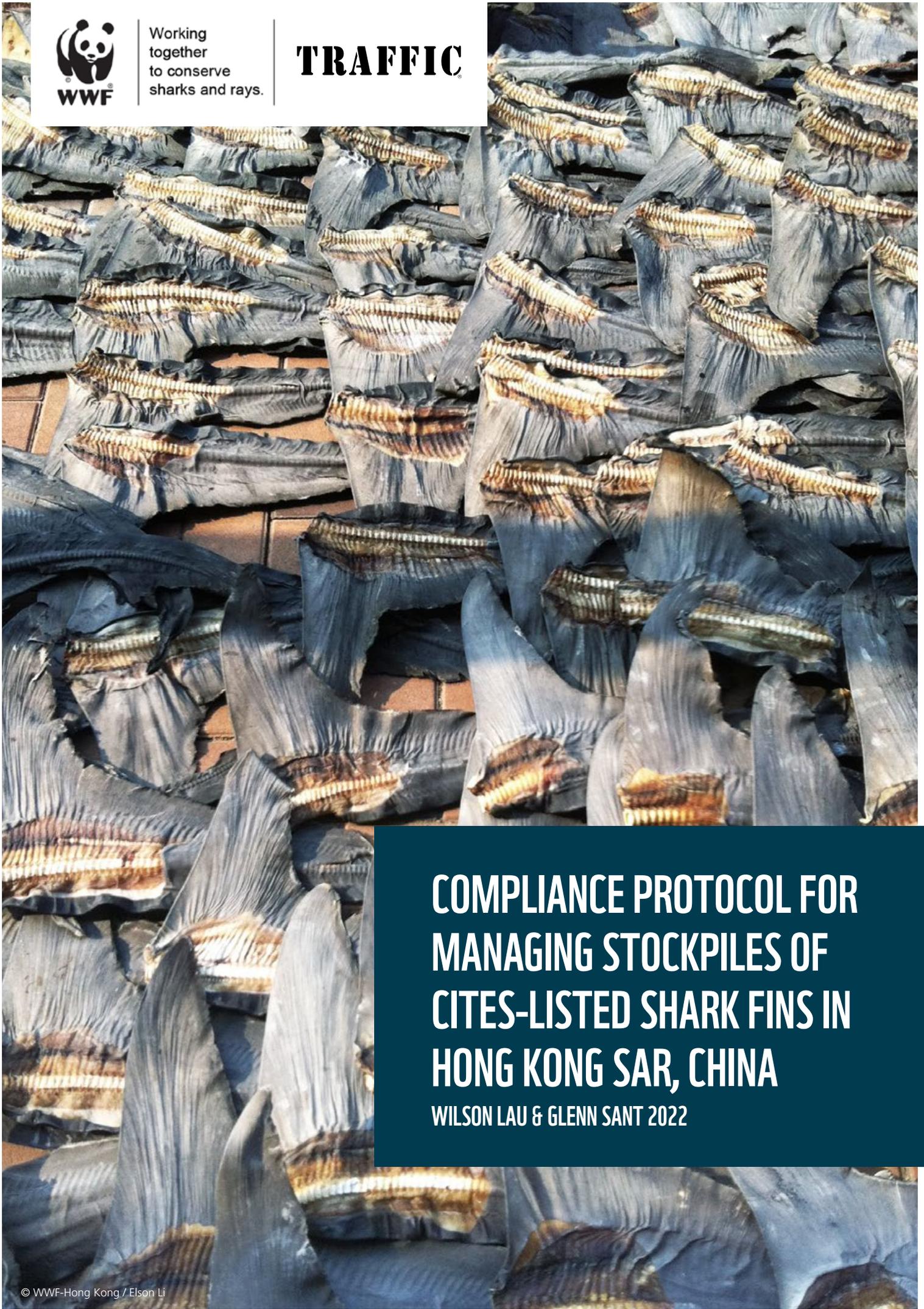




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TRAFFIC



COMPLIANCE PROTOCOL FOR MANAGING STOCKPILES OF CITES-LISTED SHARK FINS IN HONG KONG SAR, CHINA

WILSON LAU & GLENN SANT 2022

TRAFFIC

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sharks.panda.org
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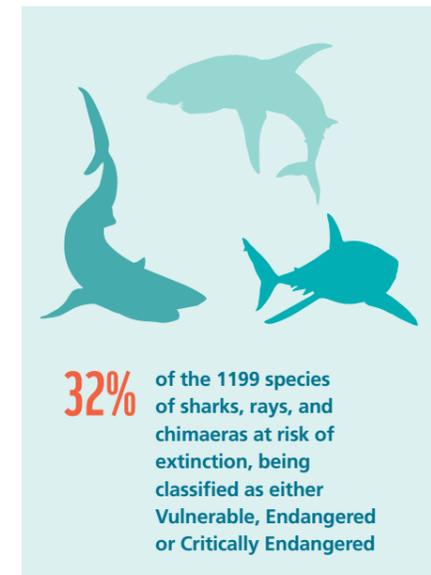
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EXECUTIVE SUMMARY

Sharks are one of the most threatened taxonomic groups globally, with recent revisions of the IUCN Red List finding 391 (32%) of the 1199 species of sharks, rays, and chimaeras to be at risk of extinction, being classified as either Vulnerable, Endangered or Critically Endangered (Dulvy et al., 2021)¹. Sharks are being caught at an alarming rate, whether in targeted fisheries or as part of multi-species fisheries. Despite positive signals and initiatives to create sanctuaries for sharks, recent events may be undoing any hopes of species' recovery.

The outbreak of the coronavirus pandemic in 2020 has led to the worldwide shutdown of many auxiliary industries that normally benefit from the protection of sharks, such as the tourism sector. This may have a devastating effect on shark populations, as those in coastal communities employed in tourism and other sectors find themselves without work and are looking towards the sea and fishing to supplement income and sustain livelihoods.

An increase in illegal shark fins being intercepted is also evident at end markets for shark fins during 2020. The world's largest shark fin trade hub, Hong Kong SAR (hereafter referred to as Hong Kong), recorded its largest seizure of shark fins with seizures in May 2020 totalling 26 tonnes of the protected thresher and silky sharks.² Other shark fin seizures in Hong Kong during 2020 and 2021 found fins from CITES-listed sharks (which require permits) mixed in the same container with non-CITES listed shark fins (which do not require permits), and comingled with other high-value contraband.³



These seizures indicate other likely shipments of CITES-listed species being smuggled into Hong Kong undetected and posing a considerable risk of illicit trade entering Hong Kong's sizeable shark fin market which may also end up destined for onward transport to other consumer markets.

Hong Kong shark fin traders make use of a set of distinct trade names and nomenclature that do not always correspond to individual shark species, but could be descriptors for its fin position or processing stage, for example.⁴ With this inherent complexity, local customers place a high degree of trust on traders to identify and stock good quality fins while abiding by local laws pertaining to the sourcing of legally traded fins.

CITES has in recent years increased accountability in terms of stockpile management for a range of listed species. This includes a requirement for the annual reporting on the status of government stockpiles for African and Asian elephants, rhinoceros and pangolins (Milliken and Compton 2019).⁵

- ¹ Dulvy, N. K., Pacoureau, N., Rigby, C. L., Pollom, R. A., Jabado, R. W., Ebert, D. A., ... & Simpfendorfer, C. A. (2021). Overfishing drives over one-third of all sharks and rays toward a global extinction crisis. *Current Biology*, 31(21), 4773-4787. [https://www.cell.com/current-biology/fulltext/S0960-9822\(21\)01198-2](https://www.cell.com/current-biology/fulltext/S0960-9822(21)01198-2)
- ² Customs and Excise Department (2020). Hong Kong Customs makes record seizure of smuggled scheduled dried shark fins (with photos). 6 May. https://www.customs.gov.hk/en/publication_press/press/index_id_2906.html (accessed 21 December 2020).
- ³ Customs and Excise Department (2020). Hong Kong Customs seizes suspected scheduled dried shark fins (with photo). 1 April. https://www.customs.gov.hk/en/publication_press/press/index_id_2886.html (accessed 21 December 2020); Customs and Excise Department (2020). Hong Kong Customs seizes suspected scheduled dried shark fins (with photo). 10 November. https://www.customs.gov.hk/en/publication_press/press/index_id_3072.html (accessed 21 December 2020); Lo, C. (2021). Hong Kong customs makes largest-ever smuggling bust, with HK\$210 million haul of shark fins, luxury goods including Hermes, Gucci and Louis Vuitton handbags. *South China Morning Post*. 7 October. <https://www.scmp.com/news/hong-kong/law-and-crime/article/3151422/hong-kong-customs-makes-largest-ever-smuggling-bust?module=inline&pgtype=article> (accessed 21 June 2022).
- ⁴ Clarke, S. C., Magnussen, J. E., Abercrombie, D. L., McAllister, M. K., & Shivji, M. S. (2006). Identification of shark species composition and proportion in the Hong Kong shark fin market based on molecular genetics and trade records. *Conservation Biology*, 20(1), 201-211.; Lau, W. and To, R. (2019). *The State of Wildlife Trade in Macau*. TRAFFIC, Cambridge, U.K.
- ⁵ Milliken, T and J, Compton (2019). Ensuring Effective Stockpile Management: A Guidance Document. CITES CoP18 Inf. 72. <https://cites.org/sites/default/files/eng/cop/18/inf/E-CoP18-Inf-072.pdf>



While not mandatory, there are other CITES resolutions and decisions recommending effective stockpile management for tigers, other big Asian cats, Saiga and Tibetan antelope and pythons.

