

Fixing the CITES Funding Crisis Through A Levy on Business

Creating a secure and equitable funding stream for CITES monitoring and enforcement



NATURE NEEDS MORE

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Nature Needs More works on tackling the key
systemic enablers of the illegal wildlife trade,
including unconstrained consumer demand for
wildlife products and the significant deficiencies
in the legal trade system under CITES. To stop
the extinction crisis we need to form a new
relationship with the natural world.

Foreword from the CEO

In 2018, Nature Needs More wrote to the CITES Secretary General regarding our concern that the glaring holes in the current CITES trade framework can no longer be ignored and the existing pace of fixing them is inadequate given the scale of failure and abuse. Simultaneously, we began urging signatory parties to support and enable CITES modernisation, starting with the global implementation of electronic permits and fixing the funding crisis.

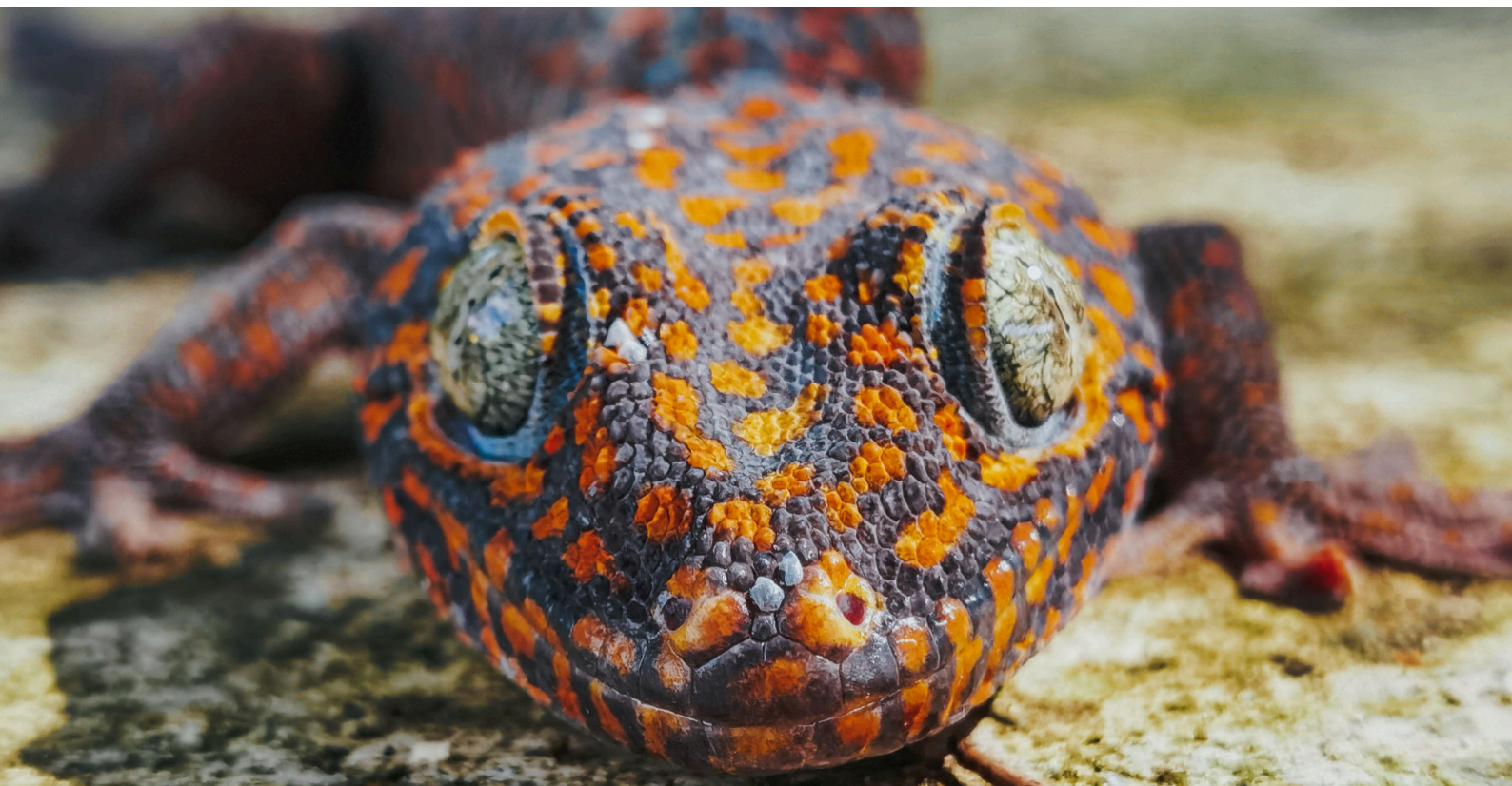
Since 2018, the number of countries that have implemented electronic permits to the minimum threshold accepted by CITES has gone from 2 to 19. The highly lucrative international trade in CITES listed species is still managed by most countries with the technological equivalent of the Post-It Note (launched in 1977); CITES came into force in 1975. This means there is no audit trail, there is no supply chain transparency and because the CITES trade data is of such poor quality there is no proof of the sustainability statements luxury brands make in their glossy reports.

A key reason the paper permits system hasn't been upgraded is that CITES, and its national authorities, are impoverished to the point of being useless. Critical failures of CITES have gone unresolved for decades, with too many of the conservation

stakeholders steeped in CITES nostalgia and as a result ignoring that the convention has failed in its objective. The ever-present response of too many conservation

stakeholders to this crisis amounts to, "While CITES isn't perfect, it is all we have and I can't imagine where we would be if it hadn't been there". The scale of CITES failure does not justify this laissez-faire response.

The 2017 World Customs Organization Illegal Trade Report states the estimated profit from the illegal trade in flora and fauna to be between US\$91- 258 billion per year. The top end estimate would mean that the illegal trade is worth 80% of the legal trade, based on conservative estimations of the value of the legal trade, meaning that regulation is not in any way effective. And, while it is often ignored in the mainstream media, the IPBES report confirmed direct exploitation for trade is the second most important driver of decline and extinction risk for terrestrial species and the primary driver of decline and extinction risk for marine species.



A significant investment is needed to fix CITES, to ensure that regulator is properly resourced to be able to adequately cope with the current and future trade environment, and ensure that the trade in all wild species is sustainable and legal.

The scale of investment needed must also be considered in the context of a world where aid budgets are getting tighter and tighter and climate change is increasingly consuming massive resources. Having just returned from Washington DC and a series of meetings with people from both sides of the aisle, these meetings were only able to proceed in the end because of a 45-day continuing resolution to keep the US government operating, as budget negotiations were taking place. Needless to say, budgets and funding were front-of-mind in all the meetings.

So maybe it should come as no surprise to see a pattern of people from both sides of the political spectrum who saw the benefits of business paying the cost of monitoring the legal wildlife trade. It was expressed that an upfront investment of less than \$30 million, for a global roll out of CITES electronic permits could be a worthwhile if this leads to value chains being transparent and auditable, which in turn would provide the evidence needed for business to pay for monitoring. In addition, several people voiced that maybe CITES electronic permits should become mandatory in the future to capture the countries who are resistant to this needed change.

While it went unspoken, certainly what was being considered was just how much aid funding will be available for protecting non-human species. When we are talking about the demise of species due to the global and domestic industrial scale commercialisation of nature for luxury consumption, it isn't the job of philanthropy to step into the void and 'fix' the trade system. Businesses and investors profiting from this trade must cover the cost of regulation or accept that this trade in non-essential products must end. As such businesses and whole industries must deal with their deliberate or careless disregard of sustainability, which have enabled over-exploitation, the extinction crisis and industrial scale wildlife crime.

When it comes to species listed for CITES trade restriction, the species are the raw materials for non-essential products destined for luxury brands

and consumption. The businesses can afford to pay for adequate monitoring and enforcement and have the means to clean up their supply chains. Any lack of commitment to making these contributions to stop the unchecked overexploitation of endangered and exotic species must lead to the loss of reputation, brand and ultimately share value.

It is time to hold business to account and fix the CITES funding crisis. Any statements about sustainability that don't provide the corresponding supply chain transparency and proof, are simple statements on the prevailing neoliberal ideology. Wildlife and timber crime is a failure of business, industry, markets and investors. If businesses, industries and investors won't commit and contribute to these minimum steps to tackle biodiversity loss, then it is time to say, no more greenwashing – No Transparency, No Trade.

Dr Lynn Johnson, Founder & CEO





Section 1

The Urgent Need to Modernise CITES

When CITES was conceived in the 1960s the international trade in wild flora and fauna was small and governments were the primary powers in international trade. Total global exports, for all international trade, were worth US\$318billion in 1970 compared to US\$2trillion in 2020. In contrast, today the global trade in wild species alone is worth over US\$350billion [1], more than the overall value of global trade when CITES was conceived.

The total illegal trade in wild species (including illegal fishing) is estimated at between US\$100-250bn [2], far larger compared to the value of the legal trade than in comparable industries that are highly regulated. This strongly implies that regulation, monitoring, and enforcement are ineffective at present.

The amount of funding available to combat the illegal trade is miniscule compared to other

transnational crimes and reliant on government and philanthropic funding. The World Bank Group estimated [3] that just US\$260million was made available annually to fight an illegal trade worth at least US\$100billion pa.

