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KEY POINTS:

- Market surveys conducted by TRAFFIC in 2017 revealed widespread illegal export of ivory from Japan's domestic market and recommended that the Japanese government should urgently address this issue and consider market closure with narrow exemptions, as called for by CITES Resolution Conf. 10.10 (Rev. CoP17).
- TRAFFIC conducted a follow-up survey of Japan's physical ivory market and auctions in 2018 to reassess their vulnerability to supplying illegal export after China's ivory trade ban in December 2017 and to track compliance with new domestic regulations introduced in June 2018.
- Availability of ivory products declined by nearly half in surveyed indoor antique fairs, possibly as a result of stricter government oversight. It showed a smaller decline in the outdoor antique markets and remained similar in art and antique districts. While it was difficult to characterize the overall market dynamics, certain sellers expressed sentiments towards phasing out of ivory sales due to tightening regulations.
- Widespread facilitation of illegal ivory export appeared to have diminished slightly. Though the proportion of interviewed sellers refusing to sell to foreign customers or domestic customers with intention to export increased from 9% to 26% in 2018, a majority still indicated willingness to sell to such customers, going from 73% in 2017 to 60% in 2018.
- Newly manufactured ivory products of styles preferred in foreign (e.g Chinese) markets were identified at two new stores targeting foreign visitors in Tokyo's tourist area, one of which just opened in 2018.
- Lax domestic regulation was no longer mentioned by sellers as a characteristic of their trade. However, the rate of non-compliance with new regulations (business registration and display of registration information) was high in antique markets and tourist areas where 42% to 83% of sellers did not display registration information. The proportion of apparently unregistered businesses was 31% amongst permanent shops. In contrast, 100% of *hanko* shops were registered with 95% displaying the registration information.
- A reduction was seen in the illegal display of whole tusks (without registration cards), going from 68% in 2017 to 10% in 2018. However, whole tusks comprised less than 0.5% of the over 5,000 ivory items observed during the survey, and proof-of-legality is still not required under the new regulation for all ivory items other than whole tusks.
- The number of whole ivory tusks traded at a major auction house declined by over 60% in 2018 compared to 2017 with all of them legally advertised; however, trade in tusks at other outlets was not assessed in this survey.
- TRAFFIC recommends that the Japanese government : 1) urgently introduce the specific policy, legislative and regulatory measures previously recommended in TRAFFIC's 2017 report to ensure its market does not contribute to poaching or illegal trade; and 2) further increase enforcement efforts to deter illegal export and effectively implement the new regulations.
- TRAFFIC also recommends that the CITES Standing Committee considers the case for Japan's inclusion in the National Ivory Action Plan (NIAP) process to evaluate and monitor its actions and progress against the conditions set out in Resolution Conf.10.10 (Rev. CoP17).

BACKGROUND

Faced with the escalating elephant poaching and illegal ivory trade globally, the 17th meeting of the Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES CoP17) in 2016 called for closure of domestic ivory markets contributing to poaching or illegal trade¹. Japan remains one of the world's major domestic ivory markets, and has an active carving industry. TRAFFIC reviewed the state of Japan's ivory trade and domestic market in 2017², finding an alarming level of illegal ivory export to China, with Japan becoming an alternative source of ivory for Chinese consumption. Illustrating the scale of such trade, overall more than 2.4 tonnes of predominantly raw ivory were seized between 2011 and 2016 as illegal exports from Japan. Of these, the movement from Japan to China made up 95% by weight. Domestic market surveys further revealed that illegal exports of ivory were being facilitated by businesses in various physical markets and through online trading in Japan, underscoring prevailing weakness in regulation and enforcement. Based on these findings, TRAFFIC concluded the state of Japan's ivory market merited closure and called for immediate measures to halt illegal exports as well as strong legislative, regulatory and enforcement measures to achieve market closure in Japan with narrow exemptions that do not contribute to poaching or illegal trade as stipulated in Resolution Conf. 10.10 (Rev. CoP17) (**Box 1**).



1. CITES Resolution Conf. 10.10 (Rev. CoP17).
2. Kitade T. and Nishino, R. (2017), *IVORY TOWERS: An Assessment of Japan's Ivory Trade and Domestic Market*. TRAFFIC, Tokyo, Japan.

BOX 1: TRAFFIC Recommendations from December 2017

Excerpts from “IVORY TOWERS: An Assessment of Japan’s Ivory Trade and Domestic Market”

Immediate measures to halt illegal trade in Japan

1. To halt illegal ivory export from Japan:
 - a. The MOF (Ministry of Finance, responsible for actions by Japan's Customs authority) should increase law enforcement vigilance at the borders, in collaboration with transport/logistics sector, especially targeting those travellers departing for China and other Asian countries/territories where demand for ivory is well documented. Japan's Customs authority should enhance co-ordination and collaboration with Customs counterparts from China to develop bilateral law enforcement strategies, including the identification of points of entry/exit, criteria for targeting and profiling, and other related issues which may be exploited by those engaged in transnational ivory trade crime;
 - b. The MOE, METI, tourism industry, and providers of platforms for ivory selling should co-ordinate in conducting awareness raising campaigns at airports, antiques outlets, tourist areas, and department stores, to warn against the illegal export of ivory (e.g. mandatory signage in relevant languages, including the message “do not take ivory out of Japan”);
 - c. The METI, municipalities, industry associations and other relevant organizations should increase surveillance of ivory vendors (e.g. through internal rules and public/peer reporting system), particularly in the antiques and tourism sectors, so as not to facilitate the opportunity for illegal export by selling ivory products to foreign customers;
 - d. The METI should inform the organizers of occasional antiques fairs and markets across Japan to enforce the regulation of ivory business, and apply administrative and other penalties to operations that are found to be illegally operating.
2. To eliminate illegal and unregulated trade:
 - a. The MOE and METI should conduct a nationwide clampdown on illegal trade in whole tusks, and target illegal business operations and platforms such as auctions that are providing avenues for illegal trade, following through with appropriate judicial actions;
 - b. The MOE should review and audit registration records for whole tusks, to ensure that all registered tusks and transaction records, especially reports of ownership changes, are in order;
 - c. The MOE and METI as well as e-commerce companies should introduce a policy prohibiting online ivory trade;
 - d. The MOF (through Japan's Customs authority) should assess the status of law enforcement at borders for intercepting illegal imports/exports and take strong measures to improve its effectiveness, while inviting coordinated efforts to strengthen vigilance in the transport/logistics sector.

