

OBSERVATORY OF ILLICIT ECONOMIES IN EASTERN AND SOUTHERN AFRICA

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Summary highlights



Ammunition theft raises fears of increased volatility and political violence in KwaZulu-Natal.

Amid the political violence and looting that has gripped South Africa after the imprisonment of former president Jacob Zuma, in July some 1.2 million rounds of ammunition were stolen from a container yard in Durban, KwaZulu-Natal province. At the time of theft, the ammunition was not being stored in a high-security facility, raising urgent questions about how this high-risk shipment was handled. This ammunition, in conjunction with the flood of illegal weapons in recent years, may help fuel criminal and political violence in this already volatile region, which has the highest rate of political assassinations in the country.



Madagascar's vanilla industry has become a magnet for corruption, money laundering and criminality.

Around 80% of the world's vanilla is grown in the mountainous regions of Madagascar. Extraordinary price rises in recent years have been a boon for smallholder farmers and vanilla exporters in Madagascar, but have

also brought rising criminality. Organized and violent thefts of vanilla have become widespread, as well as money laundering through the sector and related corruption and speculation. However, the market is now changing, and criminal activity has followed suit. In response to falling prices, the Malagasy government has imposed minimum prices for vanilla exports, but this move has provided an opening for new forms of money laundering and corruption. Thefts have also emerged in up-and-coming vanilla-growing regions.



Somalia proposes reforms to fishing licences – will they curb corruption related to illegal fishing?

Somalia's Ministry of Fisheries and Marine Resources has announced plans for a new law that will aim to streamline its fishing licensing regime and close loopholes that enable illegal, unreported and unregulated (IUU) fishing. The announcement comes just weeks after a Global Initiative Against Transnational Organized Crime (GI-TOC) report in which we reported that vessels engaging in IUU fishing in Somali waters are often enabled by actors within government institutions.



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One of the government officials named in the report was Mohamud Hayir Ibrahim, minister of finance in the Federal Government of Somalia. Documents seen by the GI-TOC show how Ibrahim has seemingly been involved in irregularly procuring paperwork for the North East Fishing Company, a Somali fishing concern. Ibrahim's activities suggest that abuse of government positions, and not only a fragmented fishing licensing system, has undermined attempts to curb IUU in Somalia.



Worrying signs for elephant conservation as data shows 2020 rise in black-market ivory prices.

Recent GI-TOC analysis has found that reported prices for illegal ivory rose in 2020 – the first increase since the peak of global ivory prices in 2014. Rising prices, along with the disruption to ivory supplies caused by the pandemic, may be a warning sign of increased illicit ivory trade in future, and a threat to the successes in countering elephant poaching in East and southern Africa.

ABOUT THIS ISSUE

In July 2021, the world watched as South Africa descended into unprecedented chaos and looting following the imprisonment of former president Jacob Zuma. Authorities have reported that at least 342 people lost their lives during the civil unrest. But the long-term death toll could be much higher, due to just one incident: amid looting in Mobeni, south of Durban, an enormous cache of ammunition was stolen from a container yard, the vast majority of which has not been recovered by police. These 1.2 million rounds of ammunition, in the hands of criminal groups, could have a knock-on death toll even greater than that seen in the deadly days of civil strife in July.

This is the largest-ever reported loss of ammunition from civilian or police sources in South Africa. However, it follows several major scandals involving police firearms being channeled to gangs, and gangsters being able to abuse monitoring systems to acquire firearms licences, weapons and ammunition. The Durban ammunition will enter a criminal underworld that is already awash with illicit firearms.

The three other stories in this issue focus on environmental markets, from wildlife to agricultural products. Organized crime in the vanilla market in Madagascar shows how high-value agricultural products can become targets for criminal activity, money laundering, speculation and theft. This is not without parallels elsewhere in East and southern Africa: in a previous issue of this Bulletin we reported on criminal groups targeting avocados and macadamia nuts – both high-value cash crops – in South Africa and its neighbours.

The Malagasy vanilla market has, in some ways, been shaped by criminality. Laundering of profits from illegal logging reportedly contributed to a price bubble that saw Madagascar's vanilla crop reach record prices in 2018, where vanilla was traded at a higher price per kilo than silver. The sky-high prices incentivized criminal groups to orchestrate vanilla thefts, often stealing the produce directly from the vine. Thefts of 'green' vanilla unready for market also lowered the overall quality of Malagasy vanilla exports and has contributed to prices falling in recent years.

Similarly, our analysis of ivory black-market prices also shows how integrated the licit and illicit economies can be. In the aftermath of the global financial crisis, research suggests that ivory prices rose as the commodity became sought after as an investment, much like other high-value commodities such as gold. As record gold prices in 2020 have again shown, these kinds of commodities rise in price amid financial uncertainty and crisis. We have found that ivory prices have risen again in 2020. While it is too early to be certain, it may be the case that the economic uncertainty of the COVID-19 pandemic has driven illicit actors to invest in this high-value commodity.

The final illicit environmental market we report on in this issue is IUU fishing, and how regulatory mechanisms aimed at preventing illegally caught fish have been undermined in Somalia by officials abusing their positions of power. As with the vanilla trade in Madagascar, the challenge lies in ensuring international supply chains remain transparent and accountable.

Ammunition theft raises fears of increased volatility and political violence in KwaZulu-Natal.

In July 2021, around 1.2 million rounds of ammunition were looted from a shipping container in the South African port city of Durban in KwaZulu-Natal (KZN) province.¹ The ammunition, worth over R3 million (US\$200 000), was taken from a privately operated container yard and was not being stored in a high-security facility at the time of the theft. This is the largest known loss of ammunition in South Africa from a civilian source to date.

The theft comes at a particularly volatile time, with KZN the epicentre of the looting and violence that has followed the conviction and imprisonment of former president Jacob Zuma. The ammunition theft also adds fuel to the fire of illicit firearms in South Africa, following several scandals surrounding state regulation of firearms, and could have a serious impact on violence and crime in the province.

Ammunition in the illicit firearm economy

While illicit firearms have a long lifespan, their utility to criminal organizations is reliant on the availability of ammunition. In this they are aided by the fact that ammunition often receives least monitoring and oversight of any product in the arms sector.

Jonathan Rickell, a field investigator at Conflict Armament Research, explains that ammunition is 'the easiest [of arms products] to divert and the most challenging to trace back to the source'.² Countries experiencing periods of instability, he said, often saw an increase in demand for ammunition as it 'is a single-use component and therefore an item that requires consistent re-supply to support'.



Rescue personnel at work at Springfield Park, Mobeni, south of Durban. Businesses at the park were hit by looters on 13 July 2021. Mobeni is the same area where the ammunition theft took place in the midst of looting.

Photo: Stringer/AFP via Getty Images

It is difficult to estimate accurately how much ammunition is lost and stolen from state and civilian sources in South Africa, as most losses go undetected. While statistics on firearms that are reported lost and stolen from police and civilians in the country are routinely released by the South African Police Service (SAPS), no such statistics are routinely released for ammunition.

However, some details have become available on state losses of ammunition from answers to questions in Parliament addressed to the ministers of defence and military veterans and of police. In August 2019, the South African police minister told Parliament that the SAPS had 'lost' more than 9.5 million rounds of ammunition over the past six financial years.³ Further details on how this data was collected is not publicly available. Responses to parliamentary questions also revealed several losses and thefts of ammunition from the South Africa National Defence Force since 2013, including the loss of 32 400 rounds for R4 assault rifles that were allegedly stolen from the Lenz military base south of Johannesburg in April 2013.⁴

Based on the (admittedly scant) available evidence, it seems that the arms theft in Durban is one of the biggest ammunition thefts in South Africa from any source, civilian or police. This theft also shines a light on the lack of public transparency about ammunition losses in South Africa.

It also outweighs seizures of ammunition made in police operations. In the 2019–2020 reporting year, the Directorate for Priority Crime Investigation (known as the Hawks), which investigates high-level organized crime in South Africa, seized 341 179 in total across all operations: less than a third of the total ammunition in the Durban shipment. Tactical response teams, which conduct operations in high-risk areas such as those affected by very high levels of gang violence involving firearms, reported 43 833 rounds of ammunition seized in this period.⁵

Was the Durban arms cache a vulnerable target for looters?

Imported from Brazil, the shipment was destined for South Africa's administrative capital, Pretoria, 600 kilometres inland from Durban. The bulk (800 000+ rounds) of the shipment comprised 9mm rounds, the most popular form of ammunition for various brands of handguns available in the country, alongside a

substantial number of 380 and 45 ACP and cartridges, which are also common ammunition for pistols. Also present were over 100 000 .38spl, 357 and 44 Magnum rounds, commonly used in revolvers.⁶ One firearm dealer estimated that the volume of ammunition, if sold to private handgun owners, would be sufficient to meet the needs of all such owners in South Africa for three to four months.⁷

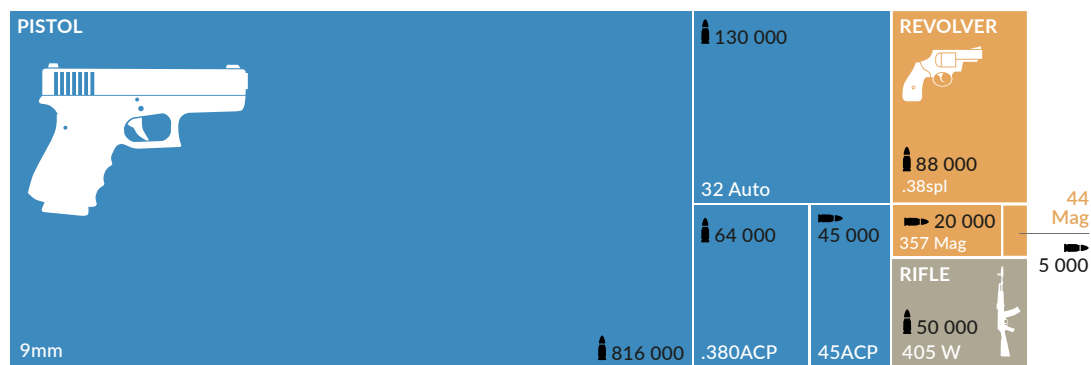
The cache was imported by Formalito, a subsidiary of Outdoor Investment Holdings (OIH), the largest distributor of arms and ammunition in South Africa. OIH has been distributing firearms for more than 55 years and is responsible for about 30% of all ammunition imported into South Africa each year.⁸ The company said the 14-tonne shipment was intended for sale to private citizens and security forces.