The CITES convention is rapidly approaching its 50-year anniversary; the convention was opened for signatures in 1973 and CITES entered into force on 1 July 1975. This milestone cannot pass without CITES providing evidence that it is fit-for-purpose given the looming extinction crisis. There is no excuse for CITES to be incapable to facilitate a modern trade environment or to ensure that the trade in 40,000 of the rarest and most commercial valuable species is both legal and sustainable; yet currently CITES can't do either of these things.

This is even more unacceptable given the landmark May 2019 IPBES Report into the global extinction crisis confirmed that direct exploitation

for trade is the most important driver of decline and extinction risk for marine species and the second most important driver for terrestrial and freshwater species. The IPBES Report, the WWF Living Planet Index and any number of academic papers published on particular species or populations come to the same conclusion – **we are in a biodiversity crisis of our own making.**

It has been consistently stressed that CITES has a narrow focus, to regulate the trade in certain species to ensure the trade is legal and not detrimental to the survival of that species. For example, CITES ruled out any involvement in (future) pandemic prevention early during the COVID pandemic and has basically left the human health risks associated with the trade in live wild species to the WHO [4]. This would be fine if CITES was a highly effective regulator of the trade in wildlife and had an outstanding track record on preventing overexploitation and illegal wildlife trafficking. It has neither. Even with this ‘narrow’ interpretation of its mandate there is ample evidence that CITES has failed its objective.

The failures of CITES cannot be explained away by saying, “CITES is a convention of the 1970s” and “it reflects the approach of its time.”. Such an approach implies that once a global convention is in place it cannot be evolved as the context changes. If conventions and treaties associated with human rights, nuclear proliferation and conventional weapons can and are being updated, why not CITES?

The lack of resources made available to implement and enforce CITES provisions are the most important factor leading to this failure and

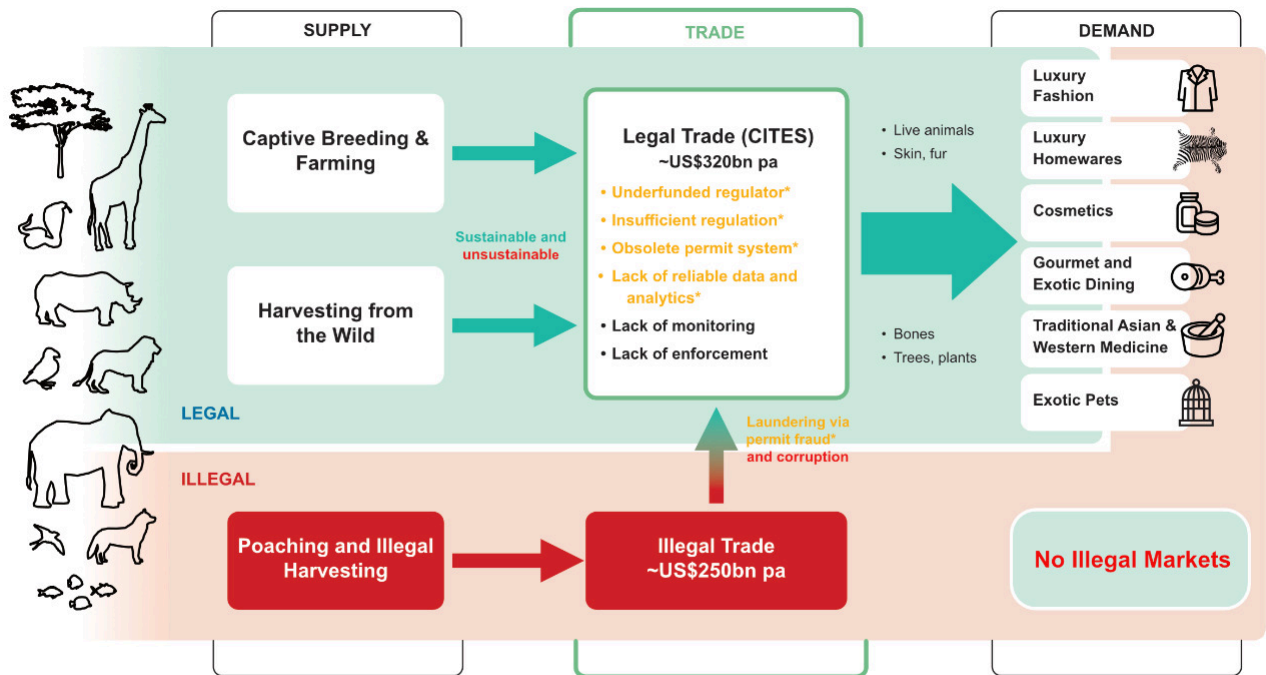


Whole countries have been found to be exporting pythons with a CITES source code C [captive bred] when there is no evidence that python farming is currently taking place anywhere in the country. This has enabled large scale laundering of illegal python skins in to the legal marketplace.

also enable the illegal trade to flourish. With most of the paltry funding to regulate and monitor the legal trade coming from signatory governments and with government budgets under severe pressure everywhere, there is little prospect of a massive increase in total resources to better implement and enforce CITES. **Yet without a massive funding increase, the 2030 CITES strategic vision of making all trade legal and sustainable is not achievable.**

The stakeholders in the CITES processes are fully aware of this discrepancy but have chosen to play along with the charade of CITES being a ‘successful’ Multilateral Environmental Agreement. Part of this inertia is borne out of the nostalgia of powerful players in CITES who have been around for decades. Part of it seems to be simply because it is quite a cosy arrangement – by maintaining the fiction that CITES works those who are involved are left alone and keep their - funding, status etc. Part of it is undoubtedly the result of business being quite happy with keeping





** Currently the legal and illegal trade are so intertwined that they are functionally inseparable. The only way to tackle the illegal trade is to modernise CITES which addresses all the items marked in amber.*

CITES impoverished, it lets them get away with massive overexploitation for profit.

The last point above is highly significant to understand a unique feature of the trade in endangered species. The diagram below illustrates the way the international trade in wild species is currently organised. **What is noteworthy are two critical features of this trade:**

- i) it is largely a luxury trade, and**
- ii) other than the online exotic pet trade, there are basically no illegal markets. Nearly all illegally harvested specimens are laundered into legal supply chains.**

This means that the failure of CITES to achieve its objective and to adequately enforce its provisions is fundamental to the existence of the vast illegal trade and the fact that overexploitation occurs.

The most critical CITES processes that were designed to protect endangered species – Non-Detriment Findings (NDF) and the CITES permit system – are not just out of date, they are obsolete in their current form.

One of the key arguments used for not moving to a reverse-listing (positive-listing, white-listing) regulatory system for the trade in wild species is that CITES already has a mechanism for implementing the precautionary principle – the Non-Detriment Findings (NDFs). In theory, the convention directs signatory countries to only issue export permits for Appendix I and II listed species when the national Scientific Authority of the State of export has advised that such export will not be detrimental to the survival of the species.

The way CITES works today, Non-Detriment Findings (which form the basis of what is considered ‘sustainable offtake’ and trade quota) are the sole responsibility of national authorities. **CITES lacks binding standards for NDFs and any form of quality control. These process failures and lack of funding make it impossible to achieve the desired proof of sustainability of extraction and adequate enforcement outcomes.**

This could be fixed with more funding but CITES lacks an inbuilt funding mechanism to support developing countries, which tend to be the main countries where extraction of biomass happens today.

CITES processes also can no longer adequately cope with over 40,500 listed species. Its processes rely on voluntary labour (the members of the animals and plant committee all have full-time jobs working for their respective national authorities) and the ability of participants from all countries to digest thousands of pages of documents before every Conference of the Parties (CoP) and Standing Committee meeting. Monitoring and enforcement are already highly selective based on attention and attractiveness to donors, not the species' significance in its ecosystem.

The lack of funding means that in its current form CITES will continue to fail the vast majority of listed species. Listing more species does not lead to better conservation outcomes if funding does not increase in proportion to the number of species listed.

With government and philanthropic funding unlikely to increase significantly, it is therefore inconceivable that CITES in its current form can achieve its primary vision for 2030 without

having businesses contribute to the cost of regulation. Such a move would bring the trade in line with other regulated industries where businesses are required to pay fees commensurate with regulatory costs. For example, in 2023, the total budget of the European Medicines Agency was €458 million. Around 89.0% of the Agency's budget derives from fees and charges levied on business, 10.9% from the European Union contribution for public-health issues and 0.1% from other sources [5].

This document outlines urgent measures that can be adopted by the Conference of the Parties to vastly improve the effectiveness of CITES without the need to renegotiate the articles of the convention. **The proposed measures are all feasible under the current model and should be considered at CITES CoP20 in 2025. Only with concerted action to fix the funding crisis and improve trade transparency can CITES retain any form of relevance and credibility in line with its stated objective and primary vision for 2030.**



The Scale and Problems with the Legal Trade in Wild Species

CITES nominally has the mandate to regulate the entire trade in (endangered) wild species of flora and fauna, but it has largely stayed out of fishing and logging. This is not for a lack of species to list, according to the Minderoo global fishing index [6] at least half of all global fisheries are overfished and 10% are on the brink of collapse, and the cause is always trade. Yet CITES has made no attempt to get involved in the regulation of commercial fishing beyond a handful of species such as eels, sturgeon and recently sharks and rays. CITES decisively voted against listing Atlantic bluefin tuna on Appendix I in 2010. Given the bluefin tuna population had declined by 85% by the time of the listing proposal, it is clear that scientific evidence holds little sway in CITES when it comes to commercial fishing.