Market closure in Japan with narrow exemptions that do not contribute to poaching or illegal trade

3. The government should deliberate necessary legislative, regulatory and enforcement measures towards market closure while defining any narrow exemptions that do not contribute to poaching or illegal trade as stipulated in Resolution Conf. 10.10 (Rev. CoP17). The following considerations should be given to smooth the process:
 - a. A high-level policy on combatting illegal wildlife trade should be devised to raise the priority of illegal wildlife trade in various government sectors and enhance inter-agency collaboration on this matter;
 - b. Types of trade that are currently contributing to illegal exports and are identified to be difficult to regulate (e.g. online trade) should be banned promptly;
 - c. The MOE and METI should start a consultation process with relevant stakeholders (e.g. through the existing Public-Private Council for the Promotion of Appropriate Ivory Trade Measures) to define the narrow exemptions that are acceptable based on considerations for factors such as cultural importance and availability of substitute materials;
 - d. Given that no exemptions should contribute to poaching or illegal trade, comprehensive and enforceable regulatory systems should be established to govern the trade in terms of the range of narrow exemptions allowed in Resolution Conf. 10.10 (Rev. CoP17);
 - e. Measures necessary for establishing the comprehensive and enforceable regulatory systems should be planned in time for CoP18 and ideally implemented before the 2020 Tokyo Olympics/Paralympics.
4. Until the above measures are implemented, the METI and MOE should take the following regulatory and enforcement measures to minimize illegal and unregulated domestic trade and stop any leakage from domestic stocks of whole tusks.
 - a. Upon 2018 enactment of amended LCES, the METI should conduct screening of notified businesses before granting registrations, especially for antiques dealers, and: *
 - i. Decline registration for businesses that are found to have incomplete trade records;
 - ii. Scrutinize the trade records of those who have been alleged to have conducted illegal trading of unregistered tusks or a violation of mandatory business requirements to check for any possible links to illegal international trade.
 - b. The MOE should conduct regulatory reforms or introduce a new legislation to:
 - i. Conduct mandatory registration of all ivory tusks in private possession with a set timeline (e.g. one year), after which no new registration of tusks will be allowed;
 - ii. Establish traceability and marking mechanisms for registered tusks, with a limited time window for trade, after the completion of mandatory registration. Such trade should only be allowed through designated platforms by designated ivory businesses.

* Unfortunately, the recommended screening of existing businesses was not conducted.

China, which for two decades has been the world's most significant end-use market for ivory, put in place a major policy shift to close its domestic market at the end of 2017³. While the impact of China's domestic ban on the Japanese market, particularly with respect to the pattern of illegal exports, is yet to be seen, illegal trade of ivory to China appears to persist despite concerted efforts in law enforcement and raising public awareness of China's ivory trade ban. As recently as July 2018, Hong Kong and mainland China authorities reportedly jointly cracked-down cross-border smuggling syndicates seizing over 300 kg of ivory in total, arresting 14 suspects⁴. At the Japanese border, an attempted illegal export of 605 semi-processed ivory *hanko* pieces was interdicted at Tokyo Port on 30 November 2017, only a month before the Chinese ban, with two Chinese nationals arrested and subsequently convicted⁵. A Japanese ivory dealer in Tokyo was also subsequently arrested in January 2018 for alleged involvement in this case, but was later released without prosecution⁶.



An attempted illegal export of 605 semi-processed ivory *hanko* pieces was interdicted at Tokyo Port on 30 November 2017. Photo courtesy of the Tokyo Metropolitan Police

Inside the Japanese market, withdrawal of ivory from offers for sale is taking place in both online and retail sectors. Rakuten, Inc. and Mercari, Inc, two leading e-commerce platforms, banned ivory sales in 2017, while two retail mall giants Ito-Yokado Co., Ltd. and AEON Mall Co., Ltd. notified their tenants of policies in 2016 and 2017, respectively, to phase out all ivory sales⁷. By contrast, the response from the Japanese government has been incremental with no sign of significant holistic policy advancement. The latest development involves implementation of new regulations on domestic ivory businesses through an amendment to the Law for the Conservation of Endangered Species of Wild Fauna and Flora (LCES) that entered into effect on 1 June 2018⁸. The legal process for these reforms was completed in June 2017, which was before the exposure of widespread illegal exports and the state of the unregulated market. The new scheme introduced requirements for businesses dealing in ivory to register with the government (whereas previously they were only required to file a notification) and placed stricter obligations and penalties (**Box 2**).

Importantly, the legislative amendment did not address other outstanding regulatory loopholes. For example, while in theory only ivory products allowed to be legally traded in Japan are those originating from pre-Convention or CITES one-off sales in 1999 and 2008, there is no compulsory proof of legality requirement to establish such legal origin in the market, except for whole tusks. Furthermore, the issue of unregistered stocks in private ownership remains unaddressed by any regulatory measures in spite of estimates that over 6,000 tonnes of raw ivory were imported to Japan between 1951 and 1989⁹. The Ministry of Environment (MOE) has opted for a promotional campaign encouraging voluntary registration of such tusks beginning from August 2017 and recently announced its intention to impose stricter requirements for the proof of

3. State Council Office (2016). http://www.gov.cn/zhengce/content/2016-12/30/content_5155017.htm. 30 December 2016.

4. TRAFFIC (2018). *China's Wildlife Enforcement News Digest* (July 2018).

5. Asahi Shimbun (2017). <https://www.asahi.com/articles/ASKDL6JQRKDLUTIL06Q.html>; Nishino, R. *pers. obs.* February, March 2018.

6. Nikkei Newspaper (2018). <https://www.nikkei.com/article/DGKKZO28678540Y8A320C1CC0000/>. 28 March 2018.

7. WWF Japan (2017). <https://www.wwf.or.jp/activities/news/201.html>. 10 Nov 2017; Nikkei Newspaper (2017).

https://www.nikkei.com/article/DGXLASDG01H7M_S7A900C1CR0000/. 2 Sept 2017; Kyodo News (2018). <https://this.kiji.is/352031258261587041?c=39546741839462401>. 29 March 2018.

8. CITES Notification to the Parties No. 2018/061.

9. Kitade, T. and Toko, A. (2016). *Setting Suns: The Historical Decline of Japan's Ivory and Rhino Horn Markets*. TRAFFIC. Tokyo, Japan.

legality. Only official documents and scientific evidence supporting legal acquisition will be accepted for tusk registrations from June 2019 onwards whereas currently third-party affidavits are accepted in lieu of official proof¹⁰. While the strengthening of requirements is welcomed to prevent future laundering, it still poses a risk of inflicting adverse effects in the absence of plans to first effectively account for the unsecured stocks in the country. In terms of law enforcement measures, the government has supposedly strengthened monitoring of domestic trade and businesses as well as pursuing cooperation with Chinese authorities to tackle illegal international trade¹¹, though specific enforcement action is yet to be announced.

In sum, there have been some legislative and regulatory changes taking place in Japan as well as reported improvements in law enforcement efforts, but these, particularly the regulatory measures introduced or put forth so far, are limited in their effectiveness to resolve the outstanding problems of Japan's domestic market. The critical measures which TRAFFIC previously proposed in 2017 (**Box 1**) have remained largely unaddressed.

In light of these situational changes, TRAFFIC conducted a follow-up survey of Japan's domestic ivory market to evaluate how the status in the market has changed with respect to: 1) ivory availability and market dynamics, particularly regarding trends in illegal exports, and 2) compliance of businesses with the new LCES regulations. Specific areas where further improvements are needed with regards to the enforcement of new domestic regulations are presented in discussions.

