

Illegal logging and international trade in mahogany (*Swietenia macrophylla*) from the Peruvian Amazon

Prepared by

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May, 2007



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ACKNOWLEDGEMENTS

The present investigative work was carried out thanks to the constant and valuable support of RAINFOREST FOUNDATION NORWAY, by Anders Krogh and Nils Hermann Ranum, support which allowed the development of a very professional research report. AIDSESEP's support should not be forgotten, particularly the PIAV-CI project, where the collaboration of Jorge Payaba and James Matos was fundamental during much of the process of investigation. The close and intimate advice from Ari Hershowitz of NRDC, enabled this work to reach new levels, her direct and relevant suggestions helped in dealing with a tricky and controversial topic, like illegal logging. The helpfulness of SA CITES was essential to providing the best vision of the true scope of the subject of implementing Appendix II with mahogany in Peru, where Engineer Ignacio Lombardi's orientation about this subject was very useful and helpful. We would like to thank the support of organizations such as Parkswatch, organisms like OSINFOR, institutions like IIAP and INRENA and, in general, all of the people that, in one way or another, participated in the creation of this report, which is the result of the combined work of many people.

GLOSSARY OF ABBREVIATIONS AND TERMS

- AIDSESEP: Interethnic Development Association of the Peruvian Rainforest.
- Annual cut plot: Areas into which a forest concession or native community is divided to organize each year's yield.
- CCNN: Native Community.
- COATCI: Commission for the Fight Against Illegal Logging. Belonging to INRENA.
- Harvest time: Period when extraction activities are carried out in the forest. These generally coincide with the dry season (lack of rain) and from the month of May from one year until April of the following year, in other words, it does not coincide with a calendar year.
- IFFS: Forestry and Wildlife Superintendence. Belongs to INRENA.
- INRENA: National Institute of Natural Resources.
- Line 343: Southern border of the Territorial Reserve Madre de Dios, in favor of indigenous communities in voluntary isolation.
- MA CITES: Management Authority CITES, represented by INRENA in Perú.
- MDC: Minimum diameter of cut. Measurements smaller than this, extraction is prohibited by law. Each commercial species has a MDC established.
- OSINFOR: Regulatory organism for logging concessions. Belonging to INRENA.
- PIAV-AIDSESEP: "Project for the Protection of People in Voluntary isolation and Initial contact. Executed by AIDSESEP.
- POA: Annual Operative Plan. Document presented by the concessions and native communities defining the area to be exploited each year, the species to be extracted and the yield volumes, among other things.
- Removal units: Areas from where the forest resources are extracted. The phrase "simple removal units" is used to define the areas of

extraction where forestry practices that guarantee the ecological recovery of the forest are not used.

- SA CITES: Scientific Authority CITES, represented by the Agrarian University of La Molina in Peru.

EXECUTIVE SUMMARY

The present investigative work proves that there are illegal logging activities going on in the Peruvian Amazon, taking species of high commercial value, mainly mahogany (*Swietenia macrophylla*) and Spanish-cedar (*Cedrela odorata*). This illicit work is mostly being carried out inside protected areas and territorial reserves granted to indigenous people in voluntary isolation. This illegal logging endangers the stability and equilibrium of the fragile forest ecosystems of the Amazon, by using harvesting techniques that do not involve the basic concepts of sustainability and low impact on the forest.

The incursions of the illegal logging groups into the territorial reserves granted to indigenous people in isolation represent a grave danger for the survival of these indigenous groups, placing their physical integrity and even their lives at risk. There are several reports that testify to encounters between illegal loggers and isolated indigenous people, encounters that often have invoked a logically hostile response by these indigenous groups, who are defending their territory and resources. Every year, AIDESEP receives reports about killings perpetrated against the isolated indigenous people. We cannot go without mentioning that disease contagion from foreigners also constitutes an eminent risk for the isolated indigenous people, since they lack an immune system that is sufficiently developed to combat the simplest diseases.

The Convention on the International Trade of Endangered Species and wildlife (CITES), of which Peru forms a part, demands for the export of any species included in Appendix II, the issue and presentation of an export permit, which will be granted only when the Scientific Authority (SA) of the exporting state, has shown that said exportation will not represent any harm to the survival of the species, in this case, mahogany. In order to do this, it is necessary for the SA CITES to elaborate certain guidelines for safe harvest. However, to date, said guidelines have not been created. The SA CITES argues that the terms of reference that should be used in the formulation of the guidelines for safe harvest, have not yet been designed or approved by CITES, thus, there is currently no basic framework for this topic. In addition, the SA CITES does not have the tools to monitor the entire chain of custody of the mahogany from the forest (stump or tree), to the final consumer. Thus it cannot be guaranteed that the volumes of mahogany that are exported from Lima's ports were extracted from the forest following sustainable criteria and without affecting the survival of the remaining populations of this species. The relationship between scientific and administrative authorities of CITES is not a close and efficient one, to the contrary, there is evidently a clear separation between them.

In formulating the national quota for mahogany exportation for the year 2007, the MA CITES only took into consideration the recommendations made by the SA CITES. One aspect that was not taken into account was raising the minimum diameter of cut (MDC) from 75 cm to 120 cm, in order to harvest the older individuals and foster the recovery of the younger individuals, which would help the mahogany species survive over time. The SA CITES made the recommendation to not export a volume greater than 1200 mahogany trees for the present year; however, the volume approved for the export quota for the

present year represents a harvest of 1600 individuals, that is to say, 400 additional trees whose extraction will accelerate the upset of the ecological balance of this species. These 400 additional trees mean 33% more individuals than the number that the SA CITES recommends be harvested.

During the years of 2005 and 2006, the MA CITES designed and carried out inspections in order to verify in the field, the volumes of mahogany and Spanish-cedar declared by the POA's (annual operative plans) for concessions and native communities. Out of all of these inspections, 72% showed irregularities of some kind. That means that 72% of the POA's evaluated presented nonexistent volumes or over estimated volumes of mahogany and Spanish-cedar. Currently, the forest concessions and native communities that incurred these infractions are being observed, investigated or have already been declared terminated by OSINFOR or by the IFFS, depending on the case. However, the POA's evaluated correspond to previous years and most of the volume had already been moved, therefore the ecological damage had already occurred.

OSINFOR, after the information from the inspections of Spanish-cedar and mahogany carried out by CITES, administrative processes were started that are unique to the logging concessions that presented some type of irregularity, causing the closure of many of them. However, most of these concessions had already moved volumes of mahogany. During 2005, 1079.76 m³ of mahogany coming from concessions that are now closed (for not being able to justify where they obtained this volume) and 2891.93 m³ coming from forest concessions that are currently being investigated for the existence of indications of termination (unique administrative process). For 2006, there are 854.83 m³ and 2621.996 m³, respectively. That is to say that during the years of 2005 and 2006, 3971.69 m³ and 3476.276 m³ of mahogany were moved whose origin could not be justified by the owners of the concessions that extracted said resource. In other words, said volumes were approved in unauthorized zones by the Peruvian State, for commercial forest activities, such as natural protected areas and territorial reserves granted to indigenous people in voluntary isolation. The mahogany extracted illegally was later laundered in order to enter into the formal circuit and be sold and exported with the CITES license.

Likewise, during the year of 2005, a total of 2940.578 m³ of mahogany came from forest concessions that are currently closed or with unique administrative process in OSINFOR and from native communities observed by the IFFS. The legal origin of this volume could not be verified, thus revisiting the topic of the illegal logging within territorial reserves and natural protected areas, the wood is laundered with the documents from another contract or permit that does not present irregularities and in this way, the wood becomes "legal". This shows that volumes coming from illegal logging continue to be exported, in spite of all of the regulations of CITES.

The Inter-American Commission on Human Rights, in the face of the serious threat of the illegal logging of mahogany for the survival of the people in voluntary isolation, the Peruvian State demanded that the pertinent injunctions

in order to guarantee the respect of the lives of these isolated indigenous groups that live in the Peruvian Amazon.

Lastly, the subject of illegal logging has also been addressed by democratic congressmen of the United States Congress, who have drawn up new demands and have presented a Legal Project to prevent the Free Trade Agreement (TLC) with Peru from being ratified if the Peruvian government does not guarantee the compliance with these international standards on the environment and the protection of biodiversity, specifically on the subject of illegal logging.

INTRODUCTION

The subject of illegal logging in the Peruvian Amazon, mainly of mahogany, is a problem that includes various aspects and repercussions. The illegal logging is being carried out within a context of rural poverty with few opportunities for the local population to have an income and employment, combined with a worldwide demand for valuable wood and an acute institutional weakness for combating it.

Among the environmental repercussions, is the devastating harm for forest ecosystems and their role in regulating the environment, the change in the hydrological cycles and the alteration of ecological processes. When extracting a resource as valuable as mahogany, the illegal loggers do not bother with repairing the damage caused to other forest species, the natural regeneration of these or the special care that should be taken around the water bodies of the Amazonian forest. The modification of the forest is another important topic, not only from logging but from the installation of camps, the construction of roads and other things. All of these activities usually mean the use of heavy machinery to such an extent that large roads are built and wide clearings open in order to carry out the necessary activities for harvesting forest species. Also, this drastically reduces the commercial value of the forests due to the selective and unorganized cutting, where only the species with the greater commercial value are extracted. These activities do not meet the minimum criteria for sustainable harvest, which should be a priority during the planning stage as well as during harvest in the forest.

