



global witness

# The Forest Avengers

Why Peru's pioneering forest inspection agency OSINFOR should have its independence restored and its powers extended

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## CONTENTS

<b>Executive summary</b>	<b>4</b>
<b>Our analysis reveals widespread illegalities in Peru's timber sector</b>	<b>5</b>
<b>10 years on, Peru's crucial forest watchdog is under threat</b>	<b>6</b>
Vested interests target OSINFOR and its independence	6
<b>The forest and the trees: how illegal loggers get away with it</b>	<b>8</b>
Loggers declare fake tree locations – and illegally cut trees elsewhere	8
Locally run forests are the worst for timber laundering	9
Agricultural permits are being exploited to launder timber	10
Plantations pose a new laundering threat	11
Sawmills are receiving huge volumes of illegal timber	12
<b>Failures by Peru's regional governments fuel illegal logging</b>	<b>14</b>
Operating plans not properly inspected before approval	14
Genuine oversight of the Peruvian timber sector is obstructed	15
<b>Failures by justice system create climate of impunity</b>	<b>16</b>
<b>Conclusion</b>	<b>16</b>
<b>Two company managers respond to the Global Witness video released with the report</b>	<b>17</b>
<b>Recommendations for Peru's government</b>	<b>18</b>
<b>Recommendations for Peru's international partners</b>	<b>18</b>
<b>Annexes</b>	<b>19</b>



## EXECUTIVE SUMMARY

Peru's tropical forest is the fourth-biggest in the world, extending for 68 million hectares. It is one of the most biodiverse regions on the planet and could play a crucial role in combatting climate change. But new analysis by Global Witness reveals that illegal logging in Peru's forests is still widespread and systematic, contributing towards the degradation of the Amazon, while impunity for forest crime remains the norm.

Peru's pioneering forest watchdog, the Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre (OSINFOR), has helped curb these abuses over the past decade. Tasked with protecting the country's forests, OSINFOR has fought back against the onslaught of illegal logging. But now OSINFOR itself is under threat. **Given the scale of the plunder revealed here, Peru's government should protect and extend the powers of this vital agency.**

By cross-checking thousands of official timber transport permits with hundreds of OSINFOR inspection reports, all obtained through freedom of information requests, Global Witness has exposed illegal logging and collusion on a staggering scale. In some regions, more than 60% of timber inspected by OSINFOR came from illegally logged areas.

How do loggers get away with so much unlawful activity? By passing off illegal timber as legal, or laundering it, through a host of channels – aided and abetted in some cases by lax oversight and willing buyers, as we show in this report. Loggers declare fake tree locations – and illegally cut trees elsewhere. They seek out the weakest jurisdictions or links in the supply chain – which more recently have included locally

run forests, plantations and land cleared for agriculture – and declare that their timber originated there. Once the timber is laundered, loggers find willing buyers in Peru's biggest sawmills who process the timber before it reaches the market. These mills typically ask few questions about the timber's legal origin, fueling demand for ever more illegal timber and exposing buyers of their processed wood to legal and reputational risk.

OSINFOR, which was set up precisely to stem this kind of organised plunder, has succeeded in turning the spotlight on key methods of illegal loggers and the scale of their activity. But for years it has faced a backlash from the timber sector and from some government officials, who have weakened its independence and tried to reduce its powers.

**Instead of giving in to such pressure, Peru's government should maximise OSINFOR's ability to protect the rainforest by restoring its independence and by increasing its powers** – to inspect a wider range of logging areas and facilities such as sawmills, to participate in other agencies' inspections, and to levy fines where it currently isn't able to.

Norway – which is providing up to 300 million US\$ to ensure Peru reduces its forest related emissions – and Germany, which has pledged additional contributions based on emission reduction results, should support this move. And the United States should require Peru to hold firm to its commitments under the Trade Promotion Agreement to keep OSINFOR "independent and separate".

The principal importers of Peru's timber – China, Mexico, the United States and the European Union – also have a crucial role in supporting Peru and OSINFOR, by ensuring they do not import illegal Peruvian timber.

**Below left** OSINFOR inspector marking a stump in his logbook. © OSINFOR / **Below right** OSINFOR inspectors. © OSINFOR



## OUR ANALYSIS REVEALS WIDESPREAD ILLEGALITIES IN PERU'S TIMBER SECTOR

For many years, loggers in Peru have been passing off as legal vast quantities of timber that was logged illegally, according to Global Witness analysis of official data from the three top timber-producing regions.<sup>1</sup> **Between 2008 and 2018, 63% of the OSINFOR inspected timber from Loreto, 60% from Ucayali and 36% from Madre de Dios came from harvest areas that were annulled, or whose owners or legal representatives were fined or put on OSINFOR's "red list" for committing major violations of forest law.**<sup>2</sup>

Global Witness cross-checked thousands of transport permits that are supposed to document the movement of timber from their harvest areas of origin with hundreds of

OSINFOR inspection reports of those areas, all obtained through freedom of information requests, which reveal that over the 2009-2016 period, approximately 40% of all harvest areas active in Loreto, Madre de Dios and Ucayali were inspected. The 2008-2018 % rates of illegalities in those regions should therefore be regarded as conservative estimates, given they are based on the number of harvest areas OSINFOR inspected there, rather than on all harvest areas active in those regions.<sup>3</sup>

These percentages for Loreto, Ucayali and Madre de Dios correspond with OSINFOR's findings for Peru as a whole. In mid-2018 the agency stated that 67% of the timber reportedly from the harvest areas that it had inspected in 2016 and 2017 was "unauthorized."<sup>4</sup> This was down from a previous figure of 89%.<sup>5</sup>

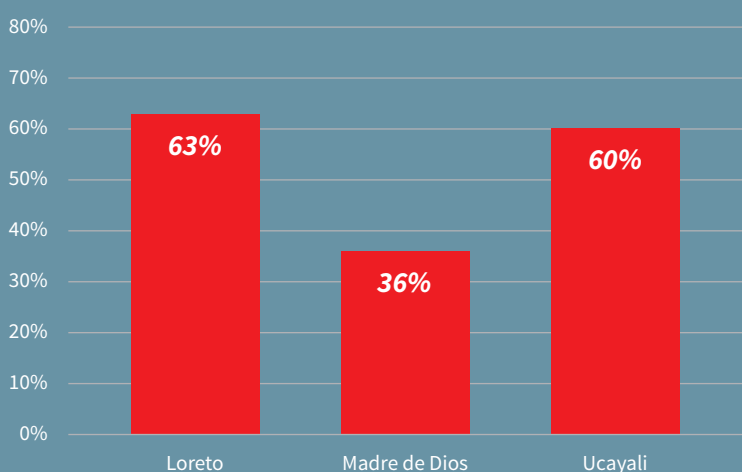
### PERU'S AMAZON RAINFOREST: A VITAL GLOBAL HERITAGE

The Peruvian Amazon is home to more than 3.5 million people, including more than 60 indigenous peoples.<sup>6</sup> Peru's tropical forest is the fourth-biggest in the world, extending for 68 million hectares. It is one of the most biodiverse regions on the planet and could play a crucial role in combatting climate change.

Although commercial logging is not a major cause of deforestation in Peru – compared with gold-mining, large-scale monoculture and small-scale agriculture – it reaches into the remotest parts of the Amazon rainforest and opens up the forest to other activities that contribute to deforestation or have other serious impacts.

Illegality, corruption and impunity have dominated Peru's timber sector for decades. Although some advances have been made in recent years and a new legal regime began to enter into force in 2015, the trade in illegal timber remains rampant and numerous problems persist all the way along the supply-chain – from harvest areas in the remote rainforest, to sawmills, to Amazon and Pacific Ocean ports.

% Of OSINFOR inspected harvest areas that were annulled, or whose owners or legal representatives were fined or put on OSINFOR's "red list" for committing major violations of forest law 2008-2018





## 10 YEARS ON, PERU'S CRUCIAL FOREST WATCHDOG IS UNDER THREAT

2019 marks the 10-year anniversary of Peru taking a major step to curb the rampant trade of illegal timber in the Amazon rainforest. In February 2009, an independent oversight agency called the Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre (OSINFOR), which had been established the year before as one of Peru's commitments under a Trade Promotion Agreement with the US, undertook its first field inspection.

OSINFOR's role is to prevent and document illegal activities that jeopardise the sustainability and preservation of the Peruvian forests. Among other things, it inspects logging areas to see whether timber is being extracted legally, levies fines and can annul permits. Since 2009, the agency has played the leading role in exposing illegal logging in Peru and in doing so has become one of several pioneering institutions worldwide in the fight against forest crimes.