There is increasing recognition within CITES not only in the threats to sharks, as evident in the growing number of shark listings in CITES appendices, but also the importance of national management measures to control and monitor the trade and assess stockpiles of parts and derivatives of CITES-listed sharks.

CITES Decision 18.224 (b) seeks to develop or obtain existing guidance on “the control and monitoring of stockpiles of shark parts and derivatives, in particular for specimens caught prior to the inclusion of the species in Appendix II.”⁶ The obligations of CITES Parties are clear, as far as producing positive non-detriment findings (NDF) and legal

findings before the issuing of permits should occur.⁷ However, given the number of seizures, it is unclear how many countries are meeting their obligations under CITES for Appendix II-listed shark species found in trade which require CITES permits.⁸

This report recognizes the extra assistance importing countries/ territories such as Hong Kong require for managing their existing stockpiles and the implications of needing to manage for the legitimate flow of product in to and out of these holdings of fins. There may be multiple circumstances where exporting countries are not meeting their CITES obligations which makes it challenging to verify legal products and ensure effective management of stockpiled fins already imported or being received in the future from exporting country stockpiles. The CITES Standing Committee in December 2020 convened an inter-sessional working group⁹ to:

“develop new guidance or identify existing guidance on the control and monitoring of stockpiles of shark parts and derivatives” and will report its findings to the next meeting of the Standing Committee.¹⁰

The Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586) implements the CITES in Hong Kong. While the legislation sets requirements for import, export and re-export of fins from CITES-listed sharks, Cap. 586 lacks provision for enforcing legal trade of CITES-listed sharks once in the domestic market. This absence of control once a shipment enters the domestic market creates opportunity for the laundering of illegal, unreported and unregulated (IUU) shark fins within the Hong Kong territory. A problem only made more difficult by the difficulties in distinguishing fins from CITES-listed sharks.

⁶ CITES Decisions 18.218 - 18.225 Sharks and rays (Elasmobranchii spp.), <https://stag.cites.org/eng/taxonomy/term/42086> (accessed 21 December 2020).

⁷ Fernando, D., Rigby, C. and Sant, G. (2022). The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and sharks. Shark Newsletter of the IUCN Shark Specialist Group #4, January 2022. http://www.iucnssg.org/uploads/5/4/1/2/54120303/iucn_ssc_ssg_shark_news_issue_04_january_2022-s.pdf#page=12

⁸ Okes, N. and Sant, G. (2022). Missing Sharks: A country review of catch, trade and management recommendations for CITES-listed shark species. TRAFFIC. https://www.traffic.org/site/assets/files/17372/missing_sharks_a_country_review_of_catch_trade_and_management_recommendations_for_cites-listed_shark_species_final_updated.pdf

⁹ <https://cites.org/sites/default/files/notifications/E-Notif-2020-081.pdf>

¹⁰ Due to delays of meetings of the committees of CITES as a result of the pandemic, Standing Committee (SC74) recommended continuing this work in the intervening period between CITES CoP19 and CoP20.

THE CHALLENGE

This report addresses this challenge by providing guidance on the legal trade of CITES-listed shark fins from the port of import to the retail trade. A management framework and implementation protocol are formulated by TRAFFIC for the consideration of the Hong Kong Government to enable appropriate management of shark fin stockpiles of CITES-listed species.

The protocol envisages a system that segregates fins from CITES-listed sharks and non-listed sharks, allowing clearly identifiable items from legal sources, thus enabling the trade in CITES-listed shark fins to be controlled and monitored with increasing effect. The protocol’s coverage extends between the point of entry (import) and trade within the territory (wholesale/retail) and hence does not guarantee a legal acquisition finding prior to entry of a shark fin shipment to Hong Kong. There is an emphasis within the protocol to require support from shark traceability initiatives,

such as Sharktrace¹¹, to increase the supply of shark fins from traceable supply chains that demonstrate legal acquisition, as well as a positive NDF.

For implementation in Hong Kong, the protocol goes beyond the CITES requirements and establishes additional controls for CITES Appendix II listed species in the territory. With sharks facing an insurmountable population recovery challenge, the efforts to bring about legal and traceable trade are essential steps towards sustainable trade, such as through the implementation of the proposed protocol, and should be adopted by the Hong Kong Government as a pilot for improving control of the trade in other high-risk, CITES Appendix II listed species. The protocol could be adapted for other shark fin end markets, given the common basis of international obligations under CITES. The CITES Working Group on Sharks and Rays (Elasmobranchii spp.) is encouraged to consider this approach in their deliberations.

The recommended protocol is divided into three sections (Figure 1). The first section deals with the registration of CITES-listed shark fins and the establishment of a regulatory regime for product labelling and segregation. The second section expands on the government’s existing trade information systems and traceability management tools to include special conditions for the trade in CITES-listed shark fins. The third section considers measures for monitoring, control, surveillance and enforcement of the shark fin trade that will become necessary as the protocol is being implemented. These three areas should be considered holistically as part of a coordinated compliance plan. Given the long lead time needed to prepare such a plan, which is inclusive of industry and other stakeholders, it is recommended that consultation and preparations by the Hong Kong Government should begin immediately.

Figure 1: Overview of the recommended protocol for managing the trade in CITES-listed shark fins

STEP 1



REGISTRATION

- Introduce a licensing system for traders of CITES-listed sharks
- Register (and inventorise) all pre-Convention fins of CITES-listed sharks in Hong Kong; and register at point of import with proof of CITES permit
- Introduce a product labelling system (with ID tag mechanism) for fins from CITES-listed sharks
- Establish a common set of terms (in CN/EN) for shark fins for use at point of trade, processing and sale

STEP 2



MANAGEMENT

- Establish an information management system, linked to CITES e-permits system
- Mainstream the use of SharkTrace, or other traceability tools, to increase the availability of supply chains for CITES-listed sharks that are legal and traceable

STEP 3



MCSE (Monitoring, Control, Surveillance & Enforcement)

- Require regular submissions of transaction records of fins from CITES-listed sharks
- Audit of pre-Convention fins of CITES-listed sharks every five years at license-renewal
- Intelligence-led enforcement
- Periodic buy & test for samples of registered and non-registered shark fins available for sales in the market
- Summary of licensees and registered stockpiles and transaction in CITES-listed shark fins published on AFCD website

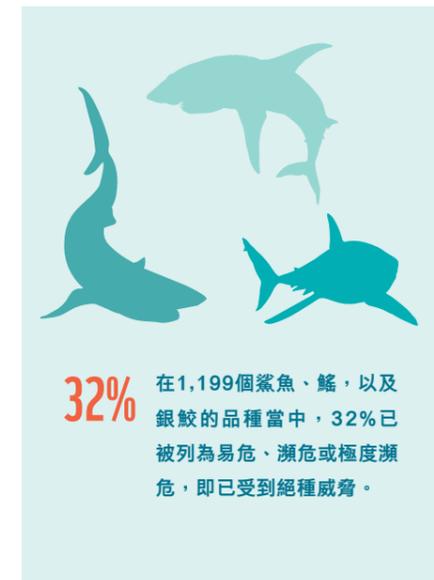
¹¹ SharkTrace - A traceability system for shark and ray products developed by TRAFFIC. (See information box on P.17)

