

TRANSLATION FROM ORIGINAL TEXT IN SPANISH

MULTISECTORAL COMMISSION TO FIGHT
AGAINST ILLEGAL LOGGING IN PERU
(DS No. 052-2002-AG)

PROPOSAL FOR A NATIONAL STRATEGY FOR THE ERADICATION
OF ILLEGAL EXTRACTION AND TRADE OF TIMBER-YIELDING
FOREST RESOURCES IN THE PERUVIAN AMAZON

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INTRODUCTION

Peru is considered one of the countries with the greatest diversity in the world. It has approximately 65 million hectares of tropical forests, as well as a wide variety of landscapes and ecosystems throughout its territory. Nonetheless, its rural populations have some of the highest rates of poverty, and lack socio-economic opportunities for development. This, in turn, exerts intense utilization pressure on natural resources.

During the last 30 years, development of the forest sector has been limited. In part this is the result of inadequate implementation of Forestry Law No. 21147, which, along with an inefficient forest resources management system vulnerable to corruption, has contributed to the institutionalization of unplanned over-exploitation of the country's forest resources and of the human populations that live in the forests.

Forestry and Wildlife Law No. 27308 currently in force seeks to establish mechanisms for access and regulation of forest operations, and to facilitate structural reform of the sector so as to create growth opportunities in the forestry industry. At the same time it seeks to eradicate informal and illegal extraction and marketing of forest resources, as well as their serious economic, political and social consequences for the country.

The World Bank estimates that the cost of illegal extraction of timber-yielding products generates economic losses of over US \$5 billion annually. Yet another US \$10 billion in revenues are lost every year by producer countries as a result of crimes related to illegal extraction of timber. Illegal logging activities affect more than 70 countries, among them Brazil, Canada, Cameroon, Indonesia, the Philippines, Russia and Peru. Timber export statistics for Peru indicate that approximately 95% of the mahogany that leaves the country is extracted illegally.

Article 36 of Forestry and Wildlife Law No. 27308 stipulates that INRENA is responsible for assessing and monitoring the sustainable utilization of forest and wildlife resources under the current law. OSINFOR is charged with periodically supervising compliance with forest management plans by timber-yielding forest concessions nationally. The lack of implementation on the part of OSINFOR creates a monitoring vacuum with respect to the utilization of timber-yielding forest resources.

Article 37, Section 3 of the Law stipulates that the National Police of Peru (PNP) and their special unit provide support to the forestry and wildlife authority for the prevention, investigation and reporting of violations of the Law. It also specifies that regional and local government authorities, as well as the general population, should provide support to the competent authorities and facilitate its appropriate observance. Within 50 km of the borders, the Armed Forces provide support to the forestry and wildlife authority for the prevention and monitoring of activities contrary to or in violation of the Law.

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It is the policy of the Peruvian government to adopt special measures that ensure the protection of species of wild flora and fauna which, in accordance with the regulations, require such treatment because of their characteristics or situation. In keeping with international conventions recently adopted, mahogany (*Swietenia macrophylla*) has been listed on Appendix II of CITES (Article 22, Section 1 of the Forestry and Wildlife Law No. 27308).

The Regulations of the Forestry and Wildlife Law provide for the creation of a National Plan for the Prevention and Control of Deforestation. They further indicate that the process of deforestation in any wooded area is due, among other causes, to illegal logging for the extraction of timber and firewood, and coal production, as well as to over-exploitation of the forest in relation to the allowable production capacity of the forest.

As of 2001 implementation of the Forestry Law was begun, which made evident the existence of illegal logging previously not taken into account as a problem in the Peruvian Amazon, even when closed seasons already existed for certain species like mahogany (*Swietenia macrophylla*) and for all species of hardwoods from the dry forests of the northern coast of the country. On the other hand, since 1999 complaints have continued to be lodged by various towns and native communities regarding the invasion of their lands and the extraction of the timber they contain, as well as the opening of illegal roads and the resulting social conflicts. These factors revealed the existence of a mafia in timber-yielding forest resources which operates throughout the country and is supported both politically and economically by the major timber-exporting companies in the country. Economic interests of powerful groups involved were aligned, including ministers, congressional representatives, and regional and local authorities, to such an extent that the timber issue has become one of the main problems of regions such as Ucayali, Loreto, San Martín, Huánuco, Junín and Madre de Dios.