According to a police source and two business people who operate in the street where the theft occurred, the yard was not under heavy guard. Security experts and activists on gun violence in KZN said the theft raises urgent questions about how the shipment came to be at that location, and who was responsible for protecting the ammunition.⁹

Megan Piller, the owner of Blu Logistics, which specializes in the import of firearms, ammunition and explosives into South Africa, told the GI-TOC that authorities ordinarily follow strict procedures when transporting ammunition and demand that storage facilities and transporters be registered with a 'Class 1' (dangerous goods) certification.¹⁰

Specific high-security warehouses are the usual recipients of ammunitions transfers. In Gauteng, for example, such cargo would go to the Guardforce bonded warehouse, which Andrew Saulter, a firearms dealer, described as 'like Fort Knox'.¹¹

Piller said the movement of such goods is governed by three pieces of legislation: the Firearms Control Act or the Explosives Act; the Dangerous Goods Act; and the Customs & Excise Act.¹² 'But the laws don't define standard operating procedures, which is incredibly frustrating because different authorities in different towns and provinces interpret these laws differently,' she said.



This ammunition is enough to load:

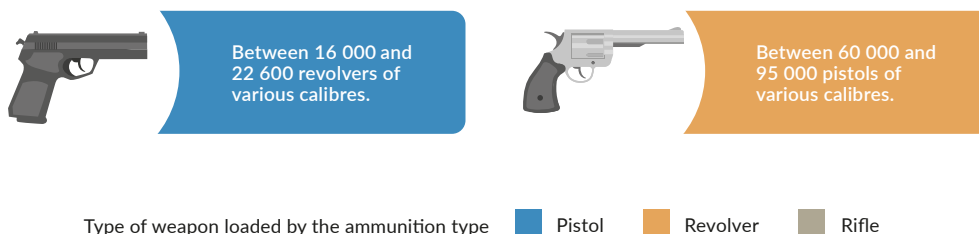


FIGURE 1 Breakdown of the ammunition in the Durban arms cache.

NOTE: Pistols are the most commonly used type of weapon in gang-related crimes in South Africa. Revolvers are often used in targeted assassinations because they retain their shells, allowing a quick getaway for the assassin with no shells left behind as evidence. The magazine capacity – the number of rounds that a pistol holds – can vary widely, even within firearms that take the same calibre of ammunition. The ranges were calculated based on the variety in magazine capacity for each calibre of ammunition in the cache, creating a high and low estimate. Revolvers vary between holding 5 and 7 rounds, and this range does not change regardless of the calibre of ammunition. A high and low estimate was therefore created for the revolver rounds using this range.



Lorries that were torched during looting (bottom) outside the Lee Trans container depot (top), where the ammunition theft took place.

Photos: Greg Arde

Piller said normal procedure would have demanded that the container be cleared with customs one week before the vessel arrived in port. Apart from the import permit, both the shipping line and the police would have had to have the transporter's details, the truck registration and the driver's details on record. When the vessel docked, the fire department and the police would have to be on standby at the port. Ammunition containers get priority to be taken off the vessel first by transporters, who proceed directly to a nominated depot where the cargo is placed in secure holding until police inspect the container. Once inspected, the cargo can proceed to its destination.

The police and OIH are now at loggerheads over who was responsible for the ammunition when it was stolen. The ammunition importer, OIH, told the GI-TOC that they were satisfied that they had followed normal procedures and that, at the time the ammunition was stolen, the consignment fell under the authority and control of the clearing agents, customs and port authorities and SAPS.¹³ Because of the nature of the cargo, it was not permitted to remain at the port unprotected, and the company claims that an armed escort accompanied the shipment to the transport yard ahead of the inspection. (It was impossible to deliver the shipment directly to the inspection depot because it was closed due to the violence taking place.) A spokesman for the company said all documentation relating to the movement and transfer of the shipment had been forwarded to the Hawks, which is handling the investigation of the theft.¹⁴

However, police minister Bheki Cele claimed that the police were informed the ammunition had been taken from the port without their permission. A source close to the investigation also said it was unclear how the container came to be in the yard where the theft occurred.

But Andrew Whitfield, an opposition MP for the Democratic Alliance party who sits on the police portfolio committee, does not credit the idea that the police were left in the dark. In an interview with the GI-TOC, he said 'the importer alleged that there were numerous attempts to get SAPS to inspect the shipment, so SAPS definitely knew about the shipment'. He accused authorities of being secretive about the theft or alternatively 'clueless'.¹⁵

In addition to questions about who was responsible for the ammunition at the time of the theft, some observers

have raised suspicions about whether the incident was part of the general looting taking place in Durban at the time, or whether it was premeditated. The police source close to the investigation said he believed that the theft was part of general looting rather than an organized heist. Neighbouring businesspeople attested to the fact that there was looting along most of the street and that the area was particularly badly hit, the worst hit out of several container yards in the surrounding area. They said looters ransacked several businesses and took 'everything', from buckets of rice to computers. The yard office was gutted by fire and a huge forklift was torched during the looting.

But there are also signs that the theft was premeditated. About 50 metres away from the site of the ammunition theft is a truck repair shop. The looters stole four rigs – eight- and 12-tonne trucks that require specialist knowledge to drive – evidence that they were well organized, according to a director of the truck-repair business. The owner of Lee Trans, the company in which the shipment was stored at the time of the theft, did not respond to questions.

In the days following the incident, several ammunition seizures were made in Mobeni, where the ammunition was looted. Police reported that several thousand rounds of ammunition thought to originate from the Durban shipment were recovered, which would still leave over 1 million rounds remaining unaccounted for.¹⁶



Boxes of ammunition thought to be from the Durban theft were recovered by police.

Photo: South African Police Service

Fuel to the fire of illicit firearms in South Africa

Illicit supplies of ammunition are vital for armed criminal networks, especially in South Africa, where the criminal underworld has received a huge influx of illicit firearms in recent years, with corrupt police officers taking advantage of poor management systems to channel guns to gangs. In the most prominent case of this kind, former police officer Christiaan Prinsloo, who was responsible for managing several provincial armories and firearm stores, admitted in court to being part of a network that had supplied at least 2 400 firearms to criminal groups. The investigation into Prinsloo and the network ascertained that at least 2 400 firearms had been sold to criminals in the Western Cape. They were able to link 900 of these seized firearms to 1 060 murders.¹⁷

Systemic corruption at the South African Police Central Firearm Registry has also allowed firearm licences to be granted to suspected gangsters. Digital systems designed to create an accurate and comprehensive database of firearm licensing are not fully operational, leaving the system open to manipulation. During 2020, police arrested 28 people, including high-ranking police

officers and Cape Town-based underworld figures, for their involvement in the fraudulent procurement of firearm licences. Of those arrested, 17 were police officials, two were retired police officers and 11 were civilians with links to the underworld.¹⁸ In some cases, gangsters have been able to use fraudulently acquired firearms licences to buy large amounts of ammunition.

This problem is exacerbated by the fact that a lack of transparency and effective oversight mechanisms means that the scale of illicit firearms and ammunition flowing to criminal networks may be underestimated. SAPS statistics show that between 2013/2014 and 2018/2019, more than 47 028 licensed civilian firearms were reported lost or stolen, of which as many as 18 000 remain unaccounted for.¹⁹ SAPS statistics also report that 26 277 police-issue firearms were lost or stolen between 2002/2003 and 2018/2019.²⁰

However, the true figures for lost and stolen firearms may be significantly higher. Some 20 291 civilian-owned firearms were recovered between 2003 and 2014 that had never been reported as lost or stolen by their

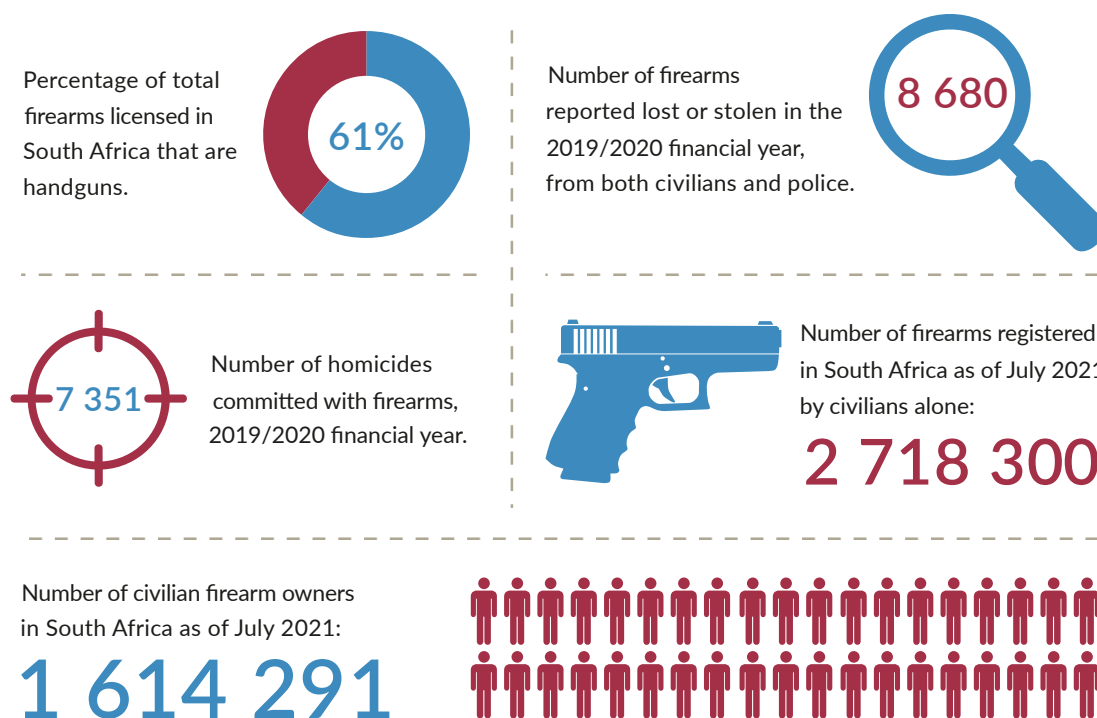


FIGURE 2 Armaments and ammunition in South Africa.

