

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



Seventy-fourth meeting of the Standing Committee
Lyon (France), 7 - 11 March 2022

Interpretation and implementation matters

Trade control and traceability

STOCKS AND STOCKPILES:
REPORT OF THE WORKING GROUP

1. This document has been submitted by Canada as Chair of the working group.*
2. At its 18th meeting (CoP18, Geneva, 2019), the Conference of the Parties adopted Decision 17.170 (Rev. CoP18) which directs the Standing Committee, with the assistance of the Secretariat, to review the existing provisions agreed by the Parties concerning controls on stocks of specimens of CITES-listed species and report its conclusions and recommendations to the 19th meeting of the Conference of the Parties. At its 73rd meeting (SC73, 5-7 May 2021), the Standing Committee established an intersessional working group on stocks and stockpiles, with the following terms of reference:
 - a) *review the existing provisions agreed by Parties concerning controls on stocks of specimens of CITES-listed species provided in paragraph 7 of document SC73 Doc. 21;*
 - b) *identify CITES conservation and enforcement objectives in the management of stocks and stockpiles of specimens;*
 - c) *suggest definitions of “stock” and “stockpile”; and*
 - d) *report to the Standing Committee at its 74th meeting.*
3. The composition of the working group, comprising Parties and Non-Party observers is as follows:

Chair: Canada.

Parties: Argentina, Benin, Burkina Faso, Canada, Chile, China, the Democratic Republic of the Congo, Ethiopia, India, Israel, Kenya, Namibia, Niger, Peru, Singapore, South Africa, Thailand, the United Kingdom of Great Britain and Northern Ireland, the United Republic of Tanzania, the United States of America, Viet Nam, Zimbabwe.

IGOs and NGOs: Food and Agriculture Organization of the United Nations, International Union of Conservation of Nature, Born Free Foundation, Defenders of Wildlife, Environmental Investigation Agency USA, Fauna and Flora International, Forest-Based Solutions, Humane Society International, International Association for Wildlife, International

* *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.*

Discussion

4. Following confirmation by the Standing Committee of the members of the working group, the working group met virtually and subsequently provided comments by email on the elements of its terms of reference. Perspectives were offered on existing challenges to implementation of CITES provisions on stocks and stockpiles, on the fundamental objectives of conservation and enforcement that should direct the management of stocks and stockpiles, and on the need for, and possible definition of the terms “stock” and “stockpile”.

Concerning Terms of Reference Part a) *review the existing provisions agreed by Parties concerning controls on stocks of specimens of CITES-listed species provided in paragraph 7 of document SC73 Doc. 21*

5. The working group agreed that paragraph 7 of document SC73 Doc. 21 provides a useful overview of the Resolutions and Decisions concerning stocks of specimens of CITES-listed species. Working group members identified a lack of standardized instructions in the referenced provisions for control of stocks and stockpiles and inconsistency among the instructions for specific taxa regarding the control of stocks and stockpiles to be particularly challenging. A common observation was the lack of transparency associated with control of stocks and stockpiles, making it difficult for Parties to ascertain whether trade in specimens from these sources is in accordance with the rules of the Convention.
6. A solution suggested for addressing inconsistency and lack of standardized instruction for control of stocks and stockpiles was for Parties to develop general, overarching principles or guidelines for maintaining stocks and stockpiles rather than including individual provisions in species-specific Resolutions, differentiating between those that apply to Appendix-I species and Appendix-II species subject to CITES-established zero export quotas, and those for other CITES specimens. One Party suggested that because the Convention allows for international commercial trade in Appendix-II and Appendix-III species, stocks and stockpiles of Appendix-II and Appendix-III species should be considered differently than those of Appendix-I species. Other Parties and members of the working group emphasized the need to also treat Appendix-II species subject to CITES-established zero-export quotas differently.
7. The financial cost to Parties of maintaining the security and integrity of stockpiles, especially stockpiles of live specimens, was identified as a major challenge. It was noted that existing provisions appear to encourage retention and management of stocks and stockpiles (many of which consist of specimens that cannot be traded commercially) rather than their destruction. As such, increased emphasis on seizure, inventory, monitoring, use for forensic and scientific analysis and destruction of stocks and stockpiles, particularly those that cannot be traded commercially, might serve to ease enforcement and maintenance challenges. To prevent stock leakage through ineffective management or corruption, standard operational procedures should be implemented to ensure custodial accountability and transparency.

