

# BLOOD e-COMMERCE:



**Rakuten's profits  
from the slaughter of  
elephants and whales**



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### ENVIRONMENTAL INVESTIGATION AGENCY (EIA)

62/63 Upper Street, London N1 0NY, UK  
Tel: +44 (0) 20 7354 7960  
Fax: +44 (0) 20 7354 7961  
email: [ukinfo@eia-international.org](mailto:ukinfo@eia-international.org)

[www.eia-international.org](http://www.eia-international.org)

### EIA US

P.O.Box 53343  
Washington DC 20009 USA  
Tel: +1 202 483 6621  
Fax: +202 986 8626  
email: [usinfo@eia-international.org](mailto:usinfo@eia-international.org)

[www.eia-global.org](http://www.eia-global.org)

### COVER:

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# EXECUTIVE SUMMARY

The Rakuten Group, via its wholly owned Japanese subsidiary Rakuten Ichiba ([www.rakuten.co.jp](http://www.rakuten.co.jp)), is the world's largest online trader in elephant ivory and whale products.

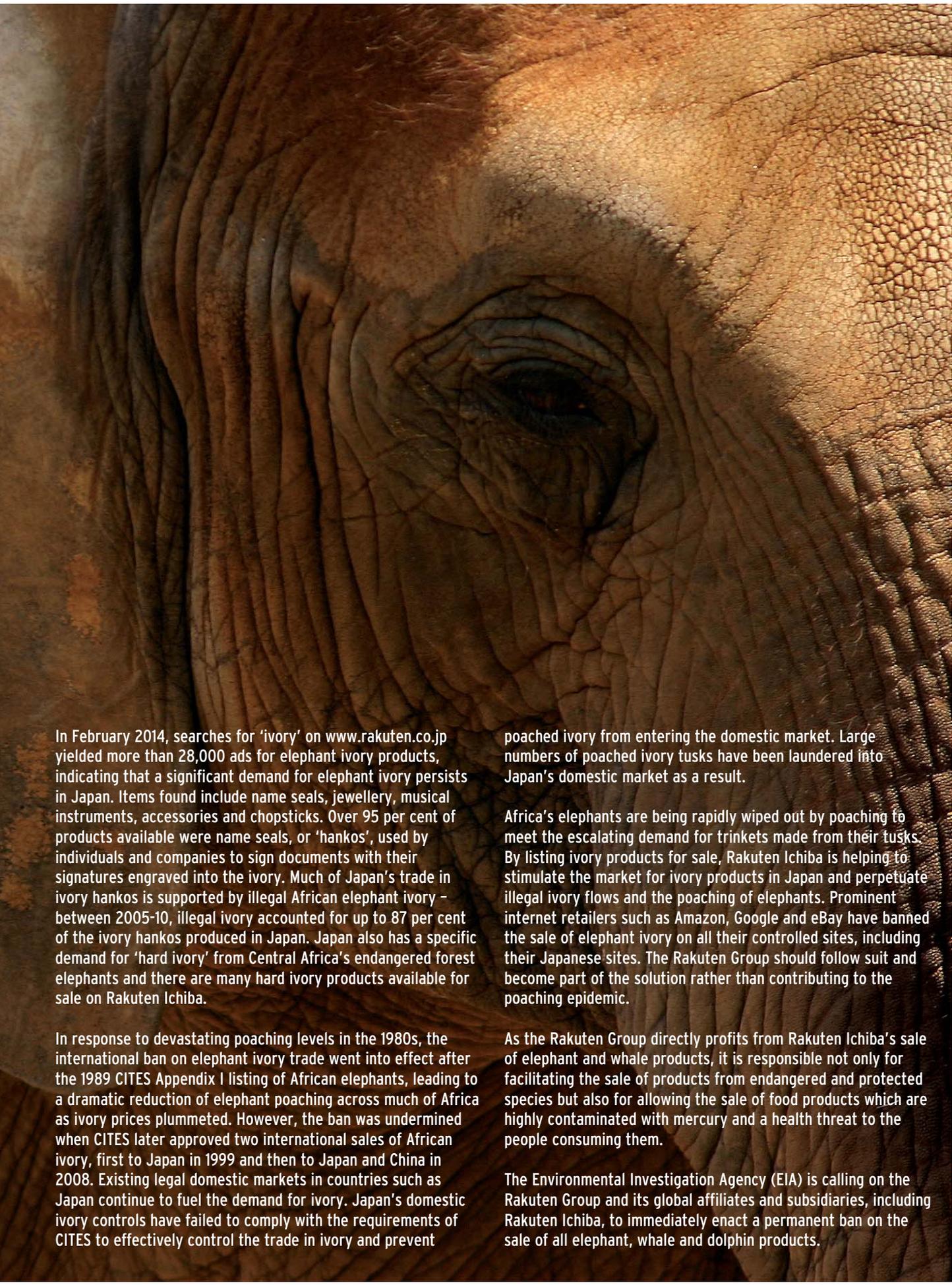
Rakuten Ichiba sells thousands of elephant ivory products, made from the tusks of African elephants that are currently being slaughtered at the rate of up to 50,000 a year in the worst ever poaching crisis. Hundreds of whale products, including endangered fin whale from Iceland and products from the whale and dolphin drive hunts in Taiji featured in the documentary *The Cove*, are also being sold on Rakuten Ichiba. It is the biggest known online retailer of elephant ivory and cetacean products in the world.

The Rakuten Group, through Rakuten Ichiba, is directly responsible for these sales and is therefore directly profiting from the killing of elephants and whales.

