Mr. Alexander von Bismarck  
Executive Director  
Environmental Investigation Agency  
Washington, DC 20009

Dear Mr. von Bismarck:

On behalf of the Interagency Committee on Trade in Timber Products from Peru (the “Committee”) established to oversee the implementation of Annex 18.3.4 of the United States-Peru Trade Promotion Agreement (PTPA), I am writing to convey the Committee’s response to the letter from the Environmental Investigation Agency (EIA) of April 17, 2012, in which EIA petitioned USTR to request the Government of Peru to audit or verify certain timber shipments, producers, and exporters of bigleaf mahogany (Swietenia macrophylla) and Spanish cedar (Cedrela odorata), as provided under the Annex on Forest Sector Governance of the PTPA.

The Committee thanks EIA for its substantial efforts in compiling and analyzing the information and data submitted with the petition. It also greatly appreciates EIA’s willingness to provide additional information, analysis, and advice at the Committee’s request.

The Committee has met on multiple occasions since receiving EIA’s petition and has thoroughly reviewed and analyzed the information contained in the petition, as well as additional information the Committee obtained during its review. The Committee has also worked very closely with the Government of Peru to gather additional information relevant to EIA’s petition and understand better its recent forestry sector reforms and their potential impacts on the issues under consideration.

The Committee’s review of EIA’s petition and other information it obtained in the course of its review has highlighted challenges that the Government of Peru faces with respect to the management of bigleaf mahogany and Spanish cedar, as well as some successes. Annex 1 describes these challenges and successes and provides a summary of the information the Committee received or otherwise obtained during the course of its review.

Regarding EIA’s request for audits of 29 concessions, the Government of Peru has empowered Peru’s Agency for Supervision of Forest Resources and Wildlife (OSINFOR) to conduct post-harvest supervisions of concessions and to sanction concessions for violations of Peruvian law. As elaborated in Annex 1, OSINFOR has utilized or is currently utilizing those authorities to address each of the 29 concessions. Based on the information the Committee has received or otherwise obtained and reviewed to date, OSINFOR’s procedures pursuant to these authorities appear to be functioning effectively. However, the Committee recognizes there is room for Peru to make improvements in reducing backlogged cases, systematizing supervision and sanction procedures, and undertaking criminal prosecutions. The Committee is of the view that OSINFOR’s supervisions and the accompanying reports provide useful information in evaluating the concessions’ compliance with relevant Peruvian laws, regulations, and other measures. The
Committee concluded that in the circumstances of this case an audit request would not necessarily provide additional information that would be useful to the Committee in evaluating the current situation in these concessions, particularly given that the Government of Peru has fined, cancelled, suspended, or otherwise taken action to address each of the 29 concessions.

The Committee also carefully considered EIA’s request for verifications of shipments by Madera Bozovich and Madera Vulcano and shipments sourced from 19 concessions that EIA identified as suspended at the time it filed its petition. The Committee gathered recent data and information on shipments to the United States, as elaborated in Annex 1, and has confirmed a significant decline in reported exports of bigleaf mahogany and Spanish cedar, which are subject to the provisions of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), from Peru to the United States (and globally). Specifically, Madera Vulcano has not exported any shipments of bigleaf mahogany or Spanish cedar to the United States since 2009, and Peru’s CITES Management Authority has not issued Madera Vulcano any CITES export permits for shipments of these species to the United States since 2009. With respect to Madera Bozovich, it exported eight shipments of bigleaf mahogany and five shipments of Spanish cedar to the United States in 2011 and one shipment of bigleaf mahogany to the United States in January 2012 under a CITES export permit issued in 2011. None of these shipments, nor any shipments of bigleaf mahogany or Spanish cedar to the United States by any other exporter in 2011 or 2012, contained timber sourced from the 29 concessions that EIA identified in its petition. Peru’s CITES Management Authority has not issued Madera Bozovich any CITES export permits for shipments of bigleaf mahogany or Spanish cedar to the United States in 2012. Further, the Committee has confirmed that for each of the 29 concessions that are either cancelled or suspended, the Government of Peru has cancelled or suspended all transport bills, documents required under Peruvian law to transport, including export, timber from timber concessions.

