

I want to talk about:

The argument in favor of a smart trade in *white rhino* horn, from *natural deaths*.

Trade in rhino horn was banned by CITES in the 1970s, but the ban has not stopped a criminal trade, which has thrived and been responsible for the poaching of tens of thousands of rhino, since then.

There were said to have been 65,000 rhino, mainly black and mainly situated north of South Africa, in 1970. If there had been no poaching and no habitat constraints, that number should have grown to 700,000 today. Africa has 26,000 rhino or 4% of what we should have had.

Imagine if we had had a regulated trade in horn, and not a ban. Assuming an average number of even 100,000 rhino in Africa, we could have sold 2,000 horn-sets p.a. from natural deaths alone, and generated \$160 million p.a. (at today's wholesale prices) for our parks, instead of allowing the criminals to steal it all. That would have been enough to finance the annual anti-poaching efforts in 160 parks in Africa. If you can control poaching in a park, and only that, a park will thrive. We should have had thriving parks in Africa and thriving tourism, instead of hundreds of parks in serious decline, and minimal tourism. Spain gets more tourists per annum, than the whole of Africa. Wildlife is Africa's competitive advantage. We need to find ways of making it sustainable. Rhino could be the catalyst.

The ban has not been good conservation, and it makes no sense continuing with the same failed strategy, hoping for a different result. It is not going to happen.

The first 7 months of 2012 suggests that the likely number of rhinos to be poached will be 514 for the year, an increase of 15% over 2011. This is despite a substantial increase in law enforcement efforts. The reality is that the rewards to poaching are enormous. One horn will raise \$80,000 in the wholesale market. With such large rewards it becomes one of the best "get rich quick" games on the continent. That reward encourages corruption, and corruption undermines law enforcement.

While there have been some notable successes in South Africa over the last two years, law enforcement, on its own, is not winning the war. That is not to say that law enforcement is not important. It is vital.

At present there is no avenue to satisfy Far Eastern demand for horn other than by the poaching or killing of rhino. However, there is sufficient horn that can be collected from natural deaths of white rhino in South Africa each year, and also from stockpiles of horn that have been accumulated from deaths of rhino in South Africa over many years, that could be sold into the market, on a sustainable basis, to satisfy demand. The size of the market is about 800 horn-sets (SA 550, Pseudo Hunts 100, rest of Africa poaching 80, leakage from stocks and picked up from natural deaths in the veld 70.) and we can supply that from natural deaths and stockpiles alone.

Why, on earth, don't we do that? What are we doing sitting on mountains of stocks, and adding to them each year, while we watch hundreds of rhino being killed for their horn? It makes no sense. One horn sold from stocks will save one rhino in the wild.

There is no need for all the killing.

It is important to understand that supply and demand are brought into balance by price. If demand increases and supply remains the same, the price has to increase in order to bring back the balance.

Horn sales could be regulated through a South African Central Selling Organization, which is envisaged as having a monopoly over all legal supplies. The CSO would broker sales to Far Eastern state pharmaceutical companies, who would then on-sell to licensed retailers. Far Eastern states, being profitably invested in the legal trade and having the ability to close down the criminal trade, must surely make every effort to close down the criminal trade. Typically, any illegal goods trade at a 30% discount because of the risk of prosecution. The objective should be to increase the risks so that illegal horn trades at a 50% discount and, as a consequence, halves the rewards to poaching.

The plan should be to make speculators believe that there is little scope for price appreciation, which will result in them not buying and hoarding horn but, rather, putting their existing stocks on sale in the illegal market, which will deepen the discount. The price of horn has risen 6 times in the last 10 years, so speculation is bound to have been a significant element in overall demand. We need to remove that demand. If 25% has gone into stocks and we remove the speculators, total demand will fall by 200 horns per annum.

Far Eastern countries and their medicinal markets must surely prefer a legal trade to a criminal trade? Illegal horn, apart from being illegal, might also be fake, or poisoned. Anger around the killing of rhino is such that the threat of poisoning is real and South Africa should make the Far Eastern markets aware of that risk.