This is due to the relatively low power of national CITES management authorities compared to the power of fishing authorities in countries with significant fishing operations. CITES management authorities are typically tiny and sit in the environment department (which has little status or budget), whereas fishing authorities sit in primary industries or have their own department (with more status and power).

When talking about the legal wildlife trade we therefore need to consider the whole trade, not just the trade in CITES listed species. Because CITES itself does not collect any trade data that allow estimates of the commercial value of the trade, we can only derive estimates from a dataset created for customs purposes, the UN Comtrade database. This database does not have the granularity to look at individual species like CITES does, but at least it has value and weight data that are reliable estimates and that are mandatory to collect at both export and import.

In an analysis of the total legal wildlife trade, published in 2021 [7], the international trade in seafood alone peaked at around US\$300 billion, furniture (which denotes tropical hardwood logs) around US\$20 billion and fashion (denoting exotic skins and fur) around US\$12 billion annually. **For clarity, these figures are for the declared trade value of the raw materials, at the first point of export/import, not the value of the goods from final manufacture.** The furniture category in this analysis only captures a very small part of the overall timber trade, the total export value of all primary timber products was US\$244 billion in 2020 [8].

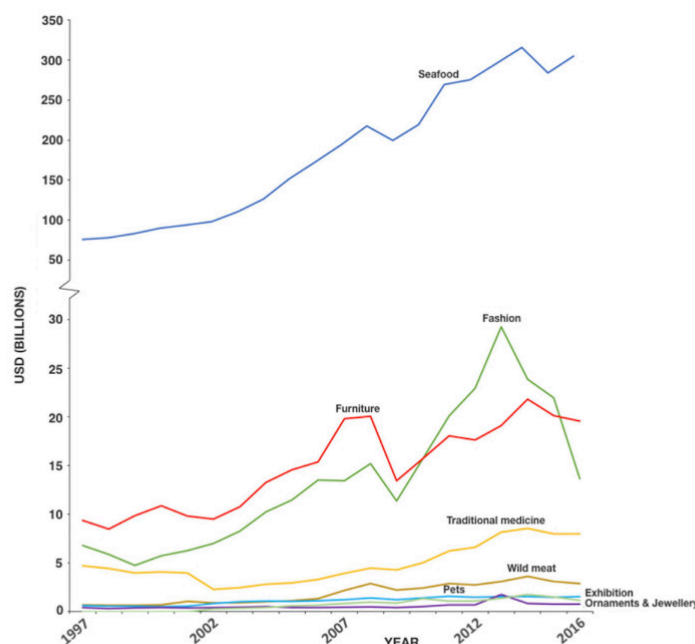
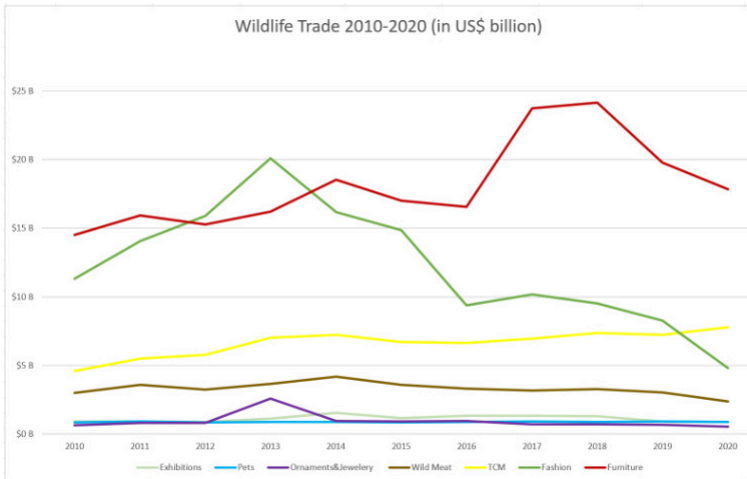


Fig. 2. US\$ value of total wildlife traded (imports and exports) between 1997 and 2016 for all wildlife trade categories. (For interpretation of the references to color in this figure legend, the reader is referred to the Web version of this article.)



With the help of the authors of [6], Nature Needs More has extended this analysis, using the same methodology, to 2020. As can be seen from the updated graph, the value of wild raw materials for Traditional Medicine use now exceeds the trade in exotic skins (which is largely a result of declining fur prices) and the significant global investment the Chinese government is making to promote TCM worldwide [9] The value of the seafood trade has remained relatively steady at around US\$250 billion pa for the period from 2016 - 2020.

The main takeaway from this analysis is that the international trade in wild species is massive and it is conducted by big business. This makes direct regulation of business imperative if we want to see better outcomes for nature and conservation.

Contrary to what people seem to assume based on mainstream media coverage, the trade in wildlife is dominated by the countries with the largest GDP. The map from [6] reproduced below provides a great overview of the top exporters and importers for the different categories of the wildlife trade.

The US, the EU, China and Japan clearly dominate this trade. In order of mentions in the top #3 in each category we find: USA (10), China/HK (10), Japan (4), Spain (2), Italy (2), India (2), France (2), Germany (2), Saudi Arabia (2), Belgium (1), UK (1), Qatar (1), Norway (1), Thailand (1), Brazil (1), Netherlands (1), New Zealand (1), Singapore (1).

This is a rich country trade. Apart from some oddities, like New Zealand being the #3 exporter of wild meat thanks to its massive deer farming industry, all countries are part of the top 25 by GDP.

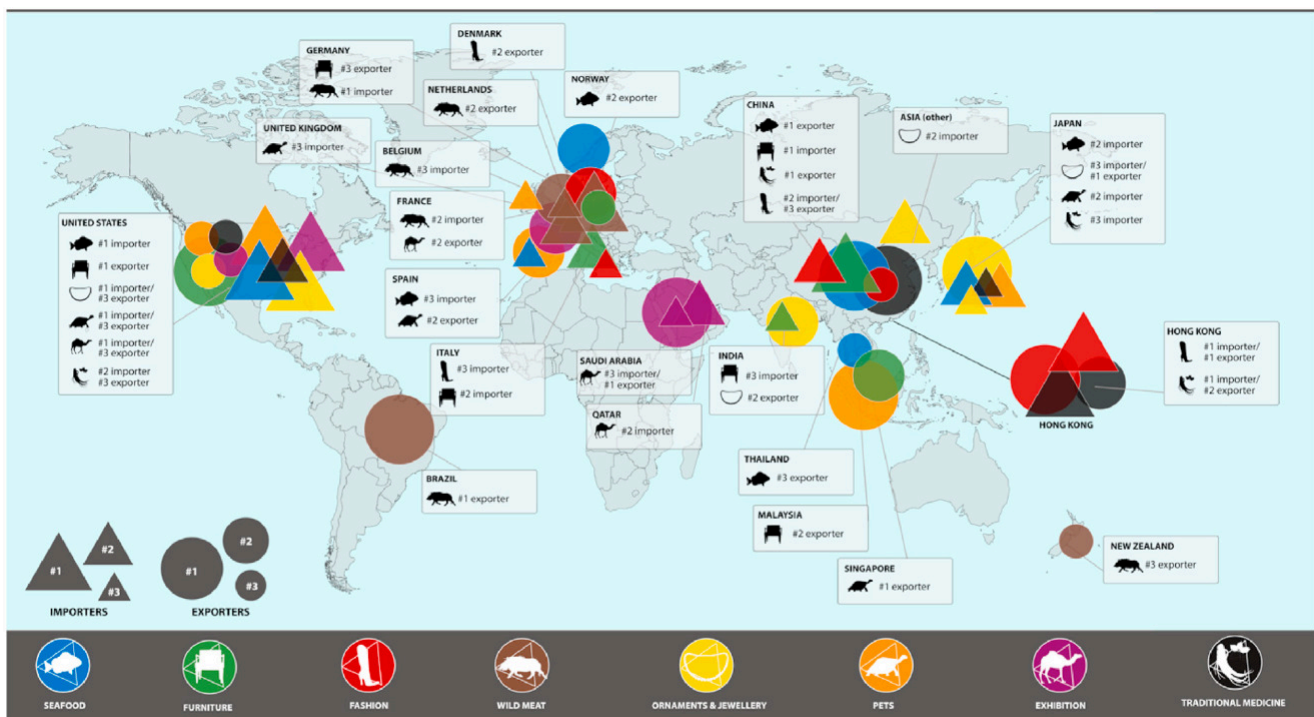


Fig. 4. Top three import and export countries/territories for each wildlife trade category from 1997 to 2016 by total US\$ trade value. (For interpretation of the references to color in this figure legend, the reader is referred to the Web version of this article.)

Because this is a rich country trade, it is feasible to design a funding model based on just the major import markets without unduly penalising the businesses in (mostly poorer) exporting countries.

Yet despite the size of the trade and despite the existence of a global regulator (CITES) and despite the fact that the main countries involved are the richest in the world, we have actually no idea if the trade is in anyway sustainable. As succinctly summarised in a recent analysis by Alice Hughes et al. [10]:

For most species and populations, we neither have accurate data to estimate wild population sizes or population abundance, nor volumes collected or traded. A basic data standard that should be a prerequisite for sustainable trade is often not available. When combined with a lack of political will, this often results in scientific and economic uncertainties being propagated through

most national to international trade. Consequently, there is little to no information to answer the most basic and fundamental question in collecting a species: what is a sustainable offtake?