In terms of recommendations from the present report, TRAFFIC highlights the holistic recommendations from 2017 which remain as priorities (**Box 1**). The 70th meeting of the CITES Standing Committee taking place in October 2018 provides an appropriate forum to consider the latest assessments from this survey as well as from the survey of online ivory trade in Japan also conducted in 2018¹² to evaluate the overall status of Japan's domestic markets. Further actions needed should include considerations of Japan's participation in the National Ivory Action Plan (NIAP) process.

Box 2: Obligations of registered businesses under new LCES regulations starting 1 June 2018 (excerpts from CITES No. 2018/061 submitted by the Japanese government)

- a) With the enforcement of the newly amended law, business operators handling ivory products are now subject to registration requirements with the government, in order to engage in the business. This represents a change from just having to file a notification previously. Under the amended law, the following obligations are imposed on the registered business operators:
 - i) All whole ivory tusks are subject to registration requirements. A registration card must be attached on whole ivory tusks that are put up for sale.
 - ii) A traceability information form must be prepared for every cut piece and every worked product of ivory that weighs over 1kg and exceeds 20cm. The form must be attached on every cut piece and every worked product of ivory that is put up for sale.
 - iii) A record must be prepared for every transaction of cut piece and worked products of ivory, indicating its source, buyer, weight, characteristics, and so on, and must be kept for five years.
 - iv) Relevant information including a registration number and the name of a business operator, and the expiration date of the registration must be indicated for cut piece and worked products of ivory that are put on display for sale as well as on their advertisements.
- b) An operator in breach of these obligations is liable to a maximum fine of up to JPY 100 million (about USD 910,000) and/or a maximum prison sentence of up to five years, while the registration for business operations of such an operator will be nullified.

10. MOE (2018) <https://www.env.go.jp/press/105546-print.html>. 1 June 2018.

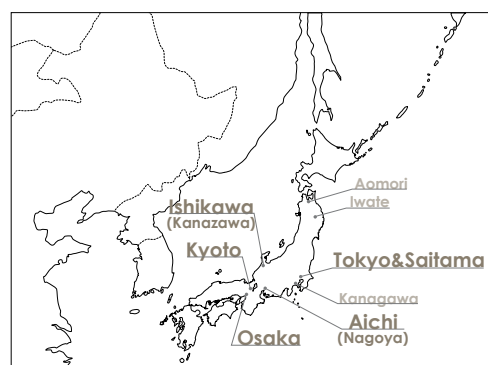
11. CITES Notification to the Parties No. 2018/061.

12. Kitade, T. and Naruse, Y. (2018). *System Error, Reboot Required: Review of Online Ivory Trade in Japan*. TRAFFIC. Tokyo, Japan.

METHODOLOGY

Physical market survey

A new survey of Japan’s physical markets targeting antique outlets and tourist areas was conducted between June and August 2018, following the standard TRAFFIC methodology also used in the previous assessment conducted in 2017¹³. In addition to covering all of the major survey locations previously reviewed in 2017, one indoor antique fair in Nagoya, two outdoor antique markets in Tokyo, and three art and antique districts (one each in Nagoya, Kanazawa, and Tokyo) were visited (**Map, Table 1**). Furthermore, the present study surveyed a sample of *hanko* shops, which was not included in the previous survey, to check for their compliance with the new LCES regulation concerning the display of registered business information. Forty-three *hanko* shops in Tokyo and other parts of Japan were visited (**Map, Table 1**).



Map of Japan with survey locations

Table 1. Description of survey locations

Outlet category	2017 survey locations revisited	New locations added in 2018
1 Indoor antique fairs	Tokyo 1: Heiwajima Antique Show	Aichi: Nagoya Antique Festa
	Tokyo 2: Antique- Jumboree	
	Saitama: Saitama Super Arena Antique Fair	
	Kyoto: Kyoto Antiques Fair	
2 Outdoor antique markets	Tokyo 1: Oedo Antique Market (Tokyo International Forum)	Tokyo 2: Tomioka-hachimangu Antique Market Tokyo 3: Gokokuji Antique Market
	Osaka: Shitennoji Market (Shitennoji Temple)	
	Kyoto: Kobo Market (Toji Temple)	
3 Art and antique districts	Tokyo1: Ginza Kyobashi Nihonbashi Art Area	Tokyo 2: Aoyama Aichi: Nagoya Antique Area Ishikawa: Kanazawa Antique & Collectable Stroll Area
	Osaka: Oimatsu Antique Street	
	Kyoto 1: Ohto Antique Art Association	
	Kyoto 2: Teramachi Art Street	
4 Tourist areas and ivory specialty shops	Tokyo: Asakusa, Okachimachi, Nippori	Not surveyed
	*Kyoto: Kiyomizu-Temple, other	
	*Osaka: Shitenno-ji Temple, other	
5 Hanko shops	Not surveyed	Tokyo (18), Kyoto (2), Osaka (8), Iwate (4), Ishikawa (2), Aichi (1), Aomori (4), Kanagawa (4)

*Previous survey locations from 2017 not covered in the 2018 survey

Most of the surveys in Osaka, Kyoto, and Tokyo were conducted by teams of surveyors who were together fluent in Japanese, English and Mandarin Chinese, while the rest of the surveys were done by a team of Japanese surveyors. Using TRAFFIC’s standard covert market survey method, data were collected on the number of ivory items by category observed for sale and compliance with LCES regulations was assessed, including visibility of both registration cards for whole tusks and business registration information of ivory sellers (only data regarding business registration information were collected for *hanko* shops as they were not the target of the previous survey in 2017 and survey time was limited in the present survey). Price data were also recorded whenever possible (currency rate of JPY1 = USD 0.0089 at 1 August was used). Questions were posed to sellers to obtain qualitative information, such as sales trends and demand for ivory products, typical customers, the possibility of taking ivory out of Japan, and their understanding of domestic and international regulations. Any information potentially pertaining to illegal activities was forwarded to respective authorities. A more detailed description of the methodology is laid out in TRAFFIC’s 2017 publication¹⁴.

13. Kitade, T. and Nishino, R. (2017). *IVORY TOWERS: An Assessment of Japan’s Ivory Trade and Domestic Market*. TRAFFIC, Tokyo, Japan.

14. Kitade, T. and Nishino, R. (2017). *IVORY TOWERS: An Assessment of Japan’s Ivory Trade and Domestic Market*. TRAFFIC, Tokyo, Japan.

Auction survey

Due to time and resource limitations, only the trade of whole tusks at the Mainichi Auction, assumed to be Japan's largest open-access physical auction platform for trading ivory items, was assessed in this study. Trade patterns on Japan's online auction platforms (e.g. Yahoo Auction) were reviewed in a separate survey conducted in June 2018¹⁵. Auction data, including bidding prices, were obtained from online records for the two trading sessions held in February 2018 and May 2018. While another trading session in November 2017 likely included some ivory trade, the records at that event could not be obtained. Registration information of every whole tusk advertised/sold was collected.

