

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



Seventeenth meeting of the Conference of the Parties
Johannesburg (South Africa), 24 September – 5 October 2016

Interpretation and implementation matters

Trade control and traceability

TRACEABILITY

1. This document has been prepared by the Secretariat.

Background

2. At its 16th meeting (CoP16, Bangkok, 2013), the Conference of the Parties adopted Decisions 16.56 and 16.57 on *Taxonomic serial numbers* as follows:

Directed to Parties

16.56 *Parties, particularly those engaged in the development of Single Window environments, are encouraged to consider the usefulness of incorporating taxonomic serial numbers in their domestic systems for management of data on authorization of trade under CITES, and alternatives to such numbers that they might use or be using, and to provide comments to the Secretariat.*

Directed to the Secretariat

16.57 *The Secretariat shall, subject to the availability of external funding, compile information voluntarily provided by the Parties in accordance with Decision 16.56, make recommendations, as appropriate, for consideration by the Standing Committee at its 66th meeting and make this information available to Parties at the 17th meeting of the Conference of the Parties.*

3. At the same meeting, the Conference of the Parties revised Resolutions and adopted different Decisions related to the development and implementation of traceability systems, including marking, labelling and tagging systems, for specimens of CITES-listed species.¹
4. This document contains a summary of the Secretariat's report on the implementation of Decisions 16.56 and 16.57, the report of the Chair of the Standing Committee regarding the discussion on traceability at the 66th meeting of the Standing Committee (SC66 Geneva, January 2016), and the Secretariat's report on the progress of other activities related to traceability, followed by the recommendation of the Secretariat on the way forward regarding this agenda item.

Implementation of Decisions 16.56 and 16.57

5. With regard to Decision 16.56, the Secretariat, at the request of the Standing Committee at its 66th meeting, issued Notification to the Parties No. 2016/005, on 5 February 2016, on *Use of Taxonomic Serial Numbers – Inputs on domestic systems for CITES trade data management using taxonomic serial*

¹ *The Resolutions and Decisions, and their relevant paragraphs, are listed in SC66 Doc.34.1 (Rev.1) Annex 1 (<https://cites.org/sites/default/files/eng/com/sc/66/E-SC66-34-01-Rev1x.pdf>)*

numbers and their alternatives, requesting Parties to submit comments on their national experience in incorporating unique identifiers, such as taxonomic serial numbers, in their CITES trade data management.

6. As of 24 April 2016, two submissions had been received from Parties in response to the Notification. These submissions are made available, in accordance with Decision 16.57, as information documents.

Discussion on traceability at SC66

7. At its 66th meeting (SC66, Geneva, January 2016), the Standing Committee reviewed document SC66 Doc. 34.1 (Rev.1), prepared by the Secretariat, entitled *Traceability: Overview by the Secretariat*². This document highlighted the interest expressed by Parties in studying or developing traceability systems to strengthen the supply chain of specimens of CITES-listed species in international trade.
8. Taking into consideration the increasing interest, the Secretariat highlighted the possible need for a common understanding of traceability, including a clear definition and a uniform umbrella framework. The Secretariat also encouraged the harmonization of systems among different species (when possible and appropriate), and the provision of common data management standards that better contribute to the development and implementation of traceability systems for CITES-listed species. The aim would be to prevent a potentially fragmented, non-complementary approach in the long run.
9. In addressing the above, the Standing Committee noted document SC66 Doc. 34.1 (Rev. 1) and agreed to submit to the Conference of the Parties at its 17th meeting the draft decisions on *traceability* as follows:

DIRECTS the Standing Committee to:

1. *Establish a working group on traceability systems in collaboration with the CITES Secretariat to:*
 - a) *Recommend a working definition of traceability systems to assist Parties in work related to the implementation of such systems;*
 - b) *Encourage that the development by Parties of traceability systems be mutually complementary, supportive and standardized, as appropriate, and that they also meet the unique needs of any CITES-listed species;*
 - c) *Provide general guidance on a governance structure to administer and oversee the development of traceability systems using lessons learned from the development of the global CITES permits and certificates system;*
 - d) *Develop, subject to the availability of external resources, and use, umbrella guidelines, and recommend standards, as appropriate, to develop traceability systems for different species that are mutually supportive and that generate standardized data;*
 - e) *Describe the CITES value chain, subject to the availability of external resources, using Unified Modelling Language and identify points throughout the value chain where species must be located, identified and its application defined;*
 - f) *Collaborate with the working group on e-permitting to ensure links between CITES permits and certificates and traceability identifiers;*
 - g) *Collaborate with United Nations and other relevant organizations involved and that have experience in the development and use of traceability standards and systems; and*
 - h) *Draft a Resolution on traceability for consideration at the 18th meeting of the Conference of the Parties;*

INVITES Parties to:

1. *Support the working group in its work on traceability;*

² SC66 Doc.34 (Rev. 1) (<https://cites.org/sites/default/files/eng/com/sc/66/E-SC66-34-01-Rev1x.pdf>)

2. Advise the working group on the development of projects and new information related to traceability;
3. Adhere, whenever possible, to international standards and norms related to traceability systems in the development of these systems;
4. Use data, as appropriate, generated from traceability systems in activities related to non-detriment findings and monitoring programmes; and,
5. Collaborate in the provision of capacity-building programmes that promote South-South and North-South cooperation in the development of traceability systems.

DIRECTS the Secretariat, subject to the availability of external funding, to:

1. Develop a portal on the CITES website on traceability to make available:
 - a) Recommendations by the working group on a definition on traceability, general traceability guidelines, and other relevant information;
 - b) Information on new projects on traceability;
 - c) Information on global organizations working on traceability standards and systems; and
 - d) Relevant documents, research papers and guidelines on traceability; and
2. In collaboration with the Standing Committee working group established under Decision 17.XX and UN/CEFACT, commission a report by a global organization or expert with experience in the development of standards related to traceability, to:
 - a) Describe a possible governance model for use in CITES traceability systems;
 - b) Map and describe using Unified Modelling Language or a similar tool, the CITES supply and value chain;
 - c) Identify and recommend appropriate information exchange protocols and standards for use in CITES traceability systems;
 - d) Describe a generic CITES traceability standard for use as a common model; and
 - e) Report on the conclusions of the report at the 69th meeting of the Standing Committee.

Secretariat's report on the progress of other activities related to traceability

10. In the working document mentioned in paragraph 6 above, the Secretariat reported to SC66 regarding three CITES projects that were related to traceability. The first project was in implementation of Decision 16.103 b) and supported by Switzerland on traceability of python skins.³ The second project was in support of the request by the AC27 to SC65⁴, to consider relevant matters relating to the identification and traceability of shark products. Two studies were undertaken with the generous financial support of the European Union,⁵ which were made available on the CITES Website sharks portal⁶ as well as at SC66 as information documents⁷ to the agenda item on *sharks and rays*. The third project involved a collaboration between CITES and the International Tropical Timber Organization (ITTO) on traceability in CITES-listed

³ More detailed information on the project to track and trace python skins in trade is available in document AC28 Inf. 33 (<https://cites.org/sites/default/files/eng/com/ac/28/E-AC28-14-02-01%28Rev1%29.pdf>) and document AC28 Doc. 14.2.1 (<https://cites.org/sites/default/files/eng/com/ac/28/E-AC28-14-02-01%28Rev1%29.pdf>).

⁴ See SC65 Doc. 46 (<https://cites.org/sites/default/files/eng/com/sc/65/E-SC65-46.pdf>)

⁵ This activity was part of the project "Strengthening capacity in developing countries for sustainable wildlife management and enhanced implementation of CITES wildlife trade regulations, with particular focus on commercially-exploited aquatic species" is funded by the European Union under the European Union capacity building project.