The CITES trade database was originally designed to capture the traded volumes and the CITES Non-Detriment Findings process was intended to provide the population data. Yet the CITES trade database appears to have been designed by biologists, not trade analysts, as it does not capture value data and allows the use of irreconcilable units. It is also stuck in the analog world of the 1970s.

The NDF process lacks funding, standards and quality control, so it should come as no surprise that neither has worked to answer the most basic questions about the sustainability of the trade of CITES listed species. For all other species, we are basically completely in the dark.



Big Business is Free-Riding and Oblivious to CITES

The trade in CITES listed species is extremely profitable and consists mostly of luxury goods. This can be seen from any number of data points. For example, the vast majority of the 40,900 species listed under the convention are: 1. Orchids, 2. Corals, and 3. Cacti. None of those are essential goods.

Besides corals, the other marine species listed are luxury seafoods, like sea cucumbers, sharks and rays. Iconic animals listed like big cats, elephants, rhinos, pangolins and the like only have luxury uses – hunting trophies, rhino horn, ivory, luxury wild meat etc. Tropical hardwood timbers are used for top-end luxury furniture (“rosewood”), other listed timber species, such as agarwood, are used in perfumery, marketed under the name oud.

Another purely luxury trade, the exotic pet trade, involves many CITES listed species, including parrots, turtles, lizards, snakes etc; this also includes the likes of ornamental fish, coral and seahorses for the aquarium trade. Crocodiles, pythons and lizards are used to make some of the most expensive shoes and handbags on the planet. Besides exotic skins, some of the most valuable trades that involve CITES listed species are eels and caviar (sturgeon). Again, these are all luxury items.

As with any luxury trade, these trades in CITES listed species are immensely profitable. As an EU report noted in 2016: *“The wildlife trade is one of the most lucrative trades in the world. The LEGAL trade into the EU alone is worth €100 billion annually.”* [11].

Thus, it should come as no surprise that the legal international trade in wild species is dominated by big business, many of which are listed companies, which are currently freeriding on CITES regulations. **CITES was not designed to regulate business directly, governments were the most powerful international actors in the 1960s, not**

A paper published in 2010 on the international trade in CITES listed live reptiles and amphibians highlighted significant discrepancies between exports and imports in the case of Thailand and Kazakhstan between 1990 and 2007:

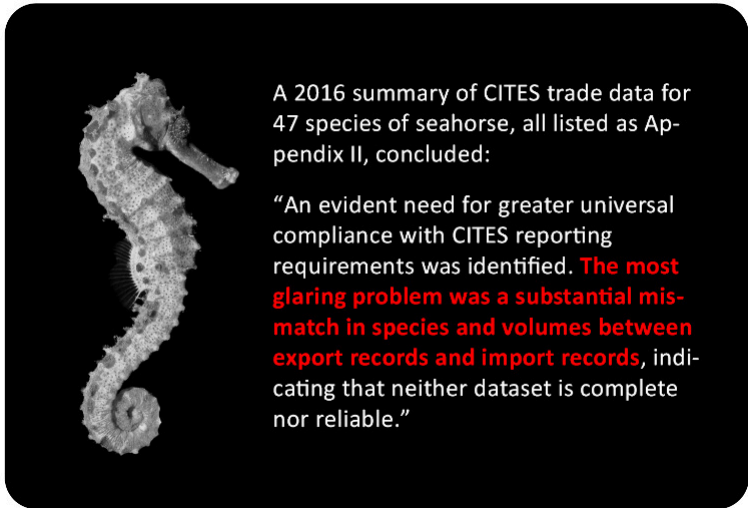
- Thailand reports the import of >10,000 individual specimen (51 species) originating from Kazakhstan, but, Kazakhstan reported no exports of these species
- A discrepancy of over 10,000 specimen



global corporations. After decades of de-regulation global corporations now dictate the terms. CITES has not been updated to reflect the changed reality of global trade, we are now in a situation where CITES has to adapt to the changed circumstances to properly regulate the trade to prove it is truly sustainable.

The end users of the wild species traded under CITES, which includes massive luxury conglomerates like LVMH, Hermès and Kering, usually have no involvement in ensuring the legality of their supply chains. CITES permits are obtained by intermediaries and most of the laundering takes place via fraudulent permits (falsifying or reusing permits; altering quota, source codes, species names, units etc.) or corruption long before the shipment reaches the first border; that is at the ‘raw materials end’ of the supply chain.

Many of the businesses utilising CITES listed species either don’t care at all (“if it was legal to export it must be legal to use”) or they make unsubstantiated claims about “abiding by all CITES regulations” (which they really have no idea about given how just-in-time supply chains work [12]).



Because modern supply chains are optimised for speed and cost, not ensuring legality of supplies, the final manufacturers and distributors of these products can claim ignorance and plausible deniability about using illegally harvested products. By deliberately keeping their supply chains opaque and rejecting responsibility for what happens in the supply chain before products enter the final stage of the chain, they can promote meaningless claims about sustainability and corporate responsibility without getting challenged by the media or general public who both lack the interest to dive deeper into such claims.

The fact is that these businesses are not only freeriding, they are actively benefiting from the illegal trade. Because the vast majority of illegally harvested specimens is laundered into legal supply chains (see next section), they are able to satisfy the excessive demand for some of the rarest luxury products by turning a blind eye.

Instead of addressing the laundering in their supply chains businesses are happy to promote all sorts of phantom solutions, with voluntary certification schemes and multi-stakeholder initiatives usually being the top of the list [13]. They are also aggressively fighting any transparency by lobbying for extensions of ‘commercial in confidence’ provisions to remove their brand names from seized items at customs and restricting access to business information on CITES permits and customs declarations.

This behaviour from the businesses that profit the most from the trade in wild species is not going to change without government regulation. Businesses can and need to be held accountable for the legality of their supply chains and they need to contribute to the cost of monitoring and enforcing CITES provisions. We explore how such a system could work within the current CITES framework below.



Why Funding Better Regulation of the Legal Trade is Essential to Tackle the Illegal Trade

Despite being the 4th largest transnational organised crime, the illegal wildlife trade is different to the other transnational organised crimes like the illegal drug trade. The illegal drug trade is maybe 2-4 times the size of the illegal wildlife trade by dollar value, but the US alone spends US\$100 billion per year on fighting the illegal drug trade. The money spent on tackling the illegal wildlife trade is miniscule in comparison, with just US\$250 million per annum globally made available by governments, IGOs and private donors [14].

The major difference to the other transnational organised crimes is that the vast majority of illegally harvested wildlife goes into legal markets through laundering at various stages of the supply chain. There are only a small number of truly illegal markets when it comes to the illegal wildlife trade (such as closed Facebook groups for selling exotic pets). These illegal markets are small compared to the much larger share of illegal specimen laundered into legal markets.

This specific feature makes it feasible to involve businesses that trade in wildlife products in the regulatory process and in funding regulatory activities. This is nothing new, for example, the pharmaceutical and aircraft industries have been regulated through a business pays model for decades. In both those industries the illegal trade is much smaller compared to the size of the legal trade than in the case of wildlife trafficking. We have outlined the example of the pharmaceutical industry in detail in our Modernising CITES report previously [15].

As with pharmaceuticals and aircraft, the wildlife trade uses global supply chains that end in rich country markets. The regulatory burden should fall on the final manufacturers/retailers that overwhelmingly profit from the trade. In pharmaceuticals it is the major pharma giants that

Analysis of trade in Elephantidae specimens between Australia and UK from 2010 to 2019 using the CITES Trade Database:

- The number of Elephantidae specimens reported as exported from the UK to Australia amounted to 4,224 units (mostly ivory carvings)
- In the same timeframe the number of Elephantidae specimens recorded as imported into Australia from the UK equalled 3 units
- A difference of 4,221 units despite the fact that Australia mandates import permits for Appendix II species

Any permit system that is this useless is counterproductive – it creates the illusion of traceability and control, whilst in reality offering nothing.



overwhelmingly foot the bill, even if the work might be outsourced.

Hence we are not talking about ‘penalising’ small businesses in exporting countries with a regulatory burden they cannot afford. The businesses to involve in a business pays model for the wildlife trade are those best positioned to afford the regulatory overhead – the final manufacturers/distributors/brand owners or bulk importers in the main import markets we outlined above.





Section 2

Fixing the Funding Crisis

Designed as a self-executing treaty, CITES never included a funding model to enable all signatories to adequately resource scientific research, monitoring and enforcement. Far too many signatory countries still lack the mandated scientific authority or a dedicated enforcement authority. Whilst creating a dedicated enforcement authority is optional under CITES, the illegal trade is rampant and, according to UNEP, growing 2-3 times faster than the world economy overall.

The uselessness of this situation is best illustrated using the trade in pangolins. Native to both Africa and Asia, pangolins are valued as a 'wild meat' delicacy, their skin is used in fashion and their scales are used in TCM. It has been described as the most traded animal in the world, between

2000 and 2013, the IUCN estimates that more than 1 million of these ant-eating animals were illegally traded [16].

CITES listed some pangolins on Appendix II right from the very beginning in 1975 and by 1995 all species were on Appendix II. But the legal trade data collected between 2000 and their uplisting to Appendix I in 2016 stand in no relation to the size of seizures during the same period. For example, the CITES trade database has records for just 6,600 pangolin skins, 600 live pangolins and 355kg of scales between 2000 and 2013. No records exist for pangolin bodies/meat during that period. This is the same period that the IUCN says 1 million pangolins were actually traded!