South Africa could sell 800 horn-sets on the wholesale market for \$64 million p.a. The ban, in effect, puts a global tax of \$64 million or R500 million p.a., on South Africa. Do we deserve that? We need that money for our parks. That is not to say that the main thrust of the argument for trade is money. It is not. The main aim of a regulated trade is to stop the killing.

A legal supply of horn will remove the current necessity for the killing of rhino and while it may not eliminate poaching entirely, it should reduce the incidence of poaching to low levels. Maybe it reduces poaching to 200 rhino p.a.? That is 1% of the population, and we can live with that. At a 6% p.a. net increment after poaching, South Africa will have 40,000 rhino in 12 years time. That should be the target, a realistic target, for everyone to adopt.

Given a smart trade, and the exit of speculators, I estimate that demand will fall to 600 horns. The CSO could sell up to 800 horns and the poachers 200. The price of horn is going to fall.

What are the safeguards? Simply put, SA can undertake to close down the trade if it does not reduce poaching over the next 3 to 5 years. My expectations are that trade will reduce poaching by more than 50% per annum.

Can you support the CITES ban on rhino horn trade and believe in sustainable use. No! Most serious conservationists believe in sustainable use.

Dr David Mabunda, the Head of Sanparks and the main player in the rhino industry, is in favour of trade. So is Dr Bandile Mkhize, the Head of KZN Wildlife. KZN Wildlife has actually drafted a proposal for trade for CoP 16 and has submitted it to DEA. Dr Ian Player who has done such a lot for rhino conservation, and is a national conservation hero, supports trade in horn from natural deaths. Dr John Hanks, former Head of WWF in South Africa and Peace Parks, supports trade. So does Dr George Hughes, who used to be Head of Natal Parks. Dr John Ledger, the previous Head of EWT supports trade. These are serious people.

If we don't get CITES to agree to trade, it is almost certain that Africa will lose 2,500 rhino over the next 4 years. That is R625 million in today's values. The opportunity cost of not being able to trade in horn amounts to a further R2 billion.

These are some of the arguments against trade:

The diamond CSO never worked. Actually it worked very well for over 50 years and was finally closed in 2000, or thereabouts, when the Russians and Australians insisted on selling their stones directly into the market.

The Kimberley Process of preventing blood diamonds getting to the market did not work. Actually, it did work, except for Zimbabwe. The envisaged CSO will only broker horn from the state parks and one private sector co-op, and payments will only be made to those bank accounts. There will be no scope for illegal horn being brokered by the CSO. The Kimberley Process is irrelevant.

It is unethical to sell horn when we know that it has no medicinal qualities. But there are thousands of potions on sale in South Africa and elsewhere that have no medicinal value. Is killing rhino more ethical?

We don't understand the drivers of demand and should spend years collecting that data before making a decision. The demand comes from the Traditional Chinese Medicine Market. What else do we need to know? We can't afford to spend years collecting lots of "nice to know" data.

We need to change the Chinese mindset. That is futile.

The private sector should not be allowed to make money out of trade. Of course they should! They own 25% of the rhino and should be allowed to sell 100 horns which relates to the number of natural deaths amongst their white rhino. They own far more wildlife land than state parks. (75% of trade revenue will go to state parks.)

Trade is not a silver bullet. I believe that trade is the solution, along with law enforcement, and smart partnerships. There does not need to be a single answer.

Ivory sales led to an increase in elephant poaching. CITES have recently said that there is no evidence of that.

In conclusion:

There is great urgency. Little will be achieved by more talk. The time has come to make a decision. Cabinet support needs to be sought, range states need to be consulted, and partnerships with China and Vietnam need to be put in place. These partnerships can be on the basis that they will join us as partners if CITES agrees to a regulated trade. It can be a contingent partnership arrangement.

South Africa has nothing to lose by submitting a proposal for a regulated trade to CoP 16. We own 80% of the world's rhino as a result of many years of care and good management. There is absolutely no reason to go "cap in hand" to CITES. We have a proud record and if we think the argument for trade is compelling, we should have the courage to say so. We owe that, at the very least, to the rhino, and to the people of Africa.

Michael Eustace.

31st July, 2012.