

**Crocodile Specialist Group Steering Committee Meeting**  
Chetumal International Business and Convention Centre, Chetumal, Mexico  
(4 July 2022)

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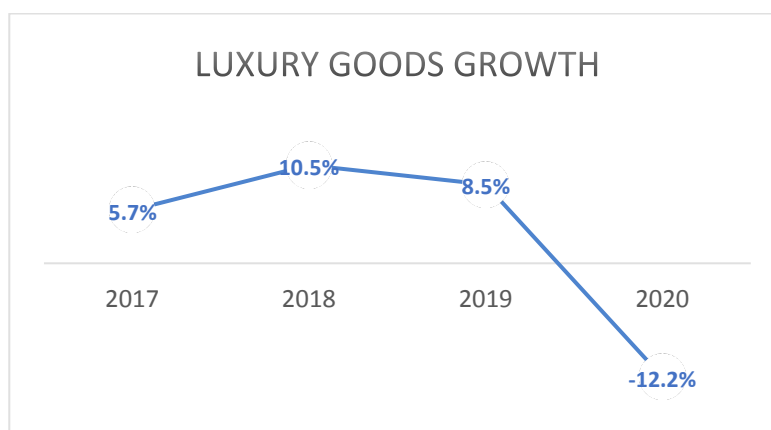
**Industry and Trade**

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Conservation, sustainable use, livelihoods and the industry are intimately linked to each other for many species of crocodilians. True partnerships between conservation and industry, such as have existed in the CSG, require the partners to assist each other, so that both may benefit. If the conservation fails for crocodilian species, the industry also fails. However, if the industry fails, there are adverse impacts on conservation and the livelihoods of local people. Many members of CSG, SSC and IUCN may not fully realise that industry sustainability is itself a challenging and specialised task, that requires both investment and research.

**Overview**

The market for all crocodilian skins, meat, and byproducts has seen considerable change in the past three years. The global market for fashion and luxury goods has declined, like most industries, due to COVID-19, but it is predicted to rise by 3.42% compounded annual growth rate by 2027. Russia has historically been an important market for crocodilian leather goods and footwear, however the war in Ukraine and the sanctions taken on the Russian Government and oligarchs has halted nearly all sales of crocodilian products and luxury goods in the country.



Data from Deloitte “Global Powers of Luxury Goods 2021” and “Global Powers of Luxury Goods 2020” Reports

The crocodilian leather market has become increasingly divergent into two main sectors: skins destined for high-end luxury brands’ use and skins destined for lower-end or non-branded markets. There are considerable differences in these two use groups including prices paid for skins, quality demanded by customers, and total consumption and use of skins.

There remains considerable over production of farm-raised and ranched skins across all commercially traded species which has added to the challenges industry faces. Brands have tightened quality requirements, creating giant surpluses of skins held in coolers by farms and raw skins dealers. Many tanneries have crust leather stacked to the ceilings.

Wild skin markets remain bleak, with demand in Louisiana dipping so low that many trappers and fishermen cannot afford to purchase fuel for boats and harvest animals without losing money after selling whole carcass animals.

Ironically, the demand for meat, globally, has eclipsed the demand for skins. In the USA, there is a shortage of alligator meat, although the overall revenue for meat is still significantly less than that of skins. Meat sales are becoming more and more important in the farming industries as skin sales have slumped, and meat sales are critical for wild skin markets, giving almost all the incentives for trappers to harvest.

The US State of California passed legislation to enact a ban on most exotic leather in 2020 and 2021, however a group of industry members as well of the State of Louisiana are currently challenging at least two of the bans in Federal Court.

There has been mounting pressure from NGOs for brands and stores to eliminate sales of goods made from exotic leathers. A number of luxury brands and retail stores including Chanel, Selfridge's, Moda Operandi, and most recently, Burberry, in May of 2022, have initiated bans of crocodilian and exotic leathers. Most of these brands and stores announced their intentions with public press releases, creating isolated, but attention-grabbing headlines in fashion magazines and mainstream media.