報告摘要及背景

鯊魚是全球數量最受威脅的分類群之一。根據世界自然保護聯盟紅色名錄（IUCN Red List）最近的數字反映：在1,199個鯊魚、鰻，以及銀鮫的品種當中，有391個（佔總數32%）已被列為易危、瀕危或極度瀕危，即已受到絕種威脅（Dulvy et al., 2021）¹。無論是目標漁獲、或是被混入多種漁獲，鯊魚被捕撈的數字著實驚人。雖然鯊魚保育工作似有正面成效，亦見一些地區已開設鯊魚保護區，然而最近發生的一些事件，或會令鯊魚數量恢復的希望幻滅。

2020年，新型冠狀病毒在全球迅速擴散，令多個受惠於鯊魚保育的相關行業，例如旅遊業等被迫停運。一些居於沿岸、原本受僱於旅遊業的社群，因為失去工作，繼而出海捕漁，賺取收入以維持生計，這或會對鯊魚數量帶來災難性的影響。

2020年，於市場終端站被截獲的非法魚翅數量有所上升，這正好引證以上說法。香港特別行政區（下稱香港）是全球最大的魚翅貿易中心，2020年5月，香港偵破本地歷年來最大宗的魚翅走私個案，檢獲共26噸、源自受保護的長尾鯊及鏢狀真鯊的魚翅²。至於在2020及2021年被緝獲的非法魚翅，走私方法是將被納入「瀕危野生動植物種國際貿易公約」（CITES，下稱：CITES）附錄的鯊魚品種的魚翅（需要許可證），混入未被列入CITES附錄的鯊魚品種的魚翅（不需要許可證）與其他高價值的走私貨物³。



這反映出一些已被列入CITES附錄的品種，有機會在未經查察下被運進香港這個龐大的魚翅市場，構成非法貿易的危機。最終這些非法魚翅，又會從香港運至其他魚翅消費市場。

另外，香港的魚翅商在貿易時會使用魚翅的貨品名稱——然而，這些命名方法往往只能顯示魚鰭位置及魚翅的製作階段⁴，卻未能揭示魚翅分別來自哪個鯊魚品種。基於這些複雜性，本地消費者只好高度信任商家：商家會採購合法貿易所得的魚翅、同時遵守本地法例，並為消費者辨認、儲存優質的魚翅。

近年，CITES已就某些被列物種的庫存管理加強問責機制，這包括一些政府機構需要提交如非洲象及亞洲象、犀牛及穿山甲等年度庫存報告（Milliken and Compton 2019）⁵。雖然非強制性，CITES亦有決議或決定就老虎、其他亞洲大型貓科動物、賽加羚羊、藏羚羊和蟒蛇等，建議進行有效的庫存管理。

¹ Dulvy, N. K., Pacoureau, N., Rigby, C. L., Pollom, R. A., Jabado, R. W., Ebert, D. A., ... & Simpfendorfer, C. A. (2021). 過度捕魚促使逾三分之一鯊魚及鰻面臨全球滅絕危機（只有英文版）. *Current Biology*, 31(21), 4773-4787. [https://www.cell.com/current-biology/fulltext/S0960-9822\(21\)01198-2](https://www.cell.com/current-biology/fulltext/S0960-9822(21)01198-2)

² 香港海關（2020）. 香港海關檢獲有記錄以來最大批走私受管制乾魚翅（附圖）. 5月6日. https://www.customs.gov.hk/tc/publication_press/press/index_id_2906.html（存取於2020年12月21日）.

³ 香港海關（2020）. 香港海關檢獲懷疑受管制乾魚翅（附圖）. 4月1日. https://www.customs.gov.hk/tc/publication_press/press/index_id_2886.html（存取於2020年12月21日）；香港海關（2020）. 香港海關檢獲懷疑受管制乾魚翅（附圖）. 11月10日. https://www.customs.gov.hk/tc/publication_press/press/index_id_3072.html（存取於2020年12月21日）；Lo, C. (2021). 香港海關檢獲最大型走私貨品，當中包括價值港幣2.1億的魚翅、Hermes、Gucci及Louis Vuitton等名牌手袋.（只有英文版）. *南華早報*. 10月7日. <https://www.scmp.com/news/hongkong/law-and-crime/article/3151422/hong-kong-customs-makes-largest-ever-smugglingbust?module=inline&pgtype=article>（存取於2022年6月21日）.

⁴ Clarke, S. C., Magnussen, J. E., Abercrombie, D. L., McAllister, M. K., & Shivji, M. S. (2006). 根據分子遺傳學及貿易紀錄辨別於香港魚翅市場內的鯊魚品種成分和比例（只有英文版）. *Conservation Biology*, 20(1), 201-211.; Lau, W. and To, R. (2019). 澳門野生動物貿易狀況（只有英文版）. *TRAFFIC*, Cambridge, U.K.

⁵ Milliken, T and J, Compton (2019). 確保有效的庫存管理：指引文章. CITES CoP18 Inf. 72. <https://cites.org/sites/default/files/eng/cop/18/inf/E-CoP18-Inf-072.pdf>



CITES對鯊魚議題的認知正在增加，除了因為更多鯊魚品種受絕種威脅而被納入CITES的附錄之內，亦因為意識到國家立法管制對監控已納入CITES鯊魚品種的衍生物（註：包括不同部位）之貿易、庫存量等評估是極為重要的。

根據CITES第18.224(b)的決定，列出CITES希望尋求新的指引，或是以目前的指引，做到「控制及監測鯊魚及其衍生物的庫存，特別是一些被捕獲時仍未被納入附錄二的鯊魚品種。」⁶。

CITES締約國的義務很清晰，就是在發出許可證前，提供該物品已符合非

致危性判定（non-detriment findings，簡稱(NDF)）以及是合法所得的⁷。然而，大量的充公個案不禁令人生疑：到底有多少國家正履行義務，為正在貿易鏈中、並已納入CITES附錄二的鯊魚及其衍生物發出CITES許可證⁸？

本報告認為，如香港一樣的魚翅進口國/地區，需在目前的庫存管理上得到額外幫助，即在魚翅物流鏈上，該如何確保魚翅在合法情況下進口，而出口的活動，又如何影響現有的庫存。魚翅出口國或有多種原因而未能履行CITES締約國的義務，此舉令人難以辨清魚翅的合法性，也令進口國/地區難以有效地管理已進口、或將會進口的魚翅庫存。2020年12月，CITES常

務委員會召開一個閉會期間工作小組⁹，希望「發展一套新指引，或在目前的指引上，以控制及監測鯊魚及其衍生物的庫存」，並會在下次的常務委員會會議中報告他們的發現¹⁰。

香港法例第586章《保護瀕危動植物物種條例》乃用以履行CITES。雖然該條例已就納入CITES附錄的鯊魚品種之魚翅作進口、出口、轉口的規定，但一旦這些魚翅在本土貿易，便不再受此條例的規管。這個監管缺口，有機會讓非法、未報告及未受監管（IUU）的魚翅混入香港其他合法的魚翅產品當中。在此情況下，要在市場上辨認哪些魚翅是源自納入CITES附錄中的鯊魚品種，只見難上加難。

挑戰

應對這些挑戰，本報告將從進口的一點開始，一直延伸至零售貿易點，提供符合CITES規定下的魚翅合法貿易指引。TRAFFIC在報告中亦列出管理框架以及執行措施，期望香港特區政府可以此作參考，就納入CITES附錄的魚翅庫存項目上有合適的管理。

執行措施的其中一個方案是建構一個系統，用以分辨已納入及沒有納入CITES附錄的魚翅，並容讓那些從合法途徑獲取而又易於分辨的魚翅進口，以便更有效地控制、監管那些被納入CITES附錄的魚翅貿易。措施亦會涵蓋由進口點（進口）以至於本地的貿易（批發/零售），但卻不能保證魚翅進入香港前是合法採購的。執行措施亦強調需要得到源自鯊魚可追