NOTE: The primary source of illegal guns in South Africa is civilian firearm owners, followed by the police service, whose registered, legal, firearms are lost or stolen.

SOURCE: SAPS annual report 2019–2020 financial year, and Question NW1639 to the Ministry of Police, Parliamentary Monitoring Group, 25 June 2021, <https://pmg.org.za/committee-question/16759/>

owners.²¹ Changes in the way statistics for lost and stolen police firearms were recorded after 2010 also means that guns that are 'unaccounted for' in police stocks are not included in the statistics, but only those actively reported as lost or stolen.

In addition, many firearms under the control of other government departments may not be included in the statistics.²² For example, metropolitan police services, which fall under the control of metropolitan councils, do not have readily available data on lost and stolen firearms. One of the reasons cited for this is the fact that in these departments the loss of firearms is treated as loss of council property, rather than the loss of a lethal weapon.²³

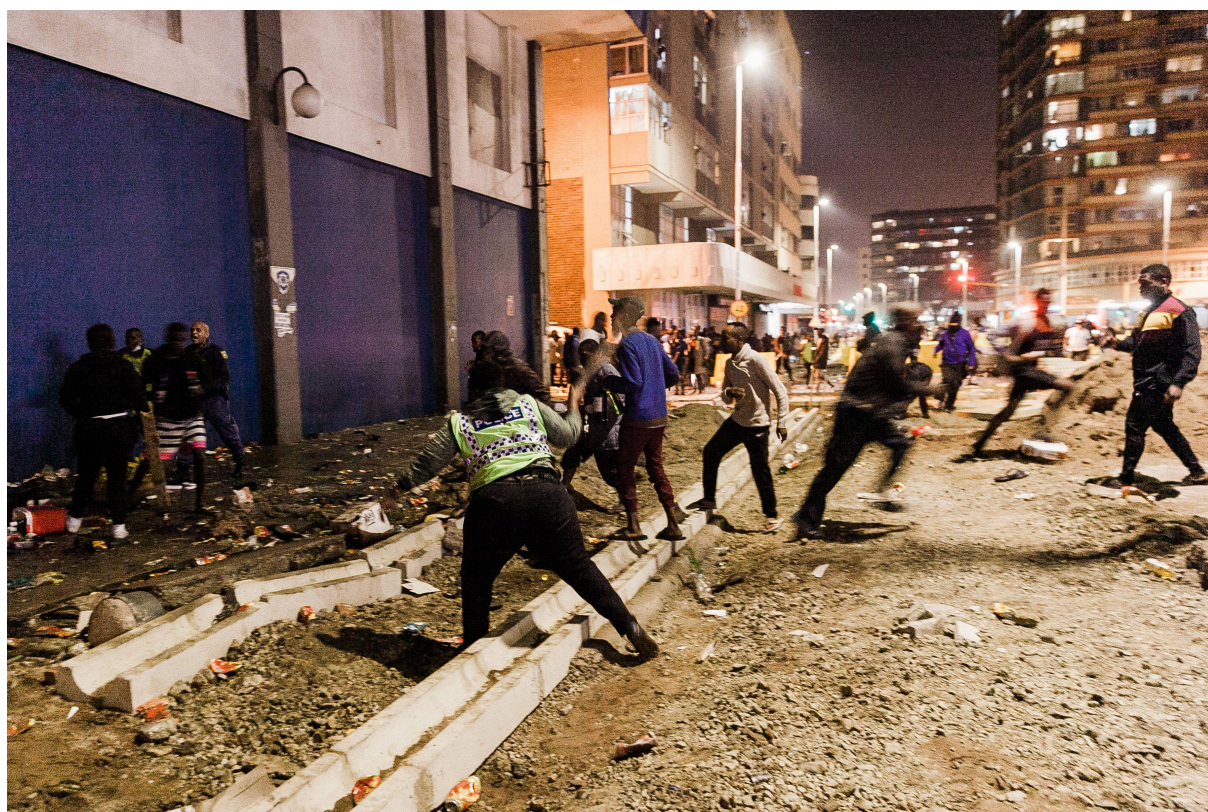
The impact of the ammunition theft

Guns are overwhelmingly the weapons most used in South Africa to kill, injure and intimidate. In 2018–2019, 41.3% of recorded murders and 80% of attempted murders involved a firearm. Increased access to firearms has led to more deadly gang violence. From 2010 to 2016 – the period in which Prinsloo and his network were shipping guns wholesale to Western Cape gangs – gun-related murders in the province more than doubled.²⁴ It is into this context that the 1.2 million stolen

rounds from Durban have now flowed. The calibres of ammunition in the stolen cache include those most often used in gang fights and robberies (9mm, 45 ACP) and in targeted assassinations (.38spl and Magnum rounds).

The theft also takes place in a province beset by criminal violence and targeted assassinations, particularly intra-party violence and assassinations in the ruling African National Congress. GI-TOC analysis of assassination trends has found that, between 2015 and 2020, 38% of all recorded assassinations in South Africa were in KwaZulu-Natal – the highest proportion of all provinces in South Africa. KZN recorded the highest number of hits across all different categories isolated by the GI-TOC's analysis, including assassinations linked to the taxi industry, assassinations in personal feuds, assassinations linked to organized crime and political assassinations.²⁵

The rate of political assassinations in KZN between 2015 and 2020 was almost five times that of the next-highest scoring province, Gauteng.²⁶ Previous GI-TOC analysis of political assassinations in the province found that violence spikes particularly around election time. In the wake of violence and looting that has centred in the province in the aftermath of Zuma's imprisonment –



South Africa Police Service officers respond to looting in central Durban, 11 July 2021.

Photo: AFP via Getty Images

which has claimed the lives of over 330 people nationwide, the majority in KZN²⁷ – there are concerns of a spike in violence in the upcoming local government elections in September 2021.

Questions for future investigations

There are a lot of questions about this ammunition theft that any investigation or inquiry would have to answer. Whose responsibility the consignment was at the time of the theft is clearly an issue of contention between the

police and the importer. Why the consignment was not in a higher security facility, how as much as 14 tonnes of ammunition was able to be taken away, and whether the targeting of this container yard was deliberate also remain open. However, while the scale of this theft was extraordinary, it was also only the latest in a series of extraordinary episodes in South African firearms control that has empowered criminal groups and made criminal violence in South Africa more deadly.