On the other hand, because it is an informally activity, the Peruvian State is missing out on important quantities of money from taxes that are not being paid, which means a substantial deficit in income that could be used to benefit the entire nation. Without a doubt, this illicit activity produces an important loss in the biological biodiversity through the profound negative impact that it represents for the forests, and thus a fundamental subject exists on this point. The Amazonian forest is not an uninhabited place, it is home to people that depend almost exclusively on the different resources for survival, from timber and non-timber resources to wildlife, for example; these resources sustain the daily lives of these indigenous populations.

However, it should be mentioned that within these indigenous populations, as well as those native communities that are established as such (and often linked in one way or another to these illegal activities), there are those that are called people in voluntary isolation. These people of indigenous origin that live apart from society, are the most vulnerable in the presence of illegal logging activities, since not only does this restrict their access to their only and indispensable resource that the forest represents for them, but it also endangers their lives from the occasional encounters with the groups of loggers that enter the rainforest to extract this valuable resource.

Mahogany is a resource that is becoming rarer, and within the forested areas that the Peruvian State has designated for commercial harvest of forest resources, this species has an extremely low density, and is nonexistent in

some cases due to the excessive and disorganized extraction which has been occurring since the last century. This situation means that loggers, economically supported by groups with power whose only interest is to profit from the Peruvian forest, go further and further into more remote areas, where it is still possible to find significant populations of mahogany. But most of these places have not been set aside by the Peruvian State for commercial harvesting of forest resources, and most are found within territorial reserves granted to indigenous people in voluntary isolation or natural protected areas, that have a very restricted access and restricted development activities.

An article published by ALVAREZ (2005), summarizes, in an informative and clear manner, the various effects of illegal logging, such as the impact to the natural environment, the harmful effect on the indigenous populations, the abuse of power, the repercussions on the fauna in the area, and others. SCHULTE-HERBRUGGEN & ROSSITER (2003), carried out a thorough investigation about the impact of illegal logging on the wildlife along the Las Piedras River in Puerto Maldonado.

Precise data are not available to know quantitatively exactly what the real magnitude of this illegal activity is. But some experts, working with information coming from operations like those carried out by COATCI, calculating a number between 80 and 95% of the total hardwood extracted from the Peruvian rainforest. This information comes from the count of the number of logging camps and from the personnel per camp (direct counts and from their proportional distribution), as well as from the quantity of wood extracted per camp, collected through interviews with loggers (Group Working on Illicit Crops and Illegal Logging, 2005). In a report by the World Bank (2006), using indicators like the differences between the balance of supply and demand of wood, import and export statistics, price trends, estimates of the change of forest cover, among others, assert that Peru has one of the largest percentages of illegal logging in the world, with 90%, together with Cambodia.

METHODOLOGY

The present work of investigation about the illegal logging of mahogany in the Peruvian Amazon is a review of different bibliographical sources such as field investigations, newspaper articles, work documents, various publications and different types of information about this subject.

Names and contract numbers of the different forest concessions were collected from OSINFOR, those that this organism has already declared terminated or those that are in a unique administrative process from having found indications of termination. Among these indications is having presented false information on their POA's and having moved large volumes of mahogany that cannot technically be justified that they were extracted from their concession or from their parcels for cutting that correspond to the harvest season for that year.

It is also important to mention the information provided by these distinct non-governmental organizations and people that in one way or another are linked to the subject of illegal logging, with who interviews were conducted and constant communication via telephone or internet.

1. The effect of illegal logging on the isolated indigenous populations.

The indigenous groups that live avoiding any contact with any member of the national society, depend exclusively on the resources provided them by the Amazon rainforest. Due to their nomadic or semi-nomadic nature, they continually move from one zone to another looking for food or shelter, therefore their area of influence is not limited to a fixed territory, but covers areas that correspond to their constant cycle of migration. The pressure and harassment that this type of population has been subject to, has been due to the need to enter their territories looking for resources that are in high demand in the market. It is due to this that these isolated groups end up taking refuge in the headwaters of the rivers and in areas that have difficult access, some of them have been identified and declared as Reserves for the indigenous people in voluntary isolation by the Peruvian State.

Unfortunately, as the years pass, the quantity and density of mahogany has continually decreased, thus the illegal loggers move into more remote and distant areas in search of this valuable species. On moving into these remote areas, they move into the territories inhabited by isolated indigenous groups, producing unfortunate armed confrontations that often become slaughters that put the survival of some of these people at great risk and the total annihilation of others. SCHULTE-HERBRUGGEN & ROSSITER (2003), in a study carried out along the length of the Las Piedras river, Madre de Dios, they documented a minimum estimate of 18 independent encounters and most of them occurred between January and June of 2002, promoted by the large demand for mahogany in the international market. This same study reports that 92.2% of the mahogany loggers that work along the tributaries of the Las Piedras river, have gone into the areas reserved for isolated indigenous people to work, which represents a grave danger to the life of these individuals, not only from possible armed confrontations, but also due to their insufficient immune systems. BEDOYA & BEDOYA (2005) mention that a very significant number of illegal logging activities are being carried out within areas that belong to native communities or to reserves inhabited by isolated indigenous people, constituting a grave danger for their survival, ideas which have also been affirmed by HUERTAS (2002).

FAGAN & SHOOBRIDGE (2007) make reference to violent encounters between illegal loggers and isolated indigenous people in the upper region of Purús and its tributaries, mentioning, for example, that since 2002, four violent encounters were reported in the area of the Territorial Reserve Madre de Dios, along the Piedras River, with the death of people on both sides. Since 2004, the records of armed encounters have increased, and since this time, four loggers have died and there is no official number of isolated indigenous people that have died.

Organizations like AIDSEP and Survival International, report that every year, isolated indigenous people die due to encounters with foreigners (mostly illegal loggers that enter into the territories of these isolated tribes), be it a consequence of armed confrontations or from being exposed to diseases from which their immune systems have not developed the appropriate defenses. David Hill, a field worker from Survival International, traveled for research purposes to the Peruvian Amazon (to the most remote regions of the Las Piedras, Yurúa and Curanja rivers) and reports that the illegal logging of mahogany wood is the principal threat in the regions inhabited by indigenous people that have not been contacted.

It is due to this that the Inter-American Commission on Human Rights (CIDH) in March of the present year, made the decision to demand that the Peruvian State adopt immediate preventative measures in favor of the isolated indigenous people. The CIDH made this decision due to the illegal logging of mahogany in sectors belonging to the Territorial Reserve of Madre de Dios granted to people in voluntary isolation and its surroundings, which represents a grave danger to the lives and physical integrity of these indigenous groups.

2. CITES AND ITS ROLE

2.1 Generalities of CITES

The Convention on the International Trade of Endangered Species of wild flora and fauna (CITES) constitutes an international agreement signed by the governments of different countries with the object of guaranteeing that the international trade of animal and plant species does not put the sustainability of these specimens at risk in their ecosystems of origin. This trade takes many forms, from living animals and plants to a wide variety of products derived from wild life.

Conceived within a framework of international cooperation, CITES currently provides different levels of protection to 30,000 species of animals and plants and includes 169 members, whose voluntary adherence to the convention has gradually increased from the start of the agreement in March of 1973 and which came into force in July of 1975.

There are three different levels of protection that the convention uses to monitor the international trade of threatened species; these levels are called Appendices (I, II and III). Species that are included in Appendix I are those in clear danger of extinction and the trade of said species is only authorized on exceptional occasions. The species that are found within Appendix II, are not necessarily in danger of extinction, but their trade should be monitored so that the survival of these specimens is not put at risk. Appendix III includes species that are endangered at least in one country, and that country requests that the other nations collaborate in controlling trade. The population of mahogany was included in Appendix III by Costa Rica in 1995, followed by Bolivia and Brazil (both in 1998), Mexico (1999), Peru (2001) and Colombia (2002). Finally, this species was included in Appendix II in 2003.

2.2 Guidelines for safe harvest (non-detriment finding)

According to the resolutions of CITES, and according to that stipulated in article IV of the Convention, the export of any species included in Appendix II, like mahogany, requires the issuance and presentation of an export permit, which will be granted only when the Scientific Authority (SA) of the exporting state has shown that this export will not harm the survival of the species (non-detriment finding) and that an Management Authority (MA) of the exporting state has verified that the specimen was not obtained in violation of the current legislation of said State on protection of flora and fauna.

In order to ensure that the trade of species included in Appendix II does not endanger their survival, guidelines for safe harvest need to be developed, through the use of which, the SA CITES guarantees that the export of the species in question, mahogany for the purposes of this report, will not have a negative effect on the survival of this species in its natural environment.

However, the SA CITES in Peru (represented by the National Agrarian University La Molina) has not designed said guidelines, and has not given a favorable report on the sustainability of mahogany in its natural environment if these levels of exportation continue. In other words, the MA CITES in Peru (INRENA) has granted permits for the export of mahogany without a favorable report from the SA, which represents the only assurance of a sustainable and ecologically safe harvest, which is a clear violation of the resolutions of CITES.

It is at this point that a question arises: why has the SA CITES in Peru not produced the guidelines for safe harvest, which are an obligatory requirement for the issuance of the export permits? There are several answers to this question. In the first place, the SA CITES in Peru asserts that the terms of reference for the elaboration of said guidelines have not been constructed nor approved as of the present date, meaning that there is not a consensus about the criteria to be used in the elaboration of the guidelines. This shows certain signs of not meeting the requirements of the convention by not considering this topic a priority, and fundamental to ensuring the sustainable harvest of mahogany. However, the SA CITES has continually been sending recommendations to the MA CITES about the mode of harvest that should govern the extraction of mahogany and has presented a report that contains the preliminary results of a study that has been carried out in the Peruvian rainforest about the populations of mahogany and the unique characteristics of this species, a topic that will be addressed below.