Given the complexity and multifaceted nature of illegal logging, the Multisectoral Commission on Illegal Logging was created on October 23, 2002, by means of Executive Order No. 052-2002-AG. This commission is charged with designing and implementing a strategy to fight against illegal logging, which involves the withdrawal of illegal forest extractors from reserved areas, forest concessions and lands of native communities. It is also tasked with proposing legal reform measures to penalize illegal logging, as well as the necessary actions to combat those who market illegally felled timber.

The Multisectoral Commission to Fight Against Illegal Logging is aware that the illegal extraction and trade of timber-yielding forest resources are occurring throughout the country. However, the magnitude of the volumes and environmental impacts, the *modus operandi*, and the socio-economic causes differ greatly depending on the type of forest, the uses and purposes of the wood, the socio-economic issues [involved], and the interests of companies and political authorities in each region. For example, the dry forests of the Northern Coast and the polylepis forests of the Interandean valleys are the most vulnerable and threatened ecosystems worldwide because of illegal logging. Nevertheless, the magnitude of the ecological impact on dry forests is almost surpassed by the socio-economic aspects of illegal and selective extraction of mahogany in the

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Peruvian Amazon. For these reasons, and given the need to implement a gradual national strategy, the Multisectoral Commission has deemed it necessary to develop strategic guidelines and implement concrete actions to mitigate the problem in two phases:

- Phase I: Report and National Strategy Against the Illegal Logging and Trade of Timber-yielding Forest Resources in the Peruvian Amazon, November-April, 2003.
- Phase II: Report and National Strategy Against the Illegal Logging and Trade of Timber-yielding Forest Resources on the North Coast and in the Peruvian Andes, May – November, 2003.

What follows is the presentation of the project: Report and National Strategy for the Eradication of Illegal Logging and Trade of Timber-Yielding Forest Resources in the Peruvian Amazon (Phase I), prepared by the Multisectoral Commission in compliance with Article 7 of Executive Order No. 052-2002-AG.

**Preliminary Report on the Illegal Extraction of Timber-Yielding Forest Resources in the Peruvian Amazon
2000-2003**

I INTRODUCTION

Peru contains 67.5 million hectares of highly biodiverse natural tropical forests; it is second in Latin America and eighth in the world with respect to wooded territory. It is considered the fifth largest exporter of timber in the world (FAO 2001). The forests of Peru are endowed with a great variety of ecosystems as well as being rich in wild fauna and flora. There are as many as 308 species of trees per hectare, many of which are not only valuable for their timber-yielding resources but are also prized for their genetic, medicinal, socio-cultural, ornamental and nutritional uses. These tropical forests help maintain large-scale ecological processes such as climatic and water balance, and aid in maintaining the nutrient cycle.

In the last 30 years, the forest sector has been poorly developed, principally as a result of the inadequate implementation of the now repealed Forestry and Wildlife Law No. 21147, in addition to which there were inadequacies in the law itself. This problem was exacerbated by ineffective management and monitoring of the natural resources by the responsible institutions, which led to the implementation of a large-scale, unplanned system of exploitation of the country's forest resources.

Forestry and Wildlife Law No. 27308, which was passed in 2000, aims to establish an adequate system of procedures for rational and sustainable forest management in keeping with the rights of the native communities and people in voluntary isolation. The system seeks to create growth opportunities for the forest industry in the country and, consequently, eliminate the illegal logging and trade of forest products which result in so many economic losses for the country.

II INFORMAL EXPLOITATION OF TIMBER-YIELDING RESOURCES IN THE PERUVIAN AMAZON

The forests of Peru are increasingly threatened by illegal logging in the Peruvian Amazon, as well as in the dry forests, the Interandean valleys and the high Andes. There are no exact figures regarding the percentage of trade in illegal timber from the Amazon, but according to several sources, it is estimated at 90% (Rumrill, *Revista de Caretas*, 2001). The magnitude of export volumes of mahogany is registered with Customs. Social processes associated with illegal logging, such as the unplanned migration of rural Andean populations towards the Amazon region and the clearing of forested areas to increase coca cultivation, are the main causes of the critical process of deforestation, which in Peru amounts to some 300,000 hectares per year, or 725 hectares per day (INRENA, 1995).