溯性項目的支援，例如SharkTrace¹¹，這將有助增加那些能追溯的、合法採購的，以及符合非致危性判定（NDF）所獲取的魚翅供應。

這項執行措施的要求較CITES為高，香港需針對納入附錄二的鯊魚品種作出額外管制。鑑於恢復鯊魚種群數量的挑戰甚高，要做到可持續發展貿易，合法及可追溯性是關鍵的一步。香港特區政府可採用這個建議措施，並以此作為先導試點，再而管制其他高度受威脅又已被納入CITES附錄的物種。至於其他需要履行CITES義務的魚翅銷售國家/地區，亦可以香港作參考。CITES鯊魚和鰻（板鯪亞綱）工作組應考慮將這方法納入審議當中。

此建議措施分為三個部分（圖1）。第一部分是處理已納入CITES附錄的鯊魚翅之註冊事宜，同時要建立產品標籤，以及獨立處理該些貨品。第二部分，是政府擴展目前的貿易資料系統及追溯管理工具，包含處理納入CITES附錄的鯊魚翅的特別條件。第三部分，是推行措施時，於魚翅貿易層面上，考慮如何監測、管制、監督及執法的方案。這三個部分需要有一個全面、整體的考慮，並協作成為一個可遵從的規格計劃。由於建議措施的各項計劃需要長時間預備，加上涉及相關行業和多個持份者的參與，香港特區政府應立即展開諮詢及預備工作。

圖 1：管理已納入CITES鯊魚翅貿易的執行措施概述

STEP 1



- 為商家建立持有CITES鯊魚產品牌照系統
- 註冊（以及紀錄存貨）所有在納入CITES附錄前的魚翅；至於已納入CITES附錄二的魚翅，商家需在進口點註冊，同時提供CITES許可證的證明
- 為納入CITES附錄的鯊魚產品建立標籤系統（附身分標籤機制）
- 為魚翅貨品設立一套統一用語（中文/英文），此套用語可在貿易時、加工時及銷售時應用

STEP 2



- 建立一個能與CITES電子許可證系統（CITES e-permits system）連接的資料管理系統
- 把SharkTrace或其他追溯工具成為主流，增加合法的、可追溯的，並以納入CITES附錄鯊魚產品的供應

STEP 3



- 需定期遞交已納入CITES附錄鯊魚產品的買賣紀錄
- 每5年更新持有CITES鯊魚產品的牌照，同時審計在納入CITES附錄前的魚翅之存貨資料
- 以情報為主導進行執法
- 在市場上定期購買和測試已註冊和非註冊的魚翅樣本
- 在漁農自然護理署的網頁上公布持CITES附錄鯊魚產品的持牌人、已註冊的貨存、交易資料的摘要

6 CITES 決定18.218-18.225 鯊魚和鰻（板鯪亞綱），<https://stag.cites.org/eng/taxonomy/term/42086>（存取於2020年12月21日）
 7 Fernando, D., Rigby, C. and Sant, G. (2022). CITES 及鯊魚（只有英文版）. Shark Newsletter of the IUCN Shark Specialist Group #4, 2022年1月. http://www.iucnssg.org/uploads/5/4/1/2/54120303/iucn_ssg_shark_news_issue_04_january_2022-s.pdf#page=12
 8 Okes, N. and Sant, G. (2022). 消失的鯊魚：各國的CITES鯊魚捕撈、貿易及管理建議評估（只有英文版）. TRAFFIC. https://www.traffic.org/site/assets/files/17372/missing_sharks_a_country_review_of_catch_trade_and_management_recommendations_for_cites-listed_shark_species_final_updated.pdf
 9 <https://cites.org/sites/default/files/notifications/E-Notif-2020-081.pdf>
 10 因疫情關係，CITES的各委員會會議已延期，而CITES常務委員會會議(SC74)建議於CITES第19屆及第20屆締約國大會（CoP19及CoP20）期間繼續該工作

11 SharkTrace — 由TRAFFIC研發能追蹤鯊魚、魷魚及鰻魚產品的追溯系統。（見P.17的資料圖）

ANALYSIS OF HONG KONG'S CURRENT ADMINISTRATIVE REQUIREMENTS AND RECOMMENDATIONS FOR THE IMPROVED MANAGEMENT OF STOCKPILES OF FINS FROM CITES-LISTED SHARK SPECIES





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STEP 1

REGISTRATION

1.1 Introduce a licensing system for traders of CITES-listed sharks

CURRENT PRACTICE



Without regular inspection

Cap. 586 does not require traders of non-live species listed on CITES Appendix II to be registered for a possession licence. Such licences are only required for holders of species listed on CITES Appendix I or live specimens of CITES Appendix II from wild origins.

The implication of this is that no records are kept of traders that possess and trade in CITES-listed shark fins. This lack of record-keeping prevents agencies from distinguishing between laundered items and CITES-listed shark fins that are legally imported. Even if a CITES export permit can be produced, manipulated stock accounting can falsely represent that the stock 'numbers' presented are within the amounts stipulated on the licence.

Where it is currently required, possession licences specify the quantity that can be kept per premise. As these licences are valid for five years¹², the quantity of species outlined in the licence effectively serves as a quota for the entire licenced period. Without regular inspection and verifiable transaction records, licences do not, at present, enable authorities to assess the status of the products or specimens, or if laundering of illegally sourced specimens has occurred.

¹² AFCD (2018). Endangered Species Advisory Leaflet No 2 (Revised), Endangered Species Protection Division, May.

RECOMMENDATION



Possession licences
for traders

Possession licences should be a requirement for the trade of fins from CITES-listed sharks. AFCD has previous experience managing possession licences for CITES Appendix II (both live and dead specimens), when CITES trade was regulated under Cap. 187 (a predecessor to Cap. 586) prior to 2006. Reinstating possession licences for CITES-listed sharks is critical for the government to maintain oversight of trade flows and stockpile levels within the territory and to enable control of trading activities, such as establishing related permit requirements.

Changes to possession licences for CITES-listed sharks would enable Hong Kong's regulations to be comparable to best practices in other CITES jurisdictions, such as the EU, which requires import permits for the trade in all CITES-listed species (Appendix I, II and III), mainland China's import permit requirement for CITES Appendix II listed sharks, as well as Australia, which also requires import permits for Appendix II specimens.¹³

Licences should specify the number of specimens, which should be individually marked and registered after arriving in Hong Kong. This would replace the current quota-like arrangement, which can create an opportunity for laundering simply by keeping stocks below the quota number and falsifying transaction records.

¹³ Whitfort, A., Shek, R. and Tam, I. (2020). Protection of Endangered Species: Enhanced Enforcement Strategy White Paper. November. ADM Conservation Foundation and Faculty of Law, The University of Hong Kong.

1.2 Register and inventorise all pre-Convention fins of CITES-listed sharks in Hong Kong; and register at point of import with proof of CITES permit

CURRENT PRACTICE

AFCD requests traders to provide a list of its stockpiles of recently CITES-listed specimens that were legally imported prior to the listing (pre-Convention).¹⁴ This is done after every meeting of the CITES CoP (Conference of the Parties). The assessment of stockpiles of shark parts and derivatives enables Hong Kong to meet its obligations under CITES Decision 18.218 (b), where CITES Parties are encouraged to:

“In accordance with their national legislation, provide a report to the Secretariat about the assessment of stockpiles of shark parts and derivatives for CITES-listed species stored and obtained before the entry into force of the inclusion in CITES in order to control and monitor their trade, if applicable”

Therefore, AFCD should already possess a list of pre-Convention specimens in the market. Although it's not likely to be comprehensive, it should help provide a substantial starting point for AFCD to carry out any marking of newly CITES-listed specimens.

Pre-Convention stockpile reporting to AFCD is done on a voluntary basis, and there is no recourse for not reporting to the authorities for specimens of newly CITES-listed species. One advantage of submitting stockpile records is that it could facilitate future permit applications, such as if the trader needs to apply for a re-export permit, by having the stockpiles classified as pre-Convention at an earlier stage. Once received, AFCD personnel arranges with the trader for an in-person visit to weigh and verify the declared stocks.

Traders that do not respond to the government circular to report pre-Convention stocks would likely only notify AFCD of their possession of such stocks if a re-export permit is needed. In such cases, traders could simply disclose the portion of pre-Convention stocks they intend to trade, and the full scale of their stockpiles may not necessarily be divulged to the authorities. Hence, despite the reporting exercise requesting stockpile information from traders, Hong Kong authorities will not know the full scale of available stocks.