Accordingly, and based on the actions taken by the Government of Peru to date with respect to the 29 concessions and the status of exports of bigleaf mahogany and Spanish cedar from Peru to the United States, the Committee has decided not to pursue audits or verifications at this time. However, the Committee takes seriously the issues raised in the petition and the ongoing challenges in Peru’s forestry sector highlighted by the Committee’s review. The Committee will continue to closely monitor developments in Peru, including the status of the 29 listed concessions and exports of bigleaf mahogany and Spanish cedar from Peru to the United States.

Based on the concerns stated above and its review of the petition and other information it obtained in the course of its review, the Committee has decided to take the following actions to address the challenges its review has highlighted in order to contribute to the ongoing reform and enforcement efforts Peru is undertaking: (1) agree with the Government of Peru on specific actions it will undertake to address the challenges that Peru faces with respect to the management of bigleaf mahogany and Spanish cedar; (2) target U.S. capacity-building resources to assist Peru to carry out these actions; and (3) regularly monitor Peru’s progress. This response of the Committee to the petition is without prejudice to future actions that the Committee may take in connection with the petition or otherwise, including the possibility of further considering audit and verification requests as appropriate. The specific actions as to which the Committee is seeking the commitment of the Government of Peru to take are set out in Annex 2 to this letter.
We will engage with Peru in the near term to develop plans to carry out these actions, including the development of appropriate metrics to measure progress.

The PTPA Annex on Forest Sector Governance is designed to strengthen and enhance forest sector governance in Peru and promote legal trade in timber products. While Peru is making substantial progress in meeting these objectives and significant and welcome reforms are underway, more work remains. The Committee believes that EIA’s petition and the Committee’s review of it have helped to clarify and identify challenges that Peru faces and will help the U.S. Government focus its capacity-building assistance in order to best support the Government of Peru as it seeks to address those challenges.

We look forward to working with EIA and other interested stakeholders as we continue our efforts to make progress on these important issues and work cooperatively with Peru to advance its reforms.

Sincerely,

[Signature]

Ambassador Ron Kirk

Attachments:  Annex 1: Supplemental Information
Annex 2: Actions to Address Challenges Identified
ANNEX 1

SUPPLEMENTAL INFORMATION

Interagency Committee on Trade in Timber Products from Peru

The United States-Peru Trade Promotion Agreement Implementation Act calls for the establishment of the Interagency Committee on Trade in Timber Products from Peru inter alia to review information received about possible illegal shipments of timber from Peru to the United States and determine any appropriate actions in response, in accordance with the United States-Peru Trade Promotion Agreement (PTPA) Annex on Forest Sector Governance. The President established the Committee pursuant to Presidential Memorandum. The Committee is chaired by the Office of the United States Trade Representative (USTR) and also comprises members from the Departments of State, Justice, the Interior, and Agriculture, and observers from the U.S. Agency for International Development and U.S. Customs and Border Protection.

Peruvian Entities and Terms Referenced in this Annex

DGFFS – Forest Resources and Wildlife Directorate (Dirección General Forestal y de Fauna Silvestre)
MINCETUR – Ministry of Trade and Tourism (Ministerio de Comercio Exterior y Turismo)
PAU – Sole Administrative Proceeding (Procedimiento Administrativo Único)
POA – Annual Operating Plan (Plan Operativo Anual)
OSINFOR – Agency for Supervision of Forest Resources and Wildlife (Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre)

Summary of Petition Received from the Environmental Investigation Agency (EIA)

On April 17, 2012, EIA submitted a letter to USTR to petition the United States to request the Government of Peru to audit or verify certain timber shipments, producers, and exporters of bigleaf mahogany and Spanish cedar, as provided under the PTPA Annex on Forest Sector Governance. EIA’s petition focused on 77 shipments of bigleaf mahogany and Spanish cedar exported from Peru to the United States between January 2009 and June 2010 implicating 29 timber concessions in Peru. The petition asks the United States to request Peru to audit the 29 concessions and to request verifications of shipments of bigleaf mahogany and Spanish cedar to the United States by two Peruvian exporters, Madera Bozovich and Madera Vulcano, as well as shipments from 19 of the 29 concessions that EIA identified as suspended at the time it filed its petition.