In second place, the reports or guidelines on safe harvest should be complemented with a follow up on the entire chain of custody, in other words, with the monitoring of the species from the stump or tree within the forest, to its mobilization to ports for export, even reaching as far as the consumer. This is the opinion of the SA CITES and it is also a recommendation published in a document produced by TRAFFIC International (2006). Verifications of volumes of mahogany only from the field, declared by the concession owners and native communities, are insufficient to assure a sustainable harvest of the resource, as will be seen below. There are certain ecological aspects related to the intrinsic nature of mahogany that are not taken into account by the MA CITES at the time of calculating volume, but that are mentioned by the SA CITES as essential points. Among these ecological aspects, are the thickness of the bark, the number of holes in the interior of the trunks of the mahogany trees and tapering coefficients. All of these let the logger obtain a margin of volume that is used to launder mahogany wood coming from illegal logging. On the other hand, it is necessary to carry out an organized and systematic record of the exact number of boards that each tree produces and follow up on them through marks made on them. The purpose of this is to assure that a product that has already been cut has come from an identified mahogany tree, thus guaranteeing a correct monitoring of the chain of custody. This last point has been expressed by the SA CITES to the MA CITES without receiving a positive response, in spite of being the institution in charge of governing such measures. When dealing with elements like cut wood, it is impossible to guarantee in the port before being exported, that said wood comes from forests managed under the concepts of sustainable harvest, this can only be achieved with an efficient monitoring of the chain of custody, fundamental tools that the SA CITES

currently lacks. The SA CITES has proposed that the national export quota for mahogany be divided among the regions that certainly contain this resource or even better, that each concession owner and native community that proves to have mahogany in their contracts or permits, is granted an individual quota. This has yet to be debated although it could help the follow up of the chain of custody.

Third, to prepare a report about safe harvest, a close cooperation is necessary between the authorities of CITES in the country. Unfortunately, if this doesn't occur in Peru, where the SA CITES is not consulted by the MA CITES in regards to the technical aspects and many of the recommendations made by this entity are not taken into account, which is clearly shown by the establishment of the national export quota for mahogany in the current year of 2007. It is vitally important that both authorities work together and in permanent communication in order to carry out an adequate job.

It is true that in the second meeting of the Work Group of mahogany, held in Brazil in 2003, showed that the elaboration of the guidelines for safe harvest for each export is not imperatively necessary if the exporting country voluntarily establishes an annual export quota as a tool for guaranteeing a sustainable harvest and trade of the resource. But the definition of the annual export quota for mahogany in 2007, is immersed in irregularities of different kinds (as will be seen below), causing a debate on if it will truly allow a sustainable and responsible management of the mahogany in order to assure the survival of the species. In this context, the guidelines for safe harvest continue to be fundamental elements in this process.

3. The national quota for exportation of mahogany 2007

The national quota for export of mahogany for 2007 is more than 13,476 m³. The following recommendations made by the SA were taken into account by the MA CITES in Peru (INRENA) in order to establish this quota:

- To allow only allow regions to extract mahogany that have more than 2000 trees and in areas with a population density of this species greater than 0.005 trees per hectare. That means one tree every 200 hectares.
- To prohibit the export of mahogany coming from agricultural estates, public auctions or rewards.

INRENA used the following components for determination of the quota mentioned:

- Mahogany wood coming from POA's from 2006 (annual operational plans) approved and verified in the field.
- Mahogany wood coming from POA's 2006 approved but still subject to verification in the field prior to export.
- Mahogany wood coming from POA's 2006 that have not been approved or verified.

Out of the recommendations made by the SA CITES to INRENA, not all were taken into account, and some are of vital importance to ensure the survival of mahogany within the Amazonian forest ecosystems. For example, in October of 2006, in a letter to INRENA (APPENDIX 1), the SA CITES suggested raising the minimum diameter of cut of mahogany (MDC) from 75 to 120 cm, since there are a smaller number of individuals with diameters less than 75 cm. In a report elaborated by the SA CITES, that combines preliminary results from a study titled "Evaluation of the market stock and strategies for the sustainable management of mahogany" carried out by the National Agrarian University La Molina through the Faculty of Forestry Science, states that the proportion of trees that are found with less than 75 cm at diameter at breast height (DBH) is 34% versus 66% of individuals larger than this number. This makes this population not sustainable over time and it is completely necessary to reorganize the mahogany harvest in order to assure that the population with smaller DBH's be greater than those with larger DBH's. Therefore, in the same report, the SA CITES proposed that the MDC be raised to 120 cm, which would assure that 62% of the population would be under this diameter, thus guaranteeing the sustainability over time of said species.

Unfortunately, INRENA did not take this recommendation into account, alluding to arguments that were not completely clear (since some POA's with a MDC of 75 cm had already been approved). What cannot be denied is that said

measure will drastically reduce the legal volume of mahogany to be extracted and then exported. This would cause a lot of suspicion since INRENA has not considered a proposal that will negatively affect the loggers and wood exporters, but it would allow a reorganization of the mahogany harvest and would thus help perpetuate this species over time and space.

One more example of the lack of coordination between the authorities of CITES, INRENA arbitrarily and unilaterally published the Administrative Decree N° 347 approving the national quota for export of mahogany in 2007, in December of 2006, while the report prepared by the SA CITES (previously mentioned) that presents the preliminary results from the study called "Evaluation of the market stock and strategies for the sustainable management of mahogany" was going to be and was presented in January of 2007. That is to say, INRENA established an export quota for the present year based on its own criteria and on the letters sent by the SA CITES up to last year, however they knew about the existence of this report prepared specifically for INRENA with the purpose of providing the basic preliminary tools for the establishment of an export quota that will not cause a harmful harvest of mahogany and that matches the national legislation in effect in regards to this topic. In this report, the SA CITES exposes important points, such as the increase of the MDC, the form and volume (this point shows how to launder wood for decreased estimates of volume), state of the mahogany population and natural regeneration. On the other hand, according to that expressed by the SA CITES, the quota approved by INRENA for 2007 is equal to an approximate number of 1600 mahogany trees, while in his report, the SA recommends that the quota does not exceed 961 ± 144 trees, with some adjustments (considering the natural regeneration), 1200 examples. That means that there are 400 additional trees whose harvest will gravely accelerate the instability of this resource in the Amazonian rainforest and that represents 33% more individuals than those recommended by the SA CITES to be extracted annually.

On observing the components used by INRENA in the establishment of the export quota for the present year, there is no explanation for why the information was not taken into account from the POA's for 2007. As is evident, the information used comes from POA's belonging to 2006, which is why it gives the impression that more than a quota for 2007, it is a movement of balances from the quota from 2006. There is great uncertainty in the forestry sector about the procedures to follow with the volumes of mahogany presented in the POA's for 2007. This is all due to INRENA's inefficiency in approving and verifying the POA's within the proper time frame, which is why the export quotas have to be formulated using volumes that are still not approved and/or verified, creating distrust in the forestry sector of the country.

The only way to reduce the ecological impact on a forest species and its environment, after extraction, is by implementing suitable work techniques, such as forestry practices. The SA CITES mentions (in a personal communication and in a conversation about the export quota for mahogany in 2007, carried out in March of this year) that forestry practices have not been implemented in the best manner in the elaboration of the POA's, in other words, the necessary measures are not being applied to assure the recovery of the species and the

annual cut plots are being harvested as simple “removal units”. Thus there is a demand that the necessary forestry practices be implemented as an indispensable requirement in the approval of the POA's. Table 1 shows the contrast between the different recommendations made by the SA CITES for establishing the national export quota for mahogany from 2007 and the measures taken by INRENA.

Table 1. Recommendations by the SA CITES and INRENA's decision for establishing the annual export quota for mahogany 2007.

Recommendations by the SA CITES	Measures taken by INRENA	Agreement between authorities CITES
Consider the thickness of the bark, the number of holes in the interior of the trunk and a tapering coefficient in the estimates of volume.	In the estimates of volume, only height and diameter were taken into account.	No
Allow extraction of mahogany only in the areas that have more than 2000 trees.	Only regions with more than 2000 individuals were considered.	Yes
Allow the extraction of mahogany only in areas whose population density of this species is greater than 0.005 trees per hectare (1 tree every 200 hectares)	Only regions that had a population density of this species is greater than 0.005 trees per hectare.	Yes
Prohibit the export of mahogany coming from agricultural estates, public auctions or rewards.	It is not allowed to export volumes of mahogany coming from agricultural estates, public auctions or rewards.	Yes
Raise the MDC of mahogany to 120 cm.	The MDC of the mahogany is still 75 cm.	No
The volume of mahogany exported annually should not exceed 1200 individuals.	The export quota for mahogany for 2007 is equal to a harvest of 1600 trees.	No
The annual export quota of mahogany should not exceed the sum of the volumes declared in the POA's verified.	The volumes declared in the POA's for 2007 were not considered in establishing the export quota for mahogany for 2007.	No
Only mahogany coming form managed forests should be exported.	Only forestry concessions and native communities with general management plans and POA's that are approved or to be approved (upon verification) are considered.	Yes
The programming and execution of forestry work should be obligatory in the process of approval and implementation of the POA's.	The implementation of forestry activities in the POA's are not supervised.	No

4. The national quota for export of mahogany in the years 2005 and 2006

During the years 2005 and 2006, up to date technical tools were not available that could have given a reliable and true idea about the ecological situation of the mahogany populations at a national level. The recommendations by the SA CITES were based on old inventories and on extrapolations that only gave an idea that was not very true to reality. The SA CITES proposed that wood not be exported that came from auctions or agricultural estates, and the establishment of a quota taking into account the production capacity established in the general plans of forest management and in the approved POA's, and should not be greater than this sum (LOMBARDI, personal communication, 2006), recommendations that were taken into account by INRENA. The national export quota for mahogany that was approved by the MA CITES for 2005 and 2006 was of 23,621 m³ and 23,239.57 m³, respectively.