OSINFOR has made almost 4,500 harvest area inspections<sup>7</sup>, visiting some of the remotest corners of the Amazon to identify individual trees to be extracted or stumps of trees already extracted – sometimes at considerable personal risk to the inspectors.

**The agency's work has shown that at least 2.5 million cubic metres of timber<sup>8</sup> has been illegally cut over almost a decade and that loggers have fabricated over 133,300 tree locations<sup>9</sup> in their operating plans so they can pass off, or launder, illegally cut wood as legal timber.** In 60% of the harvest areas inspected, loggers were later fined or their approved harvest areas were annulled.<sup>10</sup> OSINFOR's crucial involvement in a trail-blazing crackdown on illegal exports in 2015, dubbed Operación Amazonas, led to the only direct timber route from the Peruvian Amazon to the United States effectively being shut down.

## VESTED INTERESTS TARGET OSINFOR AND ITS INDEPENDENCE

The backlash from the timber sector and some government officials against OSINFOR has been fierce. In 2014 OSINFOR inspectors visited logging concessions that had been vigorously denounced for over a decade by an indigenous Ashéninka community, Alto Tamaya-Saweto. After the inspectors left, four men from the community were assassinated. The following year, there were protests and attacks on OSINFOR offices in major Amazon cities. In early 2016 the director, Rolando Navarro, was sacked and forced to flee Peru in fear for his life. Some OSINFOR inspectors have been barred from entering harvest areas.

In September 2018, the government approved a new law weakening the professional requirements to be OSINFOR's director and the way he or she is appointed. In December 2018, the government approved a law that debilitated OSINFOR's independence by relocating it within the Ministry of Environment, leading the director *Máximo* Salazar Rojas to resign in protest.

OSINFOR was attached to the cross-sector coordinating “council of ministries” of the Executive Branch, the Presidencia del Consejo de Ministros (PCM), where it was able to operate with relative independence. Global Witness – together with the civil society organisations the Environmental Investigation Agency, the Centre for International Environmental Law, **FECONAU** and others – issued an urgent statement requesting the government to restore OSINFOR's independence, describing these moves as a “setback for Peru in the fight against illegal logging”, which weakens “the institutional capacity of OSINFOR,” as well as being a “violation of the Peru-US Trade Promotion Agreement.”

**OSINFOR's independence has been crucial in enabling it to operate effectively and expose the extent of illegal logging in Peru.** So it is little surprise that over the years there have been various moves to strip it of its independence, despite Peru's commitment under the Trade Promotion Agreement with the United States to keep it “independent and separate.”

Below OSINFOR office. © OSINFOR



'ALL THEY WANT TO DO IS F\*\*K YOU': OSINFOR'S WORK TRIGGERS HATE, ANGER AND FEAR

Why do some in the trade oppose OSINFOR so fiercely? As revealed in a short film accompanying this report, Global Witness went undercover and found out. Two general impressions emerge. First, OSINFOR has forced some companies to change the way they operate because it makes genuine inspections to see if timber is being extracted legally or not. Second, OSINFOR inspires considerable hate and anger – as well as fear –. “Shameless”, “stupid” and the timber sector's “torturer” were some of the terms used to describe the agency and its personnel. Others claim that OSINFOR wants “to kill the forest sector”, or said “they only know how to annoy you”, “just by thinking they shit on you”, and “all they want to do is f\*\*k you. Nothing else.”

Before the US Trade Promotion Agreement, previous incarnations of OSINFOR, which at the time was under ministerial control, went by the same acronym but had slightly different full names.<sup>13</sup> The agency was ineffective and starved of resources, with no control over its own budget, responsibility for only one type of harvest area, inspections done rarely or not properly, if at all, staff poorly trained, and corruption said to be rife. **Only after its reincarnation as an independent agency free of control by any one ministry did OSINFOR's oversight operations dramatically improve – so much so that its independence has now been weakened by those interested in maintaining the status quo, threatening all the progress it has made in the fight against illegal logging.**

The United States Trade Representative Robert Lighthizer said about the situation “since its creation in 2008, OSINFOR has played a critical role in Peru detecting and combatting illegal logging, and we are gravely concerned that its independence is threatened. I urge Peru to abide by its obligations and restore OSINFOR's separateness and independence, as called for in the PTPA.”

### THREE KEY AUTHORITIES OVERSEEING PERU'S TIMBER SECTOR

OSINFOR is a forest oversight agency. Among other responsibilities, it makes inspections of harvest areas to see whether timber is being extracted legally or not, levies fines, and effectively annuls permits. It was within the cross-sector coordinating “council of ministries” of the executive branch called *Presidencia del Consejo de Ministros (PCM)*, but has now been relocated to the Ministry of Environment.

SERFOR is the national forest and wildlife authority, setting laws and policies. Among other responsibilities, it decides some of the general areas, called “*Bosques de Producción Permanente*” (BPPs) or “*Permanent Production Forests*”, where timber can be extracted commercially. It is part of the Ministry of Agriculture.

Peru's regional governments, in politically decentralized regions, establish harvest areas such as logging concessions within the BPPs, or grant permits to indigenous communities or owners or legal representatives of private properties, among other responsibilities. They inspect harvest areas before approving operating plans, stamp transport permits, run control posts and inspect sawmills.

Below SERFOR's head office in Lima. © Global Witness



### WHO SHOULD CARE INTERNATIONALLY?

Most timber from the Peruvian Amazon is reportedly for the domestic market, with the government an important buyer.<sup>11</sup> But certain countries play key roles in Peru's timber sector. The following are noteworthy:

- ▶ **China:** In recent years it has become the top export destination for Peruvian timber in US dollars value. According to Global Witness analysis of UN Comtrade data 45% of Peru's export market – roughly US\$174 million – went to China between 2015 and 2017. It has no legislation banning the import of illegal timber.
- ▶ **Mexico:** It is the second biggest export destination for Peruvian timber in US dollars value. According to Global Witness analysis of UN Comtrade data, 16% of Peru's export market – roughly US\$64 million – went to Mexico between 2015 and 2017. It has no legislation banning the import of illegal timber.
- ▶ **The United States:** It is the third biggest export destination for Peruvian timber. According to Global Witness analysis of UN Comtrade data, 13% of Peru's export market – roughly US\$52 million – went to the United States between 2015 and 2017. Meanwhile, it has provided considerable financial and technical support to Peru's timber sector for years. The Lacey Act Amendment banning the import of illegal timber products into the United States has been in force for more than a decade, but as far as Global Witness is aware not one person has been imprisoned for exporting illegal timber from Peru to the United States or importing illegal timber to the United States from Peru. In 2017, as part of its commitment under the Trade Promotion Agreement, the United States suspended one Peruvian company, Inversiones La Oroza, from exporting to its territory.<sup>12</sup>
- ▶ **The European Union:** It is the fourth biggest export destination for Peruvian timber. According to Global Witness analysis of UN Comtrade data, 7% of Peru's export market – roughly US\$26 million – went to the EU between 2015 and 2017. The EU Timber Regulation banning the import of illegal timber products has been in force for six years. Earlier last year, the EU and Loreto's regional government agreed to implement a project under the EU Forest Law Enforcement, Governance and Trade (FLEGT) aimed at combatting illegal logging.
- ▶ **Norway:** In 2014 it signed a Declaration of Intent with Peru –committing to donating US\$300 million towards “Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+) and promote sustainable development in Peru”. Germany is also a signatory and has pledged additional contributions based on emission reduction results. One of the main stated aims of the Declaration is “contributing to the sustainable development of the forestry sector.”

## THE FOREST AND THE TREES: HOW ILLEGAL LOGGERS GET AWAY WITH IT

Loggers pass off illegal timber as legal, or launder it, through a host of channels – often aided and abetted by lax oversight. They declare fake tree locations – and illegally cut trees elsewhere. They seek out the weakest jurisdictions or links in the supply chain – such as locally run forests, plantations and land cleared for agriculture – and declare that their timber originated there.

### LOGGERS DECLARE FAKE TREE LOCATIONS – AND ILLEGALLY CUT TREES ELSEWHERE

“Faking trees” – fabricating the locations of trees designated to be logged – is one of the key ways that illegal timber is laundered in Peru. Rather than entering a harvest area to identify each tree to be extracted – as required by law – timber sector consultants contracted by loggers simply invent the trees’ geolocations and species. This is not only much easier, quicker and cheaper, but it also allows loggers to cut trees in areas where they haven’t been given permission to log. Regional governments approve the resulting “operating plans” – timber harvest plans – and give permission to extract the fictitious trees identified in them. Instead, other trees elsewhere, where no permission has been given, are extracted illegally.

**Out of all the trees ever inspected by OSINFOR, 21% were non-existent – almost 134,000.**<sup>14</sup> In some of the falsified locations listed in operating plans, OSINFOR inspectors found lakes, swamps, permanently flooded forest and areas that had been deforested years before.