In order to tackle some of the challenges, industry should look to do the following:

1. Increase communication on sustainability, animal welfare, conservation, and alignment with United Nations Sustainable Development Goals industry wide
2. Explore new markets for medium to low grade farmed and wild skins
3. Decrease raw skin production, where possible, in order to discourage a global price crash
4. Tanners and traders should collaborate to sell old stock of crust and finished leather
5. Farms should aim to sell skins as quickly as possible due to tanning issues with old skins
6. Implement strict policies internally (and amongst various associations) at the trapper, farm, tannery, manufacturers, and brand / retail store levels for compliance with CITES regulations.
7. Aim to increase education on CITES procedures amongst small artisans and cottage businesses to decrease violations globally on single item shipments.

## Trade Data:

**Table 2. Direct, commercial global exports of skins from the main taxa, 2009-2018**

Taxon	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Alligator mississippiensis</i>	297,187	369,731	312,542	326,538	481,304	485,884	428,521	553,371	463,466	596,258
<i>Crocodylus acutus</i>	1,460	200	1,392	1,968	1,905	2,262	3,403	3,233	5,040	5,295
<i>Crocodylus moreletii</i>	485	0	184	679	1,300	2,031	1,291	1,640	3,000	4,088
<i>Crocodylus niloticus</i>	149,084	167,825	212,796	205,489	275,288	282,859	278,694	317,121	249,243	229,230
<i>Crocodylus novaeguineae</i>	26,212	24,480	16,632	23,461	26,046	24,982	39,070	14,022	7,649	8,849
<i>Crocodylus porosus</i>	45,666	58,157	63,380	72,382	53,936	63,234	64,232	99,101	71,988	75,005
<i>Crocodylus siamensis</i>	34,373	33,094	38,170	35,450	55,776	48,557	58,558	33,349	35,339	55,750
<b>Subtotal of 'classic' skins</b>	<b>554,467</b>	<b>653,487</b>	<b>645,096</b>	<b>665,967</b>	<b>895,555</b>	<b>909,809</b>	<b>873,769</b>	<b>1,021,837</b>	<b>835,725</b>	<b>974,475</b>
<i>Caiman crocodilus crocodilus</i>	43,638	24,643	44,257	47,130	45,485	35,196	30,594	22,328	41,402	53,881
<i>Caiman crocodilus fuscus</i>	407,116	651,121	634,761	625,128	857,115	738,401	530,357	368,515	308,174	366,073
<i>Caiman latirostris</i>	394	1,933	2,973	5,755	5,602	8,893	8,610	5,525	3,652	2,823
<i>Caiman yacare</i>	48,853	29,688	58,376	111,078	115,283	94,456	128,203	52,709	65,243	31,953
<i>Melanosuchus niger</i>	6	0	11	275	51	290	584	0	0	1,044
<b>Subtotal of caiman skins</b>	<b>500,007</b>	<b>707,385</b>	<b>740,378</b>	<b>789,366</b>	<b>1,023,536</b>	<b>877,236</b>	<b>698,348</b>	<b>449,077</b>	<b>418,471</b>	<b>455,774</b>
<b>Grand total</b>	<b>1,054,474</b>	<b>1,360,872</b>	<b>1,385,474</b>	<b>1,455,333</b>	<b>1,919,091</b>	<b>1,787,045</b>	<b>1,572,117</b>	<b>1,470,914</b>	<b>1,254,196</b>	<b>1,430,249</b>

Source: International Alligator and Crocodile Trade Studies (IACITS) are conducted by the World Conservation Monitoring Centre (WCMC) funded by the Louisiana Department of Wildlife and the Louisiana Alligator Advisory Council

## Market Oversupply and Divergent Markets for Crocodilian Skins

Currently, there is a supply surplus for crocodilians skins globally. A number of factors have contributed to the over production of crocodilian skins including strict and increasing quality requirements from luxury brands as well as closed loop captive breeding systems where there is no limit to the number of animals that can be raised. Another important factor to note is the decrease in crocodile leather use from a number of brands and artisans around the world due to exotic leather bans, lack of manufacturing knowledge from accessory and bag makers, and increased consumer sensitivity to animal-based products.

Today there are two main markets for crocodilian skins: high-end luxury goods and watchstrap production and lower tier / artisan made products without notable branding. The rising costs of farming crocodilians coupled with strict brand requirements for quality have pushed raw and finished skin prices so high that their use is almost exclusively limited to the most expensive brands in the world. The caveat is that even after tanning, brands continue to re-select and reject many skins that has caused tanneries around the world to hold high stocks of tanned crocodilian skins which were purchased at high prices with few market opportunities to be sold. Those skins are simply too expensive for middle tier brands to afford for their finished goods selling prices and end customers Wild skins and low grade raw farmed skins have been the leather of choice for middle tier brands, but shrinking demand from consumers has restricted the growth of middle tier companies.