RESULTS

Physical markets

Availability and other trends

The mean number of shops selling ivory and ivory items observed for sale was found to have declined by nearly half compared to the 2017 survey of indoor antique fairs (**Fig. 1**). The levels of ivory products available remained roughly the same in the outdoor antique markets as well as in the art and antique districts visited, though the average number of sellers in outdoor antique market dropped from 25 to 15 (**Fig 1**). The indoor antique fairs still hosted the largest number of stalls in one location (57 stalls or 20% of the 281 stalls found selling ivory on average) with a mean of 739 ivory items per location. It is uncertain whether the observed reduction of availability at these indoor fairs is representative of a wider trend as it could be a direct response to stricter oversight by METI which has given guidance to the organizers of these fairs regarding obligations of ivory sellers since TRAFFIC's last reporting in 2017 (METI, *pers. comm.* June 2018). Stalls or galleries selling ivory items were also found in new locations not previously surveyed, although availability of ivory products was generally lower than what was found at the surveyed locations also visited in 2017 (see **Appendices**). There was some indication of declining demand for ivory suggested by the accounts of certain sellers, with a few even expressing their intention to phase out ivory sales altogether due to tightening of regulations. However, it was difficult to see this trend quantitatively by comparing recent ivory availability counts with the 2017 survey data.

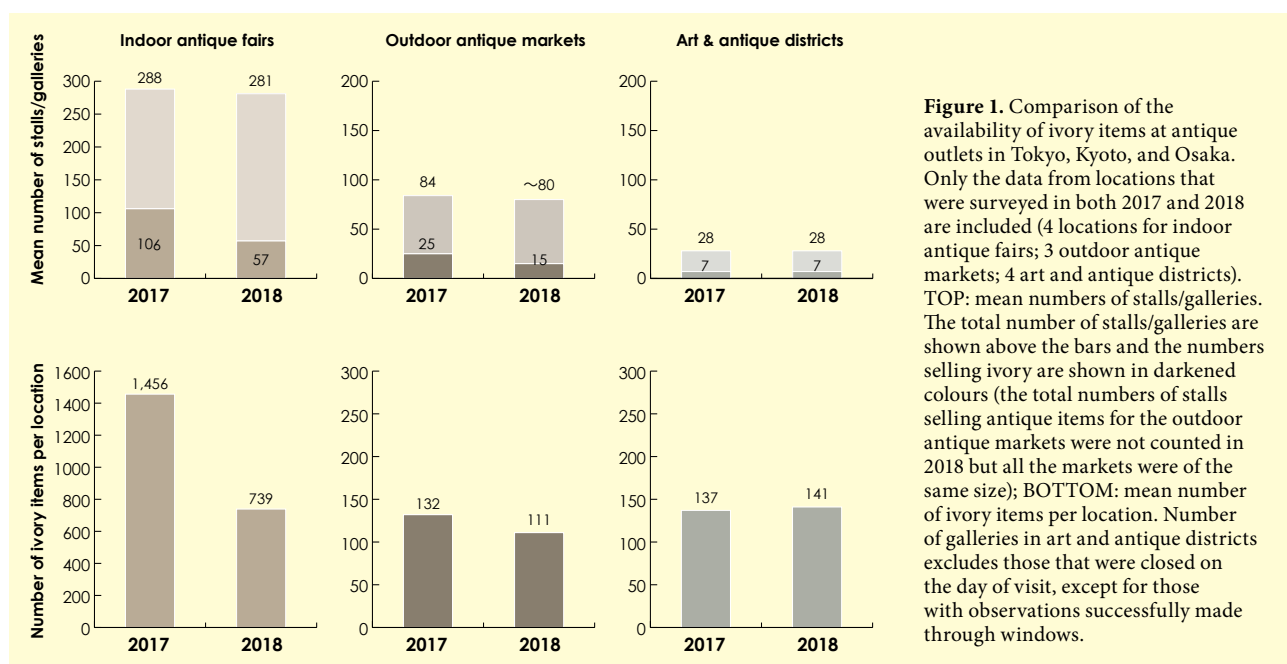
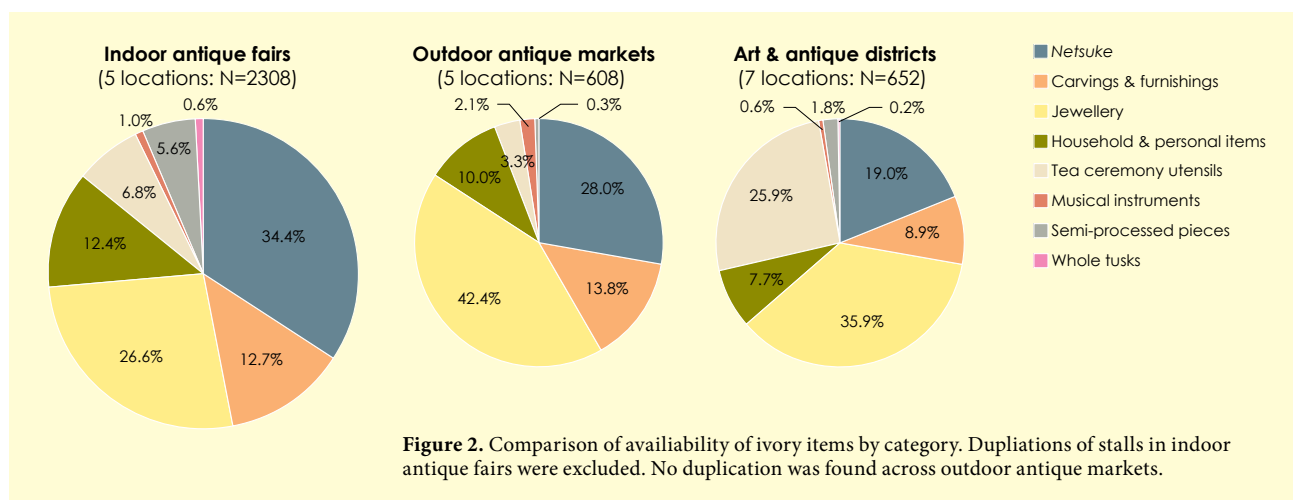


Figure 1. Comparison of the availability of ivory items at antique outlets in Tokyo, Kyoto, and Osaka. Only the data from locations that were surveyed in both 2017 and 2018 are included (4 locations for indoor antique fairs; 3 outdoor antique markets; 4 art and antique districts). TOP: mean numbers of stalls/galleries. The total number of stalls/galleries are shown above the bars and the numbers selling ivory are shown in darkened colours (the total numbers of stalls selling antique items for the outdoor antique markets were not counted in 2018 but all the markets were of the same size); BOTTOM: mean number of ivory items per location. Number of galleries in art and antique districts excludes those that were closed on the day of visit, except for those with observations successfully made through windows.

15. Kitade, T. and Naruse, Y. (2018). *System Error, Reboot Required: Review of Japan's Online Ivory Trade*. TRAFFIC. Tokyo, Japan.

