasing consumer demand and/or reducing the cost of supplying black-market ivory
- Illegal ivory suppliers anticipate opportunities to sell and/or smuggle illegal ivory

In an interview with The Guardian, Hsiang said:

*“We now have pretty striking evidence that these sales can be catastrophic. It backfired in a very bad way. I used to be a big proponent of legalisation in general to reduce the adverse effects of black markets. But through doing this work I have realised you have to be much more cautious. My own views have changed dramatically”.*³

Through their paper, Hsiang and Sekar highlight the effects legalisation of an item, such as ivory, can have on black market supply and demand including:

- When legal versions of an item are introduced to a market, it can become easier to smuggle or trade illegal versions of the item since illegal versions can masquerade as legal versions. This increases the costs of law enforcement and lowers the costs of supplying illegal versions as the risk of getting caught falls.
- Demand for a good can rise when there is legalisation if new consumers are brought into the market, particularly if it alters social norms and the stigma previously associated with the items

These points are critically important and relevant for Australia’s domestic ivory and rhino horn trade as evidence presented through this Committee’s inquiry has shown:

- Very few items are sold with any provenance documentation to provide proof of age or origin
- Traffickers are now using techniques to make items look older in appearance such as staining ivory with almond oil
- There is a lack of effective monitoring, compliance and regulation to prevent illegal ivory and rhino horn entering Australia’s domestic market

The need to close Australia’s legal domestic ivory and rhino horn trade

Whilst Australia’s legal domestic market remains open and unregulated, Australia provides opportunity for traffickers to launder illegal ivory and rhino horn from recently killed animals into Australia’s legal domestic market. Australia’s lack of prosecutions provides further incentive for this as it perpetuates the low-risk, high-reward perceptions of wildlife trafficking. This, along with the evidence that a legalised ivory sale in 2008 resulted in a significant increase in elephant poaching and smuggling of ivory out of Africa, demonstrates the need to follow the UK’s lead and close Australia’s legal domestic ivory and rhino horn trade.

Yours sincerely

Hayley Vella
Director

3 “Legal ivory sale drove dramatic increase in elephant poaching, study shows,” Damian Carrington, The Guardian, <https://www.theguardian.com/environment/2016/jun/13/legal-ivory-sale-drove-dramatic-increase-in-elephant-poaching-study-shows>