Notes

- 1 Ammunition stolen during Durban looting could be in criminals' hands: ISS, SABC News, 22 July 2021, <https://www.sabcnews.com/sabcnews/ammunition-stolen-during-durban-looting-could-be-in-criminals-hands-iss/>.
- 2 Interview, Jonathan Rickell, field investigator at Conflict Armament Research, July 2021.
- 3 Getrude Makhafola, More than 4 000 police service guns lost in past six years, African News Agency/ANA, <https://www.iol.co.za/news/politics/more-than-4-000-policeservice-guns-lost-in-past-six-years-ffplus-30700113>.
- 4 SANDF ammunition and weapons stolen and lost, DefenceWeb, 16 October 2015, <https://www.defenceweb.co.za/sa-defence/sa-defence-sa-defence/sandf-ammunition-and-weapons-stolen-and-lost/>; Guy Martin, SANDF weapons used in transit heist, DefenceWeb, 21 June 2018, <https://www.defenceweb.co.za/sa-defence/sa-defence-sa-defence/sandf-weapons-used-in-cash-in-transit-heists/>; Theft and loss of SANDF weapons and ammunition worrying, DefenceWeb, 5 April 2019, <https://www.defenceweb.co.za/featured/theft-and-loss-of-sandf-weapons-and-ammunition-worrying/>.
- 5 South African Police Service, Annual Report 2019/20, https://www.gov.za/sites/default/files/gcis_document/202012/south-african-police-service-annual-report-20192020.pdf.
- 6 Inventory stock list on file with the GI-TOC.
- 7 In South Africa, a firearm owner may not purchase more than 200 rounds of ammunition at any one time. Interview with Andrew Saulter, firearm dealer, Interview conducted by phone, 23 July 2021.
- 8 Interview with Andrew Saulter, firearm dealer, by phone, 23 July 2021.
- 9 Interviews with security experts Mary de Haas and Ryan Cummings, July 2021.
- 10 Interview with logistics expert Megan Piller, by phone, July 2021.
- 11 Interview with Andrew Saulter, firearm dealer, by phone, 23 July 2021.
- 12 Interview with logistics expert Megan Piller, by phone, July 2021.
- 13 Interview with Johannes Coertze, by phone, 27 July 2021.
- 14 Interview with Johannes Coertze, by phone, 27 July 2021.
- 15 Interview with Andrew Whitfield, by phone, 20 July 2021.
- 16 See: South African Government, Acting Minister Khumbudzo Ntshavheni: Update on security situation prevailing in the country, 16 July 2021, <https://www.gov.za/speeches/acting-minister-khumbudzo-ntshavheni-update-security-situation-prevailing-country-16-july>. During a visit to KZN on 23 July 2021 the Minister of Police Bheki Cele told the media that that 10 000 rounds of ammunition, thought to have originated from the container, had been seized by police in the province. Greg Arde and Jeff Wicks, #UnrestSA: Thousands of looted bullets spread across KwaZulu-Natal, News24, 19 July 2021, <https://www.news24.com/news24/southafrica/news/unrestsa-thousands-of-looted-bullets-spread-across-kwazulu-natal-20210719>. Collectively, these seizures would mean that the police have only recovered a total of 16 000 rounds leaving well over 1.18 million rounds unaccounted for. In Phoenix outside Durban, 22 people were arrested and police seized 152 firearms from private security companies operating in the area and another 112 illegal firearms from residents in the area. Ammunition was seized during these operations though no link has been firmly established to the stolen ammunition. Local media have reported that a Durban man, the son of a prominent pastor, was charged with possession of unlicensed ammunition that may have originated from the stolen cache. He has denied the allegations. Orrin Singh, Phoenix link probed in ammo looting, *Sunday Times*, 1 August 2021, <https://www.pressreader.com/south-africa/sunday-times-1107/20210801/281732682527127>.
- 17 Madelyn Winchester, Illegal guns leading to rise in murders in the Western Cape, *Cape Argus*, 7 August 2019, <https://www.iol.co.za/capeargus/news/illegal-guns-leading-to-rise-in-murders-in-the-western-cape-30443334>.
- 18 Jenni Irish-Qhobosheane, How to silence the guns?: Southern Africa's illegal firearms markets, Global Initiative Against Transnational Organized Crime, forthcoming.
- 19 Figures taken from SAPS annual reports, 2013/14 to 2018/19, <https://www.saps.gov.za/about/stratframework/annualreports.php>.
- 20 Figures taken from SAPS annual reports, 2013/14 to 2018/19, <https://www.saps.gov.za/about/stratframework/annualreports.php>.
- 21 Analysis of the Firearms Control Act on crime, 1999–2014, commissioned by the Civilian Secretariat for Police December, Wits School of Governance (unpublished), 2015.
- 22 Jenni Irish-Qhobosheane, How to Silence The Guns?: Southern Africa's illegal firearms markets, Global Initiative Against Transnational Organized Crime, forthcoming.
- 23 Andrew Faull, Bring them into line: Managing corruption in SAPS and metro police departments, *SA Crime Quarterly*, 23, March 2008.
- 24 Gun Free South Africa, Firearms Control Briefing 2 of 2019: Western Cape mortuary surveillance shows gun deaths doubled in 6 years, 5 March 2019, www.gfsa.org.za.
- 25 Kim Thomas, Murder by contract: Targeted killings in eastern and southern Africa, Global Initiative Against Transnational Organized Crime, forthcoming.
- 26 Ibid.
- 27 Rebecca Davis, Greg Nicolson and Bheki Simelane, South Africa's three bloodiest days: 342 dead and we are still in the dark, *Daily Maverick*, 8 August 2021, <https://www.dailymaverick.co.za/>

article/2021-08-08-south-africas-three-bloodiest-days-342-dead-and-we-are-still-in-the-dark/.

Madagascar's vanilla industry has become a magnet for corruption, money laundering and criminality.

As much as 80% of the world's vanilla is grown in the mountainous regions of Madagascar¹ by smallholder farmers who must painstakingly pollinate each vanilla blossom by hand.² A boom in vanilla prices – driven in part by low harvest years, rising demand for natural vanilla flavouring and speculation by intermediary buyers in the market – saw international vanilla prices increase tenfold between 2013 and 2018.³ At the peak of the boom in 2018, vanilla was traded internationally at prices higher than silver.⁴ The 'vanilla fever' has made some producers rich, but has been described as a 'short-lived El Dorado',⁵ bringing with it insecurity, criminality and corruption.⁶

Vanilla farmers have been subjected to organized thefts of their prize crop, some of which have ended in violence, either with farmers killed attempting to protect their

produce or would-be thieves being executed in forms of mob justice.⁷ Reports have found the vanilla market to be a site of money laundering and of corruption.⁸

Much of this turmoil has been centred in the Sava region, in Madagascar's north-east, which for years has been the main region for vanilla production,⁹ and where up to 90% of the regional population are reliant on vanilla cultivation.¹⁰ Yet as prices began to fall from their 2018 highs – to the point where in February 2020 the government imposed a minimum price for exported vanilla in an attempt to stabilize the market¹¹ – criminality in the vanilla trade has also changed. Thefts have begun to affect other nascent vanilla-producing regions, and new patterns of money laundering and corruption have emerged.



Armed guards protect harvested vanilla in the municipality of Bemalamatra, near Madagascar's northern Sava region. The region is the centre of vanilla production in the country and has been affected by organized thefts and criminality affecting the vanilla market in recent years.

Photo: Rijasolo/AFP via Getty Images

A bitter taste for farming communities

According to Captain Maurille Ratovoson, commander of the regional gendarmerie, law enforcement has recorded several types of criminality in relation to vanilla in the Sava region, particularly in Antalaha. Firstly, there are thefts of vanilla from the fields, which happen regularly between March and July at the time that the official harvest starts, and thefts of stored vanilla, ready for sale.¹² These thefts can sometimes turn violent, as would-be thieves can be armed with long knives or firearms.¹³ The public prosecutor in Antalaha, Alain Patrick Randriambololona, confirmed these reports, adding that there have also been cases of poisonings and attempted murders during attempted vanilla thefts.¹⁴

Secondly, there are scams and frauds carried out between the growers and the 'collectors' (the intermediaries who collect vanilla from farmers), between collectors themselves and between the higher-level operators, who employ vanilla collectors and who also export vanilla. For example, vanilla collectors may take the produce yet never deliver on promised payments to growers. 'These types of crimes rise particularly ... before and after the official harvest,' says Ratovoson. 'The victims take time to come forward because they are waiting on payments from the bigger operators' – payments that never appear.¹⁵

For the governor of Sava region, Tokely Justin, the fight against vanilla thefts should not only be limited to police and the criminal justice system. He encourages collaboration between the vanilla operators and the local population. For Justin, this is a political priority, especially for the next harvest, which promises to be an abundant one.¹⁶

But some farmers, faced with potentially devastating losses from theft, have turned to private protection. Romuald Bemaharambo, a farmer in the Sambava district of the Sava region, describes the actions he must take to protect his crop. 'We are obligated to pay guards during the nine months of vanilla growth until the harvest starts,' he said. 'Personally, I pay around 400 000 ariary [around US\$100] each month to keep my plants, the flowers and especially the stocks of harvested vanilla from the moment that harvests are authorized, which is to say my annual expenses for security are around 3 600 000 ariary per year [just over US\$900].¹⁷ It's a significant sum, because at the moment with prices falling on the local market and the price limits on export, I find myself in the red!' ¹⁸



Tokely Justin, governor of Madagascar's Sava region, discusses the impact of organized criminality on the vanilla trade.

Riana Raymonde Randrianarisoa

While the cost of such security leaves a bitter taste for farmers such as Bemaharambo, vanilla-related criminality in the Sava region is actually declining, according to statistics shared by the regional gendarmerie. Randriambololona, the prosecutor, attributes this to the regional authorities' zero-tolerance approach towards vanilla-related crimes.¹⁹

However, thefts have risen in up-and-coming vanilla-producing regions. According to growers in the Atsimo Antsinana region in the south-east of Madagascar, thefts of 'green' vanilla directly from the plant are on the rise, especially just before harvest time. Victor Faniny, vice president of the region's vanilla policy platform, confirms this trend, which stymies the development of the market, as vanilla picked early is of lesser quality.²⁰

According to Norbert Monja, a vanilla farmer in the south-east: 'This situation affects the quality of the vanilla, and the financial resources of households. On the one hand, we have to pick the vanillas early to avoid theft. On the other hand, we also pay security guards 300 000 ariary [US\$76] per person every three months. Since we do not yet have clients to buy our produce ... we are in a loss-making situation,' he says.²¹

There are allegations that these thefts are part of a strategic criminal approach that leaves the farmers little choice but to sell to criminal actors. Aline Harisoa, a representative of the Tsara Hevitsy association, part of a coalition of civil society organizations in Farafangana, south-east Madagascar, describes such an arrangement: 'The mafias order the theft of vanilla ... Then they themselves encourage the farmers to sell the vanilla, still

on the plant, at derisory prices. Then, if this offer is accepted, the operators do not pay the agreed amounts at harvest time ... abusing the population's trust,' she says.²²

Colonel Derbas Behavana, commander of the National Gendarmerie in Farafangana, acknowledges that 'the mafia networks are strong and tightly knit', making it hard to identify those who are organizing the thefts.²³ However, law enforcement and judicial sources believe that a select few of the high-level vanilla operators are, in reality, the commanders of thieving gangs, either paying the thieves directly and buying stolen vanilla at bargain price, or simply taking the stolen vanilla in return for a part in the profits. Local communities, elected officials and regional authorities in the south-east likewise argue that bands of thieves are paid and organized by vanilla operators from other regions, particularly the Sava region. Other intermediaries in the vanilla market are also suspected of covertly buying stolen produce and then selling it on to operators for export at standard market price.