The types of ivory items recorded at various antique outlets, including new survey locations, revealed that *netsuke* and jewellery were still by far the most popular items across antique markets (Fig. 2). Out of over 5,000 ivory items observed across all locations, including tourist areas and ivory specialty shops (Table 1), only 20 (less than 0.5%) were whole tusks (thus requiring proof of legal acquisition). Newly manufactured jewellery products that are likely designed for foreign (e.g. Chinese) markets as main targets were found at three shops in Tokyo's tourist area, including one of the two shops first identified in the 2017 survey. It was noted that the other shop observed in 2017 has since closed down, and the other shop still selling ivory declined to sell to our Chinese-speaking surveyor posing as a potential customer. The two new shops spotted for the first time in 2018 were both found in Asakusa tourist area, one of which had only recently opened in April 2018. These shops were found in commercial complexes of jewellery stores obviously targeting foreign tourists with dedicated sections for jewellery made of ivory, precious corals, pearls, as well as iron kettles and Japanese brand cosmetics. Sellers at these shops spoke multiple languages, including English, Chinese, French, and Italian. There was no signage in these premises informing prospective buyers that the export of ivory purchased in Japan is prohibited.

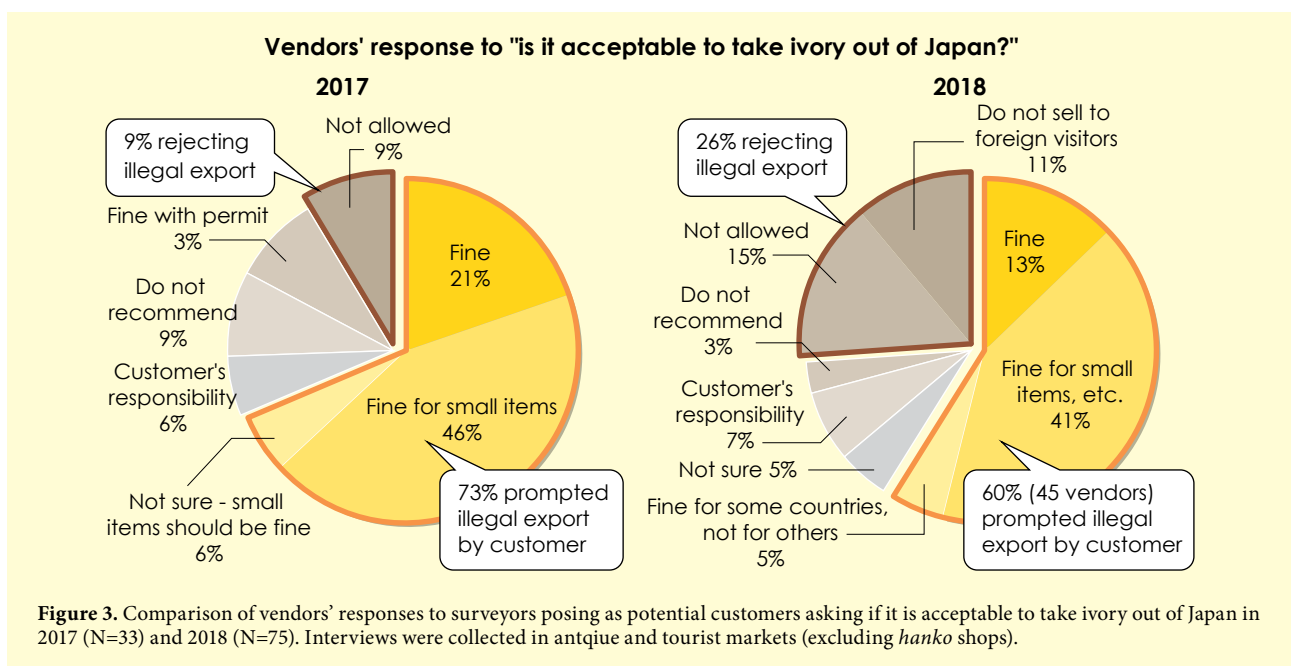


Another possible emerging trend was the importation of ivory from mainly European countries where five sellers claimed that they had recently imported ivory products from the UK (three sellers), France (one seller), and another unidentified country (one seller). Those who mentioned the UK claimed to have done so by visiting the markets there personally. In the 2017 survey, importation of antiques from other countries was described by only one seller (non-Japanese) who claimed to source antiques from the UK by parcels to take advantage of higher profit margin in the Japanese market. While these items may have been imported legally with CITES permits, no permits were presented with the products or hinted at during interviews. The fact that no proof is required for their sales in Japan is a common problem as there is no way for customers to confirm legality.

Illegal export

The widespread facilitation by Japanese sellers of illegal ivory exports by foreign buyers/customers, which was a notable phenomenon identified in the 2017 survey, appeared to have diminished somewhat in 2018 as indicated by the interviewed sellers' attitudes (Fig. 3). While still 60% of the sellers in antique and tourist markets answered it was fine to take ivory out of Japan (either for all or some items, or to some countries), which was slightly lower than 73% in 2017, the proportion of sellers firmly refusing to sell for illegal export increased from 9% to 26% in 2018. This improvement is likely indicative of the impact of awareness-raising through various channels, including publicity on ivory trade issues in the media since TRAFFIC's 2017 report, as well as efforts by government to provide guidance to businesses in the antique sector.

Despite certain signs of improvement, the prevalence (60%) of willingness to still sell ivory products knowing they would be illegally exported out of Japan by customers remains a concern. The majority of sellers (41%) still insisted that certain ivory items, such as those of small size, would be fine as the likelihood of detection was low. Six of these sellers claimed it would be fine if customers disguise their purchases as personal items by wearing them, a few other sellers specifying old items, souvenirs and smaller numbers of items (rather than many) would be fine. One seller claimed it would be fine if the customer declared their purchase as mammoth ivory. There were four sellers (5%) who specified countries for which ivory could not be taken, especially referring to China and in one case the UK and South Korea, while stating or implying it was fine for other destinations (e.g. "Europe" and "Taiwan" were mentioned). Surveyors did observe that several stores displayed either original signage or materials that had been produced by the government (small signage or a poster) indicating that the export of ivory from Japan is prohibited. There was at least one case where the seller expressed a willingness to sell to customers who expressed the intention to export the products even in the presence of signage indicating the illegal nature of doing so.



Apart from demonstrating direct attitudes to illegal export, interviews with the sellers further elucidated insights into the level of demand by foreign customers. Overall, it seemed as though ivory purchase by foreign customers was an ongoing phenomenon but the “shopping spree” mentality, especially those by Chinese-speaking customers repeatedly mentioned by sellers in 2017, has subsided somewhat. For example, with 34 sellers mentioning purchase by foreign customers, at least seven stated that Chinese-speaking customers had stopped buying ivory items with five of them suggesting this has led to a drop in the price of ivory items. However, 21 others still stated that there was general interest in ivory from foreign customers without referring to a declining trend, including nine who specified Chinese-speaking customers and 12 others who collectively mentioned customers from the Philippines, Taiwan, South Korea, Europe, Russia and the US. One seller also mentioned that antique dealers he visited in China expressed a willingness to purchase ivory products if the seller could successfully smuggle and deliver them to China. Furthermore, there was one seller at an outdoor antique market who claimed he was also selling a large quantity of ivory items through an online auction where he was fully aware that the buyers were illegally exporting the purchased items in bulk to China, which implies that ivory sales through the internet for illegal export are continuing to occur.



