

Do you really want an illegal trade in rhino horn?

The world market for rhino horn is currently about 1,000 horns or 4,000 kg p.a. Trade has been at that level or higher for 40 years. That may seem surprising given that CITES banned international trade in horn in 1977. The explanation is that the two pillars that the ban relied on, law enforcement and demand reduction, have not worked.

Law enforcement has been undermined by corruption in supplier countries in Africa and resistance in consumer countries in Asia who have seen horn as a medicine and a good thing. For demand reduction campaigns to work they need to persuade hundreds of millions of believers that horn is bad. That campaign also needs to persuade the last one million of potential consumers out of hundreds of millions of potential consumers that horn is bad because only one million are needed for the full supply of 4,000 kg to be purchased. Anything less effective than incorporating that last one million and demand reduction is not going to work. (This assumes that all horn goes for medicinal use. To the extent that it is bought for speculation and carving, the campaign would need to be even more rigorous.)

A trade ban accompanied by so-called law enforcement and futile demand reduction is not going to save the rhino. We have seen that.

All markets consist of supply and demand and they are brought into balance by price. Essentially, if the price of horn was lower there would be more demand and if the price was higher, there would be less demand. Similarly, if supplies increase the price will fall and demand increase. Conversely, if supplies fall the price will rise and the demand will fall. Importantly, demand can be controlled by price.

If the trade ban was lifted, South Africa could easily supply 1,000 horns p.a. on a sustainable basis from stocks and ranches. With greater supplies the price would fall and the demand increase. Unfortunately, poaching may well remain profitable even at lower prices and the numbers poached may not decline enough.

Most people want to see the level of poaching fall and fall substantially. How can that be achieved? Somehow, we need to reduce the demand for illegal horn, lower prices for illegal horn and increase the risks of the illegal trade. Can that be done? Well, yes.

The plan should be to replace the illegal trade supplies with genuine supplies from a regulated legal trade. There needs to be a clear channel for legal horn. This can be achieved by a single broker (a monopoly owned by governments) regulating all supplies. Supplies can be sold by the broker to a cartel of licensed retailers. The price needs to be kept high in order for demand not to exceed sustainable supplies but as the broker will control the market, it will be able to keep prices high. Governments need to receive taxes on the legal horn trade and those taxes will give them an incentive to close down the illegal trade in buying countries. It works effectively with tobacco and alcohol and it can work with horn.

This monopoly of supply can be a short-term arrangement similar to a patent. Once the legal trade is well established and in control of the horn market, more suppliers can be introduced, if that becomes desirable.

Why would anybody want an illegal trade based on poaching, which is often very cruel, rather than a legal trade that does not require the killing of one rhino and which will allow the rhino population to double in ten years?

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