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PERU’S FIGHT AGAINST ILLEGAL TIMBER TRADE AT RISK AS AUTHORITIES WEAKEN RULES AND INSPECTIONS

Lima, Peru—Peruvian forest authorities are weakening the tools and inspections necessary to prevent illegal timber trade, in the face of overwhelming evidence that Peru’s exports to the United States, China, Mexico and 15 other countries contained high percentages of illegal or high-risk wood. *Moment of Truth*, a new report from the non-profit Environmental Investigation Agency, demonstrates the extent of this illegal trade and the backlash against attempts to fight it.

EIA’s report shows that in 2015, large amounts of illegal timber left Peru from the ports of Callao, on the Pacific coast, and Iquitos, on the Amazon River. From Callao, in a sample representing approximately 41% of Peru’s exports for the year, at least 45 companies exported timber that Peru’s own government oversight agency, Osinfor, verified as coming from sources that had violated the law. 17% of the timber sources checked by authorities in the port were on Osinfor’s “red list”, while only 16% were verified as legal. The majority was of unknown origin, and EIA’s analysis shows that 64% of these unknown sources were at medium to high-risk of being illegal.

Verified illegal wood went to importers in 18 countries around the world. That same year, when an operation by Peru’s customs authority, Sunat, investigated a vessel called the Yacu Kallpa, whose cargo was for years the largest stream of timber exports from the northern Peruvian Amazon, they found that an average of 91.3% -- and as high as 96% -- of the timber in its shipments was from illegal sources. Over an 8-year period (2008-2015), EIA estimates that this shipping route could have brought more than US$24.2 million of illegal wood to the United States, impacting an area of Amazon rainforest the size of Puerto Rico.

In 2015, Peru’s National Forest Service, Serfor, collected origin data for timber being exported from the port of Callao through inspections of over 900 timber shipments. But when EIA requested official data to replicate its analysis for subsequent years, Serfor only produced 23 inspections for 2016, and stated that they did not have any records from inspections in 2017.

Illegal timber is stolen from unauthorized areas, including national parks and forests, native communities, and private properties. Bribes and black markets in paperwork allow traders to launder wood with supposedly legal documents. Exporters then claim they bought their product “in good faith”, although exposés have repeatedly shown that this is not the case. Illegal logging relies on criminal networks and abusive working conditions, as well as contributing heavily to the...
degradation of the Amazon rainforest, reducing its ability to mitigate climate change.

“Sunat’s Operation Amazonas demonstrates that Peru has the tools and institutions it needs to identify and stop illegal trade and timber laundering – if it wants to,” said Julia Urrunaga, EIA’s Peru Program Director. But troublingly, as Moment of Truth describes, the Peruvian industry and government’s reaction over the past two years has been instead to fire and intimidate key officials, reduce data collection at export points, and most recently to change transport permit requirements so that wood cannot be traced back to its source – in contravention of Peru’s own laws and international commitments.

“Peru’s new rule interpretation will make it impossible to trace any wood product for sale or export back to its forest source and therefore, given the way U.S. and European Union regulations are being enforced, will make it essentially impossible for Peruvian timber to legally enter those markets” said Lisa Handy, EIA Director of Forest Campaigns. “If you can’t even figure out where your timber came from, how can you possibly claim to know it’s legal?”

The United States has requirements for legal timber trade written into its national laws as well as the U.S.-Peru trade agreement and has begun to crack down on illegal timber from Peru. EIA’s report describes the seizure of 71 containers in the Port of Houston, federal investigations of at least two U.S. companies for violating the Lacey Act, and a ban on imports from one Peruvian company with pervasive violations.

But other major importing countries are not following suit. “China and Mexico are fueling illegal logging and conflict in the Peruvian Amazon by turning a blind eye to their illegal imports,” said Handy, noting that over 70% of the timber sources verified in 2015 exports to these two countries were on Osinfor’s red list.

“Some Peruvian authorities are now claiming dramatic reductions in illegal logging and trade,” said Urrunaga. “But given the step backward in data collection and transparency, we don’t see how the authorities could demonstrate in a credible way whether things have improved from the situation documented for 2015. Now Peru finds itself in a moment of truth: will it make good on commitments to legality and traceability – or will it just make the evidence of its problem disappear?”

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See full report here

See supplementary materials here

Watch the short video

Read EIA’s companion brief about China’s imports of illegal and high-risk Peruvian wood products