The extraction of timber from the Peruvian Amazon is highly selective, mahogany and cedar being the species with the greatest market value. Selective extraction is due to

several factors: high demand for these woods by importing countries, and the limited dissemination by research institutes, universities and scientists of [information about] the existence of other good-quality woods with varied uses. Since loggers also go deeper into the wilderness to seek out mahogany and cedar, the cost of transportation and lodging in the woods increases; therefore, it isn't worth logging "less valuable" species, since that would not cover the necessary transportation and other costs of logging.

[GRAPH: Mahogany Exports in Peru, 1993-2002]

1. International Background

The growing demand for mahogany is due to the fact that Peru's direct competitors are the Brazilian market, whose logging season is indefinitely closed, and the Bolivian market, whose marketable stands of mahogany have virtually disappeared from its forests.

The World Bank estimates the cost of illegal extraction of timber-yielding products at US \$5 billion annually in economic losses. Another \$10 billion in annual revenues are not received by producer countries as a result of forest crimes associated with the illegal extraction of timber. That illegal extraction affects more than 70 countries, among them Brazil, Canada, Cameroon, Indonesia, the Philippines, Russia and Peru.

[TABLE: Statistics on Mahogany Exports to the USA, in US \$]

| Year | Jan-June | Percentage Increase, Baseline 1999 in comparison with 2000 |
|------|----------|---|
|------|----------|---|

2. Overview of the Timber Industry in Peru

Although Peru has a huge forested surface area, on average only 1.36 m³/ha of timber are logged, accounting for only 1% of the Gross National Product (Rosmarino, 2001). This low percentage may also be due to the fact that the informal harvesting of firewood and other forest resources is not properly quantified in national records. Notwithstanding that tropical forests have a high forest potential with approximately 80 species of potential value for the country, mahogany (*Swietenia macrophylla*) and cedar (*Cedrela odorata*) are the species principally logged. These account for 90% of the timber exporting business, thereby limiting the other species.

There is an extensive network of corruption in this sector, which allows for ongoing forest exploitation as timber extraction is carried out in natural protected areas, native communities and forest concessions. Also involved in this are the 1000-acre contracts which have always been run by a select group of large-scale loggers. In addition, there are fraudulent authorizations for the transport of forest products, which, as we have seen, can easily be extracted and then legalized. For example, in 2000 it was estimated that 50,000 m³ of mahogany were extracted from Madre de Dios, and this laundering of timber generated approximately \$22 million on the international market. A similar

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occurrence took place in 2002 in the province of Tahuamanu, also in the department of Madre de Dios (ACCA, 2002).

It is important to note that the wood is exported as sawn wood rather than made into furniture, flooring, parts and pieces, etc. This yields little for the Peruvian economy and generates few jobs, given the lack of value added in this sector. This in turn is reflected in the negative trade balance resulting from a larger import amount compared to exports.

[TABLE : Portion of Various Timber-yielding Products in the Forest Sector Economy
(In thousands of US\$)]

GROUP [left-hand column] Jan-Sept.

Sawn Wood

Furniture and Parts,

Partially Manufactured Products

Plywood Boards

Manufactured Products

Sheets and Veneers

Fibre and Particle Board

Roundwood

Firewood and Charcoal

Overall Total

{GRAPH: Trade Balance for the Timber Industry 1990-1999}

3. Characteristics of the Informal Domestic Timber Trade.

The timber trade is based mainly on a feudal economy, where small-scale extractors are equipped with machinery and money so as to quickly extract forest timber and then sell it to major exporting companies at minimal prices. In order to perform small-scale extraction, informal loggers or extractors go into areas not authorized as protected areas, native community lands, forest concessions, etc., with an entire team of laborers and machinery. This requires a high level of investment and spurs rapid extraction, as well as an effort to cut as many trees as possible so as to recover the capital invested more rapidly. It should be added that labor in the forest is cheap and receives no benefits or recognition of labor rights by the companies.

The forest sector typically grants areas of 1000 hectares, each with the aim of encouraging extraction, thereby leading to forest degradation without any medium- or long-term plan. With the new Forest Law No. 27308, a series of changes has been established, such as the concessions system, by means of which it is sought to insitutionalize the integrated management of forests and put an end to illegality.

III IMPACTS OF ILLEGAL TIMBER EXTRACTION IN NATURAL PROTECTED AREAS, CONCESSION AREAS AND INDIGENOUS LANDS IN PERU.

