Global workshop on modern customs procedures for improved control of trade in CITES-listed species

Online (KUDO)
7 – 9 December 2020

WORKSHOP REPORT

Introduction

At its 18th meeting, the CITES Conference of the Parties adopted a set of decisions on electronic systems and information technologies as well as on permit authentication and controls (Decisions 18.16-131). In accordance with Decision 126, the Secretariat in collaboration with the World Customs Organization (WCO) and other relevant partners, including UNECE and UNCTAD, organized an international workshop on modern customs procedures for improved control of trade in CITES-listed species. Due to the ongoing pandemic, the workshop was fully online; it was attended by some 200 participants nominated by CITES Management Authorities (MAs) and Customs Administrations from about 30 Parties as well as by three observer organizations. The list of registered Parties and observer organizations is included in annex 1 to the present report.

Background and context

The workshop was preceded by an earlier workshop *Customs control of trade in CITES listed species: Trends, technologies and opportunities for improved trade and regulatory control* (Gibraltar, May 2018), which was attended by a smaller group of experts. That workshop resulted in some guidance and a number of recommendations that were subsequently reviewed and submitted to the Standing Committee by its working group (See documents SC70 Inf.7, Inf.8, Inf.9).

The objectives of the present workshop was to:

- review the progress of the ongoing study on the current practices in CITES permit authentication and control*;*
- Support Parties in the implementation of efficient and risk-based procedures for control in CITES-listed species in relation to the authentication of CITES permitting processes using information and modern trade control procedures; and
- Inform the SC Working Group on electronic systems and information technologies by identifying elements for further discussion and development of recommendations, pursuant to Decisions 18.125-128 on *Electronic systems and information* technologies and Decisions 18.129-131 on *Authentication and control of permits*.

The expected outcomes were to facilitate Parties' effort to review and improve their national CITES permit control and authentication process, to allow CITES MA and Customs/border officials to become more aware of each other's roles and responsibilities in CITES trade control, and to provide Parties with information on tools and technologies available to them.

In this context, the workshop looked at permit issuance, authentication and control (day 1), the role of customs and risk-based management for CITES-trade controls (day 2) and tools and initiatives for automated permitting systems (day 3). The agenda of the Workshop is included in annex 2. An overview of the presentations made available to participants as well as other relevant documents is contained in annex 3.

Opening remarks

The opening remarks were delivered by Ms. Ivonne Higuero (CITES Secretary-General), Mr. Kunio Mikuriya (WCO Secretary-General), Mr. Stefan Kirsch (Deputy Director for Compliance and Enforcement, WCO) and Mr. Mathias Lörtscher (Switzerland, and Chair of the Standing Committee Working Group on

electronic systems and information technologies), who provided the background and the context of the workshop as follows.

Permits are the backbone of CITES. They are critical to the understanding of the scale of the CITES trade, feeding Parties' annual trade reports and the CITES Trade Database. Verification of permits is therefore an important part of ensuring the Parties' overall compliance with the Convention.

The CITES permitting system has evolved over time, with Parties moving gradually from the all-paper method of the early days to an automated process using electronic systems. Keeping the CITES permitting system up-to-date and in line with international trade practices would ensure that it works for all Parties and meets the Convention's principal objectives of keeping trade legal, sustainable and traceable. Ideally, a strong permitting process should allow end-to-end transparency and predictability throughout the chain of custody and contribute to efficient communication among and between government agencies to improve the processing of legal trade, while also helping detect and deter unauthorized transactions.

Customs play an important role in facilitating expeditious clearance across the border and in ensuring trade in wildlife takes place in an efficient, transparent, predictable and lawful manner. WCO and CITES both expressed a firm commitment to cooperate, paying specific attention to the CITES permitting system. Strong collaboration between CITES Management Authorities and Customs Administrations would be critical to facilitate compliant trade and focus resources on detecting illegal trade.

Permit issuance authentication and control

According to the Secretariat's rough count, just over a dozen Parties have already implemented some form of electronic CITES permit system in place, and additional 25-30 more are at various stages of developing such systems.

Decision 18.130 requires the CITES Secretariat to *prepare, in consultation with interested Parties, an in-depth study on the current practices in CITES permit authentication and control, using a selection of Parties as case studies to demonstrate the state-of-play on how current trading practices and the use of technologies affect their CITES regulation process*.