For nine concessions, eight of which were suspended at the time of the EIA petition, EIA used export permits issued under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) to identify shipments of bigleaf mahogany or Spanish cedar from Peru to the United States sourced from the precise concession parcel and harvest year corresponding to a particular annual operating plan (POA) for which
OSINFOR post-harvest supervision reports found discrepancies. With respect to the other 20 concessions, EIA identified shipments of bigleaf mahogany or Spanish cedar from Peru to the United States sourced from those concessions, but for which the concession parcel, harvest years, and POA did not correspond to OSINFOR’s post-harvest supervision reports. (For example, the OSINFOR supervision report concerned the concession’s 2007-2008 harvest year, while the shipments EIA identified concerned the 2008-2009 harvest year.)

Committee’s Review of the Petition

The Committee met 15 times between April 26 and November 16, 2012 to review and analyze the information contained in the petition and supporting documentation, as well as other information obtained during the course of its review. This included but was not limited to a review of OSINFOR supervision reports, CITES data from Peru and from the U.S Fish and Wildlife Service, and OSINFOR Directorial Resolutions. The United States discussed the petition in detail with Peru at the May 2012 meeting of the PTPA Subcommittee on Forest Sector Governance. That meeting also provided Peru with an opportunity to describe the impacts of its recent forest sector reform efforts. Over the course of its review, the Committee reached out to Peru on several occasions to request additional information, including during a visit to Peru in September 2012 by USTR and State Department representatives. Peru was responsive to such requests. In addition, the Committee raised the possibility with Peru of OSINFOR conducting new supervisions of several of the concessions that EIA listed in the petition.

Status of Concessions Identified in EIA’s Petition

As a result of the Committee’s engagement with the Government of Peru and its own review of the petition and additional information it obtained during the course of its review, the Committee has learned that the Government of Peru has cancelled 17 of the 29 timber concessions for which EIA requested audits or verifications. An additional five^1 concessions are suspended pending the results of administrative proceedings to sanction the concessions (called “Sole Administrative Proceedings” or PAUs). The Government of Peru cancelled and suspended these concessions as a result of internal investigations it carried out in response to OSINFOR post-harvest supervision reports showing discrepancies between the trees and stumps OSINFOR observed during its supervision on the one hand, and the concession’s approved POA and associated harvest records (balance of extraction) on the other. Peru also canceled or suspended all transport permits for timber from these canceled and suspended concessions as well as the concessions’ general forestry management plans and associated POAs.

Thus, of the 29 concessions, only seven are currently in operation^2. Of these seven concessions, the Government of Peru: (1) has concluded a PAU with respect to one

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concession resulting in imposition of a fine on the concession holder;\(^3\) (2) has concluded a PAU with respect to one concession finding that no penalty was warranted and has also scheduled a new supervision of this concession;\(^4\) (3) is conducting preliminary investigations to determine whether to suspend and initiate PAUs against two concessions;\(^5\) (4) has initiated a PAU against one concession while allowing the concession to remain in operation;\(^6\) (5) has conducted a new OSINFOR supervision of one concession and is currently preparing the corresponding OSINFOR supervision report;\(^7\) and (6) pursuant to court order, has temporarily lifted a previously imposed OSINFOR suspension of one concession, pending the outcome of court proceedings in which the concessionaire is appealing OSINFOR’s decision to suspend and initiate a PAU against the concession.\(^8\) Regarding one of the concessions for which OSINFOR has scheduled a new supervision,\(^9\) OSINFOR supervised this concession for the 2009-2010 harvest year and found no discrepancies; however, the OSINFOR supervision departed from OSINFOR practice by not including most of the bigleaf mahogany and Spanish cedar trees identified in the concessionaire’s POA and balance of extraction. As a result, OSINFOR decided a new supervision of this concession was necessary. See attached table for a summary of the status of all 29 concessions.

**Exports of Bigleaf Mahogany and Spanish Cedar**

Bigleaf mahogany is listed in CITES Appendix II, and the listing covers logs, sawn wood, veneer sheets, and plywood. Peru has listed Spanish cedar in CITES Appendix III, with an annotation covering logs, sawn wood, and veneer sheets. For both species, specimens falling outside of those covered by the CITES listings are not subject to CITES controls and were not included in the Committee’s export data analysis. Exports of bigleaf mahogany and Spanish cedar from Peru to the United States have declined significantly in 2011 and 2012. Based on CITES export permits received by the U.S. Fish and Wildlife Service (and required for any U.S. imports of CITES-listed specimens), U.S. imports of bigleaf mahogany from Peru in 2011 and from January 1 through November 15, 2012 totaled 837 cubic meters and 100 cubic meters respectively. U.S. imports of Spanish cedar from Peru totaled 127 cubic meters in 2011 and there have been no imports of Spanish cedar from Peru from January 1 through November 15, 2012.