Operating in such an environment makes a joke out of CITES processes. There are no reliable

More than 17,500 estimated whole Asian pangolins were traded legally for primarily commercial purposes from 2001 to 2014 despite a zero export quota for all wild sourced Asian species.

The US was the most frequent trade country throughout the entire period and was the greatest importer of pangolins, and their products; measured both in volume as well as frequency.



population estimates for any of the 8 pangolin species. Monitoring and enforcement are so poorly resourced that it is possible to discover 11 tons of frozen pangolins on a Chinese ship after it accidentally hit a protected reef in the Phillipines [17] or find 14 tons of pangolin scales (from 36,000 pangolins) in a container from Nigeria upon inspection in Singapore [18].

The lack of funding that underpins the lack of monitoring and enforcement makes CITES

effectively a paper convention, impoverished to the point of being useless. The pangolin example is just 8 species out of 40,900 listed species under CITES.

Further, the lack of basic population data for most species makes the idea of ‘sustainable use’ meaningless, as evidenced by the 2019 IPBES Global Assessment Report [19]. There are no binding standards for Non-Detriment Findings which form the basis of trade under CITES and there is no way of ensuring that adequate money is available to conduct the research that informs the NDF assessment.

Government pledges for extra funding are miniscule, inadequate and often not even honoured. To become effective with the current volume of trade CITES and its signatory countries need a secure, ongoing, dedicated source of funding, which can only come from the businesses profiting from the trade. Businesses cover the cost of regulation in other industries and the trade in wild species is vastly profitable at the final product end of the values chain. **It is possible to implement such a funding model even under the current articles of the convention.**

A Levy on Imports to Major Markets

A substantial increase in funding for CITES monitoring and enforcement can only be achieved by getting the businesses that profit most from the trade to contribute to the cost of regulation. This is common practice in many industries, for example pharmaceutical companies have to cover the costs of drug trials and regulatory approval.

For example, in 2023, the total budget of the European Medicines Agency was €458 million. Around 89.0% of the Agency’s budget derives from fees and charges levied on business, 10.9% from the European Union contribution for public-health issues and 0.1% from other sources [20].

Business funding for regulating the trade in pharmaceuticals goes beyond the EMA budget.

The industry also partially funds the EU27 national medicine agencies. This example shows that substantial funds can be raised from industry if the model is set up right.

Whilst it is not possible to regulate business directly under the current articles of the CITES convention, we can create a ‘good enough’ approximation by focussing on the businesses that profit the most from the trade and the handful of major import markets. **We are therefore proposing a ‘business pays’ scheme that can be implemented under CITES in an equitable way, by means of a 1% levy on commercial imports to the main import markets (at a minimum the US, EU, China/HK, Japan, and UK).**

There is no need to create a new tax or customs duty to achieve this, as that would likely create issues with WTO rules. It should be feasible to use the existing CITES permit process instead. Such an option could work as follows:

1. The participating major import countries/ markets all agree to implement mandatory CITES import permits for Appendix II listed species in national legislation (this is permitted under the articles and many countries and the EU already have this in place), and,
2. They agree to amend national legislation to set the cost of import permits for commercial trade items to the equivalent of 1% of the value of the shipment as declared to customs.

As long as all participating countries charge the same percentage amount and apply it equally to all commercial imports of CITES Appendix II listed species it should not be in violation of WTO rules or bilateral/multilateral 'free trade' agreements. The advantage of this approach is that it does not create any new processes or overheads beyond adapting existing CITES permit systems.

Due to the fact that CITES does not collect value data for shipments and because the UN Comtrade database lacks the granularity to distinguish CITES and non-CITES species, there is no way of knowing how much money such a levy would raise. Estimates of the value of the trade in CITES listed species are usually in the range from 10 to 25 billion US dollars (at the first point of export) and given the complete absence of reliable value data

at the retail end or at any point along the value chain, there is no way of knowing the true value until such data is collected as part of implementing the 1% levy.

For the sake of the argument, we will be extremely conservative and assume the trade is worth US\$20 billion, which would translate to US\$200 million in funding to CITES if we assume a 1% levy. This would be a great start, as it would effectively double the current funds to tackle the illegal trade based on the high-end estimate made by the World Bank.

An alternative option to using value-based import permit fees would be to create a licensing process for businesses importing CITES listed species where the annual licence fee is based on the value of imported goods (as declared to customs) in the prior year. This would be more costly in terms of new processes and ongoing overheads (customs would need to collect the value data) but would tie in neatly with the Business Register discussed in the next subsection. Again, this would require appropriate national legislation in the major import markets.

Whichever option is chosen, the main import countries would further need to agree to remit the equivalent of, say, 80% of the proceeds from such a scheme to the CITES External Trust Fund. The import country would retain 20% of the proceeds to cover the cost of administering the collection of the levy and also to better monitor and regulate their domestic CITES trade.



The CITES External Trust Fund would then disburse the funds received according to a formula agreed to by the Conference of the Parties. This whole mechanism likely would need to be voluntary to not run afoul of the articles of the convention but could be underpinned by appropriate CITES decisions and resolutions.

Funds should only be made available to parties that have implemented an electronic permit

system in compliance with CITES minimum standards and whose domestic laws are fully compliant and up to date with their CITES responsibilities. We discuss how such funds should be used in the first instance in the subsequent sections of this document.

Register of Businesses Trading Under CITES

Establishing a business register of companies that trade CITES listed species would improve transparency, data collection and could be used to levy fees used by CITES for preparing Non-Detriment Findings and conducting significant trade reviews. Such a business register could either be set up under the auspices of the UNEP (in a similar way as the CITES trade database is set up under UNEP-WCMC) or it could operate as a separate, global NGO.

Because such a scheme would have to be voluntary to start with, there would need to be an incentive for businesses to participate and to pay fees. Governments could create an expectation (or requirement) in their own jurisdictions that businesses do register and submit detailed information about their trade in CITES listed species. In addition, CITES could alter the format of import and export permits to include an additional column on the source of each specimen which would be populated with the identifier of the business in the global business register.

Businesses would surely complain about disclosing 'commercial in confidence' information to such a register, after all they have done this in the past. It is time to call these businesses out that they can't publish glossy sustainability reports on one hand and push for non-disclosure on the other. Part of the purpose of creating such a business register is to increase transparency in the trade in endangered wild species.

To overcome business pushback on such a register stipulating the submission of internal data considered commercial in confidence, it could also be included in supply chain due diligence laws which will likely become more widespread after a new EU law on due diligence is finalized in 2024.

Additional pressure on businesses to comply with the register could be through the use of a 'tick' (like the EU's CE mark) applied to any wildlife-based products where businesses have been judged to be fully transparent in disclosing information to the register. As much of the trade is in luxury items, this would create the necessary brand and reputation risk for not taking part in this scheme.



“Thus, it is clear that many Appendix I species farms, instead of ensuring the survival of wild populations, are actually increasing the already overwhelming pressure on them. What is more, the irregular harvesting they carry out upsets the system developed by CITES, by laundering illegally seized individuals, which ultimately distorts trade flows.”

“After having been illegally taken from the wild, the animals are introduced into breeding centers and declared to have been bred in captivity. The laundering of these individuals is particularly easy.”

Registrations for businesses trading in live animal species or in CITES listed species with revenue above a minimum threshold should attract fees commensurate with annual revenue. Signatories should be encouraged to pass national legislation to make such registration and payments mandatory. Whilst basic registration fees should cover the operating expenses of the business register entity, these additional fees could be disbursed to the CITES External Trust Fund and used to cover the costs of NDFs and significant trade reviews.

The aim of creating such an entity and related certification scheme is not just to assemble a fuller picture of which companies trade in which CITES listed species and at what annual volume. The need for much improved information on trade volumes and values should be apparent given the findings of the May 2019 IPBES Global Assessment Report. The aim is also to create incentives for businesses to start investing in traceability, which is essential to stamp out the illegal trade, to

improve the integrity of CITES regulations and, in the end, validate the sustainability commitment businesses have made to their customers.

To get selected businesses to invest in traceability as part of such a certification scheme strong pressure should be applied to achieve end-to-end traceability for key, high-value species such as exotic skins used in luxury fashion, selected rosewood timbers and some key luxury seafoods, for example. In addition, trades that are very high volume (like coral) should also be required to invest in traceability.

By creating sample processes for the most high-value and high-volume species in the main trade categories, it will be possible to test tagging and tracing options and arrive at 'standard solutions' before end-to-end traceability is turned into a must have requirement for all CITES trade.





Section 3

Improving Monitoring, Traceability, NDFs and Trade Reviews

The current system of trade monitoring for CITES is based on assumptions made 50 years ago and has never been updated to be fit for long, globalised, just-in-time supply chains. In addition, CITES still lives in the dark ages of paper-based permits and a trade database that suffers from late, erroneous, inconsistent, missing and irreconcilable data. Real-time collection of vast amounts of data (including trade and logistics data) is commonplace in private industry today and the systems that enable such data collection and analysis are readily available. In contrast, even if every item shipped under CITES was individually tagged and traced, it would be a minuscule amount of data compared to what Google, Apple and Facebook collect and analyse on a daily basis.

Further, CITES does not currently collect price/value data and the way the permit system is designed makes it impossible to derive the actual number of animals and plants that were killed/harvested to make up the specimen contained in a shipment. This may sound innocent enough, but it is one of the main reasons why it is so difficult to use CITES trade data for an analysis of population impact.