This practice has been known for years, but many timber sector consultants who have faked trees and been publicly blacklisted are still allowed to operate. According to OSINFOR, 135 consultants have prepared operating plans with more than 20 non-existent trees in them since 2010.<sup>15</sup> Just 10 consultants are responsible for 47% of all such plans.<sup>16</sup> Even so, 42 of 135 consultants – now officially called “*regentes*” – have been granted licences by the national forest authority, SERFOR, to prepare plans. (See Table 1 for details.)

One of the most notorious examples is Roldán Pinedo Ríos. Only two consultants have faked more operating plans than Pinedo Ríos, according to OSINFOR. He was exposed by the Peruvian media site [www.uterop.pe](http://www.uterop.pe) in September 2014 and by an OSINFOR report in October 2015. In June 2016 he was named in another OSINFOR report, yet two months later, in August 2016, he was granted a regente licence.

According to Global Witness analysis, in 13 operating plans approved by Loreto’s regional government in 2017 – after Pinedo Ríos had obtained his *regente* licence – 100% of the trees inspected by OSINFOR turned out to have been faked, totalling over 2,100 trees. **These plans were used to launder at least 45,000 cubic metres of illegal timber worth an**

TABLE 1

TOP 10 TIMBER SECTOR CONSULTANTS WHO HAVE FAKED TREES IN OPERATING PLANS.\*

NAME	NO. OF OPERATING PLANS INCLUDING FAKED TREES	NO. OF FAKED TREES IN OPERATING PLANS	REGENTE UNDER CURRENT LEGAL REGIME?	CAUGHT FAKING TREES SINCE BECOMING REGENTE?
Mario Pizarro Atausupa	126	9,751	No	Not applicable
Amos Armas Arche	81	6,163	No	Not applicable
Roldán Pinedo Ríos	72	8,869	Yes	Yes
Hugo Paima Ríos	58	9,742	Yes	Yes
Roberto Balseca Vásquez	45	5,838	Yes	Yes
René Torres Casimiro	45	6,691	No	Not applicable
Carlos Zumaeta Vergara	42	5,388	No	Not applicable
Luis Morey Flores	39	3,878	Yes	Yes
Víctor Noriega Montero	33	2,900	No	Not applicable
Segundo Reategui Ruiz	31	3,211	No	Not applicable

\*This is based on OSINFOR data sent to Global Witness on 3 October 2018 following an FOI request, crossed with SERFOR’s regentes register on its website: <http://dir.serfor.gob.pe/index.php/regentes/>. For the purposes of this data, OSINFOR only includes operating plans with 20 or more trees faked in them.

### WHERE CAN TIMBER BE LEGALLY CUT IN PERU?

Timber can be commercially logged in numerous types of harvest areas in Peru. They include logging concessions, forest areas belonging to indigenous communities, private properties, *bosques locales* (local forests), plantations, areas where land-use change (*cambio de uso*) has been authorised by regional governments to clear forests for agricultural purposes, and areas cleared for infrastructure projects or mining or oil and gas operations (*desbosques*). Laws differ for each type of harvest area.



**estimated \$US7.7 million.**<sup>17</sup> (See Table 4 for details.)

Pinedo Ríos was one of five consultants exposed by the Global Witness report *Buyers in Good Faith* in 2017 because of his role in Peru's biggest timber trade scandal, which involved the ship Yacu Kallpa exporting timber to the United States, via the Dominican Republic and Mexico. His licence has now been suspended, along with those of five other *regentes*,<sup>18</sup> but that suspension doesn't apply to operating plans already prepared by him and approved. A further 36 *regentes* who have faked trees can operate as usual.

### LOCALLY RUN FORESTS ARE THE WORST FOR TIMBER LAUNDERING

An attempt to permit greater local control over forests through a type of harvest area called *bosques locales* (local forests) has backfired and facilitated massive laundering of illegal timber.

Under the old legal regime, *bosques locales* were established to enable municipal governments and locally elected committees to manage forests to meet the subsistence needs of rural populations, although "small-scale" commercialisation was also permitted. In the Loreto region alone, however, OSINFOR has found more illegal timber from *bosques locales* than from any other type of harvest area in any other region.

**Of the operating plans for *bosques locales* inspected by OSINFOR between 2010 and 2017, 95% had timber laundered through them** and 86% of the timber reportedly coming from them was illegal.<sup>19</sup> Of trees inspected, 73% turned out to be non-existent – over 17,000, almost three times as many as were real – and entire villages have been faked, too.<sup>20</sup> Of the plans inspected up to September 2017, the permitted volumes to extract were far higher than they

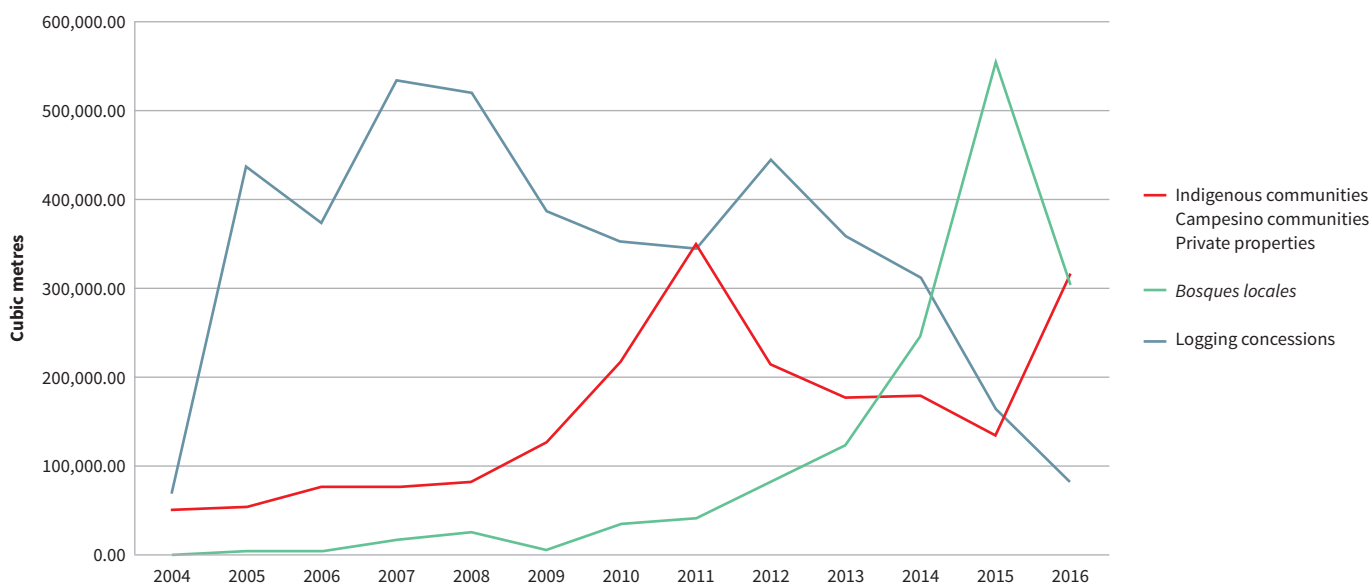
should have been in 95% of them.<sup>21</sup> Across Peru, OSINFOR estimates that at least \$US85 million worth of illegal timber has been laundered through *bosques locales*.

The legal regime that came into force in 2015 made major changes to the way *bosques locales* are established and managed, but illegal activities continue in those previously created *bosques locales*.<sup>22</sup> This year OSINFOR has found more timber laundered through *bosques locales* - 92% of the total - than any other type of harvest area.<sup>23</sup>

**This decision to launder through *bosques locales* appears to have been a deliberate attempt to evade government oversight.** After OSINFOR began inspecting in 2009 and exposing widespread illegal logging in harvest areas such as logging concessions, indigenous communities and private properties, there was a dramatic increase between 2013 and 2015 in the number of *bosques locales* established and the volumes of timber reportedly extracted from them. Given irregularities with the way the majority were administered, OSINFOR didn't have clear legal authority to inspect them - although it has now been able to inspect many of them, it remains largely unable to levy fines.

This relationship between the sudden boom in timber from *bosques locales* and a downturn in timber from other harvest areas is illustrated in the graph below. Global Witness analysis of thousands of transport permits from Loreto going back more than a decade shows a dramatic increase in timber reportedly from *bosques locales* in 2013 coinciding with a marked decrease in timber from logging concessions, indigenous communities and private properties.

Roundwood timber transported from harvest areas in Loreto 2004-2016, according to official transport permits.