The seller mentioned to sell these ivory products to foreign visitors. LEFT: Various ivory jewellery items on sale at a gallery in Osaka's art and antique districts area. RIGHT: Newly manufactured ivory jewellery products at the store targeting foreign visitors in Asakusa (Tokyo's tourist area).



Signage indicating export of ivory is prohibited in Japanese, English and Chinese found at a wholesaler's shop in Tokyo.

Compliance with LCES

There appeared to be mixed awareness and understanding of the new LCES regulations amongst ivory sellers, but one clear difference compared to 2017 was that sellers did not mention any laxity in terms of ivory trade regulations in Japan. At least 16 sellers noted that regulations had tightened recently, with two mentioning them specifically starting in June 2018. Among them, however, eight sellers openly acknowledged that despite their knowledge, they themselves, or sometimes referring to other businesses, do not comply with the rules. These included not registering their businesses at all, to not keeping records of all sales and customers as required, or claiming their products as mammoth ivory in order to avoid cumbersome procedures. Comments of such intentional non-compliance were usually heard in the occasional (both indoor and outdoor) antique markets.

Non-compliance with the requirement for displaying business registration information was still considerably high in all surveyed antique and tourist locations despite it being legally required since June 2018 (52% in indoor antique fairs; 83% in outdoor antique markets; 63% in art and antique districts; and 42% in tourist areas) (Fig. 4).



A shop displaying its business registration information in two separate formats on the side of the showcase. The form on the left is a notification sticker issued by the government under the previous “notificaiton scheme” and is not considered appropriate after the entry into force of the new registration scheme on the 1 June 2018 as it does not contain certain information such as addresses and dates of expiry required under the new rule. The government no longer issue business registration certificates under the new scheme, while businesses are required to display specified information using their own format. Since many shops displayed their existing notification stickers, the present survey counted the notification sticker as “Displayed”.

Level of non-display of business registration (previously notification) information

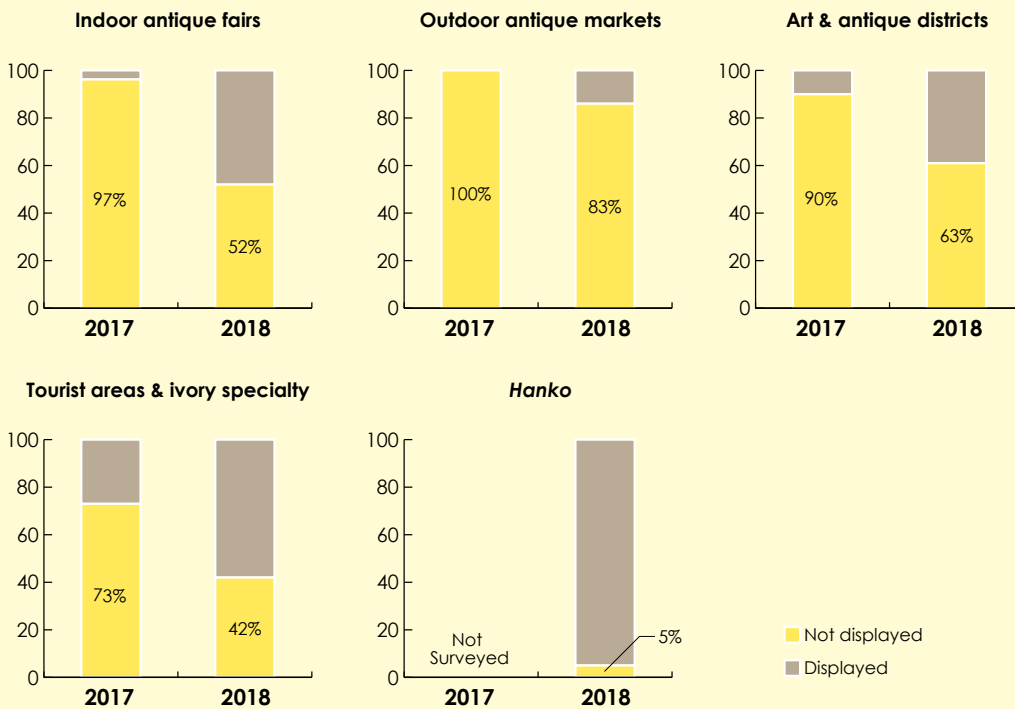


Figure 4. Display of business registration (previously notification) information across different types of outlets in 2017 and 2018 (surveyed in June-August). The display of registration information became a legal requirement starting 1 June 2018. Sample sizes for 2017 and 2018 respectively are as follows: Indoor antique fairs (N=326, 199), outdoor antique markets (N=75, 70), art and anqitue districts (N=29, 40), tourist and ivory speciality shops (N=15, 12), and *hanko* shops (N=43). “Displayed” includes both those displaying notification stickers issued under the previous LCES scheme, those displaying the registration information in other ways, as well as those who presented this information to the surveyors upon inquiry.

Level of non-compliance with business registration (previously notification)

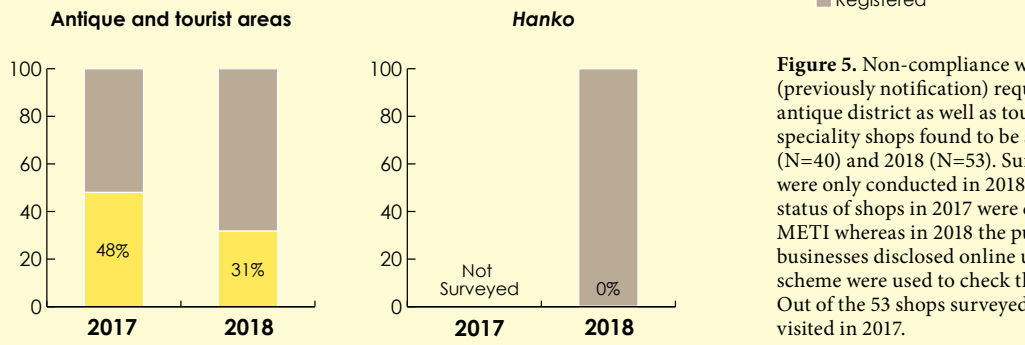
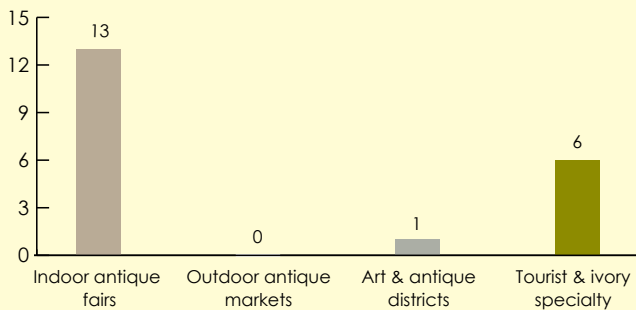


Figure 5. Non-compliance with business registration (previously notification) requirements in art and antique district as well as tourist areas and ivory speciality shops found to be selling ivory in 2017 (N=40) and 2018 (N=53). Surveys of *hanko* shops were only conducted in 2018 (N=43). Notification status of shops in 2017 were checked by inquiring to METI whereas in 2018 the public register of ivory businesses disclosed online under the new LCES scheme were used to check the registration status. Out of the 53 shops surveyed in 2018, 19 were also visited in 2017.