Voluntary Pre-Convention stockpile reporting

¹⁴ Agriculture, Fisheries and Conservation Department (2019). Amendments to the Appendices of CITES following the 18th Meeting of the Conference of the Parties – declaration form for pre-Convention stock of newly scheduled species (other than teatfishes and *Cedrela* spp.). 1 November. https://www.afcd.gov.hk/english/conservation/con_end/files/ES03_19_Eng.pdf (5 August 2020).

RECOMMENDATION

There are two types of products where registration is recommended:

1. Pre-Convention fin stockpiles already in Hong Kong;
2. Imported fins that are either pre-Convention stockpiles or fins from legally caught, CITES-listed sharks.

In both cases, it is critical that quantities are recorded accurately, both by weight and by piece, as records on fin quantity will be used as the main traceability metric (see 3.2) and for determining discrepancies that require further investigation (see 3.3 and 3.4).

For fins currently stockpiled in Hong Kong, it is necessary to require all current stockpile-holders to submit data on product quantities. In addition to the current template for collecting stockpile data, available information that should be provided include: source and consignment countries, approximate date of catch/harvest, and consignment dates, as well as CITES export permits or Pre-Convention certificates.¹⁵

There is a strong likelihood that fins from CITES-listed sharks may be stockpiled in Hong Kong without having the requisite CITES documentation, either because the species in question was not CITES-listed when it was imported, or that the fin was bundled with other shark fins and only identified as CITES-listed upon sorting after import to Hong Kong. Given this possibility, and recognising that implementing a new registration system takes time, an amnesty should be introduced that would allow all stockpiles of CITES-listed shark products to be registered. A deadline for registration should be set, with a period set to allow registration to be completed (e.g., six months), which should be determined by AFCD with industry consultation.

For imported fins, a CITES permit requirement for the import of CITES-listed shark products will need to be introduced. Doing so will require traders to seek prior approval of the import and enable AFCD to assess whether the requisite documentation (export, re-export permit or Pre-Convention Certificate from the exporting country) are available, as well as to record the quantity of fins requested for import under the permit. At this stage, AFCD could assess the veracity of the information provided, such as the NDF catch quota for the source country or the authenticity of the export permit itself.

An added requirement should be the submission of an invoice between the importer (in Hong Kong) and exporter (in the exporting country), which should have outlined, among other things, the company names and contact information, quantities traded, product information (species, product type and form). This would further enable AFCD to validate the information with the permit data, and importantly, allow the quantity imported to be updated against an individual's stockpile registry. As traders tend to overstate the quantity traded during the permit application to allow some leeway for last-minute changes, the invoice request is crucial to allow the actual quantities imported to be entered and used as a basis for subsequent monitoring.

A six-monthly holding update will need to be submitted by those registered to ensure the credit and debit transactions of fins from their stockpile are monitored.



Register credit and debit transactions

¹⁵ Conf. 13.6 (Rev. CoP18) Implementation of Article VII, paragraph 2, concerning 'pre-Convention specimens' <https://www.cites.org/sites/default/files/document/E-Res-13-06-R18.pdf>

1.3 Introduce a product labelling system (with ID tag mechanism) for fins from CITES-listed sharks

BEST PRACTICE (MUNDY AND SANT, 2015)¹⁶

Given a lack of current practice in labelling, the tagging of crocodile skin in international trade provides a useful example of an effective management system that could be replicated for shark fins. The tagging of crocodile skin in international trade provides a helpful example of a system that is recognised as an effective management system. All species within the order *Crocodylia*, including crocodiles, alligators and caimans, are listed on CITES Appendix II, where international trade is controlled.

A specific label, or tag, is used in the crocodile skin trade to allow the tracing of individual pieces. The tag, which is either a button-style tag or loop, applies to raw, tanned and/or finished skins. Interestingly, specimen parts such as crocodile tails, throats, feet and back strips and other parts must be kept in a transparent, sealed container, and clearly marked with a non-reusable tag, which may be a helpful labelling example for the marking of shark fins in trade.



The tag includes either an alphanumeric code, or a bar code, containing information on species, country of origin, year of skin production or harvest and a unique serial identification number.

Tags and sealed containers are affixed at the earliest point in the supply chain as possible, and are required on raw to finished skins, both during pre- and semi-processing stages. The tag materials are hardy enough to withstand processing (incl. tanning), but there is a process to enable re-tagging of skins if the original tag is damaged or removed. In France, companies must update a Register (typically managed at the country level) upon affixing a new tag, providing details of the old and new tag number, the date of re-tagging, and import permit.

Traders must source tags and sealed containers from a list of approved manufacturers, which are published on the CITES website, with the tags required to meet the specifications under CITES Notification 2013/029 to ensure they are tamper-proof. In some countries, tags are issued and distributed by the CITES MA.

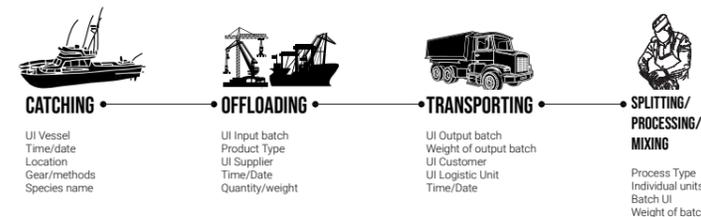
Mundy and Sant (2015)¹⁷ examined various examples of unique identifiers used for the trade in different CITES-listed species and the applicability and lessons in implementation for the trade in CITES-listed sharks. The unique identifiers used range in varying technological sophistication, from paper-based catch documents for Queen conch, used as a label for meat products, a label on the packaging of caviar using alphanumeric codes, a tamper-proof, un-reusable tag for crocodile skin, and paper/electronic documentation for timber logs with physical marking (paint, plastic tags, barcodes and RFID devices).

The applicability of these labelling options for fins from CITES-listed sharks in Hong Kong primarily depends on how the label would affect or potentially damage the specimen. Shark fins often arrive in Hong Kong semi-processed – at least dried or other forms such as frozen, and may (or not) have skin attached. Given the product’s high value, which in turn is contingent on having intact fins, a more intrusive tag affixed to the specimen could likely cause damage and compromise the item’s value. Paper-based documents may not be sufficiently resistant to duplication and fraud. More sophisticated devices, such as RFID, that could contain an array of information linked to a central database could be paired with existing information management systems (see 2.1) to provide efficient data processing. However, such a device would still need to be attached to the specimen. While RFID is being used during trials of the SharkTrace¹⁸ traceability system (see 2.2) and is affixed to the shark carcass or fin on a fishing vessel, these devices may not survive processing and product transformation in the later parts of the trade chain.

SHARKTRACE



SharkTrace is an innovative digital traceability tool that tags and tracks sharks from the point of capture through to point of consumption.



Simple, user-friendly, and cost-effective apps designed specifically for use on board fishing vessels, in processing plants, and during transport, ensures transparency throughout the supply chain. Its aim is to enable governments and traders to ensure that shark and ray products are from legal sources and help regulators, including those implementing CITES, exclude products not meeting these criteria. It will also provide an opportunity to trace products back to demonstrably sustainable fisheries. Positively identifying shark and ray products from sustainable and legal sources will help shift demand away from non-traceable sources, reduce illegal catch, and help identify catch taken from poorly managed fisheries. <https://www.traffic.org/sharktrace/>

RECOMMENDATION



A specific label on transparent containers

One appropriate option is using transparent containers, currently in use for carrying crocodile parts (as opposed to the skin, which is tagged). A specific label would be affixed to the container, preferably a QR code, to authenticate the items using common mobile phone apps. Each container should hold fin(s) of the same species.

Designated manufacturers can produce such containers to include the relevant QR code and a unique serial number for each container, enabling records of the containers in use to be maintained on a database managed by Hong Kong’s CITES MA. This option would likely pass the criteria for an effective choice of unique identifiers and management system: “be low cost, easy to apply, simple to distribute, pragmatic, business-friendly, and fraud-proof; have real-time online registration” (Mundy and Sant, 2015, p. 31).

¹⁶ Mundy, V. and Sant, G. (2015). Traceability systems in the CITES context: A review of experiences, best practices and lessons learned for the traceability of commodities of CITES-listed shark species. TRAFFIC report for the CITES Secretariat.

¹⁷ Mundy, V. and Sant, G. (2015). Traceability systems in the CITES context: A review of experiences, best practices and lessons learned for the traceability of commodities of CITES-listed shark species. TRAFFIC report for the CITES Secretariat.

