

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



Seventy-third meeting of the Standing Committee
Online, 5-7 May 2021

Interpretation and implementation matters

Regulation of trade

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

1. This document has been submitted by Australia as Chair of the intersessional working group on purpose-of-transaction on CITES permits and certificates.*
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 18th meeting of the Conference of the Parties (Geneva, 2019), as follows:

14.54 (Rev. CoP18) 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) *the working group shall also clarify the overlap between purpose-of-transaction codes that describe physical locations and purpose-of-transaction codes that describe activities, one or more of which may pertain to any given permit;*
- d) *the working group shall also consider any Resolution related to or affected by purpose-of-transaction codes, to ensure coherent interpretation; and*
- e) *the working group shall submit a report and any recommendations for amendments to Resolution Conf. 12.3 (Rev. CoP18) on Permits and certificates, or to any revision thereof, and recommendations for amendments to any other Resolution identified under paragraph d) above to*

* *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.*

the 74th meeting of the Standing Committee, which shall report, with its recommendations, at the 19th meeting of the Conference of the Parties.

3. At SC72, the Standing Committee established an intersessional working group on purpose-of-transaction 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) *clarify the overlap between purpose-of-transaction codes that describe physical locations and purpose-of-transaction codes that describe activities, one or more of which may pertain to any given permit;*
 - c) *consider any Resolution related to or affected by purpose-of-transaction codes, to ensure coherent interpretation; and*
 - d) *submit a report and any recommendations for amendments to Resolution Conf. 12.3 (Rev. CoP18) on Permits and certificates, or to any revision thereof, and recommendations for amendments to any other Resolution identified under c) above to the 74th meeting of the Standing Committee.*
4. The membership of the intersessional working group on purpose-of-transaction codes was agreed as follows (17 Parties; 17 Observers): Australia (Chair), Belgium, Canada, China, Cuba, Finland, Georgia, Germany, Honduras, Italy, Japan, Kenya, Malaysia, Russian Federation, South Africa, Thailand and the United States of America; United Nations Environment Programme-World Conservation Monitoring Centre; Alliance of Marine Mammal Parks and Aquariums, Americas Fur Resource Council, Association of Zoos and Aquariums, Conservation Analytics Pty Ltd, International Association of Violin and Bow Makers, Ivory Education Institute, Jonathan Barzdo, League of American Orchestras, Lewis and Clark – International Environmental Law Project, Parrot Breeders Association of Southern Africa (PASA), Safari Club International, Species Survival Network, TRAFFIC, Wildlife Conservation Society, World Association of Zoos and Aquariums (WAZA) and World Wildlife Fund.

Background

5. As noted in SC70 Doc 35 and CoP18 Doc 53 and reflected in the mandate of the working group, purpose-of-transaction codes should be clearly defined in order that they can be consistently applied. Inconsistency in application has been caused by a lack of definitions and guidance on their use.
6. The 12 purpose-of-transaction codes currently in use are outlined in Resolution Conf. 12.3 (Rev. CoP18) on Permits and certificates at paragraph 3. g).
7. There have been several attempts at previous meetings of the Conference of the Parties to adopt definitions for one or more purpose-of-transaction codes [e.g. CoP16 Doc 38 (Rev. 1)]. Only the term 'hunting trophy' (relevant to code 'H') is presently defined [Resolution Conf. 12.3 (Rev. CoP18) 3. i)].
8. At CoP18, in CoP18 Doc 53, the Standing Committee invited the Conference of the Parties to adopt a series of amendments to Resolution Conf 12.3 (Rev. CoP18) which provided guidance as to the process of determining the appropriate purpose of transaction code to be used in various trade scenarios. The Standing Committee did not propose any new definitions for purpose-of-transaction codes. CoP18 adopted the proposed amendments to the Resolution, with minor amendments proposed during discussions.
9. CoP18 also adopted Decision 14.54 (Rev. CoP18), requesting that the Standing Committee re-establish the working group on purpose-of-transaction codes. The working group was established at SC72 (Geneva, 2019).