Effective characteristics of the existing provisions for control of stocks and stockpiles

8. The working group noted that in some cases, existing provisions have assisted Parties holding stocks and stockpiles to maintain inventories in a systematic manner, allowing improved declaration and reporting. The existence of provisions and effective implementation by many Parties has ensured that many specimens held in stocks and stockpiles are not illegally traded or used for purposes that contravene the Convention. The destruction of stockpiles, which removes the financial burden from Parties of maintaining surveillance of stockpiles to assure their security, was identified as an effective and successful solution for disposing of illegally acquired specimens. Nevertheless, some Parties maintained that it should be the prerogative of a Party to keep or destroy its stockpiles.
9. Many members of the working group emphasized that stocks and stockpiles of illegally traded and confiscated specimens should be disposed of only in accordance with Resolution Conf. 17.8 on *Disposal of illegally traded and confiscated specimens of CITES-listed species*. It was suggested that the guidance and limitations outlined in Resolution Conf. 17.8 might also be considered to inform management and disposal of other stocks and stockpiles. It was also suggested that the provisions of Resolution Conf. 17.8, including the decision tree analysis in Annex 1, paragraphs 7-8, may need to be updated for use with living specimens.

Additional guidance might also be added to consider the source of a specimen and prior international trade in the specimen.

10. While it was noted that for security purposes it is sometimes necessary to keep information on stockpiles confidential, improved information sharing and increased transparency in the management of stocks was identified as a path to success for implementing existing stock control provisions. Verification of the legality of privately held stockpiles so as to prevent leakage of specimens into trade or inclusion of illegal material was identified as important. Shifting the burden of proving the legality of privately held stockpiled specimens to holders of stockpiles rather than Parties was also suggested.

Concerning Terms of Reference Part *b) identify CITES conservation and enforcement objectives in the management of stocks and stockpiles of specimens*

11. Working group members identified a range of objectives for the conservation and regulatory enforcement of stocks and stockpiles. A fundamental objective was to ensure that existing stocks and stockpiles are secured, and managed in such a way that the specimens do not enter illegal trade. Prevention of the commercialization of illegally-acquired specimens, including those illegally harvested or illegally traded was also cited, with a focus on keeping confiscated Appendix-I specimens and Appendix-II specimens subject to CITES-established zero export quotas, especially those illegally harvested from the wild, from entering or re-entering commercial trade. An objective for the disposal of such specimens should be to ensure they are not used for commercial purposes, in either domestic or international trade.
12. Working group members also identified as objectives the assurance that the use of stocks and stockpiles of legally-acquired specimens is consistent with CITES requirements, and that stockpiles are securely managed and documented to prevent augmentation with illegally-acquired specimens. Some, but not all working group members suggested that stocks and stockpiles of CITES-listed specimens should be managed in a way that leads to their depletion and eventual elimination or destruction, assuring they will not contribute to future decline of CITES-listed species. The controls on stocks and stockpiles should be in agreement with the objectives of the Convention, including making specimens available for forensic analysis, education and other activities consistent with the requirements of CITES.

Challenges to the achievement of stated objectives for stocks and stockpiles

13. For some working group members, the high cost and intensive labour required to maintain and secure stocks and stockpiles are primary concerns, as is uncertainty, generated by current restrictions, as to the future benefits of maintaining and securing of stocks and stockpiles. It was noted that some Parties have developed Standard Operating Procedures and have dedicated effort to manage their stocks and stockpiles, but the future benefits provided by these natural resources are not certain. Many stocks and stockpiles consist of specimens that were obtained from natural mortalities and management operations and can be traded commercially. It was felt that Parties having standard operating procedures that have proven to be effective in management of stockpiles should be allowed to benefit from such conservation efforts, cognizant of the restrictions on use for some specimens, including Appendix-I specimens and Appendix-II specimens with CITES-established zero export quotas.
14. However, other working group members voiced strong opposition to commercial sale of stocks and stockpiles as a management or disposal method. Some voiced concern that both government and privately held stockpiles of CITES-listed specimens constitute a significant source of illegal trade, and that stockpiles of seized CITES specimens and specimens of species listed on Appendix-I should be destroyed, unless kept for legitimate enforcement or scientific purposes, to prevent the stockpiles from contributing to illegal trade. Other working group members took the position that stocks of Appendix-II and Appendix-III species, where the former are not subject to zero quotas and legally obtained, should be tradable, and departures from this principle should be exceptional. These Parties could not, however, support such trade in cases where the governance in the target market is weak, where the nature of the specimen renders adequate chain of custody arrangements technically difficult, where the legal supply is well below the quantity necessary to meet latent demand, or where the level of latent demand is such as to pose a threat to the survival of the species.
15. Working group members questioned whether the effectiveness of CITES provisions for the control of stocks and stockpiles is reviewed on a regular basis. It was recognized that good work associated with reviewing and reporting takes place, but that regular review of stockpiles is important, particularly for stockpiles of Appendix-I specimens and Appendix-II specimens subject to CITES-established zero export quotas. For Appendix-I species where it is known that illegal trade is occurring, regular reporting on stocks and stockpiles is particularly appropriate. It was suggested that it might be useful to consider whether review of the

management of stocks and stockpiles should include a path that contemplates possible action under Article XIII of the Text of the Convention.