The illegality and deforestation brought about by illegal logging are the cause of great damage to the Amazon ecosystem, and undermine the integrity of the indigenous groups which often find themselves in voluntary isolation. This activity affects forests in numerous ways: disturbance of habitat, changes in the water cycles, disturbance of ecological processes such as seed dispersal, and natural regeneration. This is not only due to the indiscriminate logging of trees, but also to all the activities generated by this business, including setting up camps and building roads, which increase the migration of settlers who want to set up by the roadsides. Hunting and fishing are also affected as a result of the pollution of the waterways and the inappropriate use of land (crops).

[GRAPH: Deforestation in Peru, 1985-2002]

These impacts are not limited to the areas designated as such as those of Raymondi, Iparía, Atalaya, Coronel Portillo in Ucayalí and Convención in Cuzco. The impact is also felt in Natural Protected Areas such as Pacaya Samiria National Reserve, Manu National Park, the Alto Purus Reserved Area, the Community Reserve of Amarakaeri, the National Park of Biabo-Cordillera Azul, Matias-San Carlos National Forest, among others, and in indigenous territories like the State Reserve for Nahua Kugakapori Populations and the State Reserve for Indigenous Peoples in Voluntary Isolation in Madre de Dios, as well as forest concessions in Permanent Production Forests. Illegality is widespread in different regions such as State Reserves for Indigenous Peoples in Voluntary Isolation in Madre de Dios, Ucayalí, Loreto, Ayacucho, San Martín and Junín. In Madre de Dios, for example, there are problems with ethnic groups such as the Nahua, Mashcopiro and Amahuacas, who are threatened by disease, abduction of their women, and violations of their territories and natural resources.

[In box]:

Case Study: The State Reserve for the Nahua Kugakapori People

Created by Ministerial Declaration (No. 00046-90-AG/DGRAAR) on February 14, 1990, the Nahua Kugakapori is a state reserve for ethnic groups of the Kagakapori and Nahua (Yora), who live in voluntary isolation. The multisectoral coordination for the defense of the rights of indigenous peoples in voluntary isolation and limited contact is under the aegis of CONAPA (National Commission for Andean, Amazon, and Afro-Peruvian Peoples), with various legal loopholes in the management and protection of natural resources in those reservations. Those areas are currently being overwhelmed by illegal timber extraction at the hands of settlers from the area of Sepahua. It is known that approximately 100,000 feet of timber are extracted annually from the Nahua territory, in addition to which there is an enormous impact on the fauna as a result of indiscriminate hunting. Given the contact with the settlers, native peoples are being affected by the probability of disease contagion.

IV, EXPORT COMPANIES OF TIMBER-YIELDING PRODUCTS

The four largest logging companies in Peru in terms of volume of exports are Maderera Bozovich S.A.C., Maderera Vulcano S.A.C., Industrial Ucayalí S.A.C., and Exportimo S.A.C. With the exception of Exportimo, these companies are family-owned and base their business on family relationships, friendship and political interests. In this case, the heads of family, not the board of directors, make the important business decisions. They maintain business relations with US and European importers, who impose trade rules for the export of timber. Approximately 90% of the sales of the first three companies are based on mahogany exports.

Source: Customs 2002 (until March 2002)

[TOP TABLE: Mahogany Export Companies in Peru (US\$), 1995-March 2002

[LOWER TABLE: Principal Export Companies of Sawn Mahogany (in thousands of US\$)]

Maderera Bozovich SAC, mainly exports sawn wood (81%); followed by semi-manufactured products (16.5%), as well as leaves, veneers and sheets, and plywood.

Madera Vulcano SAC and Procesos Industriales Madereros SAC, of the Balarín group, are in 2nd and 3rd place respectively, the entirety of their exports being in sawn wood. Their principal markets are the United States and Mexico, with an increase in sawn wood volumes of mahogany, cedar, and cumala.

Exportimo, principal exporter of wood furniture, has consolidated its place in the North American market after 14 years in business, with finished furniture, parts and pieces.

Industrial Ucayalí SAC, Triplay Enchapes SAC export wood veneers and plywood (Triplay), sold principally to the Mexican and Venezuelan markets.