## AGRICULTURAL PERMITS ARE BEING EXPLOITED TO LAUNDER TIMBER

After years of illegal logging or timber laundering in logging concessions, indigenous communities, private properties and *bosques locales*, new types of harvest areas are now being targeted. These include areas where land-use change – *cambio de uso* – has been authorised by regional governments to clear forests for agricultural purposes.

According to OSINFOR, in the San Martín region, for example, between 2012 and 2017 **the regional government approved 77 *cambio de uso* permits to clear 2,869 hectares and extract 119,905 cubic metres of timber.** This was “more than 26 million board feet and a volume per hectare much higher than that approved” for other harvest areas.<sup>24</sup> Global Witness analysis shows that this timber is worth an estimated \$US20 million.<sup>25</sup>

OSINFOR can’t inspect *cambio de uso* areas, so the use of these permits appears to be another attempt to avoid government oversight. It could even be a direct response to OSINFOR’s crackdown on *bosques locales*. According to the NGO Environmental Investigation Agency (EIA), there has been “increasing evidence of timber being traded with land use change authorisation permits” since OSINFOR began regularly inspecting *bosques locales*.<sup>26</sup> In San Martín, EIA

alleges that numerous *cambio de uso* authorisations “several times above typical logging volumes” have been approved in areas where the timber had already been extracted.<sup>27</sup>

Government control over *cambio de uso* could be even weaker than that over other harvest areas, at both the national and regional levels. In response to a freedom of information request from Global Witness asking for the number of *cambio de uso* permits approved between 2014 and 2018 and the volumes of timber involved, the national forest authority SERFOR was unable to respond and stated it would need to ask the regional governments before doing so. This suggests SERFOR itself has no oversight.<sup>28</sup> EIA describes “oversight and verification” of *cambio de uso* by the regional governments” as “almost non-existent.”<sup>29</sup>

OSINFOR recently warned of the danger of illegal logging in harvest areas where SERFOR and regional governments are responsible for inspections.<sup>30</sup> It estimated that at least 82 million board feet was sourced from such areas in 2017.<sup>31</sup> OSINFOR has pointed out that the current situation threatens the Amazon, the environment, Peru’s international trade commitments, and the competitiveness of legal timber in both the domestic and international markets.<sup>32</sup>

**Below** Deforestation of the Peruvian Amazon due to “*cambio de uso*”. © EIA.





## PLANTATIONS POSE A NEW LAUNDERING THREAT

Another type of harvest area possibly being targeted for laundering is forestry plantations on private or communal properties. These are already particularly vulnerable to laundering because they can be established without regional government permission, and no operating plans are required to extract the timber or transport permits to move it. Given that OSINFOR can't inspect plantations, any decision to extract timber from them or launder timber through them could be another attempt to avoid government oversight.

The Ministry of Agriculture and the national forest authority SERFOR launched a national programme to promote plantations in 2016, and began to register them that year. According to SERFOR responses to Global Witness freedom of information requests, more than **5,000 plantations were registered between early 2016 and June 2018, extending for over 28,000 hectares.**<sup>33</sup> **SERFOR told Global Witness that it is unable to say what species are being commercialised in them.**<sup>34</sup>

The risk that plantations are being used to launder illegal timber was highlighted in early 2018 by the Food and Agriculture Organisation of the United Nations (FAO), which

emphasised their vulnerability and called them a potential “open door for the legalisation of timber from unknown sources or uncontrolled exploitation.”<sup>35</sup>

OSINFOR reported four years ago that plantations were being used to launder timber, after it found that some trees would have had to grow improbably quickly to have been extracted from plantations as claimed.<sup>36</sup> It is crucial that all the agencies involved in protecting the Peruvian forest landscape tackle this threat now, before it spreads.

Below Metoyacu Plantations © OSINFOR



## WHAT ARE THE MOST POPULAR TIMBER SPECIES IN PERU?

Based on an analysis of information related to 1,000s of regional government transport permits, Global Witness has been able to calculate the most popular commercial species in the three most important timber regions between 2009 and 2016. In Loreto the top 10 species reportedly accounted for roughly 73% of all production and included cumala (*Virola sp*), capirona (*Calycophyllum spruceanum*) and capinuri (*Clarisia biflora*). In Ucayali, the top 10 species reportedly accounted for roughly 69% of all production and included cachimbo (*Cariniana domesticata*), tornillo (*Cedrelinga catenaeformis*) and shihuahuaco (*Coumarouna odorata*). See Annexes 1, 2 and 3 for details.

Despite the huge volumes being extracted and the high percentages of regional production they account for, only one - cedar (*Cedrela odorata*) - is officially considered to be “vulnerable” by Peru under its commitments as a party to the United Nations Convention on Biological Diversity. Only two other species - lupuna (*Chorisia integrifolia*) and capinuri (*Clarisia biflora*) - are considered “almost threatened”, and not one is considered to be “in danger” or “in critical danger.”

Below Cedar (*Cedrela odorata*) - is officially considered to be “vulnerable” by Peru under its commitments as a party to the United Nations Convention on Biological Diversity. © OSINFOR





## SAWMILLS ARE RECEIVING HUGE VOLUMES OF ILLEGAL TIMBER

Some of the biggest sawmills in Peru's two leading timber-producing regions have been consistently receiving huge volumes of illegal timber, according to a Global Witness analysis of thousands of transport permits that are supposed to document the movement of timber from their harvest area of origin, cross-checked with hundreds of OSINFOR inspection reports that reveal the laundering of timber through those harvest areas. It is the demand and purchasing power of these sawmills that fuels much of the illegal timber trade in Peru.

In 2016, **of the timber reportedly received by the four biggest processing sawmills in Loreto from harvest areas where OSINFOR made inspections, 99%, 86%, 70% and 63% was illegal**, according to Global Witness analysis. The biggest receiver by far was Triplay Martín (TRIMASA), based in Iquitos, with a 70% illegality rate. Easily the worst was Corporación Inforest, with a 99% illegality rate. (See Table 2 for details.)

In Ucayali it was similar. 96%, 70%, 62% and 58% of the timber reportedly received in 2016 by the four biggest processing sawmills from harvest areas where OSINFOR made inspections was illegal. The biggest receiver was Inversiones Forestales San Juan, with a 70% illegality rate. The worst was Maderas Industriales y Laminadas, with a 96% illegality rate. (See Table 3 for details.)

**In total, Global Witness estimates that these eight sawmills alone would have processed illegal timber worth US\$16 million.**<sup>37</sup> They are just a few of over 300 sawmills in Loreto, Ucayali and Madre de Dios that received timber that year – more than 1 million cubic metres from over 1,000 harvest areas<sup>38</sup> worth an estimated US\$174 million when processed.<sup>39</sup> Across Peru as a whole, OSINFOR reckons there are at least 528 sawmills.<sup>40</sup>

Government oversight of sawmills is poor, despite the majority being far more accessible than harvest areas. Regional governments are required to make inspections, but they are notoriously corrupt.<sup>41</sup> SERFOR is also required to make inspections, but after a freedom of information request for a list of every sawmill inspection ever made, the agency told Global Witness that “it doesn't have that type of information”.<sup>42</sup> SERFOR subsequently stated that it had

performed no inspections at all in 2014 and 2015, and only a few in 2016 and 2017 – all in the Lambayeque region on Peru's Pacific coast, none in the Amazon. **OSINFOR is unable to inspect sawmills, despite past requests for access.**

The situation could deteriorate further if a new law comes into force that changes the format of sawmills' operations books (*libros de operaciones*). Sawmills are meant to use these books to register all the timber that enters and exits their premises. The proposed changes will make it difficult – or even impossible – to trace the harvest area origin of timber once it has been processed, and hence to know if it is legal. The new format passed into law in October 2017,<sup>43</sup> but the date by which the sawmills are required to start using it has been postponed to June 2019.

### SAWMILLS WITH IMPLAUSIBLE CONVERSION RATES

As Global Witness highlighted in its report *Buyers in Good Faith* in 2017, some timber companies in Peru claim processing rates from roundwood into sawn timber that are, at best, wildly improbable or, at worst, fraudulent. One clear example is Triplay Martín (TRIMASA) which, according to Global Witness analysis, has claimed suspicious processing rates on numerous occasions. In 2016, for example, TRIMASA reportedly sourced 152 cubic metres of capinuri roundwood from one harvest area which, after being processed, increased to 160 cubic metres.