⁶ https://cites.org/eng/prog/shark/Information_resources_from_Parties_and_other_stakeholders

⁷ SC66 Inf.11 (<https://cites.org/sites/default/files/eng/com/sc/66/Inf/E-SC66-Inf-11.pdf>) and SC66 Inf.12 (<https://cites.org/sites/default/files/eng/com/sc/66/Inf/E-SC66-Inf-12.pdf>)

tropical tree species, which produced a report: *Tracking sustainability: review of electronic and semi-electronic timber tracking* (2012)⁸.

11. The Secretariat also reported on partnerships being established with UN agencies and other international bodies that provide guidance on global traceability systems for various commodity chains, such as agriculture or fisheries. In particular, Parties may wish to note that the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) is currently developing a *guide for planning traceability projects in cross border trade*, which is aimed to provide decision makers with a well-defined framework that will guide them through the set-up of a traceability project independently of the industry or supply chain. This guide, when finalized, may be helpful in assisting CITES Parties in planning and setting up traceability projects on CITES-listed species in international trade.
12. Notable progress has also been made by UNCTAD, which in cooperation with CITES has launched a project in 2015 to assess the traceability systems for non-timber plant species listed in CITES Appendices II and III. The first assessment study focused on ornamental plants in the Andean subregion, and included an extensive consultation with representatives from government, industry and civil society. The report of the preliminary findings was submitted at SC66 as an information document⁹ and also discussed at a side event at SC66. Another study is underway on medicinal plants for the Mekong subregion. Both studies will be submitted for peer review, after which a consultative workshop will be organized to discuss the main findings with various stakeholder representatives from the two subregions. The draft key findings of the UNCTAD study is attached to this document as Annex 1. The final report will be submitted to CoP17 as an information document.
13. At the 28th meeting of the Animals Committee¹⁰ (Tel Aviv, August 2015) and SC66¹¹, Mexico submitted a report on a project entitled *Identification carrier for a global traceability information system for reptile skins*, which is being implemented in collaboration with the Responsible Ecosystems Sourcing Platform (RESP). At SC66, a number of Parties also reported on their ongoing work in planning or developing traceability systems for CITES-listed species.
14. At SC66, the Standing Committee recognized the value of collecting information about a wide range of different traceability projects being undertaken within the CITES context, and called upon the need to ensure that these initiatives consider such issues as target and scope, stakeholder consultation, cost-effectiveness, adaptability to different conditions, and data ownership.¹² The proposed work of the Standing Committee would allow the collection of more information on this and other initiatives, with the aim to provide an umbrella mechanism that can accommodate the Parties' individual situations and conditions.
15. In reviewing the text of the draft decision proposed by the Standing Committee at SC66, the Secretariat believes that, while the Conference of the Parties may instruct the Standing Committee on what it should focus on in considering the issue of traceability systems, the exact modality of the work to be undertaken (i.e. whether or not a working group would be the most appropriate mechanism) would be best determined by the Standing Committee. Parties might therefore consider deleting the specific reference to the establishment of the working group on traceability from the draft decision, to avoid constraining the Standing Committee and pre-empting its discussion regarding this matter.

⁸ <http://www.itto.int/partner/id=3145>

⁹ SC66 Inf.66 (<https://cites.org/sites/default/files/eng/com/sc/66/Inf/E-SC66-Inf-16.pdf>)

¹⁰ AC28 Doc. 14.2.2 (<https://cites.org/sites/default/files/eng/com/ac/28/E-AC28-14-02-02Rev.pdf>)

¹¹ SC66 Doc. 34.2 (<https://cites.org/sites/default/files/eng/com/sc/66/E-SC66-34-02.pdf>)

¹² See SC66 Summary Record (SC66 SR) (<https://cites.org/sites/default/files/eng/com/sc/66/E-SC66-SR-Draft.pdf>)

Recommendation

16. In light of the above, the Secretariat recommends that the Conference of the Parties consider the draft Decision with the proposed amendments as follows:

Directed to the Standing Committee

- 17.AA The Standing Committee, ~~shall establish a working group on traceability systems~~ in collaboration with the CITES Secretariat ~~to~~, shall consider the issue of traceability systems and:
- a) recommend a working definition of 'traceability systems' to assist Parties in work related to the implementation of such systems;
 - b) encourage ~~that the development by~~ Parties that are developing of traceability systems to ensure they are ~~be~~ mutually complementary, mutually supportive and standardized, as appropriate, and that they ~~also meet~~ are adapted to the unique needs conditions relating to of any trade in CITES-listed species;
 - c) provide general guidance on a governance structure to ~~administer~~ coordinate and oversee the development of traceability systems using lessons learned from the development of the global CITES permits and certificates system;
 - d) ~~Develop~~, subject to the availability of external resources, develop and make use of umbrella guidelines, and recommend standards, as appropriate, to develop traceability systems for different species that are mutually supportive and that generate standardized data;
 - e) ~~describe the CITES value chain~~, subject to the availability of external resources, describe the CITES value chain using Unified Modelling Language and identify points throughout the value chain where specimens must be located, identified verified, and its application defined;
 - f) collaborate with the working group on e-permitting to ensure links between CITES permits and certificates and traceability identifiers;
 - g) collaborate with United Nations and other relevant organizations ~~involved and~~ that have experience in the development and use of traceability standards and systems; and
 - h) draft a resolution on traceability, to be submitted by the Standing Committee, for consideration at the 18th meeting of the Conference of the Parties;

Directed to Parties

- 17.BB Parties are invited to:
- a) support the ~~working group~~ Standing Committee in its work on traceability;
 - b) advise the Standing Committee ~~working group~~ on the development of projects and on new information related to traceability;
 - c) adhere, as far as ~~as~~ whenever possible, to international standards and norms related to traceability systems in the development of these systems;
 - d) use data, ~~as appropriate~~, generated from traceability systems, as appropriate, in activities related to non-detriment findings and monitoring programmes; and
 - e) collaborate in the provision of capacity-building programmes that promote South-South and North-South cooperation in the development of traceability systems.

Directed to the Secretariat

17.CC Subject to the availability of external funding, the Secretariat shall:

- a) develop a portal on the CITES website on traceability, to make available:
 - i) recommendations by the ~~working group~~ Standing Committee on a definition of ~~on~~ 'traceability systems', general traceability guidelines, and other relevant information;
 - ii) information on new projects on traceability;
 - iii) information on global organizations working on traceability standards and systems; and
 - iv) relevant documents, research papers and guidelines on traceability; and
- b) in collaboration with the Standing Committee ~~working group established under Decision 47.XX~~ and UN/CEFACT, commission a report by a global organization or expert with experience in the development of standards related to traceability, to:
 - i) describe a possible governance model (or models) for use in CITES traceability systems;
 - ii) map and describe the CITES supply and value chain using Unified Modelling Language or a similar tool, ~~the CITES supply and value chain~~;
 - iii) identify and recommend appropriate information exchange protocols and standards for use in CITES traceability systems;
 - iv) describe a generic CITES traceability standard for use as a common model; and
 - v) report to the Standing Committee on the conclusions of the report ~~at the 69th meeting of the Standing Committee~~.

UNCTAD ASSESSMENT STUDY ON TRACEABILITY SYSTEMS FOR CITES-LISTED
NON-TIMBER PLANT SPECIES: ORNAMENTAL PLANTS IN THE ANDEAN REGION

Summary of main findings and recommendations

The study analyses the trade of CITES Appendices II and III listed ornamental plants (*Cycadaceae*, *Orchidaceae*, *Bromeliaceae* and *Euphorbiaceae*) from selected Andean (Plurinational State of Bolivia, Colombia, Ecuador and Peru) and Latin American countries (Argentina, Brazil, Chile, Costa Rica, Guatemala, Mexico, Panama and the Bolivarian Republic of Venezuela) and analyses the use of traceability as a tool to strengthen existing CITES processes, in particular Legal Acquisition Findings (LAFs) and Non-Detriment Findings (NDFs).

