U.S Government confirms challenges remain for Peru to ensure legal origin of timber

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Washington DC / Lima, Peru – In a report recently released by the U.S. government, the Interagency Committee on Trade in Timber Products from Peru (the Interagency Committee) found that challenges remain for Peru to ensure that timber exported from that country to the United States has been legally harvested. The report is the result of a verification process, under the U.S.-Peru Trade Promotion Agreement (TPA), regarding three 2017 timber shipments made by Maderera Bozovich S.A.C., Inversiones WCA E.I.R.L. and Miremi S.A.C. from Peru to the United States to verify compliance with all applicable Peruvian laws and regulations.

The Interagency Committee has found that in one of the three shipments, Peru could not establish that it was compliant with Peruvian laws and regulations. Specifically, post-harvest inspections indicated that trees associated with the shipment had not been harvested from authorized sites, which means that those trees were illegally harvested and exported. In addition, the Interagency Committee expressed concerns with respect to the practices employed by Peru to confirm full timber traceability and timber legality at each stage of the production process, from point of harvest through to export, in accordance with laws and regulations. The Interagency Committee also called upon the Peruvian government to ensure swift enforcement actions against those violating Peru’s forestry laws and identified nine different areas in which Peru needed to further work to ensure that all timber exports from Peru are legally harvested.

“For years Peru has failed to fulfill its commitments on timber traceability and improved transparency; instead opting to rollback pertinent data collection requirements over time,” said Lisa Handy, EIA’s Forest Campaign Director. “The results of this verification serve again to highlight the fact that Peru must take serious action now, including enforcement.”

While the Interagency Committee’s report still finds major problems with the legality of Peru’s timber exports, what seems to be a positive outcome is that during the verification process the Peruvian government claimed to have made the connection between the shipments of timber exported and their points of harvest, even after secondary processing – just as Operation Amazonas and EIA’s investigative report The Moment of Truth demonstrated can be done. This is promising because, notwithstanding national legal requirements and bilateral commitments, in the recent past, Peru’s forest sector authority (SERFOR) and industry associations (ADEX and SNI) have claimed that it is – and it always has been – impossible to connect the specific timber in a shipment with a point of harvest.

“The U.S government’s report implies that it is possible for SERFOR and the Peruvian exporters to identify the point of harvest for their products, which allows exporters, importers and their governments to verify the legal or illegal origin of the products being traded. This is good news for all: the Peruvian industry and exporters, who can document legal origin to their clients; the Peruvian government, which will be able to verify the timber products that stay in the country, as well as avoid issues with countries of destination for the Peruvian timber products; the
importers, who will be able to buy from Peru with confidence that they are not breaking their national laws; and Peru’s indigenous communities, whose stolen timber will not find its way to national and international markets anymore”, said Julia Urrunaga, EIA’s Director in Peru.

After the release of the Interagency Committee report, both the Peruvian Ministry of Foreign Trade (Mincetur) and SERFOR released statements reiterating that Peru has an organized record of information “from the moment of harvest of the forest resources until the trade of the products in national or international markets, which ensures traceability at all times to demonstrate legal origin”.3 If this implies tracing the timber products themselves throughout the supply chain, rather than a mass balance approach through the sawmills, then this would indicate Peru is finally putting a system in place that allows them to truly track legality.

Urrunaga emphasized, however “we must express our deep concerns about the continuous attempts to weaken Osinfor, the governmental office in charge of verifying legal harvest in the field. Recently, Peru approved a decree that weakens Osinfor’s independence, as Osinfor itself alerted the government. We must reiterate that without an independent and strong institution in charge of verifying legal origin in the field in a credible way, as is the role of Osinfor, no attempts to conduct legal timber traceability in Peru will have legitimacy.”

“I am committed to using the tools available under our trade agreements to ensure that U.S. businesses and workers can compete on a level playing field,” said U.S. Trade Representative Robert Lighthizer at the release of this report, while U.S. Senator Ron Wyden has called on his government for tough enforcement of rules against importing illegal timber.

This is not the first time that the U.S. has requested Peru implement measures to improve its forest sector governance and guarantee the legal origin of its timber exports. Several of the commitments established in the U.S.-Peru TPA and yet not implemented, were reiterated in 2012 (after EIA’s investigative report “The Laundering Machine”)4 and in 2016 (after USTR’s first request for legal origin verification of a timber shipment to the U.S.). The U.S. has already banned a Peruvian exporter from shipping timber to the US, and if Peru continues to export illegal timber to the U.S., such a violation to the trade agreement could lead to additional sanctions with impacts beyond the forest sector as well.5

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2 Moment of Truth: https://content.eia-global.org/posts/documents/000/000/694/original/MomentofTruth.pdf?1520443534
3 MINCETUR: https://www.gob.pe/institucion/mincetur/noticias/19105-resultados-de-la-solicitud-de-verificacion-de-embarques-de-madera
SERFOR: https://www.serfor.gob.pe/noticias/resultados-de-la-solicitud-de-verificacion-de-embarques-de-madera-solicitada-por-los-euu
5 US-Peru Trade Promotion Agreement, Article 18.12: Environmental Consultations and Panel Procedure; Chapter 21, Dispute Settlement.