For example, a shipment containing hippopotamus teeth may be declared on the CITES permit as containing 360 teeth. This could mean that the teeth came from 10 animals (a hippo has a total of 36 teeth) if all teeth are traded. Yet ivory carvers are not interested in the molars and premolars,



When comparing the trade volumes in hippo teeth reported between Hong Kong and Uganda from 1995 through 2013, researchers found:

- Uganda reported exports totalling 79,000 kilograms but,
- Hong Kong reported receiving just 65,000 kilograms
- **More than 14,000 kilograms of hippo teeth were missing, representing more than 2,700 individual hippos—2% of the global population**

they only value the ‘tusks’, the incisors and canines, of which there are 12. If both incisors and canines were traded, it would mean the 360 ‘teeth’ came from 30 animals, not 10. To make matters worse, most traders only want the lower incisors and canines, which are the large tusks. That would mean the 360 ‘teeth’ came from 80 animals. We would be able to distinguish what is being traded if the weight was recorded as well but at present CITES does not enable the reporting of two types of units.

The CITES trade reporting system was never set up to monitor the trade from a commercial

perspective, otherwise both weight and value would have been required for every shipment. Making weight and value a requirement for reporting should therefore be a priority in addition to moving to electronic permits.

In order to aid monitoring and enforcement, the CITES trade database also needs to be redesigned for real-time reporting, and, in cases where traceability of individual specimens if required, include images, barcode data or tag identifiers with the electronic permit. Import reporting needs to become mandatory to enable reconciliation of trade between countries.

Only with such a drastic overhaul of the CITES trade reporting and monitoring system can it become fit for the 21st century and a global trade worth hundreds of billions of dollars. As an absolute minimum, all signatory countries need to urgently implement electronic permit systems, electronic permit exchange and interoperability with customs. It seems ridiculous that we should be calling for such a basic requirement in 2024 and for a trade that has been called one of the “most lucrative trades in the world” [21].



Global Rollout of Electronic Permitting and Trade Analytics Reporting

The current CITES permit system is not fit for purpose. It captures insufficient data to control the trade, permits are full of discrepancies, they are easy to forge or alter, they cannot be verified remotely, and they are useless from a customs/enforcement perspective.

For example, a study examining 90,204 original records downloaded from the CITES database showed that only 7.3% were free from discrepancies [22]. Customs uses a predictive algorithm to assign risk flags to shipments and to trigger inspections. This algorithm relies on electronic records compatible with customs systems. Unless a country uses electronic permits and has integrated the system with the customs system, CITES permits will be disregarded from the risk assessment.

Urgent adoption of electronic permits, such as by using the ASYCUDA eCITES BaseSolution developed and maintained by UNCTAD [23] is a critical first step to achieve a modern trade monitoring and reporting system. Funding of ~US\$25 million will be required to support countries unable to pay and can be raised via the mechanisms proposed above. To speed up adoption CITES should consider making electronic permits mandatory once half of all signatory countries have implemented them.

The ASYCUDA eCITES BaseSolution can be easily integrated with customs, as the majority of countries use the ASYCUDA customs system already. This should become mandatory as soon as possible to aid automated risk assessments to flag customs inspection and enforcement.

Remote verification of eCITES permits from anywhere in the world is possible by simply pointing a smartphone at the QR code on the permit. At present, there is no way of verifying the validity of a CITES permit (to prevent reuse or presentation of fake permits) and that the data on it matches the data provided on the application (to prevent alteration). This situation makes it laughably easy for traffickers to launder illegal items into legal supply chains. Remote verification and electronic permit exchange between countries will go a long way towards reducing laundering.

The eCITES BaseSolution also covers the full in-country approval process and creates an audit trail, making the issuance of corrupt permits harder. Signatures and stamps can be forged or reproduced easily; thus it is much preferable to have an electronic signing process with different levels of approval (mirroring the in-country process). Whilst this does not eliminate corruption, it raises the threshold for corrupt conduct.

The system is linked to CITES and therefore automatically kept up to date with new species listings or changes in CITES rules regarding permits. Widespread adoption of this system would make it easy to reflect changes to permits to capture better quality trade data as outlined above.

In addition, the system could form the basis of a real-time reporting system to replace the current UNEP-WCMC CITES trade database, which is only updated once a year and countries often report their trade data up to several years late. In its



A paper published in 2015 outlined the prevalence of documentation discrepancies in CITES trade data for Appendix I and II species exported out of 50 African nations (and 198 importing countries) between the years 2003 and 2012.

The data represented 2,750 species. Of the 90,204 original records downloaded from the database:

- **Only 7.3% were free from discrepancies**
- **Increases in discrepancy-rates between 2003 and 2012 suggests that the trade was monitored less efficiently in 2012 than it was in 2003**

current form, the CITES trade database is useless, as it cannot provide reliable trade analytics or risk flags. This needs to be changed, in conjunction with capturing more data on value, weight and traceability of shipments.

Ultimately CITES needs a trade database that has data that is reliable, free of discrepancies and where import and export data can be easily reconciled. **The last point means that import reporting will have to become mandatory. This should not be a contentious step, as it is highly questionable why this wasn't done from the beginning the convention. Even if CITES is a convention of the 1970s, it was set up to regulate trade and this means carrying out the most basic**

reconciliation between imports and exports, which it can't currently do. The fact that this fundamental flaw has gone uncorrected for 50 years has been fatal for wild species.

As CITES is fixed and modernised to cope with current and future trade conditions, the CITES data should also be reconciled with what is going to be captured in the Business Register and major deviations can be used to signal illegal activity or businesses not reporting as required. Collecting data reported by business also means that information about the trade is captured along the supply chain, as CITES reporting remains hampered by only capturing data at border crossings.

End-to-End Traceability and Individual Item Tracking for High-Value Products

There is no end-to-end traceability in any CITES trade (other than for some crocodylian skins), which makes laundering illegal items into legal supply chains far too easy. Most of this laundering takes place long before a shipment reaches the first export port, so having traceability from origin is crucial to prevent such laundering.

By the time a shipment reaches the exporter and the CITES export permit is applied for, the national management authority has little idea about the nature of the shipment and the origin of the specimen. The management authority lacks the ability to verify the claims made on the permit application (like the origin or even the species designation), which means currently the system relies on trust. Given the scale of the illegal trade and the impact on endangered species, this would have to be considered a joke if it wasn't so tragic. Markets are only as strong as the trust and integrity that underwrite them, and currently this trade system is untrustworthy. In markets with weak bonds between participants, trust and integrity are the direct result of effective regulation. After electronic permits the next step

in building trust and integrity into CITES managed trade has to come via the introduction of end-to-end traceability.

Introducing traceability should not be an afterthought, we already have such systems in place for products where we care about the integrity of supply chains from a 'risk to humans' perspective (pharmaceuticals, aircraft components). Given that the biodiversity crisis is a higher risk to humans than climate change [24], it





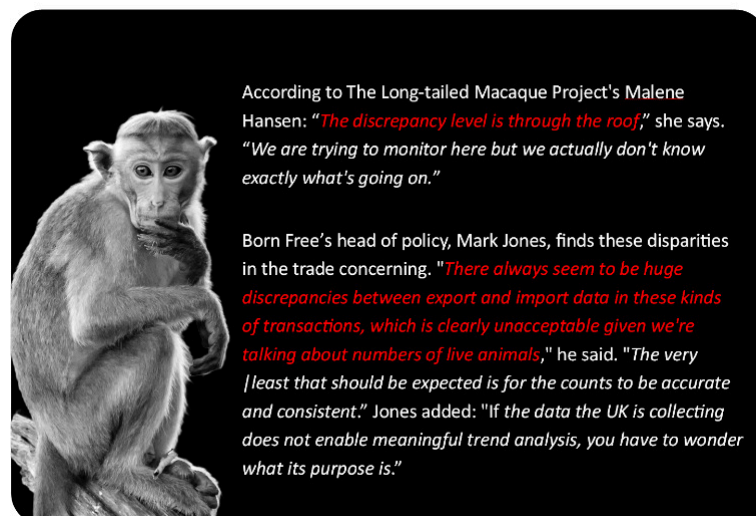
should become a priority to implement integrity measures in supply chains using CITES listed species.

Traceability measures for individual specimens should become mandatory for high-value products (exotic leathers and furs, ivory, rhino horn etc.), most live animals and all Appendix I listed species. Mechanisms for how to do this have been discussed extensively and viable options have been developed that follow global standards (e.g. barcodes, RF tagging, or QR codes). Given the varied nature of shipments for CITES listed species it will be necessary to develop a number of systems, including microchipping, RF tags, barcodes/QR codes, photographs and even DNA and radioisotope analysis for specimens where such an expense is justified to maintain the integrity of trade.

The problem with the adoption of traceability measures has not been a lack of technology or even approaches that will work in remote locations, it has been a lack of funding and the answer to the question ‘Who pays?’. Endless iterations of possible tracing options for python skins, arguably one of the most high-value exports under CITES given the staggering costs of bags and

shoes made from the skins, have been pondered by CITES and the python special interest group [25].

At no point have Kering (Market Capitalisation: US\$51 billion), Dior (Market Cap: US\$131 billion), Hermes (Market Cap: US\$210Billion) or LVMH (Market Cap: US\$378 billion) or any of the other luxury companies using the skins put up their hand and said, “we will pay”. Some of these companies even participated in the studies which concluded additional forms of tagging were needed, but none committed funds to implement the systems proposed.