Mr. Ernest Cooper (consultant) presented the status of the study contracted by the CITES Secretariat, covering: Australia, Canada, Czech Republic, Georgia, Germany, Peru, Singapore, Solomon Islands, South Africa, Switzerland, Thailand, Tonga, United Arab Emirates, United States. Following the workshop, Sri Lanka and the DRC would be added as well. The study would be completed in early 2021 and will inform the discussions of the Standing Committee working group on e-permitting.

Mr. Augustin Ngumbi (Democratic Republic of the Congo MA) presented the national e-permitting system in place since July 2020, thanks to funding provided under the CITES Trees project funded by the EU. Permit application, issuance and verification are available via online platform, which had had a significant impact: reduction of risks of false permits and certificates from DRC, increased demand for permit due to facilitated and better control, integration of the quota system that allows monitoring and use of export quotas, easier preparation of CITES annual reports, use of QR-codes for online verification of permits etc.

Ms. Sri Ratnaningsih (Indonesia MA) presented the national permitting process which has not yet been automated. She noted that in the digital era, the CITES MA is expected to give public the transparency, effective and efficient service, and information on managing the wildlife trade. Thus, high technology and

innovation can be used to improve the governance of wildlife trade, especially for permit control. Transforming the manual system to an electronic system will advance the trade control by all related stakeholders and achieve the sustainable, legal, and traceable of wildlife trade.

Mr. Ranjan Marasinghe (Sri Lanka MA) presented the national eCITES system launched in February 2020 based on the eCITES BaseSolution developed by UNCTAD and the CITES Secretariat. The system fully automated the permit application and issuance and facilitated the submission of annual reports. Further evolution was underway, which would allow linkage with Customs and digital permit exchange with other Parties. The transparency of the permit process has led to the enhancement of the trust level by both officials and the public. Also, no incident of fraudulent permits had occurred since the launch of the system due to the use of the QR-code that facilitates permit verification. The implementation and maintenance of the system was costly, and local developments/ experiences could be shared among countries to speed-up the adaptation and cut costs.

The role of customs and risk-based management for CITES-trade controls

Mr. Clarke (UK Border Force) noted that checking and validating CITES documents at the border was one of the most important parts of the control of CITES permits. One common mistake with CITES documents was the lack of Customs' endorsement at the point of export, which would lead to extra effort needed for verification and validation by transit or import country. Mr. Clarke underscored the importance of a seamless collaboration between the national CITES authorities and the Customs Administration; in the UK monthly meetings were held with all relevant authorities to discuss pertinent issues. The UK Guide on the control of CITES shipment was made available to the participants.

Mr. Kouassi Koko Dah (Côte d'Ivoire customs) reiterated that the verification of permits at the borders was a crucial step in the chain of control. For this purpose, the authorities have at their disposal various national databases (automated goods clearance system, seizure databases) and opportunities for international collaboration (Interpol, CEN ENVIRONET, NGOs). Mr. Kouassi stressed the need to have permits stamped by Customs at the point of export and to return a copy of these permits to the Management Authority in order to record this operation. He also insisted on the importance for Customs to systematically inform the Management Authority in case of seizure of CITES species.

Mr. Mathias Lörtscher (Switzerland MA) highlighted the fact that the national CITES import/export procedures were based on a sharing of responsibilities between the MA (responsible for import control) and Customs (responsible for export and transit control). While importation of CITES specimens was allowed through all borders of the country, CITES physical control posts were only at certain locations, where the importer must go for physical inspections. With regard to exports, in the future, Switzerland suggested that endorsement of export by customs (stamping) be recorded electronically in the MA system, and that the foreign authority be able to verify the stamping by a QR code or other similar system.

Ms. Laurienne Da Silva (South Africa customs) presented the national risk management system for trade control of CITES goods, which integrated and adapted the guidelines of the General Annex of the Revised Kyoto Convention on Risk Management for effective customs control. South Africa used a multi-pronged approach combining intelligence, risk analysis and random selection. The key sources of information included trade data, seizure data, alerts from external control agencies and trade stakeholders as well as open source information. National and international seizure data was analyzed to identify trends and create risk profiles as well as to identify successful enforcement actions and to guide resource allocation.

Collaboration between Customs, the Department of Environment Forestry and Fisheries, and the Police had been formalized through the conclusion of a Memorandum of Understanding allowing for a distribution of responsibilities in the chain of custody.

Ms. Anna Wong (Singapore MA) presented the national enforcement framework and reiterated the importance of having a multi-pronged network approach where agencies with different roles and responsibilities work together. The regular development of new risk profiles and indicators allowed for successful seizure operations. She also stressed the need for bilateral, regional and international cooperation, based on trust between Parties, networking and the sustainability of these relationships. She finally highlighted that Singapore authorities assessed each and every piece of intelligence and tip-off, and would take action when these would be credible and actionable.