In recent years, international condemnation of Japan's whale and dolphin hunts, along with concerns about pollution and food safety, have led Japan's leading supermarket chains – AEON, Ito-Yokado, Seiyu and Uny – to prohibit the sale of whale or dolphin products in thousands of stores. Japan's leading seafood companies Maruha, Kyokuyo and Nippon Suisan have all ended the production of canned whale meat and other frozen whale products. Two major online retailers – Amazon and Google – have followed suit, stopping all sales or advertisements of whale, dolphin and ivory through their Japanese e-commerce sites. Rakuten must do the same.

In June 2013, a search for 'whale meat' on [www.rakuten.co.jp](http://www.rakuten.co.jp) yielded 773 whale products for sale, while the broader term 'whale' generated over 1,200 food products. Many of these originated from baleen whales, namely fin, sei, minke and Bryde's whale, which are all protected species under the moratorium on commercial whaling established by the International Whaling Commission (IWC) since 1986. These species are also afforded the highest level of protection by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which prohibits international trade. Despite this, a number of companies were selling endangered fin whale imported from Iceland. Many products were from toothed cetacean species (known as 'small cetaceans'), namely Baird's beaked whales and pilot whales. A further 14 products were not listed with a species name, contrary to the requirements of Japan's labelling laws.

Some of the whale products sold by Rakuten Ichiba are highly polluted with mercury and pose a significant risk to the health of consumers. Scientists have documented mercury levels more than 1,000 times higher than the Government of Japan's safe advisory level in species caught in Japanese coastal waters. Nine whale products were purchased from Rakuten Ichiba in 2013 and tested for mercury. Eight of these exceeded the Japanese national limit for total mercury concentration of 0.4 parts per million (ppm), with one sample of pilot whale meat having a shocking mercury concentration of 9.5 ppm, more than 20 times higher than the Japanese regulatory limit. The average mercury level of the nine products was 4.2 ppm, more than 10 times higher than the regulatory limit.



In February 2014, searches for 'ivory' on [www.rakuten.co.jp](http://www.rakuten.co.jp) yielded more than 28,000 ads for elephant ivory products, indicating that a significant demand for elephant ivory persists in Japan. Items found include name seals, jewellery, musical instruments, accessories and chopsticks. Over 95 per cent of products available were name seals, or 'hankos', used by individuals and companies to sign documents with their signatures engraved into the ivory. Much of Japan's trade in ivory hankos is supported by illegal African elephant ivory - between 2005-10, illegal ivory accounted for up to 87 per cent of the ivory hankos produced in Japan. Japan also has a specific demand for 'hard ivory' from Central Africa's endangered forest elephants and there are many hard ivory products available for sale on Rakuten Ichiba.

In response to devastating poaching levels in the 1980s, the international ban on elephant ivory trade went into effect after the 1989 CITES Appendix I listing of African elephants, leading to a dramatic reduction of elephant poaching across much of Africa as ivory prices plummeted. However, the ban was undermined when CITES later approved two international sales of African ivory, first to Japan in 1999 and then to Japan and China in 2008. Existing legal domestic markets in countries such as Japan continue to fuel the demand for ivory. Japan's domestic ivory controls have failed to comply with the requirements of CITES to effectively control the trade in ivory and prevent

poached ivory from entering the domestic market. Large numbers of poached ivory tusks have been laundered into Japan's domestic market as a result.

Africa's elephants are being rapidly wiped out by poaching to meet the escalating demand for trinkets made from their tusks. By listing ivory products for sale, Rakuten Ichiba is helping to stimulate the market for ivory products in Japan and perpetuate illegal ivory flows and the poaching of elephants. Prominent internet retailers such as Amazon, Google and eBay have banned the sale of elephant ivory on all their controlled sites, including their Japanese sites. The Rakuten Group should follow suit and become part of the solution rather than contributing to the poaching epidemic.

As the Rakuten Group directly profits from Rakuten Ichiba's sale of elephant and whale products, it is responsible not only for facilitating the sale of products from endangered and protected species but also for allowing the sale of food products which are highly contaminated with mercury and a health threat to the people consuming them.

The Environmental Investigation Agency (EIA) is calling on the Rakuten Group and its global affiliates and subsidiaries, including Rakuten Ichiba, to immediately enact a permanent ban on the sale of all elephant, whale and dolphin products.



# RAKUTEN IN JAPAN AND ITS GLOBAL SHAREHOLDINGS

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The Rakuten Group is one of the world's biggest internet service companies, with operations and subsidiaries throughout Asia, Europe, the Americas and Oceania.<sup>1</sup> It provides a range of services including e-commerce, e-books and e-reading, travel and banking.

Its flagship e-commerce business Rakuten Ichiba was founded in 1997 in Japan.<sup>2</sup> It is now Japan's largest e-commerce marketplace, with more than 40,000 third-party merchants using it as a sales platform. It is estimated that about seven out of 10 Japanese people are members, and as of 2013 it had 87.4 million members.<sup>3</sup> Sales through the Rakuten Ichiba website in Japan generated gross sales of US\$9.8 billion dollars (¥1.4 trillion) in 2012.<sup>4</sup>

According to the Rakuten Group's 2012 annual report, its total revenue in 2012 equalled more than US\$4 billion dollars, with a net income of US\$244 million dollars. Revenue from Rakuten Ichiba (which includes sales of whale meat and ivory) accounted for approximately 25 per cent of the Rakuten Group's total revenue in 2012.<sup>5</sup>

