

# INVESTIGATOR

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## Why it's vital to follow the blood money made from illegal wildlife trade

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We call on US to sanction  
China for trading pangolins  
in violation of treaty

Timber firms found  
sneaking illicit Myanmar  
teak into Europe

The heat is on to avoid  
tipping over the edge into  
catastrophic climate change



4



8



10



12



18

## INTRODUCTION



Welcome to the Autumn 2020 *Investigator* magazine, keeping you up-to-date on our activities and successes.

Inside, you can find out about the launch of *Money Trails – Identifying financial flows linked to wildlife trafficking*, a major new piece of work which makes a compelling case for using financial investigations and anti-money laundering laws as standard when investigating wildlife crime.

There's also a round-up of our key activities, including some particularly good news from the UK for elephants!

Despite the uncertainty and challenges presented by the ongoing coronavirus pandemic, the dedication and flexibility of our teams have ensured our vital work continues.

Thank you for your support, without which we simply couldn't achieve so much.

**Mary Rice, Executive Director**

## CONTENTS

Wildlife	4
Forests	8
Climate	10
Feature: Money Trails	12
Ocean	18
From our archive	22

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## We call on US to sanction China for trading pangolins in violation of international treaty

In August, we joined forces with two other organisations to file a legal petition calling on the US Government to sanction China for illegally trading in critically endangered pangolins.

In US law, the Pelly Amendment provides restrictions on importing fishery or wildlife products from countries which violate international wildlife agreements.

If our petition with the Center for Biological Diversity and International Environmental Law Project to the US

Secretary of the Interior is a success and China is certified under the Pelly Amendment, the US Government would be able to take action against China – including banning all wildlife imports

Above: a pangolin, the most widely trafficked mammal in the world

from the country The process was used in 1993 by President Bill Clinton to ban all wildlife imports from Taiwan due to its rhino trade, resulting in Taiwan promptly closing its domestic rhino horn market.

Pangolins remain the most heavily trafficked mammal in the world, primarily to China to be eaten as a luxury meat and for their scales to be used in traditional Chinese medicine (TCM).

The Pelly initiative following our revelations in June that, despite propaganda to the contrary, China still featured pangolin in its TCM pharmacopeia, an official reference guide to ingredients and formulae.

China responded to the international outcry over the COVID-19 coronavirus pandemic – which potentially jumped to

humans via pangolins as an intermediary host – with a ban on the trade of terrestrial wildlife for consumption as food.

Chinese State-led news platforms also ran stories giving the impressions that the country had removed pangolins from the pharmacopeia.

However, EIA research revealed that behind the spin, pangolin scales were still listed as an ingredient in patent medicine formulae found in the official reference book.

Chris Hamley, an EIA Senior Campaigner, warned: “The existence of a legal market for pangolin scale medicines in China is undermining the effectiveness of CITES and providing an opportunity for transnational criminal networks to profit from illegal trade.” ●

## Malawi court jails wildlife crime syndicate members for total of 56.5 years

Justice was done in July when a court in Malawi handed down some of the country’s stiffest sentences yet to a gang of wildlife traffickers.

The nine members of one of Southern Africa’s most prolific wildlife crime gangs were given jail terms totalling 56.5 years.

They were members of the Lin-Zhang syndicate and each was found guilty of at least one wildlife trafficking offence of a listed or protected species – pangolins, rhino horn, ivory or hippo teeth.

Among them was Quinhua Zhang, convicted of possession of rhino horn

and an illegal firearm. She is the wife of Yunhua Lin, the alleged kingpin of the syndicate, whose trial on charges of possession of rhino horn, conspiracy and money-laundering continues.

Mary Rice, our Executive Director, said: “This small nation has demonstrated how, with political will and determination, to dismantle one of Africa’s most prolific organised international crime syndicates.” ●



Left: defendants leave the court in Malawi (image supplied)

### WILDLIFE NEWS IN BRIEF

- In May, Norges Bank cited ‘serious environmental damage’ as it withdrew its \$7.5m stake from an electrical company helping to build a hydropower dam in Tanzania’s Selous Game Reserve, a destructive project against which EIA and others are campaigning.
- Following an initial exposé in March, we revealed in June how traditional Chinese medicine treatments containing bear bile were still being touted as part of an official coronavirus treatment plan in China.