Ms. Lin Jing (Chinese Academy of Customs) presented the various mechanisms put in place by Customs to control trade in CITES species and improve their inspection and detection through the use of advanced technologies. The authorities' strategy was also based on close cooperation with relevant organizations for synergetic management, strengthening of risk analysis and judgment to carry out targeted attacks against illegal imports. Some difficulties remained, in particular with respect to the identification of flora and coral species and their storage conditions during this process.

Mr. Dietmar Jost (Global Express Association) noted that express carriers such as DHL, FedEx, and UPS work in synergy with customs authorities at several levels to ensure legal and safe express delivery of goods, which required sharing of information and intelligence. This collaboration involved the transmission of pre-shipment information, the provision of facilities and equipment for the examination and detection of suspicious products. The express carrier companies also had the ability to close the accounts of customers identified by customs as repeat offenders. Mr. Jost strongly encouraged the development of electronic permit systems to speed up and facilitate inspection work at private company supply chain checkpoints.

Tools and initiatives for automated permitting systems

Mr. John David (UNCTAD) noted that the eCITES BaseSolution system was a result of cooperation between the CITES Secretariat and the UNCTAD team to develop a cost-effective eCITES solution for interested Parties. The actors, basic workflow, implementation steps and the aspects to consider that were described in the presentation were not unique to this solution but could be used to provide a blueprint for Parties embarking on developing an electronic solution. Mr. David gave a live demonstration of how the national deployment would look like, using the Sri Lanka system as the example.

Mr. Markus Pikart (UNECE) stressed that an effective and secure exchange of CITES permit data between countries is important to allow monitoring and collaboration among regulatory authorities of export, transit and import countries. There are only a few electronic permit exchange (EPIX) systems currently in operation and all use the point-to-point model, while the EU is developing a hub structure for its member states. Other global platforms may also be available. Regardless of the model chosen, adherence to a common set of EPIX standards and guidelines established by international bodies is crucial; the development of *Guidelines for the exchange of electronic CITES Permits* and the establishment of CITES EPIX task force support this effort. Mr. Pikart finally referred to the UN/CEFACT recommendation 14 on Authentication of Trade Documents to encourage Parties to consider removal of signature requirements from the CITES permits.

Ms. Miet van Looy and Mr. Endre Nagy (European Commission) described the ongoing work on consolidating the different regulations, measures and permitting systems to develop a EU-wide electronic CITES system. This was part of an overall effort to evolve towards more digitalization of all trade transactions at the EU borders. The development of the EU CITES electronic system would take an incremental approach, where functionalities would be developed according to trade volume, and all actors would be involved from the initial states to support their automation efforts.

Ms. Lizeth Natali Cayo Rodriguez (Peru MA) introduced the national eCITES system, which was part of the national project for the Improvement of Foreign Trade Facilitation Services. It was therefore fully integrated with the national Single Window for foreign trade, where the full participation of the CITES MA allowed for the optimization of the control process and simplify foreign trade procedures in a coordinated manner. The CITES electronic permit carried a QR code, and an automatically-generated identifier for facilitating traceability. Improvements to the system were underway to allow further automation of the system.

Carlos Mario Orrego (Costa Rica MA) explained that the updating of the national eCITES system, which had been in operation since 2008, was made possible with support from the United States Department of Interior. It was developed through an iteration of improvements based on identified information gaps by the government officials, as well as service needs of the clients (traders). Since 2020, application, management, and verification of permits were possible online through the web portal as well as the collection of public tipoffs on possible violations of CITES and other national wildlife laws. The new system was able to make significant improvements in accessibility, traceability, transparency, and the security of the permitting system.

Conclusion of the workshop and next steps

Mr. Mathias Lörtscher (Switzerland), as Chair of the Standing Committee Working Group on electronic systems and information technologies, highlighted the main points from the workshop (Annex 4). These points would be considered by the Working Group to formulate into further actions and recommendations, which would be submitted to the Standing Committee in 2021.