¹⁸ See information box and <http://www.traffic.org/SharkTrace>

1.4 Establish a common set of terms for shark fins in Chinese and English for use at the point of trade, processing and sale

CURRENT PRACTICE

Market categories for shark fins are not always distinguishable by the taxonomic names of the species. Of the 30-45 market categories of fins in use by Hong Kong traders (Yeung et al., 2000),¹⁹ a study by Clarke et al. (2006) was able to identify the species composition of 11 of these market categories. CITES-listed shark species makeup at least six of the categories and warrant careful sorting and disaggregation by traders into these market categories because of their capacity to yield a different, potentially higher price.

However, not all of these distinct categories are synonymous with a single species. The three species of the thresher shark are found within the wu gu category. A single taxon could also belong in several categories, such as the longfin mako, which is also located within two categories.

Within Clarke et al.'s (2006) study, 54% of the fins, by weight, were traded in unspecified categories, which suggests a significant level of unknown species composition. These unspecified categories could contain fins of CITES-listed sharks, perhaps of smaller sized fins that did not warrant careful sorting due to their low value. However, these unspecified categories have largely remained untested, despite subsequent studies on species composition of Hong Kong's trade in its entirety (Fields et al., 2017).²⁰

The lack of a complete understanding of the species composition in the different market categories presents a challenge for segregating CITES-listed sharks from other unlisted species. This severely limits trade transparency, confounds monitoring and enforcement of trade in CITES-listed shark fins, and may even promote laundering practices of illegally-source fins in the open market. As shark regulations are established by species, fins of scheduled shark species need to be unambiguously linked to distinct market categories.

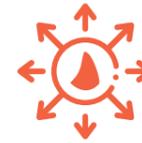


lack of common set of terms

¹⁹ Yeung, W. S., Lam, C.C. & Zhao, P.Y. (2000). The complete book of dried seafood and foodstuffs. Wan Li Book Company Limited, Hong Kong (in Chinese).

²⁰ Fields, A. T., Fischer, G. A., Shea, S. K., Zhang, H., Abercrombie, D. L., Feldheim, K. A., ... & Chapman, D. D. (2018). Species composition of the international shark fin trade assessed through a retail market survey in Hong Kong. Conservation Biology, 32(2), 376-389.

RECOMMENDATION



Clearly defined species-specific categories

While price incentives can motivate traders to sort and label fins into specific categories, it is not mandatory. It may be beneficial to regulate the use of market categories and require all fins, large and small, to be sorted uniformly. This would enable the fins of CITES-listed sharks to be sorted into clearly defined species-specific categories. Other generic market categories that are currently in use could be maintained to allow different species, especially fins of non-scheduled sharks (with no trade controls required under CITES and Hong Kong law), to be comingled and reflect characteristics such as its product quality or fin positioning.

To achieve this, the Hong Kong Government needs to sponsor a consultancy to develop a set of nomenclature for the dried shark fin trade in Hong Kong. Involvement of the industry is key to ensuring the market categories developed are practicable. Therefore, this consultancy should include a series of workshops where the set of market categories are co-developed with industry members. Such participation would be critical for encouraging widespread adoption in shop labelling and possibly buy-in for the management system introduced in this protocol.



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STEP 2 MANAGEMENT

2.1 Establish an information management system linked to the CITES e-permits system

An electronic system needs to be at the heart of the management system for CITES-listed shark fins, and CITES-listed trade as a whole, as it allows import/export permits to be easily verified between countries and for cross-checking of information at the market with import/export data in an efficient manner.

Separate documentation is necessary for holders of CITES-listed shark fins in the market. Export permits cannot simply be reproduced as proof of legality (through a critical supporting document) as shipment quantities can differ from how much is held by traders at import and by the seller at the retail level.

A management system could add considerable paperwork to traders, limiting its initial acceptability to the industry. However, the promise of traceability of CITES-listed shark fins could be achieved with greater efficiencies if done electronically, which would remove some of the burden of such a management system and improve accuracy, transparency and reduce opportunities for fraudulent activity.

CURRENT PRACTICE

All trade into and out of Hong Kong is reported through cargo manifests and import, export and re-export declarations, which are required to be submitted after arrival or departure of the shipment.

The Hong Kong Government has designated three private service providers to the documentation process for traders, with information submitted through an electronic process – either via the service provider's software or integrated software that enables direct transfer from a trader's backend system. Paper submissions are also accepted via a paper-to-electronic conversion service that is also provided by the service providers or by post.²¹

For the trade in CITES-listed species, relevant CITES trade permits are required as documented proof of legal trade. Importers of fins from sharks listed on CITES Appendix II, for example, will be obliged to present an export permit to AFCD, issued by the exporting country/territory, to prove that the product was legally sourced. These CITES obligations are additional to the Customs manifest and declaration requirements if the items are brought in and out of Hong Kong by air, rail, road, ocean and river carriers.

At present, the trade data collected through manifests, declarations and CITES permits are not comparable – notwithstanding the fact that data is kept siloed in separate government department databases, there are significant differences in the type of information requested and classified. While CITES permits specify the species being traded, Customs information is generally articulated in broad descriptive terms, e.g., frozen fish, or with the use of Harmonized System (HS) codes, which are 8-digit numerical codes that range from species level information to generic categories, e.g. timber logs. Furthermore, quantities may be reported in different units, typically by weight (kg) in Customs data, or a wide range of acceptable units for CITES data, which currently renders the two data collection systems incapable of being compared and verified.

The Hong Kong Government has embarked on a widespread and all-encompassing effort to standardise trade procedures and harmonise the information collected through the establishment of a Trade Single Window, a one-stop platform for lodging trade documentations. While the process is being led and managed by the Customs and Excise Department (C&ED) to drive more efficient Customs trade reporting and controls, other government departments are also engaged in the process. AFCD is enabling various licences, permits and certificate applications for trade in CITES-listed species to be applied for electronically on the Single Window platform, targeting a Q4 2021 deployment, at the earliest.

The benefits of the Single Window are multifold: having all regulated documentation requirements in one place and submitted electronically allows a more seamless cargo clearance process and simplifies current manifest and declaration requirements. An essential change in protocol is the shift from post-shipment trade declaration to pre-shipment. This would allow alignment with dominant international practices and enable risk mitigation and improved controls prior to a shipment's landing. Storing both Customs and CITES data in one central location may also allow for data comparisons and verifications, enabling rapid risk assessments to be made for the trade of CITES-listed species. The improved capacity to track the quantities traded under a licence may also assist in resolving instances of fraud. For example, where it appears over a five-year period that a possession licence has not changed in total quantities held, but in fact, the holding has been trading fins, this can highlight that the licence holder has potentially traded in illegally-sourced products.



multi-system
in separate
databases

²¹ Commerce and Economic Development Bureau (2020). *How to Submit Cargo Manifests by Using Electronic Service for Air, Rail, Ocean and River Carriers (EMAN Guidebook)*. May. [https://www.cedb.gov.hk/assets/document/citb/03_CITB_2.0_Policies/CITB_2.0_Policies_Eng/GETS/EMAN_Guidebook_\(Eng\).pdf](https://www.cedb.gov.hk/assets/document/citb/03_CITB_2.0_Policies/CITB_2.0_Policies_Eng/GETS/EMAN_Guidebook_(Eng).pdf) (accessed 21 December 2020).

BEST PRACTICE

The Asycuda eCITES system²², developed by UNCTAD and the CITES Secretariat, is an electronic system that digitises the format of CITES permit issuance and processing. If implemented unilaterally by all CITES Parties, or with select countries through bilateral or regional agreements, the system could enable digital permits that are authenticated through virtual communications between the cooperating countries rather than paper-based submissions by the trader.

Recognising the enormity of the task in terms of cost and technical sophistication, the developers have suggested a phased implementation:

1. ePermit – streamlined and transparent process for CITES Management Authorities; This includes electronic submissions of requests, online validation of permits, e-payment of fees, internal permit approval and audit function;
2. eControl – electronic information exchange with Customs, enabling risk assessment to combat illegal trade; This enables cross-checking of CITES permit information with data collected through customs declaration, which could support risk assessment, while improving border controls and clearance times;
3. eReport – allow auto-generation of reports, including statistics for CITES annual reports, government departmental reports and ad-hoc statistics requests.
4. eExchange – electronic exchange of permits between government agencies along the supply chain;

Given a framework of trust (agreements) and common technical standards between cooperating countries, this could enable countries to maintain CITES permits for import/export electronically and exchanged upon electronic request by a counterpart authority to verify a permit at import. Traders could merely retain a permit code, thus alleviating the need to authenticate a paper copy of the relevant permit. This could lead to more streamlined cross-border processes and reduce incidence of fraud (such as the same permit being used multiple times and exchanged between permit holders).

