A photograph of the Shanghai skyline at dusk, featuring the Oriental Pearl Tower, the Shanghai Tower, and the Shanghai World Financial Center. The buildings are illuminated, and their lights reflect on the water in the foreground. The sky is a mix of blue and orange.

TRAFFIC

May 2024  
ANALYSIS OF

**TRAFFICKING OF  
PROTECTED WILD  
SPECIES AND THEIR  
PRODUCTS IN CHINA**  
FROM 2017 TO 2021

EXPLORING THE FEASIBILITY OF APPLYING A FINANCIAL  
APPROACH IN COMBATING WILD SPECIES TRAFFICKING

*Hsun-Wen CHOU  
Yong PENG  
Wentao LI*

# TRAFFIC REPORT

## ABOUT US

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Illicit red coral and red coral products

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# ACRONYMS AND ABBREVIATIONS

<b>ACAMS</b>	Association of Certified Anti-Money Laundering Specialists (ACAMS)
<b>AML</b>	Anti-Money Laundering
<b>CITES</b>	Convention on International Trade in Endangered Species of Wild Fauna and Flora
<b>CoP19</b>	19th Conference of the Parties of CITES
<b>CNY</b>	Chinese Yuan
<b>DRC</b>	Democratic Republic of the Congo
<b>FATF</b>	Financial Action Task Force
<b>FIUs</b>	Financial Intelligence Units
<b>GBP</b>	British Pound Sterling
<b>HMRC</b>	HM Revenue and Customs, United Kingdom
<b>IMO</b>	International Maritime Organization
<b>IUCN</b>	International Union for Conservation of Nature
<b>IWT</b>	Illegal Wildlife Trade
<b>JMLIT</b>	Joint Money Laundering Intelligence Taskforce, United Kingdom
<b>MPS</b>	Ministry of Public Security, China
<b>NCA</b>	National Crime Agency, United Kingdom
<b>NFGA</b>	National Forestry and Grassland Administration
<b>NGOs</b>	Non-governmental Organisations
<b>PBC</b>	People's Bank of China
<b>P.R.C.</b>	People's Republic of China
<b>ROUTES</b>	Reducing Opportunities for Unlawful Transport of Endangered Species
<b>SAMLIT</b>	South African Anti-Money Laundering Integrated Task Force
<b>SFO</b>	Serious Fraud Office, United Kingdom
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNEP</b>	United Nations Environment Programme
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>USD</b>	United States Dollar
<b>WTO</b>	World Trade Organization



## EXECUTIVE SUMMARY

*Golden Snub-nosed Monkeys Rhinopithecus roxellana in the Qinling Mountains, China*

**Through rapid economic growth over recent decades, China's population has experienced an exponential rise in wealth. One of the consequences of this broadened ability to spend is the surge in demand for various high-value products, including wild animal and plant products, both legal and illegal. With limited domestic supplies and widely available logistics services, wildlife traders have turned to international markets to meet this demand.**

As one of the largest markets for illegal wildlife, China recognises its responsibility to protect endangered species and has launched a number of initiatives to tackle illegal wildlife trade. During its 2019-2020 presidency of the Financial Action Task Force (FATF), the global money laundering and terrorist financing watchdog, China made it a priority to disrupt criminal networks profiting from this crime and facilitated widespread use of follow-the-money techniques by various countries to identify the criminal groups behind the illicit trade. Investigations of the money trails in illicit wildlife transactions can help unveil the chain of financial beneficiaries and identify the individuals and groups behind the trafficking. International cooperation and exchange of information among financial institutions and between law enforcement agencies is crucial, especially with the globalised nature of illegal wildlife trade.

Despite efforts in building capacity in anti-money laundering techniques and laws that were established in China to criminalise wildlife trafficking as a predicate offence of money laundering (Article 191, Criminal Law), financial investigative techniques are not yet widely practiced in domestic prosecutions of wildlife trafficking. The open-source platform ["The China Judgements Online"](#) confirmed that between 2017 and 2021, there were 554 judgement documents of money laundering and concealment of criminal proceeds, but

none of those relate to wildlife or timber trafficking. The main reason of lacking application of money laundering crime in wildlife or timber trafficking cases was that prior to the adaption of the Criminal Law Amendment (XI) in 2021 if the defendant constituted the crime of wildlife trafficking and money laundering, she/he would be held criminally responsible for the crime of wildlife trafficking since "self-money laundering" had not been criminalised yet. The adaption of the Criminal Law Amendment (XI) allows the defendants who constituted wildlife trafficking and money laundering to receive combined punishment for both crimes.

This report provides a starting point for understanding wildlife trafficking from a financial crime perspective by exploring the illicit financial flows and payment mechanisms involved. It draws on 366 first-instance judgement documents of wild animal trafficking cases and 67 judgement documents of illegal timber cases in China during 2017-2021. It sheds light on the type of actors in the illegal trade chain, the trafficking channels used, and payment and illicit fund transfer methods employed. It also highlights the characteristics and trends in wildlife trafficking, as well as imposed financial penalties, emphasising the areas where law enforcement and judicial authorities can be improved.

While the analysis is limited to the data extracted from court judgements and does not represent the entire landscape of wildlife trafficking, it nevertheless provides a valuable glimpse into the characteristics and trafficking patterns in China through the analysis of recent cases. It is hoped that this report will spur law enforcement and prosecutors in China to adopt financial investigation techniques to combat this pernicious crime and strengthen its control, supporting enforcement of the law on illegal wildlife trade.

## OVERVIEW OF FINDINGS

The results of the current analysis indicate a rising trend in the number of wildlife trafficking cases featuring protected species during 2017-2019, reaching a peak in 2019, and decreasing to its lowest point in 2021. The decline in the number of cases may be linked to the impacts of the COVID-19 pandemic that began in early 2020 and caused a sharp drop in international travel and freight, resulting in reduced operating channels for trafficking. However, as rates of travel and freight increase with the relaxation of global travel restrictions post-COVID, wildlife trafficking will likely bounce back, especially trafficking through passenger luggage/on-body concealed carry and freight transport.

It is equally important to be aware that the new decriminalisation of minor and relatively minor offences<sup>1</sup>, as outlined in the judicial explanation issued in April 2022, helps clear the backlog of cases and enable the anti-smuggling departments to allocate greater time and manpower to higher value offenders. This change in focus, however, could risk being exploited by criminal groups that attempt to circumvent prosecution by trafficking illegal wildlife through multiple instances and in smaller quantities.

The key geographic hotspots for protected species trafficking are located along border areas, with the highest incidence occurring in Guangdong Province, Guangxi Zhuang Autonomous Region, Yunnan Province, Beijing, and Shanghai. The top three provinces and cities with the highest levels of protected timber and non-timber wild plants trafficking cases were Shanghai, Guangxi Zhuang Autonomous Region, and Guangdong Province.

The trafficking cases examined were handled by different law enforcement authorities. The majority (82.8%) of the cases were investigated by Customs' Anti-Smuggling Department, while the remaining were handled by other law enforcement authorities with anti-smuggling functions, such as local forest police, border guards or coast guards of the respective provinces where the case occurred.

Court sentencing analysis shows a total of 535 defendants were involved in the trafficking of protected animals and related products, of which 148 defendants were sentenced to probation; 204 defendants were sentenced to less than 5 years imprisonment; and 141 defendants were sentenced between 5 and 10 years; 42 defendants were sentenced to more than 10 years imprisonment. Of the 67 defendants involved in the trafficking of protected timber, non-timber wild plants, and related products, 30 defendants were sentenced to probation. Six defendants were sentenced to 5 years imprisonment, and the remaining were sentenced to less than 5 years imprisonment.

In terms of financial penalties, fines were the most common form of punishment imposed on defendants in 269 out of 315 cases of both wild animal and plant trafficking cases, in addition to prison sentences. Seventeen cases include a prison sentence and criminal proceeds or property confiscated, while 29 cases received both fine and confiscation of criminal proceeds or property along with prison sentences. The ratios of financial penalties to case value (R values) can be used as a measure of whether the defendants were deprived of the economic benefits they obtained as a result of crime. R value can in turn be calculated based on the severity of the offence and the number of defendants involved. The results show the R values in wild animal trafficking cases generally decreased while the severity of offence escalated, meaning that defendants in the minor and relative minor offences bear much greater cost in terms of financial punishment than those in the case of serious and particularly serious offence. The financial punishment to defendants who committed serious and particularly serious offences, compared with the case value or economic benefits obtained from wild animal trafficking, is negligible. The R values in timber and non-timber wild plants cases, regardless of the severity of offence, are considered low, mostly below 0.1, meaning the financial punishment to defendants committed wild plants trafficking are generally light.

**535**  
**defendants**  
in the court  
analysis involved  
in the trafficking  
of animals

## TRAFFICKING CHANNELS

Among the collected case judgements, the channels most frequently used for protected animals trafficking were passenger luggage/on-body concealed carry and the use of unregulated/unmanned ports which lack a Customs function. This is followed by the use of parcel/couriers and freight transport.

## TRAFFICKED ITEMS

In the trafficking cases involving protected species and related products, elephant ivory, pangolin, and rhino horn were the most commonly seized, accounting for 66.4% of all cases. Most ivory trafficking cases were found among international passenger luggage/on-body concealed carry and in parcels and courier express channels, being imported mainly from African and Southeast Asian countries. Pangolin trafficking, which included live animals and scales, was most often concealed on international passenger or in their luggage and unregulated/unmanned ports. Live pangolins were illegally imported

## PAYMENT AND TRANSFER METHODS OF ILLICIT FUNDS IN TRAFFICKING CASES

Illicit payment and funds transfer methods used in wildlife trafficking differed according to the type of trafficking channels used. For cases involving trafficking in passenger luggage/on-body concealed carry, parcel/courier delivery, and unregulated/unmanned ports, payments and funds transfer were often made for the purchase of overseas wildlife commodities using cash, transfers using bank accounts, or third-party payment platforms (i.e. WeChat and Alipay). Buyers purchasing from an overseas website were most likely making payments through balances that are pre-loaded onto the website<sup>2</sup>, or by credit card.

Trafficking through freight transport typically involved a large quantity of smuggled wildlife with a high combined value. Such transactions

Among the 35 case judgements involving the trafficking of protected timber, non-timber wild plants, and related products, the most common interceptions were at the China-Myanmar border, the China-Viet Nam border, at seaports, and freight transport (or container cargo) hubs.

from Myanmar, Viet Nam, and other Southeast Asian countries, while pangolin scales were largely smuggled from African countries through freight. Rhino horns were most often hidden in international passenger luggage from Africa or being smuggled via unregulated/unmanned ports from Southeast Asia. Timber species dominate cases of protected plant trafficking. Cases involving mahogany and rosewood were the most frequent, especially of the genus *Pterocarpus* and *Dalbergia*. Freight is the key trafficking method used in timber trafficking cases.

were most likely made through bank account transfers. The use of relatives and friends' accounts, or transferring in multiple, small transactions were also common. For protected timber trafficking cases, due to their high value and weight, a cost premium was often added to compensate the consignor. When the consignor delivers the cargo for Customs clearance, the consignor collects a sum of money as a security deposit in advance from an accomplice that can facilitate the Customs clearance. Once the cargo reaches the country and passes Customs successfully, the consignor would then return the deposit collected from the accomplice, and pay the necessary Customs clearance fees and related illicit reward.



Taxidermy tiger rug

# RECOMMENDATIONS

TO FURTHER COMBAT THE CRIME OF TRAFFICKING PROTECTED WILDLIFE AND RELATED PRODUCTS, THE CURRENT REPORT STRONGLY RECOMMENDS:

## TO LAW ENFORCEMENT AUTHORITIES

- i. Improve the capacity and ability to identify and detect concealed illicit items on passengers and in their luggage, at illegal border channels and in postal packages**

Priority should be placed on training Customs, postal, and travel inspection personnel, and border guards at entry ports. Capacity-building training should also be provided to law enforcement personnel nationwide in existing and potential trafficking hotspots or ports. Training can be conducted by law enforcement in-house experts or by NGOs specialised in wildlife crime;

- ii. Arrange regular training on identification skills and enhance knowledge about commonly smuggled species;**

Frontline law enforcement officers need to be equipped with the ability to identify commonly smuggled terrestrial and aquatic species (both live and dead) and related products on site. Species identification training should cover commonly smuggled wildlife contrabands including, but not limited to, elephant, rhino, turtle, tortoise, seahorses, red coral, giant clam, and primates, etc.;

- iii. Continue to train endangered species detection dogs on the basis of existing training programmes**

There are only a dozen or so endangered species detection dogs in service across the country, which is not sufficient to cover all customs checkpoints. More detection dogs should be trained and mobile units deployed, conducting spot checks at various ports and border crossings. This should increase deterrence across a wider collection of checkpoints, given the resource limits for surveillance at all border crossings. In the future, more protected species detection dogs should be trained to cover commonly smuggled species identified in this study, on the basis of existing training programmes;

- iv. Develop and widely apply AI image inspection systems for the identification of commonly smuggled protected species and related products**

AI image inspection systems have improved the efficiency and accuracy of Customs inspections in terms of identifying smuggled protected species and their products. Their application should be expanded nationwide, prioritising the most commonly smuggled species and set up at high-volume border checkpoints (such as airports in major cities), where inspections are the most urgently needed;

- v. Raise the awareness and capacity of financial investigations in prosecuting wildlife trafficking cases**

Include financial investigation and anti-money laundering techniques specific to wildlife trafficking cases in regular training courses for law enforcement personnel, and strengthen their capability as first responders to collect the relevant evidence and data to carry out further financial investigations;

- vi. Establish a joint financial intelligence working group of public-private sectors**

The establishment of a joint financial intelligence working group of public-private sectors should improve cross-sector collaboration and coordination to share information between financial investigation and predicate offence investigators, between state authorities and financial institutions;

- vii. Continue to strengthen international law enforcement cooperation with Southeast Asian and African countries which are key transit and range locations of illegal wildlife products**

Southeast Asian and African countries have long been the main source of origin and transit countries for wildlife trafficking to China. Enhancements to cross-border collaboration should not only emphasise improved logistical measures, but also financial information/intelligence sharing between the relevant agencies of source, transit, and destination countries to facilitate joint investigations and to carry out bilateral/multilateral enforcement assistance in future;

- viii. Continue to conduct public awareness campaigns on anti-wildlife trafficking**

Law enforcement departments should continue to cooperate with relevant organisations to promote public awareness of endangered wildlife and educate on the legal risks of trafficking. Messaging could be displayed and communicated at various travel inspection sites, inbound and outbound flights, and other means of transport and public places.

## TO JUDICIAL AUTHORITIES

**i. Strengthen the awareness of wildlife trafficking as a high-profit crime**

Judicial authorities should be highly aware that wildlife trafficking is a crime with high profitability. Criminal proceeds are important sources of funds for wildlife trafficking groups to continue operating illegally. Confiscation of proceeds generated from wildlife trafficking is essential for disrupting wildlife trafficking networks and their illegal activities;

**ii. Recognise the importance of financial investigation in wildlife trafficking cases and further apply the financial evidence in making a judgement**

The financial investigation conducted by law enforcement authorities would reveal the members involved in the crime, the scale of crime of trafficking, and the amount obtained in illicit proceeds, which serve as strong evidence in trial and prosecution, allowing courts to sentence financial penalties commensurate with the scale of the crime.

## TO FINANCIAL INDUSTRY AND REGULATORY AGENCY RELATED INDUSTRIES

**i. Provide regular training on wildlife trade and commonly used payment methods of illegal wildlife trade**

Financial institutions should cooperate with non-governmental organisations that focus on combating illegal wildlife trade, and provide regular training for practitioners to improve awareness and ability of these organisations to identify red flags in suspicious transactions related to illegal wildlife trade;

**ii. Establish a joint financial intelligence working group of public-private sectors**

The establishment of a joint financial intelligence working group of public-private sector partners would help remove current information barriers and facilitate intelligence exchange/sharing between law enforcement agencies and financial institutions. This would improve the ability of both parties to identify, trace, and target the culprits of illegal funds transfers associated with illegal wildlife trade;

**iii. Include the People's Bank of China in the Inter-Ministerial Joint Conference on Combating Illegal Wildlife Trade**

The inclusion of the People's Bank of China in the Inter-Ministerial Joint Conference on Combating Illegal Wildlife Trade that is coordinated by the National Forestry and Grassland Administration would improve communication and information exchange between China's top anti-money laundering regulatory body and other relevant departments, especially in providing updates on the latest trends and commitments in addressing illegal wildlife trade.

## TO NON- GOVERNMENTAL ORGANISATIONS (NGOS)

**i. Assist law enforcement units in capacity building on combating wildlife trafficking, e.g. anti-money laundering approaches**

NGOs specialised in combating wildlife crime should work closely with law enforcement authorities to organise relevant training and enhance their knowledge and skills in detecting the trafficking of protected wildlife and related products. This should include an understanding of the characteristics of various trafficking channels, improving detection techniques, common species identification and investigation of illicit funds/anti-money laundering;

**ii. Assist the judicial authority to raise awareness regarding the high-profit nature of wildlife trafficking and the importance of financial investigation in prosecution and trial**

Judicial authorities that recognise wildlife trafficking as a high profit crime and the value of financial investigation in uncovering the scale and quantity of illicit proceeds obtained by wildlife traffickers would be more likely to apply higher financial penalties. This is necessary if future illegal activities are to be effectively disrupted. NGOs specialised in combating wildlife crime should work closely with judicial authorities to enhance their recognition of the lucrative nature of wildlife trafficking and make appropriate financial penalties to offenders of wildlife trafficking;

**iii. Assist the financial industry in raising awareness and capability in identifying suspicious transactions associated with illegal wildlife trade**

NGOs should actively reach out to financial institutions and their industry associations to raise awareness about the links between money laundering and illegal wildlife trade (IWT), emphasising the important role the financial industry plays in facilitating, and helping to combat, illegal wildlife trade. NGOs that specialise in illegal wildlife trade can provide a valuable perspective on illicit trade flows and data about suspicious individuals. Such insights add considerably to the data financial institutions need to conduct sound customer due diligence and risk assessment processes. NGOs should maintain updated training materials and establish points of contact with financial institutions to ensure timely intelligence sharing, facilitate effective investigations and suppress opportunities for money laundering;

**iv. Promote the inclusion of the People's Bank of China in the Inter-Ministerial Joint Conference on Combating Illegal Wildlife Trade**

NGOs should actively reach out to the NFGA to support and help highlight the benefits of including the People's Bank of China in the Inter-Ministerial Joint Conference on Combating Illegal Wildlife trade, and the influence it could have in accelerating efforts to curb wildlife trafficking;

**v. Continue to cooperate with relevant organisations to improve the public's awareness of relevant laws at passenger inspection sites, airports, and other public transportation areas**

NGOs have rallied numerous organisations across China to collaborate in building public awareness about IWT through the use of promotional materials at passenger inspection sites, airports and other public transportation areas. These efforts need to be sustained to ensure public understanding of the legal, moral, and personal consequences of wildlife trafficking if it continues to grow. Civil society organisations can also help play a role in changing consumer behaviour about wildlife consumption by supporting evidence-based demand reduction campaigns to reach and influence important consumer groups.



# 1. INTRODUCTION

Taxidermy turtles on sale

# 1.1 GLOBAL ILLEGAL WILDLIFE TRADE

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (hereinafter referred to as CITES) was agreed upon in Washington, D.C. on 3 March 3 1973, entering into force on 1 July 1975. By the end of 2023, the number of CITES parties had reached 184. CITES develops trade control measures based on the degree of threat from international trade to the survival of a species. Threatened species are listed on different CITES appendices with any permitted trade managed through the issuance of licenses for import, export and re-export of legally sourced wild and captive-bred animals, plants and related products. Species listed in Appendix I are considered threatened with extinction and trade is permitted only in exceptional circumstances. Species listed in Appendix II may be, although not strictly, threatened with extinction, and may become increasingly threatened unless international trade in such species is strictly regulated. CITES Appendix III contains species that may be threatened and therefore protected in at least one country, and where the country has asked other CITES Parties for assistance in controlling the trade. Documentation confirming legal acquisition is required for trade in these species. To ensure that CITES parties take appropriate measures to implement the provisions of the Convention, it is required that all CITES parties adopt their own domestic legislation to provide an appropriate legal basis for implementation<sup>3</sup>.

By end of 2023, roughly 6,610 species of animals and 34,310 species of plants (including more than 500 timber species) had been listed in the CITES Appendices. Just before the 19th Conference of the Parties of CITES (CoP19), the CITES Secretariat released its first World Wildlife Trade Report, which detailed the vast scale of wildlife trade globally. The report indicated that between 2011-2020, approximately 3.5 million CITES shipments were reported by exporting parties, involving over 12,000 species (where 58% of the listed animal species and 28% of the listed plant species were commonly traded), over 1.3 billion individual specimens (consisting of 1.26 billion plants and 82 million animals)

and an additional 27.9 metric tons of products reported by weight (including 19.3 metric tons of plants and 8.6 metric tons of animals). The vast scale of trade in CITES species indicates the sheer value this contributes to global economies. The annual revenue generated by the global legal trade in wildlife (both CITES and non-CITES) has been estimated at USD220 billion/year. Specifically for CITES-listed species, the financial value is estimated to be USD11.1 billion (consisting of approximately USD1.8 billion for animal exports and USD9.3 billion for plant exports) in direct exports during the period 2016-2020<sup>4</sup>.

Illegal wildlife trade refers to the illegal harvest, supply, transport and sale of plants and animals, as well as processing, possession and consumption of plants and animals in violation of international and domestic laws<sup>5</sup>. The value of illegal wildlife trade is estimated to be between USD7billion and USD23 billion annually, making it the fourth largest illicit trade worldwide by value after counterfeits, drugs, and human trafficking<sup>6</sup>. The lucrative profits involved in international wildlife trade as well as the presence of a highly regulated environment inevitably attract criminal actors to the sector.

Illegal wildlife trade intersects with other transnational organised crimes through supply chain convergence and co-mingling of products in the same consignments<sup>7</sup>. They are often carried out by the same criminal groups. These groups have international reach and make use of a complex network of poachers, illegal loggers, middlemen, smugglers, couriers, and traders across the entire trafficking supply chain<sup>8</sup>. They are supported by corrupt public and private sector actors and intermediaries who facilitate the illicit product and money flows, as well as corporate entities which are used as front companies<sup>9</sup>. With careful planning, such organised criminal networks are able to quickly adapt to changing conditions to ensure continuing supplies of wildlife products to the black market, challenging law enforcement across national and international supply chains<sup>10</sup>.