In this situation of lack of information and uncertainty, INRENA based the establishment of the export quota for mahogany mainly on the volumes declared in the respective POA's by different concessions and native communities. However, the great majority of these POA's presented fraudulent and distorted information (as will be seen further on), which permitted the illegal logging of mahogany and its later laundering for sale. In other words, it was declared that there were significant volumes of mahogany or Spanish-cedar in the annual cut plots to be harvested. Unfortunately, these volumes were nonexistent or overestimated, which allowed the loggers to harvest mahogany from prohibited zones and then make it look like they came from their own contract or permit, through a really well structured system of wood laundering.

This means that the quotas established during 2005 and 2006 were not adjusted to reality, since they were based on false data, like those reported in many of the POA's presented during these years. The later field inspections were conducted by INRENA, OSINFOR and many of them under CITES direction, which were done to inspect the volumes of mahogany and Spanish-cedar declared, and could have clarified this topic, but only up to a certain point which will be explained later on.

5. Results of the field inspections of mahogany volumes during 2005 and 2006

During the years of 2005 and 2006, the Administrative Authority of CITES in Peru (INRENA), carried out field inspections in order to corroborate the volumes of mahogany and Spanish-cedar that had been declared by forest concessions as well as by native communities. But these inspections were done to inspect past POA's, that is to say, those from 2004, even some from 2003; wood which had already been cut and in many cases moved and exported. For example, several of the inspections implemented during 2006 sought to verify volumes declared on POA's corresponding to time periods between 2004 – 2005, which were useful in penalizing those guilty of laundering wood, however, the ecological damage is already done. This is why the present document reiterates the need for INRENA to approve the POA's within a proper amount of time and executing the necessary field inspections to guarantee the veracity of the information presented by the loggers.

Table 2 shows a summary of the results from the field inspections carried out by INRENA and CITES during the years of 2005 and 2006; the whole table can be seen in (APPENDIX 2).

Table 2. Results of the evaluations by CITES during 2005 and 2006

Period	Region	Situation	
		In agreement	With irregularities *
2005	Madre de Dios	18	8
	Ucayali	3	11
	Loreto	0	16
2006	Ucayali	1	14
	San Martín	0	8
TOTAL		22	57

* Unique administrative processes observed in OSINFOR or in IFFS

We can see in this Table that 79 field inspections were made in concessions as well as native communities by INRENA and CITES, only 22 inspections were favorable, meaning that 72% of the POA's that were verified presented fraudulent information that has been proven or that is currently under investigation. This fraudulent information ranges from inventing a non-existent volume, or overestimate a volume, and the volumes illegally extracted were laundered in order to be sold and then exported. Paradoxically, with these data as a primary reference, the export quotas from the years 2005 and 2006 were approved as mentioned in point 4 of the present report. In establishing a quota for 2007, INRENA has considered the volumes approved and verified, as well as those approved and not approved pending verification, however INRENA will

not authorize exportation until all of the pertinent field inspections have been carried out.

THE POA'S AND THE UNTRUE INFORMATION THAT THEY PRESENT

In April of 2006, a group made up of members of the MA CITES (INRENA) and the SA CITES went into an annual cut plot from the third harvest season (2005-2006) to verify the truth of the volumes of Spanish-cedar and mahogany presented by the concession of FORESTAL GHIRE SAC. Of the total number of individuals of mahogany and Spanish-cedar chosen for verification, the group did not find any examples. They also did not find any proof that any harvesting activities or inventories were carried out in the area at all. Nevertheless, the concession mentioned had moved, up until April of 2006, 115,083 m³ of mahogany, in other words, 99% of the volume of mahogany approved by INRENA for this concession (which was 115,88 m³), according to the data presented in the respective POA. Currently OSINFOR is investigating the concession of FORESTAL GHIRE, for moving wood that does not come from their concession, meaning that they have begun a unique administrative process, which could determine their posterior closure.

Something very similar occurred with the concession “Inversiones Forestales Juan Jose SRL”, which after a field investigation of the volumes of mahogany and Spanish-cedar carried out in July of 2005, it was concluded that the concession mentioned could not justify the movement of 119.99 m³ of mahogany. Since the information presented in the respective POA is false, and declares volumes much greater than those available in the field, OSINFOR declared this concession closed in 2006.

The systems for laundering wood coming from illegal logging are a reality in the country. For example, in a document issued by the AFOL (Forestry Association of Loreto), a guild that combines the main concession holders and individuals involved in forestry issues in the region, estimates that 95% of the forestry production from Loreto come from illegal logging (APPENDIX 3).

6. The sanctioning role of OSINFOR

It is also important to mention that the strict investigations carried out by OSINFOR of many timber concessions, thanks to the work inspections carried out by this same organism and also by INRENA and CITES.

Reviewing the information that are offered by the managerial decisions of OSINFOR, it can be seen that the timber concessions that were declared closed by this organism in 2005 and 2006, managed to move, during 2005, 1611.582 m³ of mahogany and in 2006 a volume of 854.28 m³ of this same species.

Likewise, the timber concessions against whom OSINFOR has initiated a unique administrative process (meaning that an investigation has been opened to determine if there is proof or reasons to declare them closed), during 2005 and 2006 moved volumes of mahogany that surpassed 2891.93 m³ and 2621.996 m³, respectively.

This data shows that, during 2005, a total of 3971.69 m³ of mahogany was moved that did not come from the areas granted to the concession holders for the sustainable harvest of this species, and possibly came from natural protected areas, from territorial reserves granted to people in voluntary isolation, from areas not designated by the Peruvian State as forests of permanent production, or in the "best case scenario", from areas belonging to annual cut plots whose harvest was not programmed for the year that they were worked. However, the most probable cases are the first two scenarios. Something similar has occurred for 2006, with a total volume of 3476.276 m³ of mahogany moved. These quantities clearly show that volumes of mahogany have been moved from illegal logging activities during 2005 and 2006. These volumes were not extracted from areas designated for commercial harvest and it is logical to assume that they have entered into the formal market of mahogany (through laundering of the wood), even reaching the point of being exported. This places the survival of this species in its natural environment in danger, due to the unsustainable harvesting practices that characterize these illegal logging activities.

The forest concessions involved in these irregular actions have already been closed or are being investigated by OSINFOR (and could be closed if the charges against them are proven). However, due to the verifications made in the POA's which have been done months or years before, these volumes coming from illegal logging have already been moved and sold in the exterior market, not to mention the severe ecological damage that this represents for mahogany and for the forest ecosystems, a disorganized harvest and not taking into account the basic criteria for sustainability.

Thus the declarations of a CITES representative are worrisome and disconcerting, the representative was in Peru carrying out a mission verifying the Peruvian advances in the matter of protection of mahogany. This representative asserts that the Peruvian authorities are fulfilling their

international obligations in the matter of protection of forests that contain mahogany within the country, and that there has been a decrease in the illegal logging of this species, emphasizing that the support of the international community is needed. Likewise, representatives from the Agency for International Development (USAID) and from the Spanish Agency of International Cooperation (AECI) reconfirmed these declarations. All of this took place within a meeting with representatives from countries and institutions cooperating with Peru, called by INRENA. This situation shows that the delegates of the international community are not aware of the amount of illegal logging of mahogany, or of the irregularities in the administration of this resource.

7. The illegal logging of mahogany and its export to the international market

The large companies that export mahogany depend on the forest concessions and native community that provide them with this valuable resource even though some of these large exporters also have their own contracts for forest concessions. However, many of these “providers” have already been declared closed, have administrative processes opened by OSINFOR or have been observed by the Forestry and Wildlife Superintendent, this last case for the native communities. Table 3 is a summary of that mentioned above for the year of 2005. The complete list is found in APPENDIX 4.

Table 3. List of companies that export mahogany and total volumes of wood exported coming from concessions and CCNN and volumes that present irregularities in 2005.

Exporting company	Total volume exported (m ³)	Irregularities in the origin of the wood	
		Volume with irregularities exported (m ³)	Proportion of the total
MADERERA VULCANO S.A.C.	2 252.51	307.959	13.67
MADERERA BOZOVICH S.A.C.	5 185.34	315.699	6.09
PERU TRADERS INC. S.A.C.	869.88	172.425	19.82
RAMIRO EDWIN BARRIOS GALVÁN	768.45	232.797	30.29
PACIFIC COAST LUMBER S.A.C.	297.03	42.238	14.22
LUMAT MADERAS SAC.	664.19	73.791	11.11
INDUSTRIAS BLANCO SAC.	813.69	262.212	32.23
MADERERA ROSA FE SAC.	46.56	12.99	27.90
TRANSFORESTAL CCC. SAC.	2 916.60	306.861	10.52
COMERCIAL JR. MOLINA S.A.	3 298.16	411.088	12.46
SOUTHAMERICAN HARDWOODS SAC.	1 987.01	219.71	11.06
MADERERA JUANJUI	1 106.66	105.353	9.52
PROCESOS INDUSTRIALES MADEREROS SAC.	359.22	37.799	10.52
A&A INVESTMENTS PERU SAC	112.50	35.745	31.77
ESPECIALIDADES EN MADERAS SAC.	112.94	35.161	31.13
CONSORCIO MADERERO	829.99	223.897	26.98
TROPICAL TIMBER GROUP SAC	73.14	12.898	17.63
MADERAS EXIMPORT R&C S.C.R.L.	159.88	99.79	62.41
MADERERA VH INTERNACIONAL SAC	196.34	2.693	1.37
ARBE LUMBER SAC.	87.12	29.472	33.83
TOTAL	22 137.20	2 940.578	13.28

As can be seen in Table 3, there is 2940.578 m³ of mahogany, whose providers (CCNN and concessions) are not in the position of showing the legal origin of this wood, and currently are being observed with unique administrative processes or already closed. This volume represents 13.28% of the total

exported by the companies listed in Table 3 in 2005 and 12.45% of the total volume of mahogany exported in this same year. In 2005, a total of 24 companies exported mahogany to different destinations in the world, out of which 20 companies obtained this product from concessions and CCNN that have presented some type of irregularity (Table 3). This means that only 16.67% of the companies that exported mahogany in 2005 dealt with providers that had carried out a timber harvest following the demands of the national legislation on sustainable forest management. In other words, during 2005, Peru exported 2940.578 m³ of mahogany coming from illegal logging. Nevertheless, this figure is the minimum amount exported illegally using the most conservative data. In practice, the volumes exported coming from illegal logging could be much greater, due to the not so transparent management of some investigations by the local technical administrations.

