

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



Seventieth meeting of the Standing Committee
Rosa Khutor, Sochi (Russian Federation), 1-5 October 2018

Interpretation and implementation matters

Trade control and traceability

PURPOSE CODES ON CITES PERMITS AND CERTIFICATES:
REPORT OF THE WORKING GROUP

1. This document has been prepared by Canada as chair for the intersessional working group on the Purpose-of-transaction codes.*
2. At its 14th meeting (The Hague, 2007), the Conference of the Parties adopted Decision 14.54 directed to the Standing Committee. This Decision was revised at the 17th meeting of the Conference of the Parties (Johannesburg, 2016), as follows:

14.54 (Rev.CoP17) directed to the Standing Committee

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 shall 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 shall submit a report and any recommendations for amendments to Resolution Conf. 12.3 (Rev. CoP17) on Permits and certificates, or to any revision thereof, at the 70th meeting of the Standing Committee, which shall report, with its recommendations, at the 18th meeting of the Conference of the Parties.*

* *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.*

3. At SC69, the Standing Committee established an intersessional working group on purpose codes with a mandate to:
 - a) 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;
 - b) in evaluating the use and definition of purpose-of-transaction codes, 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
 - c) submit a report and any recommendations for amendments to Resolution Conf. 12.3 (Rev. CoP17) on *Permits and certificates*, or to any revision thereof, at the 70th meeting of the Standing Committee.
4. The membership of the intersessional working group on purpose codes was agreed as follows: Canada (Chair), Australia, Belgium, Brazil, China, Germany, Israel, Italy, Japan, Malaysia, Norway, Saudi Arabia, South Africa, United Arab Emirates, and the United States of America; and Alliance of Marine Mammals Parks and Aquariums, Association of Zoos and Aquariums, Food and Agriculture Organization, Global Eye, Lewis & Clark – International Environmental Law Project, Parrots Breeders Association of Southern Africa, Pet Industry Joint Advisory Council, Pro Wildlife, Safari Club International, San Diego Zoo Global, Species Survival Network, and TRAFFIC.

Background

5. It has been apparent in past discussions of the purpose-of-transaction codes that different interpretations and points of view cause inconsistencies in understanding of the use and meaning of the codes. A few fundamental elements are important to note:
 - a) The purpose-of-transaction code is present on all CITES permits and certificates. The Management Authority of the Party (with input from the Scientific Authority when necessary) issuing the CITES document makes the decision on the appropriate code for the permit or certificate.
 - b) The purpose-of-transaction code is reported by the Parties in the annual report.
 - c) The Trade Database is populated with the purpose-of-transaction code from the annual reports and used for various types of trade analysis by interested parties.
6. As the mandate of the working group states, the purpose-of-transaction codes should be clearly defined in order for them to be used consistently. There are 2 main causes for the inconsistent use of the purpose-of-transaction code:
 - a) Lack of definition and guidance on the codes for the purpose-of-transaction. The codes are listed in Resolution Conf. 12.3 (Rev. CoP17) *Permits and Certificates* with a letter and a few words giving a general idea of the meaning associated with the letter code. This vague “definition” does not provide the guidance necessary for selecting the appropriate code for use on a permit. It also does not provide sufficient guidance for interpreting the code on the permit or in the trade database.
 - b) Lack of clarity on the specific transaction which is being described by the purpose-of-transaction code. Parties sometimes have different transactions in mind when determining the purpose-of-transaction code to use for its permits or certificates; which can lead to misinterpretations of the codes by other Parties.
7. The working group’s initial focus was on determining the transaction being described by the purpose-of-transaction code. If the transaction or transactions are clearly identified, then the codes that are most appropriate can be identified and then defined. A generic definition of the term Purpose-of-transaction was established.

Purpose of Transaction = the reason why X is passed from A to B.

In a CITES context, X represents a specimen of a CITES-listed species, A is the sender/exporter and B is the receiver/importer.