Today, many of the leading crocodilian tanneries are owned wholly or partially by large luxury conglomerates. It has been said that some of these tanneries operate solely to supply their parent brands, and that several tanneries operate with financial losses each year. In the past, these tanneries were small, family-owned operations which likely had higher profitability due to a more diverse customer base. Today, tanners are able to sell top grade skins to large brands, but it has become increasingly difficult to sell lower grade skins farmed skins to customers due to rising costs of raw materials, chemicals, and labor.

Farms are facing a variety of challenges as brand driven trends for handbag sizes fluctuate according to fashion. Since the typical growing period for farm raised crocodilians is one to four years, it takes long term planning and strategy for farms to produce animals suitable for today's market needs. Three years ago, the "the micro" or "mini" bag was a popular trend. Farms adjusted to meet market demands for smaller skins. Today, the demand is for medium sized bags, which has been met by farmers lengthening grow out periods. The fluctuation in fashion trends are not easily met since farmers must plan for one to four years of growth, have adequate housing and capacity, and be able to shift as needed.

COVID 19 created additional challenge to industry, as factories and stores around the world closed for some period, creating a near instantaneous halt in sales and downturns in demand. Farms were faced with decisions on whether to continue animal growth or butcher animals and hold skins until the market would return. The only practical solution for many farms was to harvest animals and wait to sell the skins which created a new set of problems for tanneries.

Aging raw skins deteriorate (even if cold stored) as time passes, creating a number of challenges for tanners to remove oxidized fat and calcified scales. See photos below:



Raw alligator skin with oxidized fat in tail.



Fat visible during tanning process



Scale removal difficulties during tanning process (skins should be free of all scales during this step)



Tanned alligator skins with visible grease in leather after tanning

Industry continues to transform and faces mounting challenges moving forward. It needs new and alternative markets to utilize skins remaining in stock on farms and in tanneries. Industry must work harder incentivize customers to accept skins with scars and other defects that brands refuse. Farms must find a way to reduce production on lower grade skins or be forced to discard some raw skins or utilize them for byproduct or medicinal purposes. Innovation should be a top priority globally for those who participate in the crocodilian market.

### **Crocodilian Bans:**

#### **Government Ban - California (USA)**

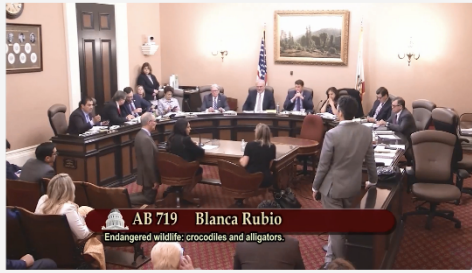
California Penal Code, section 653o, states that commencing on 1 Jan. 2020, it shall be unlawful to import into this state for commercial purposes, to possess with intent to sell, or to sell within the state, the dead body, or any part or product thereof, of a crocodile or alligator. It further states that Commencing 1 January 2022, it is unlawful to import into this state for commercial purposes, to possess with intent to sell, or to sell within the state, the dead body, or any part or product thereof, of an iguana, skink, caiman, hippopotamus, or a Teju, Ring, or Nile lizard.

California is the only state in the US that intends to prohibit the sale of alligator, crocodile, or caiman products under an outdated Penal Code. The ban's origin dates back to 1967 when there was concern that crocodilians were at risk of extinction. California responded with a law to protect the animal that included banning the importation or distribution of alligators in the state, but have subsequently delayed the ban with a series of temporary exemptions.

It should be noted that California has the world's sixth largest economy and accounts for 25% of the US market.



## California Senate: Natural Resources Hearing



### Background

In September 2019, lobbying efforts fell short in the California legislature to renew a sunset provision that would have extended the deadline for the trade ban beyond 1 January 2020. In hindsight, this may have been a blessing in disguise, as the language we proposed was a less than ideal compromise.

In early October, we retained several D.C. lawyers with the law firm Kelley Drye & Warren. These attorneys specialize in animal law, government litigation, and CITES compliance.