A clear exception was *hanko* shops where the non-compliance rate was quite low at only 5%. The actual proportion of unregistered (previously un-notified) businesses that are permanent shops in antique and tourist areas was 31%, which is somewhat less than the 48% observed in 2017 (Fig. 5). While the proportion of unregistered illegal businesses in occasional markets could not be ascertained due to the lack of formal business information of each seller, it was found through making inquiries to the organizers of the surveyed indoor fairs that all of them claim that they notify their tenants of the legal requirements following guidance given by the Ministry of Economy, Trade and Industry (METI). However, not every organizer was found to actually conduct due diligence of shops selling ivory, making it unlikely that the more than half (52%) of ivory sellers who were not displaying registration information were all legal businesses. The situation is expected to be similar or worse in outdoor antique markets where 83% did not display registration information. Again, in stark contrast, 100% of the surveyed *hanko* shops were found to be legally operating with registrations (Fig. 5).

Availability of whole tusks



Registration cards for whole tusks

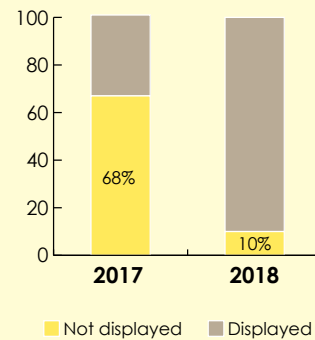


Figure 6. LEFT: Availability of whole tusks across different types of outlets; RIGHT: display of registration cards with whole tusks in 2017 (N=37) and 2018 (N=20).

In terms of whole tusks, the total number encountered during the survey declined from 37 tusks in 2017 to 20 tusks in 2018 despite an increase in the number of locations surveyed. With whole tusks being the only type of products where proof of legal acquisition is required, the rate of illegal display without registration cards declined significantly from 68% (25 out of 37) in 2017 to 10% (2 out of 20) in 2018. The largest number of whole tusks was observed in indoor antique fairs, whereas the illegal display was found at one indoor antique fair in Tokyo and one antique gallery in Osaka.

Auction

The number of whole tusks advertised and sold at Mainichi Auction in 2018 declined by over 60% compared to 2017, with less than 10 tusks being advertised/sold at one session (Fig. 7). However, the total value of whole tusk transactions appeared to fluctuate. For the 2018 auction, high-priced raw ivory tusks sold in May 2018 appeared to be the principal reason the total transaction value doubled when compared to the February 2018 session where only carved and polished ivory tusks were sold. The registration number was displayed with every tusk in the online catalogues of the two sessions held in 2018, which is a positive improvement from the May 2017 session where no registration numbers were observed either online or during visits to the auction preview.

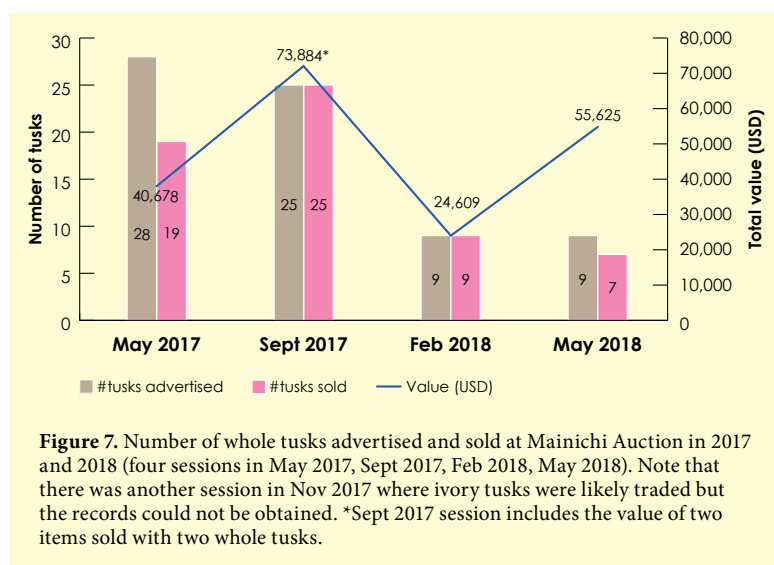


Figure 7. Number of whole tusks advertised and sold at Mainichi Auction in 2017 and 2018 (four sessions in May 2017, Sept 2017, Feb 2018, May 2018). Note that there was another session in Nov 2017 where ivory tusks were likely traded but the records could not be obtained. *Sept 2017 session includes the value of two items sold with two whole tusks.

DISCUSSION

Changes in market dynamics and illegal exports

The impact of China's ivory ban and strengthened enforcement appears to have resulted in some decline in the frequency of purchase by Chinese-speaking customers as expressed by certain sellers when interviewed. Moderate changes were also detected in the attitude of sellers in Japan with the proportion firmly rejecting sales to foreign customers or domestic customers with intention to export increasing from 9% to 26%. This shift on the part of Japanese sellers may result from perceptions of increased scrutiny of ivory businesses, possibly resulting from a combination of factors such as government guidance around new LCES regulations and repeated media coverage of the issue of illegal exports featuring both TRAFFIC's initial reporting in December 2017 and the news of the Japanese dealer arrested in January 2018 allegedly smuggling ivory to China¹⁶. There were also signs of declining ivory availability compared to 2017, as notably seen in the halving of sellers and products observed in the major indoor antique fairs surveyed. Sentiments expressing intention to phase out ivory sales due to tightening of regulations were also heard amongst certain sellers.

However, it appears that the overall risks of illegal export have not subsided as, responding to continued interest in ivory products by foreign customers, a majority (60%) of sellers still expressed a willingness to facilitate illegal export by customers by selling ivory products on demand. Further, the appearance of new Chinese-owned stores selling newly manufactured ivory products targeting foreign visitors is another indicator that illegal trade continues. Furthermore, the use of signage informing buyers "export of ivory is prohibited" was sparse across different markets surveyed. These findings highlight that despite improvements seen in the attitude of certain businesses, the awareness raising and other measures taken so far have not provided enough deterrent overall to create the critical mass in the market where facilitation of illegal ivory export is rejected by a majority. Given the projected increase of foreign visitors to Japan for the 2020 Tokyo Olympics and Paralympics Games, the risk of the Japanese market further facilitating illegal trade cannot be underestimated. Targeted awareness-raising and surveillance in the antique and tourist sectors as identified previously in 2017 (**Box 1: 1b, c**) therefore are continued to be strongly needed

16. Nikkei Newspaper (2018). <https://www.nikkei.com/article/DGKKZO28678540Y8A320C1CC0000/>. 28 March 2018

to create the critical mass (e.g. mandatory signage indicating export of ivory is prohibited). Strengthening of enforcement at the borders, particularly in coordination with the Chinese authorities is also warranted (**Box1: 1a**).