But such allegations may also have more complex motives. Competition between vanilla-growing regions drives suspicion between producers, leading them to

accuse producers of other regions of masterminding the vanilla thefts.²⁴ A high-level vanilla operator in Farafangana, who spoke to the GI-TOC on condition of anonymity for his safety, said 'we are victims of speculation and unfair competition from more experienced operators based in the Sava region or other producing regions. It should be remembered that there are currently more than 10 vanilla-producing districts in Madagascar. The Sava operators are afraid of the quality of our products and the quantities of our vanilla. So they seek to damage our image.'²⁵ Désiré Andriamarikita, mayor of the commune of Vohimalaza, Vaingandrano district, likewise believes that bad-faith operators from other regions are behind the thefts, attempting to harm the sector as it develops in the south.²⁶

Shifting patterns of money laundering

Activists and companies in the vanilla business have argued that vanilla prices have been artificially inflated by rosewood traders speculatively buying into vanilla as a form of trade-based money laundering,²⁷ and that the leading businesspeople controlling the vanilla trade are also trafficking rosewood. (The illegal trade in rosewood is one of Madagascar's most significant illicit markets.)²⁸

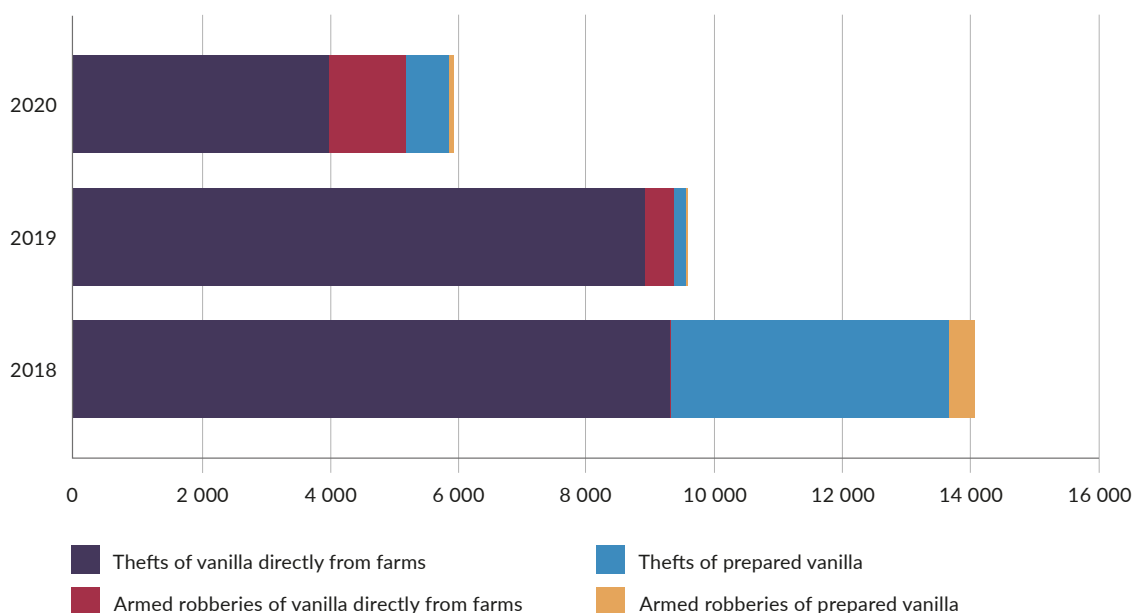


FIGURE 3 Thefts and armed robberies of vanilla in the Sava region, in kilograms.

NOTE: Data from the regional gendarmerie suggests that vanilla-related crime has fallen since 2018, when a price bubble in the vanilla market pushed the commodity to record prices. Recent reports suggest that vanilla thefts are rising in other regions that are beginning to produce more vanilla.

SOURCE: Gendarmerie, Sava region

Yet with vanilla prices falling, modes of money laundering have shifted. In an attempt to bring stability to the market, the Malagasy government imposed a legal minimum export price for vanilla from February 2020, first at US\$350 per kilogram,²⁹ then US\$250 per kilogram.³⁰ While the aim of this policy was to preserve the businesses of smallholder producers,³¹ there has been a sharp fall in prices on the domestic market as buyers, hesitant to export vanilla at a price higher than other international offerings, are unwilling to commit to buying produce.³² Debates between some growers who prefer to allow the market to regulate itself³³ and those in support of the minimum price³⁴ have been fierce.

Two high-level vanilla operators speaking under condition of anonymity argued that the minimum price policy has given rise to a new form of corruption and money laundering.³⁵ A select few vanilla exporters, they allege, have the privilege of exporting vanilla at US\$125–US\$150 per kilogram – well below the imposed minimum price. While the ability to export at a lower price may not seem like a privilege, it allows these exporters to sell at an internationally competitive rate, unencumbered by the regulations that are making

international business difficult for other exporters. These exporters reportedly enjoy high-level protection and their (illegal) special status is widely known.

The means of disguising such transactions is relatively simple. Firstly, the exporter and overseas buyer agree on paper to a US\$250 per kilogram sale of vanilla. After the transaction is concluded, the Malagasy party returns the difference between the US\$250 per kilogram and the real (lower) price back to the overseas buyer. This may take place after the money is laundered through other business activities.³⁶

According to prominent environmental activist Clovis Razafimalala, founder of environmental watchdog group Coalition Lampogno, a significant number of major vanilla operators who are former rosewood traffickers have also been taking advantage of this scheme to launder the profits of rosewood trafficking.³⁷ By exporting vanilla at US\$150 per kilogram, US\$100 of additional funds (in this case rosewood profits held in offshore accounts) is added to payments to reach the required US\$250 limit. This allows the profits of



Treated vanilla is dried in the sun in the Sava region, Madagascar. Reports of organized vanilla thefts include thefts of ‘green’ vanilla directly from the vine or harvested stores, as well as thefts of treated and prepared vanilla.

Photo: Rijasolo/AFP via Getty Images

rosewood trafficking to be brought back into Malagasy banks without detection.

Madagascar is currently facing several considerable challenges: the financial and health impact of the

pandemic and severe drought in some southern regions. It seems also that the vanilla market – one of the country's key exports – is facing an uncertain time, as the rush of demand for the highly prized spice has engendered criminality and insecurity.

Notes

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Somalia proposes reforms to fishing licences – will they curb corruption related to illegal fishing?

Amid claims of corruption within government bodies managing fishing regulation, Somalia has announced its intention to propose a new law that will aim to streamline its fishing licensing regime and close loopholes that enable illegal fishing.¹ The law, which was originally drafted in July 2020, still requires approval from the federal parliament (currently embroiled in election deadlock) before it takes effect.²

The announcement comes just weeks after a GI-TOC report in which we reported that vessels engaging in IUU fishing in Somali waters are often enabled by actors within government institutions. The problem has been worsened by the fact that, currently, regulation of fisheries in Somalia is a fractured picture: some decisions and authorizations issued by state bodies in one region are countermanded by other actors of the state or not recognized in other Somali regions. This creates a complex system that can be exploited by IUU fishing vessels operating along Somalia's more than 3,000 kilometre-long coastline.

Somalia's Federal Ministry of Fisheries and Marine Resources claims the draft law will eliminate this

uncertainty and bring together all Somali state agencies at federal government and regional level into a single streamlined licensing system. Mohamud Sheikh Abdullahi, the director general for Fisheries in the Ministry of Fisheries and Marine Resources, told the *Daily Nation* newspaper that the new law would address gaps in the licensing system and federal power-sharing system, as well as deal with corruption and environmental protection.³

The role of Mohamud Hayir Ibrahim

One of the government officials named in our report is Mohamud Hayir Ibrahim, minister of finance in the Federal Government of Somalia (FGS). The activities of Ibrahim in his role as a federal government official are at the centre of our investigation into the North East Fishing Company (NEFCO), a Somali fishing concern based in Puntland that has long enjoyed preferential treatment from local government officials. While NEFCO may be based in Puntland, its vessels are almost certainly part-owned by a Korean national based in Oman. All four vessels owned by NEFCO are trawlers, even though trawling is illegal under Somali law.



The *Haysimo One*, one of the vessels owned by the North East Fishing Company. This particular vessel was reported to have caught fire and sunk off the coast of Djibouti on 4 August 2018.


Ibrahim is a cousin of NEFCO director and founder Isse Haji Farah, also known as 'Captain Isse'. Ibrahim also has been directly employed by Isse's business ventures, with his curriculum vitae indicating that he was an assistant manager for NEFCO from 2001 to 2002. Between 2007 and 2009 he also held the position of general manager of Makhir Coast General Trading Company, a Dubai-based foodstuffs importer owned by NEFCO's parent company, Al Jubail Trading Company LLC.

In 2012, Ibrahim became a member of the federal parliament in Mogadishu, a position he still held at the time of writing;⁴ he was appointed in 2017 to his current position of state minister of finance, the second-highest ranking financial official in Somalia. Most crucially to NEFCO's business interests, Ibrahim allegedly maintains a close interpersonal relationship with the FGS Minister of Fisheries and Marine Resources, Abdullahi Bidhan Warsame. Both Ibrahim and Warsame originally hail from Puntland and share living accommodation in Mogadishu.⁵ A Somali businessman involved in the fisheries sector claims that Ibrahim protects Captain Isse's and NEFCO's interests at the federal level.⁶

In 2019, it appears that the company began to leverage the relationship between Ibrahim and Warsame to obtain necessary export documentation from the federal government. The GI-TOC has reviewed extensive leaked documentation dating to early 2020 that shows unsigned catch and health certificates being transmitted to Ibrahim on numerous occasions by NEFCO representatives, including Captain Isse.