TRIMASA received more timber in 2016 than any other sawmill in Loreto, making it one of the biggest timber companies in Peru. According to its website, it specialises in producing plywood for the domestic market as well as exporting to countries such as the United States and Mexico. TRIMASA receives massive quantities of illegal timber, its processing rates are suspicious and in 2016 it focused on two species classified by Peru as “almost threatened” – capinuri and lupuna. Nevertheless, TRIMASA claims to be aiming to “reduce its environmental impact.”<sup>44</sup>

Below TRIMASA participating in 2015 protests, part of which were against OSINFOR. © www.diariolaregion.com



Below Aerial view of sawmills in Pucallpa. © Global Witness



**TABLE 2\***  
TOP FOUR RECEIVING SAWMILLS IN LORETO IN 2016.\*\*

SAWMILL	TIMBER RECEIVED (M3)	VOLUME INSPECTED BY OSINFOR AT POINT OF HARVEST (M3)	% OF TIMBER INSPECTED BY OSINFOR FOUND TO BE ILLEGAL	ESTIMATED VALUE OF ILLEGAL TIMBER SALES (US\$)***
Triplay Martín (TRIMASA)	51,773	31,809	70	3.8 million
Agroforestal Requena	11,488	4,879	63	529,303
Inversiones el Forastero	11,033	7,489	86	1.1 million
Corporación Inforest	8,680	4,514	99	762,535

\*In this instance Global Witness is not making specific allegations of knowledge of criminality against the cited companies.

\*\* These are Global Witness figures based on analysis of official timber harvest and transport data obtained from Loreto's regional government following FOI requests, compared to OSINFOR inspection reports of those same harvest areas.

\*\*\* This was calculated using the same method as OSINFOR in its late 2017 report 'Supervisión y Fiscalización en Bosques Locales': <https://www.osinfor.gob.pe/wp-content/uploads/2018/07/Supervision-y-fiscalizacion-en-bosques-locales.pdf>.

**TABLE 3\***  
TOP FOUR RECEIVING SAWMILLS IN UCAYALI IN 2016.\*\*

SAWMILL	TIMBER RECEIVED (M3)	VOLUME INSPECTED BY OSINFOR AT POINT OF HARVEST (M3)	% OF TIMBER INSPECTED BY OSINFOR FOUND TO BE ILLEGAL	ESTIMATED VALUE OF ILLEGAL TIMBER SALES (US\$)***
Inversiones Forestales San Juan	61,122	31,857	70	3.8 million
Industrial Ucayali	40,211	25,095	58	2.4 million
Maderas Industriales y Laminadas	38,022	18,885	96	3 million
Asseradero Jorge Rolando	30,538	7,405	62	784,237

\*In this instance Global Witness is not making specific allegations of knowledge of criminality against the cited companies.

\*\* These are Global Witness figures based on analysis of official timber harvest and transport data obtained from Ucayali's regional government following FOI requests, compared to OSINFOR inspection reports of those same harvest areas.

\*\*\* This was calculated using the same method as OSINFOR in its late 2017 report 'Supervisión y Fiscalización en Bosques Locales': <https://www.osinfor.gob.pe/wp-content/uploads/2018/07/Supervision-y-fiscalizacion-en-bosques-locales.pdf>.

## FAILURES BY PERU'S REGIONAL GOVERNMENTS FUEL ILLEGAL LOGGING

In politically decentralised regions of Peru, regional governments have the power to establish harvest areas such as logging concessions, and grant logging permits to indigenous communities and owners of private properties. They are supposed to inspect harvest areas, approve operating plans, stamp transport permits, run control posts and inspect sawmills.

In theory, these duties give regional governments a crucial role in protecting Peru's forests from illegal logging. But Global Witness analysis of OSINFOR records shows that some **regional governments effectively facilitate the laundering of illegal timber – by failing to inspect harvest areas and by informing OSINFOR about new logging areas late or not at all.**

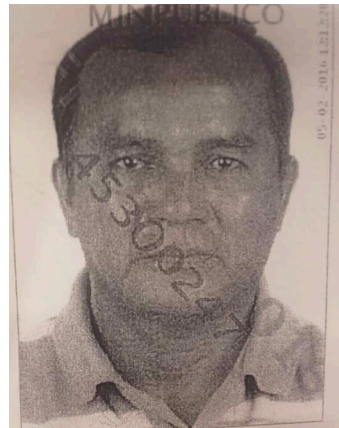
### OPERATING PLANS NOT PROPERLY INSPECTED BEFORE APPROVAL

Regional governments are approving operating plans without properly inspecting harvest areas to verify information such as the geolocation and species of each tree to be extracted. This is a key reason why faking trees has been so easy and so effective in facilitating laundering.

According to a Global Witness analysis of OSINFOR inspections made in 2017 of logging concessions, indigenous communities, private properties and bosques locales,

regional governments definitely claimed to have inspected at least 77% of the operating plans before approving them. This may appear impressive, given the vastness of the Amazon and the regional governments' well-known lack of budget, equipment and well-trained personnel, but 10% or more of the trees in roughly 15% of these plans turned out to be non-existent.<sup>45</sup> At least 26 plans included more than 100 'non-existent' trees, and one had more than 200. In Loreto, more than a quarter of the plans the regional government definitely claimed to have approved had 10% or more non-existent trees in them.

Below Mug shot of notorious harvest plan faker Roldán Pinedo Ríos.



## TABLE 4

EXAMPLES OF FAKED OPERATING PLANS PREPARED BY ROLDÁN PINEDO RÍOS AND APPROVED BY LORETO'S REGIONAL GOVERNMENT IN 2017.\*

TYPE OF HARVEST AREA	OWNER OR LEGAL REPRESENTATIVE	NUMBER OF FAKED TREES	% OF INSPECTED TREES THAT WERE FAKED	TIMBER TRANSPORTED FROM HARVEST AREA (M3)	% OF TIMBER TRANSPORTED FROM HARVEST AREA THAT WAS ILLEGAL	INSPECTION BY REGIONAL GOVERNMENT BEFORE APPROVAL?
Private property	Samuel Aguila Pinedo	147	100	3,298	100	Yes
Private property	Tercero Trigozo Cuelles	199	95.7%	3,301	100	Yes
Private property	Ada Carahua Ugarte	75	100	1,513	100	Yes
Private property	Zoila Ahuanari Monteluis	100	100	3,750	100	Yes
Private property	Ronald Lopez Garcia	166	100	1,670	100	Yes
Private property	Gisela Tapullima Sinarahua	115	100	2,249	100	Yes
Private property	Clemente Lopez Ruiz	141	100	2,000	100	Yes
Private property	Fernando Campos Salles	175	100	2,638	100	Yes
Private property	Juan Sajami Wasabi	181	100	1,999	100	Yes
Private property	Carmen Torres Carranza	177	100	3,801	100	Yes
Private property	Fernando Campos Salles	159	100	3,000	100	Yes
Private property	Samuel Arancibia Mori	159	100	2,999	100	Yes
Private property	Marcial Barbaran Zumaeta	188	99	2,983	100	Yes
Campesino community	San Antonio de Fortaleza	28	100	7,743	100	Yes

\*Global Witness is not making any allegations of knowledge of criminality against the owners or legal representatives of the harvest areas in this table.



The previous year, it was even worse. Regional governments definitely claimed to have inspected approximately 73% of the operating plans for the logging concessions, indigenous communities, private properties and bosques locales inspected by OSINFOR in 2016, but 10% or more of the trees in roughly 33% - one third - of these plans turned out to be non-existent. **In Loreto more than 50% of the plans had 10% or more non-existent trees in them, while in Madre de Dios it was roughly 42% and Junin 25%.**

The operating plans prepared by the timber consultant Roldán Pinedo Ríos and approved by Loreto's regional government in 2017 – almost all of them for private properties – provide a clear example of this problem. Of the 15 plans analysed by Global Witness – in 13 of which 100% of the trees inspected by OSINFOR had been faked – the regional government claimed to have inspected the harvest areas of at least 14 before approving them. (See Table 4 for details.)

Of the harvest areas inspected by OSINFOR in 2017, regional governments openly acknowledged that in at least 7% of cases they did not make inspections before approving operating plans, according to Global Witness analysis. In more than half of these instances the stated justification was a 2001 law on “general administrative procedure” interpreted to permit inspections to be made after the harvest plans were approved.<sup>46</sup>

## GENUINE OVERSIGHT OF THE PERUVIAN TIMBER SECTOR IS OBSTRUCTED

For many years regional governments have been extremely slow or failed entirely to inform OSINFOR when they establish harvest areas or approve operating plans, despite being required by law to do so within 15 working days. This makes it difficult or impossible for OSINFOR to make inspections and have genuine oversight of what is happening.

For example, according to Global Witness analysis, the regional government office in Atalaya, **the Oficina Desconcentrada Atalaya (ODA), took an average of 303 days to inform OSINFOR every time it approved an operating plan for a logging concession** that was inspected by OSINFOR in 2017.<sup>47</sup> It never informed OSINFOR within the required 15 working days and sometimes it took more than a year or two years to do so. (See Table 5 for details.)