Desarrollo Forestal SAC almost exclusively exports cumala wood to the Mexican market from the Pacaya Samiria National Reservation, as is the case with Alpi Rosa SAC and Consorcio Maderero SAC, whose principal market for sawn wood is the United States.

Forestal Industrial Yavari SA exports sawn wood to Mexico and wood molding to the US.

[FIGURE: **PRINCIPAL TIMBER COMPANIES**]

Most of the mahogany exports from Peru leave through the Port of Callao bound mainly for North America, Mexico, Hong Kong, the Dominican Republic, and others. Consumers purchase this wood for its durability, attractive color, and sturdiness.

[TABLE: **Principal Markets (in thousand of US\$)**]

[FIGURE: **Principal International Markets**]

The largest mahogany buyers to the north include: BTP Inc., The Rex Lumber Company, Alan McIlvain Company, Aljoma Lumber, DLH Nordisk, Maderera Gutiérrez y Hernández LTDA, Valiente Fernández S.A., Intercontinental Hardwoods Inc., J Gibson McIlvain Company, Robinson Lumbre Co. Inc., Thomson Mahogany Company, among others.

The major companies in the country have numerous ways of extracting timber from the forest, relying for this on different *habilitadores*, or outfitting merchants, such as:

- Miguel Tuesta (outfitted by Bozovich): buys mahogany in Pucallpa above the market price in Lima so as to monopolize sales (Sale price in Pucallpa: 7.40 S/ per board-foot (a); Sale price in Lima: 7.30 S/ per board-foot (a)). Payments are made on the spot and in cash. In addition, there are sale conditions imposed such as buying long wood (over 5 m. in length).
- Leovigildo Guzmán (outfitted by Bozovich): extracts wood from the river basins of the Tamaya, the Imiría, and the Putaya. He has two auxiliary sawmills for the “laundering” of electrically sawn wood. It is known that the Guzmán brothers also work in the Alto Ucayali and Orellana. The volumes extracted from October to December 2002 exceeded 200,000 board feet of mahogany.
- Inversiones HST and SANRA Inversiones: Concessionaires that have opened up an illegal highway for the logging of timber in the Alto Purus National Park. It is known that they have been outfitted by the Bozovich group, from the Inuya River area. They have two tractors and 14 extraction teams.
- Alan Shipper: logger in the Tahuamanu River area, outfitted by Bozovich and also has people working for him. 90% of the wood in the Iberia district winds up in his warehouses. Shipper is very influential with Mr. Vigo, who is a logger representative in this area. He outfits Rafael Ríos to stir up demonstrations against the forest concessions process of. His advisors include: Federico Ríos, Estrada Tuesta, and Bocanegra. He is part of the network of corruption that was under the Iberia Committee for Reforestation in 1999 and 2000.

V. MECHANISMS FOR THE PURCHASE OF TIMBER AND FOREST TRANSPORT PERMITS

The major timber companies, exporters of sawn wood and parts to the United States, Europe and Japan, buy wood from the primary and secondary processing industries (brokers), which in turn buy it from outfitting merchants and/or contract-holders of 1000 hectares (known as *testaferros*). The wood is illegally logged in the wilderness

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by the outfitted loggers and by some members of the indigenous communities of the Amazon.

The illegally “outfitted” loggers enter Natural Protected Areas, native communities, and some national reserves designated for ethnic groups, and in recent months, have gone into concessions granted in Buena Pro in the departments of Madre de Dios and Ucayali, mainly to log mahogany trees, after which they prepare and stockpile the lumber. Other loggers bring the illegal timber to towns and cities, deliver it to the *habilitadores* and are immediately outfitted with machinery and money, and return once again to the forest. It should be pointed out that when they return to the forest to do illegal logging, they always carry firearms. These loggers know the risks involved and are aware that they have little to lose, since the resources they use for the illegal logging are not their property; they also know that they stand to gain if they go through with the sale of illegal extracted timber.

The delivery of timber to the cities is generally done at night, on weekends or holidays, given that during those days and times surveillance by the relevant authorities is minimal.

As for the extraction of timber from the native communities, while on the whole it is carried out against the will of the inhabitants, there are reports of involvement of indigenous members in the illegal activity

There are different ways to obtain the forest transport permit in order to make the timber legal. One way is through the purchase of the permits from contract-holders (*testaferros*), who still have remaining amounts of timber to transport and who fill out the information on the permit as if the wood were already removed from the concession areas. It should be noted that DU No. 031-2002-AG authorizes concessionaires with forest contracts granted in 2000 and which expired in June of 2002, to transport the remaining logged timber from the forest until March 31, 2003. It is clear that this timber has been recently logged in other areas and is stockpiled for subsequent trade.