## On the tenth Global Tiger Day, it's clear the iconic species needs a big change in attitudes

July 29 was formally declared Global Tiger Day by the heads of State of all 13 tiger range countries when they signed the St Petersburg Declaration in 2010, the Year of the Tiger in the Chinese zodiac.

So, a decade on from the commitment to seek to double the world's wild tiger population by the next Year of the Tiger in 2022, how is that ambition shaping up?

In her assessment, Debbie Banks, EIA's Tiger and Wildlife Crime Campaign Leader, found progress worth celebrating in some of tiger range countries, particularly in south Asia.

However, she voiced concern that tigers have been wiped out of from large parts of their range in South-East Asia

where, in some cases, government policy has actively encouraged their commodification.

Debbie said: "Doubling the world's wild tiger population may take longer than the remaining two years but if we can see a significant transformation in attitudes and policies towards the tiger then we have a much stronger foundation upon which to build." ●

Above: there's tiger news to celebrate, but still a long way to go



## China's blatant trade in leopard bone products is exposed

EIA research has revealed at least 24 Chinese pharmaceutical companies listing leopard bones as an ingredient in their traditional medicines, even though fewer than 450 wild leopards remain in the country.

The illegal killing of leopards for their body parts in Asia is driving the species towards extinction – they have already disappeared from Laos, Vietnam and Singapore and are on the brink of extinction in several other countries.

Our report *Bitter Pill to Swallow* made plain that demand for leopard bones, primarily from Chinese consumers, is one of the key drivers of the trade. It is used in similar ways to tiger bone, steeped in rice wine to produce health tonics and used in other traditional medicines.

Right: Hongmao Medicinal Wine for sale over the counter in China, 2019

The full scale of China's domestic leopard bone trade and the total number of companies involved remains largely unknown because of a lack of transparency and we again urged the Government to end the use of threatened wildlife in traditional medicine. ●



## The UK Ivory Act is over its final legal hurdle!

The landmark UK Ivory Act (2018) passed its final obstacle in August when the Supreme Court refused to allow an appeal against a Court of Appeal decision in May.

The Act was introduced after EIA revealed that the UK was the world's leading exporter of antique ivory, particularly to China and Hong Kong – two illegal trade hotspots for poached ivory.

But despite being passed in 2018 with huge popular support and cross-party Parliamentary backing, the Act has been challenged every step of the way by a small group of antiques traders operating as Friends of Antique Cultural Treasures.

Mary Rice, our Executive Director, said: "This marks the end – finally – of a long and challenging legal drama and means that we can now celebrate the decision to close the UK's ivory markets.

"The next challenge to help give the world's precious elephants a future is to close the EU's ivory markets." ●

Right: protesters outside the High Court in London



## Timber firms found sneaking illicit Myanmar teak into Europe

Our Forests investigators have exposed traders skirting EU import rules to get their hands on valuable Myanmar teak for high-paying clients to use for luxury products such as superyacht decking.

The scheme was revealed in documents obtained through a Freedom of Information request to Croatia's Ministry of Agriculture and we named the firms involved in our May report *The Croatian Connection Exposed*.

The large cache of import/export documents showed that 10 shipments

of timber products totalling 144 tonnes arrived in Rijeka port, Croatia, starting in 2017 with the most recent in 2019. Invoices put the total value at nearly \$1 million, although when supplied to the yacht-building industry the value would be much greater.

Above: paper trails reveal the Croatia connection

## Indonesia shelves coronavirus plan to weaken timber laws

The Government of Indonesia in May backed away from a plan to drastically dilute timber regulations put in place to lock illegal wood out of its exports to the European Union and other markets.

A controversial Ministry of Trade regulation was touted as a way to stimulate the country's economy, hit by the coronavirus pandemic.

But an international outcry of governments, the private sector and civil society, led by EIA and our Indonesian partner Kaoem Telapak, spurred the

Government to think again.