16. Some members of the working group believe the destruction of stocks and stockpiles requires consideration, including the fate of confiscated and accumulated dead specimens of Appendix-I species placed into storage in accordance with paragraph 2 a) of Resolution Conf. 17.8 on *Disposal of illegally traded and confiscated specimens of CITES-listed species*. Concern was voiced that Resolution 17.8 may provide latitude for management authorities to declare illegally acquired specimens legal and enter such specimens into commercial trade. Others noted that prior to the destruction of illegally traded and confiscated specimens, assurance is required that enforcement actions have been completed and that all relevant scientific information from such specimens has been collected. Additionally, where stockpiles of Appendix-I specimens and Appendix-II specimens with CITES-established zero quotas are to be destroyed, verification of complete destruction is required to ensure the specimens cannot re-enter commercial trade. However, some working group members maintained that each Party should be able to decide the management of its stockpiles, within the guidance provided in existing Resolutions.
17. Suggested responses to challenges associated with management of stocks and stockpiles included the use of electronic inventory systems, which could address concerns noted and ease recording and reporting burdens on Parties. Emphasis on appropriate and humane management of living specimens and effective, efficient destruction of non-living stocks and stockpiles would also help to minimize regulatory burdens. It was suggested that Parties be encouraged to eliminate or destroy stockpiles, rather than collect, store, secure and manage specimens in stocks and stockpiles, if adequate capacities and resources are not available, especially where specimens were obtained illegally and seized or confiscated by authorities.

Provision of Guidance

18. Many working group members suggested greater emphasis on provision and utilization of guidance for the implementation of controls on stocks and stockpiles would be beneficial. For example, the obligations outlined under Resolution Conf. 18.7 on *Legal acquisition findings* could offer guidance to inform the management and disposal of stocks and stockpiles. As preventing illegal specimens entering into international trade and preventing specimens from being traded contrary to the Convention are the primary goals, it would be useful to understand the prevention methods that currently exist, and to ascertain if they are working. Practical guidance on the forensic use, maintenance, monitoring, security, and elimination or destruction of stocks and stockpiles developed by experts among Parties and observers would likewise assist stockpile management. Guidance produced in the past intended specifically for management of ivory stockpiles might also inform the management of stocks of a range of CITES specimens. Document CoP18 Inf. 72 *Ensuring Effective Stockpile Management: A Guidance Document*, was cited as an example.

Concerning Terms of Reference Part c) *suggest definitions of “stock” and “stockpile”*

19. The working group considered the form definitions of the terms stock and stockpile might take, and the definitions proposed in SC70 Doc. 41 *Stocks and Stockpiles of Specimens of CITES-Listed Species: Report of the Working Group*. Some working group members saw no practical need to create official CITES definitions for the terms stock and stockpile and preferred to seek a better understanding of where a lack of definitions has created difficulties for Parties. Others noted that definitions in some form are necessary, if only to increase understanding of the use of the terms elsewhere, as well as to facilitate reporting on the contents of stockpiles. Many working group members believed that definitions should be simple and direct, but also broad enough to include all collections of living or non-living CITES-listed specimens within the jurisdiction of a Party or under the control of a Party, including those held privately.
20. A specific suggestion proposed was that the term “stockpiles” should be used to refer to collections of dead CITES-listed specimens, whereas “stocks” should refer to collections of live specimens, with application to both plants and animals. These suggestions would provide simple and clear vocabulary that fits well with existing CITES Resolutions. However, other members of the working group considered the term ‘stocks’ simply referred to live and dead specimens, whereas ‘stockpiles’ referred to larger accumulations of specimens (live and dead). This convention is reflected in existing provisions, some of which refer to stocks and others to stockpiles. Finally, some working group members suggested that exploration of the concept of “collections” is also required, in order to define the threshold at which a few privately owned specimens held in a single location become a stock or a stockpile.

Recommendations

21. The Standing Committee is invited to consider this report and the observations provided by the working group as context for any subsequent discussions by the Standing Committee on controls on stocks and stockpiles of specimens of CITES-listed species.
22. As the working group was not able to complete fully the tasks directed to it in the terms of reference, the working group recommends that the Standing Committee request the Secretariat to revise Decision 17.170 (Rev. CoP18), and propose its adoption by the Conference of the Parties at CoP19.