OSINFOR has recently drawn attention to this problem. Between January and September 2018, regional governments across Peru failed to inform it within 15 working days 86% of the time – on 446 out of 518 occasions.<sup>48</sup> The previous year, regional governments failed 75% of the time – on 432 out of 573 occasions.<sup>49</sup>

The regional governments of Loreto and Ucayali were easily the worst, in terms of the number of operating plans approved as well as the failure to inform OSINFOR within the required 15 working days. Both failed 92% of the time.<sup>50</sup>

**TABLE 5**

**TIME TAKEN BY THE REGIONAL GOVERNMENT OFFICE IN ATALAYA, THE ODA, TO INFORM OSINFOR IT HAD APPROVED OPERATING PLANS FOR LOGGING CONCESSIONS LATER INSPECTED BY OSINFOR IN 2017.\***

CONCESSION OWNER OR LEGAL REPRESENTATIVE	DATE OPERATING PLAN WAS APPROVED	DATE OSINFOR WAS INFORMED OPERATING PLAN WAS APPROVED	NUMBER OF DAYS**
Forestal Tahuayo	9 September 2015	26 January 2017	505
Miguel Pezo Villacorta	15 September 2016	3 February 2017	141
Miguel Pezo Villacorta	15 September 2016	3 February 2017	141
Negociación Maderera Travi Satipo	16 May 2017	18 August 2017	94
Negociación Maderera Travi Satipo	10 June 2016	18 August 2017	434
Negociación Maderera Travi Satipo	16 May 2017	8 June 2017	23
Forestal La Merced	28 June 2016	26 January 2017	212
Miguel Pezo Villacorta	28 September 2015	6 October 2017	739
Miguel Pezo Villacorta	15 September 2016	3 February 2017	140
Forestal Mendoza	15 December 2016	26 September 2017	285
Miguel Pezo Villacorta	28 September 2015	26 January 2017	486
Sepahua Tropical Forest y Nuevo San Martín	28 April 2017	5 June 2017	38
Sepahua Tropical Forest y Nuevo San Martín	28 September 2015	7 September 2017	710

\*Global Witness is not making any allegations of knowledge of criminality against the owners or legal representatives of the harvest areas in this table.

\*\*These are Global Witness figures calculated following FOI requests to OSINFOR. They are calendar days, not working days.

## FAILURES BY JUSTICE SYSTEM CREATE CLIMATE OF IMPUNITY

Despite rampant illegal logging spanning decades, Peru's justice system has almost entirely failed to hold anyone responsible. Although many harvest areas have been annulled and fines levied by OSINFOR, no important harvest area owner or legal representative, consultant, sawmill operator, exporter or any other buyer or influential individual in the supply chain or sector has been prosecuted and imprisoned, as far as Global Witness is aware.

One clear example of this impunity is the biggest timber trade scandal in Peru's history, involving the ship Yacu Kallpa. The Yacu Kallpa regularly exported timber from the city of Iquitos in Loreto to the United States, via the Dominican Republic and Mexico. In late 2015 and early 2016 a scandal erupted around what became its last shipment. Ultimately it was discovered that more than 96% of the timber on board was illegal.<sup>51</sup> Environmental prosecutors opened a case in December 2015 and over 120 people, including at least 15 connected to the exporting companies, have since been placed "under investigation", but more than three years later, not one person has appeared before a judge.<sup>52</sup>

Worse, many of those involved in the Yacu Kallpa scandal have continued to operate. One of the most notorious examples is the Grupo WCA, which includes the companies Inversiones WCA and Consorcio Forestal Loreto (CFL), run by William Castro Amaringo, one of the exporters exposed by Global Witness's report *Buyers in Good Faith* in 2017.

According to Global Witness analysis, in the last Yacu Kallpa shipment of November 2015, Inversiones WCA exported timber it claimed to originate from a *bosque local* called Limon Cocha. In December 2015, OSINFOR reported that such a *bosque local* did not exist. Despite this, in 2016 CFL continued to commercialise timber it claimed came from that same non-existent *bosque local*. Worse, 60% of all the OSINFOR inspected timber commercialised in 2016 by CFL and Inversiones WCA reportedly came from harvest areas that OSINFOR put on its "red list" for committing major violations of forest law.<sup>53</sup>

The following year, **Grupo WCA continued to export timber from harvest areas red listed by OSINFOR for committing major violations of forest law**, according to Global Witness analysis. SERFOR reportedly inspected timber exports by Inversiones WCA of *cumala* and *marupa* at the port of Callao in Lima in April and May 2017 that was reported to have come from three indigenous communities and was destined for Mexico and Puerto Rico. OSINFOR later discovered that the timber could not have come from those communities and therefore was illegal. (See Annex 4 for details.)

Even before the Yacu Kallpa scandal erupted in late 2015, WCA had a long history of exporting illegal timber. In 2012 the NGO EIA alleged that WCA had been exporting illegal cedar to the United States,<sup>54</sup> and in 2014 the Peruvian tax and customs authority,

SUNAT, reported that, of all the illegal timber identified by Operación Amazonas that year, by far the biggest percentage, 40%, belonged to WCA.<sup>55</sup> In 2015 the Yacu Kallpa was blocked

on arrival at Houston by US Customs and Border Protection because of concerns about the legality of its cargo – some of it exported by WCA, 100% illegal.<sup>56</sup> According to Global Witness analysis, that same year **90% of all the roundwood received by CFL – more than 10,000 cubic metres – was illegal.**<sup>57</sup>

## CONCLUSION

Since 2009, OSINFOR has played the leading role in exposing illegal logging in Peru, and in doing so has become a global pioneer in the fight against forest crimes. Its institutional independence has been instrumental to its success. But OSINFOR has faced a furious backlash from the timber sector and some in government. And now its independence, so important to its operations, has been debilitated.

Global Witness issues an urgent call for the restoration of OSINFOR's independence, so that it can continue to tackle illegal logging free of any conflict of interest, devoid of any political interference and protected from any nefarious interests that seek to weaken it. We also call for an extension of its powers. This is crucial to effectively counter commercial interests that are finding new ways of laundering timber, regional forest authorities that facilitate illegal logging through corruption or incompetence, and the national forest authority where it is failing in its duties.

International markets that import Peruvian timber, like China, the US and the EU, also need OSINFOR to ensure exports are from a legal origin, thereby protecting importers from the risk of exposure to the illegal trade. Peru's international forest sector donors, including Norway, Germany and the US, also need OSINFOR to make sure their support is effectively used to reduce forest degradation.

Given the scale of the plunder revealed in this report, and the climate of impunity fuelling this system, Peru's government should not only heed the call to restore OSINFOR's independence and extend the powers of this vital agency, but also provide the necessary resources for it to operate effectively. Only then can OSINFOR properly protect the Peruvian Amazon from those working hard to benefit from its destruction.

Below William Castro. © Global Witness



## TWO COMPANY MANAGERS RESPOND TO THE GLOBAL WITNESS VIDEO RELEASED WITH THE REPORT

Global Witness wrote to all of the managers of the companies exposed in the short film that complements this report asking if they would like to respond. Only two managers responded: Dante Zevallos, now former manager of the company Sico Maderas, and Carlos Henderson, manager of Maderera Marañon.

Dante Zevallos wrote “I’d like this country to listen [to the full unedited videos] where I am defending a region that is dying of poverty, rather than to edited excerpts which totally deform the context the conversation took place in.” Furthermore, in reference to his meeting with the undercover Global Witness investigators, Dante Zevallos claimed that “the conversation was held between people I didn’t know who were disguised as friends and I was orienting them and encouraging them to do things legally.” In relation to his opinion of OSINFOR, Dante Zevallos responded that its “function is to ensure both the state and the concessionaires comply with the law, and not to persecute [logging] activities. This is irrespective of where they are placed under. I always imagined an OSINFOR calling on all stakeholders to do good work in the forests and to make it sustainable, as all stakeholders, I am sure, want.”

In the second response by a company manager to the Global Witness video, Carlos Henderson, manager of Maderera Marañon, cited the following excerpt:

**CARLOS HENDERSON:** *Before [OSINFOR] it was very, very, very, very, very free.*

GLOBAL WITNESS: *Very free?*

**CARLOS HENDERSON:** *Very free, no? Someone could cut timber 15kms away, bring and process it. Not anymore. So it’s now the more formal companies that remain.”*

Carlos Henderson stated that he “was referring here to the fact that there was no strict supervision from the authorities [in the past]. Now, with OSINFOR, it is more controlled and this is good for us as a formal company. We manage annual operating plans within our concessions and we’re subject to various supervisions. This has increased the costs to log, transport and trace our timber. We have a traceability system for our forests and a strict control of our products.”

