

Guidance document: Export, re-export and intra-Union trade of rhinoceros horns

October 2013

1. Background information on the conservation of rhinoceros and the threats posed by the recent increase in poaching and illegal trade

Rhinoceros species are included in CITES Appendix I, with the exception of populations of southern white rhino (*Ceratotherium simum simum*) from South Africa and Swaziland, which are listed in Appendix II.

Illicit trafficking of rhino products (especially horns) is one of the main threats for the survival of the species. In 2007 just 13 rhinos were illegally killed in South Africa, however over the past seven years rhino poaching has dramatically escalated, with 668 rhinos poached during 2012. Between January and September 2013, more than 600 rhinos have been illegally killed.

The CITES Secretariat stated in view of the CITES CoP meeting in March 2013 that

“The number of rhinoceroses illegally killed in South Africa has reached its highest levels in recent history and off-take will eventually become unsustainable if poaching incidents continue to increase at current rates. Responses received following Notifications to the Parties Nos. 2012/014 and 2012/053 indicates a variety of measures implemented by Parties to put an end to the current high levels of rhinoceros poaching and the associated illegal trade in rhinoceros horn. Despite these measures and significant resources being invested to combat rhinoceros poaching and illegal rhinoceros horn trade and commendable efforts by enforcement authorities in a number of countries, the number of rhinoceroses poached on an annual basis continues to rise at an alarming rate.

Illegal trade in rhinoceros horn continues to be one of the most structured criminal activities currently faced by CITES. There are clear indications that organized crime groups are involved in rhinoceros poaching and illegal rhinoceros horn trade. These groups operate in range States as well as Europe, where thefts of rhinoceros horns from museums, auction houses, antique shops and taxidermists have occurred. Seizures have also been made in Australia, Hong Kong SAR and the Philippines. In the United States of America, seven people were arrested on charges of illegal trafficking rhinoceros horn in February 2012. Illegal rhinoceros horn trade has therefore become a major problem and has an impact on several continents. Increased international cooperation and a well-coordinated law enforcement response are required to address this threat effectively¹”.

In parallel to this surge in poaching, indications have shown that organised crime operators have been active across the EU to acquire and trade rhino horns. This has prompted Europol to launch a specific action on the illegal trading of rhino horns within the Union².

¹ <http://www.cites.org/eng/cop/16/doc/E-CoP16-54-02.pdf>

² <https://www.europol.europa.eu/content/press/europol-and-ireland-identify-organised-crime-group-active-illegal-trading-rhino-horn-9>

Before the adoption of the first version of this guidance document in February 2011, a number of Member States had noticed an increase in applications for certificates for intra-EU trade and for re-export of rhino horns presented as "antiques" or "worked specimens". In many cases, investigations showed that the motivation of the buyers had little to do with the artistic nature of the objects. An indication for this was that the prices offered for such products in auction houses were mainly correlated with their weight, rather than with any other element. Those prices reached very high levels that bear no connection to their artistic value.

After the UK and Germany adopted a strict reading of Union legislation on extra-Union trade in such products in September and October 2010, other Member States noticed that they received applications for re-export or request for information on how such applications would be handled by them, suggesting that some traders were trying to escape the UK and German regime and find out the easiest manner to re-export such items from the EU.

In addition, theft of rhino horns in museums, auction houses or at antique or taxidermist shops has occurred at an unprecedented rate over the last year in the EU. Fifty instances of theft (including 10 attempts) have been recorded by Europol in thirteen EU Member States, resulting in 60 stolen specimens. It is likely many more thefts have not been reported to Europol for various reasons.

There are indications that one organised crime group (OCG) may be responsible for the majority of these crimes. One third of the horns reported stolen have been directly attributed to this OCG and no other OCG has so far been identified as involved in this area of crime.

This OCG tends to sell to intermediaries that appear to be responsible for the increase in applications for certificates and permits for trade in rhino horns.

The members of the OCG regularly attend auctions and visit antique dealers with a view to purchasing if not stealing mounted rhino horns or worked horns. They are suspected to move them on to intermediaries who feed the Chinese and Vietnamese market.

It has been noticed that since the restrictions on sale of rhino horns at UK Auctions the OCG has concentrated at auction centres in other Member States.

There is a strong presumption that rhino horns, notably those presented as antiques or worked specimens, might be re-exported from the EU to fuel the demand for rhino horn for medicine in Asia. This trade could further stimulate the demand for such products in this region and maintain prices at a high level or drive them upwards. In turn, such large demand for high-valued products represents a lucrative market which is very attractive to poachers and illegal traders. This situation might encourage them to pursue their criminal activities, which would imperil further the conservation of the remaining rhinoceros populations.