This decline in U.S. imports of CITES listed bigleaf mahogany and Spanish cedar from Peru appears to be in line with Peru’s global exports of these two species. Based on

\(3\) Concession No. 16-IQU/C-J-007-04.
\(4\) Concession No. 16-IQU/C-J-046-04.
\(5\) Concession Nos. 16-REQ/C-J-039-04 and 16-IQU/C-J-050-04.
\(6\) Concession No. 16-REQ/C-J-138-04.
\(7\) Concession No. 17-TAH/C-J-038-02. OSINFOR conducted a new supervision of this concession covering the 2010-2011 harvest year between October 16-30, 2012 and is preparing its supervision report. OSINFOR has also scheduled a new supervision of Concession No. 16-IQU/C-J-046-04, as noted above, as well as conducted a new supervision of Concession No.16-REQ/C-J-039-04 and scheduled a new supervision of suspended Concession No. 16-REQ/C-J-021-04. Accordingly, since receiving EIA’s petition, OSINFOR has scheduled or concluded supervisions of four of the 29 concessions, including three of the seven that remain in operation.
\(8\) Concession No. 25-PUC/C-J-004-03.
\(9\) Concession No. 17-TAH/C-J-038-02.
Peruvian Government statistics, as of May 2012, Peru’s global bigleaf mahogany exports declined from 2,578 cubic meters under its 2009 export quota to 837 and 157 cubic meters respectively under its 2010 and 2011 export quotas. Total Spanish cedar exports declined from 6,497 cubic meters in 2009 to 4,405 and 1,303 cubic meters respectively in 2010 and 2011. Exports from the two exporters identified in the EIA petition have also declined. Madera Vulcano has not exported any bigleaf mahogany or Spanish cedar to the United States since 2009, and Peru’s CITES Management Authority has not issued Madera Vulcano any CITES export permits for shipments of bigleaf mahogany or Spanish cedar to the United States since 2009 or to any other country since 2010. Madera Bozovich exported eight shipments of bigleaf mahogany and five shipments of Spanish cedar to the United States in 2011 and one shipment of bigleaf mahogany to the United States in January 2012 under a CITES export permit issued in 2011. None of these shipments contained timber sourced from the 29 concessions that EIA identified in its petition. Peru’s CITES Management Authority has not issued Madera Bozovich any CITES export permits for bigleaf mahogany or Spanish cedar to the United States in 2012.

As for other exporters, in 2012, Peru’s CITES Management Authority has not issued any CITES export permits for shipments of Spanish cedar to the United States and has issued only seven CITES export permits for shipments of bigleaf mahogany to the United States, only three of which have been received by the U.S. Fish and Wildlife Service from U.S. Customs and Border Protection upon arrival of the shipments in the United States as of November 15, 2012. None of the shipments of bigleaf mahogany or Spanish cedar to the United States for which Peru’s CITES Management Authority has issued export permits in 2012 (or 2011) were sourced from any of the 29 concessions that EIA identified in its petition.

With respect to the 19 concessions for which EIA requests verifications of shipments sourced from those concessions, as elaborated above in the section on the status of the concessions listed in the EIA petition, the Government of Peru has cancelled 14 of these concessions. As to the remaining five concessions, the Government of Peru has either suspended, fined, found no violations committed by the concession or initiated other internal proceedings to determine appropriate actions with respect to each concession.

Forest Sector Reforms in Peru

The Committee also reviewed reforms that the Government of Peru asserts make the information contained in the EIA petition unrepresentative of the current situation in Peru with respect to the harvest and export of bigleaf mahogany and Spanish cedar. In particular, the Government of Peru cited requirements for DGFFS to physically inspect

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10 Peru’s CITES Management Authority is DGFFS.

11 CITES export permits are generally valid for six months from the date of issue, and the time between issuance of a CITES export permit for a shipment of bigleaf mahogany or Spanish cedar by Peru’s CITES Management Authority and entry of that shipment into the United States ranges from two weeks to six months. Peru’s CITES Management Authority typically posts CITES export permits on its CITES database within a week of issuance.
100 percent of bigleaf mahogany and Spanish cedar contained in a POA prior to approving the POA. Peru explained that it started implementing the prior visual inspection requirement for Spanish cedar as a matter of DGFFS practice in 2010, and earlier for bigleaf mahogany. The 100 percent prior visual inspection requirement for bigleaf mahogany has also subsequently been included in a Supreme Decree issued in 2010, which is aimed at improving Peru’s management and control of bigleaf mahogany.