**Roughly 6,610 animals and 34,310 plant species listed in CITES Appendices by end of 2023**

The negative impacts of illegal wildlife trade are multi-dimensional. Between 1999 and 2018, nearly 180,000 trafficking instances of wildlife contraband were intercepted in 149 countries, involving nearly 6,000 different species of animals and plants<sup>11</sup>. Firstly, the scale and diversity of wildlife being traded illegally has an immeasurable effect on the species being trafficked, as well as other species and habitats in their source ecosystems. Such biodiversity loss can cause trophic cascades, resulting in negative impacts on ecosystem services and accelerating climate change<sup>12</sup>. Second, illegal wildlife trade circumvents quarantine and other border procedures intended to prevent public health risks. Unlike legal wildlife trade that undergoes product inspection and quarantine at borders, the evasion of border procedures brings live animals and plants, as well as animal carcasses that are prone to carry viruses and bacteria to foreign lands. This could have the potential to spread diseases to native animals and plants, crops, farmed poultry and livestock when mixed, transported and traded, and could lead to the spread of zoonotic diseases to humans<sup>13</sup>. Thirdly, beyond its impact on the ecological environment and public health, illegal wildlife trade can negatively impact the economy, not least in evaded import and sales taxes, and in promoting a black market for wildlife goods that compromises legitimate legal markets<sup>14</sup>. It can also have negative societal impacts through its associated activities of corruption and money laundering<sup>15,16</sup>. Illicit profits from the illegal wildlife trade threaten social stability and national security by funding further organised crime, armed conflict groups, and terrorist financing, albeit the link to the latter has been challenged<sup>17,18</sup>.

Although countries around the world are actively taking measures to combat wildlife trafficking and illegal trade within and beyond their borders, there are relatively few investigations into the financial flows of illicit wildlife trade. There are clear benefits of a focus on illicit financing for law enforcement. Criminals use the financial and non-financial sectors to transfer, hide and launder the proceeds from the illicit trade, enabling them to sustain an underground network and

continue to exploit wildlife. By following the financial trail, it may be possible to track down a wider array of individuals within the crime network. Additionally, offences included in anti-money laundering legislation carry stronger penalties, thereby increasing the deterrent effect. Recovery of criminal proceeds and property would effectively remove or disrupt the financial support and the infrastructure that allows the criminal groups to operate. Furthermore, by adopting a financial approach to the investigation of crimes related to wildlife, enforcement efforts will inherently target higher-level actors within the offender value chain, thus ensuring the greatest possible impact<sup>19</sup>.

To reflect the serious nature of this crime, the 69th UN General Assembly adopted a resolution to tackle illicit trafficking in wildlife (Resolution A/RES/69/314), and in September 2019, the 73rd UN General Assembly reaffirmed its calls upon Member States to "review and amend national legislation, as necessary and appropriate, so that offences connected to the illegal trade in wildlife are treated as predicate offences" (Resolution A/RES/73/343)<sup>20</sup>. The Financial Action Task Force (FATF for short), an international anti-money laundering organisation, released a report on Money Laundering and the Illegal Wildlife Trade<sup>21</sup> in June 2020 and a report on Money Laundering from Environmental Crime<sup>22</sup> in June 2021, providing guidance to all countries to take measures in combating money laundering linked to illegal wildlife and timber trade. In January 2021, the Egmont Group, a global organisation of Financial Intelligence Units (FIUs), published the Financial Investigations into Wildlife Crime<sup>23</sup>, revealing the trends and patterns related to money flows behind illegal wildlife trade. In collaboration with the UNODC, TRAFFIC published the Case Digest: Initial Analysis of the Financial Flows and Payment Mechanisms Behind Wildlife and Forest Crime<sup>24</sup>, providing real-life cases of financial crime prevention, analysing the trends and patterns related to global financial flows in illegal wildlife trade, and offering essential guidance to financial crime investigators.



Confiscated tiger products

## 1.2 ILLEGAL WILDLIFE TRADE IN CHINA

China's economy has grown rapidly in recent decades, and the increased wealth of the population has broadened their purchasing ability, including on legal and illegal products from wild animal and plant resources. To meet this demand, and with limited domestic supplies, traders have sought international markets for wildlife products. With CITES trade restrictions limiting the trade of some endangered species, lawbreakers have been, driven by high profits and at times low risks in trafficking such items from other countries into China<sup>25</sup>. The 2016 and the 2020 World Wildlife Crime Report covers cases involving China as a key destination country for the trafficking of a range of wildlife commodities, such as ivory, rhino horn, pangolins and their scales, tigers and related products, and rosewood/tropical hardwood.

As a CITES party and one of the largest markets for illegal wildlife, China has an important role in conserving threatened species globally. The Chinese Government has launched a number of initiatives to tackle illegal wildlife trade. Key instruments implemented over the years include the Circular to Prohibit Trade in Rhino Horn and Tiger Bone<sup>26</sup>, issued by the State Council of the P.R.C. in May 1993, prohibiting the import and export, sale, purchase, transport, carriage, and postage of

rhino horn and tiger bones and their use in traditional medicine. On 29 December 2016, the General Office of the State Council of the P.R.C. issued the Circular on the Orderly Cessation of Commercial Processing and Sale of Ivory and Ivory Products, requiring a stop to the processing and sale of ivory and ivory products by designated ivory processing companies and designated ivory sales outlets by 31 December 2017. In June 2020, the National Forestry and Grassland Administration (NFGA for short) elevated the national protection level of all pangolin species from Class II to Class I, consistent with the protection level of CITES<sup>27</sup>. On law enforcement, China has continuously enhanced the capabilities of law enforcement agencies, its public security officers and Customs anti-smuggling police, and has led and organised a series of domestic and international law enforcement operations against illegal wildlife trade, including "Operation: Shield of the Gateway"<sup>28</sup>, "Operation: Sword of the Gateway"<sup>29,30</sup>, "Operation Cobra series"<sup>31,32</sup>, and "Operation Mekong Dragon series"<sup>33,34</sup>. From July 2019 to June 2020, China took over the presidency of FATF and made it a priority to assist countries in applying follow-the-money techniques to identify the people behind illegal wildlife trade, and to disrupt large criminal networks that profit from this crime<sup>35</sup>.

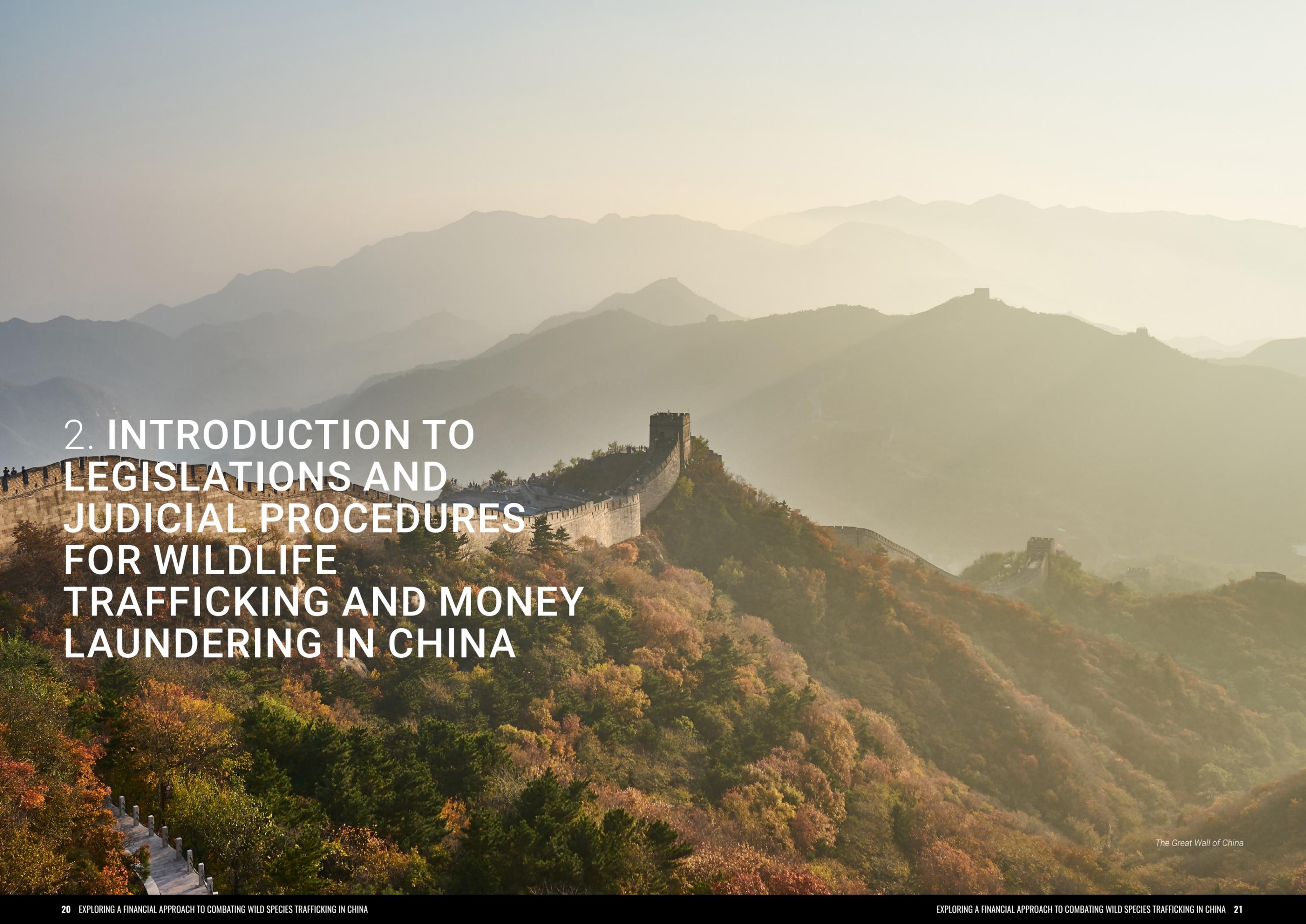
**rhino horn and tiger bone use** in traditional medicine has been prohibited by the State Council of the P.R.C. since 1993

Despite the emphasis by China's presidency of FATF to target money laundering practices in illegal wildlife trade, it has not been readily applied in wildlife trafficking cases. Article 191 of the Criminal Law includes wildlife trafficking as a predicate offence of money laundering<sup>36</sup>, but the provision has yet to be used in wildlife trafficking investigations and prosecutions. The open-source platform "The China Judgements Online" confirmed that between 2017 and 2021, there were 554 judgement documents of money laundering and concealment of criminal proceeds, but none of those related to wildlife or timber trafficking. The main reason was that prior to the adoption of the Criminal Law Amendment (XI) in 2021 if a defendant committed wildlife trafficking and money laundering crimes, she/he would be held criminally responsible for the crime of wildlife trafficking since "self-money laundering" had not been criminalised yet. The adoption of the Criminal Law Amendment (XI) allowed the defendants to be tried and receive punishment for both wildlife trafficking and money laundering crimes. Moreover, the launch of the Three-Year Action Plan for Combating and Controlling Money Laundering Crimes (2022-2024), jointly issued in January 2021 by The People's Bank of China (PBC), the Ministry of Public Security (MPS), and other key government authorities<sup>37</sup> aims to

promote the implementation of the "one case, two investigations" policy to recover criminal proceeds in cases of predicate offences. The measures mentioned above could potentially facilitate the use of money laundering provisions in wildlife trafficking investigations and prosecutions.

To encourage domestic practices in applying counter-money laundering techniques to illegal wildlife trade, this report aims to illustrate illicit financial flows arising from the illegal trade through an evaluation of case outcomes. The report analyses trafficking cases of wildlife commodities seized in China during the period 2017-2021, detailing the types of roles in the trafficking chain, trafficking channels used, illicit fund payments and transfer methods, and other key factors found in court judgement. It highlights the characteristics and trends in wildlife trafficking, with an emphasis on the areas where law enforcement capacity can be improved. It is hoped that this report can provide the scientific basis and recommendations for China to include financial investigation techniques in enforcing wildlife crimes, thereby strengthening its control and enforcement of the law in wildlife trade.

**554 judgement documents of money laundering** between 2017 and 2021, but none related to wildlife trafficking



## 2. INTRODUCTION TO LEGISLATIONS AND JUDICIAL PROCEDURES FOR WILDLIFE TRAFFICKING AND MONEY LAUNDERING IN CHINA

*The Great Wall of China*

## 2.1 LEGISLATION ON THE TRANSPORT, IMPORT, AND EXPORT OF PROTECTED WILDLIFE PRODUCTS

The main laws and regulations that control the trade in threatened wildlife and related products in China include the Wild Animal Protection Law (2022), the Regulations on Administration of Import and Export of Endangered Wild Animals and Plants (2019), the Customs Law (2021), and the Criminal Law (2020). (Table 1)

The trafficking of protected wildlife and related products can be classified as illegal based on thresholds in the quantity or value of the smuggled item. The “illegal” act refers to a violation of relevant provisions in the Wild Animal Protection Law, the Regulations on Administration of Import and Export of Endangered Wild Animals and Plants, and the Customs Law, but the quantity or value of the smuggled item falls short of the criteria as a criminal act. The “criminal act” is determined by the quantity or value of the smuggled item that meets the criteria as an offense of trafficking defined in the Criminal Law, where such acts are illegal and socially harmful, and should be sanctioned by penal means<sup>38</sup>. This means that under the law, the trafficking of protected wildlife and related products can result in a certain degree of social harm.

Protected wild animals listed under Article 37 of the Wild Animal Protection Law and in the appendices of CITES require approval from NFGA, China’s CITES Management Authority for import and export. Approvals are granted (or denied) through permit applications to the national administration prior to entry/exit to the country, while Customs also carry out quarantine inspections and handle Customs clearance procedures at the point of arrival/ departure. Article 56 of the Wild Animal Protection Law allows Customs, public security, and maritime authorities to punish those who violate Article 37 or other relevant administrative regulations and national provisions concerning the import and export of protected wildlife commodities. Criminal

sanctions can be applied if the violation constitutes a crime.

Article 26 of the Regulations on Administration of Import and Export of Endangered Wild Animals and Plants specifies that trafficking of protected wildlife and their products that are restricted to trade is punishable by Customs, in accordance with Customs Law. As above, criminal sanctions can be applied under the Criminal Law if the violation constitutes a crime.

The Customs Law defines trafficking in Article 82, which includes the following actions:

1. Transporting, carrying, or mailing goods that are banned or restricted by China, or that are subject to duty according to laws of entry and exit;
2. Selling of bonded goods, certain duty-reduced or duty-free goods, and other Customs-supervised goods and articles imported into China without Customs permission, or failing to pay the relevant tax or submit the necessary permits/licenses for review in China;
3. Any other acts of evading Customs supervision that constitute trafficking.

If one of the above acts is found to be true and does not constitute a crime, Customs will confiscate the smuggled goods, articles and illegal gains and may impose a fine. Goods and articles will be confiscated if it is found to be used specifically or repeatedly as cover for the trafficking of other goods/articles, or if they are transported using channels that are used exclusively or repeatedly for trafficking. Special equipment for concealing smuggled goods and articles will be dismantled or confiscated. If the case constitutes a crime, criminal responsibility shall be investigated under Criminal Law.

Penalties for trafficking protected wildlife contrabands are specified in Article 151 of

the Criminal Law. Sentences for trafficking protected animals and related products where import and export is prohibited can lead to fixed-term imprisonment of five to 10 years and include a fine. The severity of the crime determines the length of imprisonment and other penalties. For serious cases, sentences can include fixed-term imprisonment between 10 years and life imprisonment, and confiscation of property. Less serious crimes have sentences of less than five years and a fine. Trafficking of rare plants and related products can lead to imprisonment of five years or more and a fine for serious crimes, or less than five years and/or a fine for less serious circumstances, as outlined in Paragraph 3 of Article 151.

If an organisation commits a crime as prescribed in this article, it will be fined and those directly in charge and other persons directly responsible will be charged in accordance with Article 151.

Article 153 on “Crime of Trafficking General Goods and Articles” of the Criminal Law is applicable to the trafficking of legal goods and articles resulting in tax evasion, excluding prohibited items like drugs, weapons, precious metals, protected wildlife. The permit-holder can be held liable and punished for tax evasion, or trafficking of general goods and articles, if the quantity imported/exported exceeds the permitted limits and thus constitutes a crime.

**between 10 years and life in prison** can be the sentence for the most serious cases of wild species trafficking

TABLE 1

Summary of some key provisions related to wildlife trafficking.

PROVISION	OFFENCE	PENALTIES
Article 37 of Wild Animal Protection Law & Article 26 of Regulations on Administration of Import and Export of Endangered Wild Animals and Plants	Import or export protected species	Punish in accordance relevant administrative regulations and national provisions; Criminal sanctions can be applied if the violation constitutes a crime.
Article 151 of Criminal Law	Trafficking protected wild animals and related products	5-10 years imprisonment and a fine. For less serious case, less than five years imprisonment and a fine. For serious cases, more than 10 years or life imprisonment and confiscation of property
Article 151 of Criminal Law	Trafficking protected wild plants and related products	For less serious cases, less than five years imprisonment, a fine, or both For serious case, more than five years imprisonment and a fine
Article 153 of Criminal Law	Trafficking General Goods and Articles/ Tax evasion	Less than three years in prison or criminal detention, and a fine of one to five times of the amount of tax payable for evading For serious case, three to 10 years imprisonment, and a fine of one to five times of the amount of tax payable for evading For significantly serious case, more than 10 years or lifetime imprisonment, and a fine of one to five times of the amount of tax payable for evading



Chinese Yuan

## 2.2 LEGISLATION ON MONEY LAUNDERING

China’s primary legislation on money laundering crime are the Anti-Money Laundering (AML) Law 2006, the Anti-Terrorism Law 2018, the Law of the People’s Bank of China 2013, and the Criminal Law 2020, as well as a series of administrative regulations and departmental rules issued to establish and further improve the AML system in financial institutions. The provisions in the Criminal Law 2020 are the key measures for prosecuting money laundering related cases.

The Criminal Law was amended on 29 December 2023 and came into force on 1 March 2024. The articles relevant to money laundering include Article 191 (crime of money laundering), Article 312 (crime of concealing or disguising income or proceeds illegally obtained from crimes) and Article 349 (crime of concealing, transferring and concealing drugs or proceeds illegally obtained from drug-related crimes).

Article 191 applies to money laundering activities involving 7 predicate offences, including drug-related crime, gangster organised crime, terrorist crime, crime of trafficking, crime of corruption or bribery, crime of disrupting the order of financial management, and crime of financial fraud. As for other crimes, Article 312 and Article 349 shall be applied depending on their relevance to the case.

The difference between Articles 312 and 191 mainly lies in the application of predicate offences. In the Criminal Law Amendment (XI), Article 191 was revised to remove the wording of “clearly knowing” and “helping” in the original provisions, so that the crime of money laundering could be applied not only to people who assist in money laundering, but also to people who commit predicate offences (self-money laundering).

## 2.3 ANTI-MONEY LAUNDERING INSTITUTIONAL FRAMEWORK

China’s AML supervision and management system is headed by the People’s Bank of China (PBOC), which is responsible for organising and coordinating the national AML work, formulating AML rules and regulations, and serving as the leading organisation of the Anti-Money Laundering Joint Ministerial Conference (AMLJMC).

According to duty functions, AML agencies can be classified as decision and policy making bodies, intelligence gathering and analysis agencies, law enforcement and judicial authorities, prosecution and investigation agencies, administration financial sanctions and asset freezing agencies, and regulators. China’s AML related institutions and functions listed in Table 2.

**TABLE 2**  
The list of China’s AML-related institutions and functions.

AML FUNCTIONS	AML RELATED INSTITUTIONS
Decision-making and policy making bodies	The People’s Bank of China (PBC), the Ministry of Foreign Affairs (MFA)
Law enforcement and judicial agencies	The Ministry of Justice (MOJ), the Supreme People’s Court (SPC) the Supreme People’s Procuratorate (SPP), the General Administration of Customs (GAC) the Ministry of Public Security (MPS)
Intelligence gathering and analysis agencies	The Financial Intelligence Unit (FIU) (the China Anti-Money Laundering Monitoring and Analysis Centre, the Anti-Money Laundering Bureau and 36 PBC branches) the Ministry of State Security (MSS) the State Administration of Taxation (SAT)
Prosecution and investigation agencies	The MPS (the Narcotics Control Bureau, the Criminal Investigation Apartment, the Food and Drug Crime Investigation Bureau, the Economic Crime Investigation Bureau, the Anti-smuggling Bureau of the GAC)
Administers financial sanctions and asset freezing agencies	The Economic Crime Investigation Bureau The Anti-smuggling Bureau of the GAC
Supervisors/Regulators	The PBC, the Ministry of Finance (MOF), the Ministry of Civil Affairs (MCA), the Ministry of Housing and Urban-Rural Development (MOHURD), the State Administration for Foreign Exchange (SAFE), the State Administration for Market Regulation (SAMR), the CBIRC, the CSRC, the Shanghai Gold Exchange (SGE)

### ANTI-MONEY LAUNDERING JOINT MINISTERIAL CONFERENCE (AMLJMC)

In 2002, the MPS led the establishment of the AMLJMC, approved by the State Council in May 2004. The AMLJMC, convened by PBC, aims to guide AML work throughout the country, enacting AML strategy and policies, formulating national policies and measures for AML international cooperation and coordinating various departments in conducting AML activities.

As of 2021, the AMLJMC has a total of 21 member units, including: Central Commission for Discipline Inspection and National Supervisory Committee, Supreme People’s

Court, Supreme People’s Procuratorate, General Office of the State Council, Ministry of Foreign Affairs, Ministry of Public Security, Ministry of National Security, Ministry of Civil Affairs, The Ministry of Justice, the Ministry of Finance, the Ministry of Housing and Urban-Rural Development, the Ministry of Commerce, the People’s Bank of China, the General Administration of Customs, the State Administration of Taxation, the State Administration of Market Regulation, the State Administration of Radio, Film and Television, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission, the State Administration of Foreign Exchange, and the Joint Staff Department of the Military Commission<sup>39</sup>.

## 2.4 TRAFFICKING CASES INVESTIGATION AND JUDICIAL PROCEDURES

License or certificates for import and export are reviewed by Customs officials when suspicious wildlife commodities are found during an inspection of freight cargo, passenger, and mail inspection at border points. Customs will release the items as long as the documents are authentic and complete. However, if the documents are found to be fraudulent or incomplete, and no supplementary information are provided, the items will be regarded as contraband.

Upon seizure of suspected illegal wildlife commodities, Customs immediately sends the items for species identification and estimation of value by a professional forensic agency qualified for judicial appraisals. Customs will then decide the legality of the case and of the persons involved and impose the relevant administrative or criminal penalties.