This highlights a need for the Member States to continue to apply EU legislation on wildlife trade in a manner that protects the species and guarantees its conservation. It is expected that this could force this OCG into desperate measures to acquire rhino horns, thus leaving them more susceptible to law enforcement action.

At CITES CoP16, Decision 16.84 was adopted, according to which Parties should:

“f) introduce national measures, as appropriate, in support of CITES implementation, to regulate internal trade in specimens of rhinoceros, including any specimen that appears from

an accompanying document, the packaging, a mark or label, or from any other circumstances, to be a rhinoceros part or derivative;

g) consider introducing stricter domestic measures to regulate the re-export of rhinoceros horn products from any source”.

The Union regulatory framework on wildlife trade needs to be interpreted in the light of its objectives, the precautionary principle, and with due regard to knowledge of recent developments. Moreover, as it seems that in many Member States there are coordinated attempts by some traders to acquire rhino horns within the EU before (re-)exporting them to East Asia, guidance is needed to ensure that a common approach is followed by all Member States for export and re-export of such products (see section (2) below).

Member States are invited to pay particular attention to applications for intra-Union trade in rhino horns given that they might also be used by operators to acquire them and trade them further illegally to Asia, or to receive certificates which would then be misused. Recommendations for handling those applications are presented under section (3) below.

2. Status of this document

This is a guidance document prepared by the Commission services and unanimously endorsed by the Union's Committee on Trade in Wild Fauna and Flora, established pursuant to Article 18 of Council Regulation (EC) No 338/97, and thus by the competent authorities of the Member States of the Union.

While it constitutes an expression of how the Commission services and the Member States interpret and intend to apply Council Regulation (EC) No 338/97, and of measures they consider to constitute best practice, it does not have the force of law. It remains subject to Union law, and in particular to the provisions of Council Regulation (EC) No 338/97.

The document shall be published electronically by the Commission services, and may be published by the Member States.

The document will be reviewed by the Union's Committee on Trade in Wild Fauna and Flora in the first semester of 2014.

3. Guidance on interpretation of EU rules on export and re-export of rhino horns: applications for permits under Article 5 of Council Regulation (EC) No 338/97

Acts of Union law must be interpreted in accordance with their aims. Article 1 of Council Regulation (EC) No 338/97 provides that the aim of that Regulation is to "protect species of wild fauna and flora and to guarantee their conservation by regulating trade therein". The provisions of the Regulation must therefore be construed in manner consistent with that aim.

Moreover, Article 191(2) TFEU provides that Union environmental policy is to be based on the precautionary principle. Pursuant to that principle, if an action or policy has a suspected risk of causing harm to the public or to the environment, in the absence of scientific consensus that the action or policy is harmful, the burden of proof that it is not harmful falls on those taking the action. The principle aims at ensuring a higher level of environmental protection through preventative decision-taking in the case of risk. In practice, the scope of this principle

is wide and also covers consumer policy, Union legislation concerning food, and human, animal and plant health.

In accordance with the consistent case law of the Court of Justice of the European Union, the precautionary principle applies *inter alia* in the interpretation and application of the Union environmental *aquis*, and thus also to the interpretation and application Council Regulation (EC) No 338/97.

Member States should apply the precautionary principle in the exercise of their discretion pursuant to Council Regulation (EC) No 338/97. In this regard, they should make reference to the Communication from the Commission of 2 February 2000 on the precautionary principle³, which details the considerations necessary for its correct application.

Pursuant to Article 5(2)(d) of Council Regulation (EC) No 338/97, when assessing applications for export and re-export of rhino horns, Management Authorities need to be "*satisfied, following consultation with the competent Scientific Authority, that there are no other factors relating to the conservation of the species which militate against issuance of the export permit*". Those provisions apply to applications for export as well as re-export permits of specimens of Annex A and Annex B species.

This condition applies to all rhino horns specimens, independently of whether they are considered as "worked specimen" or not.

The Commission services and the Union's Committee on Trade in Wild Fauna and Flora consider that, in the current circumstances, in the light of the precautionary principle, and unless there comes to light conclusive scientific evidence to the contrary, Member States should consider that there are serious factors relating to the conservation of rhino species that militate against the issuance of export and re-export permits.