### Litigation Theories

The case focuses on the theory of federal preemption. It argues that California's trade ban (Penal Code 653o) on alligators and crocodiles is unconstitutional because there is already a *federal* regime that manages these species. That federal regime is managed by U.S. Fish and Wildlife Service, who created regulations to manage these species in-part based on guidance from CITES.

We also have an argument that the trade ban on these species would interfere with interstate ("state-to-state") commerce, which is also unconstitutional. Because those arguments are more subjective, though, we are focusing more on the preemption claim, which is a much more "black-and-white" interpretation of the law.

### 1979 Injunction

Ironically, this is not the first time that a plaintiff has challenged the legality of California's crocodilian ban. In 1979, an alligator tannery in South Carolina sued California, also claiming that 653o was preempted by federal regulations, and that lawsuit was won by the tannery. Since that time, there has been an injunction issued by the court which prevents California from enforcing this ban on crocodilian products.

Since that time, the federal regulations changed to provide states with some deference for managing the sale of crocodilian products. Additionally, the sunset provisions which were first implemented in 2006 and extended twice in 2009 and 2014 may have added some confusion as to the ability of California to enforce their ban on these species.

### Two Separate Lawsuits

In November, industry groups met with Louisiana Attorney General's office to discuss a lawsuit and coordinate. The industry group and the State of Louisiana decided to file separate lawsuits since many of the members of the industry plaintiff group reside outside the state of Louisiana.

A group of American alligator farmers and industry participants were able to accumulate a plaintiff group for a lawsuit which included the Louisiana Alligator and Ranchers Association, an alligator farm in Florida, alligator processing facilities in Louisiana and Florida, boot and belt manufacturers in Texas, a few artisan manufacturers/retailers in San Francisco and Los Angeles, and two high-end boutiques on Rodeo Drive. A crocodile accessory and handbag manufacturer from South Africa also joined the plaintiff list. Expert testimonies from members of the IUCN-SSC Crocodile Specialist Group and the IUCN-SSC Sustainable Use and Livelihoods Specialist Group were utilized.

The group of industry plaintiffs filed a lawsuit in the Eastern District Court in Sacramento, California on December 10, 2019. The defendants in the case are the California Attorney General and the Director of California Fish and Wildlife Department. The State of Louisiana filed a congruent and similar lawsuit against California on 12 December, against the California Attorney General.

#### Temporary Restraining Order (TRO) in Effect and Final Outcome Pending

Judge Kimberly Mueller responded to the lawsuit on 17 December 2019 and gave the defendants three days to respond. Instead of submitting a response, California agreed to a temporary restraining order on the ban. As part of the TRO, California reserved the right to continue enforcement of any illegal trade in these species, per CITES and Federal laws.

The TRO stipulates that California must refrain from enforcing 653o for alligators and crocodiles until we finish with litigation and a ruling is made. The final hearing in the case was held on March 4, 2022 in Sacramento, California. The restraining order will be in effect until the judge issues her opinion.

It's difficult to predict when that will be, although a decision is expected in the coming months. The docket in the Eastern District is extremely backlogged, and our judge, Judge Kimberly Mueller, only has one court date per month. Therefore, she could provide a ruling within a few weeks of the hearing, or it could take several months.

#### USA Government Involvement

Additionally, the federal government, through the Department of the Interior, issued a public statement on 23 December, stating that they would refrain from enforcing the Lacey Act as it relates to foreign and interstate commerce of these species in California. The Lacey Act is a federal law that makes it a felony to violate any state wildlife trafficking laws.

The US Fish and Wildlife Service also put forth a critical rule change in the federal regulations pertaining to the trade in American alligators. This rule change eliminates confusing language that could lead to states being able to supersede Federal law governing trade of alligator leather and leather products. US Fish and Wildlife Service proposed amendment of 50 CFR § 7.42(a)(2Xii) clarifying that interstate commerce need only be in accordance with the laws and regulations of the State or Tribe of taking and confining primary federal control over commercial trade in endangered species. The current status of the rule change is pending, but it is believed to be in the final rule making stage and should be implemented in the coming months.