Where the conditions for criminal charges are met, the case shall be handed over to Customs' anti-smuggling department for case filing, with arrests to be made depending on investigation findings. The case will then be handed over to the prosecuting authorities for trial and prosecution after the suspects are detained and the evidence related to the case is secured. (Fig.1)

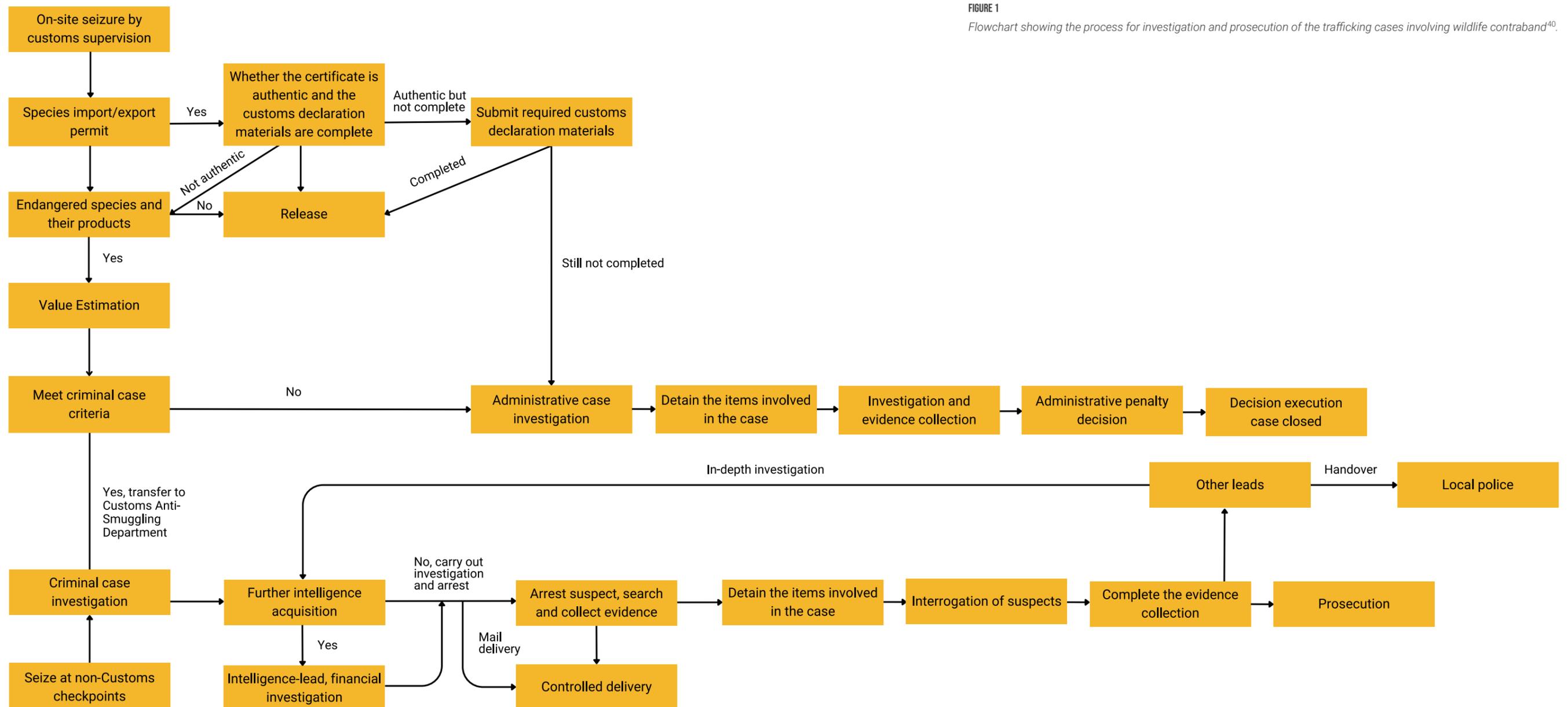


FIGURE 1  
Flowchart showing the process for investigation and prosecution of the trafficking cases involving wildlife contraband<sup>40</sup>.

## 2.5 CASE VALUE ESTIMATION FOR PROTECTED WILDLIFE COMMODITIES

The case value estimation of seized protected wild animals and their products is an important factor for determining whether a case is administrative or criminal in nature. The calculation of estimated values should be

verified against the relevant regulations and standards promulgated by the government. (Box 1)

### BOX 1

#### REGULATIONS AND STANDARDS FOR DETERMINING ESTIMATE VALUES OF PROTECTED WILDLIFE COMMODITIES

- List of Benchmark Value Standards for Terrestrial Wildlife (Decree No. 46 of the State Forestry Administration dated October 2017)<sup>41</sup>
  - List of Benchmark Value Standards for Aquatic Wildlife (Decree [2019] No. 5 of the Ministry of Agriculture and Rural Affairs of the People's Republic of China dated August 2019)<sup>42</sup>
  - Circular of the Supreme People's Court, the Supreme People's Procuratorate, the State Forestry Administration, the Ministry of Public Security, and the General Administration of Customs on Value Verification for Terrestrial Wildlife Products Listed in Appendices I and II to CITES Involving Criminal Cases of Destruction of Wildlife Resources (FEI [2012] No. 239 dated September 2012)<sup>43</sup>
  - Guiding Opinions of the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Public Security, and the Ministry of Justice on Lawfully Punishing Crimes of Illegal Wildlife Trade according to Law (PGF [2020] No. 19 dated December 24, 2020)<sup>44</sup>
- The value criteria for ivory and rhinoceros horn shall be subject to:
- Circular of the State Forestry Administration on the Promulgation of Value Criteria for Ivory and its Products Involved in Smuggling in Criminal Cases of Destruction of Wildlife Resources (FEI [2001] No. 234)
  - Circular of the State Forestry Administration on Issuing the Value Criteria for Rhinoceros Horn Involved in Criminal Cases of Destroying Wildlife Resources (FPI [2002] No. 130)<sup>45</sup>

The overall value estimate for the seized wild animals and related products shall be determined by multiplying the benchmark values of the seized species listed in the List of Benchmark Value Standards for Terrestrial Wildlife and the List of Benchmark Value Standards for Aquatic Wildlife by corresponding factors. (Table 3) The

benchmark value is set by family, genus, or species classification. the overall value of two species within the same genus might differ if they are classified into different national protection levels.

TABLE 3

The calculation formula for estimated values of protected wild animals and related products.

ANIMAL CATEGORY	OVERALL VALUE COMPUTING FORMULA
Class I of National Protected Animals	Benchmark value × 10
Class II of National Protected Animals	Benchmark value × 5
Eggs of amphibian	Class I of National Protected Animal protected animals: Benchmark value × 10 × 0.001 Class II of National Protected Animal protected animals: Benchmark value × 5 × 0.001
Eggs of reptiles	Class I of National Protected Animal protected animals: Benchmark value × 10 × 0.1 Class II of National Protected Animal protected animals: Benchmark value × 5 × 0.1
Eggs of birds	Class I of National Protected Animal protected animals: Benchmark value × 10 × 0.5 Class II of National Protected Animal protected animals: Benchmark value × 5 × 0.5

The value of CITES-listed species and their products that are not native to China shall be calculated with reference to the animals of the same genus, family, or order under particular protection in China.

It should be noted that the case value is calculated in accordance with relevant legislation and regulation during the prosecution, and this report does not examine whether this represents an accurate measure of the crime itself.

There are no value assessment criteria for rare plants; the value of protected timber is generally verified by the relevant price administrations<sup>46</sup>.

## 2.6 CRITERIA FOR SEVERITY OF CRIMINAL OFFENCES

Definitions for species protected under Chinese law are outlined in various legislation. The definition of protected wildlife, and the criteria for determining the severity of crimes related to the trafficking of protected wildlife and related products are clarified in Articles 9-12 of the Judicial Explanations of the Supreme People's Court and the Supreme People's Procuratorate on Issues Concerning the Application of Laws in Handling Criminal Cases of Smuggling (LE [2014] No. 10)<sup>47</sup>.

Article 10 clarifies the "protected animals" stated in Paragraph II, Article 151 of the Criminal Law, which includes Class I and II protected wild animals that are included in the List of Endangered and Protected Species of China, the wild animals listed in CITES Appendix I and II, and captive-bred animals of species within these lists.

Article 12 defines "rare plants" as stated in Paragraph III, Article 151 of the Criminal Law, which includes Class I and II national protected wild plants, wild medicinal herbs and protected trees under national key protection in the List of Wild Plants under Particular Protection in China, the List of National Key Protected Wild Medicinal Species, and the List of National Protected Tree Species; the wild plants listed in CITES Appendices I and II, and artificially propagated plant species within these lists.

The severity of the crime for trafficking protected wildlife and their products is dependent on the quantity or amount being smuggled. Table 4 lists the criteria for determining the severity of the crime.



Seized leather of a monitor lizard

TABLE 4

The criteria for severity of criminal circumstances in wildlife trafficking according to Judicial Explanations LE [2014] No. 10.

CATEGORIES	SEVERITY	CRITERIA FOR DETERMINATION	PENALTY
Trafficking of protected animals and their products	Obvious minor offence	--	Not treated as a crime
	Minor offence	Smuggling protected animal products with value of less than CNY100,000 into China for personal use purposes other than profit making	Can be exempted from criminal punishment
	Relatively minor offence	One of the following cases is true: 1. The quantity of smuggled Class I and II national protected animals fall short of the criteria specified in "(I)" of the Explanation Schedule <sup>48</sup> ; 2. The value of smuggled products of the protected animals is less than CNY200,000	To be sentenced to fixed-term imprisonment of not more than five years and fined
	Serious offence	One of the following cases is true: 1. The quantity of smuggled Class I and II national f protected animals meets the criteria specified in "(I)" of the Explanation Schedule; 2. The value of smuggled products of the protected animals is more than CNY200,000 and less than CNY1 million; 3. The quantity of smuggled Class I and II of national protected animals falls short of the criteria specified in "(I)" of the Explanation Schedule, but there are circumstances such as the causing of death or non-recoverability of the protected animals	To be sentenced to fixed-term imprisonment of more than five years and less than ten years and fined
Trafficking of protected plants and their products	Particularly serious offence	One of the following cases is true: 1. The quantity of smuggled Class I and II national protected animals meets the criteria specified in "(I)" of the Explanation Schedule; 2. The value of smuggled products of the protected animals is more than CNY1 million; 3. The quantity of smuggled Class I and II national protected animals meets the criteria specified in "(I)" of the Explanation Schedule, and such trafficking is performed with special vehicles by ringleaders of criminal groups; or the trafficking brings about death, non-recoverability of the protected animals	To be sentenced to fixed-term imprisonment of not less than ten years or life imprisonment, and confiscation of property
	Medium offence	One of the following cases is true: 1. Trafficking more than five but less than 25 Class I national protected wild plants, more than ten and less than 50 Class II national protected wild plants, or rare plants or their products whose value is more than CNY200,000 and less than CNY1 million; 2. The quantity or value falls short of the specified criteria above, but the trafficking is performed with special vehicles by ringleaders of criminal groups	To be sentenced to fixed-term imprisonment of not more than five years or criminal detention, and fined concurrently or alone
	Serious offence	One of the following cases is true: 1. Trafficking more than 25 Class I national protected wild plants, more than 50 Class II national protected wild plants, or rare plants or their products whose value is more than CNY1 million; 2. The quantity or value meets the specified criteria above, and the trafficking is performed with special vehicles by ringleaders of criminal groups	To be sentenced to fixed-term imprisonment of more than five years and fined
<p>The average exchange rate between 2017 and 2021 was:                      1 US Dollar (USD) = 6.71756 Chinese Yuan (CNY)                      1 British Pound (GBP) = 8.82724 Chinese Yuan (CNY)                      Source: Investing.com</p> <p>CNY100,000= USD14,886.36=GBP11,328.57                      CNY200,000=USD29,772.72=GBP22,657.14                      CNY1 million=USD148,863.58=GBP113,285.69</p>			

## 2.7 LAW ENFORCEMENT AUTHORITIES AND COURT SYSTEMS

According to Article 3 of the Criminal Procedural Law<sup>49</sup>, the public security authorities shall be responsible for investigation, detention, arrest, and antecedent trial of criminal cases; while the People's Procuratorate shall be responsible for prosecution, approval of arrest, investigation, and prosecution of cases directly accepted by prosecuting authorities; and the people's courts are responsible for adjudication.

The court system in China includes lower and higher courts that deal with increasing severity of crimes. The People's Court of China consists of local People's Courts (at all levels), Special People's Courts, and Supreme People's Courts. Local People's Courts are further classified into Primary People's Courts, Intermediate People's Courts, and High People's Courts. When it comes to criminal cases, Primary People's Courts principally deal with minor criminal cases. Intermediate People's Courts hear cases involving the endangerment of state security, criminal cases where life imprisonment

or the death penalty may be imposed, and criminal cases involving crimes committed by foreigners, or Chinese citizens infringing upon the lawful rights and interests of foreigners. High People's Courts principally conduct trials of major or complex criminal cases, civil cases and administrative cases.

Cases handled by Customs, the public security authorities (including border defense authorities), China Coast Guard (endowed with anti-smuggling functions), and anti-smuggling departments within Customs shall be tried by intermediate courts, according to the Circular on Several Issues Concerning the Application of Criminal Procedures in the Handling of Smuggling Crime Cases by Investigating Organs for Smuggling Crimes ([1998] No. 742). Cases handled by other authorities in intercepting traffickers or trafficked items, such as local forest police, border guards, or coast guards, etc. are typically tried by the Primary People's Courts.

## 3. RESEARCH METHOD

Zhangjiajie National Forest Park

The present study examines criminal cases of protected wildlife trafficking during the period 2017-2021, to assess the trends in trafficking techniques used, hotspots for trafficking activity, and types of smuggled wildlife involved. The case details and data were taken from written judgement on protected wildlife trafficking convictions. These written judgements represent the outcome of the court's criminal case trials, including convictions and sentencing, where

a determination was made on the defendant's conduct as constituting a crime and was held criminally liable. In relying on this data alone, this study has limitations as court judgements do not reflect cases that had incomplete investigations, or that failed to collect evidence or successfully sanction a case against a defendant. While the court judgements are valuable for identifying trafficking trends, this analysis does not represent a complete picture.

## 3.1 DATA SOURCES

The court's judgements were searched and downloaded from "The China Judgements Online" (Fig. 2), which is an Open-access Online Platform for Unified Court Judgement Documents established by The Supreme

People's Court to publish court documents related to various criminal, civil, administrative, and compensation cases.

FIGURE 2  
Screenshot of "China Judgement Online" Home page.



Court judgements involving the trafficking of protected wild animals and plants and related products were searched and gathered in accordance with the relevant trafficking crimes under Criminal Law (Fig.3). The documents search parameters for court judgements were as follows:

**Full text/cause of action:** "crime of trafficking protected animals and protected animal products";  
**Year:** 2017, 2018, 2019, 2020, 2021;  
**Trial procedure:** "First instance"<sup>50</sup>;  
**Document Type:** Court judgements.

FIGURE 3  
Example of search page on "The China Judgements Online".



According to Article 15 of the Government Information Disclosure Regulations, if the content of the judgement document involves commercial secrets, and personal privacy, and the disclosure of information would cause damage to the legitimate rights and interests of a third party, it must not be made public. Information in judgement documents that should not be disclosed according to the law is redacted before the documents are made public, resulting in some judgement documents being incomplete. Therefore, after the search was done, the search results were reviewed, with any partially-redacted judgements screened out. A total sample of 366 first-instance judgement documents for the crime of trafficking protected wild animals and their products were extracted, involving 535 defendants.

The documents' search parameters for court judgements involving the trafficking of

protected timber, non-timber wild plants, and their products were set as follows:

**Full text/cause of action:** "The crime of trafficking rare plants and rare plant products", "the crime of smuggling commodities prohibited by the country for import and export", "the crime of smuggling common commodities";

**Year:** 2017, 2018, 2019, 2020, 2021

**Trial procedure:** "First instance";

**Document Type:** Court judgements.

Due to the wide variety of commodities involved in the search results, judgement documents were screened to find cases involving protected timber, non-timber wild plants, and their products. A total of 35 first-instance judgement documents were extracted, involving 67 defendants, mainly concerning protected timber trafficking.

## 3.2 DATA PROCESSING

After the judgement documents were extracted from the online database, they were analysed for key indicators of cross-border activity and money laundering risks. These indicators include the use of international ports, trafficking methods, transaction methods, payment amounts, transnational payments, and concealment modalities. The data analysis in this report considers all available case judgements to assess the types of wildlife trafficked, seizure hotspots, and court sentencing results. Only cases that explicitly mention payments or transfer of funds in the judgements were included in the analysis of illicit fund transaction/money laundering methods. Therefore, the research was restricted to the content of court judgement documents and may not be fully reflective of the actual picture of trafficking in protected wild animals, plants, and related products.

Due to the wide variety of species and products seized in wildlife trafficking cases, comparing and aggregating the quantity of seizures is complicated. There is no requirement to consistently document the quantities of seizures. This makes it difficult to aggregate data or convert it to unified units when quantities are recorded in weights, numbers, or both. Fortunately, sentencing standards also make use of the monetary value of seizures, with standardised methods for calculating the value of the smuggled items. Therefore, the following analysis uses as a point of comparison the aggregate monetary value of the smuggled items to illustrate the scale and severity of the cases.

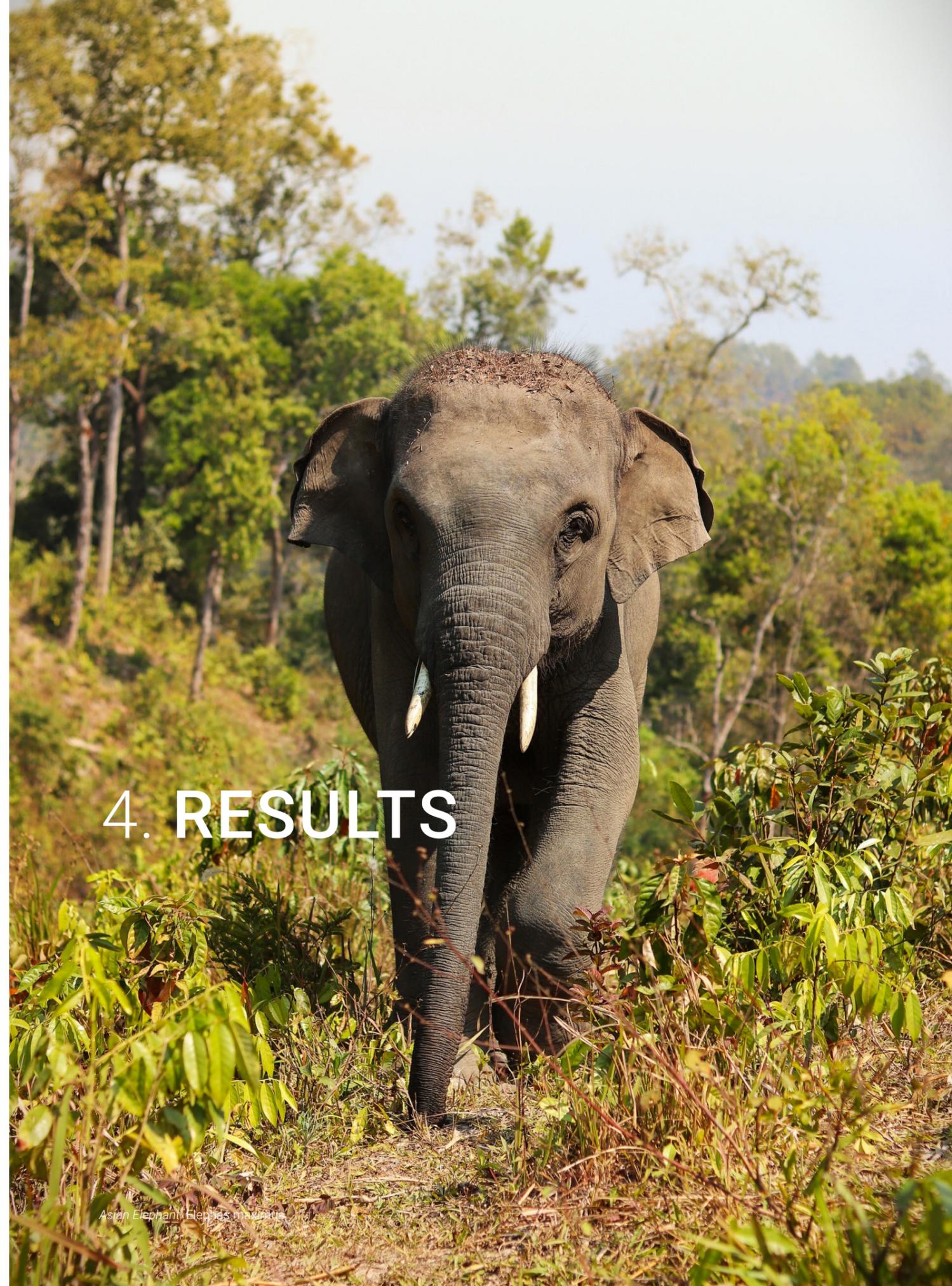
## 3.3 DATA ANALYSIS

The analysis of wild animal and plant trafficking cases includes, but is not limited to, the following dimensions:

- i. Analysis of trafficking hotspots: Data were analysed to identify land borders, international air and sea freight locations with a high incidence of trafficking cases.
- ii. Analysis of the profile of the defendants: Data were analysed to distinguish between different occupational categories of wildlife trafficking defendants.
- iii. Analysis of law enforcement authorities. To identify which law enforcement agencies are involved in cracking down on wildlife trafficking.
- iv. Analysis of court sentencing results. Data were analysed according to the severity and estimated value of the cases recorded in judgement documents and

the corresponding sentences applied, e.g. imprisonment, fine and confiscation/recovery of assets.

- v. Analysis of trafficking method. This was based on the classification of trafficking methods in the "Guidelines for Combating Smuggling of Endangered Wild Animals and Plants and Their Products<sup>51</sup>". To identify the main trafficking channels and their characteristics, and to statistically analyse how funds were circulated according to the different physical channels used for trafficking wildlife and their products.
- vi. Analysis of smuggled items. Trends in the variety of wildlife and their products smuggled between 2017-2021 were analysed, including variations in their frequency.