The Government of Peru also highlighted improvements to its CITES Management Authority’s website where it makes copies of CITES export permits and supporting documentation publicly available, and its efforts to implement a real-time, comprehensive tracking and chain of custody information system for timber from stump to port, which is on schedule to be fully operational in 2014.

The Government of Peru also shared information that it had initiated 63 PAUs with respect to concessions that OSINFOR supervised between June 2009 and March 2012. The Government of Peru reports that, with respect to timber concessions, it has conducted 75 supervisions in 2009, 307 supervisions in 2010, 197 supervisions in 2011 and 20 supervisions in the first three months of 2012. Additionally, the Government of Peru shared information that, as of September 13, 2012, OSINFOR had submitted 367 reports in 2012 to Peru’s Public Ministry at the Public Ministry’s request, and that DGFFS had also presented information in connection with court proceedings against forestry engineers for alleged wrongdoing. The Public Ministry is the entity in Peru responsible for criminal prosecutions.

**EIA and Madera Bozovich Engagement**

As part of its review, USTR, as the chair of the Committee, also met with representatives from EIA and Madera Bozovich, including meetings at their request. Both EIA and Madera Bozovich took the opportunity during these meetings to provide additional information and clarification in connection with the petition. Madera Bozovich reviewed its efforts to ensure its concessions comply with Peruvian law and to promote sustainable forest management on its concessions and more broadly throughout Peru. EIA offered, for example, updated information on the status of the 29 concessions that are the subject of its audit request and copies of CITES export permits issued by Peru’s CITES Management Authority for shipments to the United States in 2009 and 2010. EIA also raised concerns that the types of problems identified in OSINFOR’s post-harvest supervisions of the 29 concessions are continuing.

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12 The Peruvian Government cites the following resolutions respectively as requiring prior visual inspections for big leaf mahogany and Spanish Cedar: Chief Resolution N° 331-2006-INRENA (12.22.06) and Chief Resolution N° 166-2008-INRENA (06.19.08). These resolutions state that prior physical inspections are required with respect to POAs containing big leaf mahogany or Spanish cedar but do not specify that 100 percent of the trees contained in the POA must be inspected. DS-019-2010-AG requires the latter for big leaf mahogany, and DGFFS states that it began requiring inspection of 100 percent of the Spanish cedar trees contained in a POA as a matter of practice in 2010.

13 DS-019-2010-AG.
Madera Vulcano did not request to meet with or submit any information to USTR or other members of the Committee.

**Challenges and Successes Identified**

The Committee’s review of EIA’s petition and other information it obtained in the course of its review has highlighted challenges the Government of Peru faces with respect to the management of bigleaf mahogany and Spanish cedar, as well as some successes. In particular, OSINFOR’s post-harvest supervisions of the 29 concessions cited in EIA’s petition found, with a few exceptions, significant discrepancies between the bigleaf mahogany and Spanish cedar trees and stumps OSINFOR observed in the field on the one hand, and the trees identified for harvest in the approved POA and the associated balance of extraction on the other. The discrepancies OSINFOR found most frequently included the concessionaire claiming to have harvested a certain number of bigleaf mahogany or Spanish cedar trees, or both, consistent with its approved POA, but OSINFOR finding during its post-harvest supervision either that the trees remained standing or, more commonly, that there was no indication that the concessionaire had harvested the trees from within the concession (e.g. no stumps or logging trails). In addition, although OSINFOR has legal authority to participate in prior visual inspections conducted by DGFFS, it has not done so to date, citing lack of budgetary resources.

Accordingly, a particular challenge the Government of Peru faces is ensuring that it does not approve POAs that do not accurately identify the bigleaf mahogany and Spanish cedar trees that exist within the concession parcel associated with that POA and that the concessionaire has identified for harvest. Where effectively and accurately implemented, Peru’s requirement for DGFFS to conduct visual inspections to verify 100 percent of bigleaf mahogany and Spanish cedar identified for harvest prior to approving the relevant POA – which Peru only began implementing for Spanish cedar in 2010 – should ensure this.