It is necessary to emphasize that, in spite of all of the regulations and resolutions of CITES and that stipulated by the national legislation of Peru regarding the management of natural resources, volumes of mahogany coming from completely illegal origins are being exported. Looking at Table 3, it is evident that part of the amounts exported by the companies mentioned comes from forest concessions and/or native communities that are not able to justify the legal origin of certain volumes of mahogany, meaning that they cannot prove that the mahogany wood was extracted from within the interior of their own contracts or permits. This shows that volumes of mahogany that was illegally extracted entered into the legal chain of business through laundering of the wood for its later export into the international market.

CITES stopped inspections in 2006, and so the execution of these verifications are under the responsibility of the technical administrations of each region. These local inspections represent the main source of information about irregularities in the implementation of the POA's. OSINFOR as well as the Forestry and Wildlife Superintendent depend on this information to initiate the pertinent investigations, although in some cases, verifications are carried out through their own initiatives and are called trade inspections.

Unfortunately, the local verifications operate under alarming levels of corruption, approving nonexistent volumes of mahogany. This is why INRENA should contract out the field inspections to a third party to verify the volumes of mahogany, Spanish-cedar and other species, delegating these functions to NGO's or the like, that could occupy this function with complete transparency and efficiency. Another option would be the separation of rivalries between INRENA (through the Forestry and Wildlife Superintendent and the local technical administrations) and OSINFOR, which is currently being dealt with.

In spite of the figures shown, some of the companies listed in Table 3 continue exporting mahogany wood in the present year as can be seen in Table 4.

THE FIELD VERIFICATIONS OF THE LOCAL TECHNICAL ADMINISTRATIONS OF INRENA.

During the months of January and February of 2006, Engineer. César Cerdán, who prepared this report, was working in the Forestry Technical Administration of Atalaya (Ucayali, Peru) and witnessed situations that were not at all transparent in regards to certain field inspections by this technical administration for verifying the volumes of mahogany and Spanish-cedar. Some of those in charge of carrying out these verifications issued favorable reports supporting volumes of mahogany in areas where this species did not exist or has already disappeared, favoring some concession holders in disregard to the damage to the sustainability of the forests. The suspicious agreements were evident between some people that worked in this technical administration and certain loggers in the area. These irregularities went further than the verifications, they were also evident in the management of forestry control, mainly in regards to the river, where volumes that did not have a legal origin were transported without consequence, to cities to be converted and marketed.

Table 4. List of companies exporting mahogany during 2007

Date export permit was expedited	Exporting Company	Product	Destination Country	Export solicited (m ³)	Exports accumulated to present date (m ³)
26/02/2007	MADERERA JUANJUI SAC	Cut Wood	US	30.947	30.947
02/03/2007	MADERERA JUANJUI SAC	Cut Wood	US	18.235	83.879
09/03/2007	MADERERA VULCANO SAC	Cut Wood	US	29.969	143.146
12/03/2007	PACIFIC COAST LUMBER SAC	Cut Wood	England	30.642	173.788
12/03/2007	MADERERA JUANJUI SAC	Cut Wood	US	15.303	189.091
12/03/2007	SOUTH AMERICAN HARDWOOD SAC	Cut Wood	US	169.173	358.264
02/04/2007	MADERERA JUANJUI SAC	Cut Wood	US	32.886	391.150
02/04/2007	MADERERA JUANJUI SAC	Cut Wood	US	72.469	463.619
03/04/2007	PACIFIC COAST LUMBER	Cut Wood	US	89.920	553.539
03/04/2007	SOUTH AMERICAN HARDWOOD SAC	Cut Wood	US	28.324	581.863
13/04/2007	SOUTH AMERICAN HARDWOOD SAC	Cut Wood	US	56.800	638.663
13/04/2007	MADERERA JUANJUI SAC	Cut Wood	US	60.007	698.670
24/04/2007	TRANSFORESTAL CCC. SAC	Cut Wood	US	48.1068	746.777
25/04/2007	LUMAT MADERAS SAC	Cut Wood	US	55.409	813.390
03/05/2007	PERU TRADERS INC SAC	Cut Wood	US	28.557	841.947

A preliminary report about the illegal extraction of timber resources in the Ucayali region (Regional Government of Ucayali, 2005), mentions that the mahogany exporting company BOZOVICH SAC, economically enables certain loggers to extract volumes of mahogany illegally. On the other hand, this same report indicates up to 16 zones that have reported cases of illegal logging, among which are the Inuya, Mapuya, Sepahua Rivers, the Imiria Lake and others. Although the data presented in the preliminary report are important, they should be taken with caution, since no clear proof were included that corroborate this information and the Regional Government of Ucayali have not initiated investigation of the case, in spite of this being a document they themselves prepared.

8. Harvest of mahogany in areas not designated for these activities

8.1 Extraction of mahogany in natural protected areas

It is public understanding that mahogany is continually decreasing in numbers, restricting its populations to remote and far off areas with difficult access. In a scenario where the large international demand for wood species of high value, like mahogany, motivates the poaching of wood, the illegal loggers do not only travel to far off regions for illegal harvest, but also enter into areas where the State has prohibited any type of commercial forestry activity, like in natural protected areas.

Within the natural protected areas, timber harvesting is not allowed, except in cases of subsistence purposes under specific conditions. This is because the action of harvesting timber from the forest produces drastic changes in the ecological structure of the forest habitat, even more so when selective logging is performed. These changes include the change of the basic architecture of the forest, changes in the plant structure, microclimates, available resources and impacts on the wildlife (Inter-american Development Bank, 2001). FAO (1990) calculated that in order to extract 1 m³ of wood from the Amazon rainforest, 7 m³ of vegetation are destroyed.

Illegal logging within the natural protected areas is a reality. In an investigation carried out by FAGAN & SHOOBRIDGE (2005) on the western and northwestern region of the National Park of Alto Purus, these authors found that the mahogany extracted from the western sector is laundered through the contracts of the concessions already established in this region, and that the supervision and monitoring by INRENA is deficient or nonexistent. They also concluded that the illegal logging of mahogany within the park exists. In a later study done by the same authors (FAGAN & SHOOBRIDGE, 2007), they carried out a more detailed investigation of the main access routes into the National Park Alto Purus, such as the Alto Purus and Curanja Rivers (northeastern sector), the Sepahua and Inuya rivers (western sector), the Las Piedras River (southern sector), the Tahuamanu River (western sector) and the Yurua River (northeastern sector). In this field work, they found that the mahogany had been extracted from areas within the park and from areas surrounding it, an action encouraged by the weak and controversial supervision and monitoring by INRENA.

There is quantitative data on the amount of mahogany illegally extracted from another natural protected area, the National Reserve Pacaya Samiria. The information presented in Table 5 is based on the transcription from radio transmissions from the park rangers of the reserve. It is presumed that the volumes extracted have been much greater, but these preliminary data should be taken and used with caution, since they are still being corroborated in the field by personnel from the reserve.

Table 5. Volume in m³ of mahogany and Spanish-cedar that were illegally extracted from the National Reserve Pacaya Samiria from 2005 up to February of 2007

Species	Volume (m ³)	Year		
		2005	2006	2007
Mahogany	Wood planks	1627.35	589.62	127.36
	Logs	600.47	-	-
Total Mahogany		2227.82	589.62	127.36
Spanish-cedar	Wood planks	47.17	424.53	94.34
	Logs	64.72	-	-
Total Spanish-cedar		111.89	424.53	94.34

It can be seen in Table 5 that during 2005, at least 2227.82 m³ of mahogany were illegally extracted from the National Reserve Pacaya Samiria, while in 2006, this number was 589.62 m³ and during the present year of 2007, 127.36 m³ of mahogany have been harvested through illegal logging. In other words, from 2005 up to the present date, 2944.8 m³ of mahogany have been illegally, an amount that came from the interior of the national reserved mentioned and this number could be much greater. As indicated in Table 5, Spanish-cedar is also a species that is being indiscriminately cut, putting the sustainability of this valuable resource at risk.

The volumes of mahogany mentioned have entered into the formal market through the system of laundering of wood, using the documents from concessions and/or native communities to “legalize” the volumes coming from illegal logging. It is not logical to think that the mahogany that was laundered was only sold in the internal market (at the national level); obviously these volumes were laundered to be exported to the international market where the prices are better. All of this is in violation of that demanded by CITES and national legislation to assure the conservation of the species of mahogany, which is alarmingly vulnerable, due to the great demand for this valuable resource in the markets of the USA and Europe.