As a consequence, the Commission services and the Union's Committee on Trade in Wild Fauna and Flora consider that it is legitimate for the Member States to ensure that, as a temporary measure, no export or re-export permits are delivered for rhino horns, except in cases where it is amply clear that the permit will be used for legitimate purposes, such as cases where:

- **the item is part of a genuine exchange of cultural or artistic goods between reputable institutions (i.e. museums);**
- **the Management Authority of the Member State concerned is satisfied that the item is a recognized piece of art and is confident that its value makes it certain that it will not be used for other purposes;**
- **the item has not been sold and is an heirloom moving as part of a family relocation or as part of a bequest; or**
- **the item is part of a bona fide research project.**

Additional requirements apply in relation to (re-)export to China: applications for export or re-export permits for rhino horns to China should be refused given that the domestic

³ COM(2000) 1 final - Not published in the OJ.

legislation in China prohibits import and internal trade of rhino horns⁴. This includes pre-Convention and artistic items. The only exception to this ban relates to horns mounted and imported as part of a hunting trophy⁵.

This regime applies in relation to mainland China, but not to Hong Kong, Macau or Taiwan, whose legislation authorises trade in rhino horns in compliance with CITES rules.

Before issuing an export permit under the conditions set out in this section, the Member State concerned should inform the CITES authorities of the country of destination about it and verify that they are in agreement with the importation of that specimen. The identities of the exporter and of the importer need to be verified and recorded (e.g. by keeping a copy of their identification documents).

4. Intra-EU trade: guidance for the implementation of Article 8(3) of Council Regulation (EC) No 338/97 to rhino horns

Before the adoption of the first version of this guidance document, Member States had been receiving an increasing number of applications for intra-EU trade certificates for rhino horns under Article 8(3) of Council Regulation (EC) No 338/97. Guidance is necessary at EU level to make sure that those applications are dealt with in a consistent manner across the EU.

1. It is essential in the first place to underline the general rule that intra-EU trade of Annex A specimens is prohibited under Article 8(1) of Council Regulation (EC) No 338/97. Article 8(3) *authorises* Member States to derogate from this prohibition if certain conditions (listed in subparagraphs (a) to (h)) are met⁶. However, the use of the term "may" in Article 8(3) makes it clear that Member States are not obliged to grant a certificate for intra-EU certificates when those conditions are met (except if otherwise required by Union law, such as in application of the principle of proportionality). When deciding about granting or not granting a certificate the authority has to use its discretionary powers in an appropriate manner.

The consequence is that Article 8(3) can not be considered as conferring a right to a permit for any applicant, even when one of the conditions laid down in subparagraphs (a) to (h) is met. Moreover, Article 8(3) is subject to the precautionary principle and, as discussed above, the burden of proof for demonstrating the legitimacy and consistency of a transaction with the objectives of Council Regulation (EC) No 338/97 will therefore rest with the applicant.

When receiving an application for commercial use of rhino horns within the EU under Article 8(3), a Member State is entitled under Union law to refuse to grant a certificate, even

⁴ This prohibition is laid down under the Circular of the State Council on banning the trade of rhinoceros horn and tiger bone No. 39/1993 of May 29th 1993

⁵ Extract from CITES alert 41 (February 2012): "*China prohibits the import of horns that are not mounted as part of a hunting trophy. This implies that a horn alone can not be imported into China. This measure was implemented by Chinese authorities in support of initiatives taken by other countries to minimize illegal trade. This prohibition does not however apply to hunting trophies where the rhinoceros horn is part of the trophy. The head mount, shoulder mount and full body mount with the horns as a hunting trophy can be imported into China from any country of origin.*

⁶ Cf. paragraphs 32 to 34 of the ruling of the European Court of Justice in the case C510/99 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:61999CJ0510:EN:HTML>)

when one of the conditions laid down in subparagraphs (a) to (h) is met, provided the refusal is compatible with the principle of proportionality (i.e. the refusal is appropriate to protect species of wild fauna or flora or to guarantee their conservation, and the refusal does not go beyond that which is necessary to achieve that aim). The Commission services and the Union's Committee on Trade in Wild Fauna and Flora are of the view that this will be the case where the legitimacy and consistency of a transaction with the objectives of Council Regulation (EC) No 338/97 have not been conclusively demonstrated by the applicant.

Without prejudice to the previous paragraph, and due to the circumstances described in the first section of the present document, Member States should, as a temporary measure, in principle not grant any certificate for rhino horn under Article 8(3) .