Three additional challenges the Government of Peru faces are deterring concessionaires and other responsible parties, including forest engineers contracted to prepare POAs and government officials responsible for inspecting POAs, from submitting and approving inaccurate or false POAs; improving its system to track and verify the chain of custody of timber exports to ensure its legality; and effectively communicating OSINFOR findings to regional and DGFFS authorities responsible for POA approval and review. Evaluating the extent to which the Government of Peru is addressing the first of these challenges will include gaining a better understanding of efforts by Peru’s Public Ministry to pursue criminal enforcement actions with respect to Peru’s forestry laws.

A success highlighted during the Committee’s review is OSINFOR’s post-harvest supervisions of concessions. The Government of Peru established OSINFOR as an independent forestry oversight body in 2008 pursuant to its commitments under the PTPA Annex of Forest Sector Governance. Since then, OSINFOR has conducted nearly two thousand post-harvest supervisions of timber concessions and other forestry permits and established a system to document its findings and sanction concessionaires and other rights
holders. Of the 29 concessions for which EIA requested audits, under this system Peru has initiated sanctions proceedings (PAUs) against 26 concessions, initiated preliminary investigations to determine whether to initiate PAUs against two additional concessions and scheduled or conducted new supervisions of four concessions. As a result – as detailed above – only seven of the 29 concessions remain in operation. Of these seven, OSINFOR is either taking additional steps to further review (e.g. preliminary investigations or new supervision) and potentially sanction the concessions or has concluded its review and administered penalties as deemed appropriate.

Further, OSINFOR is continuing to work to reduce the backlog of pending sanctions proceedings (PAUs) and to systematize and improve transparency of its supervision and PAU procedures, and is making progress in this regard. The Government of Peru has also established and is close to composing OSINFOR’s dispute settlement tribunal, which will provide an avenue for concessionaires and others to appeal OSINFOR determinations internally without having to turn to the Peruvian courts directly. A limitation on OSINFOR’s abilities is that its supervisions, by design, occur post-harvest; as a result, OSINFOR supervision reports are issued after the trees have been harvested and transported from the concession, and are not a substitute for accurate pre-harvest inspections.

14 Of the four concessions for which the Government of Peru has conducted or scheduled new supervisions, it has also initiated PAUs against two of them (one of which it has concluded) and is conducting a preliminary investigation with respect to a third.
<table>
<thead>
<tr>
<th>Concession Number</th>
<th>Status at time of petition</th>
<th>Current Status</th>
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<tbody>
<tr>
<td><strong>17 Cancelled Concessions</strong></td>
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</tr>
<tr>
<td>25-PUC/C-J-030-03</td>
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<td>Cancelled</td>
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<tr>
<td>25-ATA/C-J-046-03</td>
<td>Suspended</td>
<td>Cancelled</td>
</tr>
<tr>
<td>16-IQU/C-J-030-04</td>
<td>In operation</td>
<td>Cancelled</td>
</tr>
<tr>
<td>17-TAM/C-J-002-02</td>
<td>In operation</td>
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</tr>
<tr>
<td>16-IQU/C-J-207-04</td>
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<tr>
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<td><strong>5 Suspended Concessions</strong></td>
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<td>16-IQU/C-J-226-04</td>
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<td>Suspended/results of PAU pending</td>
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<td>16-IQU/C-J-072-04</td>
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<td>Suspended/results of PAU pending</td>
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<td>16-REQ/C-J-019-04</td>
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<tr>
<td>16-REQ/C-J-021-04</td>
<td>Suspended</td>
<td>Suspended / OSINFOR supervision scheduled</td>
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<tr>
<td><strong>6 Concessions in Operation Pending Additional Review</strong></td>
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<tr>
<td>16-REQ/C-J-039-04</td>
<td>In operation</td>
<td>In operation/preliminary investigation underway</td>
</tr>
<tr>
<td>17-TAH/C-J-038-02</td>
<td>In operation</td>
<td>In operation/OSINFOR supervision conducted and report pending</td>
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<tr>
<td>16-IQU/C-J-050-04</td>
<td>In operation</td>
<td>In operation/preliminary investigation underway</td>
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<tr>
<td>16-REQ/C-J-138-04</td>
<td>In operation</td>
<td>In operation/results of PAU pending</td>
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<tr>
<td>16-IQU/C-J-046-04</td>
<td>Suspended</td>
<td>In operation/OSINFOR supervision scheduled</td>
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<tr>
<td>25-PUC/C-J-004-03</td>
<td>Suspended</td>
<td>In operation/court review of OSINFOR decision to initiate PAU and suspend concession pending; court enjoined suspension pending review</td>
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<td><strong>1 Concession in Operation with No Pending Review</strong></td>
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<tr>
<td>16-IQU/C-J-007-04</td>
<td>Suspended</td>
<td>In operation, fined</td>
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</table>
ANNEX 2