The Rakuten Group's corporate mission is "to empower people and society through the Internet, while aiming to

become the No. 1 Internet services company in the world". It has made a series of e-commerce acquisitions globally, including household names such as Play.com in the UK, PriceMinister in France and Rakuten.com (formerly Buy.com) in the US, all of which are wholly owned subsidiaries of the Rakuten Group. It has also launched e-commerce sites in Germany, Austria, Brazil, Indonesia, Taiwan, Thailand and China. In 2012, the Rakuten Group's overseas marketplace e-commerce transaction value grew by 49 per cent year on year to US\$447 million dollars (¥45.7 billion).<sup>6</sup>

In 2012, the Rakuten Group led a US\$100 million investment in Pinterest.com and acquired the e-reader Kobo as a wholly owned subsidiary, as well as the video-on-demand service Wuaki TV.<sup>7</sup> Kobo is reported to have gained a 20 per cent share of global e-book reader device shipments in 2012, with 12 million users in 197 countries.<sup>8</sup> Kobo has strategic partnerships with a number of major national retailers, including WH Smith in the UK, Whitcoulls in New Zealand, FNAC in France and Livraria Cultura in Brazil.<sup>9</sup> Rakuten also recently announced a deal to purchase chat app Viber for US\$900 million.<sup>10</sup>

# RAKUTEN WHALE SALES

In June 2013, a detailed analysis revealed 773 'whale meat' (鯨肉) items listed for sale on Rakuten Ichiba under the category 'foods'. Product prices ranged from US\$1.47 (¥150) for Baird's beaked whale 'croquettes' to US\$318 (¥32,500) for 2kg of sei and minke whale bacon. Subsequent research found approximately 1,200 products using the search term 'whale'.

The majority of the whale meat sold on Rakuten Ichiba is derived from baleen species – minke, sei and Bryde's whales from Japan's catches in the north Pacific and Antarctic, killed under the spurious banner of 'scientific research'. These species are internationally protected by the International Whaling Commission (IWC) and are listed on CITES Appendix I, which prohibits international trade.

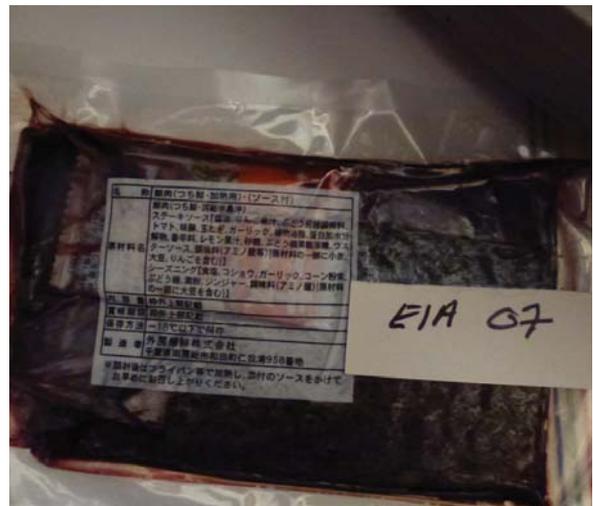
Approximately 10 per cent (76) of products examined in June 2013 were derived from fin whales from Iceland, a species classified as endangered according to the International Union for the Conservation of Nature (IUCN).<sup>11</sup> A further eight products were unlabelled with a species name but are presumed to include fin whale as the origin of the meat was stated as being partially or solely derived from Iceland. Iceland and Japan have listed reservations to the CITES Appendix I listing of fin whales and in their view they are therefore

legally allowed to trade; however, the trade and Iceland's whale hunt have been strongly condemned as unlawful. The number of Icelandic products available has increased compared to previous years. Recent years have seen concerted efforts by Icelandic fin whaling company Hvalur to expand the Japanese market for fin whale, with prices set artificially low compared to products derived from Japan's domestic whale hunts.<sup>12</sup>

Rakuten Ichiba also sells toothed whale products, including Baird's beaked and pilot whales. These comprise approximately 10 per cent of the 773 products listed. Toothed cetacean species (ie, smaller whales, dolphins and porpoises) typically have higher levels of pollutants, including mercury and persistent organic pollutants (POPs) such as polychlorinated biphenyls (PCBs), which pose a significant health risk to consumers.

Fourteen of the 773 products reviewed (approximately 1.8 per cent) were not listed with a species name, contrary to the requirements of Japan's labelling laws. One of them was listed as toothed whale, a general term usually applied in Japan to pilot whales and Risso's dolphins. A further five of the 14 unlabelled products were listed as being partially or solely derived from Taiji and are therefore almost certainly toothed





CLOCKWISE FROM LEFT:  
Whale meat products sold on Rakuten Ichiba include pilot whale meat, stewed Baird's beaked whale meat and Baird's beaked whale steaks.

cetacean species as no baleen whale hunts occur in this area.

DNA analysis of cetacean products on sale in Japan has demonstrated that dolphin products are often mislabelled as whale, despite the requirement since 2001 to label processed seafood (including cetaceans) with the common species name and place of origin.<sup>13</sup> Despite this, cetacean products on sale in Japan are often wrongly or inadequately labelled, obscuring or misrepresenting the actual species or origin.<sup>14</sup> In tests carried out by EIA between 2001-11, 17.5 per cent of 63 products tested displayed the wrong species information, with products labelled as whale often actually comprising dolphin or porpoise species.<sup>15</sup>

Fourteen of 773 Rakuten Ichiba whale meat listings examined in detail by EIA did not advertise the species' common name. Given that several of these products were advertised as 'whale' from Taiji, it is possible that Japanese consumers purchasing products labelled as 'whale' from Rakuten Ichiba are in fact purchasing dolphin meat.