Henderson then cited a further excerpt of the video:

**CARLOS HENDERSON:** *OSINFOR is very strict.”*

Henderson stated his opinion that OSINFOR was “unquestionably strict” and that it “should be more flexible with formal companies that are managing forests responsibly and within the law,” adding that his company was “selected to be supervised by many entities; but how about those that aren’t in the system [that are not formal]? Who is supervising them? This is where the problem of illegal logging is.” He ended his response claiming there was no “negative connotation” to the aforementioned excerpt, and that “it’s as if you [Global Witness] think that we don’t want to be supervised. Quite the contrary. Our doors are always open to any supervision or investigation. We have over 30 years of experience in the forest sector and we have always respected the norms.”



## RECOMMENDATIONS FOR PERU'S GOVERNMENT

**In light of the information and analysis revealed in this report about the ongoing rampant trade of illegal timber in Peru, Global Witness urgently recommends that Peru's government:**

- ✦ **Restore OSINFOR's institutional independence** as it was when it was attached to the Presidencia del Consejo de Ministros (PCM), and strengthen its powers;
- ✦ **Give OSINFOR power and appropriate resources to:**
  - **inspect** areas like:
    - “land-use change” – “*cambio de uso*” – authorised by regional governments to clear forests for agricultural purposes;
    - plantations on private or communal properties;
    - other areas where timber is commercialised – “desbosques” – including infrastructure projects, mining and oil and gas operations.
  - **inspect** sawmills; control posts and depositories.
  - **participate** in all inspections of harvest area operating plans by regional governments or SERFOR before they are approved.
  - **levy fines** on all *bosques locales*, and on the individuals, companies and/or others financing extraction in all harvest areas.
  - **create and keep up to date** an annual “red list” and “green list” of companies that most received illegal and legal roundwood, to ensure buyers reduce their risk of purchasing illegal timber

**Global Witness urgently recommends that SERFOR:**

- ✦ **Immediately cancel** the licences of all regentes who have faked trees in operating plans.
- ✦ **Amend** the proposed format of sawmills “operations books” so they allow full tracing of the harvest area origin of timber.
- ✦ **Reassess and update** Peru's official 2006 Threatened Flora Species to see if some of the main commercial timber species should be included in light of their consistent illegal extraction.

**Global Witness urgently recommends that Peru's regional governments:**

- ✦ **Inform OSINFOR immediately** when harvest areas are established and operating plans approved.
- ✦ **Exercise a greater control** of *bosques locales*, *cambio de uso* and plantations to avoid them being used as timber laundering systems.
- ✦ **Annually publish all of the data** relating to approved volumes of timber harvests, registered timber harvests and registered transported timber from all harvest areas.

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## RECOMMENDATIONS FOR PERU'S INTERNATIONAL PARTNERS

**Most timber from the Peruvian Amazon is reportedly destined for the domestic market, with the government an important buyer.<sup>58</sup> Certain other countries play key roles in Peru's timber sector, however, so it is vital that they act to stem trade in illegal timber:**

- ✦ The governments of China and Mexico should put in place mandatory measures requiring all timber importers to carry out due diligence to ensure they do not import timber produced in violation of source country laws.
- ✦ The United States should ensure that Peru restores OSINFOR's independence, as required by the Trade Promotion Agreement, and discuss with Peru how OSINFOR's mandate could be expanded to improve implementation of the agreement by reducing illegal logging.
- ✦ The European Union should ensure competent authorities are verifying that importers of Peruvian timber are complying with the EU Timber Regulation.
- ✦ The Norwegian and German governments should ensure that Peru restores OSINFOR's independence and expands its mandate to better tackle the problem of illegal logging, as part of implementing their plan to reduce greenhouse gas emissions due to forest degradation.

## ANNEX 1

### TOP 10 EXTRACTED SPECIES IN LORETO BETWEEN 2009-2016

TOP 10 SPECIES EXTRACTED IN LORETO 2009-2016*	VOLUMES (M3)
1 Cumala ( <i>Virola sp</i> )	778,358
2 Capirona ( <i>Calycophyllum spruceanum</i> )	692,869
3 Capinuri ( <i>Clarisia biflora</i> )	637,115
4 Lupuna ( <i>Chorisia integrifolia</i> )	615,729
5 Tornillo ( <i>Cedrelinga catenaeformis</i> )	507,632
6 Shihuahuaco ( <i>Coumarouna odorata</i> )	318,669
7 Copaiba ( <i>Copaifera reticulata</i> )	211,739
8 Cumala ( <i>Virola sebifera</i> )	186,349
9 Bolaina blanca ( <i>Guazuma crinita</i> )	180,883
10 Cedar ( <i>Cedrela odorata</i> )	156,773

\*These are Global Witness figures based on an analysis of transport permits.

## ANNEX 2

### TOP 10 EXTRACTED SPECIES IN UCAYALI BETWEEN 2009-2016

TOP 10 SPECIES EXTRACTED IN UCAYALI 2009-2016*	VOLUMES (M3)
1 Cachimbo ( <i>Cariniana domesticata</i> )	323,550
2 Tornillo ( <i>Cedrelinga catenaeformis</i> )	283,047
3 Shihuahuaco ( <i>Coumarouna odorata</i> )	170,618
4 Cumala ( <i>Virola sp</i> )	158,425
5 Bolaina blanca ( <i>Guazuma crinita</i> )	140,976
6 Lupuna ( <i>Chorisia integrifolia</i> )	121,175
7 Huayruro ( <i>Ormosia sunkei</i> )	101,465
8 Capirona ( <i>Calycophyllum spruceanum</i> )	100,365
9 Copaiba ( <i>Copaifera reticulata</i> )	86,929
10 Catahua ( <i>Hura crepitans</i> )	62,616

\*These are Global Witness figures based on an analysis of transport permits.

## ANNEX 3

### TOP 10 EXTRACTED SPECIES IN MADRE DE DIOS BETWEEN 2009-2016

TOP 10 SPECIES EXTRACTED IN MADRE DE DIOS 2009-2016*	VOLUMES (M3)
1 Shihuahuaco ( <i>Coumarouna odorata</i> )	270,584
2 Tornillo ( <i>Cedrelinga catenaeformis</i> )	153,770
3 Lupuna ( <i>Chorisia integrifolia</i> )	123,713
4 Misa ( <i>Couratari guianensis</i> )	84,725
5 Pashaco ( <i>Schizolobium sp</i> )	79,138
6 Sapote ( <i>Matisia cordata</i> )	55,297
7 Moena ( <i>Aniba sp</i> )	36,737
8 Caraña ( <i>Protium carana</i> )	32,667
9 Catuaba ( <i>Erythroxylum catuaba</i> )	23,660
10 Achihua ( <i>Huberodendron swietenoides</i> )	22,928

\*These are Global Witness figures based on an analysis of transport permits.



## ANNEX 4

EXAMPLES OF ILLEGAL TIMBER EXPORTED BY INVERSIONES WCA IN APRIL AND MAY 2017, ALL OF WHICH WAS REPORTEDLY INSPECTED BY SERFOR BEFORE LEAVING PERU\*.

VOLUME M3	SPECIES	DESTINATION	INDIGENOUS COMMUNITY FROM WHICH THE TIMBER REPORTEDLY CAME	SERFOR INSPECTION DATE	OSINFOR INSPECTION RESULTS
42.79	Cumala	Mexico	San Marcos	6 April 2017	100% illegal
42.56	Cumala	Mexico	San Marcos	6 April 2017	100% illegal
42.79	Cumala	Mexico	San Marcos	6 April 2017	100% illegal
43.15	Cumala	Mexico	San Marcos	6 April 2017	100% illegal
35.15	Cumala	Mexico	Betania	19 April 2017	100% illegal
42.25	Cumala	Mexico	San Marcos	19 April 2017	100% illegal
43.19	Cumala	Mexico	San Marcos	19 April 2017	100% illegal
43.83	Cumala	Mexico	San Marcos	19 April 2017	100% illegal
58.39	Marupa	Puerto Rico	San Marcos	24 April 2017	100% illegal
45.09	Cumala	Mexico	Betania	27 April 2017	100% illegal
45.29	Cumala	Mexico	Betania	27 April 2017	100% illegal
29.07	Cumala	Mexico	Betania	28 April 2017	100% illegal
44.99	Cumala	Mexico	Santa Carmela	17 April 2017	100% illegal
44.69	Cumala	Mexico	Santa Carmela	17 April 2017	100% illegal
44.74	Cumala	Mexico	Santa Carmela	17 April 2017	100% illegal
45.59	Cumala	Mexico	Santa Carmela	17 April 2017	100% illegal

\*This table is based on SERFOR figures obtained from its website crossed with OSINFOR inspection reports.