Another method consists of the use of false contracts, with no verification of the authenticity of the information by INRENA personnel.

In many cases, timber is logged and cut into planks with power saws, then laundered in portable sawmills right there in the forest and sent by river to the cities, where a forest transport permit is obtained despite clear indications that the wood was power sawn (illegal timber).

Another means of laundering timber is sending the loaded timber trucks to purchase the forest transport permit, which they request for a certain volume. Since for various reasons the inspector may not properly measure the volume of the wood, or may tend to alter the volumes, the offender, having loaded excess wood, manages to transport a greater volume than what is accounted for in the permit. Often, too, trucks carrying

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wood of the screw tree also haul camouflaged mahogany, but only request a permit for the screw tree wood, and therefore mahogany gets through illegally.

VI REPORTS ON ILLEGAL LOGGING

Ucayali:

- Manantay stream (presence of a portable sawmill belonging to the Peru Timber Land Company – Bozovich Consortium, with drying ovens owned by Leo Guzmán).
- Laguna Imiria (stockpiles the timber that comes down from the Tamaya Basin).
- Azuaya River, in an area called “la poza,” [translator’s note: “the pool”] in the Iparía district where the Fernando Stahl Native Community is located (native member Milton Silva is in charge of stockpiling and marketing the wood both in the community as well as in the Sira community reserve); the wood is then sold to Pedro Martínez. For this purpose they have a 1000-hectare contract.
- The Sheshea and Cohengua basins.
- Basins of the Inuye, Mapuya rivers (timber from Cujar, Nahua Kugakapori Reserve and the northern sector of the Manu National Park. There are reports of a “laundering” station.
- Caco Native Community, where there is a sawmill controlled by Clodomiro Trauqui (ex PNP).
- Between August 3 and 5, 2002, in the Caco Native Community, at a distance of 50 meters from the “V y V Maderas” sawmill, property of Lextaime Vásquez Pizango, 12,424 board feet of lumber that had been power sawn was seized. During the same dates, at the mouth of the Sheshea River, 19,022 board feet of mahogany was seized that had apparently been laundered in a portable sawmill which was found dismantled on the day of the action.
- The Paititi Native Community is extracting timber from the CCNN Sawawo, Hito 40, under an timber extraction contract in the name of Mario Hart. The Mashansha streams are being utilized for this purpose.
- The Sepahua River, where between November 2001 and February 2002, loggers had transported timber illegally obtained from the interior of the Nahua Kugapakori Territorial Reserve. The individuals involved are:

Humberto Santillán Tuesta
Jose Gonzales Macedo
German Tuesta Fernández

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Percy Rojas Paredees

According to reports, close to 300,000 cubic feet of timber were supposedly transported to the city of Pucallpa.

- The Sapoena stream, which in the rainy season is a good access route to Ucayali, so as to avoid the spots at Puerto Alegre (Tamaya River) and Vista Alegre (mouth of the Pachitea River).
- The Tarahuaca, San Alejandro and Santa Ana streams, which flow into the Aguaita [*sic*] River with a final destination at the port of the Curimana district. Shipments of the power sawn wood leave this port bound for Lima in trucks which arrive at night. It is known that the lupuna timber that comes down the streams mentioned above is carried along the Aguaytia [*sic*] River until it empties into the Ucayali River, and from there it is transported by boat to the city of Pucallpa.
- The Tamaya River, where a group of people were spotted moving planks of mahogany. It was later learned that these were boats with Brazilians who were bringing wood to Pucallpa and that this was not the first time they were engaging in this activity. In addition, this area is full of former drug traffickers who now control the timber trade, and are extremely dangerous individuals.
- Members of the Nahua Santa Rosa de Serjali Native Community complained in November 2002 that once again illegal loggers are entering the reserve; until now the timber has not been moved to the following people: Humberto Santillan, Ronald Huatangari and Enrique Castillo.
- According to information provided, the only possible way out for timber from the Nahua Kugapakori Reserve is by river. Any timber leaving the area necessarily passes, in the order indicated, through the control posts of Sapahua, Atalaya, Azuaya, Vista Alegre, Bahía and Pucallpa.
- Leaders of native communities in the Territorial Murunahua Reserve are authorizing the Venado Forest Company to extract resources from its territories.
- In the Murunahua Territorial reserve there are three companies working at the headwaters of the Yurua, in the Dorado stream (Ochoa, Venado and los Mexicanos).