The health certificates – which are in both English and Mandarin script – indicate the intended consignee to be Wehai Sepia Foods Co. Ltd, a Chinese importer based in Shandong. Ibrahim would subsequently transmit the unsigned documentation to officials within the FGS Ministry of Fisheries and Marine Resources, including Warsame himself. The certificates were then returned to Ibrahim with the requisite ministry stamps and signatures, with no indication that any physical inspection of cargoes or other regulatory oversight had taken place.⁷

In addition to issuing catch and health certificates for NEFCO, the FGS Ministry of Fisheries and Marine Resources also continued to endorse and legitimize the fishing licences issued by the Puntland administration to


FEDERAL REPUBLIC OF SOMALIA

CATCH CERTIFICATE					
Document number: SM-CC-2019-02		Validating authority: MINISTRY OF FISHERIES AND MARINE RESOURCES			
1. Name: MINISTRY OF FISHERIES AND MARINE RESOURCES		Address: Mogadishu		Email:	
2. Fishing vessel name: HAYSIMO TWO		Flag/Home port and Registration number: MOGADISHU, SOMALIA		Call sign: TSAY	
Fishing license No/Valid to license # 0049 27.06.2019 – 27.12.2019		IMO/Voy's number (if issued): 7231684		Inmarsat No, Fax No, Telephone No, E-mail address (if issued): INMARSAT NO: 00870773111115 E-MAIL: nefco.bso@gmail.com	
3. Description of product: FROZEN FISH		Type of processing authorized on board: ROUND		4. References of applicable conservation and management measures: THE FISHING REGULATIONS OF FEDERAL REPUBLIC OF SOMALIA	
Species		Product Code	Catch area(s) and dates	Estimated live weight(kg)	Estimated weight to be landed(kg)
1) BARRACUDA(SPHYRAENA SPHYRAENA)-ROUND		030389	INDIAN OCEAN ZONE	14,014KG	14,014KG
2)EMPEROR(LETHRINUS SPPL)-ROUND		030389	FAO 051	10,186 KG	10,186KG
3)GROUPER(EPIPLA SPPL)-ROUND		030389	23.11.2019-19.12.2019	2,200KG	2,200KG
5. Name of master of fishing vessel:Signature-Seal: CAPT NAME : LEE KYEONG HAN					

6. Declaration of transshipment at sea NONE		Signature and date		Transshipment date/area/position		Estimated weight(kg)	
Master of receiving vessel		Signature		Vessel name		Call sign	
						IMO/Voy's number (if issued)	
7. Transshipment authorization within a port area							
Name	Authority	Signature	Address	Tel.	Port of landing	Date of Landing	Seal/Stamp
H F TRADING CO. FZE	DIBOUTI PORT		DIBOUTI FREE ZONE DIBOUTI	255-258258289940	DIBOUTI	23.12.2019	
8. Name and address of exporter		Signature		Date		Seal	
NORTH EAST FISHING CO C/O AL KHALS OVERSEAS TRADING LLC P.O. BOX : 1821, RUWI P. CODE 112 SULTANATE OF OMAN				DEC 25, 2019			
9. Flag State authority validation:							
Name/Title		Signature		Date		Seal/Stamp	
MINISTRY OF FISHERIES AND MARINE RESOURCES, OFFICE OF THE DIRECTOR GENERAL, MOGADISHU				DEC 28, 2019			
MOHAMOUD SH. ABDULLAHI							

A catch certificate for the vessel *Haysimo Two*, dated 28 December 2019, signed and stamped by the director general of Somalia's Ministry of Fisheries and Marine Resources. This certificate is an example of the paperwork produced for the North East Fishing Company with Mohamud Hayir Ibrahim as an intermediary.

NEFCO trawlers, even though trawling is illegal under Somali law. For both the catch and health certificates and the federal endorsements of NEFCO's Puntland fishing licences were signed and stamped by the director general of the Ministry of Fisheries and Marine Resources, Mohamoud Sheikh Abdullahi Abdirahman. In essence, it appears that the FGS Ministry has acted as a factory for manufacturing paperwork for private commercial interests.

The issuance of health and catch certificates to the NEFCO vessels is not the only recent instance of irregular practices by senior officials within the Ministry of Fisheries and Marine Resources. In the wake of a federal government crackdown on corruption in August 2020, four ministry officials were sentenced to imprisonment. Most prominently, the ministry's head of finance and administration was sentenced to a 10-year prison term and ordered to repay US\$137 907 that he had misappropriated.⁸

Horn Investment Agency

Ibrahim and federal fisheries officials have gone beyond their work as a paperwork manufacturer for NEFCO. In early 2020, they seemed to have formed a business partnership with the purpose of selling access to Somali fishing rights to foreign clients.

Leaked documentary evidence viewed by the GI-TOC suggests that in early 2020 ministers Ibrahim and Warsame, along with a senior fisheries ministry adviser, were involved in the creation of the Horn Investment Agency, a private entity created to be the exclusive broker of Somali fishing rights to foreign companies. Ahmed Osman Farah, a high-ranking NEFCO officer and the nephew of company founder Captain Isse, was appointed as Horn Investment's 'business development manager'.⁹

In mid-May 2020, Abdirahman Osman, a senior adviser to the FGS Minister of Fisheries and Marine Resources, disseminated a draft work plan for the Horn Investment Agency in advance of a planned joint video conference among the partners. The invitees to this conference consisted of the two federal ministers (Ibrahim and Warsame), Ahmed Osman Farah and a fourth individual. Examples of company benchmarks outlined in the draft work plan included 'Formulation of a framework for fisheries development' and 'Finalizing and launching the Fisheries Master Plan', to be achieved by August and November 2020, respectively.¹⁰

Even though the company was still in the incipient stage of formation, it nonetheless began to search for prospective business opportunities. The same day as the draft work plan was circulated, Ahmed Osman Farah initiated contact with China Fishery Group Limited, a Hong Kong-based company that has operated in western Africa since 2012.¹¹ Farah represented Horn Investment as having exclusive rights to issue fishing permits for foreign fishing vessels on behalf of the FGS Ministry of Fisheries and Marine Resources. At the time of writing, the GI-TOC was unaware of any response to this email from China Fishery Group, or whether Farah's outreach had achieved any favourable outcome for Horn Investment.

It seems clear that Horn Investment intended to use access to government channels afforded to it by the fact that at least three company partners were highly placed state officials. In mid-May 2020, Ahmed Osman Farah apprised Ibrahim of Horn Investment's attempts to initiate a business relationship with another Chinese fishing concern, Pingtan Marine Enterprise Ltd. In a document seen by the GI-TOC, Farah advised Ibrahim that Horn Investment should contact Pingtan Marine through the Chinese Embassy in Mogadishu. He further suggested that the contact be facilitated through an official channel, using a letterhead from either the FGS ministries of foreign affairs, planning or fisheries. At the time of writing, the GI-TOC has been unable to establish whether Horn Investment had successfully established a business relationship with Pingtan Marine,¹² or entered any successful business arrangements on behalf of the Somali federal government.

The Horn Investment Agency is not the only instance where fishing licences in Somalia have sought to be used as an apparent opportunity for rent-seeking. Investigations have also show that in the Puntland Ministry of Fisheries and Marine Resources, the sale of fishing licences provides a stream of revenue for a network of ministry officials and private agents.

Responses to the GI-TOC's findings

Before publication, the GI-TOC presented the individuals and entities named in our investigation with detailed accounts of the relevant findings and provided ample opportunity to review and comment thereon. Through a lawyer, Mohamud Hayir Ibrahim requested that the GI-TOC cease all contact with him.¹³ Since the publication of our report, Ibrahim has accused GI-TOC report author Jay Bahadur of hacking his email and plotting to kill him, and requested the Kenyan courts to

bar the GI-TOC from conducting any further investigations of his role in illegal fishing.¹⁴ He has not denied the claims made in the report.

The actions of Ibrahim and other government officials with whom he has collaborated is just one example among many we have identified of how IUU fishing conducted by companies based outside Somalia is seemingly facilitated by actors within Somali state

institutions. While the announcement of a draft law aimed at streamlining the fragmented fishing licensing system is one step that the Ministry of Fisheries and Marine Resources can take, our investigation has highlighted how several officials within this same ministry have been implicated in procuring paperwork illegally for NEFCO, and that corruption has stymied attempts at monitoring and reducing IUU fishing.

This article is an extract from 'Fishy Business: Illegal fishing in Somalia and the capture of state institutions', a report for GI-TOC by Jay Bahadur, which investigates key case studies of IUU fishing in Somalia and how individuals in state institutions have facilitated and profited from illegal fishing. Available at: <https://globalinitiative.net/analysis/illegal-fishing-somalia/>.



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- 14 Brian Wasuna, Somalia Minister Mohmaud Ibrahim Sues Canadian Journalist Over 'Plot' to Kill Him, *Nation*, 2 August 2021, <https://nation.africa/kenya/news/africa/somalia-minister-sues-canadian-journalist-over-plot-to-kill-him-3494692>.

Worrying signs for elephant conservation as data shows 2020 rise in black-market ivory prices.

There are several key pieces of data about the changing dynamics of illegal ivory trade. First among these are measures of illegal elephant killings, which can shed light on where the main supply sources of illegal ivory are, and how much ivory is entering illegal trade through poaching channels. In 2020, elephant poaching rates hit their lowest level since 2003 (which is when systematic records began via the Monitoring the Illegal Killing of Elephants [MIKE] programme).¹ Estimates of the numbers of elephants killed annually have fallen for East and southern Africa relative to populations in central Africa. This reflects how the epicentre of ivory trafficking activity has shifted to West and central Africa, following successes in countering ivory trafficking in East and southern African countries.