While the Asycuda eCITES system was developed to facilitate import/export trade, the developers suggest the electronic CITES permits are compatible with Customs and trade procedures, and can be integrated with existing Customs and Single Window systems (Pikart, n.d.).²³ Indeed, Hong Kong's schedule for developing its Trade Single Window includes coverage of licences for the trade in endangered species during Phase II of implementation (Q4, 2021 at earliest; C&ED, n.d.).²⁴ Ensuring that the system being developed has technical compatibility with the Asycuda eCITES system is important so that future exchanges of electronic CITES permits with overseas government agencies could be possible.



RECOMMENDATION

A separate but interoperable system should be established by AFCD and C&ED, as part of the harmonisation under the Trade Single Window, to house information about possession licences, registered stockpiles, and capacity to account for changes to stock volumes via imports and re-exports (of pre-Convention stock), domestic trade and changes to ownership deeds, or product transformations (processing that may result in changes in weight and size) made by licensees of CITES-listed shark fins.

Transactions (see section 3.2) made should be reported digitally by the licensees, with exact volumes and corresponding product codes (on transparent container packaging) being reported. Reporting in real time would be ideal, although at least quarterly reports (only during quarters when there have been changes to stock levels) are recommended to minimise the burden on traders.

Along with information reported by possession licensees, facilities that have been designated as authorised suppliers of the transparent containers should be required to report on the production and distribution of containers, to whom (possession licensees) the containers, and its unique identifier codes, were distributed to. This allows the production of a container to be tracked and verification of their use and subsequent transaction (and disposing of containers) with end-use purchase/consumption.

The major benefits of such a system include:

- Tracking trade flows along the supply chain upon import to Hong Kong, including the capacity to integrate signatures and stamps for specimens of the CITES management authority, so that past decisions and approvals can be easily recalled;
- Capacity to manage the implementation of changing regulations such as trade quotas, trade suspensions and permit issuance changes.



Separate but interoperable system by AFCD & C&ED

²² CITES (n.d.). eCITES@asycuda.org base solution. <https://ecites.asycuda.org/#/home/default> (accessed 20 July 2021).

²³ Pikart, M. (n.d.). The eCITES Implementation Framework: a Practitioners Guide to implement electronic CITES Permits. CITES.

²⁴ Customs and Excise Department (n.d.). Development of Trade Single Window in Hong Kong. https://www.customs.gov.hk/filemanager/common/pdf/SW_Consultation_Powerpoint_en.pdf (accessed on 22 June 2022).

2.2 Mainstream the use of SharkTrace and other traceability tools to increase the proportion of supply chains for CITES-listed sharks that are legal and traceable

CURRENT PRACTICE



Lack of traceability

Because Hong Kong's trade in CITES-listed shark fins represents only a short segment of the supply chain, there are limits to the capacity to ensure the legality of imported fins in the current management regime proposed in this protocol.

Mechanisms that enable global traceability of shark products, to help distinguish between legal and illegal sources of shark fins, are currently lacking. While there are a few fisheries that are traceable and properly labelled, these are limited in scope and form only a very small proportion of the global shark fish trade. Traceability systems that span the shark product supply chain are currently being trialled in Australia (see SharkTrace under "Recommendation" below) – such systems will need to be mainstreamed to ensure that only CITES-listed shark products from legal sources enter the Hong Kong market.

BEST PRACTICE



Proof of legality and traceability

The trade controls of Toothfish (*Dissostichus spp.*) in Hong Kong are an example of a trade requirement for legally sourced and traceable products, controlled via documentation proof of legal and traceable catch, and the issuance of import/re-export licences. The Conservation of Antarctic Marine Living Resources (Toothfish Catch Documentation Scheme) Regulation (Cap. 635) came into effect in July 2020, enabling Hong Kong to meet its international obligation as a cooperating non-member to the Convention on the Conservation of Antarctic Marine Living Resources, and implements the regulation's Conservation Measure (provides for the Catch Document Scheme for *Dissostichus spp.*).

The Regulation contains provisions for controlling the movement of toothfish items, and grants licences for the trade of items. If the item is arriving in Hong Kong on a fishing vessel, the Regulation requires that previously non-landed toothfish items be allowed to unload only with a valid *Dissostichus* Catch Document (DCD), which must be certified under the CDS's electronic system. A DSD contains information about the harvest, transshipment and landing of *Dissostichus spp.*

Importing toothfish items require an import licence that is granted in Hong Kong by the Director of AFCD, which in turn is contingent on having a valid *Dissostichus* Export or Re-export Document (DED or DRED) stating the item is destined for Hong Kong.

Similarly, an export or re-export licence is granted with a valid DCD, DED or DRED, as proof of legality and traceability.

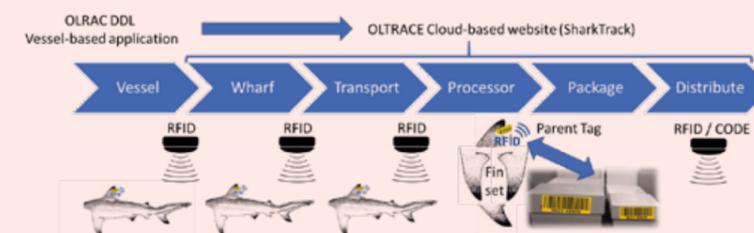
RECOMMENDATION

The SharkTrace project is developing a traceability system that is being trialled as a proof-of-concept in shark fisheries and supply chains in Australia. The proposed system is also testing the application of various technologies for tagging, packaging and data scanning with the fishing industry, processors and traders, to understand and establish a workable or optimal operational workflow. These include the use of a combined QR/Rfid tag that is attached either: 1) to the carcass or fin of a large shark; or 2) to a bulk bin of smaller sharks while still on the fishing vessels.

The RFID component ensures the tag is unique and counterfeit-proof. Vessel-based electronic logbooks and/or e-tablets are necessary for entering data about the vessel, fishery, location and time of the catch together with shark species and process type (whole, finned, trunked). This information is uploaded to the web upon landing or access to the internet, at which point it becomes accessible and verifiable to other links in the supply chain at transport, processing and distribution points.



Documentation including SharkTrace unique identification code



Source: SharkTrace Progress Report

Beyond the development of a workable traceability system for industry uptake, an important aim of the project is to apply the system to supply chains of CITES-listed shark products, given the need to distinguish legal and illegal sourcing in the CITES context.

Widespread adoption of SharkTrace or similar traceability system for shark products may take some time, but the electronic ledger produced by SharkTrace provides verifiable proof of legality, and should be recognised under Hong Kong's management system. Shark fins tracked under SharkTrace should yield a unique identification code that can easily be verified through an electronic query connected to the SharkTrace central database, by CITES management authorities.

In turn, Hong Kong will need to establish a similar documentation requirement, similar to DCD, DED or DRED documents under the Catch Document Scheme for *Dissostichus spp.*, for the trade of fins from CITES-listed sharks that includes the input of the SharkTrace unique identification code for individual fins being traded. If combined with the Single Window approach, it will be an efficient approach for the integration of the trade of legal and traceable shark fins within the proposed CITES-listed shark management system.

STEP 3

MONITORING, CONTROL, SURVEILLANCE & ENFORCEMENT

While the burden of proof should rest with fin traders, the Hong Kong Government should create an appropriate system to check and verify the legality of proof provided by traders.

3.1 Require regular submissions of transaction records of fins from CITES-listed sharks

CURRENT PRACTICE



No records

No transaction records are required from traders of CITES-listed shark fins.

The provisions within Cap. 586 does not empower AFCD to keep track of stock levels within the territory, when the species and products in question are (mostly) listed on CITES Appendix II.

BEST PRACTICE²⁵



Requirement of transactions and stock changes records

The Australian CITES licensing system (in all States) requires that licence-holders keep records of all transactions and stock changes. Details to be recorded include the source, quantity, the identities of parties to the transaction and their licence numbers. These transaction records also need to be submitted to the regulatory authority on a regular basis, with failures to comply with these requirements being automatically penalised (issued via the computerised licensing system), as would the provision of false or misleading information.