## NGO Influence

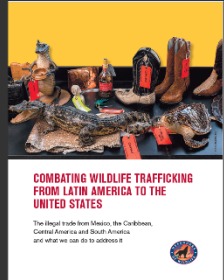
Judge Kimberly Mueller allowed two separate NGOs to intervene in the case as defendants. Those NGOs are Humane Society of the United States and Convention on Biological Diversity. The interveners are represented by student attorneys who argued in court on the side of California. Defenders of Wildlife also published a report that was presented to California legislators in support of the ban, alleging illegal trade in the crocodilian industry.

### NGOs and Media: Can and Do Influence Policy

"Defenders of Wildlife has uncovered a wildlife trafficking crisis and urgent need to step up efforts to stop the pernicious trade in imperiled wildlife. Reptile species were among the top traded illegal products seized..."

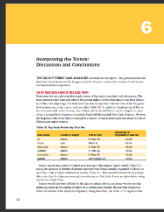
"Many of these species are threatened by the leather trade due to overexploitation of the species and under regulation."

-  Defenders of Wildlife – 91-page Report in a beautiful, full color PDF
-  Several Mainstream News Articles based on Eco Health Journal Article by Sosnowski

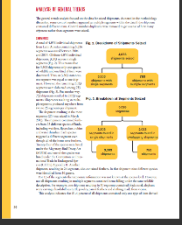


#### COMBATING WILDLIFE TRAFFICKING FROM LATIN AMERICA TO THE UNITED STATES

The illegal trade from Mexico, the Caribbean, Central America and South America, and what we can do to address it



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#### WILDLIFE TRAFFICKING

Wildlife trafficking is the illegal trade in animals and plants. It is a global problem that affects many species, including reptiles, birds, and mammals. The trade is often driven by demand for exotic pets, traditional medicine, and luxury goods. This report examines the wildlife trafficking crisis in Latin America and the United States, and provides recommendations for how to address it.

### NGOs and Media: Can and Do Influence Policy

"For their analysis, Sosnowski and Gohar Petrossian, a criminologist at CUNY, used the Freedom of Information Act (FOIA) to obtain seizure records from the U.S. Fish and Wildlife Service from 2003 through 2013. They identified 474 luxury fashion-related seizures comprising 5,607 individual items, nearly 70 percent of which were exotic leather products. Reptiles accounted for 84 percent of all items, many of which were belts, watch bands, wallets, shoes, and purses"

-  Does Not Support Actual Data
-  Data is Misused / Misinterpreted



#### Luxury fashion brands had thousands of exotic leather goods seized by U.S. law enforcement

A report finds that companies including Chanel, Gucci, and Coach had thousands of imported exotic leather goods seized by U.S. law enforcement from 2003 through 2013.

## Brand and Retail Store Bans

Over the past five years, department stores and brands have aggressively dropped crocodilian leather their product lines following on the heels of banning fur. This trend is widely publicized by animal rights groups with little consideration to conservation and sustainable use programs.

Although a number of conservation experts have warned brands against banning exotic leathers, the voices of scientists seem to be largely ignored by media. The IUCN wrote a strong letter to luxury brands CEOs that got little media attention. Conversely, PETA and other groups seem to be able to catch news headlines quite easily.



There is a growing problem globally where science is ignored, and the only solution is for industry to begin communicating the conservation benefits of sustainable use.

## How Animal Rights Groups Are Winning:



## Brands and Retailers Banning Exotic Leather:

adidas	Adolfo Domínguez	Alexandre Birman
Altra	Altuzarra	Ann Inc.
Arnotts	ASOS	bebe
bol.com	Brooks Brothers	Brown Thomas
Burberry	Calvin Klein	Carolina Herrera
Chanel	Claudie Pierlot	de Bijenkorf
Diane von Furstenberg	Dries Van Noten	Eastpak
GUESS? Inc.	H&M	Holt Renfrew
HUGO BOSS	JanSport	J.Crew
Jean Paul Gaultier	Jil Sander	Karl Lagerfeld
Kodiak	Longchamp	Maje
Mango	Moda Operandi	Mulberry
Napapijri	Nike	Nina Ricci
Nine West	Nordstrom	Overstock.com
Paco Rabanne	Paul Smith	Puma
Red Kap	Samuel Hubbard	Sandro
Selfridges	Supreme	Terra
The North Face	Timberland	Tommy Hilfiger
Vans	Victoria Beckham	Victoria's Secret
Vivienne Westwood		

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