Faith Doherty, EIA Forests Campaigns Leader, said: "The Government has done the right thing and effectively restated its commitment to preserving the nation's precious forests instead of greenlighting a regulation seeking to pursue short-term profits." ●

One shipment, from 2017, did not specify a final destination; the other nine went to companies in other parts of the EU: ABC Net (Slovenia), Crown Holdings (Belgium), HF Italy (Italy), Houthandel Boogaardt (the Netherlands), Vandecasteele Houtimport (Belgium) and WOB Timber (Germany).

Three of the companies – Crown, Boogaardt and Vandecasteele – have previously been found trading Myanmar teak which did not comply with the European Union Timber Regulation (EUTR), a mechanism intended to lock illegal timber out of EU markets.

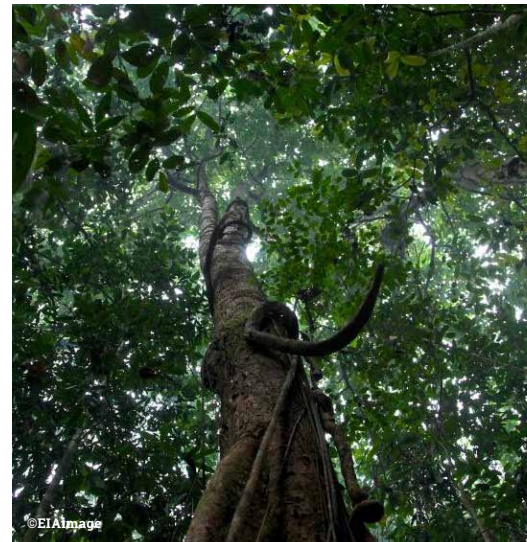
At the centre of the scheme was the Croatian company Viator Pula and its sole director and shareholder, a man named Igor Popović.

Both kept a low profile and were being used by timber importers as a front to

circumvent the EUTR, which requires rigorous due diligence to trace timber back to the place it was cut. Last year, EIA revealed how another Adriatic port, Trieste in Italy, was playing a similar role as Burmese teak traders sought to cover their tracks.

There has not been a single instance to date where Myanmar teak was imported into the EU without breaching the EUTR because the opaque nature of its origins within Myanmar has been ruled on several occasions to prevent appropriate due diligence from being carried out.

Alec Dawson, Forests Campaigner, said: "These importers evidently saw Croatia as a weak link and thought to exploit it, with Viator taking all the risks – but Croatia hasn't turned out to be the soft touch some thought it would be." ●



### FORESTS PALM OIL UPDATE

- A highly critical independent review in June highlighted significant failings by The Roundtable on Sustainable Palm Oil (RSPO), the watchdog set up to reassure consumers that everyday products with palm oil have been made without damaging the environment.
- The review by Adam Harrison – a former member of the RSPO's Board of Governors – was conducted after two EIA reports revealed a catalogue of failures in the RSPO's operations and confirmed many of our findings.

## The heat is on to avoid tipping over the edge into catastrophic climate change

The concept of climate change 'tipping points' is nothing new – but as we draw ever-closer to them, they're taking on a whole new significance.

Climate tipping points are warming thresholds, a line in the sand which, once crossed, can create irreversible and potentially catastrophic changes to vital ecosystems.

The Intergovernmental Panel on Climate Change (IPCC) first introduced the notion of tipping points two decades ago but questions remain as to what the tipping points themselves are, when they might be reached and what exactly will happen when they are passed.

A vivid example of a climate tipping point is the melting of permafrost, swathes of land which have previously remained permanently frozen and which lock in huge volumes of carbon.

Above: out-of-control forest fires have become more common under the impacts of climate change

Areas of permafrost are already melting at an alarming rate – and, if it continues, the outcome could be the release of staggering amounts of methane, which would very quickly raise global temperatures and set us on a much faster trajectory to complete climate breakdown.

It could also lead to extreme melting of ice sheets, which in turn would raise the sea levels enough to inundate coastal cities around the world.

Other tipping points could permanently change the planet's weather patterns and ocean currents, affecting crops, climates and livelihoods.

We've all probably seen the coronavirus graphic of what 'flattening the curve' looks like; the same concept can be

applied to climate change – we need to flatten the curve to slow warming to avoid climate tipping points.