Approach of working group

10. The working group identified developing definitions for the remaining 11 undefined purpose-of-transaction codes as a high priority, although a large task. Through initial discussions, the working group separated the remaining undefined codes into three groups:
 1. high priority for defining due to more frequent issues associated with their application, and complex to define (Z, P, T);

2. lower priority for defining due to less frequent issues with application, but apparently simpler or less controversial to define (M, E, N, L) so represent opportunities for progress; and
 3. lower priority for defining or where the group decided to leave undefined because of crossovers with other contemporary work (G, Q, S, B).
11. On this basis, deliberations of the working group focused on codes in the first two of the above three groups:
- Z – zoo
 - P – personal
 - T – commercial
 - M – medical (including biomedical research)
 - E – educational
 - N – reintroduction or introduction to the wild
 - L – law enforcement/judicial/forensic
12. The group did not identify any codes that warranted deletion or consolidation, nor did it identify any new codes that warranted inclusion.

Definitions of purpose-of-transaction codes

13. The draft definitions developed by the working group to date are at Annex 1. The working group also discussed amendments to the text of Resolution Conf. 12.3 (Rev. CoP18) to provide further guidance on selecting purpose codes (Annex 2).
14. The working group noted that the aim of a purpose code is not to create additional or stricter conditions for authorizing trade, and that while the purpose codes are useful tools, should be clearly derived from the legal basis for trade is provided by the Convention. Some of the challenges that Management Authorities face appear to be related to the fact that use of the purpose codes is separated from their legal basis as stated in the text of the Convention and relevant Resolutions.
15. With regard to purpose code 'Z' (zoo), working group discussions highlighted the need for the definition of the purpose code to reflect the diverse work of zoos (and aquaria; the group's discussions reflected a consensus that trade of specimens for public aquaria should be included under this code). Discussions also addressed whether the code should be restricted to use in 'accredited' or 'licensed' zoos, but the outcome of these discussions was that the varied nature of accreditation and licensing programs in different countries would make this problematic. Members of the group also strongly advocated for the inclusion of 'rescue' as part of the definition; 'rescue centres' are recognised in the Convention text, and rescue also includes the housing of confiscated animals that have no likelihood of being released into the wild.
16. With regard to purpose code 'P' (personal), the working group noted that it was necessary to consider Article VII, paragraph 3, and Resolution Conf. 13.7 (Rev. CoP17) which lay down the conditions under which specimens that are considered personal or household effects may be traded without a CITES permit. Article VII, paragraph 3 outlines the conditions under which specimens that are personal or household effects are exempt from the provisions of Articles III, IV and V of the Convention. However, the working group acknowledged that not all Parties recognise the exemptions as they are laid out; also, Article VII paragraph 3 itself outlines circumstances where the exemptions do not apply. The working group anticipates the need for further discussion regarding trade in musical instruments under this code, including regarding trade on behalf of an individual, and the circumstances in which trade in musical instruments can be considered to be non-commercial. The working group welcomes comments on this matter from the Standing Committee and intends to include this matter on its work programme between the 73rd and 74th meetings of the Standing Committee.
17. With regard to purpose code 'T' (commercial), Resolution Conf. 12.10 (Rev. CoP15) on *Registration of operations that breed Appendix-I animal species in captivity for commercial purposes* determines that the term 'bred in captivity for commercial purposes', as used in Article VII, paragraph 4, shall be interpreted as referring to any specimen of an animal bred to obtain economic benefit, whether in cash or otherwise, where the purpose is directed toward sale, exchange or provision of a service or any other form of economic use or benefit. Resolution Conf. 5.10 (Rev. CoP15) on *Definition of primarily commercial purposes* further recognises that an activity can generally be described as 'commercial' if its purpose is to obtain economic benefit (whether in cash or otherwise), and is directed toward resale, exchange, provision of a service or any

other form of economic use or benefit. The working group therefore based its definition of the purpose code 'T' on the language in these existing Resolutions.