Annex 1

List of participating Parties and observers

Parties (* denotes WG member)

Argentina*
Bahamas*
Bahrain*
Canada*
China*
Colombia
Czech Republic*
Costa Rica
Côte d'Ivoire
Cuba
Democratic Republic of Congo
European Union*
Georgia*
Germany*
Guatemala
Indonesia
Japan*
Jordan
Kenya*
Kuwait
Malaysia*
Morocco
Mozambique
Peru
Republic of Korea
Singapore*
Solomon Islands
South Africa*
Sri Lanka
Sweden
Switzerland*
Thailand*
United Kingdom*
United States of America*
Zimbabwe*

Invited presenters

Chinese Academy of Customs Administration

Global Express Association

United Nations Conference for Trade and Development (UNCTAD)

United Nations Economic Commission for Europe (UNECE)

Observer members of the WG

China Biodiversity Conservation and Green Development Foundation

Environmental Investigation Agency USA

International Wood Products Association

Secretariat of the Pacific Regional Environment Programme (SPREP)

UNEP-WCMC

Workshop Organizers

CITES Secretariat

World Customs Organisation (WCO)

Annex 2

Provisional programme

DAY 1: MONDAY 7 DECEMBER 2020 **Facilitator:** Sofie H. Flensborg, CITES Secretariat	
15:00 - 15:30 (CET)	**Opening remarks** • Ivonne Higuero, Secretary-General, CITES Secretariat • Kunio Mikuriya, Secretary General, WCO • Stefan Kirsch, Compliance and Enforcement Deputy Director, WCO • Mathias Lörtscher, Chair, Standing Committee Working Group on Electronic Systems and Information Technologies
15:30 - 16:00	**Overview and introduction of the workshop** - Haruko Okusu, CITES Secretariat • Logistics of the online meeting • Mandates • Objectives, expected outcomes • Progress to date
16:00 - 17:45	**Current practice of CITES permit issuance, authentication and control** Presentations and discussion Speakers: o Ernest Cooper, consultant o Augustin Ngumbi, Democratic Republic of the Congo o Sri Ratnaningsih, Indonesia o Ranjan Marasinghe, Sri Lanka • What are the current trends revealed by the draft in-depth study? • What are the challenges and achievements, experienced by Parties in improving permit authentication and control? *What is a CITES permit process and what are the gaps and needs for improved CITES permit authentication and control?*
17:45	Closure of Day 1
DAY 2: TUESDAY 8 DECEMBER 2020 **Facilitator:** Igor Jakupic, WCO	
15:00 - 16:30 (CET)	**Current CITES trade controls and customs' roles** Presentations and discussion Speakers: o Kouassi Koko Dah, Côte d'Ivoire o Guy Clarke, the UK o Mathias Lörtscher, Switzerland • Customs' role(s) in export and import control: overview on current procedures and approaches for goods and information flow • Inter-agency collaboration and controls at national level (Single Window, postal consignments and couriers, etc.)

	What is the impact of the current customs' roles and procedures on fulfilling the CITES requirements and approaches for border control? How does CITES trade control happen in today's trade - who can provide and authenticate which information?
16:30 - 17:45	**Risk Management for trade control for CITES** Presentations and discussion Speakers: ○ Laurienne Da Silva, South Africa ○ Anna Wong, Singapore ○ Lin Jing, Chinese Academy of Customs ○ Dietmar Jost, Global Carrier Association • What is risk management: customs control systems for risk-based trade procedures? • How is risk management used in the context of CITES trade? • How can private transport companies contribute to risk management? *What does risk management mean for CITES trade controls?* *How can CITES work with national customs organizations to set up risk-based controls?* *How to provide electronic information on CITES trade for customs to strengthen combat against illegal trade in wildlife?*
17:45	Closure of Day 2
DAY 3: WEDNESDAY 9 DECEMBER 2020 **Facilitator:** Haruko Okusu, CITES Secretariat	
15:00 - 15:30 (CET)	**Risk Management** (continued)
15:30 - 17:00	**Tools and initiatives for automated permitting systems** Presentations and discussion Speakers: ○ John David, UNCTAD ○ Markus Pikart, UNECE ○ Miet van Looy and Endre Nagy, EU Commission ○ Lizeth Cayo, MA Costa Rica ○ Carlos Mario Orrego (Costa Rica MA) • eCITES Base Solution • Electronic Permit Information Exchange (EPIX) • EU CITES automated system
17:00 - 17:45	**Conclusion of the workshop** - Mathias Lörtscher Highlights and main points from the Working Group Chair
17:45	Closure of Day 3 and closing of the workshop

Annex 3

Presentations and other resources made available to the participants

Presentations

Day 1

- Haruko Okusu, CITES Secretariat
- Ernest Cooper, consultant
- Augustin Ngumbi, Organe de Gestion, Republic Démocratique du Congo
- Sri Ratnaningsih, CITES MA Indonesia
- Ranjan Marasinghe, CITES MA Sri Lanka