## MERCURY ANALYSIS OF WHALE PRODUCTS PURCHASED FROM RAKUTEN ICHIBA

Toothed whales such as Baird's beaked whales, pilot whales, dolphins and porpoises feed at high trophic levels and therefore often bioaccumulate high levels of pollutants in their blubber and other tissue. Cetacean meat and blubber products sold in Japan have been recorded with very high levels of mercury, methylmercury and PCBs. Numerous peer-reviewed scientific papers have documented pollutant levels in meat being sold for consumption that are significantly above the Japanese Government's safe advisory levels.<sup>16</sup> One study found that mercury levels in boiled whale liver were 5,000 times the Government advisory level of 0.4 parts per million (ppm)<sup>17</sup> and that levels in short-finned pilot whales (which are among the species sold by Rakuten Ichiba) were more than 1,000 times the Government advisory level. One product tested in these studies was so polluted that it could cause acute mercury poisoning from a single meal.<sup>18</sup>

EIA purchased nine cetacean products from Rakuten Ichiba in November 2013. Analysis was performed to determine the concentration of mercury (Hg) by Japan Certification Services, an ISO/IEC 17025 accredited laboratory based in Kanagawa, Japan.

Eight of the nine products exceeded Japanese national limits for total mercury concentration of 0.4 ppm. One sample of pilot whale meat sold by Ajisaku had a mercury concentration of 9.5ppm, more than 20 times higher than the Japanese regulatory limit. The average mercury level of the nine products was 4.2 ppm, more than 10 times higher than the regulatory limit.

## HEALTH RISKS ASSOCIATED WITH THE CONSUMPTION OF CETACEAN MEAT

In addition to well-known impacts on child neurological development and function, an increasing number of human ailments including Parkinson's disease, hypertension and arteriosclerosis of the carotid artery have been linked with consumption of mercury-contaminated whale meat.<sup>19</sup> As a result, in 2008 the Chief Medical Officer of the Faroe Islands, where pilot whales have been

hunted for many centuries, recommended to its regional Government that *“from a human health perspective ... pilot whale meat is no longer used for human consumption”*.<sup>20</sup>

In stark contrast, the Government of Japan has taken very few steps to protect consumers from high pollutant levels in cetacean products. In 2003, a seafood health advisory was released by the Ministry of Health, Labour and Welfare (MHLW) which warned pregnant women to limit their consumption of Baird's beaked whale, pilot whale, sperm whale and bottlenose dolphin because of the high mercury levels.<sup>21</sup> The advisory was updated in 2005 to include Dall's porpoises, but remains wholly inadequate to protect consumers from high levels of pollution and still excludes many dolphin species found on sale in Japan (such as Risso's dolphin) which commonly exhibit high pollution levels.<sup>22</sup>

In 2003, the Joint FAO/WHO expert committee on food additives (JECFA) revised its advice on the provisional tolerable weekly intake of mercury to less than half its former level.<sup>23</sup> Ten years on, the Government of Japan has still failed to update its advice in light of this.

**TABLE 1.** Results of chemical analysis of whale product samples purchased from Rakuten Ichiba

Sample no.	Product	Species labelled	Price (yen)	Hg concentration (ppm)	Web link
EIA-001	Whale meat	Pilot whale	840	9.5	<a href="http://item.rakuten.co.jp/ajisaku/854863/">http://item.rakuten.co.jp/ajisaku/854863/</a>
EIA-002a	Whale meat	Pilot whale	1580	6.8	<a href="http://item.rakuten.co.jp/ajisaku/10000482/">http://item.rakuten.co.jp/ajisaku/10000482/</a>
EIA-003	Stewed whale meat	Baird's beaked whale	650	4.4	<a href="http://item.rakuten.co.jp/mboso/biwa004-17/">http://item.rakuten.co.jp/mboso/biwa004-17/</a>
EIA-004	Whale jerky	Baird's beaked whale	650	4.9	<a href="http://item.rakuten.co.jp/hakudai/559208/">http://item.rakuten.co.jp/hakudai/559208/</a>
EIA-005	Fried whale meat	Baird's beaked whale	1000	1.2	<a href="http://item.rakuten.co.jp/hakudai/610328/">http://item.rakuten.co.jp/hakudai/610328/</a>
EIA-006	Stewed whale meat	Baird's beaked whale	350	0.92	<a href="http://item.rakuten.co.jp/rosemarypark/10000026/">http://item.rakuten.co.jp/rosemarypark/10000026/</a>
EIA-007	Whale steaks	Baird's beaked whale	735	5.1	<a href="http://item.rakuten.co.jp/chibanोजizakana/10000102/">http://item.rakuten.co.jp/chibanोजizakana/10000102/</a>
EIA-008	Whale steaks	Baird's beaked whale	735	4.7	<a href="http://item.rakuten.co.jp/chibauma/kujira-006/">http://item.rakuten.co.jp/chibauma/kujira-006/</a>
EIA-019	Whale meat curry	Pilot whale	735	0.26	<a href="http://item.rakuten.co.jp/chibauma/kujira-013/">http://item.rakuten.co.jp/chibauma/kujira-013/</a>

Concentrations marked in red exceed the Government advisory limit for safe seafood of 0.4 ppm.



## RAKUTEN'S ELEPHANT IVORY SALES

In February 2014, searches for 'ivory' (象牙) revealed that Rakuten Ichiba carried more than 28,000 ads offering elephant ivory products.<sup>24</sup> With so many ivory products advertised for sale, more than any other internet provider analysed by EIA, Rakuten Ichiba plays a significant role in supplying the Japanese demand for elephant ivory.