8. The working group's next step was to look at the Purpose-of-transaction codes from an export permit/re-export certificate perspective versus an import permit perspective. The Convention provides little guidance on the purpose-of-transaction code and permits. There is only one instance where some guidance appears in Article III 3. (c) on the issuance of import permits for Appendix I species:

(c) *a Management Authority of the State of import is satisfied that the specimen is not to be used for primarily commercial purposes.*

9. The majority of the working group agreed with the following:

- a) The transaction between the sender/exporter and receiver/importer directly involved in the movement between 2 countries would be used to assess the purpose-of-transaction code for the export permit or re-export certificate. This will provide the reason there is an exchange or movement of the specimen(s) from the sender/exporter and receiver/importer. It was noted that the sender/exporter and receiver/importer can be the same entity (e.g. personal move).
- b) The intended use of the specimens by the importer would be used to determine the purpose-of-transaction code for the import permit. This will provide the reason the importer has requested or is receiving the specimen(s).
- c) When both the export permit/re-export certificate and the import permit are issued, the purpose-of-transaction code used on the two CITES documents may be different.

10. It is to be noted that some members of the working group believe that in the case where both the export permit/re-export certificate and the import permit are issued, that the purpose-of-transaction codes should be the same, whereas other members noted that there are cases where the purpose of export may be different from the purpose of import. Some members of the group noted that if the codes are different, the trade database will not deem that the 2 permits are connected to the same movement of specimens between the countries. It should be noted that Resolution Conf. 5.10 (Rev. CoP15) on "Definition of 'primarily commercial purposes' paragraph 1. d) states:

Article III, paragraphs 3 (c) and 5 (c), of the Convention concern the intended use of the specimen of an Appendix-I species in the country of import, not the nature of the transaction between the owner of the specimen in the country of export and the recipient in the country of import. It can be assumed that a commercial transaction underlies many of the transfers of specimens of Appendix-I species from the country of export to the country of import. This does not automatically mean, however, that the specimen is to be used for primarily commercial purposes.

11. It is also to be noted that some members of the working group believe that the purpose-of-transaction code for the export permit/re-export certificate should be determined based on the intended use of the specimens by the importer/receiver.
12. The remaining element to be addressed for resolving the inconsistent use of the purpose-of-transaction code is clear definitions and guidance for the set of codes. It was noted that a good example of clear definition is found in Resolution Conf. 12.3 (Rev. CoP17) *Permits and Certificates* 3. h) where the term 'hunting trophy' is defined. The term 'hunting trophy' is associated with the purpose-of-transaction code H. The definition in the Resolution provides not only details on the state of the specimen (raw, processed or manufactured) and the context of the acquisition of the hunting trophy (legally obtained by the hunter through hunting for the hunter's personal use) but it also details the movement of the specimen from one country to the next (being imported, exported or re-exported by or on behalf of the hunter, as part of the transfer from its country of origin, ultimately to the hunter's State of usual residence). Although all three of these elements (state of specimen, context of acquisition and details on movement) would not need to be present in definitions or guidance for all other purpose-of-transaction codes, it does provide a useful example.
13. It was noted that Resolution Conf. 5.10 (Rev. CoP15) on "Definition of 'primarily commercial purposes'" has a detailed Annex providing a list of examples of various types of transactions and whether their Purpose should be considered as commercial trade or not. The information in this Resolution could help with the definitions and guidance of purpose-of-transaction codes.
14. Defining and providing guidance of the purpose-of-transaction codes will reveal which codes presently identified in Resolution Conf. 12.3 (Rev. CoP17) *Permits and Certificates* 3. g) are required, which ones

could be removed or which ones would need to be added. If changes are required to the set of codes, an assessment would be required to determine the impact of such changes.