18. Further, according to paragraph 1 c) under 'Recommends' of Resolution Conf. 5.10 (Rev. CoP15), the term 'commercial purposes' should be defined by the country of import as broadly as possible so that any transaction which is not wholly 'non-commercial' will be regarded as 'commercial'. In transposing this principle to the term 'primarily commercial purposes', it is agreed that all uses whose non-commercial aspects do not clearly predominate shall be considered to be primarily commercial in nature. While noting that the discussion in Resolution Conf. 5.10 (Rev. CoP15) relates to trade in Appendix I specimens, it seems appropriate also to adopt this principle in instructions relating to the use of purpose codes for specimens in all Appendices. Accordingly, this principle is reflected in proposed amendments to Resolution Conf. 12.3 (Rev. CoP18) (Annex 2).
19. With regard to purpose code 'M' (medical, including biomedical research) the working group recommended that this code should apply to both human and animal health, and should include research aspects of the medical and veterinary fields. The working group also noted Resolution Conf. 5.10 (Rev. CoP15) which states (in its Annex) 'Close scrutiny must be applied to imports of specimens of Appendix-I species in connection with the biomedical industry, with an initial presumption that such imports are commercial. The purpose of the import here would be twofold: to develop products to promote public health and to sell such products, i.e. to make a profit. The latter aspect in this case would usually be considered to be predominant. As a result, imports of this type will most often not be acceptable. However, where the importer makes a clear showing to the Management Authority of the country of import that the sale of products is only incidental to public health research and not for the primary purpose of economic benefit, then such imports could fall within ['scientific purposes']'. Noting this cautionary message, the working group recommended that it would still be appropriate to maintain the inclusion of biomedical research within the purposes covered by the code, as Resolution Conf. 12.3 (Rev CoP18) notes that 'M' explicitly includes biomedical research. During the pandemic, there was an important movement of samples for the research on vaccines. This is an area where CITES may also wish to reflect focused on the regulatory intersections between wildlife trade and health.
20. With regard to purpose code 'E' (educational), the group discussed whether the use of this code should be restricted to use for transactions of specimens for the purpose of education in institutions that have 'enrolled' or 'registered' students. The group considered that such a restriction was unnecessary, and that Management Authorities should instead be guided to use this code where the recipient had a primarily educational function. The group discussed whether institutions like zoos may also exchange specimens for educational purposes and whether this would cause confusion; however, the group recommended that the definition of purpose code 'Z' would adequately cover zoo-based educational use.
21. With regard to 'N' (reintroduction or introduction to the wild), the group discussed that the code should take into account introductions outside of natural or historical range for conservation purposes, of which there are several examples. The group did not reach consensus on the definition itself, or on the use of the term 'indigenous' owing to differing interpretations of whether it could be used to define a geographical area. The group would welcome discussion of this term.
22. With regard to 'L' (law enforcement/judicial/forensic), the group noted that there was a benefit in clarifying within the definition that while these activities are by their nature largely government functions, there is a role for non-government entities in supporting government entities in the performance of that function, such as a private lab supporting a government agency.
23. It is possible that the proposed amendments to Resolution Conf 12.3 (Rev. CoP18) would necessitate amendments to other Resolutions. Subject to the recommendations of the Standing Committee, the working group will work with the Secretariat to identify any other relevant Resolutions and will include those in its recommendations to SC74.
24. Members of the group also noted some possible improvements to existing text in Resolution Conf. 12.3 (Rev. CoP18) paragraph h) regarding the determination of a purpose code and may propose those small text edits to SC74.
25. The working group recognizes that the format of definitions proposed in this document varies from the single existing defined code, which defines the qualities of a specimen to be traded under the 'H' (hunting trophy) code: how it was obtained, its processing state, and its destination. The working group has not had an opportunity to consider the need for amendments to this existing definition to align it with the new proposed definitions but will consider the merits of such and report to SC74.

Other working group discussions

26. In discussions, the working group noted concerns regarding the use of code 'P' for apparently commercial transactions involving mainly live animals of Appendix I species sold as pets. The Secretariat noted that they regularly receive questions regarding this issue and have also been asked about the use of code P for samples of rhinoceros horn for personal consumption. While the group remains optimistic that its work to suggest a definition of the purpose code may go some way to addressing this, Parties may wish to consider the value of further work to understand in more detail trade in Appendix I specimens where purpose code 'P' has been assigned.
27. Further, the Secretariat noted instances of the use of purpose code B for trade in captive bred specimens by breeders that describe themselves as 'hobbyist' and have facilities that seem to be breeding Appendix I species for not wholly 'non-commercial' purposes. This matter may be best considered by the Standing Committee working group on captive bred and ranched specimens; this group has deliberately not turned its mind to a definition of purpose code 'B' due to the contemporary work programme of that working group.
28. The use of purpose code 'Z' (zoo) formed a large part of deliberations of this working group. While we propose a short definition of the purpose code in this document, some members of the working group discussed the merits of proposing a new Resolution to deal with the more substantive matters related to zoos and aquariums, to avoid a lengthy definition of 'Z' in Resolution Conf. 12.3 (Rev. CoP18). The Standing Committee may wish to consider the merits of such a Resolution.