Action to tackle hydrofluorocarbons (HFCs), a family of super-greenhouse

gases widely used in refrigeration and air-con, is high on EIA's agenda and is one of the biggest opportunities we have to flatten the climate curve in the near-term – and keep us from rushing up to these cataclysmic tipping points. ●

## Are we Heading for Catastrophe?

Spreading awareness of the vital importance of working to arrest climate change can be a tough sell.

Once you get past the alarming headlines and into the supporting facts, the field can often become a blur of science, chemical names, climate jargon and endless acronyms.

To help people get a better grasp of the issue, for June's World Refrigeration Day we produced the short animated film *Heading for Catastrophe?* (H-F-C, as in hydrofluorocarbons, or HFCs, a widely used climate-harming gas).

In easy-to-understand language and stripped of baffling, esoteric detail, the film made plain the scale of the problem, what's causing it and, more importantly, what can be done about it – phasing out HFCs from use in refrigeration and air-conditioning in favour of alternatives which won't continually worsen climate change.

You can watch it on our YouTube channel now at <http://ow.ly/jobB50BsoXh> ●

Above, right: screengrab from our animated film



### CLIMATE NEWS IN BRIEF

- Six years after we called on supermarkets to put doors on fridges as standard in the fight against climate change and energy consumption, a study by Imperial College London in July underlined and endorsed our position.
- In August, we furthered our work to move to cooling which won't heat up the planet by commissioning new research which demonstrated the huge climate win of moving to propane-based air-conditioning.

# Why it's vital to follow the blood money made from illegal wildlife trade

When pursuing the perpetrators of the fourth largest type of crime in the world, it would seem obvious that enforcement bodies would want to use every tactic at their disposal.

But although financial investigations have proved to be a key tool in tackling arms, drugs and human trafficking, they are still too rarely used when confronting illegal wildlife trade.

Yet this trade generates between \$7-23 billion in profits every year, blood money which goes on to fuel further environmental crime, drive corruption, trample human rights and undermine sustainable development and conservation.

Perhaps it's a hold-over from the long-held misconception that wildlife crime is somehow a 'victimless' crime, but the fact remains that the vast profits it makes are all too rarely targeted.

EIA is proud to be in the vanguard of voices pushing with ever-greater insistence for financial investigations to become a routine tool in the fight.

In July, we published the new report *Money Trails* – Identifying financial flows linked to wildlife trafficking,

examining the current state of play and making a strong case for using financial investigations and anti-money laundering laws standard practice.

And it's not just an academic position – because of the unique way we work, EIA has accumulated a wealth of knowledge as to how blood money flows in the illegal wildlife trade, from the kingpins of international criminal networks sending money to fund poaching and collation of wildlife products to the final sale in the main markets of East Asia.

Our methods have allowed us to pinpoint the key money trails involved in wildlife crime.

So as well as providing a detailed analysis of the barriers standing in the way of better enforcement, *Money Trails* was also able to provide insightful case studies, offering enforcement not just a glimpse of what's possible but an indication as to where they could be looking in their own investigations.

Left: poached elephant in Kenya; this page, Shuidong, an obscure town in China, which was the base for an ivory trafficking syndicate

## Learning from missed opportunities

"For far too long, and until relatively recently, illegal wildlife trade wasn't seen as a particularly serious form of crime," said Julian Newman, EIA Campaigns Director and author of the report.

"Perhaps as a result of this, a lot of opportunities have been missed; for example, major seizures of wildlife contraband such as elephant ivory or pangolin scales have been used more for publicity purposes than for their investigative value in following the evidence to the key players behind the scenes who don't get their hands dirty – although they do get them on the profits.

"All too often, major busts of wildlife contraband do not prompt financial investigations, yet offer a trove of clues.

"There's rarely any attempt to quietly track the consignment on to its final destination nor to pick apart the threads of the tangled finances involved which could lead to the big players.

"Fortunately, there are signs this is changing. In the days before we published *Money Trails*, the Financial Action Task Force, the global standard setter for anti-money laundering measures, released a report of its own, *Money Laundering and the Illegal Wildlife Trade*, which gave much useful guidance.