Madre de Dios

- In 1999 a complaint was lodged against the Tahuamanu Industrial Company for the illegal extraction of mahogany in off-limits areas, a measure that led to the seizure of 59,000 cubic meters of timber valued at 30 million dollars. The wood

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- was illegally extracted from 100,000 forested hectares in Iberia and Inapari, and not only from the contract area of 1000 hectares.
- Around November 2001 (after October 31 of 2001)--the deadline for moving timber out of the forest)--15 to 20 canoes per day moved up and down the Tahuamanu River (associated with APEMIB, APEMAT-Calcín and APEMAT-Cárdenas). It was estimated that in the Permanent Production Forests in that area, there were 800 sawmills, with approximately 4000 people.
 - In May 2002, it was reported that the Empresa Forestal Colorado 2 (“EMPOFOC DOS”), Inversiones Maderera Bajo Colorado (“IMBACO”), Maderera Forestal Bajo Pukiri (“MADECOBP), Maderera Industrial Isabelita (“EMINI”), and MADREACRE, had illegal loggers who were removing wood in some of the concessions they were granted.
 - The partners of MAFOPUNCHI, EMPEFOC II and ESPERANZA, located between the Inambari and Madre de Dios rivers receive death threats from illegal extractors.
 - Mineros de Huypetue does not allow work in the Esperanza concession.
 - Leonidas Quispe had a criminal complaint brought against him by the representative of the Monte Salvado Native Community for indiscriminately logging mahogany trees within that community from September to October 2002. This individual was helped by 15 people who, in addition to introducing sawmill equipment and power saws to community territories, were armed with breech-loaders.
 - Bajo Colorado became the new trade hub for mahogany in July 2002.
 - The Tahuamanu River, where people associated with Alan Shipper work. He is outfitted by Bozovich, and 90% of the timber found in Iberia winds up in his warehouses, given his strong ties with Mr. Vigo, the loggers’ representative in the area.
 - Newman Lumber Company is a silent partner of the Empresa Industrial Maderera Tahuamanu E.I.R.L. This joint venture is among those which encourage illegal logging in the areas of Iberia Inapari.
 - In May 2002, the managers of the MADERACRE and MADERYJA companies reported the involvement of the company Industrial Victoria S.A.C. (*testaferro* de Yaco Tahuamanu – Newman Lumber Co.) in illegal extraction of timber from within the concessions.
 - The Tahuamanu, Piedras, los Amigos and Manuripe rivers are areas where indiscriminate logging is occurring.

**NATIONAL STRATEGY FOR THE ERADICATION OF THE ILLEGAL
EXTRACTION AND TRADE OF TIMBER-YIELDING FOREST RESOURCES
IN THE PERUVIAN AMAZON**

PHASE I

GENERAL OBJECTIVES:

1. To eradicate illegal logging and trade of timber-yielding forest resources in the national territory, in accordance with the legal code in effect.
2. To ensure the physical and legal rehabilitation of timber-yielding forest concessions, especially in cases of invasions and illegal timber extraction; to maintain compliance with the General Forest Management Plans on the part of concessionaires.
3. To ensure protection for and integrity of the territories of the native populations in voluntary isolation, and respect for the lands of which native communities are titleholders.
4. To ensure protection for the timber-yielding forest species whose natural stands are threatened or vulnerable, in accordance with the species conservation status established by INRENA, CITES and UICN.
5. To strengthen the principles of authority and respect toward the government bodies charged with monitoring situations of illegality and corruption arising from the illegal extraction and trade of timber.