This all shows the inefficiency, weakness and even corruption that reign within INRENA. It is incredible that the illegal loggers continue plundering the rainforests of the Peruvian Amazon shamelessly and without punishment, in plain view of the pertinent authorities. The proof and evidence exists, it is obligatory for the competent authorities to take the necessary measures to eradicate this plague of illegal logging that is threatening the sustainability of the ecosystems of the Amazon rainforests and the survival of the groups of people that depend almost exclusively on these valuable resources.

8.2 Extraction of mahogany within reserves created by the State for the protection of people in voluntary isolation

The territorial reserves created for the benefit of these people, are intangible in character, so absolutely no activities involving commercial harvesting of these resources is allowed (currently Law N^o 28739, Law for the protection of indigenous people living in isolation and during initial contact, has been put into effect to prevent the incursion of oil companies). Likewise, access into these areas is completely restricted.

However, it is a reality that cannot be denied that a large number of camps belonging to illegal mahogany loggers are found within the borders of territorial reserves granted to people in voluntary isolation. SCHULTE-HERBRÜGGEN & ROSSITER (2003), in the final report of a study carried out along the Las Piedras River and in the area of influence of the Territorial Reserve Madre de Dios, granted to people in voluntary isolation, in the region of Madre de Dios, identified a total of 261 logging camps in Las Piedras, out of which, 224 were located within the territorial reserve mentioned. They also estimate a total number of 2286 loggers in this area. In addition, they have recorded encounters between loggers and isolated indigenous people within the reserve and armed confrontations in detriment to these indigenous groups.

FAGAN Y SHOOBRIDGE (2005 and 2007), also recorded incursions by loggers into the area of the Territorial Reserve Madre de Dios granted to people in voluntary isolation, through Purus and the Las Piedras River, with the purpose of extracting these valuable species, mainly mahogany. These authors also enumerate violent encounters between illegal loggers and isolated indigenous people, who confront the foreigners in self-defense, safeguarding their inalienable, ancestral and legal right to access the resources provided by the forest.

PINO (2004) led an investigation to identify and evaluate camps and trails of illegal loggers present along the Las Piedras River and its tributaries (Madre de Dios), in the Territorial Reserve Madre de Dios granted to people in voluntary isolation, and the National Park Alto Purus. This field investigation was carried out in three sectors: the sector North of the 343 line (Acre river – Las Piedras river), the sector South of the 343 line (Las Piedras river – Pariamanu river) and the sector of the Piedras river itself. Table 6 shows the number of camps and trails evaluated.

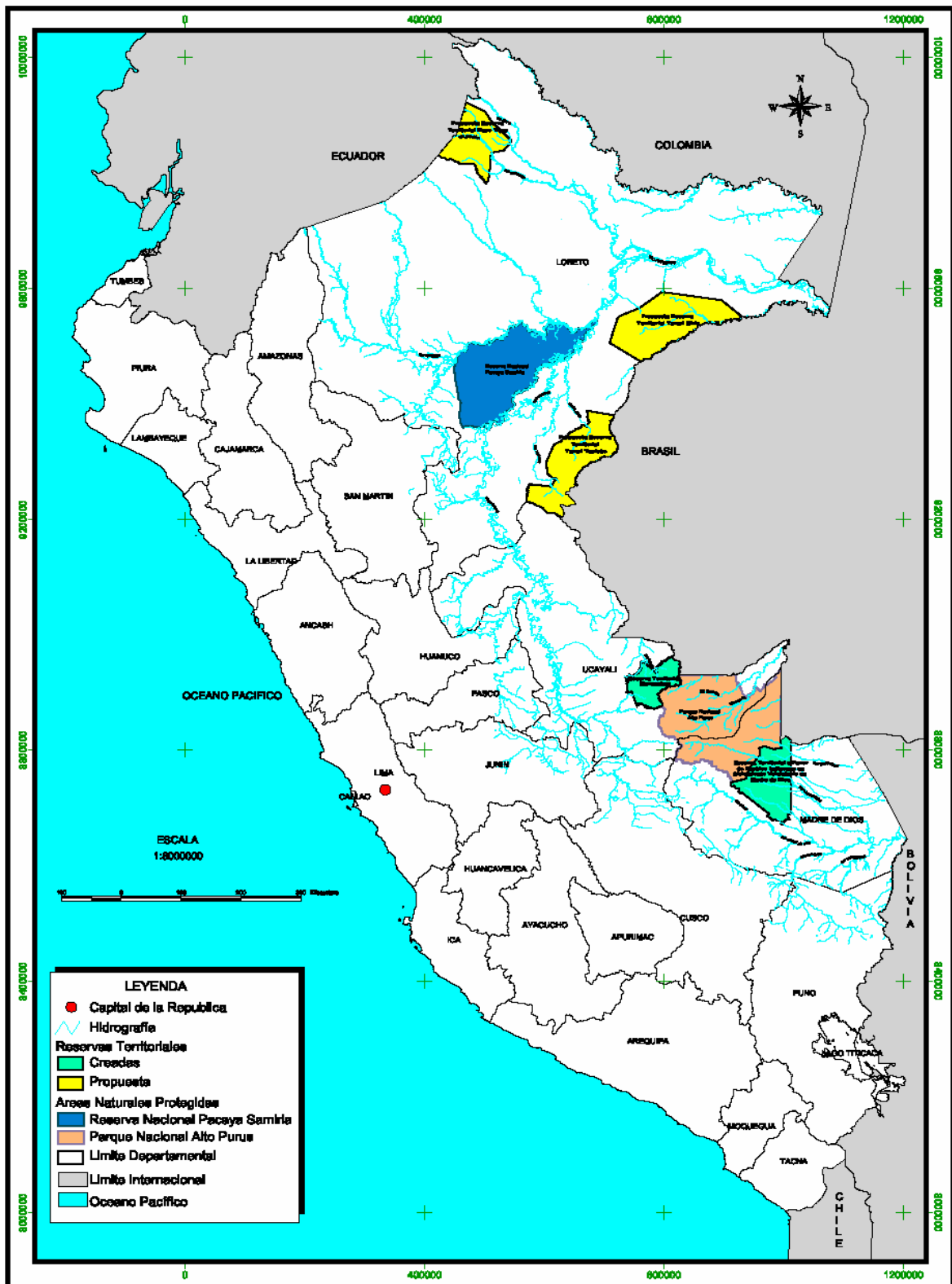
Table 6. Number of camps and trails in the area of the Territorial Reserve Madre de Dios

	Sector		
	North of the 343 line	South of the 343 line	Las Piedras River
Nº of camps	0	19	48
Nº trails	8	7	28

As can be seen in Table 6, the study shows the existence of 8 abandoned forest trails in the northern sector, thus concluding that there are currently no illegal logging activities in this area. The age of the trails found is between 2 and 3 years, with one about 6 years old that led toward the interior of the territorial reserve. In the southern sector, 19 camps were located, of which, 8 were found active and within the limits of the reserve; ages varied between 1 and 6 years, and 7 forest trails were found. In the Piedras River sector, 48 camps were found, of which, 7 were active; there were also 28 forest trails found. It also mentions that in the northern sector, a total of 10 rafts of mahogany were observed with cut wood, transported along the Piedras River, with an approximate volume of 118 m³. This wood came from the Territorial Reserve Madre de Dios. All of this information shows the enormous presence of illegal loggers in the area of the territorial reserve, who are dedicated to extracting species that are commercially valuable like mahogany.

The Territorial Reserve of Murunahua, granted to people in voluntary isolation, in the region of Ucayali, has been subjected to selective extraction of its resources by illegal loggers. The south-western sector of this reserve has suffered a systematic poaching of mahogany, with the illegal loggers moving into other areas of the same reserve, building roads and indiscriminately cutting this resource, so it can then be laundered and exported. This is corroborated by a report from the PIAV-AIDSESEP (2006) project, which stated that the illegal timber activity is occurring in at least 40% of the total area of this territorial reserve, with the sectors of the headwaters of the Mapuya River and the tributaries of the Yurua River the most affected. In this document, they also gather testimonies about the existence of an informal road used by the illegal mahogany loggers into the interior of the Territorial Reserve Murunahua. This road goes from West-Northeast through the middle part of the reserve. It also mentions the presence of activities dedicated to illegal extraction of mahogany that is characterized by being intensive and massive, with the use of heavy machinery (like tractors) and with an estimation of a population of 4,000 to 5,000 people working in the illegal logging of mahogany in the region.

Figure 1. Map of Peru indicating the places with illegal logging identified in this chapter.



A local newspaper (El Comercio, 2007) published an article that denounces a road through the forest that is 60 km long, built by the company Forestal Venao,

which is also being used to illegally extract mahogany trees from the interior of the Territorial Reserve Murunahua and surrounding areas (timber concessions and permits), using the laundering of the wood to get it into the formal business circuit (See Figure 1). The magnitude of the illegal logging of mahogany in this area is alarming, occurring from Atalaya and the Yurua River all the way to the border with Brazil, with the use of heavy machinery and specialized equipment to harvest and transport this resource. Likewise, numerous secondary roads have been built, which go into untouchable regions like the Territorial Reserve Murunahua granted to indigenous people in voluntary isolation. Edwin Chota Valera, president of the Association of Native Asheninkas Communities, denounced the existence of people enabling this activity in the area, meaning people that offer money to third parties to extract mahogany illegally.