# 4. RESULTS

Asian Elephant, *Elephas maximus*

# 4.1 OVERVIEW

## 4.1.1 NUMBER OF CASES DURING THE FIVE-YEAR PERIOD FROM 2017 TO 2021

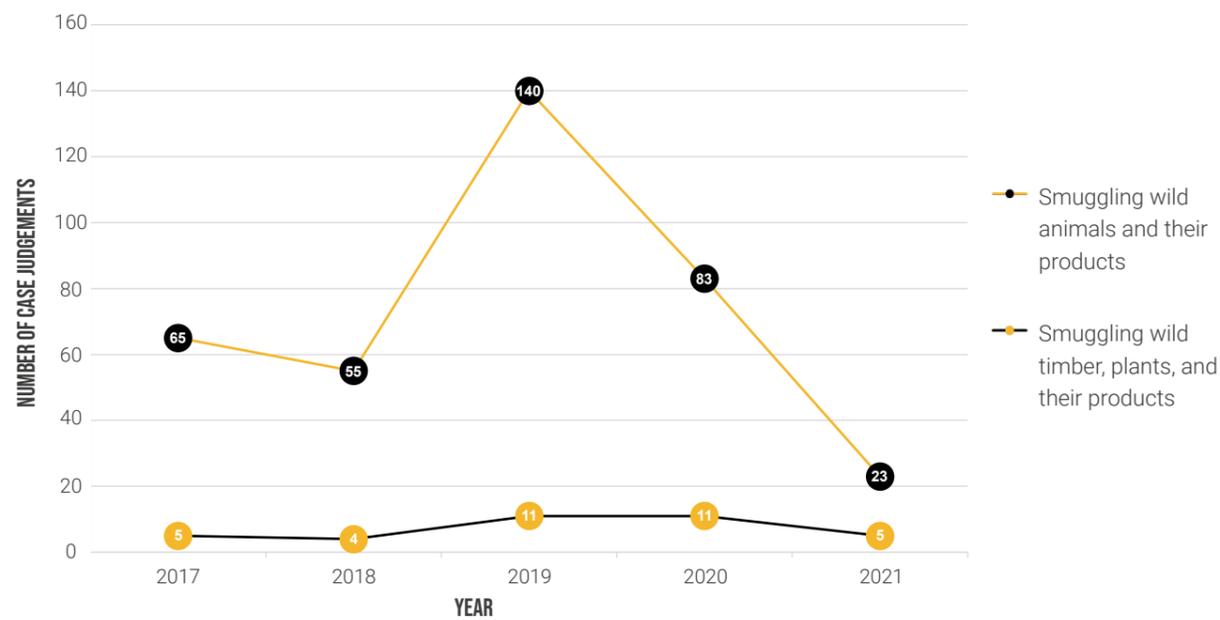
### i. The crime of trafficking protected animals.

The number of case judgements involving the trafficking of protected animals and related products during 2017-2021 is 366, ranging between 23 and 140 judgements per year. The number of cases showed a rising trend during 2017-2019, reaching a peak in 2019, and decreasing to its lowest point in 2021 (Fig. 4). The decline in the number of cases may be due to the impact of the COVID-19 epidemic, beginning in early 2020, causing a sharp drop in international travel and freight, resulting in reduced channels for trafficking.

### ii. The crime of trafficking protected timber and non-timber wild plants.

The number of case judgements involving protected timber, non-timber wild plants, and related products during 2017-2021 is 36, ranging between 5 and 11 judgements per year (Fig. 4). Similar to protected animal trafficking cases, cases of protected plant and timber trafficking peaked in 2019-2020.

FIGURE 4 Number of judgements on trafficking of protected animals and plants, timber and their products from 2017 to 2021.



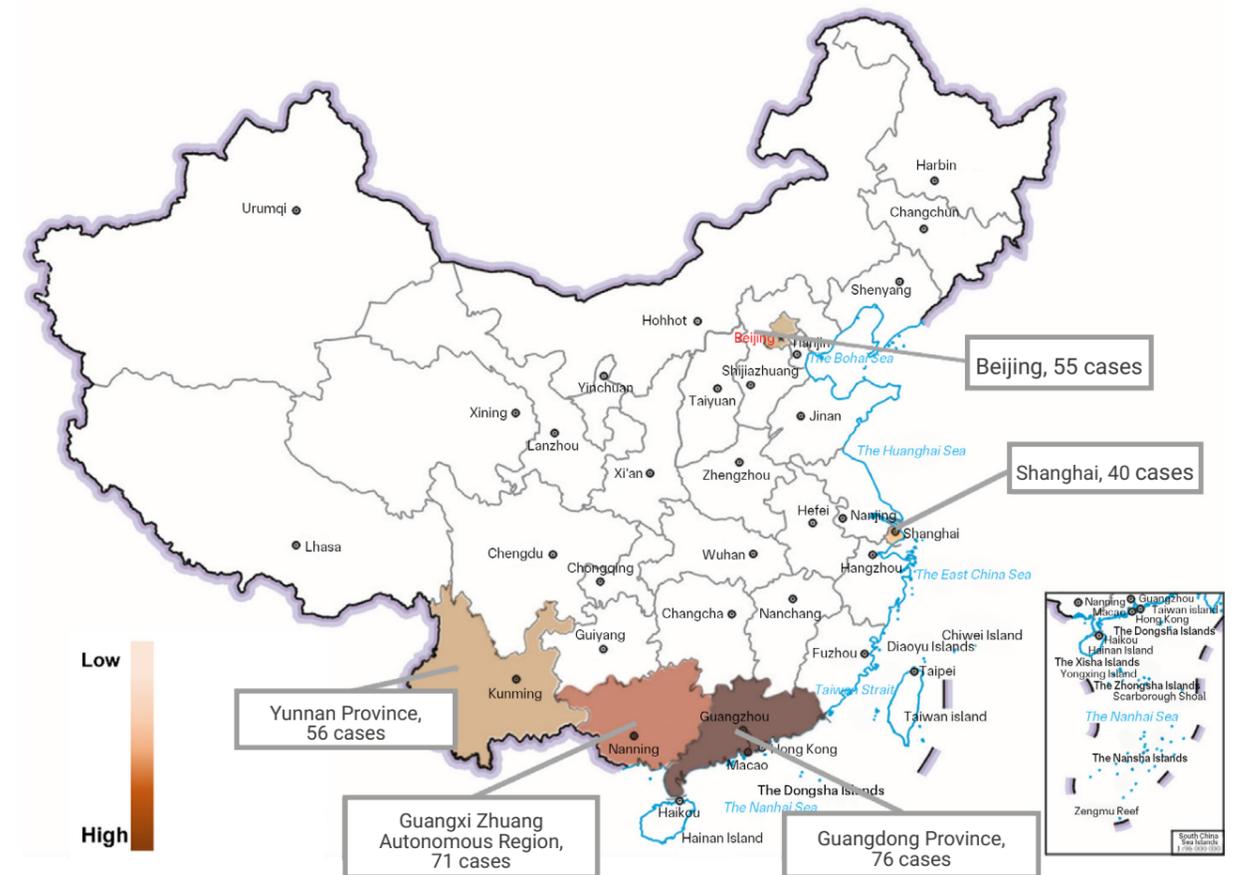
## 4.1.2 GEOGRAPHICAL DISTRIBUTION OF TRAFFICKING SITES

### i. Trafficking protected wild animals and their products.

The top five provinces and cities with a high incidence of protected animals trafficking cases were Guangdong Province (76 cases), Guangxi Zhuang Autonomous Region (71

cases), Yunnan Province (56 cases), Beijing (55 cases), and Shanghai (40 cases) (Fig. 5). Trafficking in the top 5 provinces and cities accounts for 81.4% of the total number of court judgements.

FIGURE 5 Areas with high incidence of trafficking cases of protected wild animals and their products from 2017 to 2021.



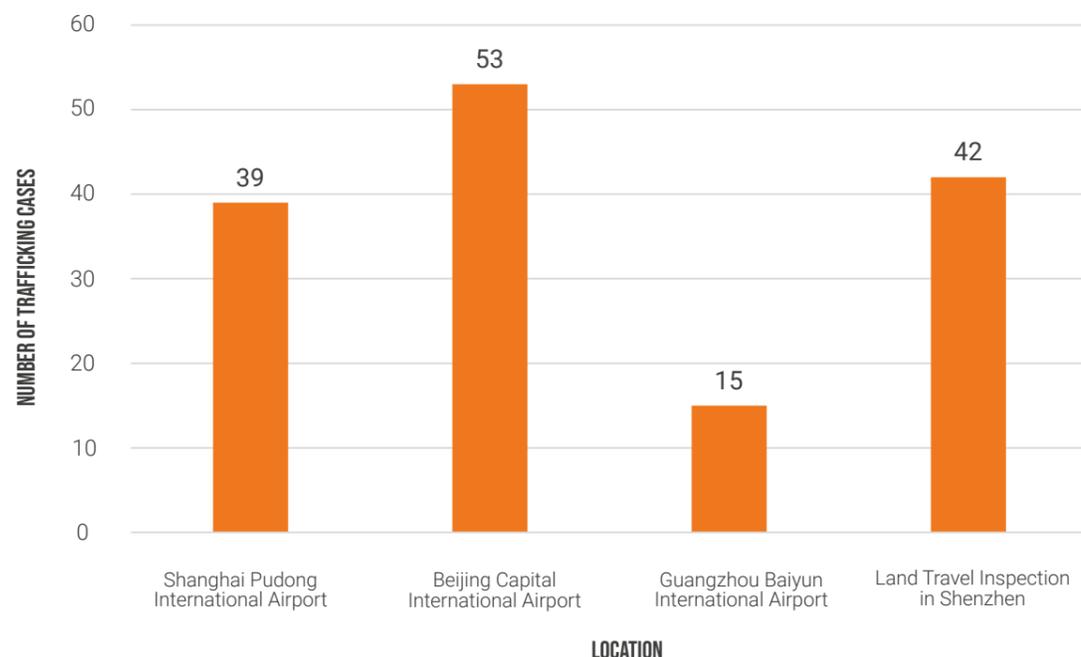
Guangxi and Yunnan provinces, in the border areas of China-Viet Nam and China-Myanmar, were the main overland trafficking points where smugglers mostly use unregulated/unmanned border crossings that lack a Customs function.

Trafficking via air transport was mostly intercepted at airports in Beijing (Beijing Capital International Airport), Shanghai (Shanghai Pudong International Airport), and Guangdong

Province (Guangzhou Baiyun International Airport). Several land border inspection ports in Shenzhen (Guangdong Province) were also key points of detection for smuggled wild animals and their product. Trafficking cases involving airports and land border inspection checkpoints in Beijing, Shanghai, Guangzhou, and Shenzhen total 149 cases, accounting for 40.7% of the total number of judgements (Fig. 6).

FIGURE 6

The number of trafficking cases involving wild animal and related products in China's 4 largest cities: Beijing Capital International Airport (53 cases), Shanghai Pudong International Airport (39 cases), Guangzhou Baiyun International Airport (15 cases) and land travel inspection ports in Shenzhen (42 cases) from 2017 to 2021.



Among the 366 cases examined, six cases were smuggled through shipping containers, accounting for 1.6% of the total. Entry points where the shipment was intercepted include Yunfu (Guangdong Province, two cases), Shanghai (one case), and Dongdu (Fujian Province, one case), and entry ports of two were not specified in the judgements. In one case where the port of entry was not specified, elephant ivory was transported by sea from Mozambique, Africa to Busan, South Korea. After the bill of lading was replaced in Busan, South Korea, it was shipped to Hong Kong SAR, mainland China, where the cargo transloading had taken place. Eventually, the ivory pieces were placed in wooden boxes mixed with plastic granules and smuggled into China. Customs inspections upstream in other countries and regions had failed to seize the illegal cargo in time, which may be due to the traffickers' choice of trafficking routes to avoid inspection.

**ii. Trafficking protected timber, non-timber wild plants, and their products.**

The top three provinces and cities with a high incidence of protected timber and non-timber wild plants trafficking were Shanghai (10 cases), Guangxi Zhuang Autonomous Region (six cases), and Guangdong Province (four cases). Followed by Fujian Province, Tibet Autonomous Region, and Yunnan Province, each of them involved in three cases. Among the 10 cases in Shanghai, five cases involved African Kino *Pterocarpus erinaceus* trafficking and were carried out by the same criminal group. Due to the relatively small number of case judgements collected, no specific geographic pattern can be observed.

**4.1.3 PROFILE OF THE DEFENDANTS**

**i. For crimes of trafficking protected wild animals and their products.**

A total of 535 defendants were involved in 366 first-trial judgements for the crime of trafficking protected wild animals and their products. Among these, there were 191 judgements involving one defendant, accounting for more than 50% of the total number of judgements. Only one defendant was a corporate entity. Cases involving only corporate bodies were identified as corporate crimes, while the rest were considered individual crimes. Among cases with a known perpetrator (defendant), the occupation of 44.3% of the defendants were not mentioned, 17.2% were unemployed and 11.0% were farmers. It's also noted that some defendants abused their positions to carry out trafficking activities, including two auxiliary police officers/special constabulary, one flight attendant, one ocean crew member, and one airport staff

**ii. For crimes of trafficking protected timber, non-timber wild plants, and their products.**

A total of 70 defendants were involved in 35 first-trial judgements for the crime of trafficking protected timber, non-timber wild plants, and their products. Among those, there were 23 judgements involving one defendant, i.e. more than 65.7% of the cases involved only one defendant. Four cases were identified as corporate crimes and the rest (31) were individual crimes, the latter accounting for 88.6% of the judgements total. Among cases with a known perpetrator (defendants) (65 cases), the occupation of 36 defendants were not mentioned or listed as unemployed, while 10 were crew members working onboard ships (including a captain, engineer, and sailor), eight were company managers and salespersons, and four were farmers.

**4.1.4 LAW ENFORCEMENT AUTHORITIES**

**i. Law enforcement handling of trafficking crime involving protected wild animals and their products.**

Among 366 collected judgements, 303 cases were investigated by Customs' Anti-Smuggling Department (82.8% of the total), while 63 cases were handled by other law enforcement authorities, such as forest police and border guard. Among the cases investigated by the Anti-Smuggling Department of Customs, the top five provinces and cities with the highest number of judgements were Guangdong (77 cases), Beijing (55 cases), Guangxi (52 cases), Shanghai (38 cases), and Yunnan (18 cases).

**ii. Law enforcement handling of trafficking crimes involving protected timber, non-timber wild plants, and their products.**

Among 35 judgements, only one was investigated by the local forest police, while the rest (34) were investigated by the Customs Anti-Smuggling Department. The frequent involvement of the Anti-Smuggling Department as the primary law enforcement agency is because protected timbers were often smuggled in cargo containers, which must pass through Customs for monitoring and inspections.

**4.1.5 COURT SENTENCING**

The analysis of court sentencing results includes two parts, imprisonment, and financial penalties, e.g., fine, recovery of criminal proceeds, and property confiscation. The financial penalty analysis aims to reveal whether the given financial penalties are proportional to the severity of offences. The judgement documents which records the severity of offences/the case value and relevant financial penalties (including fine, recovery of criminal proceeds, and property

confiscation) were selected and analysed. The judgement documents were first categorised in accordance with the severity of the offence and then divided based on the number of defendants involved in the case. The analysis was conducted based on the total case value, and the sum of the fines/recovered proceeds/confiscated properties of all defendants in each case. The unit of analysis result is the number of cases, as a proportion of the total number of case judgements.

### 4.1.5.1 FOR TRAFFICKING CRIME INVOLVING PROTECTED WILD ANIMALS AND THEIR PRODUCTS

As outlined in Section Two, under Article 151 of the Criminal Law, there are three imprisonment sentencing grades for the crime of trafficking protected wild animals and their products depending on their severity—minor, relatively minor, serious, and particularly serious. Fixed-term imprisonment is applied in line with a crime’s severity: less than five years, five to

ten years, and ten years or more. Of the 535 defendants in the case sample, 148 (27.7%) were sentenced to probation and 204 (38.1%) were sentenced to imprisonment of up to five years. For more details on the criteria for probation, see *Box 2: The Basis of Probation*. 141 defendants (26.3%) were sentenced to fixed-term imprisonment of five to 10 years, and 42 defendants (7.9%) to fixed-term imprisonment of more than 10 years, (see fig. 7). The proportion of sentences with five or more years imprisonment was 34.2%.

#### BOX 2 THE BASIS OF PROBATION

*The Criminal Law*

Article 72 [Applicable Conditions]: Probation can be declared for persons under the age of eighteen, pregnant women and persons over the age of seventy-five, and sentenced to criminal detention and fixed-term imprisonment of not more than three years and meet the following conditions:

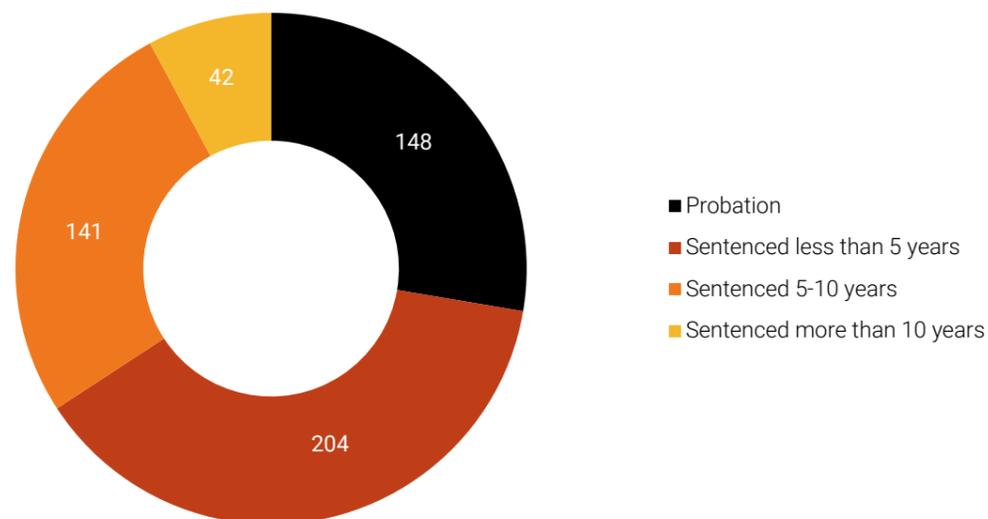
- I. Minor circumstances of crime;
- II. Signs of repentance;
- III. No risk of re-offending; and
- IV. The announcement of probation has no significant adverse impact on the community where the criminal lives.

Where probation is pronounced, criminals may be prohibited from engaging in certain activities, entering certain areas and spaces, and contacting certain people during the probation period, depending on the circumstances of crime.

If the sentence is suspended, but the person is charged with an accessory punishment, the latter shall be executed.

FIGURE 7

Trial results for the crime of trafficking protected animals and their products from 2017 to 2021: Sentenced more than 10 years (42 cases, 7.9%), 5-10 years (141 cases, 26.3%), less than 5 years (204 cases, 38.1%), and probation (148 cases, 27.7%).



There were 288 protected wild animal trafficking cases that recorded the severity of the offence/the case value and relevant financial penalty. In terms of financial penalties, 84 cases out of 288 (29.2%) were determined

as minor offence, 59 cases (20.5%) as relatively minor offence, 89 cases (30.9%) as serious offence, and 56 cases (19.4%) as particularly serious offence. (Table 5)

TABLE 5

Summary of the number of cases and the number of defendants involved in the judgement in accordance with the severity of the offence, among trafficking cases involving wild animal and their products, 2017 to 2021.

THE SEVERITY OF THE OFFENCE* (STANDARDS IN 2014 JUDICIAL EXPLANATION)	NUMBER OF DEFENDANTS INVOLVED IN THE JUDGEMENT	NUMBER OF CASES
Minor offence (CNY 20-100k)	1	76
	2	6
	≥3	2
Relatively minor offence (CNY 100k-200k)	1	53
	2	3
	≥3	3
Serious offence (CNY 200k-1 million)	1	71
	2	15
	≥3	3
Particularly serious offence (greater than CNY 1 million)	1	24
	2	12
	≥3	20

\* The classification of the severity of the offence is mainly based on the content of the judgment. If the severity of the offence is not stated in the judgment, the classification is in accordance with the case value standards in the 2014 Judicial Explanation. Therefore, the actual case value might be inconsistent with the standards. For the estimation of case value and specific wildlife products, e.g. ivory, pangolin, and rhino horn, please refer to Section 2.5 and Box 4 to 6 in Section 4.3.

Table 6 presents three types of financial penalties, with fines being the most common form of financial penalty in wild animals trafficking cases. There were 248 cases (86.1%) with fines issued along with imprisonment. Only 17 cases (5.9%) where the penalty was the recovering of criminal proceeds and confiscation of property, along with imprisonment. Twenty-three cases (8.0%) were penalised with both fines and criminal proceeds recovery/property confiscation.

The financial penalties versus case value ratio (R value) can serve as an indicator of whether the defendants were deprived of the economic benefits they obtained as a result of the crime. When the financial penalty is less than the case value, the ratio (R) is less than one, meaning the defendants’ financial losses

from violating of the law are less than the gains from the crime. When R is greater than one, meaning the defendants’ financial losses are greater than the gains. The larger the R value, the more severe the financial punishment. On the contrary, if the R is close to zero, it means besides being deprived of their freedom (through imprisonment), the defendants had barely paid an economic “price” for their criminal conduct.

Table 6 presents the R value calculated based on the severity of the offence and number of defendants involved, showing that generally the R values decreased while the severity of offence escalated. (For detailed data on the calculation, refer to Annex 1.)

TABLE 6

Summary of the ratio of financial penalty to case value based on the severity of the offence and the number of defendants in trafficking cases involving wild animal and their products, 2017 to 2021.

THE SEVERITY OF THE OFFENCE (STANDARDS IN 2014 JUDICIAL EXPLANATION)	NUMBER OF DEFENDANTS INVOLVED IN THE JUDGEMENT	R= AVERAGE OF FINANCIAL PENALTY/AVERAGE OF CASE VALUE		
		FINES ONLY (N= NUMBER OF CASES)	RECOVERY OF CRIMINAL PROCEEDS/PROPERTY CONFISCATION (N= NUMBER OF CASES)	FINE + RECOVERY OF CRIMINAL PROCEEDS/PROPERTY CONFISCATION (N= NUMBER OF CASES)
Minor offence (CNY 20-100k)	1	0.39 (n=73)	/(n=0)	2.42 (n=3)
	2	0.77 (n=5)	/(n=0)	1.10 (n=1)
	≥3	0.48 (n=2)	/(n=0)	/(n=0)
Relatively minor offence (CNY 100k-200k)	1	0.23 (n=52)	4.76 (n=1)	/(n=0)
	2	1.67 (n=3)	/(n=0)	/(n=0)
	≥3	0.26 (n=3)	/(n=0)	/(n=0)
Serious offence (CNY 200k-1 million)	1	0.10 (n=70)	/(n=0)	0.49 (n=1)**
	2	0.44 (n=15)	/(n=0)	/(n=0)
	≥3	0.18 (n=2)	/(n=0)	1.21 (n=1)**
Particularly serious offence (greater than CNY 1 million)	1	0.03 (n=12)	0.02 (n=11)	0.11 (n=1)
	2	0.01 (n=5)	0.07 (n=4)	0.17 (n=3)
	≥3	0.04 (n=6)	0.32 (n=1)	0.03 (n=13)

Note: R= average of financial penalty/average of case value.  
 If R=1, it means the financial penalty is same as the case value;  
 If R>1, it means the financial penalty is greater than the case value;  
 If R<1, it means the financial penalty is less than the case value.

\*\*The total amount of recovered criminal proceeds/confiscated property was not specified in the judgement documents of these two cases, and therefore the R value is underestimated.