Rakuten Ichiba's categories 'everyday items, crafts and stationery' and 'jewellery' contain the majority of the actual ivory items posted. Items for sale include 'hanko', signature or name seals used by individuals and companies for signing official documents, and 'bachi', a pick for playing shamisen (a Japanese musical instrument), as well as jewellery, figurines, antiques, religious figures, chopsticks, tea ceremony tools and other products. Most vendors sell mass produced items such as hanko, while others focus on larger, more expensive pieces that are less likely to be mass produced. Prices vary, but one of the most expensive items found was a large carved tusk selling for US\$28,186 (¥2,940,000).

More than 95 per cent of the ivory products for sale were hankos. These name seals come in various widths with different descriptions such as 'hand carved', 'government certified' and 'premium'. The lower priced hankos range from US\$36 (¥3,800) to US\$418 (¥42,800) and some sets of three hankos sell for US\$3,126 (¥320,000).

Rakuten Ichiba also carries advertisements for 'hard' ivory products, derived from the endangered forest elephants of Central Africa. Ads offer 'extremely rare' hard ivory hankos for sale, which are priced from US\$4,000 to US\$8,000 (¥409,239-¥818,480) each. Dozens of other types of hard ivory products are offered, particularly for musical instruments and accessories, including ads for bachi with prices ranging from US\$2,345 (¥240,000) to US\$3,175 (¥325,000); a shamisen bridge, or 'koma' for US\$176 (¥18,060); and an ivory bridge and pins for a guitar for US\$193 (¥19,800). A koto, a traditional stringed instrument with ivory parts, was offered for US\$9,575 (¥980,000).

# JAPAN'S HUNTING OF WHALES, DOLPHINS & PORPOISES

Cetacean products on sale in Japan originate from several different commercial hunts. The largest hunt is the Government-sponsored special permit hunt for 'scientific research', which annually is permitted to kill up to 950 whales in the Antarctic (minke, humpback and fin whales) and 500 whales in the North Pacific (minke, sperm, Bryde's and sei whales), including in coastal areas. The species taken are all protected by the 1986 IWC moratorium on commercial whaling. Members of the IWC Scientific Committee have described the Japanese scientific research program as *"in reality just a front for the continued exploitation of whale stocks while the moratorium on commercial whaling remains in place"*.<sup>25</sup> Antarctic whales are further protected by the IWC Southern Ocean Sanctuary, which was adopted in 1994 by 23 votes to one, with only Japan opposing.<sup>26</sup> Japan's large whale hunts have been formally criticised by the IWC on countless occasions, most recently in a 2007 Resolution which called on Japan to indefinitely suspend the Southern Ocean special permit hunt.<sup>27</sup>

In 2013, Australia took Japan to court in the International Court of Justice, stating that Japan was *"in breach of its international obligations in authorising and implementing the Japanese Whale Research Program"* in the Southern Ocean.<sup>28</sup>

All the species taken in Japan's 'scientific' whaling are also protected by CITES, which bans international trade in species listed in its Appendix I. Listing on CITES Appendix I describes *"species threatened with extinction which are or may be affected by trade. Trade in specimens of these species must be subject to particularly strict regulation in order not to endanger further their survival and must only be authorised in exceptional circumstances"*.

Since 1987, Japan has killed more than 14,000 protected whales in the Antarctic and North Pacific.<sup>29</sup> In recent years, the number of whales killed in the Southern Ocean Sanctuary has fallen while stockpiles of whale meat have increased, indicating a steady decrease in demand for whale products in Japan. In the 2012/13 Antarctic season, 103 whales

were killed, a decline of more than 75 per cent compared to the average catch during the previous five years and the lowest Antarctic catch since so-called scientific whaling began in 1987.<sup>30</sup> Sales of the whale meat are no longer sufficient to fund the costs of the Antarctic and North Pacific hunts, which are heavily subsidised by the Government at a cost of US\$9.78 million (¥782 million) annually.<sup>31</sup>

## JAPAN'S SMALL CETACEAN HUNTS

In addition to the Government-sponsored hunts of large whales, three other types of hunts kill small cetaceans (whales, dolphins and porpoises) in Japan's coastal waters. Small-type coastal whaling, drive hunts and hand harpoon hunts are permitted to kill 16,655 small cetaceans of nine different species in 2013-14. In the past 70 years, more than a million small cetaceans have been killed in these coastal hunts.<sup>32</sup> After very high catches in the 1980s, catches of many species have drastically declined and are now significantly below the catch limits. Decreasing demand for the meat may be playing a role in recent

**BELOW:**  
A drive hunt in progress at Taiji.



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catch declines but there is significant evidence that a number of the exploited populations are depleted.<sup>33</sup> Despite this, the Government of Japan continues to set catch limits at unsustainable levels, threatening coastal populations with localised extinction.<sup>34</sup>

**BELOW:**

Whale meat products for sale on [www.rakuten.co.jp](http://www.rakuten.co.jp)

**BOTTOM:**

Fin whale landed at Miðsandur whaling station, Hvalfjörður, Iceland, in September 2010.