Figure 1. 60 Km long road that facilitates the illegal extraction of mahogany in the Territorial Reserve Murunahua



Source: El Comercio

The constant plunder of the mahogany supply and that of other timber species with great commercial value, is not only occurring within the territorial reserves that have been created, but also within the territorial reserves that are in the process of being created or that are proposed, such as is the case of the Napo-Tigre-Curaray, Yavari-Mirim and Yavari-Tapiche reserves in the region of Loreto and Kapanahua in the region of Ucajali. There is a report (PIAV-AIDSESP 2006) and a story told by JOSE ALVAREZ, that presents concrete proof of illegal logging within the Napo-Tigre-Curaray, in the face of the inaction and complicity of the authorities of INRENA and the Peruvian Army.

THE ISOLATED INDIGENOUS PEOPLE AND THE FEVER OF THE “RED GOLD”

In a study carried out by Anders C. Krogh and Rainforest Foundation Norway, in April and June of 2004, in the furthest reaches of the Las Piedras River in the region of Madre de Dios, approximately 700 to 1000 illegal loggers were identified within the State Reserve granted to the Isolated Indigenous People in Madre de Dios. They were exclusively cutting mahogany. In addition, 4 large camps were identified, with stores and restaurants, each inhabited by some 150 illegal loggers. All of this in spite of the existence of a police control post established to ensure the security of the reserve. (KROGH, 2004).

In the same study, the existence of isolated indigenous people was documented within the reserve, through eyewitness accounts given by indigenous people from the native community Monte Salvado, and through photographic documentation of trails and abandoned camps belonging to isolated indigenous people. Also, natives from this same community gave information about murders of the isolated indigenous people, perpetrated by the illegal loggers in the area.

One of the many testimonies about these deaths comes from the isolated indigenous people themselves. A well respected man in the community of Monte Salvado encountered a group of isolated indigenous people called Mashco-Piro, on a beach in the upper region of the Las Piedras River in July of 2003. This man spoke a language similar to that of the Mashco-Piro and spoke with this group of isolated people from a distance. In this dialog, a Mashco-Piro man asked the native: “Why do you come to our land to kill us?”; referring to the illegal mahogany loggers. The man from the Monte

8.3 Photographic evidence of illegal loggers in different regions of the Amazon rainforest.

The following photographs involve the activities of the illegal logging of mahogany carried out in the area of the Territorial Reserve Murunahua and its areas of influence. The photos belong to the files of PIAV-AIDSESEP.



Figure 2. Illegal loggers in the Territorial Reserve Murunahua and its surroundings.



Figure 3. Waste generated by illegal logging of mahogany in the Territorial Reserve Murunahua and its surroundings.



Figure 4. Illegal loggers in the Territorial Reserve Murunahua and its surroundings.



Figure 5. Boards illegally harvested from the Territorial Reserve Murunahua and its surroundings.



Figure 6. River transport of wood illegally extracted from the Territorial Reserve Murunahua and its surroundings.



Figure 6. Aerial transport of wood extracted illegally from the Breu district.

In the time period between March and April of 2004, Forestry Engineer Rafael Pino, carried out a field investigation about the state of illegal mahogany logging along the Las Piedras River and line 343. Presented below are several photographs from this investigation.



Figure 7. Illegal transport of cut wood on the Las Piedras River. 2004.



Figure 8. Active camp of illegal loggers on the Las Piedras River. 2004.



Figure 9. Mahogany tree and stump illegally harvested in the area immediately surrounding the Territorial Reserve Madre de Dios. 2004.



Figure 9. River transport of illegally extracted mahogany on the Las Piedras River 2004.



Figure 10. Raft with illegal wood on the Las Piedras River. 2004.

Figure 11. Waste and clearing left after the illegal logging activities in the areas surrounding the National Park Alto Purús. 2004.



Figure 7. Flotilla of balsa rafts with illegally cut mahogany wood on the Las Piedras River 2004.



Figure 7. Illegal transport of cut wood, on rafts on the Lidia River 2004.

9. The illegal logging of other species of high commercial value.

In spite of the fact that the overall objective of the present report is to gather the necessary information to show that there are volumes of mahogany coming from illegal logging that are systematically exported, it is also necessary to mention the danger to other timber species of high commercial value.

Spanish-cedar (*Cedrela odorata*) is a species that is currently included in Appendix III of CITES, therefore certain special considerations should be taken in its management and harvest. Unfortunately, the illegal logging of mahogany is often linked to the illegal logging of Spanish-cedar, since this is the species with the second highest commercial value in the country. When variations in demand cause a decrease in price of mahogany, the illegal loggers begin to cut greater volumes of Spanish-cedar, which ensures the profitability of these illicit activities. As can be seen in Table 5, these species have been illegally extracted from the National Reserve Pacaya Samiria. Most of the timber concessions and native communities that are being investigated by OSINFOR and by the IFFS, respectively, have not only moved volumes of mahogany, but also large quantities of Spanish-cedar.

Other special cases are a specific group of hardwoods, such as cumaru/shihuahuaco (*Dipteryx odorata*), estoraque (*Myroxylon balsamun*), pumaquiro (*Aspidosperma macrocarpon*) and others. These species, mainly used for making floors, have experienced a large increase in international demand within the last few years in the European and Oriental markets. Therefore there are illegal loggers that are solely dedicated to extracting these hardwoods from the Amazon rainforest. In the forests around Loreto, Madre de Dios and Ucayali, these species are the object of indiscriminate logging, putting their very survival at risk and causing an imbalance in the fragile tropical forest ecosystems. It is true that these species are not included in any CITES appendix, but the Peruvian authorities should consider the necessary measures to avoid the possible extinction of this resource, aside from any international treaty, since it is the obligation of the Peruvian State to take care of the natural resources of the entire nation.



Figure 17. Illegally logged estoraque and pumaquiro timber. Madre de Dios. 2006.



Figure 18. Illegally logged estoraque and pumaquiro timber. Madre de Dios. 2006.



Figure 19. Illegal estoraque and pumaquiro timber, dimensioned for floorings. Madre de Dios. 2006



Figure 20. Chainsaw marks on illegally logged timber. Madre de Dios. 2006



Figure 21. River transport of illegally logged pumaquiro. Madre de Dios. 2006.



Figure 22. Land transport of illegally logged pumaquiro and estoraque timber. Madre de Dios. 2006.

10. The Free Trade Agreement with the US (TLC) and illegal logging of mahogany

The ratification of the Free Trade Agreement with the US (TLC) is currently in the hands of the North American congress. However, the Democratic Party is formulating new demands on different subjects such as work issues and access to medicines for developing countries. The most relevant for the present study, however, is that the problem of illegal logging in the Amazonian rainforest of Peru is considered within this package of new demands that the democratic representatives have established.

The democratic congressman Earl Blumenauer, presented a bill that asserts that the executive power of the United States of America should renegotiate the TLC with Peru, in order to adjust the international standards in regards to environmental material and protection of biodiversity, before being ratified by the North American Congress. According to this bill, wood coming from illegal sources that enters into the US generates economic losses for the lumber industry in this country to the amount of billions of dollars a year and reduces the price of lumber products in the market. Earl Blumenauer's Bill has the support of the Hardwood Federation, which represents lumber syndicates that include approximately 14 thousand businesses of this type in the country. This Bill seeks to prohibit the commercialization of illegal lumber and to broaden the scope of an existing Law that, currently, regulates the trade of wildlife and marine life, so that it takes into account the marketing of flora including lumber.

On the other hand, in January of 2007, eleven congressmen from the Democratic Party of the US, sent a formal letter to the trade representative for the White House, Susan Schwab, warning about the drawbacks that illegal logging of mahogany could generate in the ratification of the TLC. These congressmen believe that this illicit activity harms the environment and the workers, and that any trade agreement with Peru should take clear action against this practice. Another document, this one backed by 27 congressmen, shows concern over this situation and emphasizes the fact that the TLC should prohibit any type of illegal trade.

In this context, the declarations of Peru's President, Dr. Alan García Pérez, are embarrassing. He asserted that the quantity of mahogany that is legally or illegally extracted from the country is "insignificant", in relation to the 63 million hectares of Amazon rainforest in the nation. This was in response to questioning by the democratic congressmen in environmental subjects. His exact words were: "All of the mahogany that reaches the United States from Peru is legal and formal because illegal mahogany is not allowed to leave here nor is it received there", declared the Peruvian president moments before his trip to Colombia last Wednesday, March 28. This position of the Peruvian government shows exactly the nonexistent political will and complete misinformation that this body has concerning the levels of illegal logging of

mahogany in the Peruvian Amazon and the laundering mechanisms used for its later trade. However, the President should take into account that the illegal logging of mahogany implies much more than cold and simple numbers (however “insignificant” they may be). Each mahogany tree cut illegally not only produces irreparable damage to the natural habitat of this species, but it also strengthens forced labor systems that lead to systems of indentured servitude that often leads to the death of the worker (BEDOYA & BEDOYA. 2004). Not to mention the tremendous harm that this illicit activity represents for the populations of isolated indigenous people (armed confrontations, diseases, etc.).

