

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES
OF WILD FAUNA AND FLORA



Sixty-second meeting of the Standing Committee
Geneva (Switzerland), 23-27 July 2012

Interpretation and implementation of the Convention

Trade control and marking

PURPOSE-OF-TRANSACTION CODES ON CITES PERMITS AND CERTIFICATES

1. This document has been submitted by the Chair of the Purpose-of-Transaction Codes Working Group of the Standing Committee*.
2. At its 15th meeting (CoP15, Doha, 2010), the Conference of the Parties adopted Decision 14.54 (Rev. CoP15), which is directed to the Standing Committee as follows:

The Standing Committee shall re-establish an intersessional joint working group to review the use of purpose-of-transaction codes by Parties, with the following terms of reference:

- a) *the working group shall be composed of Parties from as many of the six CITES regions as possible, and appropriate intergovernmental and non-governmental organizations, with expertise in the issuance of CITES documents and use of purpose-of-transaction codes for evaluation within the permit issuance process and trade data analysis;*
 - b) *the working group shall, communicating through electronic media, focus on clearly defining purpose-of-transaction codes to encourage their consistent use, and consider the possible elimination of current codes or the inclusion of new ones;*
 - c) *in evaluating the use and definition of purpose-of-transaction codes, the working group should take into account any difficulties of implementation by Parties and the potential resource implications of inclusion of any new codes or deletion of current purpose-of-transaction codes; and*
 - d) *the working group should submit a report and any recommendations for amendments to Resolution Conf. 12.3 (Rev. CoP15), or to any revision thereof, at the 62nd meeting of the Standing Committee, which shall report, with its recommendations, at the 16th meeting of the Conference of the Parties.*
3. The working group undertook productive discussion through electronic media to understand better the differing approaches to how purpose codes are assigned and interpreted. In doing so, it sought also to understand the key information that purpose codes convey.
 4. It was agreed by the majority of participants that purpose codes provide useful information on the nature of trade and thus should be used on all permits. In particular, there is a need for the definitions of purpose codes to clearly distinguish between commercial and non-commercial transactions.

* *The geographical designations employed in this document do not imply the expression of any opinion whatsoever on the part of the CITES Secretariat or the United Nations Environment Programme concerning the legal status of any country, territory, or area, or concerning the delimitation of its frontiers or boundaries. The responsibility for the contents of the document rests exclusively with its author.*

5. A majority of the working group agreed that the purpose code on an export permit (or re-export certificate or other kind of certificate) can legitimately differ from that on the corresponding import permit if there is one. The purpose code used on the export document thus does not necessarily inform the purpose of import. It was recognized that, where import and export permits are issued and reported, there will be a discrepancy in the CITES trade data in cases where the purpose codes differ: Therefore users of the data will need to take care in interpreting them.
6. However, there are two points of view on the nature of information a purpose code should describe. Many members observed that, practically, it is difficult for an exporting Party to reliably determine the purpose of import for those transactions where an import permit is not required. Consequently it is reasonable for the Management Authority of the exporting Party to apply the purpose code that best describes the purpose of export. Similarly, in cases where an import permit is issued, the Management Authority of the importing Party would apply the purpose code that best describes the purpose of import.
7. Other members of the working group felt that purpose codes on import and export permits should describe, wherever feasible, the purpose of the import. Some articulated that this would provide the most useful and meaningful information in terms of monitoring trends in trade. Concerns were expressed that the concept of using purpose codes to describe purpose of export separate from purpose of import will weaken the information available to scientific authorities and others when assessing ongoing trade and evaluating potentially unsustainable trade. In particular, for trade where the purpose of the import and export diverge, it was anticipated by some that the purpose of the export will be commercial and the purpose of import non-commercial. If import permits are not required, a review of export permits will suggest a high level of commercial trade but provide limited information on the conservation risk of that trade. For this reason, a view was expressed on the importance of distinguishing between commercial transactions that are primarily market driven and movement of specimens for some other reason.
8. The working group members described their approaches to determining which purpose code to apply when issuing permits. It was clear that the majority of difficulties that working group members faced were not in relation to individual application of the codes but rather in relation to the conflicting views on interpretation and application between the importing and exporting States of each transaction. Clear definitions of purpose codes may help alleviate these difficulties but it is also important to note that the application of a particular purpose code should not be dictated by domestic requirements of the importing or exporting Party to adhere to stricter national measures, or otherwise impede trade that is in accordance with CITES provisions.
9. In light of the discussion, the Chair of the working group suggested that, in addition to providing clear definitions, it may be useful to explicitly outline guiding principles to assist Parties in their interpretation and application of purpose codes. To initiate discussion, the Chair suggested the following guiding principles, noting these do not necessarily reflect the views of all members of the Working Group:
 - a) Purpose codes are applied to indicate the purpose of export on export permits and re-export certificates, to indicate the purpose of import on import permits, and to indicate the purpose of the introduction on certificates of introduction from the sea;
 - b) Purpose codes may be applied to permits and certificates issued outside of the general provisions of CITES, such as on import permits for specimens of Appendix-II species;
 - c) When permits or certificates are issued to authorize the import and the export of the same specimens being traded, the purpose codes are assigned independently and therefore do not need to match for the transaction to occur;
 - d) The purpose code on the export permit does not necessarily identify the purpose of import;
 - e) The application of purpose codes should not be dictated by the requirements of the importing or exporting Party to meet obligations based on stricter domestic measures or other national requirements.
10. The working group proposes to continue its discussion with a view to developing guiding principles that could be adopted to support the interpretation and application of purpose codes.
11. In addition, the working group has considered a suite of purpose codes and definitions proposed by the Chair, building on the work done prior to CoP15. This suite of codes attempts to distinguish clearly