Analysis of the number and weight of ivory seizures can shed light on main supply sources and the principal consumer demand hotspots. Seizures in transit countries can also offer valuable information on the transport routes through which illegal ivory moves. Analysis by monitoring organization C4ADS suggests that global seizures of ivory, rhino horn and pangolin scales fell sharply in 2020. Conservation organizations have warned that this may foreshadow an impending 'illicit-trade boom', whereby stockpiled wildlife products that could not be

moved under COVID-19 restrictions are released and hit the market and the economic impacts of the pandemic on wildlife source countries manifest in increased poaching.²

The use of ivory price data can also provide another window into the dynamics of illicit trade. New GI-TOC analysis has looked at trends in black-market ivory prices since the beginning of the century to investigate what price trends may portend for illicit ivory trade in East and southern Africa.³

Counting the cost

Price data, when compared over time, provides an insight into levels of demand for (and supply of) illegal wildlife products and can help predict future trends in poaching and illegal trade. This is a different type of insight into the illegal trade than other measures such as poaching incidents and seizures. Poaching incidents are not the only means by which ivory may enter illegal trade (for example, thefts from legal ivory stockpiles can feed the illicit market) and seizures only capture a small proportion of the illicit ivory on the market, and so may not reflect actual illegal trade trends. Price data, by contrast, reflects the assessment of supply and demand by actors within the illicit trade itself.



It appears that thefts from ivory stockpiles are, since around 2016, increasingly becoming a major source of raw ivory in illicit markets.

Photo: Daniel Stiles

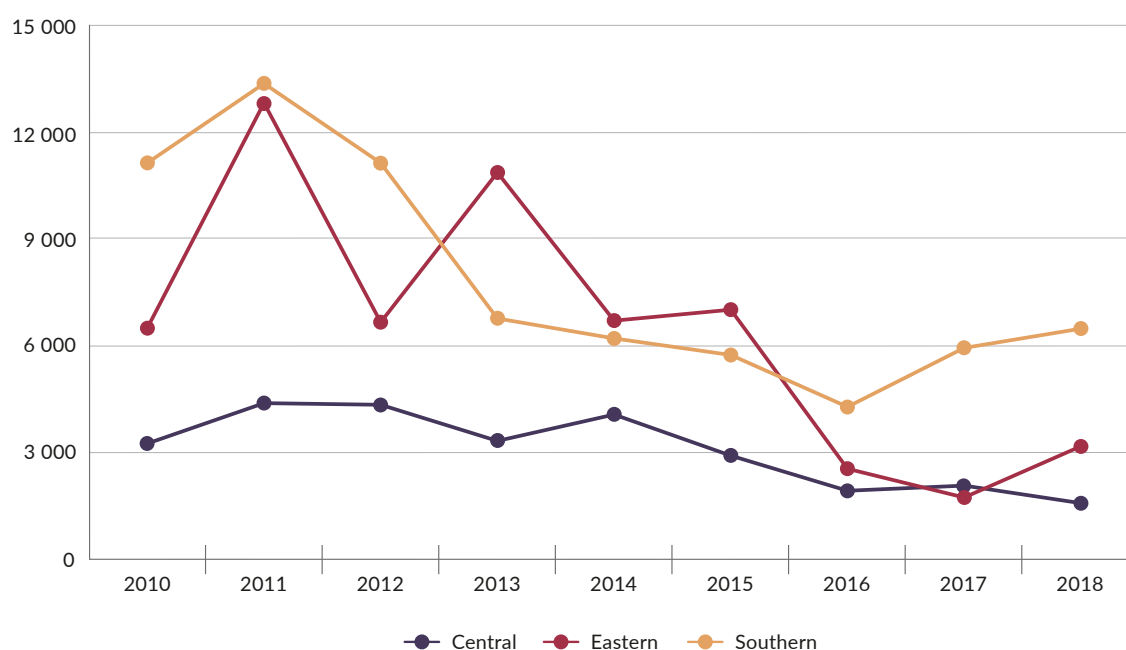


FIGURE 4 Estimated annual numbers of illegally killed elephants in central, eastern and southern Africa (median figures), 2010–2018.

SOURCE: UNODC, World Wildlife Crime Report 2020, May 2020, https://www.unodc.org/documents/data-and-analysis/wildlife/2020/World_Wildlife_Report_2020_9July.pdf

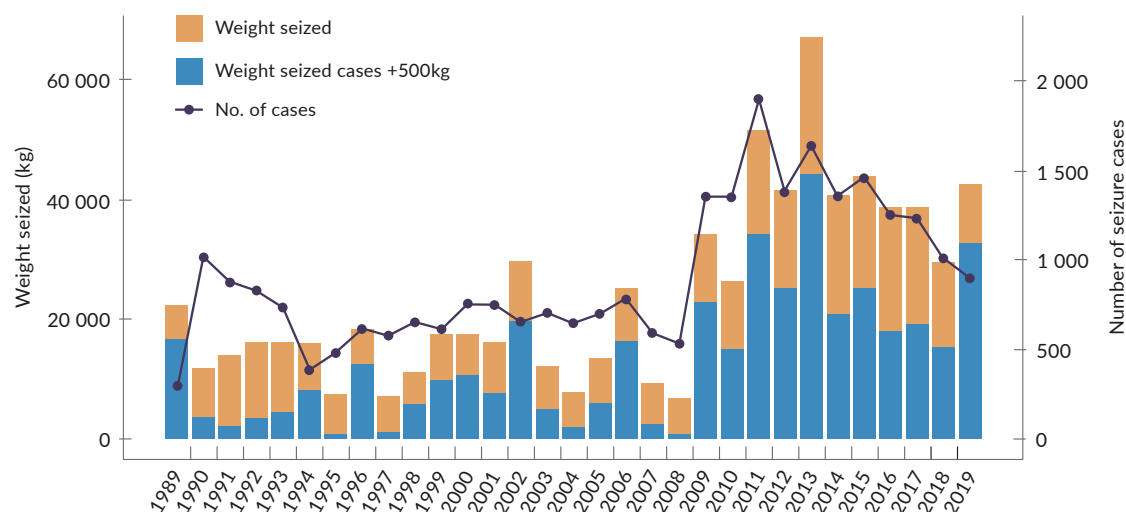


FIGURE 5 Number of ivory seizure cases and estimated weight of ivory by year, 1989–2019.

NOTE: Data plotted is not bias-adjusted and is likely under-represented due to low reporting for 2018 and 2019. Hence, figures do not provide inference of trends.

SOURCE: Tom Milliken et al., The Elephant Trade Information System (ETIS) and the illicit trade in ivory, presented at the 18th meeting of the Conference of the Parties, CoP18 Doc. 69.3 (Rev. 1), Annex 1, 2018. From CITES, Elephant Trade Information System, 2020, <https://cites.org/esp/prog/etis>

This is especially true for prices at early stages of the illegal wildlife market, such as prices charged by poachers and exporters in source countries. Data for a 'raw' product such as ivory is also more likely to reflect direct demand and supply factors than prices for processed wildlife products such as worked ivory. For worked products, other variables may influence price, including quality, unknown quantity (as in medicinal products), location sold (street or online price is much lower for the identical product than in a luxury boutique or auction house) and purchasing power of the buyer.

However, collecting price data for illicit products such as ivory is difficult to do accurately because of the covert nature of the market and the supply chains that feed it. There is little opportunity for researchers to check or cross-reference price estimates from different sources in the illicit market, and the factors causing prices to vary across time and geographies may not be visible to the outside observer. Another issue in tracking ivory prices over time is that often prices are reported in research in US dollars, meaning that fluctuating exchange rates may distort actual reported prices. As GI-TOC research into drug pricing has also found, difficulties in measuring illicit commodity prices become an issue when these estimates are used in court proceedings and sentencing, which is the case in some countries in East and southern Africa, including Tanzania.⁴

The ivory price rollercoaster

Our analysis brought together price data reported from sources active in the illicit ivory trade – such as poachers and ivory traders – and price data recorded in other analyses, academic papers and reports, from 2000 to present. The key finding was that after precipitous declines in raw ivory prices from late 2014, there was a surprising resurgence in wholesale ivory prices in 2020. This included a rise in the ivory wholesale price in China, from approximately US\$750/kilogram in early 2017 to almost double that in late 2020.⁵ A less drastic price rise was also observed in Vietnam, with the price of ivory hitting US\$689/kilogram in 2020 compared to an average of US\$629/kilogram in 2018.⁶ Prices reported by poachers in Kenya also showed a slight increase on prices from 2018.⁷

These recent price rises should be watched closely and confirmed by further investigations. Why this is occurring is not immediately clear, although it may be because imports to destination and transit countries were restricted in 2020 because of the decrease in air travel during COVID-19 lockdown periods, which reduced supply. The price rises in Asia could be a result of the resale of old stockpiled ivory, which would sell at a higher price than newly acquired ivory because the tusks were purchased when prices were higher. Alternatively, the Asian wholesale price increases in

