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GROUP OF TECHNICAL EXPERTS ON AN  
INTERNATIONALLY RECOGNIZED  
CERTIFICATE OF ORIGIN/SOURCE/  
LEGAL PROVENANCE

Lima, 22-25 January 2007

Item 3 of the provisional agenda\*

**COMPILATION OF SUBMISSIONS PROVIDED BY PARTIES, GOVERNMENTS,  
INDIGENOUS AND LOCAL COMMUNITIES, INTERNATIONAL ORGANIZATIONS AND  
RELEVANT STAKEHOLDERS REGARDING AN INTERNATIONALLY RECOGNIZED  
CERTIFICATE OF ORIGIN/SOURCE/LEGAL PROVENANCE**

*Addendum*

**OPINION OF JAPAN**

*Note by the Executive Secretary*

1. The Executive Secretary has the honour to circulate herewith the attached opinion of Japan received in response to paragraph 5 of decision VIII/4 C and Secretariat notification 2006-043 of 29 May 2006 and 2006-048 of 30 May 2006,.
2. The submission is being circulated in the form and the language in which it was received by the Secretariat of the Convention.

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*Annex***OPINION OF JAPAN**

Japan would like to submit its opinion for the Meeting of the Group of Technical Experts on an Internationally Recognized Certificate of Origin/Source/Legal Provenance (Meeting), to take place in Lima, Peru, 22-25 January 2007, as described below:

**1. Overall Opinion**

- 1) The Meeting should be conducted to discuss *on the propriety of the* introduction of an Internationally Recognized Certificate of Origin/Source/Legal Provenance (Certificate). The Meeting should preclude any assumption that the introduction of a Certificate is a prerequisite.
- 2) A Certificate would be useful only if it meets the precondition that all the Parties to the Convention on Biological Diversity (Parties) benefit from such a Certificate system. Discussion of a Certificate would be meaningful, only if a Certificate can increase overall benefits for all the Parties, in comparison with the current overall condition

**2. Specific Opinion****(a) Rationale, objectives and a need for a Certificate**

- 1) A Certificate would be useful only if it meets the precondition that all the Parties benefit from such a Certificate system. We are of the opinion that the Meeting should avoid options for any Certificate system that would damage overall benefits for all the Parties.
- 2) A Certificate system should ensure legal certainty, fairness and equity, and reliability. A Certificate system should never be for the sake of its own system, and the process of a Certificate system should never be for the sake of its own process.
- 3) In order to build and operate a streamlined and effective Certificate system, not only provider countries but also user countries of the genetic resources should cooperate. We would welcome that resources from Global Environment Facility would be used for such capacity building.
- 4) The objectives of discussing a Certificate system should be to facilitate access to genetic resources, and thereby to increase generation of benefits for fair and equitable sharing. The objectives should not be the opposite of these.

**(b) Definition of characteristics and features**

In defining a Certificate system, the following potential characteristics should be considered:

- 1) Scope of genetic resources for a Certificate system
- 2) Physical state of genetic resources (e.g. live, dried, extract and so forth)
- 3) Format in trading (e.g. commodities as classified by present trading systems, and non-commodities (other genetic resources to be transferred under contract for the purposes of R&D and so forth)
- 4) Purpose of use (e.g. research, commercialisation and so forth)
- 5) Clarification of different concepts: a number of concepts (e.g. certificate of origin, source, legal provenance, or compliance) have been proposed. The Meeting should clarify the difference in meaning of each of these proposed concepts.

**(c) Analyses of the distinctions between the options**

- 1) Please refer to the “Implementation challenges – Points to Consider” given in (d) below, for the consideration by the Meeting.

- 2) Several countries have proposed different certificate systems. We are of the opinion that the Meeting should deeply analyse whether or not each of the proposed systems could securely provide benefits and incentives for users of genetic resources as well as providing countries.

***(d) Implementation challenges - points to consider-***

We wish to offer the following “Points to Consider” to the Meeting as an aid in analysing whether or not a Certificate system could meet the challenges in implementation.

***Practicality:***

- 1) How is the scope of genetic resources to be identified for a Certificate system?
- 2) Is it possible to identify origin of all the genetic resources?
- 3) How does a Certificate system treat the situation where genetic resources occur across two or more countries?
- 4) Is it possible to track all the genetic resources?
- 5) How does a Certificate system protect confidentiality of commercially sensitive information of corporate applicants?
- 6) How does a Certificate system ensure accuracy and reliability of the information system, e.g., in documenting correct information on the origin, source or legal provenance, or in preventing input error in documenting information, in a cost-effective manner?
- 7) How does a Certificate system ensure legal certainty and fairness?

***Feasibility:***

- 1) What is the cost-benefit feasibility of a Certificate system that has been regarded as technically feasible?
- 2) Is it feasible to develop a Certificate system that covers all the genetic resources, all the physical states of genetic resources, all the formats in trading (commodities and non-commodities), and all the purposes of use?

***Costs and benefits:***

- 1) It is necessary to evaluate all the direct costs required for a Certificate system. Do the direct costs justify a Certificate system?

Direct costs include costs for initial investments, maintenances, and personnel expenses. In a narrow sense, the costs and benefits of the Certificate refer to these costs.

- 2) It is necessary to evaluate transaction cost(s) and opportunity cost(s). Do the transaction cost and opportunity cost justify a Certificate system?

Transaction cost is defined as a cost incurred in making an economic exchange. When the exchange system, say, ‘market’ is well organised, the transaction cost is expected to be low. Typical components of the exchange system are information, infrastructure, and institutions. This cost is very important in the context of evaluating Certificate options, because the transaction cost becomes higher as steps of necessary processes increase.

Opportunity cost is defined as a forgone benefit. This cost is very important in the context of evaluating Certificate options, because we have to bear higher opportunity cost, as the certification processes become more complicated and time-consuming.

***Mutual supportiveness and compatibility with the other international agreements:***

Does a Certificate system ensure mutual supportiveness and compatibility with the other international agreements?