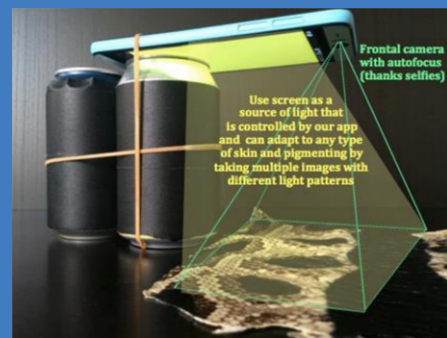


The lack of willingness to move tagging of high value species from a paper exercise to implementation is possibly best explained using the example of the soda can camera [26].

A working group was established in 2013 to look at collective action and leadership towards defining, measuring and promoting the sustainable management of crocodylians, snakes and lizards. One of the objectives of this group was to look at tagging and tracing. The members of the group were Members of the Agropecuaria Setten (Brazil), International Leather Bracelets Association (AQC) (Switzerland), Brasport (Switzerland), Camille Fournet (France), Interstrap (Switzerland), Multicuirs (Switzerland), Hirsch Armbänder (Austria), Burberry (United Kingdom), Caimanes y Cocodrilos de Chiapas (Mexico), Cape Cobra (South Africa), Cocodrilia (Mexico), Cocodrilos Maya (Mexico), Colibri de la Antigua (Mexico), Giorgio Armani (Italy), Istituto Europe di Design Madrid (Spain), Italian Tanners' Association (UNIC) (Italy), Anaconda (Italy), Centrorettili (Italy), Italrettili (Italy), Italven Conceria (Italy), Legnotan (Italy), Dolmen (Italy), Reptilis (Italy), K pfer Cuir (Switzerland), LVMH Group (France), Mulberry (United Kingdom), Pure Fashion Lab (Norway), University of the Arts London (United Kingdom), Anteleon Imaging (Switzerland), SICPA (Switzerland).

Over several years and many meetings, a range of options were discussed including barcode and radio-frequency identification (RFID) tagging, DNA and stable isotope traceability projects. As with any of these working groups, they must be cognisant that anything decided must be accessible to all CITES signatory countries and easily applicable in remote locations. As a result, a method of tagging individual reptile skins called The SodaCam Tripod System was developed in 2015.

So, what has happened? Has this system, that costs the price of 2 rubber bands, 2 used soda cans and a smart phone been rolled out? No. Global tagging systems for reptile skins are still under discussion. The size of the collaboration, detailed above, shows how ridiculous it is to have luxury companies collaborating on countless studies and papers regarding traceability systems and processes, only for nothing to be implemented, even the most basic innovations. The luxury businesses can just keep slithering along – unchecked.



The lack of willingness to pay should make it obvious that these companies need to be compelled to pay to make it happen. **The amounts required are miniscule compared to their profit margins, as most of the solutions for the individual tagging and tracing of python skins need nothing more than a smartphone to take pictures and some AI image processing software to verify that images match [27].** The solutions proposed have been simple and effective and designed in a way so that they can be implemented in remote locations of, say, Indonesia and Malaysia.

The most equitable way to establish such systems for the most high-value species would be to charge higher Business Register fees for companies trading in these species (with different fee levels based on stage of the supply chain). At first template systems and tracking frameworks would be developed to cover different scenarios (live species, seeds, skins, bones, derivatives etc.). Once such system standards have been adopted, CITES decisions can be made to make tracking mandatory, with businesses paying for the cost of implementation and operation in their supply chains.

Reversing the Burden of Proof

Currently the burden of proof on the sustainability of trade lies with government departments, IGOs, academic institutions and NGOs which collectively lack the funding to adequately monitor populations and the trade in over 40,000 listed species. As governments cut their funding for aid budgets, education and to international agencies the problems of proving the trade in legal wild species is not detrimental to the survival of the wild cohort will only become worse; evidence shows this is already happening. Research published in 2015 [28] confirmed an increase in discrepancy-rates of CITES trade permit data between 2003 and 2012, suggesting that the trade was monitored less efficiently in 2012 than it was in 2003.

Funding for this type of research further suffers from 'iconic/relatable species bias' [29] and from a lack on long-term funding commitments. The result is that currently there can be no proof of sustainability for any of the species traded commercially under CITES.

Whilst reversing the burden of proof is not possible without a transition to reverse (positive, white-) listing, the businesses most profiting from

the trade should be asked to make a meaningful contribution to data collection and scientific studies that underpin Non-Detriment Findings (NDF) and Reviews of Significant Trade.

That the current NDF process is not fit for purpose is without doubt [30]:

More broadly, a 2020 CITES Report of the Secretariat on NDFs was a damning indictment of the lack of quality in NDFs, finding, for example, that 64% (23/36) inadequately considered the precautionary principle and 83% (30/36) did not fully consider historical and current patterns of harvest and mortality. The rudimentary nature of many NDFs, which neglect or ignore multiple essential biological and ecological parameters, and lack baseline monitoring, capacity, or standards for further assessment, means that CITES regulations provide inadequate protection for many species. They instead facilitate continued trade, predominantly of internationally lucrative species, with short-term economic dimensions prioritised over biodiversity conservation.



With a secure source of funds being made available through the levy and fees outlined above and by remitting the funds raised from businesses to the CITES External Trust Fund, and by giving the CoP the mandate to allocate this funding to parties and projects, it would be possible to:

1. Create binding NDF standards for different types of species being traded and to conduct centralised assessments of the quality of NDFs prepared by national authorities,
2. Create a version-controlled central repository of NDFs that is accessible to all CITES parties, registered observer organisations and academics,
3. Conduct proper population analysis (baseline and time series) that underpins Non-Detriment Findings,
4. Justify defaulting to the Precautionary Principle in all cases where data to conduct a population baseline analysis and to make an assessment of sustainable offtake proves impossible/not practical,
5. Conduct timely and high-quality Reviews of Significant Trade that use actual trade data and population data to make recommendations, and
6. Improve trade data collection and reconciliation to enable reliable population impact studies from trade. This needs to include reporting on stockpiles by national authorities.

It should go without saying that relying on voluntary labour as CITES currently does will not be viable to implement such a scheme. Most such research would need be outsourced to third parties in academia and NGOs, but a central 'quality control' group for NDF assessments should also be established in the CITES Secretariat. By creating a central repository for NDFs we would get much-needed transparency into the NDF process.

It is also clear that for many species the level of research required to properly assess population levels, trends, harvest and other biological and ecological factors to establish 'sustainable offtake' is not going to be possible or practical. **In all such cases the convention implies that the Precautionary Principle should be applied. That needs to be codified by way of a CoP decision into the central assessment process of the quality of NDFs prepared by national authorities.**

Adopting these measures would achieve much needed consistency for the NDF process and for Reviews of Significant Trade. It would also go a long way towards reversing the burden of proof and making those who profit from the trade pay for the integrity of the system that regulates it. The result would mean that existing processes for listings, up/down listings, trade quota changes and so on would be based on much better scientific data and become less political.



Increase Reviews of Significant Trade

CITES does have a mechanism to ‘check’ on the effectiveness of the original NDF and the management plan for the species that has to be developed as part of the NDF process – Reviews of Significant Trade. Because of the lack of funding for both CITES and the national authorities, the actual number of such reviews is tiny compared to the number of species that are listed. They also rely exclusively on the voluntary labour of members of the Animals and Plants Committees in CITES, which does not scale to the number of reviews that is required to improve the integrity of the CITES regulatory system.

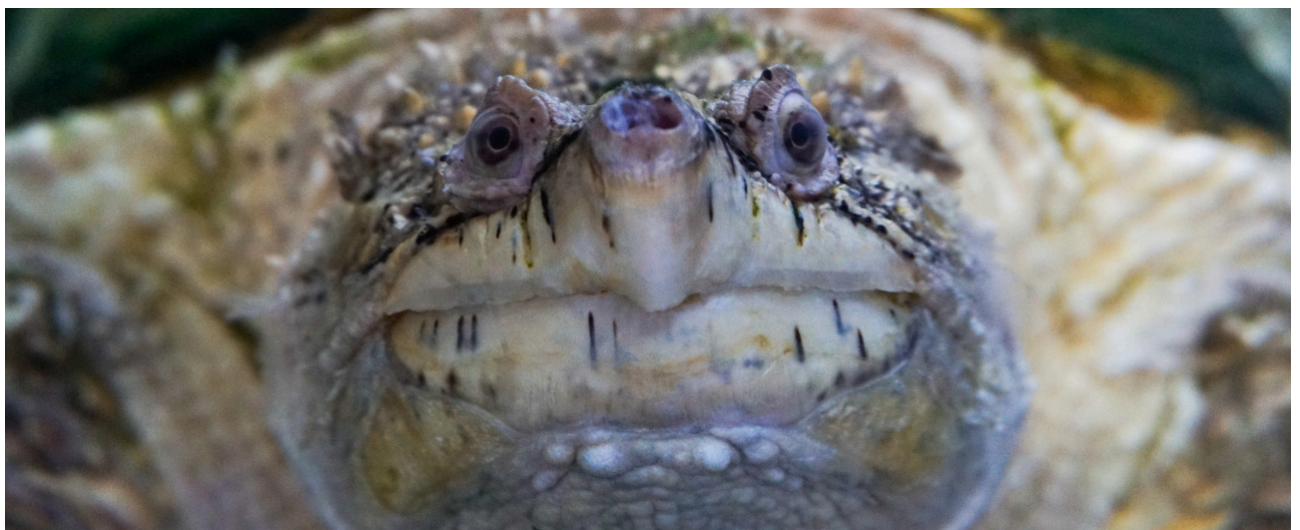
Between 2010 and 2016 of the just 40 species selected by the Animals Committee for Review of Significant Trade, only about half had been completed by 2021 (either by uplisting the species to Appendix I, implementation of the recommendations by the country or by downgrading the category of concern) [31].