15. The discussion of the working group had been on the considerations for the purpose-of-transaction code for export permit, re-export certificate and import permit. The purpose-of-transaction code is also used on other CITES certificates (Introduction from the Sea Certificate, Certificate of Ownership, Musical Instrument Certificate, Travelling Exhibition Certificate, Pre-Convention Certificate, Scientific Certificate, and Certificate of Origin). It was noted that for some of these certificates, the purpose-of-transaction code that should be used on the certificates can be pre-determined. The pre-selected purpose-of-transaction code for some of these certificates could be as follows (assuming these codes remain after establishment of definitions):
 - a) Certificate of Ownership – purpose-of-transaction is P (Personal)
 - b) Travelling Exhibition Certificate – purpose of transaction is Q (Circus or travelling exhibition)
 - c) Musical Instrument Certificate - purpose-of-transaction is P (Personal)
 - d) Scientific Certificate – purpose-of-transaction is S (Scientific)

Recommendations

16. The working group invites the Standing Committee to:
 - a) Note the report of the working group.
 - b) Strike an in-session working group to finish a key element of its mandate in “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”, with the aim of adding these to the amendments to Resolution Conf. 12.3 (Rev. CoP17) *Permits and Certificates* in Annex I for consideration at the 18th Conference of the Parties.
 - c) Submit the amendments to Resolution Conf. 12.3 (Rev. CoP17) *Permits and Certificates* found in the Annex to the 18th meeting of the Conference of the Parties for adoption.

Conf. 12.3

(Rev. CoP187)*

Permits and certificates

3. RECOMMENDS that:

- a) Parties wishing to modify their permit and certificate forms, to reprint existing documents or to introduce new documents, first ask the Secretariat for advice;
- b) Parties adapt the contents and, to the extent practicable, the format of their permits and certificates to the standard form attached to the present Resolution as Annex 2;
- c) Parties using or developing electronic permits and certificates, adopt the standards recommended in the *CITES electronic permitting toolkit*;
- d) the Secretariat, subject to availability of external funding, organize the printing of permit and certificate forms on security paper for Parties that request it;
- e) to avoid abusive or fraudulent use, the Parties not use forms for their internal-trade certificates that are identical to CITES forms;
- f) for tracking and annual reporting purposes, permit and certificate numbers be limited, if possible, to 14 characters in the format:

WWxxYYYYYY/zz

where WW represents the last two digits of the year of issuance; xx represents the two-letter ISO code of the country; YYYYYY represents a six-digit serial number; and zz represents two digits or letters, or a combination of a digit and a letter, that a Party may use for national informational purposes;

- g) Parties state, on each of their permits and certificates, the purpose of the transaction using the following codes:

T Commercial
Z Zoo
G Botanical garden
Q Circus or travelling exhibition
S Scientific
H Hunting trophy
P Personal
M Medical (including biomedical research)
E Educational
N Reintroduction or introduction into the wild
B Breeding in captivity or artificial propagation
L Law enforcement / judicial / forensic;

- h) The purpose of transaction code is determined as follows:

- i) The transaction between the sender/exporter and receiver/importer directly involved in the movement between 2 Parties is used to assess the purpose of transaction code for the export permit or re-export certificate. This indicates the reason there is an exchange or movement of the

* Amended at the 13th, 14th and 15th, 16th and 17th meetings of the Conference of the Parties.

specimen(s) from the sender/exporter and receiver/importer. The sender/exporter and receiver/importer can be the same entity (e.g. personal move).

ii) The intended use of the specimens by the importer is used to determine the purpose of transaction code for the import permit. This indicates the reason the importer has requested or is receiving the specimen(s).

iii) When both the export permit/re-export certificate and the import permit are issued, the purpose of transaction code used on the two CITES documents may be different.

iv) In the case of these certificates, the following purpose of transaction codes should be used:

Certificate of Ownership P

Travelling Exhibition Certificate Q

Musical Instrument Certificate P

Scientific Certificate S

v) For the remaining certificates, the purpose of transaction code is determined as follows:

Pre-convention certificate – as outlined in i. above for export permits or re-export certificates.

Certificate of Origin – as outlined in i. above for export permits or re-export certificates.

Introduction from the Sea certificate – as outlined in ii. above for import permits.

h) The term 'hunting trophy', as used in this Resolution, means a whole animal, or a readily recognizable part or derivative of an animal, specified on any accompanying CITES permit or certificate, that:

i) is raw, processed or manufactured;

ii) was legally obtained by the hunter through hunting for the hunter's personal use; and

iii) is being imported, exported or re-exported by or on behalf of the hunter, as part of the transfer from its country of origin, ultimately to the hunter's State of usual residence.