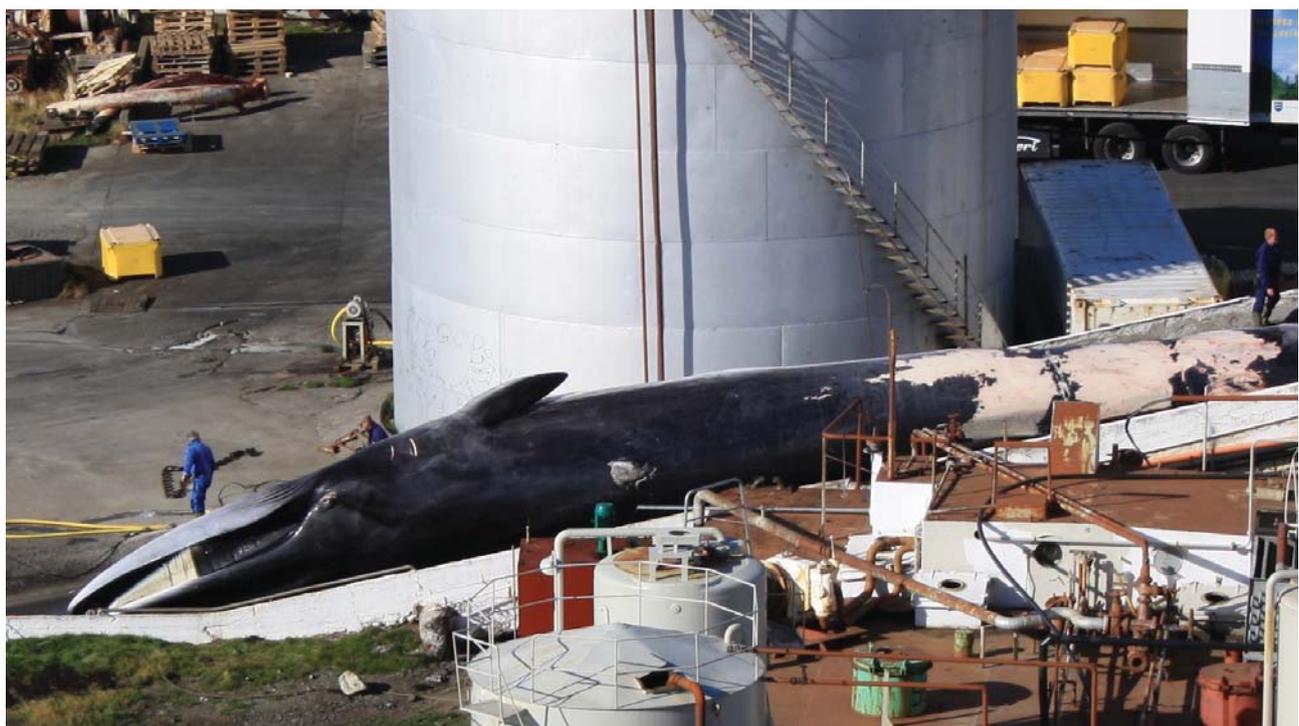
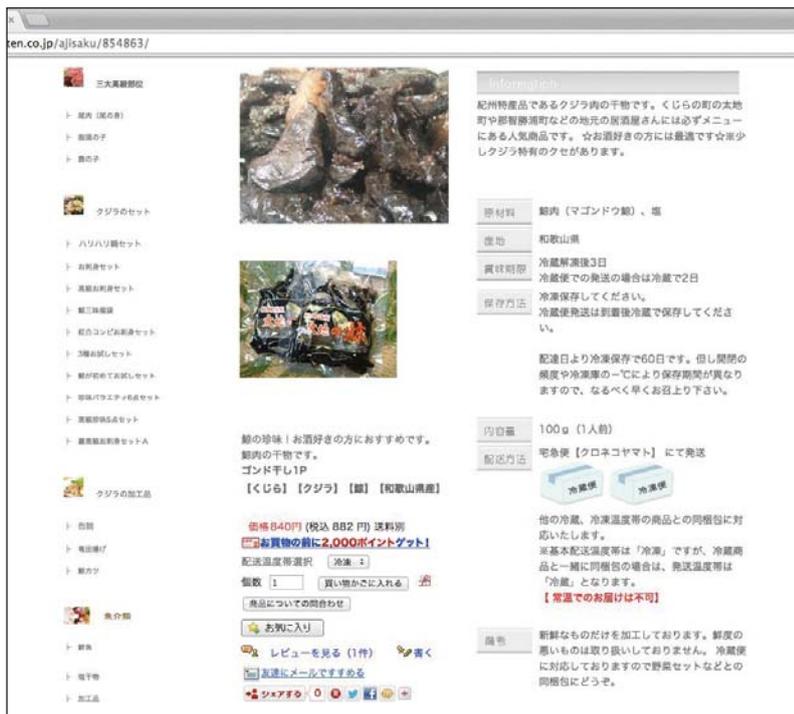
The two small cetacean species being openly sold via Rakuten Ichiba's website are short-finned pilot whales and Baird's beaked whales. The status of Baird's beaked whale populations being targeted by these hunts is not known as the Japanese Government's published

abundance estimates are more than 20 years old.<sup>35</sup> Short-finned pilot whales exist in two taxonomic forms in Japan's coastal waters; the northern form is significantly depleted, while the status of the southern form is unknown.<sup>36</sup> Pilot whales are assessed as rare by the Mammalogical Society of Japan.<sup>37</sup>

**ICELAND'S COMMERCIAL WHALING**

Despite low national demand for whale meat, Japan has recently imported significant quantities of endangered fin whale products from Iceland. Iceland resumed commercial whaling in 2006, based on a disputed reservation to the moratorium which it filed when it rejoined the IWC in 2002. Since 2006, the Icelandic whaling company Hvalur has killed 414 endangered fin whales and exported more than 3,200 tonnes of fin whale product (both meat and blubber) to Japan.<sup>38</sup> EIA investigations in 2011 revealed that the Japanese importing company had been established and funded by the Icelandic whaler in the hope of securing a long-term market for fin whale products in Japan.<sup>39</sup>

By selling Icelandic fin whale, Rakuten Ichiba is helping Iceland's whaling company to distribute and expand the market for Icelandic fin whale products, despite the international ban on commercial trade in whale products and the IUCN listing of 'endangered' for this species.