between commercial and non-commercial transactions. It also eliminates codes that were more rarely used and were sources of ambiguity in purpose code application.

12. The Chair's suite of proposed codes is provided in the Annex to this document, modified to reflect comments provided in the working group's deliberations thus far. However, this suite of codes does not represent the consensus or majority view within the working group, and further discussion of the definitions and their scope is needed in order to finalize a proposal for consideration at CoP16.

Recommendations

13. The Chair of the Purpose-of-Transaction Codes Working Group invites the Standing Committee to review the progress made by the working group thus far and offer its comments and suggestions, in particular with respect to the proposed suite of purpose codes and definitions outlined in the Annex to this document as well as the suggested guiding principles that may help their application.
14. The Chair of the Purpose-of-Transaction Codes Working Group invites the Standing Committee to permit the working group to continue its discussions electronically with a view to finalizing a document for consideration at CoP16, on behalf of the Committee, including:
 - a) a suite of purpose codes, in fulfilment of Decision 14.54 (Rev. CoP15); and
 - b) a set of guiding principles on the application of such codes, possibly in the form of a draft resolution or revisions to Resolution Conf. 12.3.

PROPOSED SUITE OF PURPOSE CODES AND DEFINITIONS

Primarily commercial purpose of import, export or introduction from the sea:

- Q - Import, export or re-export of live or dead specimens, parts or derivatives that form part of a circus or other travelling exhibition with the intent of returning them to the country where the circus or exhibition is based without changing the ownership.
- T – Import, export, re-export or introduction from the sea of specimens for commercial purposes, including the sale or potential sale, display or commercial exhibition, captive breeding or artificial propagation for commercial use, and biomedical activities for commercial gain, including diagnostic specimens for commercial testing.

Primarily non-commercial purpose of import, export or introduction from the sea:

- P – Personal, non-commercial purposes involving the trade of live or dead specimens, parts or derivatives, including, but not limited to, personally owned live animals, personally owned items, or items acquired for personal possession or use.
- H – Personally sport-hunted animal, either whole or readily recognizable part or derivative, being imported, exported or re-exported by or on behalf of the hunter, ultimately to the hunter's State of usual residence
- L – Import, export or re-export of law or forensic specimens, including return or disposal of seized specimens
- S – Live or dead specimens, parts or derivatives being imported, exported or re-exported for conservation, scientific research, or non-commercial biomedical research.
- N - Non-commercial purposes involving the trade of specimens (other than specimens covered by code S) including, but not limited to, re-introduction and educational purposes including non-commercial exhibition