2. Where, despite the recommendations set out above, provisions under the domestic law of a Member State do not allow its authorities to refuse applications for intra-EU certificates for rhino horns as set out above, the recommendations below should be followed.

Given the surge in illegal activities related to rhino horns in the EU and the involvement of organised crime seeking to obtain and commercialise such products, Member States are recommended to follow a risk-based approach and ensure maximum scrutiny in handling applications for intra-EU certificates. In that context, it is of particular relevance that groups involved in criminal activities related to rhino horns have been fraudulently using Union internal certificates delivered under Article 8(3) as documents designed to attest to the legality of stolen specimens. In addition, stolen specimens have recently been proposed for sale, notably in auction houses within the Union.

There is therefore a risk that internal Union certificates are used by those groups as part of their overall strategy to acquire and illegally trade rhino horns. Member States have a responsibility to avoid issuing certificates which could facilitate such activities and should therefore handle those applications for intra-Union trade in a way to minimise this risk to the maximum extent possible.

3. Pursuant to Council Regulation (EC) No 338/97, export or re-export from the Union of specimens of the species listed in Annex A is allowed only on an exceptional basis. In that regard, where, after conducting adequate risk-assessment as set out above, the authorities of a Member State consider that there is no risk that the issuance of a permit might benefit persons involved in illegal acquisition or trade in rhino horns, the conditions authorising them to deliver a permit under Article 8(3) must still be subject to a strict interpretation.⁷

The regime applicable to intra-Union trade for rhino horns will differ depending on the conditions laid down in subparagraphs (a), (b) and (c) of Article 8(3).

Under **Article 8(3)(a)** (i.e. specimens "*acquired in, or (...) introduced into, the Community before the provisions relating to species listed in Appendix I to the Convention or in Annex C1 to Regulation (EEC) No 3626/82 or in Annex A became applicable to the specimens*"), a key element is that it is for the applicant to demonstrate that the specimens were acquired or introduced into the EU before 4 February 1977 for all rhinoceros species except for the white

⁷ Under Union law, as interpreted by the Court of Justice, exceptions to rules in Union law must always be construed narrowly.

rhinoceros (for which the date is 1 July 1975). If such evidence can not be provided by the applicant, then no certificate should be delivered.

It seems that a number of items are presented as "worked specimens", whose commercial use is regulated under **Article 8(3)(b)** of Council Regulation (EC) No 338/97 and Article 62(3) of Commission Regulation (EC) No 865/2006. If an item fulfils the conditions under Article 2(w) of the Council Regulation to be considered as worked specimen, then no certificate is needed for its commercial use within the Union. However, the definition of "worked specimens" must also be interpreted narrowly:

- The applicant has first to demonstrate that the specimen was acquired "*50 years before the entry into force of Regulation 338/97*", i.e. before 3 March 1947.
- In addition, the fact that a rhino horn is simply mounted on a plaque, shield or other type of base, without any other alteration of its natural state should not be sufficient to consider the product a "worked specimen" under Article 2(w) of Council Regulation (EC) No 338/97. The guidance document produced by the European Commission on worked specimens should and will be amended accordingly. In addition, the requirement under Article 2(w) that the alteration was carried out for "*jewellery, adornment, art, utility, or musical instruments*" should also be given strict and thorough consideration, as it appears that in some recent cases the artistic nature of the alteration (such as significant carving, engraving, insertion or attachment of artistic or utility objects, etc) was not clear, in which case the conditions in Article 2(w) were not met.

When applications for intra-Union trade of rhino horns are made under **Article 8(3)(c)**, Member States are reminded that, as the import of rhino horns (as personal effects, notably hunting trophies) is only possible for non-commercial reasons, there is no possibility for their owners to be granted a certificate for a commercial purpose within the Union under Article 8(3)(c).

4. If delivered, the certificate should describe the item concerned with sufficient detail so that it is clear that it can only be used for the specimen concerned and cannot be laundered for use for other specimens. In addition and where legislation allows, Member States may consider collating, verifying and recording identities of the applicant and of the purchaser (e.g. by keeping a copy of their identification documents). A condition could be laid down which obliges the seller to inform the authorities of the purchaser's identity.

In addition, Union internal certificates should be issued on a transaction-specific basis - allowing one transaction only - meaning also that the certificate will only be valid for the holder named in box 1 of that certificate. This is based on the second sub-paragraph of Article 11(3), which allows Member States to '*issue transaction-specific certificates where it is considered that there are other factors relating to the conservation of the species that militate against the issuance of a specimen-specific certificate.*'