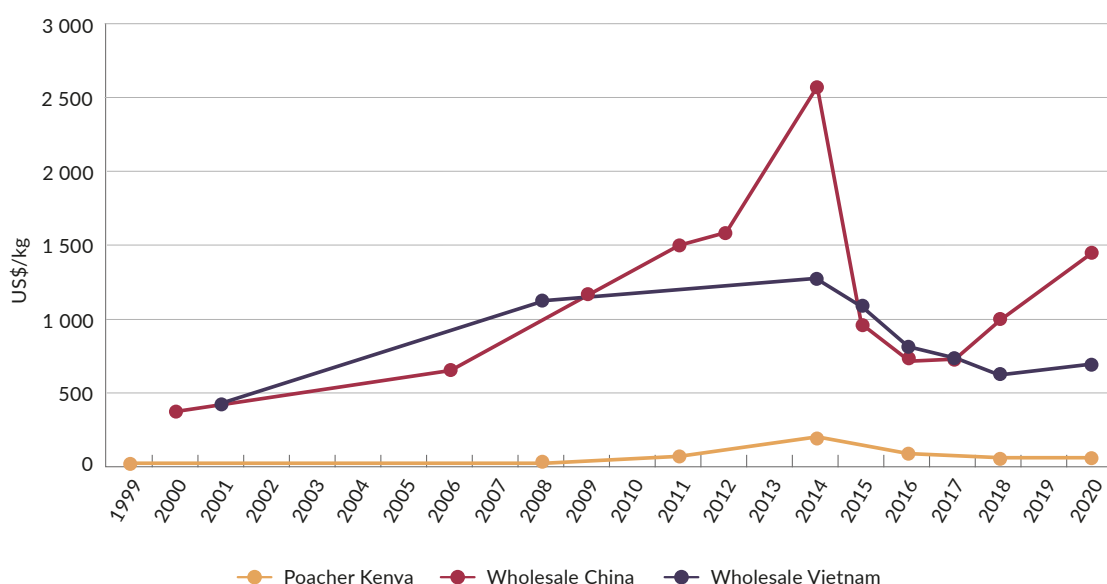


FIGURE 6 Raw ivory price trends at the poacher and import country wholesale points in the trade chain, using Kenya, Vietnam and China as examples, 1999–2020.

2020 may be the consequence of ivory-trafficking networks moving to West and central Africa, where research suggests poacher and middleman supply prices are much higher than in East and southern Africa.⁸

However, the 2020 price rises should be seen in context of the 2014 global peak. In China, wholesale black market ivory prices rose rapidly between 2000 and 2014 from around US\$370/kilogram to an average of US\$2 572/kilogram in 2014. (Prices ranged from US\$1 710/kilogram to US\$3 740/kilogram in 2014, depending on weight and quality).⁹

But prices then crashed, probably beginning in late 2014, to reach an average of US\$960/kilogram in 2015.¹⁰ In 2018, after China had closed the legal ivory market, prices hovered in the US\$1 000 per kilogram range, according to a Chinese source, but in 2019 TRAFFIC China found that raw ivory importer selling prices were down to an average of about US\$570 per kilogram.¹¹

Similar trends were seen in poacher prices in Kenya. Reported prices from different parts of Kenya averaged about US\$15/kilogram in 1999. This price had doubled to US\$33/kilogram in 2008 and skyrocketed to US\$190/kilogram in 2014.¹² By 2016 the average poacher price in Kenya had dropped to US\$88/kilogram, falling further to about US\$52/kilogram in 2018 (with a wide range of US\$30–79/kilogram, indicating uncertainty in the market).

Recent studies have suggested that, in the aftermath of the global financial crisis, ivory prices rose as the

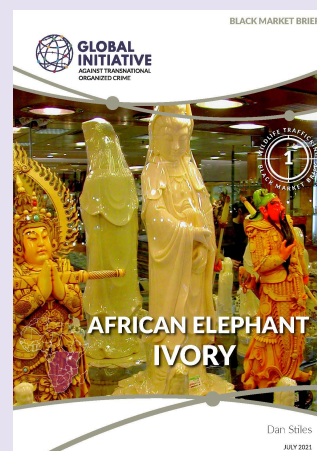
commodity became sought after as an investment, much like other high-value commodities such as gold.¹³ As record gold prices in 2020 have again shown, these kinds of commodities rise in price amid financial uncertainty and crisis. In 2014, as ivory became less of an attractive investment option, prices once again began to fall. The same thing could happen with ivory prices during the post-COVID economic recovery, although it is too soon to ascertain any such trajectory.

What does the post-COVID world hold for elephants in East and southern Africa?

Countering ivory trafficking in East and southern Africa can be seen as a success story, as there has been a large-scale shift in illicit ivory sources from the region towards West and central Africa. Major ivory trafficking organizations have also been dismantled.¹⁴ Domestic legal ivory markets in destination countries have been closed and civil society has had some success in changing consumer attitudes towards consuming ivory products.

However, the latest trends in ivory prices mean that there is a risk these successful trends may change. The recent rises in ivory wholesale price, if sustained, may spur increased levels of poaching in future. With large potential profits to be made, criminal networks that have been dismantled by law enforcement may become active again if prosecutions are unsuccessful or associates are not prosecuted, and new ones may emerge. Despite progress, the demand for illicit ivory is still there, and so the threat to elephants in East and southern Africa – which hosts the largest populations of elephants in absolute numbers – remains.

This article draws on research from the GI-TOC brief 'African elephant ivory', by Daniel Stiles, the first in a series that examines market dynamics and prices of selected live and derivative products in illegal wildlife trade. Available at: <https://globalinitiative.net/analysis/african-elephant-ivory/>.



Notes

- 1 The MIKE programme and the Elephant Trade Information System (ETIS) were created under CITES in 1997. The MIKE programme consists of 69 monitoring sites in 32 countries in Africa, most of them protected areas containing in total about 50% of the entire African elephant population. From data provided by the field sites, the analysis team based at the UN Environment Programme (UNEP) headquarters in Nairobi determines the PIKE, which is calculated as the number of illegally killed elephants found by field surveys, divided by the total number of elephant carcasses seen, aggregated by year for each site. The higher the PIKE score, the higher the degree of poaching. See CITES Secretariat, Monitoring the Illegal Killing of Elephants (MIKE) report: PIKE trend analysis – Methodology and results, September 2020, https://cites.org/sites/default/files/MIKE/E_CITES_Secretariat_MIKE_report_Final_CITESwebsite_Nov2020.pdf
- 2 Dina Maron, Wildlife seizures are down—and an illicit trade boom may be coming, *National Geographic*, 15 March 2021, <https://www.nationalgeographic.com/animals/article/wildlife-seizures-dropped-in-2020-but-an-illicit-trade-boom-may-be-coming/>.
- 3 Dan Stiles, Black Market Brief: African Elephant Ivory, Global Initiative Against Transnational Organized Crime, forthcoming August 2021.
- 4 Observatory of Illicit Economies in Eastern and Southern Africa, Risk Bulletin 16, February–March 2021, Global Initiative Against Transnational Organized Crime, <https://globalinitiative.net/wp-content/uploads/2021/03/GITOC-Eastern-and-Southern-Africa-Risk-Bulletin-16.pdf>.
- 5 Yuankun Zhao et al., revisiting China's ivory markets in 2017, TRAFFIC briefing, August 2017; Yu Xiao, China's ivory market after the ivory trade ban in 2018, TRAFFIC briefing, September 2018; correspondence with Wei Ji, September 2020; correspondence with Haibin Wang, December 2020
- 6 Wildlife Justice Commission, Rapid Assessment of the Illegal Ivory Trade in 2020, August 2020, https://wildlifejustice.org/wp-content/uploads/2020/08/WildlifeJusticeCommission_Rapid-Assessment-Of-The-Illegal-Ivory-Trade-in-2020_August2020_Spreads.pdf.
- 7 Only two poacher prices in Kenya could be obtained in September 2020, as demand for ivory was extremely low, both of KES 6 000/kilogram, which at the time of collection was about US\$56/kilogram. These prices are for tusks that usually weigh less than 10 kilograms.
- 8 Sone Nkoke et al., Ivory markets in central Africa – Market surveys in Cameroon, Central African Republic, Congo, Democratic Republic of the Congo, and Gabon: 2007, 2009, 2014/2015, TRAFFIC, September 2017.
- 9 Lucy Vigne and Esmond Martin, China faces a conservation challenge: The expanding elephant and mammoth ivory trade in Beijing and Shanghai, Save the Elephants, and the Aspinall Foundation, 2014; Yufang Gao and Susan Clark, Elephant ivory trade in China: trends and drivers, *Biological Conservation*, 180, 23–30, 2014.
- 10 Daniel Stiles, Rowan Martin and Brendan Moyle, Analysis of ivory demand drivers, unpublished report carried out on behalf of the Wildlife Conservation Society, 2015. https://www.academia.edu/33903804/Analysis_of_Ivory_Demand_Drivers.
- 11 Prices are complicated by the fact that they are much higher in the north (Beijing) than in the south (Guangdong Province).
- 12 Daniel Stiles, EB Martin and Lucy Vigne, Exaggerated ivory prices can be harmful to elephants, *Swara*, 34, 4, 2011, 16–20, and author interviews with NGO and Kenya Wildlife Service informants in Kenya in 2018 and 2020. There were wide ranges in prices, with US\$205/kilogram the highest seen in Kenya paid to poachers in 2014.
- 13 Yufang Gao and Susan Clark, Elephant ivory trade in China: trends and drivers, *Biological Conservation*, 180, 23–30, 2014; Daniel Stiles, Rowan Martin and Brendon Moyle, Analysis of ivory demand drivers, unpublished report carried out on behalf of the Wildlife Conservation Society, 2015, https://www.academia.edu/33903804/Analysis_of_Ivory_Demand_Drivers.
- 14 For example, major traffickers Feisal Mohammed Ali, Yang 'Ivory Queen' Fenglan, Boniface 'Shetani' Malyango, Mateso 'Chupi' Kasian, several members of the Shuidong network, the Sheikhs gang and the principal leaders of the Kromah network were all arrested between 2014 and 2020.

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