ACTIONS TO ADDRESS CHALLENGES IDENTIFIED

In order to address the specific challenges highlighted in the Committee’s review of the petition and other information it obtained in the course of that review, the Committee is seeking the Government of Peru’s commitment to take the specific actions set out below, supported by targeted U.S. capacity building efforts.

1) Strengthen physical inspections to verify 100 percent of bigleaf mahogany and Spanish cedar contained in POAs prior to their approval (prior visual verifications), for example by:

- improving capacity of DGFFS inspectors to conduct accurate prior visual verifications; and

- allocating sufficient personnel, equipment and other resources for DGFFS inspectors to conduct accurate prior visual inspections, as well as sufficient resources to allow OSINFOR to participate in DGFFS prior visual verifications of POAs that contain bigleaf mahogany and Spanish cedar.

2) Strengthen accurate POA development, for example by:

- improving capacity of forest engineers, concessionaires, native communities and regional governments to develop and implement accurate POAs, including the capacity to inventory and map forest concessions and native community lands, assuring application of officially approved geospatial information standards and protocols and effective information and data management.

3) Ensure timely criminal and administrative proceedings to sanction any concessionaire, forest engineer, government official or other responsible party that violates Peru’s forestry and wildlife laws, including with respect to POAs that contain false information, for example by:

- improving capacity of DGFFS to identify potential violations of Peru’s forestry and wildlife laws, including by DGFFS personnel, and initiate and conclude administrative proceedings to sanction responsible parties;

- systematizing OSINFOR’s procedures for post-harvest supervision and sanctions proceedings (PAU), eliminating the backlog of pending PAUs, and constituting OSINFOR’s dispute resolution tribunal; and

- improving the capacity of the Public Ministry and other involved agencies to prosecute potential violations of Peru’s forestry and wildlife law, including with respect to the submission or approval of false POAs, and improving transparency of criminal proceedings initiated and concluded and criminal sanctions imposed.
4) Improve systems to track and verify the chain of custody of timber exports, for example by:

- operationalizing Peru’s National Forest Information System (SNIF), designed to provide reliable, real-time, and integrated information to track and verify the chain of custody of timber exports from stump to port;

- expanding Internet connectivity and capacity of timber control check points to monitor and accurately report timber transport; and

- ensuring that CITES permits are not issued for any shipments sourced from concessions for which OSINFOR has conducted a supervision and reported significant discrepancies.

5) Ensure implementation of Peru’s Anti-Corruption Plan, including activities aimed at eliminating the submission of false POAs and the approval of POAs that contain false information.

The United States has and will continue to provide substantial capacity building support to partners in Peru to strengthen forest sector governance and implementation of the PTPA Annex on Forest Sector Governance. For instance, the U.S. Government has worked extensively with Peru to: improve field measurement standards that inter alia contribute to strengthening prior visual verifications; conduct forest inventories that assist with accurate POA development; streamline administrative sanction proceedings, develop new forestry and wildlife regulations, and establish OSINFOR’s dispute settlement tribunal; develop a new information tracking system that can track harvested timber from stump to export; and implement its Anti-Corruption Plan. The United States will seek to focus future capacity building work to support the above-listed actions.

The United States plans to engage with Peru in the near term to develop plans to carry out the above actions, including the development of appropriate metrics to measure progress. The next meeting of the United States – Peru Forest Sector Subcommittee will provide an opportunity to assess progress in carrying out the above actions.

In addition to the above actions, the United States has already worked cooperatively with Peru to obtain information on the current status of each of the 29 concessions identified in the petition and exports of bigleaf mahogany and Spanish cedar from Peru to the United States. The Committee will continue to work with Peru to obtain regular updates regarding the status of these concessions and exports and, more generally, to monitor Peru’s continued efforts to strengthen forest sector governance in Peru and ensure implementation of the PTPA Annex on Forest Sector Governance.