CONCLUSIONS

- The illegal extraction of mahogany represents one of the main threats for the survival of the isolated indigenous groups that live in the Peruvian Amazon. This is because the intrusion of illegal loggers produces armed confrontations, disease contagion and massive displacement of isolated indigenous groups to different regions of the rainforest, which generates conflicts with other indigenous groups.
- The monitoring of the chain of custody of the mahogany, from the trunk or tree up to the final consumer, is a fundamental tool in assuring a sustainable management of this resource. Currently, since this tool has not been implemented, volumes of illegal mahogany can enter into formal trade through laundering of illegal wood and exported through licenses by CITES.
- There is no dialog between the SA and MA CITES, nor constant or optimum coordination.
- In establishing the national quota of export of mahogany for 2007, the MA CITES did not take into account all of the recommendations of the SA CITES and determined a quota before receiving the report prepared by the SA CITES so that this quota could be approved.
- The volumetric calculations for mahogany are highly biased because certain aspects are not taken into account like thickness of the bark, the shape of the tree and holes inside the trunk. When these are not taken into consideration, overestimated volumes are approved that are used for laundering wood coming from prohibited zones.
- Data from POA's for the year 2007 were not used to establish the annual quota of exportation for the present year. The information that was used comes from the volumes declared in POA's from 2006, so the export quota for 2007 appears to be an expansion of the 2006 quota or a movement of balances from that year. The information used for establishing the export quota for 2007 does not come from data belonging to this year.
- The inspections carried out by the MA CITES in Peru to verify volumes of mahogany and Spanish-cedar were punitive in character more so than preventative, since prior POA's were verified where the wood from the mahogany and Spanish-cedar had been cut, laundered and marketed. The inspections served the purpose of punishing the offenders, but the damage had already been done to the forest ecosystems.
- 72% of the field tests done by CITES in 2005 and 2006 found irregularities in the presentation of data on POA's by the concession owners and native communities. Since this was the data used to

establish the export quotas for 2005 and 2006, these quotas are unreal and out of proportion, which gave incentive for the illegal logging of mahogany within natural protected areas and territorial reserves of indigenous people in voluntary isolation, also promoting the laundering of wood from illicit sources for trade in the formal market.

- In 2005, a total of 3971.69 m³ of mahogany were moved from timber concessions that are currently declared closed or are being investigated by OSINFOR for presenting signs indicating closure. This figure surpasses 3476.276 m³ for 2006.
- In 2005, a total of 2940.578 m³ of mahogany was exported, which came from forest concessions that are closed or are being processed by OSINFOR. Also included in this amount are the volumes coming from native communities that are being observed and investigated by the Forestry and Wildlife Superintendent. In 2005, 12.45% of the total volume of mahogany exported came from the illegal logging of this species and 83% of all of the companies that export mahogany from Peru, sold quantities of this species coming from illegal logging this year. This figure is the minimum quantity calculated, using documented data; the volume of illegal exports could be much greater.
- Peru annually exports large volumes of mahogany even though the export permits, issued by the MA CITES, do not have the guidelines for safe harvest that are indispensable for guaranteeing the sustainability of the species, which is in clear violation of the international resolutions of CITES.
- The countries that import mahogany coming from Peru and that form part of CITES, are going against the regulations of CITES in accepting a product that does not fulfill the requirements of the convention in regards to sustainability of the market. They are also promoting illegal logging, severely harming the ecosystems of the Amazon rainforest and the isolated indigenous populations whose survival depends on these forests.
- There is illegal logging occurring within natural protected areas and territorial reserves granted to indigenous people in voluntary isolation. And not only is mahogany illegally cut, but many other species of commercial value as well, like Spanish-cedar, estoraque, cumaru, pumaquiro and others.
- Illegal logging could endanger the ratification of the Free Trade Agreement with the United States, since democratic congressmen, NGO's and business guilds from the forestry sector, demand that this problem be solved before signing said agreement.
- The CIDH has demanded that the Peruvian State assume the pertinent APRA's measures to guarantee the physical integrity and the life of the isolated indigenous people in the face of this scourge of illegal logging of

mahogany. In not doing so, Peru is violating the compromises and obligations that come with being a member of this organism.

RECOMMENDATIONS

CITES and the International Community

- It is a priority for CITES to formulate the terms of reference in elaborating the guidelines for safe harvest, since these guidelines presented by the SA CITES are the only guarantee that the harvesting and posterior trade of mahogany does not harm the survival of this species in its natural habitat.
- CITES and all the countries parties to CITES should not accept any exports of mahogany from Peru, until the country can demonstrate compliance with the CITES convention, especially regarding what is referred to non detrimental finding by the Scientific Authority.
- CITES and the parties that belong to it, should evaluate including certain species in Appendix II that are currently in an alarmingly vulnerable state and their commercialization is placing the survival of these remnant populations at grave risk. Among these species are Spanish-cedar (*Cedrela odorata*), cumaru (*Dipteryx odorata*), estoraque (*Myroxylon balsamun*), pumaquiro (*Aspidosperma macrocarpon*), among others.

The Peruvian Government and Authorities

- Even though this is a highly debated and controversial subject, Peru, as the sovereign nation, needs to establish a provisional harvesting season for mahogany. Illegal logging exists, and large quantities of this species are being extracted from natural protected areas and territorial reserves, this is the sad and depressing reality. A temporary ecological season for harvesting is needed, until the Peruvian authorities structure a system that guarantees that this valuable resource is appropriate extracted, without harming the fragile forest ecosystems and the isolated indigenous populations that depend almost exclusively on the forest for survival. In addition, the real ecological reserve of this resource in the Peruvian rainforest needs to be established as well as the characteristics of the recovery of its habitat. However, this harvesting season should be completely coordinated and organized in every aspect, with the participation of all of the State institutions that are involved with forestry issues, continuing with the business sector and research institutes. This is all to foresee and mitigate possible harmful secondary effects such as the smuggling of this species, the black market and the social repercussions within the local populations.
- INRENA should delegate field inspections for the verification of volumes of mahogany and Spanish-cedar, to independent institutions that ensure a transparent handling of information and provide accurate data on volumes found.

- The scientific and administrative authorities of CITES should schedule monthly meetings for coordination, in order to exchange ideas and reach agreements about the management of mahogany and the measures needed to avoid ecological damage.
- INRENA should modify the terms of reference in the elaboration of the POA's, concerning the forestry management practices needed to assure a sustainable management of the mahogany in the parcels that are harvested year to year. The POA's should demand the needed forestry practices as a requirement. This would ensure replacement of the species. The design of a forestry policy is lacking, without forestry, sustainable management is not possible.
- There should be better diligence and speed by INRENA in approving the POA's each year, so that the field inspections are done before a possible and eventual harmful harvest that is not sustainable for the mahogany species. That is to say, monitoring should be done prior to the extraction activities.
- To better manage the national quota of export of mahogany, it would be very useful if this quota did not deal with the "calendar year", but instead with the "harvesting season year". This means that the quota should be established from May of one year until April of the following year. This is for adequate management, the rainy season (the river is the main means of transport of wood in the rainforest) and avoid export balances from one year to another, since these balances are often used very suspiciously. Nature cannot arrange itself around a quota, the quota is what needs to be arranged around nature.
- Natural regeneration is a fundamental aspect for sustainability of any plant species. Therefore, logging should only be authorized within areas that show an optimal natural regeneration of mahogany, and where its harvest will not harm the survival of this species. If this is not the case, the forest concession or native community should implement the activities needed for the recovery of the species in the area in question.
- The MA CITES should take into account all of the recommendations of the SA CITES, be it in regards to the sustainable management of mahogany or the establishment of a national export quota.
- The Peruvian State should, and is obligated to, implement and carry out the necessary measures to prevent other hardwood species (like Spanish-cedar, pumaquiro, Cumaru, estoraque, among others) from continuing to be extracted in an unsustainable and illicit manner, putting the survival of these species in grave danger.
- On the complex topic of mahogany, the civil society in general and research centers need to coordinate closely with State organisms and business groups. It is almost certain that a complete consensus will not

be reached since each group has their own interests, but the conservation of the species and sustainable management of the forests should take preference.

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ADVISORY NOTE

The illegal logging of wood in Peru, especially of species with a high commercial value like mahogany and Spanish-cedar, is an activity that is spread throughout the entire Amazon rainforest. The international trade of mahogany is regulated by CITES, a convention that Peru is a part of, and this species has been included in Appendix II of this convention as a conservation measure. This measure is in recognition of the extreme vulnerability of this species and seeks to monitor the harvest and export of mahogany so that these activities do not put its survival at risk, or drastically harm the natural habitat of the species.

The illegal logging activities are carried out in areas where it is not permitted like natural protected areas or territorial reserves granted to indigenous people in voluntary isolation. These indigenous tribes that live isolated from the national society, are those that are most harmed by the work of illegal loggers, since armed confrontations often occur or they are infected with diseases against which they have not been able to develop the necessary immune responses.

However, the present work shows that in Peru, illegal mahogany is extracted and exported, which is a clear violation of the regulations and standards of CITES, by Peru as the exporting country as well as by the countries that import it and that form part of this convention. In addition, Peru has not developed the guidelines for safe harvest, documents that are necessary to ensure the sustainable harvest of a species included in Appendix II of CITES. On the other hand, in establishing an annual export quota for mahogany in 2007, the MA CITES has not taken into account the recommendations of the SA CITES, and therefore the quota approved does not guarantee the sustainability of mahogany in space or time.

The illegal extraction of mahogany in the Peruvian Amazon is a reality, as is the laundering of wood to introduce quantities of illicit wood of this species into the formal circuit and later facilitate its export. It is essential for the Peruvian government to impose a provisional ecological harvest season for this species, until the implementation of the necessary measures can be ensured, which guarantees that the harvest and trade of mahogany does not endanger the survival of the species in its natural environment.

Published by AIDSESEP

Lima, Peru

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“Cerdán, C. 2007. *Illegal logging an international trade in mahogany (Swietenia macrophylla) from the Peruvian Amazon*. AIDSESEP. Lima. Peru.”

Front page photo:

AIDSESEP archive. 2006.