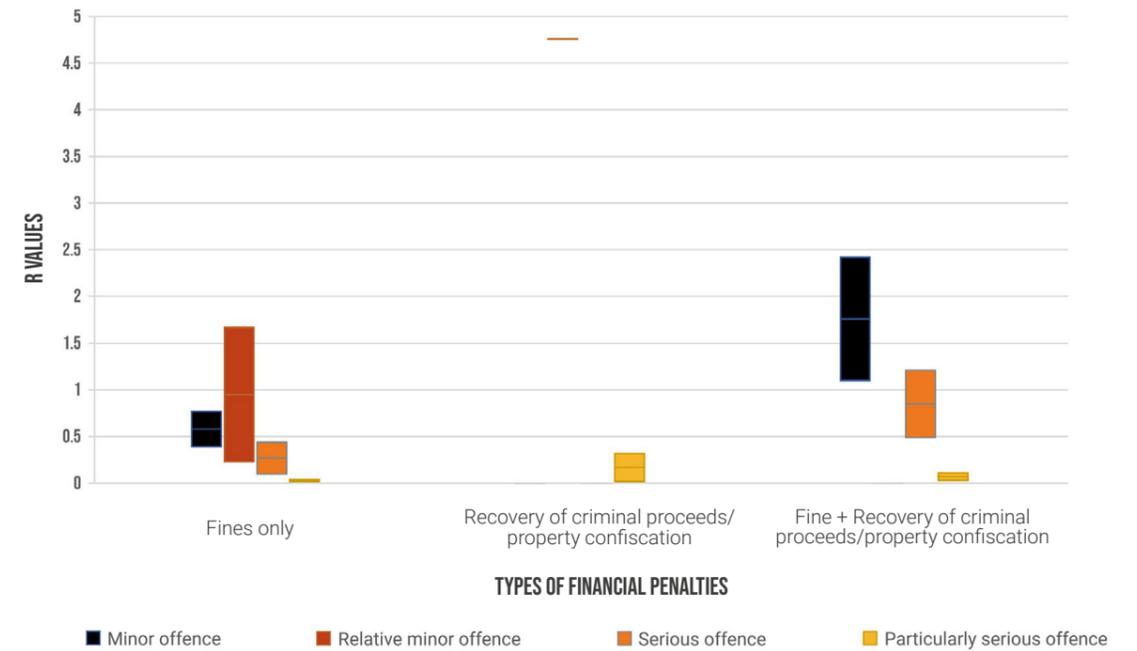
- i. Among the cases that issued fines as the only financial penalty (together with imprisonment), the R value of minor offence ranged from 0.39 to 0.77; for relatively minor offence, the range was 0.23 to 1.67; serious offences ranged from 0.1 to 0.44; and particularly serious offences ranged from 0.01 to 0.04.
- ii. Among cases with sentencing that seek to recover the criminal proceeds and/or confiscate property as the only financial penalty (together with imprisonment), the R values of particularly serious offences (0.02-0.32) are significantly lower than that of relatively minor offences (4.76).
- iii. Among cases with sentencing of both fines and criminal proceeds recovery/

property confiscation (and imprisonment), the ratio of particularly serious offences range from 0.03 to 0.11 and the ratio range of serious offences was between 0.49 and 1.21. The ratio range of minor offences was between 1.10 and 2.42.

The results above indicate that defendants in the cases of minor and relatively minor offences bear much greater cost in terms of financial punishment than those in the case of serious and particularly serious offences. The comparison between the financial punishment for defendants who committed serious and particularly serious offences against the potential economic benefits obtained from the crime was negligible.

FIGURE 8

The R values of three types of financial penalty for various severity of the offence.



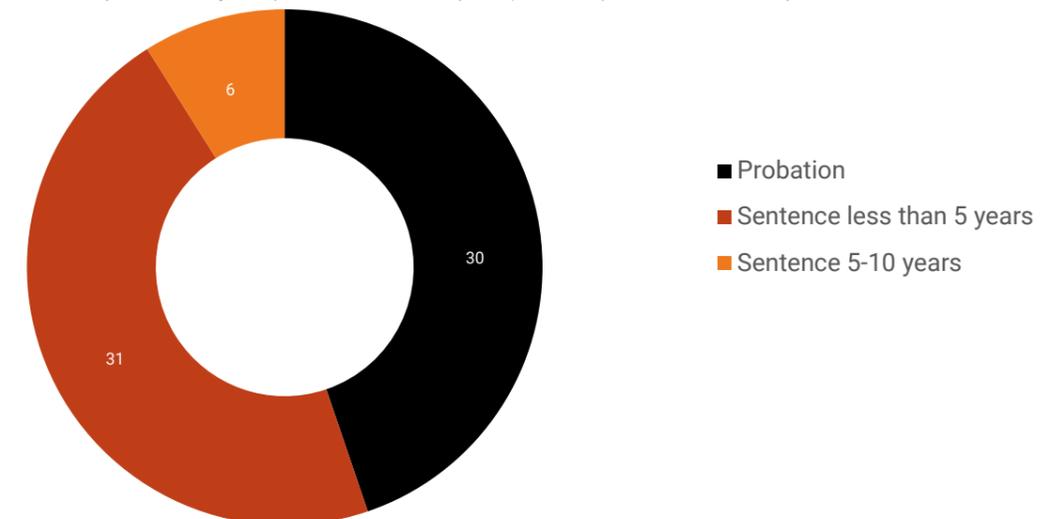
#### 4.1.5.2 TRAFFICKING CRIMES INVOLVING PROTECTED TIMBER, NON-TIMBER WILD PLANTS AND THEIR PRODUCTS

There are two imprisonment sentencing levels for trafficking crimes involving protected timber, non-timber wild plants, and their products—either crimes of medium circumstances, where sentences comprise fixed-term imprisonments of less than five

years; and crimes of serious circumstances, in which fixed-term imprisonments of five or more years are applied. Of the 67 defendants in protected timber and non-timber wild plants trafficking cases, 30 defendants (44.7%) were sentenced to probation, 6 defendants (9.0%) to fixed-term imprisonment of 5-10 years, and the rest were sentenced to less than five years imprisonment (Fig. 9).

FIGURE 9

Trial results for the crime of trafficking protected timber, non-timber wild plants, and their products from 2017 to 2021: sentenced 5-10 years (6 defendants, 9.0%), less than 5 years (31 defendants, 46.3%), and probation (30 defendants, 44.7%).



In terms of financial penalty, among the 27 protected timber and non-timber wild plant trafficking cases which recorded the severity of offence /the case value and relevant financial

penalty, 14 cases (51.9%) were medium offences and 13 cases (48.1%) were serious offences. (Table 7)

TABLE 7

Summary of the number of cases and the number of defendants involved in the judgement in accordance with the severity of the offence in trafficking cases involving protected timber, non-timber wild plants, and their products, 2017 to 2021.

THE SEVERITY OF THE OFFENCE (STANDARDS IN 2014 JUDICIAL EXPLANATION)	NUMBER OF DEFENDANTS INVOLVED IN THE JUDGEMENT	NUMBER OF CASES
Medium offence (CNY 200k-1 million)	1	10
	2	1
	≥3	3
Serious offence (Greater than CNY 1 million)	1	6
	2	6
	≥3	1

Table 8 presented the number of cases sentenced to three types of financial penalties, showing that fines are the most common form of financial penalty in the protected timber and non-timber wild plants trafficking cases. Twenty-one cases (77.8%) were sentenced to fine penalty along with imprisonment. Six cases (22.2%) were sentenced to both fine and criminal proceeds recovery/property confiscation. No case was sentenced to the penalty of recovering criminal proceeds/ confiscating property along with imprisonment.

based on the severity of the offence and number of defendants involved, indicate that the ratios for medium offence and serious offence are generally low, mostly below 0.1, regardless the type of financial penalties issued (Table 8). The ratios of some individual cases almost reach 0.3 or above, but generally the financial penalties imposed on the trafficking cases involving timber and non-timber wild plants are significantly lower than the case value, meaning the financial punishment to defendants committed wild plants trafficking are considered light. (For detailed data on calculations, refer to Annex 2.)

The ratios of financial penalties to case value,

TABLE 8

Summary of the ratio of financial penalty to case value based on the severity of the offence and the number of defendants, in trafficking cases involving protected timber, non-timber wild plants, and their products, 2017 to 2021.

THE SEVERITY OF THE OFFENCE (STANDARDS IN 2014 JUDICIAL EXPLANATION)	NUMBER OF DEFENDANTS INVOLVED IN THE JUDGEMENT	R= AVERAGE OF FINANCIAL PENALTY/AVERAGE OF CASE VALUE		
		FINE N=CASE NUMBER	RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION N=CASE NUMBER	FINE + RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION N=CASE NUMBER
General (CNY 200k-1 million)	1	0.08 (n=10)	/ (n=0)	/ (n=0)
	2	/ (n=0)	/ (n=0)	0.07 (n=1)
	≥3	1.12 (n=2)	/ (n=0)	0.46 (n=1)
Serious (greater than CNY 1 million)	1	0.01 (n=4)	/ (n=0)	0.04 (n=2)
	2	0.09 (n=4)	/ (n=0)	0.29 (n=2)
	≥3	0.39# (n=1)	/ (n=0)	/ (n=0)

#This case involved Thailand Rosewood (*Dalbergia cochinchinensis*) and other commodities. The case value in the table only presents the value of Thailand Rosewood. The total value of all seized commodities and the commodity types were not specified in the verdict.

## 4.2 TRAFFICKING CHANNELS

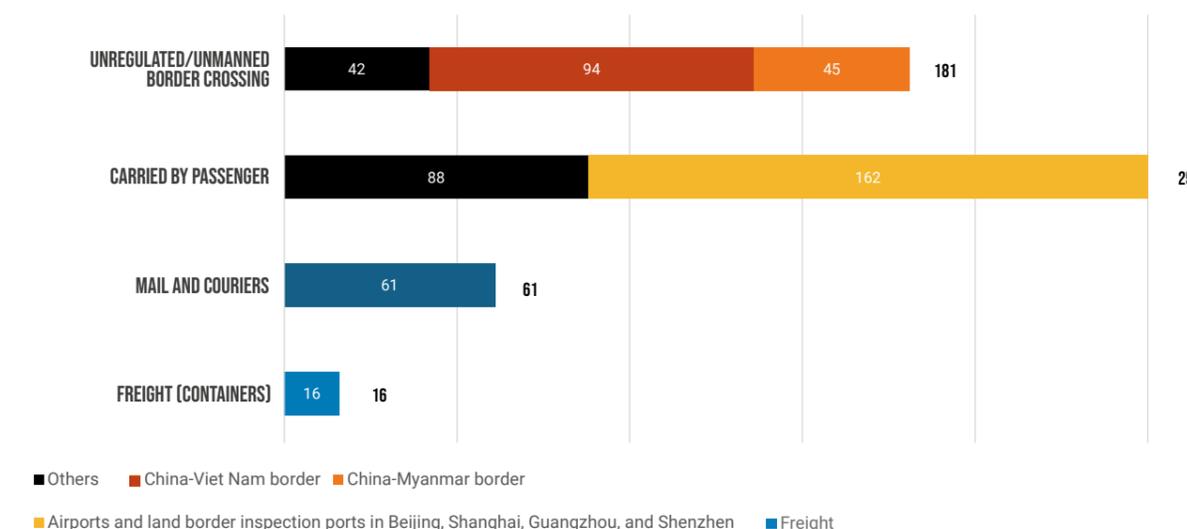
### 4.2.1 CHANNELS FOR TRAFFICKING PROTECTED WILD ANIMALS AND THEIR PRODUCTS

Among the collected case judgements, the channels with the highest incidence of protected animals trafficking were those where the illegal products were carried by passengers, including in luggage and on the body (250 defendants; 46.7% of total) and via unregulated/unmanned border crossing (181 defendants; 33.8%). Other case defendants used mail and couriers (61 defendants; 11.4%), while 16 people (3.0% of the total) were involved in trafficking through freight (containers). For the remaining 27 defendants (5.0%), the channels of trafficking were not specified in the judgement documents. (Fig.

10) The impact of COVID-19 and subsequent travel restrictions led to a sharp drop in passenger traffic volumes on international routes, as well as freight volumes. Inbound international travelers had reduced to 1,447,200 people in 2021, a decrease of 38.4% compared with 2020<sup>52</sup>. Trafficking using on-body concealed carry and passenger luggage witnessed a corresponding decrease from 2020 onwards, from a peak of 99 defendants in 2019 using this trafficking method, to six defendants in 2021.

FIGURE 10

The number of defendants in channels used for trafficking protected wild animals and their products from 2017 to 2021.



The higher incidence of trafficking through passenger luggage/on-body concealed carry and unregulated/unmanned border crossings may be due to the relative ease with which they can be conducted—typically carried by the smuggler—as opposed to other more complex concealment methods. In turn, they can be easier to intercept, to confiscate the smuggled items and to make arrests. Attributing the crime to an individual makes the subsequent investigation, evidence

collection and prosecution possible to carry out. Freight (container) trafficking, in contrast, often involves trafficking larger quantities and a more organised effort by a group of people, sometimes involving intermediaries. The fewer case judgements of trafficking by freight may reflect the difficulty in identifying suspects and collecting evidence. A more time-consuming investigation is often required, and fewer leads could mean that there are fewer opportunities to bring the case to prosecution and trial.

Trafficking through passenger luggage and on-body concealed carry had mostly occurred at airports and land border inspection ports in Beijing, Shanghai, Guangzhou and Shenzhen (a total of 162 defendants, or 64.8% of the total number of passenger luggage and on-body concealed trafficking judgements). These airports rank among the top ten in inbound passenger throughput in the country, according to official statistics from 2017 to 2021<sup>53</sup>, characterised by high volumes of flights and passenger flow. Meanwhile, unregulated/unmanned border crossings used in the trafficking of protected animals were located at

crossings along the China-Viet Nam border (94 defendants, 51.9% of unregulated/unmanned border crossings trafficking judgements) and the China-Myanmar border (45 defendants, 24.9%). The 2022 TRAFFIC report "Skin and Bones"<sup>54</sup> analysed 22 years of global illegal tiger trade seizure data, highlighting the significance of border crossings between Yunnan Province and Myanmar as a major hotspot for trafficking. The analysis found tiger parts from Indonesia, Malaysia, and Thailand were trafficked overland to Laos, before being smuggled across to China and Viet Nam<sup>55</sup>.

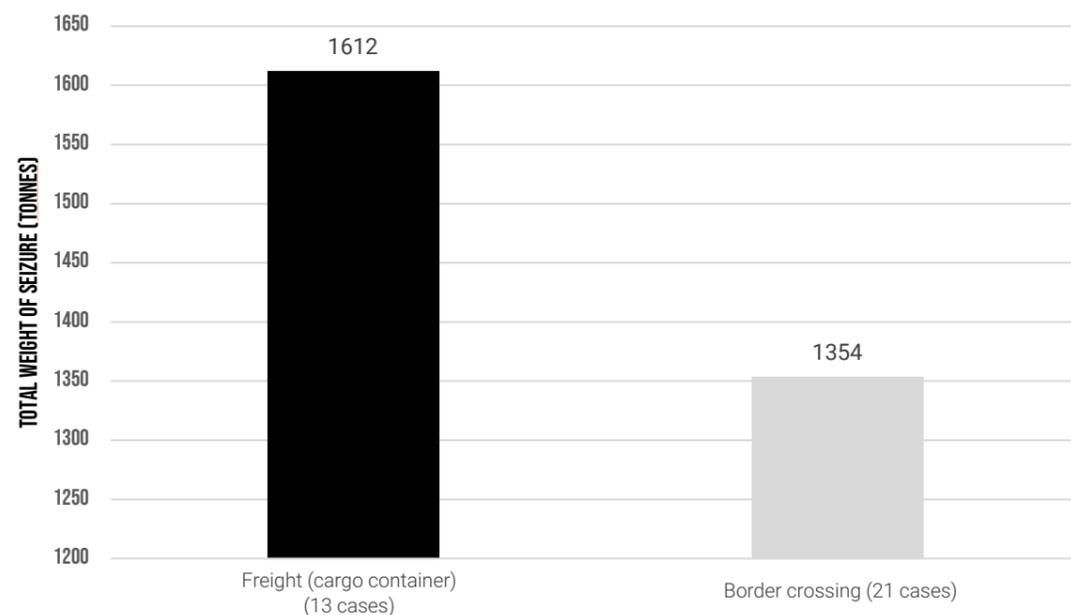
#### 4.2.2 CHANNELS FOR TRAFFICKING PROTECTED TIMBER, NON-TIMBER WILD PLANTS AND THEIR PRODUCTS

Among the 35 case judgements involving the trafficking of protected timber, non-timber wild plants, and their products, interceptions at border crossings (21 cases, 41 defendants) and via freight (cargo container) (13 cases, 28 defendants) were the most common. Only one trafficking case (one defendant) involved the use of passenger luggage, involving 20 kg

of Agarwood on a flight from Sri Lanka to Shanghai Pudong International Airport. Of the cases involving border interceptions, 15 cases were intercepted at China's land borders with Myanmar and Viet Nam, while six cases were smuggled by sea, via the Pearl River Estuary and the southeast coast. (Fig. 11)

FIGURE 11

The number of cases and total weight of seizure in freight and border-crossing trafficking for protected timber, non-timber wild plants, and their products from 2017 to 2021.



## 4.3 SMUGGLED ITEMS

### 4.3.1 THE TRAFFICKING OF PROTECTED WILD ANIMALS AND THEIR PRODUCTS

Among the 366 case judgements, the most frequent species and their products being smuggled were elephant ivory (124 cases, 33.9% of total) and pangolins and pangolin scales (91 cases, 24.8%). For the protection

level of commonly smuggled species, please see Box 3. Together, these accounted for 58.7% of the total number of cases, and make up the most frequently smuggled species seen in wildlife trafficking prosecutions in China.

#### BOX 3

##### PROTECTION LEVEL OF COMMONLY SMUGGLED SPECIES:

Asian Elephant (*Elephas maximus*): CITES Appendix I/Class I of National Protected Wild Animal

Indian Pangolin (*Manis crassicaudata*), Sunda pangolin (*Manis javanica*), and Chinese Pangolins (*Manis pentadactyla*): Class I of National Protected Wild Animal

African Elephant (*Loxodonta africana*): CITES Appendix I (with the exception of populations from Botswana, Namibia, South Africa, and Zimbabwe, which are listed as CITES Appendix II) /Approved as Class I of National Protected Wild Animals in China<sup>56</sup>

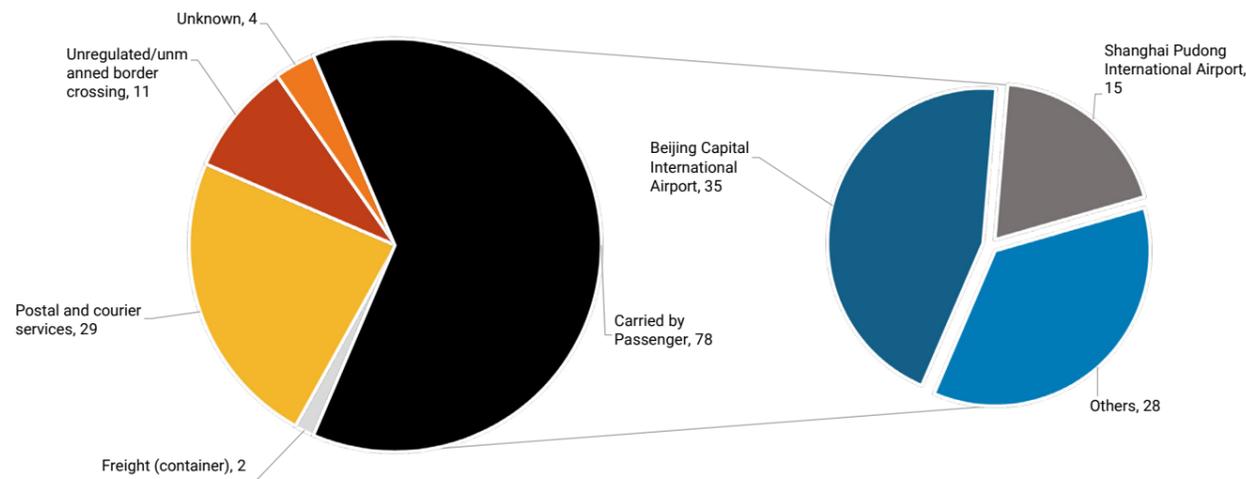
African pangolin species and pangolin species not native to China: CITES Appendix I/Approved as Class I of National Protected Wild Animal in China

For cases involving ivory, the primary mode of trafficking included the use of passenger luggage and on-body concealed carry (78 cases, 62.9%), and postal and courier services (29 cases, 23.4%) (Fig. 11). Other ivory trafficking modes include unregulated/unmanned border crossing (11 cases, 8.8%), freight (2 cases, 1.6%), and unknown channel (4 cases, 3.2%). Among cases that used passenger luggage and on-body concealed carry for ivory trafficking, 35 cases (44.9%)

intercepted at Beijing Capital International Airport, and 15 cases (19.2%) were at Shanghai Pudong International Airport. Ivory intercepted at the two airports accounted for 64.1% of all ivory trafficking cases using passenger luggage and on-body concealed carry. Meanwhile, the 29 cases (23.4%) of ivory trafficking that used postal and courier channels were scattered across different ports of entry around the country. (Fig. 12)



**FIGURE 12**  
Distribution of ivory trafficking channels from 2017 to 2021.



The details about the last port of departure for ivory contraband, prior to their arrival and interception in China, were recorded in the court judgements in many instances. Forty-four ivory trafficking judgements indicate the ports of departure were in African countries, e.g. The Democratic Republic of the Congo (DRC), and Ethiopia. The total estimated value of the smuggled ivory transported from Africa is around CNY320 million (approximately USD46.4 million). There were 23 cases of ivory trafficking from Southeast Asia countries,

e.g. Viet Nam, Myanmar, and Lao PDR. These countries are home to populations of Asian elephant species *Elephas maximus*, but were also used over the past decade as major trafficking routes for African elephant ivory<sup>57</sup>. The estimated value of ivory smuggled through Southeast Asia is around CNY98 million (approximately USD14.2 million). The original source of ivory smuggled from European countries or Japan and Hong Kong SAR cannot be determined. For the criteria for ivory value estimation, please see Box 4.