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## JAPAN'S TRADE IN ELEPHANT IVORY

### THE IVORY TRADE: FUELLING A POACHING CRISIS

During the 1970s and '80s, African elephant numbers fell from 1.3 million to approximately 624,000 due to increased illegal killing to supply the international ivory trade. In these two decades, Japan imported over 5,000 tonnes of ivory tusks – equivalent to 238,325 African elephants.<sup>40</sup> About 70 per cent of the ivory imported into Japan during this period was estimated to be from illegal sources,<sup>41</sup> with ivory originating from African nations where elephant poaching and illegal ivory trade were rife.

To combat the poaching crisis, in 1989 Parties to CITES voted to ban international trade in African elephant ivory by listing African elephants on CITES Appendix I. As a result, both trade and the prices of ivory dropped and, subsequently, the illegal killing of elephants markedly declined,<sup>42</sup> allowing populations to stabilise and many to recover. However, while the international commercial trade in ivory was banned, some countries such as Japan maintained legal domestic ivory markets.

In 1999 and 2008, the international ivory ban was undermined when two

sales of ivory from southern African nations, first to Japan and then to both Japan and China, occurred with approval from CITES Parties. Poaching of Africa's elephants has been increasing since, especially after the latter sale. The CITES-approved ivory sales stimulated the market, provided an ideal environment to launder illicit ivory and encouraged more poaching by fuelling the belief that full-scale ivory trade would resume. The demand for illegal ivory, which can undercut the legal prices, has now soared and illegal traders are cashing in.<sup>43</sup>

By 2013, the annual number of African elephants poached to supply the illegal ivory trade was estimated to be as many as 50,000 animals – as much as one sixth of Africa's remaining elephants.<sup>44</sup> Elephants are being slaughtered on a massive scale across the African continent. Its forest elephants, a distinct and rarer species, were decimated by 65 per cent between 2002-13.<sup>45</sup> The current African elephant poaching crisis requires an urgent and swift response before populations are wiped out. The flourishing domestic ivory markets of Japan and China are now the key driving force behind Africa's poaching epidemic and the global illegal ivory trade.<sup>46</sup>

ABOVE:  
The carcass of a poached elephant, Kenya, 2011.

ABOVE:  
Elephant ivory products for  
sale on www.rakuten.co.jp

## JAPAN'S CONTINUED DEMAND FOR IVORY

Japan's legal domestic market stimulates a continuing demand for elephant ivory, while the country's weak domestic ivory trade system facilitates the trade in illicit ivory from poached elephants. Japan's demand for elephant ivory has decreased compared to 1980s demand levels as a result of the country's longstanding economic recession and other factors,<sup>47</sup> but the demand for ivory products is still substantial. For example, about 750,000 hankos were stocked by suppliers between 2007-10, demonstrating a sustained demand.<sup>48</sup> Persistent sales of elephant ivory by internet retailers such as Rakuten Ichiba support the ongoing trade and demand for ivory products which contribute to the poaching of Africa's elephants.

About 80 per cent of the tusks used in Japan are for hanko and there is a preference for high quality, large and uncracked tusks.<sup>49</sup> However, many of the tusks obtained in the CITES-approved sales did not meet the preferred standards.<sup>50</sup> According to recent surveys, the price of ivory hankos on the internet is relatively cheap compared to that in retail outlets, possibly indicating that

the internet hanko shops are using illegal means to obtain material cheaply, facilitated by the lack of controls.<sup>51</sup> It has also been suggested that the majority of internet hanko sellers are more likely to operate outside the ivory control system.<sup>52</sup>

Japan also has a specific demand for 'hard ivory,' derived from forest elephants whose populations are being rapidly destroyed.<sup>53</sup> Hard ivory is desirable for bachi, which require a large forest elephant tusk without any cracks because musicians prefer the sound quality.<sup>54</sup> Hard ivory bachi and hankos are available for sale on Rakuten Ichiba. Currently, Japan's supply of legal hard ivory from old stocks should be extremely limited as such ivory was not available from the CITES-approved sales of savannah elephant ivory from southern African countries.<sup>55</sup> The on-going availability of hard ivory products on Rakuten Ichiba is indicative of illicit supply.

## JAPAN'S FAILING DOMESTIC IVORY TRADE SYSTEM

CITES regulation requires Japan to have adequate legislation and domestic trade regulations,<sup>56</sup> namely to "register or license all importers, manufacturers, wholesalers and retailers dealing in raw, semi-worked or worked ivory products," and to implement "compulsory trade controls over raw ivory" and "comprehensive and demonstrably effective reporting and enforcement systems for worked ivory," including ivory "stock inventory".<sup>57</sup> These requirements are meant to ensure that illegal ivory, whether raw or worked, cannot be laundered into the legal system and traded within the Japanese domestic market. Yet Japan's domestic ivory trade control system is flawed with many loopholes and is unable to prevent the laundering of poached ivory, either raw or worked, into the domestic marketplace.<sup>58</sup>

Japan's domestic trade in elephant ivory is regulated by the Law for the Conservation of Endangered Species of Wild Fauna and Flora (LCES) and implemented through its Foreign Exchange and Foreign Trade Law (FEFTL) via the Ministry of Economy, Trade and Industry (METI)<sup>59</sup> and its Customs Law<sup>60</sup> by the Japanese Customs.