SPECIFIC OBJECTIVES:

1. Support institutional strengthening of the Forest Authority at the national and regional levels for the establishment and implementation of a National Strategy for the Eradication of Illegal Extraction and Trade of Timber-Yielding Forest Resources in the Peruvian Amazon.
2. Establish a Forest Monitoring and Surveillance System for Peru that can manage in a comprehensive manner the geographic inspections and the legal and administrative mechanisms to ensure the legal provenance of timber-yielding forest products.
3. Establish and implement mechanisms for cooperation and exchange of information between the Forest Authority, different government entities (Attorney General's Office, Ministry of the Interior, local and regional governments,

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- Customs, and others), and international organizations (CITES and INTERPOL), for the development of joint projects aimed at curbing illegal logging and trade in the forests of Peru.
4. Establish and implement mechanisms for cooperation between the Forest Authority and civil society in order to collaborate in curbing illegal logging in the forests of Peru, especially in those areas of forest utilization by local communities themselves (forest concessions, local forests, community reserves, native communities, among others).
 5. Promote the development of State policies aimed at eradicating illegal logging and trade of the country's timber-yielding resources, and, at the same time, complement them with policies promoting sustainable forest management and the protection of Peru's forests.

SCOPE OF ACTION FOR A NATIONAL STRATEGY:

- * Protected Natural Areas
- * Permanent Production Forests
- * Forests for future utilization and forests on protected lands
- * Territorial Reserves for Indigenous Peoples in Voluntary Isolation or in Limited Contact
- * Native Communities
- * National and international markets
- * Primary and secondary processing facilities (sawmills, factories, warehouses, and others)
- * Government institutions: INRENA, SUNAT, PNP, CUSTOMS, and others
- * Border areas: Peru-Brasil, Peru-Bolivia, Peru-Colombia

METHODOLOGY:

One of the main concerns of the Multisectoral Commission at the outset of its work to fulfill the mandate that brought it about is to ensure that the proposed National Strategy Against the Illegal Extraction and Trade of Timber-Yielding Forest Resources take into account the complexity of aspects involved in this situation, and that it propose comprehensive action based on objective analysis of reality, mitigating those factors and circumstances which generate or contribute to the institutionalization of illegal logging.

The proposed strategy derives from the prioritization of critical aspects resulting from a FODA analysis of socio-political and institutional aspects of the forestry sector, and of the players and procedures [involved] in two concrete stages of the chain of production for timber: utilization and trade. It further seeks to develop state policies aimed at eradicating illegal logging and trade of forest resources in the country through the

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implementation of policies that foster sustainable forest management with a direct impact on the socio-economic growth of local populations involved in the activity.

The strategy proposes concrete activities in five arenas of action:

- Institutional Strengthening and Policy Development
- Research and Legal Counsel
- Monitoring and Oversight
- Fostering Sustainable Forest Management and Communication
- National and International Trade

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[TITLES AND EXCERPTS FROM APPENDICES]:

Appendix IV:

Preliminary Identification of Areas Showing Illegal Extraction of Timber-Yielding Forest Products in Permanent Production Forests of Peru

Appendix V:

Map of Native Communities and State Reserves for Indigenous Populations in Voluntary Isolation or in Limited Contact Threatened by the Presence of Illegal Extraction of Timber-Yielding Products in Peru

Page 59 Title:

State Reserve for Indigenous Populations in Voluntary Isolation of Madre de Dios

Appendix VI:

Conference: “Notes on the Social Impact of Illegal Logging on the Indigenous Peoples in Voluntary Isolation of the Peruvian Amazon”

Page 62, Two paragraphs:

In the second half of the 20th century, eleven ethnic groups belonging to seven linguistic families have died out, either physically or culturally, and another eighteen groups and sub-groups belonging to five linguistic families are in danger of following in their footsteps. Among these can be found the majority of groups today in a situation of isolation.

At the beginning of the 21st century, there were ten indigenous peoples in the Peruvian Amazon, ten ethnic groups belonging to two linguistic families in isolation and/or limited contact. For five of these groups, there are no adequate ethnographic descriptions; there are only estimates, some of them rather unreliable, regarding their possible demographic composition and the number of their small settlements. Almost all these groups are located in the southern forests of the country, and they are divided among the regions of Cusco, Madre de Dios and Ucayali. It is important to note that some of their settlements are temporary, since a number of the groups move according to seasons from one

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headwaters to another, using drydocks as interconnecting routes between basins. Most of these groups live in two vast areas:

[Groups of the Arahuc family: in the area formed by the headwaters of the Ticumpinia, Timpia, Camisea, Manu, Pakiria and Serjali rivers, where a number of those headwaters link different basins by means of drydocks.]