**BOX 4**

**CRITERIA FOR IVORY VALUE ESTIMATION**

Raw ivory: 250,000CNY/tusk (~36,300USD/tusk)

Ivory products carved from a whole tusk: considered as a single tusk, 250,000CNY/tusk

Ivory pieces, sections or products not concluded if be derived from the same tusk: estimated by weight, 41,667CNY/kg (~6,051.05USD/kg)

For example, if an offender is caught in possession of a single tusk weighing 10kg, the

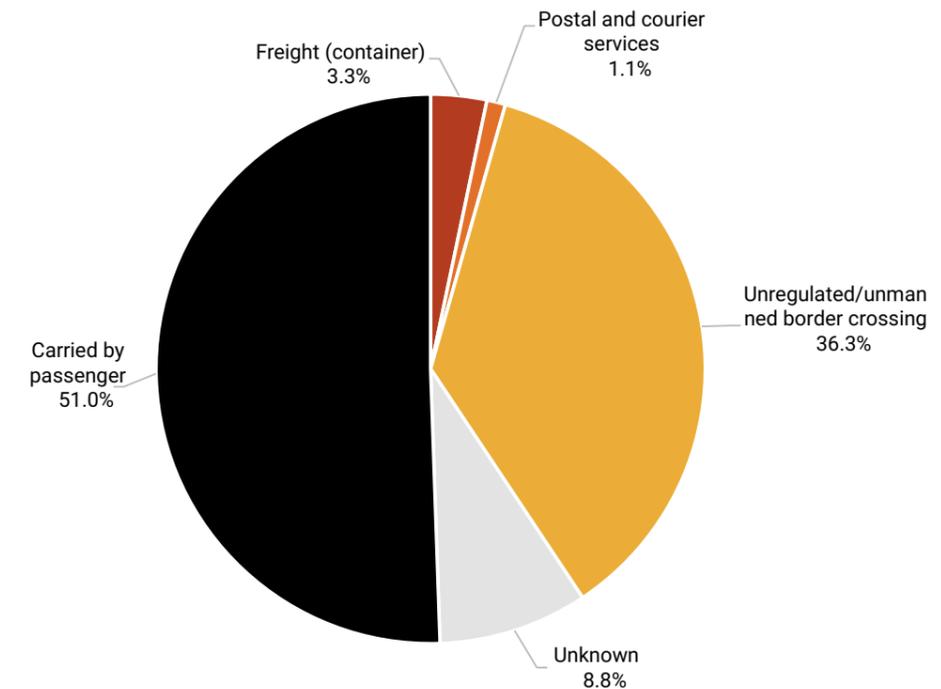
value would be 250,000CNY. If, however, the offender was apprehended with 10kg of ivory pieces from different tusks, the value would be estimated as 416,670 CNY.

If the estimated value is lower than the actual transaction price of the illegal trade, it shall be determined based on the actual transaction price of the illegal trade.

For cases involving pangolins, there were 36 cases of live pangolins trafficking and 55 cases of pangolin scales. The main mode of trafficking was the use of passengers' luggage and on-body concealed carry (46 cases, 51.0%) and unregulated/unmanned border crossings

(33 cases, 36.3%) (Fig. 13). The trend in the number of pangolin trafficking cases was consistent with the overall wildlife trafficking trend, having gradually decreased from the peak of 35 cases in 2019, to 28 cases in 2020 and nine cases in 2021.

**FIGURE 13**  
Trafficking channels for pangolin and pangolin scales from 2017 to 2021.



Pangolin scales smuggled through passenger luggage and on-body concealed carry occurred at airports including Beijing Capital International Airport (seven cases, 12.7% of all pangolin scale cases) and Shanghai Pudong International Airport (11 cases, 20.0%), as well as 11 cases (20.0%) at land ports including Shenzhen land border, China-Vietnam border crossings and other land ports. Live pangolins were mainly smuggled along illegal land border crossings (22 cases, 61.1%), with the China-Viet Nam border the most prominent (12 cases, 54.5%).

Trafficking across unregulated/unmanned border crossings mainly occurred at the Chinese borders with Vietnam and Myanmar. There were 40 cases related to Myanmar, Vietnam and other Southeast Asian countries, accounting for 44.0% of all pangolin trafficking

cases. Seized pangolins were mainly live Chinese pangolins *Manis pentadactyla* with a combined estimated value of CNY150 million (~USD21.9 million). There were 29 pangolin trafficking cases related to Nigeria and other African countries, accounting for 31.9%. These were pangolin scales of the Giant pangolin *Smutsia gigantea*, all smuggled using passenger luggage, with a combined estimated value of CNY170 million (~USD24.9 million). There were three cases of pangolin trafficking through freight channels, with a combined estimated value of CNY81.35 million (~USD11.9 million). Generally, single cases of pangolin trafficking in freight channels exhibit greater consignment volumes and values than other trafficking channels such as passenger luggage (Fig. 14). For the criteria for pangolin value estimation, please see Box 5.

**BOX 5**

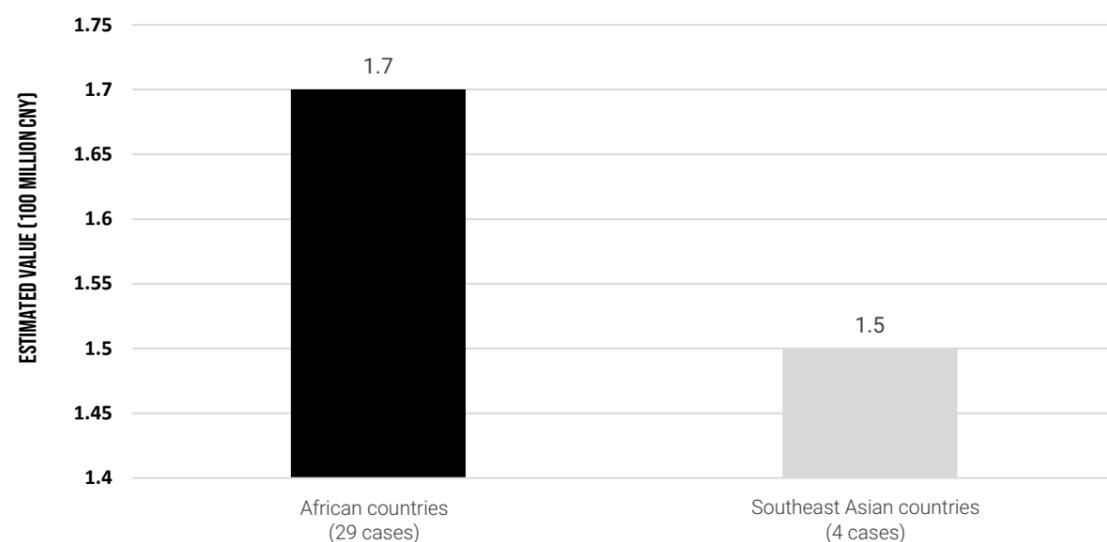
**CRITERIA FOR PANGOLIN VALUE ESTIMATION**

All pangolin species: 8,000CNY/individual (~1,1622USD /individual)  
 Pangolin scale: 80% of 8,000CNY/individual=6,400 CNY/individual (~929USD / individual)  
 Weight of scales for one Asian pangolin=0.35-0.6kg<sup>58</sup>

Overall estimated value = benchmark value×number of individuals×10  
 If the estimated value is lower than the actual transaction price of the illegal trade, it shall be determined based on the actual transaction price of the illegal trade.

**FIGURE 14**

The total estimated value of pangolin trafficking cases from African and Southeast Asia countries from 2017 to 2021.



Rhino horns were another commonly trafficked commodity, with 28 cases identified. The main trafficking methods were via passenger luggage (24 cases, 85.7%) and unregulated/unmanned border crossing (two cases, 7.1%). The trafficking methods of the remaining three cases were not specified. Among the 24 cases trafficked by passenger luggage, six cases were seized at Shenzhen Airport and Land Port, one at Gongbei Land Port in Zhuhai City, five at Shanghai Pudong International Airport, four at Dongxing Land Port and two at Pingxiang Land Port in Guangxi Zhuang Autonomous Region, two cases at Changle Airport in Fuzhou, Fujian Province, one case at Tengchong Land Port and one case at Mohan Land Ports in Yunnan Province, one case at Beijing Capital

International Airport port, and one case at Xi'an Xianyang International Airport. The two unregulated/unmanned border crossing cases occurred at the China-Viet Nam border in Guangxi Zhuang Autonomous Region, namely Beilun River and Wangying (1250 boundary marker) on the border.

Of all rhino horn case judgements, 11 cases had been illegally exported out of African countries, including South Africa, Ethiopia, and the Republic of Malawi. The total estimated value of the seized items from Africa was about CNY25.95 million (USD 3.8 million). Twelve cases showed the exporting countries were located in Southeast Asia, e.g. Vietnam, Myanmar, and Laos, and a total estimated

value of about CNY57.28 million (~USD8.4 million). One case was shipped from Rome, Italy, and another 4 cases of rhino horns were trafficked into mainland China from

Hong Kong SAR, but without the original departure locations specified. For the criteria for rhino horn value estimation, see Box 6.

**BOX 6**

**CRITERIA FOR RHINO HORN VALUE ESTIMATION**

Rhino horn for all rhino species: 250,000 CNY/kg (~34634.7 USD /kg)<sup>59</sup>  
 If the estimated value is lower than the actual transaction price of the illegal trade, it shall be

determined based on the actual transaction price of the illegal trade.

There are 20 cases involving various tortoises, freshwater turtles, and hawksbill turtles) and related products; 14 cases involving aquatic animal products such as red coral and giant clams; 10 cases involving animal teeth, including whale ivory and tiger teeth; and 10 cases involving live primates, including loris, different species of macaques (including the crab-eating macaques); 13 cases of various

antelope horn products; 21 cases of products involving dried seahorses and dried gecko; and seven cases involving swim bladders of totoaba and other fish. It should be noted that the value of different species can vary significantly by volume, for example, 1 kg of rhino horn is significantly more valuable than 1 kg of elephant ivory.

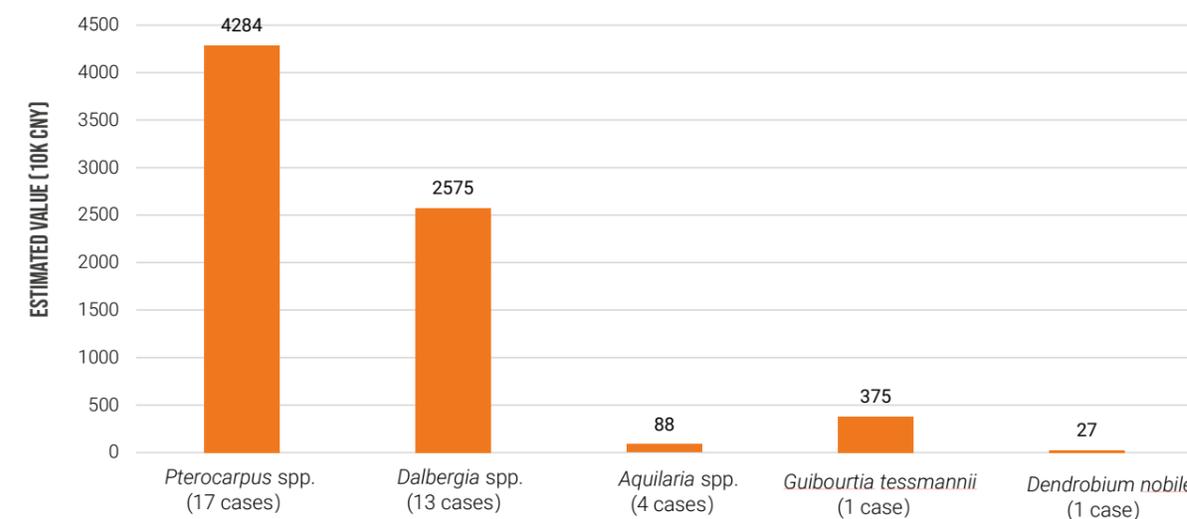
**4.3.2 THE TRAFFICKING OF PROTECTED TIMBER AND NON-TIMBER WILD PLANTS, AND THEIR PRODUCTS**

Timber species dominate cases of smuggled protected plants. Cases involving rosewood were the most frequent (17 cases), especially of the genus *Pterocarpus* (*Pterocarpus santalinus* and *P. erinaceus*). Additionally, there were 13 cases involving rosewood species of

the genus *Dalbergia* (*Dalbergia cochinchinensis*, *D. louvelii*, and *D. bariensis*), four cases involving agarwood (*Aquilaria* spp.), one case of a legume (*Guibourtia tessmannii*) and one case of orchids (*Dendrobium nobile*) (Fig. 15).

**FIGURE 15**

The number of cases and total estimated value of various species of protected timber and non-timber wild plants.



The purpose of trafficking *Pterocarpus* and *Dalbergia* spp. is to meet the demand for rosewood furniture or carvings. Market prices for rosewood, such as *Pterocarpus santalinu*, *Dalbergia louvelii*, and *D. cochinchinensis*, was high, and legal supplies were limited. The judgements of trafficking cases involving these species were made before 2019. The market demand for *P. erinaceus* which

was listed in CITES Appendix II in 2017 has increased in China<sup>60</sup>. In November 2018, China CITES Management Authority suspended the commercial trade of *P. erinaceus* originated from Nigeria<sup>61</sup>. Accordingly, judgements of cases involving the trafficking of *P. erinaceus* began to appear after 2019. For the protection level of commonly trafficked timber species, please see Box 7.

**BOX 7**

**PROTECTION LEVEL OF COMMONLY TRAFFICKED TIMBER SPECIES**

All species of the genus *Dalbergia*: CITES Appendix (except species listed in Appendix I)  
*Pterocarpus erinaceus*: CITES Appendix II  
*P. santalinus*: CITES Appendix II

## 4.4 ANALYSIS OF PAYMENT AND TRANSFER METHODS OF ILLICIT FUNDS IN TRAFFICKING CASES

The following analysis focuses on transnational and domestic payment methods, and domestic transfer methods used in the trafficking of protected wild animals and their products. Sections 4.4.1 to 4.4.4 describe

the transaction methods used in wild animal trafficking cases. Transaction method in the trafficking of protected timber, non-timber wild plants, and their products is discussed in section 4.4.5.

### 4.4.1 PAYMENT AND TRANSACTION METHODS USED IN TRAFFICKING CASES ACROSS UNREGULATED/ UNMANNED BORDER CROSSINGS

Since there were few cases of fund payments and transfers explicitly mentioned in the court judgements documents, the methods listed and analysed below were individual examples that were not necessarily representative of universal trends and typologies.

back to China to the purchaser. The hired person becomes a “broker” and/or “mule”, but besides making the purchase and transporting the goods, she/he undertakes a cross-border cash transfer which avoids leaving any trace of international fund transfer within a formal banking or money value transfer system.

- i. **Purchases abroad and paid in cash.** In trafficking cases at the border areas in Guangxi and Yunnan provinces, border residents can freely travel to the free trade zones or other areas of the neighbouring countries to make purchases in Chinese Yuan and carry the items back to China in person. Smuggled items might be stored at home and sold opportunistically. In these cases, the smuggled items tend to be low value, and are mainly for personal use and local sales. The defendants involved in these cases typically committed the crimes alone, using personal funds for payment in the neighbouring country. The smuggled animals and related products were mainly used and consumed locally, and without further onward transport across regions or provinces, suggesting the offenders were mostly end consumers.
- ii. **Hiring a ‘mule’ to conduct trafficking and transaction.** For trafficking cases in Guangxi, Yunnan and other border areas, the purchaser in China contacts an overseas accomplice to make a purchase on their behalf. Once the deal is made, another party is hired by the purchaser to go abroad to pick up the goods, pay in cash, and smuggle the purchased items

- iii. **Overseas purchases paid through a third-party payment platform.** In trafficking cases at border areas such as Guangxi and Yunnan, the purchaser in China enlists an overseas accomplice to deliver the items across the border, but makes payment through formal banking or money value transfer systems to the accomplice’s Chinese bank account, or registered WeChat, Alipay, etc. Hence only the item purchased crosses national borders, while funds were transferred domestically. The overseas accomplices often include both non-Chinese nationals and Chinese nationals engaged in illegal activities abroad.
- iv. **Payment for domestic transportation.** The vast majority of smuggled protected wild animals and related products make use of unregulated/unmanned border crossings to transport the goods into China. Domestic transport was conducted in two steps: goods were shipped from the border areas to transit nodes (cities at the county level) by courier or logistics companies, and then shipped from these transit cities to the final consumption market. In the process of domestic



transportation, in order to evade legal responsibility, the perpetrators would usually entrust others to transport and deliver the items. The transport cost ranges from a few hundred to several thousand CNY, depending on the scale and quantity of the smuggled goods. The payment is made either in cash, through an ATM card (where the receiver was told to withdraw the money themselves), or through a bank account transfer.

- v. **Other acts of money laundering in trafficking cases at unregulated/unmanned border crossings.** In addition to the traffickers of wildlife trafficking, there may be others who enable and are

equally culpable of the crime. Taking trafficking at airports as an example, airport staff have been found to abuse their positions through the use of employee channels to smuggle items, bypassing inspection and evading Customs supervision. In this type of trafficking, the airport staff receive a commission for ensuring the safe passage of the illicit commodity through airport controls and do not actually participate in the transfer of illicit funds nor the purchase or carriage of the product. Unfortunately, how the facilitators get paid was not recorded in the judgements.

#### 4.4.2 PAYMENT AND TRANSFER OF FUNDS IN TRAFFICKING WILD ANIMALS AND THEIR PRODUCTS THROUGH PASSENGER LUGGAGE, PERSONAL BELONGING AND ON-BODY CONCEALED CARRY

- i. **Purchase and transport by individual smugglers.** In such cases, both the purchase of the items abroad and the trafficking of the items to China were done by the same person. These smugglers tend to be overseas migrant workers and outbound tourists visiting family or for other purposes. The purchase was mostly paid in the local currency of the country where the purchase was made. Funds were typically sourced from wages earned locally (in the foreign country) or carried out from China as cash. The transaction or payment generally does not involve international electronic payments. The purpose of their purchase and subsequent trafficking was mostly for giving gifts

to relatives and friends or as personal souvenirs, and few were intended for onward sales.

- ii. **Hiring a trafficking mule.** Individuals hired to pick up the items and smuggle them across borders may not be aware of the items' value nor the total amount of funds being transferred, nor its subsequent sales potential. Professional traffickers hired for multiple trafficking jobs with larger quantities of illicit goods involved would tend to have funds paid by bank transfer. The court judgements only indicate the transactions into China, not how illicit goods were paid for abroad, nor how funds were laundered after domestic sales.

#### 4.4.3 PAYMENT AND TRANSFER OF FUNDS IN TRAFFICKING WILD ANIMAL AND THEIR PRODUCTS THROUGH POSTAL AND COURIER CHANNELS

Trafficking via postal and courier channels occurred most frequently from Japan (16 cases, accounting for 40.0%), followed by European countries such as the United Kingdom (four cases, 10.0%) and Italy (four cases, 10.0%). Items seized were mainly smaller objects, such as elephant ivory pieces or products of animal teeth. Reptiles, such as lizards and Ball Pythons, were also smuggled into the country by mail.

- i. **Purchase on overseas websites and deliver to China by post or courier.** Court judgements suggest purchases were made via websites such as Rigouwang.com and ebay.com, with payment made with the prepaid balance in the user's account on the website, and credit card. With the rapid development in global mobile payment methods, websites increasingly support bank card transfer, WeChat pay and other mobile payment providers and payment in Chinese Yuan.

- ii. **Smuggled antiques purchased overseas with cash were subsequently resold in physical antique markets or online platforms.** Individual cases reveal a pattern of trade in wildlife antiques, with the purchase of protected wild animal products abroad at antique shops, and flea markets, through the help of overseas relatives, friends, or other personnel. These purchases were made in cash and mailed to China through the help of a handler that facilitates the delivery of the items across borders. The items are then resold by an antiques seller in China's antique markets, and second-hand goods websites. Some of the proceeds of the sale are paid to the

foreign exchange business personnel's domestic accounts, who then pays the initial purchaser overseas via WeChat Pay or bank account transfer.

- iii. **Domestic payment for overseas purchases.** Some overseas sellers have bank accounts in China, and in some cases, the defendants were able to pay for the smuggled items using the designated bank accounts of the sellers through bank transfer. It was not mentioned in the judgement documents whether a corresponding investigation on accounts receiving the payment was carried out.

#### 4.4.4 PAYMENT AND TRANSFER OF FUNDS THROUGH CONTAINER CHANNELS

Trafficking via containerised freight typically involves large quantities of items. For example, in seven cases of trafficking protected animal products through freight, the total value ranged from CNY1.46 million to CNY217 million (~USD213,674 to USD31.7 million). It was likely known to the defendant that they would probably face severe punishment if the shipment was intercepted. Therefore, considerable efforts typically go into concealing funds transfer, compared to the previous three trafficking methods. Such large-scale consignments carry the risk of involvement by organised crime groups, and charges for money laundering are often included in penalties associated with this type of crime.

- i. **Use of relatives and friends' accounts to pay or receive funds.** In a large-scale trafficking case in which pangolin scales were concealed in a shipping container carrying large granite slabs (see Box 8), funds for the illicit transactions changed hands a number of times. The defendant Liang had transferred money to another defendant Liu through a friend surnamed Yang, and to Han through defendant Liang's wife. The defendant Liu also transferred money to Han several times. In the end, the money was remitted abroad from Han's bank account. Liu's wife provided bank accounts or assisted the defendant in the funds transfer, but insisted during the trial that she did not know the purpose of the transfer.

##### BOX 8

#### THE LARGEST PANGOLIN SCALE TRAFFICKING CASE IN 2018

On 11 July 2018, Guangzhou Customs officials encountered a weight and cargo load that was incompatible with its import declaration. After inspection, it was found that a large number of pangolin scales packed in woven bags were hidden under granite slabs, totaling 2.26 tons of the seized items. After this discovery, two more shipments of pangolin scales were intercepted at the Guangzhou wharf using the same method. A total of 7.26 tons of pangolin scale pieces were seized in total, with a

combined value of more than CNY 74 million. After investigation, the defendants Liu and Liang confided about the huge profits in trafficking pangolin scales from Nigeria. Liu, Liang and others were each responsible for different aspects of the trafficking process. Liang arranged the remittance of the purchase and payment of pangolin scales in Africa, while Liu handled the domestic Customs declaration, Customs clearance and other import matters.

ii. **Using multiple small transfers to evade detection: a well-known money laundering technique called “smurfing”.** This technique was used in an ivory trafficking case, where three defendants purchased ivory directly from traffickers several times. During the initial purchase, two accounts were used to transfer CNY2.86 million (~USD425,750), done in ten installments. For the second time, four

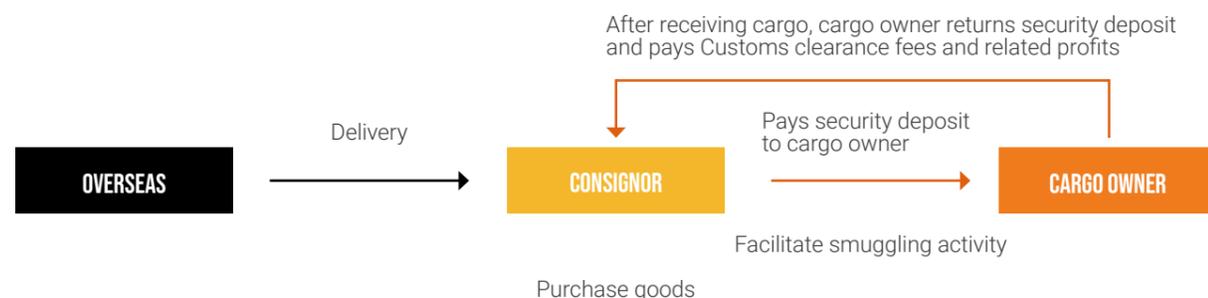
accounts were used, transferring CNY 3.25 million (~USD483,807) in 11 installments. In the third and final payment transfer, CNY3.22 million (~USD479,341) was paid in 12 installments using five accounts. Similarly, in the previously described pangolin scale trafficking case, defendant Liu had transferred small amounts to other accomplices through WeChat or bank accounts in several installments.