Recommendations

29. The Standing Committee is invited to
 - a) review the progress made by the working group and offer its comments and suggestions, in particular with respect to the proposed suite of draft definitions outlined in Annex 1 to this document and the draft amendments to Resolution Conf 12.3 (Rev. CoP18) in Annex 2;
 - b) note the other working group discussions, particularly with regard to a new Resolution on zoos, and the further work to understand more detail on trade in Appendix I specimens where purpose code 'P' has been assigned; and
 - c) note that the working group will work to refine its recommendations to amend Resolution Conf. 12.3 (Rev. CoP18) and recommend any proposed amendments to Resolution Conf. 12.3 (Rev. CoP18) and to any other affected Resolutions in its document to SC74, ahead of the 19th meeting of the Conference of the Parties.

Purpose-of-transaction code	Draft definition
Z – zoo	For the purpose of movement of a specimen to a zoo and/or aquarium for public display, care, reproduction, public education and awareness, scientific research, rescue, rehabilitation, or conservation.
P – personal	For the purpose of movement of personal property of the person trading the specimen, not to be traded commercially (or not for commercial purposes) after the import/export. Including a musical instrument being carried or moved by an individual. For cross border movement of personally owned live animals only in accordance with Resolution Conf 10.20.
T – commercial	For the purpose of obtaining economic benefit, whether in cash or otherwise, where the purpose of the transaction is directed toward sale, exchange or provision of a service or any other form of economic use or benefit.
M – medical	For the purpose of medical or veterinary testing, diagnosis, treatment or research, including biomedical research.
E – educational	For the purpose of use in educational and training programs or for display in an institution with a primarily educational function.
N – reintroduction or introduction to the wild	For the purpose of reinforcement and reintroduction within a species' indigenous range, and for conservation introductions, comprising assisted colonization and ecological replacement, outside indigenous range.
L – law enforcement/ judicial/forensic	For the purpose of transfer of specimens between, or in support of, government agencies for law enforcement, judicial or forensic purposes

Resolution Conf. 12.3 (Rev. CoP18)
Permits and certificates

[...]

3. RECOMMENDS that:

- 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 trade from one State to another is used to assess the purpose of transaction code for the export permit or re-export certificate. This indicates the reason there is trade of the specimen(s) from the sender/exporter to receiver/importer. The sender/exporter and receiver/importer can be the same entity (e.g. personal movement).
- 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 requests to import or is importing 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) For transactions whose non-commercial aspects do not clearly predominate, and except where an alternative code more precisely reflects the reason for the transaction, purpose-of-transaction-code T should be used.
- v) For transactions that are non-commercial in nature, the most applicable of the codes should be used.

- ~~iv~~vi) 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 or Q
Scientific Certificate	S

- ~~v~~ii) 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;

Certificate of captive breeding and artificial propagation – 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;

- i) 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.
- j) Purpose code 'T' (commercial) should be used where the transaction is for the purpose of obtaining economic benefit, whether in cash or otherwise, where the purpose of the transaction is directed toward sale, exchange or provision of a service or any other form of economic use or benefit;
- k) Purpose code 'Z' (zoo) should be used where the transaction is for the purpose of movement of a specimen to a zoo and/or aquarium for public display, care, reproduction, public education and awareness, scientific research, rescue, rehabilitation, or conservation;
- l) Purpose code 'P' (personal) should be used where the transaction is for the purpose of movement of personal property of the person trading the specimen, not to be traded commercially (or not for commercial purposes) after the import/export, including a musical instrument being carried or moved by an individual. For cross border movement of personally owned live animals only in accordance with Resolution Conf 10.20;
- m) Purpose code 'M' (medical including biomedical research) should be used where the transaction is for the purpose of medical or veterinary testing, diagnosis, treatment or research, including biomedical research;
- n) Purpose code 'E' (educational) should be used where the transaction is for the purpose of use in educational and training programs or for display in an institution with a primarily educational remit;
- o) Purpose code 'N' (reintroduction or introduction to the wild) should be used where the transaction is for the purpose of reinforcement and reintroduction within a species' indigenous range, and for conservation introductions, comprising assisted colonization and ecological replacement, outside indigenous range; and
- p) Purpose code 'L' (law enforcement/judicial/forensic) should be used where the transaction is for the purpose of transfer of specimens between, or in support of, government agencies for law enforcement, judicial or forensic purposes.