Reviewing 0.7% of the listed animal species over a 7-year period and having only completed half of those reviews 5 years later shows how ineffective the internal review mechanism is at present. Only increased funding and better data collection can overcome the obstacles to having an effective process.

Reviews of Significant Trade in theory provide a powerful mechanism to ensure that the trade in a species is legal and sustainable and that the analysis performed for the NDF was valid. Because, in practice, only a handful of reviews are conducted at any one time and the analysis and conclusions suffer from the same lack of funding and the lack of reliable and current trade data as all other CITES processes.

Using funding derived from the trade levy and business register fees in combination with better data collection would enable reviews of significant trade to reach better quality and more timely conclusions, including updates to quota, trade suspensions and sanctions.

If a ‘quality control’ group is established in the CITES Secretariat as outlined in the previous section on NDFs, such a group could also be given the mandate to conduct Reviews of Significant Trade in conjunction with partner organisations in academia and NGOs. **Creating a feedback loop between binding NDF standards, central quality assessments of NDFs and Reviews of Significant Trade is essential to create a CITES trade system with integrity and a solid foundation in science and data.**





Section 4

Enable Effective Enforcement in All Signatory Countries

Without proper enforcement CITES remains a paper convention and both the legal and the illegal trade will continue to basically grow unchecked. Relying on the WCO or UNODC or creating separate bodies like the ICCWC are indicative of a lack of strategy to tackle the illegal trade associated with the ease of laundering into legal supply chains. Better monitoring and enforcement need to be a priority for all signatory countries to keep the trade sustainable and to stop the overexploitation of species. **The lack of funding and lack of interest from the general public are convenient excuses that should not form the basis of policy.**

CITES can only become successful in tackling the looming extinction crisis if it has both the funding and the institutions to properly monitor the legal

trade and enforce its rules. At a minimum that means significantly improving how CITES is resourced, using the import levy discussed above to finance monitoring and enforcement in all signatory countries based on export volumes. All countries need to have a dedicated enforcement authority and the necessary funds to effectively prosecute wildlife crime.

The import levy outlined above should be used to create a dedicated enforcement fund and prosecution fund (both located in the CITES External Trust Fund). Countries from the major import markets remitting the import levy will not have access to these funds, it is assumed that they will use the retained portion of the levy (e.g. 20%) to finance CITES related enforcement and prosecutions in their home markets.

Dedicated Enforcement Authority and Enforcement/ Prosecution Fund

CITES in its current form does not mandate a dedicated enforcement authority and 85 of the 183 signatory countries do not have a dedicated enforcement authority at present [32]. Given that the police and customs in most countries consider wildlife crime a very low priority, having a dedicated authority to enforce CITES rules is an absolute necessity.

Creating a dedicated enforcement authority together with implementing an electronic permit system should both be prerequisites for accessing the CITES Enforcement and Prosecution Fund.

Funding for the **Enforcement and Prosecution Fund** (located in the CITES External Trust Fund) will need to come from the import levy outlined in this report. The distribution formula would be up to the Conference of the Parties to agree upon but should take into account the level of exports from the country and the level of (suspected) illegal trafficking/laundering. Funding needs to be secure over the period between CoPs at the very least, ideally some long-term formula would be preferable to enable signatory countries to make the necessary investments in manpower, training and technology.

Beyond regulating access to the fund, CITES could provide guidelines and facilitate inter-agency cooperation between the enforcement authorities of all signatory countries to improve monitoring and enforcement of CITES rules and decisions. **The trade sanctions mechanism within CITES could be used to speed up adoption of minimum requirements in relation to electronic permitting, trade data reporting and enforcement practices (like integration with customs).**


A dedicated enforcement authority is only as useful as the ability to prosecute offenders effectively. That means having strong national laws on wildlife crime, tough sentences, a

knowledgeable judiciary and the ability of prosecution services to bring cases to court. It further requires funding for the training of lawyers, evidence collection and putting cases together.

In many cases additional funding will be required to establish things like the origin of specimens (through DNA or radioisotope analysis for example) or dating samples (radiocarbon dating for example).

In the major import markets part of the revenue raised from the import levy should be allocated to fund enforcement and prosecutions. The lack of prosecutions problem is not restricted to exporting countries, it is endemic to CITES and wildlife crime.

We would like to reiterate at this point that whilst having an Enforcement and Prosecution Fund is important, initially the priority for using the funds from the levy and business register should be on tightening the legal trade through electronic permitting, traceability of shipments and real-time reporting.



A recent paper analysing the lion bone trade found many issues in the data. One key concern relates to the interpretation of trade terms, for example:

- The CITES trade term 'bone' (BON) is different to 'skeleton' (SKE).
- A 'skeleton' is further differentiated from a 'body' (BOD).

During crosschecking, the authors found that BON, SKE and BOD were inconsistently classified on South Africa's reports, in part because:

- (1) There is no CITES trade term guideline for interpreting the description 'carcass', and
- (2) There were different interpretations of what constitutes a 'set' of lion bones.



Section 5

Summary and Conclusion

CITES in its current form is not able to achieve its stated objective to protect wild species from overexploitation through trade [33]. The lack of funding is a critical factor in this failure, as CITES does not have any funding mechanism attached to the convention. **It assumes that all signatory countries have the necessary resources and are willing to allocate them, both of which are plainly not the case.** This renders potentially useful CITES mechanisms like Non-Detriment Findings and Reviews of Significant Trade useless.

CITES trade data collection was established in the pre-computer era and has not been updated to reflect global trade conditions and information flows. The current permit system and trade data reporting are completely inadequate and obsolete. Traceability of shipments from origin to final

destination is non-existent, making a mockery of attempts to ensure the legality of trade.

At the same time the illegal wildlife trade is unique among the transnational crimes in that there are very few illegal markets for illegally harvested wildlife – (nearly) everything is laundered into legal markets. This laundering is made laughably easy through using falsified information to obtain permits, through corruption and through faking, altering or reusing permits.

The wildlife trade of CITES listed species is a luxury trade, which is dominated by big business and these businesses are freeriding – both by not caring about the legality of their supply chains and by not contributing to the cost of regulation. The trade is also heavily skewed towards imports into just a handful of wealthy countries – primarily the US, EU, China/HK, Japan and UK.

Because the legal trade in wild species receives so little scrutiny in the mainstream media there is no current impact on the reputation and brand on the companies trading in them and their investors. These are often the same companies that still spend big on media advertising, creating a conflict of interest for the mainstream media, even in the most progressive media outlets.

The idea that businesses will voluntarily adopt and pay for ensuring the legality of their supply chains ought to be confined to the dustbin of history by now. In the 2009 book *From Predators to Icons*, the authors challenge the image of the entrepreneur as a visionary with a plan. Instead, they describe what they provocatively term “predation”: ruthlessly taking advantage of imperfections, weaknesses, and vulnerabilities within the market. Unfortunately, the CITES trade provides a perfect example of business exploiting the weaknesses and vulnerabilities in the market. This can only be changed by creating a significant and secure funding stream to adequately resources CITES and its national authorities.

Because the CITES trade is overwhelmingly a luxury trade concentrated in a handful of import markets and because most illegal products are laundered into legal markets, this makes it both feasible and appropriate to demand business contributes to the cost of regulation. Any pushback by business to such a request should negatively impact a company’s reputation and brand. In the end it will be the negative effect on a company’s sales volume or share price which will drive the needed business transformation.

It is possible to create such a scheme without needing to change the CITES articles of the convention. A 1% import levy on the declared value of shipments of CITES listed species and their derived products can be (voluntarily) imposed in the major import markets through mandating import permits for Appendix II species and charging a permit fee based on the declared value of the shipment.

The equivalent of 80% of the revenue raised from the levy could then be remitted by the major importing countries to CITES External Trust Fund



for distribution in accordance with rules set by the Conference of the Parties.

In addition, trade monitoring at border crossings needs to be augmented with the establishment of a global Business Register of businesses trading in CITES listed species and the volume and value of their trade in these species. This will aid supply chain transparency and help fill the data gaps in CITES trade data and UN Comtrade data. Such a business register could be established under UNEP (like WCMC) and would be financed by fees. National legislation could underpin participation of businesses and also include the introduction of licence fees to trade in CITES listed species.

Funds from the import levy and business fees paid to the business register can be distributed through the CITES External Trust Fund to finance

the most urgently needed improvements to CITES monitoring and enforcement – electronic permitting, real-time data collection, end-to-end traceability and financing enforcement and prosecutions in key exporting and transit countries. The funds can further be used to finance binding standards and research for Non-Detriment Findings and to fund timely and wide-ranging Reviews of Significant Trade.

Whilst the import levy and business register have the potential to fix the current funding crisis and the most glaring failings of CITES at present, it will not be enough to stop the looming mass-extinction. That would require regulating the trade in ALL wild species, which means changing CITES to a reverse (positive) listing model as we outlined in our Modernising CITES report.



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