The main findings and recommendations are shown below:

1. The floricultural trade world-wide has experienced a strong growth of 12% per annum in the period of 2001-2014. The total trade in 2014 was USD 21.5 billion.
2. Of the CITES-listed ornamental plants and plant products exported from the considered countries in the time frame of 2010-2014, *Cycadaceae* represented 62.5 percent with nearly 27 million exported products (only considering leaves, live plants, roots and stems); *Cactaceae* represented 24 percent with over 10 million plant products (including seeds, live plants and stems), *Orchidaceae* represented 9.5 percent with 4 million plant products (live plants, leaves, roots and stems) being exported;
3. *Bromeliaceae* represented 2.7 percent with just over 1 million live plants and *Euphorbiaceae* together with *Zamiaceae* represented the 2 percent with just under a million products (live plants, roots, wax).
4. Orchid exports from the chosen countries seem to have grown strongly until 2012, but experienced a slowdown in 2013; this might be true, however, due to an exceptional spike in trade from Brazil in 2012. Costa Rica is the largest exporter in the period of 2010-2014. Main markets are the United States, Japan and the European Union.
5. Trade of CITES-listed *Cycadaceae* on the contrary seems to be declining. Costa Rica is by far the most important exporter; trade from the only other trader Guatemala seems to have come to a standstill in 2013. The main markets are the European Union and the United States of America.
6. However, market assessment is made difficult by the inconsistent reporting between exporters and importers. Within the studied period of 2010-2014, exporters reported about 20% more trade than importers in *Orchidaceae* and even 33% more trade in *Cycadaceae*.
7. In the studied countries, *Orchidaceae* represent an important family within the trade in ornamental plants; the traded plants are practically all artificially propagated.
8. Regarding existing control systems, the interviewed CITES Management Authorities operate a comprehensive control system based on issuance and control of operating licenses and control of exported quantities/specimens. However, determining the species of exported plants is very difficult. This affects both the controls for operating licenses as well as the export control. Some private operators have internal traceability systems.
9. Traceability can clearly contribute to the robustness of Legal Acquisition Findings, and can also generate useful trade data to improve Non-Detriment Findings.
10. Recording of receptions of plant material at nurseries, creation of a database of properly identified parental plants and linking export permits to identified parental plants, can strongly strengthen the CITES permitting process, in particular if coupled with risk management systems in the controls for an operating license and in the export process.
11. A traceability system is recommended based on the above process elements; however, the socio-economic possible impacts arising from the use of such a traceability system should be understood and integrated into a pilot project. Recommendations for the development of a pilot study are made.

TENTATIVE BUDGET AND SOURCE OF FUNDING FOR THE IMPLEMENTATION OF DRAFT RESOLUTIONS OR DECISIONS

In Resolution Conf. 4.6 (Rev. CoP16) on *Submission of draft resolutions, draft decisions and other documents for meetings of the Conference of the Parties*, the Conference of the Parties decides that any draft resolutions or decisions submitted for consideration at a meeting of the Conference of the Parties that have budgetary and workload implications for the Secretariat or permanent committees must contain or be accompanied by a budget for the work involved and an indication of the source of funding. The Secretariat proposes the following tentative budget and source of funding for the implementation of the draft decisions in the present document.

Secretariat:

The Secretariat's support as outlined in draft Decision 17.CC a) could be accommodated within the daily work of existing Secretariat staff, with the exception of the initial development of a new portal on the CITES website (see "Direct costs" section below).

Committees:

The members of the Standing Committee, and in particular the members of the proposed working group, are expected to provide active inputs and efforts in undertaking activities described in Decision 17.XX a) through h).

Direct costs:

- Decision 17.CC a) would require the hiring of an expert web consultant to develop a dedicated page on capacity building with relevant information. The cost for this is estimated at USD 10,000 – 20,000.
- The implementation of 17.CC, b) may require commissioning of an organization or expert with experience in the development of standards related to traceability to prepare a report in collaboration with the Secretariat. The cost for such study, which may involve an in-depth investigation of various case studies, is estimated at USD 40,000 – 50,000.
- Collaboration of the Secretariat with traceability expert bodies such as UN/CEFACT may incur travel costs (for the working group chair, or the Secretariat) related to discussions with relevant partners and traceability experts. The cost for this is estimated at USD 10,000-15,000.