#### 4.4.5 METHODS OF PAYMENT AND FUNDS TRANSFER FOR THE TRAFFICKING OF PROTECTED TIMBER, NON-TIMBER WILD PLANTS, AND THEIR PRODUCTS

i. **Due to the high value and weight of protected timber, there was a cost premium in trafficking such items to de-risk the consignor.** When the consignor hands over the goods to the customs clearance personnel for smuggling, the consignor pays a sum of money as a security deposit to the

cargo owner who then helped to facilitate Customs clearance. After the goods were successfully trafficked into the country, the consignor would then return the deposit collected by the cargo owner, and receive the necessary customs clearance fees and related illicit rewards. (Fig.16 and Box 9)

FIGURE 16  
Flowchart of the premiums applied in protected timber trafficking.



##### BOX 9

#### RED SANDALWOOD *PTEROCARPUS SANTALINUS* TIMBER TRAFFICKING CASE

In June 2018, defendants Zheng and Chen conspired to smuggle red sandalwood. Knowing that the import of red sandalwood was prohibited without obtaining a CITES Import Permit, the defendants worked to purchase, transport, and conceal the items across border checkpoints. After receiving the bill of lading, the goods were handed over to defendant Chen, who provides a Customs facilitation service, to falsely declare the items for import into the country. Once it was cleared off the border, defendant Zheng sold the smuggled timber to buyers around the country. During this period, Chen and others transferred

a security deposit to Zheng’s personal account. After the red sandalwood was successfully imported into the country, defendant Zheng returned the security deposit and paid Chen a high Customs clearance fee and related profits. Forensic identification revealed 8.34 tons and 16.2 tons of timber were smuggled and subsequently seized, worth CNY14.724 million. (“First Instance Criminal Judgement of Zheng Mingyi Smuggling Goods and Articles Prohibited from Import and Export by the State”)

ii. **The freight cost of trafficking through unregulated/unmanned border crossing was lower than that of other freight channels.** In these cases, the fees charged by smugglers as the cost of facilitating illegal shipment were between CNY 500 and 2,000 per trip (~USD73.20 to USD292.70) for trafficking across unregulated/unmanned border. In other freight channels, where logistics clearance procedures were required, including paperwork and certification, the freight cost was charged by the ton, and could reach more than CNY10,000/ton (~USD1,463.50). In a trafficking case of Violet Rosewood *Dalbergia louvelii*, defendant Wang confessed that the accomplice Zeng had asked for a Customs clearance fee of CNY15,000 per ton (USD2,195) for transporting goods to Tianjin.

iii. **In domestic sales of smuggled items by a corporate offender, the chain of evidence available was similar and relatively complete.** In the 35 judgements involving

smuggled protected timber, non-timber wild plants and their products, there were four cases committed by a company. Smuggled rosewood, for example, would be imported and/or sold in the company’s name, with a paper trail that implicates the company through sales contracts, transfer records and invoices. In a Barwood *Pterocarpus erinaceus* timber trafficking case, the defendant Shu was investigated as the direct person in charge of an import company that carried out the trafficking. He in turn had directed the company’s staff to arrange the trafficking activities. The evidence mentioned in the court judgement includes “timber purchase contracts, bank transaction vouchers, acceptance bills, invoices, etc. to prove the specific circumstances of a company’s sales of the commodities involved.” (“Criminal Judgement of First Instance for Smuggling Goods and Articles Prohibited by the State from Import and Export by Shu Xinbin, a Shandong Import and Export Co., Ltd.”)



An illegal shipment of Red Sandalwood *Pterocarpus santalinus*, found in a shipping container



中国·执法查没象牙  
Destruction of Confiscated Ivory

主办：国家林业局  
Hosts: State Forestry Administration of  
the People's Republic of China

2017年5月27日  
中国执法查没象牙销毁活动

# 5. DISCUSSION

*Destruction of Ivory items in China*

# 5.1 CURRENT AND FUTURE TRENDS IN THE NUMBER OF PROTECTED WILDLIFE TRAFFICKING CASES

## 5.1.1 CURRENT TRENDS IN THE NUMBER OF PROTECTED WILDLIFE TRAFFICKING CASES

From 2017 to 2021 the number of convictions for trafficking protected animals and related products initially increased and then declined again, peaking around 2019. A potential contributing reason for the initial increase in interceptions was the launch of the General Administration of Customs' special anti-smuggling operations, starting with the "National Shield"<sup>62</sup> in 2012, to the joint anti-smuggling operation in 2013<sup>63</sup>, the "Five Battles"<sup>64</sup> in 2015, and "The National Sword"<sup>65</sup> during 2016 to 2021. The trafficking of wildlife species and related products has always been a key focus of these operations. The ability of the special task force to investigate and handle trafficking cases of protected wildlife has improved continuously over the years. Regulatory changes to strengthen protection for endangered species have led to increases in seizures of protected species and convictions between 2017 and 2019. These

include the NFGA's temporary ban on the import of elephant ivory from 20 March 2016. Additionally, all pangolin species were included in CITES Appendix I by the end of 2016. The outbreak of COVID-19 also contributed massively to reduced travel and shipping from 2020, removing the ability for traffickers to conceal their shipments amongst legitimate freight or passenger movements, as well as disrupting illicit markets from operating. Moreover, since the outbreak of COVID-19, the Chinese government has ordered a crackdown on illegal wildlife trade<sup>66</sup>, which has led to an increase in law enforcement efforts to combat wildlife trafficking in commodities such as ivory, pangolin scales, and rosewood<sup>67</sup>, as well as curbing illegal domestic markets for these products. This also had the consequence of extensions or suspensions of case trials, resulting in a decrease in court judgements.

### trafficking peaked in 2019

within the period 2017 - 2021

## 5.1.2 FUTURE TRENDS IN THE NUMBER OF PROTECTED WILDLIFE TRAFFICKING CASES

Although the global COVID-19 pandemic was still severe in 2022, many countries have re-opened their borders and removed entry quarantine requirements. China also announced the cancellation of its entry quarantine policy on 8 January 2023<sup>68</sup>. It is likely that international travel and freight will gradually return to normal in the near future, which could mean a corresponding rise in the number of trafficking cases through passenger luggage/on-body concealed carry and freight transport, potentially returning to pre-COVID levels. However, it remains to be seen whether the number of convictions for trafficking protected wild animals and related

products will return to corresponding levels, due to the recent judicial explanation issued by the Supreme People's Court and the Supreme People's Procuratorate on 7 April 2022. The "Interpretation on Several Issues Concerning the Application of Law in Handling Criminal Cases of Destroying Wildlife Resources"<sup>69</sup> (hereinafter referred to as 2022 Judicial Explanation) outlined boundaries on criminal offenses as related to wildlife trafficking, and will likely have some potential significant impacts, both positive and negative, on judicial practices for such cases (see Excerpt Box 10).

### BOX 10

#### SUPREME PEOPLE'S COURT AND SUPREME PEOPLE'S PROCURATORATE INTERPRETATIONS ON SEVERAL ISSUES CONCERNING THE APPLICATION OF LAW IN HANDLING CRIMINAL CASES OF DESTRUCTION OF WILDLIFE RESOURCES LE [2022] NO. 12

##### (Excerpt)

Article 1: Any of the following circumstances should be recognised as the trafficking of protected animals and their products whose import and export are prohibited by China as stated in Paragraph II, Article CLI of the Criminal Law of the People's Republic of China:

- I. Unapproved import and export of wild animals and their products listed in Appendix I and Appendix II to the Convention on International Trade in Endangered Species of Wild Fauna and Flora announced by the national administration for import and export of endangered species;
- II. Unapproved export of wild animals and their products included in the List of Endangered and Protected Species of China.

Article 2: Those who smuggle protected animals and their products whose import and export are prohibited by China and whose value amounts to more than CNY200,000 CNY and less than CNY2 million shall be sentenced to fixed-term imprisonment of not less than five years but not more than ten years for the crime of trafficking protected animals and protected animal products, and fined as per Paragraph II, Article 151 of the Criminal Law; such trafficking of a value of more than CNY2 million should be recognised as "particularly serious offence", and the corresponding criminals shall be sentenced to fixed-term imprisonment of more than ten years or life imprisonment, and confiscation of property; such trafficking of a value of more than CNY20,000 and less than CNY 200,000 should be recognised as a "minor offence", and the corresponding criminals should be sentenced to fixed-term imprisonment of fewer than five years and fined.

Those who commit the conduct provided for in the preceding paragraph in any of the following

circumstances shall be given a heavier punishment:

- I. Ringleaders of criminal groups;
- II. Special means of transport used to evade supervision;
- III. Received administrative punishment for destroying wildlife resources less than two ago.

The following shall apply to those who commit the acts specified in Paragraph I, who do not behave as stated in Paragraph II, whose conducts cause no death of animals and no irrecoverability of animals and their products, who return all illegal gains (articles and money) (the original owner returns or compensates for illegally obtained property, etc.), and who exhibit a sign of contrition:

- I. Where the value of protected animals and their products exceeds CNY2 million, the offender may be sentenced to fixed-term imprisonment of not less than five years and less than ten years, and fined;
- II. Where the value of protected animals and their products is more than CNY200,000 and less than CNY2 million, the offender may be sentenced to fixed-term imprisonment of fewer than five years, and fined, since the offence can be deemed to be minor;
- III. The trafficking of protected animals and their products whose value is more than CNY20,000 and less than CNY200,000 can be recognised as minor circumstances of the crime, and the offender can be exempted from prosecution or criminal punishment; where the circumstances are significantly minor and the harm is not great, they will not be treated as crimes.

Article 12: Where the conduct provided for in the Interpretations is committed twice or more constitutes a crime and should be prosecuted in accordance with law, or where the conduct provided for in the Interpretations is not dealt

with within two years, the cumulative quantities and value shall be calculated.

Article 13: When determining whether relevant acts specified in the Interpretations constitute a crime and determining the degree of penalty, consideration shall be given to: Whether the animals involved are artificially bred; the degree of endangerment of the species; the survival status in the wild; the details of artificial breeding; whether they are included in the List of Wild Animals under National Key Protection in Artificial Breeding; the means of conduct; the extent of damage to wildlife resources; and the awareness of wildlife and their products, to make comprehensive assessment of social harm, accurately determine whether a crime has been committed, make appropriate discretion of penalty, and ensure the crime-responsibility-punishment suitability; where conviction and sentencing are obviously excessive in accordance with the provisions of the interpretations, appropriate handling may be performed in accordance with law based on

the facts, circumstances, and degree of social harm of the case.

Where the animals involved are artificially bred, the cases involved should normally not be treated as crimes in any of the following circumstances; where criminal responsibility needs to be investigated, leniency shall be applied according to law:

- I. The animals are included in the List of Wild Animals under National Key Protection in Artificial Breeding;
- II. The artificial breeding technology has matured into a scale, and the animals are sold and purchased and transported as pets.

Article 14: The perpetrators who perform relevant acts specified in the Interpretations and are exempted from prosecution or criminal punishment and shall be given administrative penalties, government penalties or other penalties according to law shall be transferred to the competent authorities according to law.

Compared with the 2014 judicial explanation of trafficking criminal cases, which adopted both quantity and value as sentencing standards, the 2022 judicial explanation cancels the quantity standard and only uses the value as the standard for conviction and sentencing. This explanation avoids the harsh situation of being "criminally penalised due to trafficking of one protected wild animal".

The 2022 judicial explanation also has standards for lighter sentences for first-time unintentional offenders who meet the conditions of Article 2, paragraph 3. If the estimated value of smuggled protected wild animals and their products is less than CNY20,000 (~USD2,927), it will no longer constitute a crime of trafficking; if the value of smuggled protected wild animals and their products is more than CNY20,000 but less than CNY200,000 (~USD29,270.40), it can be deemed as a relatively minor crime, with no prosecution and/or exemptions to criminal punishments (Table 9). If the terms of this Judicial Explanation were to be applied to this dataset of cases, the outcomes would be as

follows:

- According to the above criteria for a lighter sentence, there were 33 judgement cases where the value of smuggled items was less than CNY20,000 and involved 40 defendants. Most of these cases (90%) involved unregulated/unmanned border crossings from Myanmar and Viet Nam, or the use of passenger luggage/on-body concealed carry. 14 out of 40 defendants were sentenced to probation, and the rest were given fixed-term imprisonments.
- A total of 128 cases had smuggled items that were valued between CNY20,000 and CNY200,000, involving 155 defendants. Most of the trafficking (61.9%) occurred with the use of passenger luggage/on-body concealed carry.

Cases of smuggled items within this monetary value may no longer constitute a crime of smuggling, according to the 2022 judicial explanation, nor shall they be prosecuted, and shall be exempted from criminal punishment.

most smuggling occurred **concealed on person or in luggage**

TABLE 9

Penalties according to original (2014) and new (2022) classification of crime severity, by value of smuggled items.

CASE VALUE (IN CNY)	<20K	20K-100K	100K-200K	200K-1MILLION	1-2 MILLION	>2MILLION
No. of cases and/or defendants	33 cases 40 defendants	128 cases 155 defendants		12 defendants	19 defendants	N/A
Original Classification of Severity (2014)	Obvious minor offence	Minor offence	Relatively minor offence	Serious offence	Particularly serious offence	
Penalties set under original classification	No criminal sanctions	No criminal sanction	<5 years imprisonment	5-10 years imprisonment	>10 or life imprisonment	>10 or life imprisonment
Actual penalties charged under original classification	14 received probation; 26 given fixed-term imprisonments	<5 years imprisonment		5-10 years imprisonment	>10 years imprisonment	N/A
New Classification of Severity (2022)	Obvious minor offence	Relatively minor offence		Serious offence		Particularly serious offence
Penalties under new classification for meeting lighter sentencing criteria	No criminal sanctions	No criminal sanctions		<5 years imprisonment		5-10 years imprisonment
Penalties under new classification for not meeting lighter sentencing criteria	No criminal sanctions	<5 years imprisonment		5-10 years imprisonment		>10 or life imprisonment

This novel instrument could lead to a reduction in the number of cases put forward to trial in future and would likely reduce the time and manpower spent by the anti-smuggling department on minor cases and accumulated case backlog. It can also avoid the situation of excessive punishment for smugglers of illegal wildlife products for personal consumption. Moreover, the anti-smuggling department could devote time and manpower to more serious cases, ones more likely to have organised criminal networks involvement. A financial approach to the investigation of these serious cases could be more rewarding if the structure and members of criminal networks can be uncovered by tracking the flow of illicit funds in wildlife trafficking cases. The AML provisions could also be applied in these serious cases to maximise the punishments on applicable offences involving wildlife trafficking and laundering of illicit proceeds. Those arrested for trafficking illegal wildlife, but do not meet the threshold for prosecution and criminal punishment shall still be issued with

administrative penalties, rather than allowed to commit the crime without recourse.

The sentencing threshold for fixed-term imprisonment of more than 10 years has been raised from CNY1 million to CNY2 million (~USD146,352 to USD 292,704), which is likely to reduce the number of defendants receiving such sentences in future. Of the judgements examined, there were 20 cases (and 31 defendants) where the value of the smuggled items was between CNY1-2 million, and mainly smuggled using passenger luggage/on-body concealed carry at airports and land ports. Of these, 19 defendants (out of 31) were sentenced to more than 10 years of imprisonment (Table 9). If the 2022 judicial explanation were applied, the 19 defendants would only receive statutory sentences between 5 and 10 years. If the conditions in the third paragraph of Article 2 of the 2022 judicial interpretation are met, the criminal justice handling of these defendants can be further relaxed.

The preliminary analysis of the 2022 judicial explanation suggests operational costs and burdens for law enforcement and judicial departments may be reduced. However, it should be noted that the above analysis was only based on the value threshold. Whether the defendants meet all the conditions for a lighter sentence in the 2022 judicial explanation, and an overall reduction in the number of sentences over 10 years, remains to be seen and would likely be considered on a case-by-case basis. The judicial explanation could drive a change in trafficking modes toward lower-value trafficking as criminal groups maneuver their operations to sit within non-criminal offence boundaries, although whether these trends eventuate will require further in-depth analysis.

Furthermore, the 2022 judicial explanation states that cases involving wildlife bred and raised in captivity, and ones from the wild, should be treated differently. Where a species is included in the "List of National Protected Wild Animals in Captive Breeding", have sufficient technology to allow for captive breeding and has been traded as pets on a large scale, such cases involving the species would not be treated as a crime or would otherwise be treated leniently for

a criminal offence. The current protected wild animal list for captive breeding includes 39 species of terrestrial<sup>70</sup> and aquatic<sup>71,72,73</sup> wild animals, of which 22 were CITES-listed species. They include common exotic pets such as parrots, lizards, geckos, freshwater turtles, and tortoises. Trends in illegal wildlife trade indicate that even if captive breeding capability allows breeding at large scales, capture from wild populations was still occurring in the illicit trade<sup>74</sup>. At present, there are no forensic measures that can easily and accurately distinguish between wild and captive-bred individuals. The 2022 judicial explanation also shifts the burden of proof to the law enforcement department and the Procuratorate. If the department cannot prove that the animals in question were wild-sourced during the investigation phase to form a complete chain of evidence, the case is unlikely to lead to prosecution. This could drive a decline in prosecution rates for cases involving wild animals on the captive breeding list in future, and potentially provide a legal loophole for criminal actors to exploit. Such illicit activity could threaten legitimate actors within the wildlife trade sector and cause detrimental impacts on the economy.

the 2022 judicial explanation may result in a shift towards **lower-value trafficking operations**

## 5.2 THE FOCUS FOR FUTURE CAPACITY BUILDING FOR LAW ENFORCEMENT ON DETECTING WILDLIFE TRAFFICKING

Guangdong Province, Guangxi Zhuang Autonomous Region, Yunnan Province, Beijing, and Shanghai were the provinces and regions known to have the highest incidence of trafficking wildlife commodities. Among them, hotspots for unregulated/unmanned border crossings were in Guangxi and Yunnan provinces, adjacent to Viet Nam and Myanmar. Major airports where protected wildlife was most frequently intercepted were found at Beijing (Beijing Capital International Airport), Shanghai (Shanghai Pudong International Airport) and Guangdong Province (Guangzhou Baiyun International Airport). The land border entries and airport at Shenzhen had intercepted wildlife contraband by seizing passenger luggage/on-body concealed carry at the airport, unregulated/unmanned border crossings, as well as through courier channels. Based on these results, future law enforcement capacity building should focus on the training of Customs personnel, postal Customs and border guards in the provinces and regions with the highest incidence rate of trafficking wildlife, strengthening the ability to identify concealment measures, border region, and postal channels and improving the means of detection and arrest. However, it must be remembered that relative interception rates may correlate with enforcement effort and capacity. In turn, lower incidents may be due to low law enforcement capabilities and awareness, resulting in less effective interceptions and investigations of suspect cases. Analysis of flight data examining the intersection of international flight routes and localities of trafficking hotspots could help identify potential shifts and movements of trafficking routes in future. Law enforcement could make use of such insights to focus training on customs and other border officers in predicted emerging hotspot locations.

The report findings suggest the most trafficked items were ivory and pangolin (live and scales), accounting for 58.7% of all trafficking cases of protected animals. Other items smuggled

into China include rhino horns, tortoises, sea turtles (Hawksbill Turtles) and related products, red coral, giant clams, whale ivory, tiger teeth, live primates (loris and various species of macaques), as well as Saiga Antelope horn and Mongolian Gazelle horn, dried seahorses, dried gecko, and Totoaba bladders.

Key methods to detect protected wild animals and related products concealed on passenger body or in their luggage, postal parcels, and containers rely on non-invasive detection measures, including intelligence-led operations, risk management, machine scanning, and endangered species detection dogs. Upon discovering suspicious items, frontline law enforcement officers will conduct a manual inspection. This suggests front-line enforcement officers should have the ability to safely identify a range of protected animals and related products. Training programs should therefore impart technical skills and knowledge to identify protected species, and to develop tools and materials to support these, for front-line enforcement officers.

The development of the Artificial Intelligence Image Inspection System by China Customs in 2019 should assist considerably in illegal wildlife detection<sup>75</sup>. The AI image inspection system applied in seaports, airports, and land border inspection checkpoints, with a 98% accuracy in detecting ivory hidden in passenger luggage, was jointly developed by China Customs, Tsinghua University and Nuctech<sup>76</sup>. Further research and development on intelligent systems to identify other protected wildlife and related products should be given priority, especially in identifying the most smuggled species. Such tools would be indispensable at major trafficking hotspots across the country, where existing tools such as detection dogs and manual inspection by frontline personnel are limited, challenging or impossible to implement, given the scale of all luggage and freight.

**Guangxi and Yunnan**, adjacent to Viet Nam and Myanmar, were hotspots for unregulated border crossings

**ivory and pangolin** accounted for 58.7% of all protected animal trafficking cases



A detection dog inspects suitcases at an airport in China

## 5.3 THE MAIN FOCUS FOR FUTURE CAPACITY BUILDING FOR LAW ENFORCEMENT ON FINANCIAL INVESTIGATION OF WILDLIFE TRAFFICKING CASES

The analysis of transaction and payment methods used shows that cash payments were typical of smuggling with unregulated/unmanned ports, passenger luggage and postal channels. Similarly, transfer payments (including bank transfer, Alipay, WeChat and credit card) were also used in trafficking cases using these channels, as well as in cases that involve freight transport (container). Compared with cash payments, which were often difficult to trace, transfer payments via banks and financial institutions leave a trail of evidence, such as transfer records, purchase contracts, bank transaction vouchers, acceptance bills, and invoices, as well as electronic communications between accomplices to arrange or acknowledge the transactions. Unfortunately, in most wildlife trafficking cases, there is a lack of investigation into the financial flows, intermediaries, and potential suspects in the money laundering crimes both upstream and downstream from the accused. It is likely that the value chain could uncover additional illicit trade and corrupt payments. A lack of

financial investigation capacity may be a key contributing factor, as Customs anti-smuggling personnel do not receive sufficient training in financial investigation or anti-money laundering prosecution techniques and technologies.

The analysis of court sentencing and associated financial penalties shows that only a limited number of wildlife trafficking cases resulted in the confiscation of criminal proceeds, which is most likely due to a lack of financial investigation of the case. Without financial investigation capacity, Customs anti-smuggling personnel are unlikely to identify and collect evidence on the proceeds of crime during the investigation stage, which would otherwise be used in prosecution and trial. As a result, the confiscation of criminal proceeds would not be possible.