## REFERENCES

1. Much of this analysis is based on exclusive access to official data sets obtained through freedom of information (FOI) requests to the regional governments of Loreto, Ucayali and Madre de Dios. The accuracy of these data sets is in doubt. They should be seen as an official "paper" portrayal of what is happening rather than a reliable record.
2. OSINFOR reports on its "SIGO" website all the harvest areas it has fined, annulled and placed on its "red list", which are harvest areas where it deems that the timber reportedly sourced from there has an "unacceptable" risk of being illegal. We then compared these to the number of harvest areas OSINFOR had placed on its "Green List", which is a list of inspected harvest areas OSINFOR considers to have an acceptable margin of error and that operated according to the law.
3. This analysis was done in June 2018 when OSINFOR had publicly reported inspecting 681 of 1,688 active harvest areas in Loreto, 1,044 of 2,664 active harvest areas in Ucayali, and 969 of 2,929 active harvest areas in Madre de Dios. These numbers of active harvest areas are taken from the regional government data sets obtained by Global Witness through FOI requests and cover the years 2009-2016.
4. OSINFOR to PCM, 11 July 2018.
5. OSINFOR to PCM, 20 August 2018.
6. <https://www.inei.gob.pe/>, [http://infobosques.com/portal/wp-content/uploads/2016/12/Amazonia\\_Peruana.pdf](http://infobosques.com/portal/wp-content/uploads/2016/12/Amazonia_Peruana.pdf), <http://www.aidesep.org.pe/>
7. According to OSINFOR as of 8 October 2018.
8. Ibid.
9. Ibid.
10. This 60% is a Global Witness figure reached by cross-checking and comparing OSINFOR data.
11. For example, FAO, 'La Industria de la Madera en el Perú', 2018.
12. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/october/ustr-announces-unprecedented-action>
13. Organismo Supervisor de los Recursos Forestales Maderables, according to the 2000 Forestry and Wildlife Law, and Oficina de Supervisión de las Concesiones Forestales Maderables, according to 2004 Supreme Decree 004-2005-AG.
14. According to OSINFOR as of 21 November 2018.
15. These are Global Witness figures based on FOI requests to OSINFOR.
16. Ibid.
17. This was calculated using the same method as OSINFOR in its late 2017 report 'Supervisión y Fiscalización en Bosques Locales': <https://www.osinfor.gob.pe/wp-content/uploads/2018/07/Supervision-y-fiscalizacion-en-bosques-locales.pdf>.
18. As of 8 October 2018.
19. These figures are from OSINFOR's late 2017 report 'Supervisión y Fiscalización en Bosques Locales': <https://www.osinfor.gob.pe/wp-content/uploads/2018/07/Supervision-y-fiscalizacion-en-bosques-locales.pdf>.
20. Ibid. Villages are faked like trees are faked – on paper.
21. Ibid.
22. According to OSINFOR as of 8 October 2018.
23. According to OSINFOR as of 8 October 2018.
24. OSINFOR to PCM, 11 July 2018.
25. This was calculated using the same method as OSINFOR in its late 2017 report 'Supervisión y Fiscalización en Bosques Locales': <https://www.osinfor.gob.pe/wp-content/uploads/2018/07/Supervision-y-fiscalizacion-en-bosques-locales.pdf>.
26. EIA, Moment of Truth, 2018.
27. Ibid.
28. SERFOR to Global Witness, 29 September 2018.
29. EIA, Moment of Truth, 2018.
30. OSINFOR to PCM, 11 July 2018.
31. Ibid.
32. Ibid.
33. SERFOR to Global Witness, 9 April 2018, 4 May 2018 and 17 July 2018.
34. SERFOR to Global Witness, 25 April 2018.
35. FAO, 'La Industria de la Madera en el Perú', 2018.
36. OSINFOR reports 003-2015-OSINFOR/06.2.1, 10 February 2015, and 007-2015-OSINFOR/06.2.1, 13 April 2015.
37. This was calculated using the same method as OSINFOR in its late 2017 report 'Supervisión y Fiscalización en Bosques Locales': <https://www.osinfor.gob.pe/wp-content/uploads/2018/07/Supervision-y-fiscalizacion-en-bosques-locales.pdf>. To estimate the amount in Peruvian Soles that illegal timber would have been worth, OSINFOR used SERFOR's average price list per board feet of the 17 most commercialized timber species in Peru, reaching an amount of 2.6 Peruvian Soles per board feet. OSINFOR then multiplied that average price by the amount in board feet of the illegal timber they found to have been laundered through "bosques locales", to then arrive at the estimated value of that illegal timber in Peruvian Soles. We replicated this calculation in relation to the total illegal timber we allege each sawmill received in 2016 according to official transport permit and harvest data cross checked with summary OSINFOR inspection reports. As a result of this calculation, we then converted the amount that illegal timber was estimated to be worth from Peruvian Soles to USD using Morningstar exchange rates, which gave us an October 2018 exchange rate of 3.34 Peruvian Soles to 1 USD.
38. According to Global Witness analysis of regional government data sets obtained by FOI requests.
39. This was calculated using the same method as OSINFOR in its late 2017 report 'Supervisión y Fiscalización en Bosques Locales': <https://www.osinfor.gob.pe/wp-content/uploads/2018/07/Supervision-y-fiscalizacion-en-bosques-locales.pdf>.
40. OSINFOR to PCM, 11 July 2018.
41. Instituto de Estudios Peruanos, 'Industria Maderera y Redes de Poder Regional en Loreto', July 2014, <http://revistaargumentos.iep.org.pe/articulos/industria-maderera-y-redes-de-poder-regional-en-loreto/>
42. SERFOR to Global Witness, 10 April 2018.
43. <https://www.serfor.gob.pe/wp-content/uploads/2017/10/RDE-N%C2%BA-0263-2017-SERFOR-DE-LINEAMIENTO-1.pdf>
44. <http://trimasa.com.pe/>; The 2016 Loreto Regional Forest Authority's transport permit data documenting the transport of roundwood from harvest areas to timber companies, shows Triplay Martin SAC as being the recipient of 152.782 cubic meters of roundwood Capinuri from management plan number 1 of the harvest area BOSQUE LOCAL CARPINTERITO DEL PR RESACA DE PERUATE (harvest code: 16-MAY/L-MAD-SD-010-15). The volume of the roundwood Triplay Martin SAC received from this harvest area was claimed by the data to have been detailed on a "roundwood list" number L16000007, which accompanies the transport permit when transporting roundwood. Subsequent 2016 transport permit data for primary processed products from the Loreto Regional Forest Authority claimed that Triplay Martin SAC transported processed timber products using transport permits numbers NEG008591, NEG008592, NEG008714, all of which claim to have transported 160.746 cubic meters of processed timber products that claimed to originate from the same harvest area and management plan of origin and which cited the same "roundwood list" number L16000007 as being the origin of the processed timber products.
45. According to the law, regional governments should not approve operating plans if 10% or more of the trees in them do not exist. In the majority of cases the percentages of non-existent trees is far higher than 10% - sometimes as high as 100%.
46. 2001 Law 27444 on General Administrative Procedure.
47. These are calculated as calendar days, not working days. This is based on a Global Witness analysis of OSINFOR inspection reports cross-checked and compared with numerous FOI requests to OSINFOR.
48. According to OSINFOR as of 8 October 2018. <https://observatorio.osinfor.gob.pe/Estadisticas/Home/Reportes/11>
49. Ibid.
50. According to OSINFOR as of 8 October 2018. Ibid.
51. For more information see Global Witness's report 'Buyers in Good Faith', 2017.
52. As of 8 October 2018.
53. This is a Global Witness figure based on regional government data sets obtained by FOI requests cross-checked and compared with OSINFOR's online SIGO information portal.
54. EIA, 'The Laundering Machine', 2012. <https://eia-global.org/reports/the-laundering-machine>
55. SUNAT to OSINFOR Oficio 399-2014-SUNAT/3Y000, 26 Aug 2014.
56. This is a Global Witness figure based on two SUNAT reports to OSINFOR on 6 October 2015 – Oficio 018-2015-SUNAT-391000 and Oficio 019-2015-SUNAT-391000 – cross-checked and compared with OSINFOR's online SIGO information portal.
57. This is a Global Witness figure based on regional government data sets obtained by FOI requests cross-checked and compared with OSINFOR's online SIGO information portal.
58. For example, FAO, 'La Industria de la Madera en el Perú', 2018.

*This report contains some quotations from press articles, documents and sources that have been translated into English from Spanish. These are clearly indicated in the references.*



Global Witness investigates and campaigns to change the system by exposing the economic networks behind conflict, corruption and environmental destruction.

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