"Hopefully, countries will now start thinking more seriously about their exposure to risk from wildlife crime and what they need to do to more effectively combat it – especially in terms of getting financial experts involved from the very start."



## EIA case study one: The raid in Mikocheni

In 2013, intelligence-led enforcement by the Tanzanian police led to the seizure of 4.7 tonnes of ivory valued at \$5.9 million at a house in Mikocheni, a suburb of Dar es Salaam.

Lengthy jail sentences were handed down to the Chinese caught packing the ivory and to two Tanzanian dealers.

However, the Chinese coordinators identified through company and financial records fled soon after the initial seizure and, although a financial investigation was initiated, it appears to have petered out and did not lead to money laundering charges.

Nevertheless, it did reveal how the main culprits had devised a system of front companies to mask their trafficking activities, using the formal banking system for transfers between related accounts in Tanzania, Hong Kong and mainland China.





## EIA case study two: The Shuidong Syndicate

EIA's ground-breaking investigation into ivory trafficking from Mozambique and Tanzania to China was begun in 2016 and, many months of undercover work later, resulted in the exposure of the entire trafficking network, based in the obscure Chinese town of Shuidong, and massive enforcement action leading to dozens of arrests and convictions.

Our investigators identified two main financial flows in the syndicate's operation.

The first was the transfer of funds from China to Africa to pay for ivory collection and cover the balance owing once the contraband had been inspected, achieved via a network of Chinese informal money changers in Africa. Money in Chinese renminbi would be paid into a designated

Chinese account belonging to the selected money changer and subsequently be paid out in US dollars cash in Africa and collected by the Shuidong smugglers or their accomplices.

The second major flow was the payment for ivory tusks sold within China by the Shuidong group to buyers from Fujian. These transactions were all made in Chinese renminbi, either by bank transfer or sometimes cash.

The syndicate also used a system of joint investments to fund the purchase and transport of ivory to spread the risk in case of seizure and used some of the profits from a successful shipment to source ivory for the next.

Below: the three criminals who headed up the Shuidong syndicate, 2016



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Above: ivory and timber smugglers in Vietnam counting their profits, caught on film by undercover EIA investigators

## Hunting down the blood money

The past decade's dramatic surge in poaching and wildlife trafficking has led the international community to belatedly recognise the menace posed to biodiversity, ecosystems and the rule of law by rampant wildlife crime.

Laws have been strengthened in key jurisdictions, regional law enforcement cooperation mechanisms developed, domestic markets for certain wildlife product closed and consumer awareness campaigns launched.

Yet some of the key tools deployed to fight other forms of transnational organised crime are still largely absent – and at the top of that list is the use of anti-money laundering laws and financial investigations.

Newman added: "We've shown that the bosses of the illegal wildlife trade aren't untouchable and the tools to go after them are increasingly available – we need to follow their money to put them behind bars."



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## Fighting not drowning – making the case for a global plastic pollution convention

Widespread plastic pollution has quickly come to be seen as a serious global problem – but what to do about it?

Fortunately, we don't have to start from scratch nor rely on a haphazard approach of localised initiatives.

The 1987 Montreal Protocol, agreed to protect the ozone layer from further damage and allow it to repair, is universally acknowledged as the most successful international environmental treaty.

We believe that what the world needs now is a 'Montreal Protocol for plastics' and to that end our Ocean campaigners have been hard at work nailing down what a global plastic pollution convention might look like and working with allies to bring it about.

In June, we published a 'thought starter' briefing to introduce and explain the concept and in August we again led the way, this time organising a high-

profile live webinar, *Laying the Pacific Building Blocks for a Global Agreement to Combat Plastic Pollution*, with key regional partners in the Pacific Island Countries and Territories.

This global region is in the direct firing line of plastic pollution – despite contributing less than 1.3 per cent of the mismanaged plastic in the world's oceans, it is one of the main recipients.

The Great Pacific Garbage Patch is the most famous example, a 1.6 million km<sup>2</sup>, 79,000 tonne mass of floating plastic debris in the North Pacific, comprised predominantly of discarded fishing gear.