Although China has established the AMLJMC to strengthen cooperation among relevant departments, the progress on AML investigations has been slowed by a lack of

**the value chains** could uncover additional illicit trade and corrupt payments

data sharing mechanism between the public and private sectors, in particular between law enforcement agencies and financial institutions. A joint financial intelligence working group of public-private sector partners is necessary to facilitate information exchange on typologies and red flags spotted in day-to-day work and encourage greater awareness among financial institutions. However, a strict organisational structure and institutional operation mode must be established, with relevant legislation in place

to clarify the statutory duties and obligations of the members of the working group, to formulate standard operating procedures in information/intelligence sharing<sup>77</sup> in the long run. At present, on a global scale, both the United Kingdom (Box 11) and South Africa (Box 12) have established joint financial intelligence working groups to promote information exchange between public and private sectors and anti-money laundering supervision.

**financial intelligence working groups** involving the public and private sectors are necessary to facilitate information exchange

### BOX 11

#### UNITED KINGDOM: JOINT MONEY LAUNDERING INTELLIGENCE TASKFORCE, JMLIT

Established in 2015, JMLIT is a partnership between law enforcement and the financial sector to exchange and analyse information related to money laundering and other economic threats. The working group includes more than 40 financial institutions, financial regulators, Cifas (not-for-profit membership association providing fraud prevention services), National Crime Agency (NCA), HM Revenue and Customs (HMRC), Serious Fraud Office (SFO), London City Police and

Metropolitan Police<sup>78</sup>. There is an expert working group under JMLIT that is responsible for specific types of money laundering such as trade money laundering, terrorist financing, bribery and corruption<sup>79</sup>.

JMLIT is an innovative model of public/private information sharing that has achieved very positive results since its inception in 2015 and is recognised internationally as a model of best practice.

### BOX 12

#### THE SOUTH AFRICAN ANTI-MONEY LAUNDERING INTEGRATED TASK FORCE, SAMLIT

The South African Integrated Anti-Money Laundering Task Force was established in December 2019 as a public-private partnership between banking institutions and regulatory agencies. Its members include banks and the country's treasury, Financial Intelligence

Centre, and Directorate for Priority Crime Investigation. Compared with the working groups in the United Kingdom, the working group in South Africa is unique as it has an IWT Working Group dedicated to combating money laundering related to wildlife crime<sup>80</sup>.

The People's Bank of China (PBC) and the Ministry of Public Security (MPS) aim to address this with the launch of a three-year nationwide campaign against money laundering from January 2022 to December 2024, to promote the implementation of the "one case, double investigations" policy. To facilitate the implementation of the campaign, Customs and relevant law enforcement authorities should immediately include illicit financial flow awareness-raising and anti-money laundering investigation capacity-building in regular training courses. This would help to strengthen the ability of relevant law enforcement officers to carry out financial

investigative techniques in protected wildlife trafficking cases. This training and capacity building for enforcement officers should also focus on developing 'first responder' skills in financial investigation—including the collection of financial evidence at a crime scene (receipts, company information, bank slips, card, or account details)—to support possible prosecution of related money laundering offences. The establishment of joint financial intelligence working groups is highly recommended as well to facilitate information and intelligence sharing between the public and private sectors.

## 5.4 FOCUS ON FUTURE INTERNATIONAL LAW ENFORCEMENT COOPERATION

The analysis of shipment origins indicates that African and Southeast Asian countries were the main last port of export for smuggled species such as ivory, rhino horn, and pangolin. To effectively interrupt illegal wildlife trade, international cooperation between the countries of origin, transit, and destination should be strengthened to dismantle the wildlife trafficking chain. Currently, investigations of illicit funds transfer, among the case judgements examined, are carried out among domestic financial entities, and rarely extend to overseas institutions. This may be due to differing legislation and legal systems that make it difficult or time-consuming to conduct financial investigations or exchange intelligence between countries. However, it hampers the tracking of criminal gangs that

are attempting to obfuscate the flow of funds by transferring them across jurisdictional borders. China's law enforcement agencies should seek to strengthen cooperation with their counterparts in Southeast Asian and African countries, conduct joint investigations, actively exchange logistics and financial information on wildlife trafficking cases, and carry out bilateral/multilateral judicial assistance. The information and intelligence exchange can be achieved by signing bilateral MOUs or agreements with financial intelligence units of other countries<sup>81</sup>, through support from international organisation, e.g. INTERPOL, WCO, and UNODC. Bilateral/multilateral judicial assistance would make it possible for overseas investigations, pursuits, and extraditions to occur.

## 5.5 THE AWARENESS OF JUDICIAL SECTORS IN WILDLIFE TRAFFICKING AS HIGH-PROFIT ACTIVITY

China's Criminal law imposes severe punishments for wild animal and plant trafficking, including fixed-term imprisonment, fines, and even confiscation of property if the circumstances are particularly serious. The court sentencing analysis results show 417 wild animal, timber and non-timber wild plants trafficking defendants were sentenced to fixed-term imprisonment, which is the most common punishment for wildlife trafficking offenders. There are 269 out of 315 cases (85.4%) where a fine was imposed in addition to prison sentences. Seventeen cases (5.4%) included an order for the confiscation of criminal proceeds or property, in addition to a prison sentence. Twenty-nine cases (9.2%) received imprisonment and two types of financial penalties as punishments.

Severe sentences for imprisonment are imposed for wildlife trafficking offences in China, but its high-profit nature has not yielded a commensurate level of financial penalty. The highest recorded case values of wild animal and plant trafficking between 2017 and 2021 are CNY217.59 million and CNY62.98 million, respectively, which indicate that wildlife trafficking is in fact a lucrative activity. The average fine for both wild animal and plant trafficking also increases with the severity of offences, as well as the number of defendants involved in the same case. However, as the severity of offences increase, the ratios of fine penalties to case value tend to decline, meaning that the financial penalties issued for more serious offences (with higher case value) are proportionally less than minor

**financial penalties for serious offences** are proportionally lower than minor offences

offences. In other words, compared with the criminal proceeds that the defendant can obtain through trafficking, the less than commensurate number of fines imposed may not be sufficient to effectively disrupt the operations of criminal syndicates. For cases where the sentencing is an order to confiscate the criminal proceeds or property, the amount being confiscated is generally higher than fines, but the analysis finds that such confiscation orders are only applied to a limited number of cases and defendants.

Since the confiscation of property can only be imposed in particularly serious cases under the Criminal Law, it is reasonable to find a limited number of cases with this type of sentencing. Yet, for sentences that include the recovery of criminal proceeds, which do not have the same limits under Criminal Law, there is still very few cases. This incongruity highlights that judicial consideration of wildlife trafficking crimes is yet to recognise its high-profit nature and penalise at levels that deters others from similar crimes. To recover criminal proceeds in wildlife trafficking cases, a thorough financial

investigation conducted by law enforcement officials is the required first step. When solid evidence of financial investigation conducted by law enforcement showing the financial flow and amount of illicit proceeds presents, judicial authorities should make good use of these evidence to confiscate illicit proceeds from wildlife trafficking cases or increase the fine.

Judicial authorities should be aware of the importance of financial investigation and the consequent benefit of dismantling organised wildlife trafficking networks. Without imposing heavy fines or confiscation of criminal proceeds and assets, the proceeds obtained through illegal activities are still retained even if the convicted person is incarcerated. The trafficker's family members or unapprehended associates would still have access to the proceeds and physical infrastructure of crime to sustain criminal syndicates to undertake further illegal activities. Insufficient penalties does not serve as an effective deterrence for wildlife trafficking unless it is backed by a commensurate scale of financial and other penalties.

## 5.6 THE AWARENESS AND CAPACITY BUILDING OF THE FINANCIAL INDUSTRY TO IDENTIFY ILLEGAL WILDLIFE TRADE NEEDS TO BE STRENGTHENED

The analysis of payment and transfer methods of illicit funds showed that, besides cash, bank account transfer and third-party payment platforms, e.g. WeChat Pay and Alipay, are commonly used to proceed transactions for selling and purchasing wildlife products or paying to trafficking mules. It reveals that financial mechanisms are systematically exploited to carry out illegal wildlife trade. But from another perspective, the traces of transactions left in the formal value transfer system can serve as entry points in the investigation of illegal wildlife trade. The Chinese Government has stated that it attaches great importance to the role of

the financial industry in combating illegal wildlife trade. When China held the FATF Presidency between July 2019 and July 2020, FATF prioritised helping countries to track down funds involved in illegal wildlife trade, identifying and dismantling large criminal networks that profit from wildlife crime. In 2020, the PBC issued the "Notice on Money Laundering Risk Warning and Exploitation Risk Investigation of Illegal Wildlife Trade", requiring the strengthening of monitoring and control of suspicious transactions by financial institutions across the country, based on identified characteristics of money laundering in illegal wildlife trade. Everbright Bank<sup>82</sup>,

branches of the Agricultural Development Bank of China<sup>83</sup>, and branches of the Postal Savings Bank of China<sup>84,85,86,87</sup> actively responded to the risk investigation notice. The Shanghai Headquarters of the PBC, together with the Shanghai Banking and Insurance Regulatory Bureau and the Shanghai Securities Regulatory Bureau, directed financial institutions in Shanghai to produce a series of anti-money laundering campaign materials, including money laundering associated with illegal wildlife trade<sup>88</sup>. Sub-branches of the Bank of China<sup>89,90</sup> and United Overseas Bank<sup>91</sup> actively conducted related campaigns.

While China's financial industry has started to pay attention to money laundering associated with illegal wildlife trade, it still faces many hurdles in its daily management. The research published by the PBC concluded that the illegal wildlife trade typically encompasses a long supply chain, and with trade covering multiple regions domestically and extending overseas<sup>92,93</sup>. Due to the wide variety of ways wildlife products are used, wildlife trade involves a multitude of industries and consumer types. Traders and buyers tend to use social media or mobile apps to communicate, and frequently use online banking, third-party payment systems and other methods for the payment transaction. Money laundering associated with illegal wildlife trade is an emerging issue in the financial industry's anti-money laundering work, therefore the collection of information, such as transaction typologies and characteristics, is still in its infancy. Most of the monitoring models for illegal wildlife trade used by financial institutions are developed by the institutions themselves.

Given the early stages of implementation, these systems will require time, as well as relevant learning and experience by analysts, to yield accurate and effective assessments. With multiple financial and payment institutions often involved in the transfer of illicit proceeds from illegal wildlife trade, the information barrier is considerable and near impossible for a single institution to determine the source and destination of funds, or to identify the financial flows completely.

To assist China's financial industry in raising awareness and capacity to identify suspicious transactions related to illegal wildlife trade, TRAFFIC has developed several toolkits with international partners on the use of AML methodologies in combating illegal wildlife trade. First, in 2020, TRAFFIC partnered with UNODC to conduct a comprehensive analysis of financial data from more than 40 wildlife crime cases worldwide, providing an in-depth understanding of the payment mechanisms used in wildlife crime. Corresponding recommendations were made in the Case Digest for the financial sectors. Subsequently, based on the work of the Case Digest, TRAFFIC supported the UK government in developing an [Illegal Wildlife Trade Financial Toolkit](#), which was officially launched in March 2021 and is available in four languages: Chinese, English, Japanese, and Arabic. In July 2022, TRAFFIC and the Association of Accredited Anti-Money Laundering Specialists (ACAMS) jointly released a free online certificated course in Simplified Chinese called *"Ending Illegal Wildlife Trade: A Comprehensive Overview"*, which introduces in detail the complex criminal methods used to circumvent import and export laws and the counter-measures which financial institutions can implement. Classic cases of ivory, timber, and other wildlife trafficking involving Thailand, Tanzania, and China in recent years were used as illustrative examples. In order to break down the information barriers and improve the effectiveness of financial and third-party payment institutions in monitoring money laundering activities associated with illegal wildlife trade, TRAFFIC once again urges the establishment of a joint financial intelligence working group of public-private sector partners. It is strongly recommended that the People's Bank of China should be included in the Inter-Ministerial Joint Conference on Combating Illegal Wildlife Trade, in addition to its role in sharing insights on the latest developments in illegal wildlife trade and exchange information with China's top anti-money laundering regulatory body.

**several AML toolkits** have been developed by TRAFFIC and partners

## 5.7 RAISE AWARENESS OF ANTI-SMUGGLING AND DEMAND REDUCTION MESSAGING AMONG THE PUBLIC

Our results show that travelers purchasing ivory, pangolin products, and other protected wildlife from abroad and illegally carrying them in luggage or on the travelers' body through Chinese borders make up the biggest proportion of wildlife trafficking (41.7% of all case defendants). This indicates that despite years of campaign messaging to travelers emphasising the risks of illegal wildlife import, attempts to smuggle wildlife into China still persist. The decriminalisation of minor or relatively minor offences related to wildlife trafficking has almost certainly encouraged

people to avoid prosecution by repeatedly trafficking illegal wildlife in small quantities. Clarifying that the courts will judge consecutive offences for wildlife trafficking together and that penalties are calculated based on the cumulative value of all offences, could help to dispel and dissuade attempts to carry out even minor offences. There remains a need for close cooperation between China Customs and relevant organisations to highlight these risks and promote awareness about wildlife conservation in communication campaigns.

# ANNEXES

## ANNEX 1: DETAILED CALCULATION OF THE RATIO OF FINANCIAL PENALTY TO CASE VALUE BASED ON THE SEVERITY OF THE OFFENCE AND THE NUMBER OF DEFENDANTS IN TRAFFICKING CASES INVOLVING PROTECTED WILD ANIMALS AND THEIR PRODUCTS, FROM 2017 TO 2021 IN CHINA

THE SEVERITY OF THE OFFENCE	NUMBER OF DEFENDANTS INVOLVED IN THE JUDGEMENT (NUMBER OF CASES; AVERAGE OF CASE VALUE)	FINE			RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION			FINE + RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION		
		AVERAGE OF CASE VALUE (NUMBER OF CASES)	AVERAGE OF FINE	R	AVERAGE OF CASE VALUE (NUMBER OF CASES)	AVERAGE OF RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION	R	AVERAGE OF CASE VALUE (NUMBER OF CASES)	AVERAGE OF FINE AND RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION	R
Minor offence	1 (78;37,506)	37,158 (n=73)	14,479	0.39	/	/	/	43,436 (n=3)	104,995	2.42
	2 (6; 38,553)	38,264 (n=5)	29,600	0.77	/	/	/	40000 (n=1)	44,000	1.10
	≥3 (2; 40,000)	40,000 (n=2)	19,000	0.48	/	/	/	/	/	/
Relative minor offence	1 (55; 139,247)	140,831 (n=52)	32,555	0.23	120,000 (n=1)	571,068	4.76	/	/	/
	2 (3; 49,027)	49,027 (n=3)	81,667	1.67	/	/	/	/	/	/
	≥3 (3; 131,440)	131,440 (n=3)	34,667	0.26	/	/	/	/	/	/
Serious offence	1 (71; 394,436)	391,354 (n=3)	41,057	0.10	/	/	/	610,168 (n=1 <sup>a</sup> )	300,000	0.49
	2 (15; 476,445)	448,741 (n=15)	198,667	0.44	/	/	/	/	/	/
	≥3 (3; 642,955)	840,891 (n=2)	150,000	0.18	/	/	/	247,085 (n=1 <sup>a</sup> )	300,000	1.21
Particularly serious offence	1 (24; 9,267,907)	5,504,427 (n=12)	143,333	0.03	13,408,257 (n=11)	281,818	0.02	17,525,815 (n=1)	2,000,000	0.11
	2 (12; 19,780,383)	21,463,235 (n=5)	155,200	0.01	20,775,150 (n=4)	1,535,925	0.07	15,649,275 (n=3)	2,595,126	0.17
	≥3 (20; 28,922,321)	5,259,960 (n=6)	233,333	0.04	2,840,000 (n=1)	900,000	0.32	42,927,029 (n=13)	1,289,646	0.03

R= average of financial penalty/average of case value

Note: (a) The fine amount in these two cases was CNY 300,000, but the total amount of recovered criminal proceeds was not specified in the judgment. The actual R values of these two cases could be higher, if the amount of recovered criminal proceeds is included.

# ANNEXES

## ANNEX 2: DETAILED CALCULATION OF THE RATIO OF FINANCIAL PENALTY TO CASE VALUE BASED ON THE SEVERITY OF THE OFFENCE AND THE NUMBER OF DEFENDANTS IN TRAFFICKING CASES INVOLVING PROTECTED TIMBER, NON-TIMBER WILD PLANTS, AND THEIR PRODUCTS, FROM 2017 TO 2021 IN CHINA

THE SEVERITY OF THE OFFENCE	NUMBER OF DEFENDANTS INVOLVED IN THE JUDGEMENT (NUMBER OF CASES; AVERAGE OF CASE VALUE)	FINE			RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION			FINE + RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION		
		AVERAGE OF CASE VALUE (NUMBER OF CASES)	AVERAGE OF FINE	R	AVERAGE OF CASE VALUE (NUMBER OF CASES)	AVERAGE OF RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION	R	AVERAGE OF CASE VALUE (NUMBER OF CASES)	AVERAGE OF FINE AND RECOVERY CRIMINAL PROCEEDS/PROPERTY CONFISCATION	R
General offence	1 (10; 537,348)	537,348 (n=10)	40,800	0.08	/	/	/	/	/	/
	2 (1; 302,560)	/	/	/	/	/	/	302,560 (n=1)	19,700	0.07
	≥3 (3; 696,507)	589,923 (n=2)	660,000	1.12	/	/	/	909,675 (n=1)	418,000	0.46
Serious offence	1 (6; 27,000,477)	32,738,930 (n=4)	202,500	0.01	/	/	/	15,523,572 (n=2)	575,000 <sup>a</sup>	0.04
	2 (6; 2,735,534)	2,098,276 (n=4)	185,000	0.09	/	/	/	4,010,050 (n=2)	1,150,000 <sup>a</sup>	0.29
	≥3 (1; 644,532)	644,532 (n=1) <sup>b</sup>	250,000	0.39	/	/	/	/	/	/

**Notes:**

(a) The total amount of recovered criminal proceeds of one case in this cell was not specified in the judgment. The actual R values could be even higher, if the amount of recovered criminal proceeds is included.

(b) This case involved Thailand Rosewood (*Dalbergia cochinchinensis*) and other commodities. The case value in the table only presents the value of Thailand Rosewood. The total value of all seized commodities and the commodity types were not specified in the verdict. The R value of this case could be even lower if the total case value is applied in calculation.

# ENDNOTES

<sup>1</sup> According to the 2014 Judicial Explanation, the severity of the criminal offense was determined by the quantity or the value being smuggled. Smuggling protected animal products with value of less than CNY100,000 constitutes minor offence, the value between CNY100,000 and CNY200,000 constitutes relatively minor offence. In the 2022 Judicial Explanation, the severity of the criminal offenses is determined by the value only. The 2022 Judicial Explanation waives prosecution or exempt criminal punishment for smuggling protected animal products with value less than CNY200,000.

<sup>2</sup> Some e-commerce websites allow users to make deposits into user's account in advance. Users then would be able to make payment from pre-loaded funds without making real-time transaction from bank account.

<sup>3</sup> CITES. (n.d.). *What is CITES?* Retrieved from: <https://cites.org/eng/disc/what.php>.

<sup>4</sup> World Wildlife Trade Report, an initiative of a global alliance of partners, including the United Nations Environment Programme (UNEP), the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO), the International Union for Conservation of Nature (IUCN), TRAFFIC and the CITES Secretariat. It is a milestone report and contains a wealth of statistical data, covering the pathways, scale and patterns of legal international trade in CITES-listed species, the value, conservation impacts and socio-economic impacts of such trade and the linkages between illegal and legal trade. CITES Secretariat (2022). *World Wildlife Trade Report 2022*. Geneva, Switzerland. Retrieved from: <https://cites.org/sites/default/files/documents/E-CoP19-Inf-24.pdf>.

<sup>5</sup> UNODC (n.d.). *Criminalisation of wildlife trafficking*. <https://www.unodc.org/e4j/en/wildlife-crime/module-3/key-issues/criminalization-of-wildlife-trafficking.html>.

<sup>6</sup> Nellemann, C. (Editor in Chief); Henriksen, R., Kreilhuber, A., Stewart, D., Kotsovou, M., Raxter, P., Mrema, E., and Barrat, S. (Eds). (2016). *The Rise of Environmental Crime – A Growing Threat To Natural Resources Peace, Development And Security*. A UNEP-INTERPOL Rapid Response Assessment.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> TRAFFIC (2020). Initial analysis of the financial flows and payment mechanisms behind wildlife and forest crime.

<sup>10</sup> Nellemann, C. (Editor in Chief); Henriksen, R., Kreilhuber, A., Stewart, D., Kotsovou, M., Raxter, P., Mrema, E., and Barrat, S. (Eds). (2016). *The Rise of Environmental Crime – A Growing Threat To Natural Resources Peace, Development And Security*. A UNEP-INTERPOL Rapid Response Assessment.

<sup>11</sup> UNODC. (2020). *World Wildlife Crime Report 2020*. Vienna: United Nations Office on Drugs and Crime."

<sup>12</sup> UNODC. (2022). *Illegal Wildlife Trade and Climate Change: Joining the dots*. Accessed: [https://www.unodc.org/documents/data-and-analysis/wildlife/illegal\\_wildlife\\_trade\\_and\\_climate\\_change\\_2022.pdf](https://www.unodc.org/documents/data-and-analysis/wildlife/illegal_wildlife_trade_and_climate_change_2022.pdf).

<sup>13</sup> UNODC. (2020). *World Wildlife Crime Report 2020*. Vienna: United Nations Office on Drugs and Crime.

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<sup>15</sup> FATF (2020). *Money Laundering and the Illegal Wildlife Trade*. Retrieved from: <https://www.fatf-gafi.org/media/fatf/documents/Money-laundering-and-illegal-wildlife-trade.pdf>

<sup>16</sup> FATF (2021). *Money Laundering from the Environmental Crime*. Retrieved from: <https://www.fatf-gafi.org/media/fatf/documents/reports/Money-laundering-from-environmental-crime-handout%20-env-crime-authorities.pdf>.

<sup>17</sup> FATF (2020). *Money Laundering and the Illegal Wildlife Trade*. Retrieved from: <https://www.fatf-gafi.org/media/fatf/documents/Money-laundering-and-illegal-wildlife-trade.pdf>.

<sup>18</sup> FATF (2021). *Money Laundering from the Environmental Crime*. Retrieved from: <https://www.fatf-gafi.org/media/fatf/documents/reports/Money-laundering-from-environmental-crime-handout%20-env-crime-authorities.pdf>.

<sup>19</sup> TRAFFIC (2020). *Initial analysis of the financial flows and payment mechanisms behind wildlife and forest crime*.

<sup>20</sup> UN General Assembly Resolution 73/343. Retrieved from: <https://undocs.org/en/A/RES/73/343>.

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**MAY 2024**

WORKING TO ENSURE THAT TRADE  
IN WILD SPECIES IS LEGAL AND  
SUSTAINABLE, FOR THE BENEFIT OF  
THE PLANET AND PEOPLE

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