

**AFL-CIO * Defenders of Wildlife * Friends of the Earth US * Humane Society International *
International Fund for Animal Welfare * Natural Resources Defense Council * Sierra Club *
Sustainable Furnishings Council * United Steelworkers (USW)**

May 29, 2012

The Honorable Ron Kirk
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Kirk:

On behalf of our millions of members and supporters, the undersigned organizations are writing to express our deep concern about recent documentation of the continued systematic illegal logging in Peru and the illegal timber trade between Peru and United States.¹ The US Peru Trade Promotion Agreement (TPA) included innovative new policy instruments, most notably the Annex on Forest Governance, to direct attention to the important environmental, social and economic aspects related to Peru's forests and their inhabitants. Given the severity of the continued trade in illegal logging between Peru and the US, we urge you to utilize the tools available under this agreement to ensure meaningful forest sector reform in Peru. To that end, our organizations support the Environmental Investigation Agency's (EIA) request for audit and verification of the producers, exporters, and timber concessions connected with illegal timber trade under the Forestry Annex of Chapter 18 of the US-Peru TPA.

The Peruvian forest sector has undergone important reforms during the last few years. In fact, a recent EIA report, "The Laundering Machine: How Fraud and Corruption in Peru's Concession System are Destroying the Future of its Forests," required access to important official documentation, some of which was not public or even produced before the implementation of the US-Peru TPA. Critical information was produced and made available by OSINFOR, whose strengthening and independence are due in large part to commitments under the TPA. These reforms, as well as the technical and financial support committed by the US government under the Annex on Forest Governance, are important to recognize.

However, it is clear that much more needs to be done to address pervasive challenges to effective forest sector governance. The EIA report shows that there is a critical breach between what happens in the forest and what is accounted for in official documentation, which makes possible the import of illegal timber into the US.

The illegal timber trade has devastating impacts on the environment, wildlife and on the lives and livelihoods of communities who live in and depend on the forest. Illegal loggers ignore environmental management plans and log in protected areas with no regard for endangered plants or animals. Illegal logging is also a major contributor to deforestation and forest degradation, which accounts for up to 20% of total greenhouse gas emissions that cause climate change.

Illegal logging also seriously impacts communities who live in and are stewards of the forest. In addition to the deadly local epidemics and violent conflict that emerges from the contact between illegal loggers and indigenous groups in voluntary isolation, indigenous communities are frequently swindled by intermediaries and illegal loggers coming into their lands to harvest the most valuable timber, or to exploit their members through abusive working conditions. As EIA notes, much of the logging in Peru takes place within a patronage

¹ Environmental Investigation Agency. "The Laundering Machine: How Fraud and Corruption in Peru's Concession System are Destroying the Future of its Forests." <http://www.eia-international.org/wp-content/uploads/The-Laundering-Machine.pdf>

system akin to sharecropping or debt peonage.

Within this context, it is deeply troubling to learn of the breadth and depth of trade in illegal logging in Peru. New evidence reveals that since 2008, twenty-two US companies imported millions of dollars in illegal wood from the Peruvian Amazon.² The analysis of official documents from the Government of Peru demonstrate that at least 112 shipments containing illegal cedar or mahogany wood arrived in the US between January 2008 and May 2010. According to EIA, at least 45% of the shipments exported during that time by Peru's largest timber trader, Maderera Bozovich, most of which were received by Alabama-based affiliate Bozovich Timber Products, Inc, appear to have contained laundered wood. These commercial activities, as documented by EIA, appear to be in violation of US and international endangered species laws as well as the US-Peru free trade agreement, which prohibits the trade of illegally harvested species.

In response to these findings, and consistent with the EIA petition, we urge you to take initial steps to address this illegal trade by requesting that Peru:

- 1) Verify all shipments from the exporters Maderera Bozovich SAC and Maderera Vulcano SAC which, according to the analysis of the Peruvian government's official data, have a history of exporting significant volumes of timber to the United States using documents from concessions with illegal activity;
- (2) Verify all timber exports associated with timber concessions temporarily suspended under Peruvian regulations and administrative processes; and
- (3) Audit the producers identified in the EIA investigation whose concessions have been the source of timber believed to have been harvested and traded in violation of Peruvian law, the Convention on International Trade in Endangered Species (CITES), and the US-Peru TPA.

As organizations deeply committed to the environment and sustainable development, we note that this continued illegal trade seriously undermines the objectives of both the US-Peru Trade Promotion Agreement and Convention on International Trade in Endangered Species (CITES). This requires immediate action. Thank you for your attention to this urgent matter.

Sincerely,

AFL-CIO
Defenders of Wildlife
Friends of the Earth
Humane Society International
International Fund for Animal Welfare
Natural Resources Defense Council (NRDC)
Sierra Club
Sustainable Furnishings Council
United Steelworkers (USW)

CC:
Jennifer Prescott, Assistant U.S. Trade Representative for Environment and Natural Resources
Amy Karpel, Director for Environment and Natural Resources, Office of the U.S. Trade Representative

² Environmental Investigation Agency. "The Laundering Machine: How Fraud and Corruption in Peru's Concession System are Destroying the Future of its Forests" www.neruforests-bosquesperuanos.com