Above: plastic pollution is a huge global problem and needs a global solution to address it

The threat of this plastic pollution to smaller island countries cannot be underestimated as vital economies such as tourism and fisheries bear the brunt of its impacts.

The session was attended by more than 150 participants from around the world

and included high-level presentations and interventions from Fiji, Tuvalu, Vanuatu, Tonga, Palau and the Secretariat of the Pacific Regional Environment Programme (SPREP), in addition to presenting brand new research on the legislative framework for tackling plastic pollution in the region. ●



## Exorcising the fishing industry's plastic 'ghosts' in the ocean

Some 20 per cent of all plastic pollution comes from sea-based sources, including plastic from fishing boats, shipping, offshore industries and tourism.

The most common, and also the most harmful, is lost and discarded fishing gear, also known as 'ghost gear' which makes up about 10 per cent of global marine plastic pollution.

Our April briefing *Nothing Fishy About It* outlined how we think the International Maritime Organization can lead the charge and meaningfully address ghost gear by coordinating international efforts to improve the reporting of lost fishing gear, championing guidelines from the UN Food and Agricultural Organization on

gear marking, clarifying legal ambiguities which prevent effective enforcement and, finally, providing clear guidance on portside measures to remove incentives for dumping plastic at sea.

As an inherently transboundary challenge, tackling ghost gear clearly needs coordination at a national, regional and international level through both voluntary and mandatory efforts. ●

Above: discarded plastic fishing gear is a big threat to marine life



## Iceland's challenge for complete transparency on plastic packaging

Following on from our high-profile *Checking Out on Plastics* reports, grocery retail firm Iceland announced in September its full and accurate plastic packaging footprint for 2019 as 31,000 tonnes – and challenged rival supermarkets to follow suit.

The move highlighted concerns about how inaccurate reporting from the UK retail sector is holding back meaningful action on plastic pollution.

Iceland's call came as our Ocean campaigners were at work crunching the data for the third *Checking Out on Plastics* survey, produced jointly with Greenpeace UK.

As well as greater honesty from its rivals, Iceland also wants the UK Government to introduce mandatory reporting and reduction targets.

Christina Dixon, our Senior Ocean Campaigner, said: "EIA fervently welcomes Iceland's leadership and its call to arms for businesses to genuinely commit to plastic reduction and complete transparency.

"We urge retailers to heed this rallying call while completing our annual survey for the third *Checking Out on Plastics* report to ensure there's no hiding behind numbers."

Above: Iceland calls on rivals to be totally transparent over plastics

## UK plastics ban welcome but just a first step towards turning the tide

On 1 October, a UK-wide ban on plastic straws, cotton buds and stirrers came into effect after being delayed for six months due to the coronavirus pandemic.

It is estimated that 4.7 billion plastic straws, 316 million plastic stirrers and 1.8 billion plastic-stemmed cotton buds are used in England every year, all of which are non-recyclable and many of which find their way into our ocean.

EIA Ocean Campaigner Tom Gammage said: "While these policy measures are certainly a step in the right direction, they're only the tip of the iceberg. Much more needs to be done to turn the tide on plastic pollution, with measures that focus on resource efficiency, moderating needless consumption and reducing waste to build a reusable, refillable society.

"The UK can further deliver on its commitment to 'lead the world in tackling plastics pollution, both in the UK and internationally' by supporting the development of a new global treaty to combat the impacts of plastic throughout its lifecycle." ●



### OCEAN NEWS IN BRIEF

- In June, we made the case that the UK's Environment Agency could be doing a lot more to tackle the second largest source of marine microplastic pollution, plastic pellets, up to 1,000 tonnes of which leak into the environment every year in the UK.
- Supermarket chain Morrisons announced in August it is starting trials to replace plastic 'bags for life' with strong paper bags – a worthy move although, given paper's potential impact on deforestation, we believe the focus should be on re-usable bags.



**“If it wasn't for EIA  
the world would be  
a darker place”.**

Mary, EIA supporter.

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and for the protection of biodiversity**

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On the trail of the tiger  
trade at the roof of the world  
– in this image from 2006,  
an undercover investigator  
in Tibet is offered a whole  
tiger skin.