Compliance with new regulations

The level of compliance by businesses with the new LCES regulation was found to be unsatisfactory with the exception of *hanko* shops. Despite the display of registered business information becoming a legal requirement since June 2018, the non-compliance rate ranged from 42% to 83% across various types of antique and tourist outlets. Moreover, a substantial proportion was found to be unregistered or illegal businesses (e.g. 30% amongst permanent shops surveyed in antique and tourist areas), and the actual legality of many sellers in occasional markets remained unknown due to the dual lack of business registration display (52% in indoor antique fairs and 83% in outdoor antique markets) and their official business information to check against the public register. While certain efforts on the part of the organizers of indoor fairs to notify tenants of the legal requirements were identified, more stringent processes such as prior mandatory screening of all sellers should be introduced as it can effectively eliminate illegal businesses from such marketplaces (**Box 1: 1d**). Specific guidance and instructions as such issued from METI to the organizers should be the primary solution. Furthermore, with increased enforcement capacity announced by the government, a nationwide clampdown of illegal trade and illegal businesses with appropriate judicial actions as previously proposed (**Box 1: 2b**) is still strongly encouraged to effectively enforce the new and existing regulations.

Display of registration cards with whole tusks, an existing regulation, improved significantly in both antique markets and tourist areas as well as in the auction house compared to 2017. However, the whole tusks comprise less than 0.5% of products observed in the market, and the legality of other ivory items still remains unclear under the new regulations. In that regard, the Japanese government's announcement to the CITES Parties (**Box2: a-ii**) describes the updated regulatory situation as if the new obligations of ivory businesses include a mandatory "traceability information form" for trade in all cut pieces and worked products exceeding 1 kg and 20 cm. This, however, should not be taken literally as a measure of ensuring traceability in all such pieces in the market: the requirement was designed with manufacturers in mind and exempts any piece that was (or is claimed to have been) produced prior to the regulation entering into effect in June 2018 (MOE, *pers. comm.* 14 August 2018). Indeed, no such traceability information form was observed with products of this size during the survey.

RECOMMENDATIONS

The 2018 survey detected some signs of improvements since 2017. However, the overall status of the market as surveyed continues to indicate the presence of vendors willing to sell ivory products to foreigners in cases where their subsequent illegal export is implicit and a general lack of signage to foster awareness that exportation is illegal. Challenges were also identified in enforcing compliance with the new LCES regulations in the antique and tourist markets, and further vigilance in law enforcement and awareness-raising is encouraged. As of August 2018, few of the specific policy changes and legislative/regulatory measures TRAFFIC proposed in 2017 (**Box 1**) to ensure Japan's domestic market does not contribute to poaching or illegal trade of ivory have been implemented. Therefore, these recommendations essentially remain valid. Under these circumstances, TRAFFIC recommends the following for the Japanese government and the CITES Standing Committee:

- The Japanese government should urgently consider the specific policy change and legislative/regulatory measures which TRAFFIC recommended in 2017 (**Box 1**) to achieve a market closure in Japan with narrow exemptions that do not contribute to poaching or illegal trade;
- The Japanese government is encouraged to further strengthen measures to halt illegal export, with particular emphasis on both enforcement at the borders (in collaboration with Chinese authorities where necessary) and in domestic markets through vigilant surveillance of businesses in the antique and tourist markets (e.g. mandatory signage indicating export of ivory is prohibited);
- The METI and MOE should effectively enforce the new LCES regulations by conducting a nationwide clampdown on illegal business operations and illegal trade, following through with appropriate judicial actions;
- The CITES Standing Committee should take into account the latest assessments of Japan's domestic ivory market conducted in this report as well as TRAFFIC's earlier reporting on online trade to deliberate the merit of Japan's inclusion in the NIAP process to evaluate and monitor its progress in acting on these priorities.

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APPENDICES

Appendix 1. Ivory availability across indoor antique fairs surveyed in June-August 2018

Indoor antique fairs*	# of stalls	# of stalls selling ivory	# of stalls selling ivory also at another fair	Number of ivory items	Average number of items per stall	Number of ivory items
Tokyo 1	203	49 (24%)	22 (45%)	733	15	1-200
Tokyo 2	393	73 (19%)	35 (48%)	811	11.1	1-52
Saitama	180	26 (14%)	11 (42%)	395	15.2	1-90
Kyoto	347	78 (22%)	25 (32%)	1017	13	1-160
Aichi	80	33 (41%)	13 (39%)	349	10.6	1-100
Total without duplications	n/a†	199	46 (23%)	2308‡	n/a	n/a

* Description of survey locations are given in Table 1. Shaded rows indicate new survey locations in 2018.

† Duplications of stalls were observed only amongst indoor antique fairs. Duplication was only checked for those selling ivory and not for the remainder of stalls at the fairs.

‡ When the same stall was present at more than one fair, the largest number of items the stall had on display at one fair was included in the total to avoid double counting. While stalls present at multiple fairs usually seem to display the same range of products during the survey period, the total represents a conservative estimate as stalls may have displayed new products.

Appendix 2. Ivory availability across outdoor antique markets surveyed in June-August 2018

Outdoor antique markets*	# of stalls†	# of stalls selling ivory	Number of ivory items	Average number of items per stall	Range of number of items per stall
Tokyo 1	-	20	100	5	1-20
Osaka	-	14	78	5.6	1-30
Kyoto	-	12	155	12.9	1-38
Tokyo 2	-	12	194	16.2	1-60
Tokyo 3	-	12	81	6.8	1-30
Total	-	70	608	n/a	n/a

* Description of survey locations are given in Table 1. Shaded rows indicate new survey locations in 2018.

† The approximate number of stalls selling antique items were not counted in the 2018 survey.

Appendix 3. Ivory availability across art and antique districts surveyed in June-August 2018

Art and antique districts*	# of galleries†	# of galleries selling ivory	Number of ivory items	Average number of items per gallery	Range of number of items per gallery
Tokyo 1	33	8 (24%)	101	12.6	1-78
Osaka	20	12(60%)	327	27.3	1-173
Kyoto 1	36	2 (6%)	49	24.5	17-32
Kyoto 2	21	6 (29%)	88	14.7	4-40
Tokyo 2	13	4 (31%)	23	5.8	2-13
Aichi	11	1 (9%)	8	8	8
Ishikawa	14	7 (50%)	56	8	2-20
Total	148	40	652	n/a	n/a

* Description of survey locations are given in Table 1. Shaded rows indicate new survey locations in 2018.

† Number of galleries in art and antique districts excludes those that were closed on the day of visit, except for those with observations successfully made through windows.



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TRAFFIC, the wildlife trade monitoring network, is a leading non-governmental organization working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

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