Day 2

- Kouassi Koko Dah, Service des Douanes, Côte d'Ivoire
- Guy Clarke, UK Border Force
- Mathias Lörtscher, MA Switzerland
- Laurienne Da Silva, South African Revenue Service
- Anna Wong, MA Singapore
- Dietmar Jost, Global Carrier Association

Day 3

- John David, UNCTAD
- Markus Pikart, UNECE
- Miet van Looy and Endre Nagy, EU Commission
- Lizeth Cayo, MA Costa Rica

Other resources

- The UK Guide on the control of CITES shipment
- UNCTAD/CITES: eCITES BaseSolution: online access to electronic permit management
- List of Participants of the workshop

Annex 4

Key takeaways and elements from the Workshop for the consideration of the WG

On electronic/automated permitting system

- Advantages of moving to fully digitalized permitting processes are multiple (access to information directly form source, data integrity and authenticity, more resilient in times of crisis, makes annual reporting simple and easy)

- Fourteen Parties have already automated some form of electronic CITES permit system in place (Bahrain, Belgium, China, Czech Republic, France, Norway, Republic of Korea, Saudi Arabia, Singapore, Sri Lanka, Switzerland, Thailand, UAE, USA).
  25-30 more are developing such systems (Australia, Brazil, Canada, Costa Rica, European Union, Germany, Jordan, Peru, Philippines, South Africa, UK and Argentina, Australia, Bahamas, Botswana, Iceland, India, Indonesia, Japan, Kazakhstan, Mauritius, Mozambique, Sweden, Uganda, Vanuatu, Vietnam, Zimbabwe)

- Reach out to the Secretariat if you are interested in developing eCITES

- For communication purposes, Parties should be encouraged to inform the Secretariat if they are introducing an automated system for CITES permit issuance

- When using automated CITES permits systems, Parties should specify whether the final permit is printed & signed by the MA, applicant can print the permit on their own, or whether an electronic copy is completely replacing the paper format. For the latter two options, measures must be taken to avoid opportunities to print and use the permit more than once. What signatures are actually needed

- QR-codes on CITES permits – guidance on their use, verification of authenticity, replacing customs endorsement and information on quantities We've seen a lot of QR codes – may be good to develop guidance?

- Clarity in Resolution Conf. 12.3 on who must sign or endorse the CITES permit (applicant, MA, Customs etc.) Markus – what are electronic signatures – perhaps bring this into the res
  - Better integrate existing guidance on e-permitting into Res. Conf.12.3 (hyperlink, annex?) eCITES guidance referred to in the Res? guidance is available on the Internet – but largely unknown

- Also the EPIX standards guidance should be referred to in the Res.

- Consider updating the CITES electronic permitting toolkit

- Can the results of workshop be built into Resolution Conf. 12.3 or is a new resolution needed?

On control and enforcement of CITES trade

- Parties must consider moving away from physical inspections of all shipments to systematized risk-based controls (rather than inspecting all shipments or depending solely on intelligence)

- Is additional guidance needed on the kinds of information that can be used in a risk-based approach and how to assess to whether the information is credible and reliable? Perhaps some guidance on this could be useful

- Use of HS codes in implementing risk-based control procedures.

- Better collaboration, communication and information exchange between MA & Customs is critical
    - Formalization of collaboration between MA and Customs, regular meetings of all involved authorities, including the CITES SA may be ways to improve
    - MA → Customs: When issuing permits for Appendix I species (why only App II?)
    - MA → Customs: When rejecting a permit application as this may increase the risk of a false permit
    - Connection of customs and MA permitting systems
    - Customs → MA: When illegal trade has been intercepted
    - Customs -> MA: Verifying import/export applications with MA' database

- Should such recommendations be included in Resolution Conf. 11.3?

- Collaboration and information exchange between Customs Administrations/MAs at the international level is also essential (See remarks from Singapore and South Africa)

- Collaboration between CITES Secretariat and WCO strengthened, i.e. renew/update the MoU (http://www.wcoomd.org/en/about-us/partners//-/media/wco/public/global/pdf/about-us/partners/mou/034_mou.pdf)

Future work – other issues

- Automation efforts by Parties may have different entry points (e.g. Jordan started by an app that allows Customs to log imports, and relay that message to MA – will develop the automated permit issuance function in the future) – how do we define the eCITES? Is the 4-step project framework the right one?

- Collect experience made by Parties and Customs administrations in linking HS Codes and relevant information in CITES permits such as species name and trade term to better determine applicable regulations and controls and associated risks of CITES consignments