RECOMMENDATION



Seller and buyer to submit transaction information on online system

Registered traders of fins from CITES-listed sharks must be required to submit transactions digitally, whether in real time or at least quarterly, within a two-week period after the end of each quarter. The system should encourage traders to submit transaction information at any time before the quarterly deadline. As both the seller and buyer of the product are required to submit transaction information via the online system (see 2.1), information discrepancies may be detected if one of the transaction parties has not submitted comparable transaction data.

Furthermore, inconsistencies may also be exposed through regular audits of fin stockpiles (section 3.2). AFCD could also consider automated processes for issuing penalties to non-compliant traders/licenseses as the Australian example.

Information that should be required as part of the regular transaction submissions include:

- Product (species and other descriptions, e.g. fin position, unique identifier, e.g. product code), quantity (incl. number of pieces and weight (in kg)), source (country of origin), names and contact information of the transaction parties, and associated possession licence numbers.
- Copies of invoices could also be provided as supporting documents, if product is being traded between commercial entities.

²⁵ Whitfort, A., Shek, R. and Tam, I. (2020). *Protection of Endangered Species: Enhanced Enforcement Strategy White Paper*. November. ADM Conservation Foundation and Faculty of Law, The University of Hong Kong.

3.2 Audit of pre-Convention fins of CITES-listed sharks every five years at licence renewal

CURRENT PRACTICE



No trading license

Traders of CITES-listed shark fins do not have to be licenced to trade (see 1.1). As such, information about pre-Convention stockpiles that traders share with AFCD, either when it was newly listed (see 1.2) or at any point thereafter (e.g., when applying for a re-export permit), would not need to be revised and/or audited.

The Hong Kong Government, therefore, lacks a complete record of pre-Convention shark fin stockpiles in the territory, with only inflows and outflows of CITES-listed shark fins across its border being traced.

RECOMMENDATION



Request a licence renewal

An inventory review and audit must be carried out when licencees request a licence renewal, which is currently done in 5-year intervals. Licencees should be requested to submit their own inventory record, as part of the licence renewal application.

With the setup of an electronic information management system that would include details of a licencee's registered stockpiles, an inventory report of a licencee can be automatically generated. This can then be compared with a licencee's inventory record to highlight inconsistencies. This would trigger a physical inspection and audit of at least a proportion of their inventory, in order to:

- Verify stockpile numbers
- Use of product label (transparent containers and QR code labels)
- Authenticate a sample of the QR code labels
- Randomise testing of non-registered shark fin stockpiles (in accordance with 3.4)

3.3 Inspections and intelligence-led enforcement

CURRENT PRACTICE



No periodic monitoring or inspections of shark fin traders

There is no periodic monitoring or inspections of shark fin traders.

AFCD is not empowered under Cap. 586 to carry out market inspections for CITES Appendix II species (dead specimens), but outlets that offer fins of CITES-listed sharks for sale can be inspected by C&ED, including infringements of false advertising or labelling, under the Trade Descriptions Ordinance (Cap. 362), which may serve to defraud unsuspecting customers.

RECOMMENDATION



Cross-checking data

The current protocol presents a number of measures that, when implemented, would enhance the collection of information on stockpiles, transactions and import/export trade. Validating data accumulated from various sources is critical for identifying discrepancies, such as comparing data submitted separately by the transaction parties, or trade quantities against CITES permits, and against records of the exporting countries (via electronic queries). Cross-checking data will help expose discrepancies and justify a physical inspection or enforcement action.

An effective system for managing the domestic trade of fins from CITES-listed sharks also requires a fool-proof tagging system (see 1.3), and periodic inspections need to be checking for:

- Transparent packaging, ensuring that it has not been tampered with;
- Authenticating QR codes on the packaging.

3.4 Periodic buy & test for samples of registered and non-registered shark fins available for sale in the market

CURRENT PRACTICE



No periodic monitoring

While AFCD has experience and expertise in market sampling and testing of products for sale in the open market, this is typically limited to Appendix I species where commercial trade of wild specimens is prohibited.

Enforcement is guided by specific intelligence, rather than a result of periodic monitoring.

RECOMMENDATION



Establish quick tests of species

PCR testing kits²⁶ are being used by AFCD at the border to establish quick tests of species and identify discrepancies with declared information.

Although this technique has not been used to date for testing samples in the market, AFCD will need to expand its use to the market. Periodic and ad-hoc (e.g., intelligence-led) product testing from the market is a necessary compliance measure, and will be an important signal to market traders that the system is duly enforced.

²⁶ Cardenosa, D., Fields, A., Abercrombie, D., Feldheim, K., Shea, S. K., & Chapman, D. D. (2017). A multiplex PCR mini-barcode assay to identify processed shark products in the global trade. *PLoS one*, 12(10), e0185368; But, G. W. C., Wu, H. Y., Shao, K. T., & Shaw, P. C. (2020). Rapid detection of CITES-listed shark fin species by loop-mediated isothermal amplification assay with potential for field use. *Scientific reports*, 10(1), 1-14.

3.5 Summary of licencees and registered stockpiles and transactions in CITES-listed shark fins published on the AFCD website

CURRENT PRACTICE



Registered stockpiles not shared publicly

Given that there is no licencing requirement for trade in CITES-listed shark fins, there is no corresponding provision to publish this information.

Registered stockpiles are also not currently shared publicly. Although there may be privacy concerns in disclosing this information, there is precedent in releasing stockpile information on products of CITES-listed species, e.g. elephant ivory stockpiles, which provides a useful model for obscuring privacy details of individual traders.

RECOMMENDATION



Digitised transactions data

As highlighted in 3.1, AFCD does not collect transaction data from traders, but the process must be digitised so that transactions data could be analysed against registered stockpile levels.

Such cross-checking of information should be automated within the Trade Single Window platform (see 2.1), with discrepancies such as over-reached licence thresholds triggering alerts for AFCD enforcement officers to follow up on.



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A RECOMMENDED PROCESS FOR INTRODUCING THE PROTOCOL

TRAFFIC recommends the following steps for AFCD to lead the process of introducing the Protocol in Hong Kong. A key aspect is to ensure adequate consultation and involvement of relevant stakeholders from the outset.

Particular groups and associations representing Hong Kong's shark fin traders may require mandatory briefings on proposed compliance provisions. Other relevant stakeholders include groups protecting consumer interests, NGOs and academia with expertise on the shark fin trade, as well as relevant government departments that deal with food safety, trade, and technological enhancement in government processes.

STEP 1 IDENTIFYING AND ENGAGING STAKEHOLDERS



- a. Develop goals and objectives (in compliance with CITES Decision 18.224), set proposed targets and strategy for managing trade in CITES-listed shark fins
- b. Consult relevant government departments - to review, support and provide guidance on specific aspects of the strategy, e.g., Environment Bureau, Customs and Excise Department, Efficiency Unit, Centre for Food Safety
- c. Brief stakeholder groups through workshops – to set goals and objectives, outline proposed targets and strategy for managing trade in CITES-listed shark fins
- d. Establish an advisory committee – composed of relevant government departments, industry groups, consumer interest groups, NGOs and academia – to review, evaluate and provide guidance on the strategy and protocol implementation
- e. Establish an operational working group – to lead and implement the protocol, chaired by AFCD, and composed of relevant government departments and industry groups

STEP 2 DEVELOPING A PLAN FOR IMPLEMENTING THE PROTOCOL



- a. Refine the strategy in collaboration with the operational working group
- b. Develop a plan of action in liaison with the operational working group
- c. Develop a budget for plan implementation
- d. Identify potential partners to assist implementation, e.g., SharkTrace (section 2.2)
- e. Plan review by the advisory committee
- f. Publish the Protocol implementation plan
- g. Obtain relevant approvals within government for the Protocol implementation plan and budget

STEP 3 IMPLEMENTING THE PLAN



- a. Develop and implement a communications and education strategy
- b. Implement the actions in the plan by the working group
- c. Notify parties of the implementation plan at relevant CITES committees

STEP 4 ENFORCEMENT, MONITORING AND REPORTING



- a. Develop a government enforcement plan
- b. Establish a plan for independent monitoring
- c. Establish an integrated public reporting system – for suspected cases of non-compliance
- d. Publish reports on status and trends

TRAFFIC

ABOUT TRAFFIC

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

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