Unfortunately, enforcement by Customs officials and local police authorities is

undermined by major loopholes in the LCES and authorities are unable to stem the flood of illegal ivory into Japan. The law does not distinguish legally acquired stock from illegal stock being laundered into the system.<sup>61</sup>

Weaknesses in Japan's control of domestic ivory trade include:<sup>62</sup>

- The LCES does not require “compulsory trade controls over raw ivory.”<sup>63</sup> There is no obligatory registration system for raw ivory. Only whole tusks intended for sale must be registered with the Environmental Agency (EA).<sup>64</sup> The lack of control over raw ivory has permitted unregistered ivory tusks from unknown sources to be registered with the Government thereby penetrating the domestic market. Unregistered ivory has become “the breeding ground for illegal trade”,<sup>65</sup>
- The LCES does not require the “registration or licensing of all importers, manufacturers, wholesalers and retailers dealing in raw, semi-worked or worked ivory products.”<sup>66</sup> Individuals and companies only have to notify METI and the EA<sup>67</sup> of specific business details,<sup>68</sup> an insufficient accountability that falls short of the CITES requirement;

- The LCES does not have “comprehensive and demonstrably effective reporting and enforcement systems for worked ivory.”<sup>69</sup> Finished or worked ivory products can be certified with an official Government adhesive seal, but the use of such seals is recommended rather than compulsory.<sup>70</sup>

Japan's ivory controls are flawed and there is evidence that large amounts of illegal ivory, including raw, cut and worked pieces, have been laundered into the domestic market, as demonstrated by the Takaichi case of 2011 (see box overleaf).

Ending demand for elephant ivory is critical to stopping the current devastating poaching crisis. From 2005-10, up to 87 per cent of hankos produced in Japan – 94,620 hankos annually – were estimated to be produced from illegal ivory tusks.<sup>71</sup> At least 95 per cent of the Rakuten Ichiba ivory ads are for hankos, many of which are offered at suspiciously low prices, indicating potential illicit supply.<sup>72</sup> Given the current level of slaughter of Africa's elephants and the surge in the illicit ivory trade, Rakuten Ichiba's continuing sale of thousands of ivory products is of great concern and must cease immediately.

BELOW:  
Elephant group bathing.



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## ILLEGAL IVORY IN JAPAN: THE TAKAICHI CASE<sup>73</sup>

Takaichi Inc is one of Japan's largest ivory companies and the largest manufacturer and wholesaler of ivory hankos.

The Takaichi case exposed a renowned ivory manufacturer in Japan's ivory industry as trading in large amounts of illegal tusks over many years, illustrating Japan's failing ivory trade controls.

Takaichi received ivory in both CITES-approved sales. In 1999, when CITES allowed the first sale of nearly 50 tonnes of ivory destined for Japan, Kageo Takaichi, then-chairman of the Japan Ivory Association, declared that the imports would contribute to the conservation of elephants.<sup>74</sup> Takaichi has served as chairman for several ivory craft associations in Japan, has historically attended CITES meetings on behalf of Japan's ivory trading industry and took part in the Government preparation for Japan's ivory trade control system.

In 2011, Kageo Takaichi, the former president and chairman of Takaichi, was arrested for purchasing unregistered whole tusks. Other implicated parties, including a former chairman of the Japan Federation of Ivory Arts and Crafts Association and other affiliates

from the ivory source, were also arrested. The case's investigation exposed that Takaichi had purchased 58 unregistered tusks worth US\$244,659 (¥19,572,716). They were all found guilty but given suspended prison sentences, while the Takaichi ivory company was fined a mere US\$12,500 (¥500,000).

It is estimated that between 2005-10, Takaichi used between 572 and 1,622 unregistered illegal ivory tusks. These unregistered ivory tusks accounted for at least 31 per cent and as much as 87 per cent of the ivory hankos produced in Japan during that period. The number of hankos produced from this illegal ivory is estimated to be between 167,400 and 473,100 pieces (33,480-94,620 annually).<sup>75</sup>

The Takaichi case demonstrates the lack of control over both raw ivory and worked ivory products - including hankos which comprise over 95 per cent of Rakuten Ichiba's ivory advertisements.



# RECOMMENDATIONS

The Rakuten Group must immediately enact a corporate-wide policy prohibiting the sale of all elephant ivory and cetacean (whale, dolphin and porpoise) products.

- In addition to concerns about the continued rampant trade in elephant ivory and to international legal considerations surrounding Japan's whale and dolphin hunts, the pressing ethical issue concerning the serious health risks posed to consumers from eating whale and dolphin products demands prompt and definitive action.
- Profits made by the Rakuten Group from sales of elephant and whale products in Japan seriously undermine both its international brand and environmental record, a situation the company can only credibly address by banning the sales and advertisements of all ivory and cetacean products.



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## ENVIRONMENTAL INVESTIGATION AGENCY (EIA)

EIA - LONDON

62/63 Upper Street

London N1 0NY, UK

Tel: +44 (0) 20 7354 7960

Fax: +44 (0) 20 7354 7961

email: [ukinfo@eia-international.org](mailto:ukinfo@eia-international.org)

[www.eia-international.org](http://www.eia-international.org)



EIA - WASHINGTON, DC

PO Box 53343

Washington, DC 20009 USA

Tel: +1 202 483-6621

Fax: +1 202 986-8626

email: [info@eia-global.org](mailto:info@eia-global.org)

[www.eia-global.org](http://www.eia-global.org)