



global witness

# 'BUYERS IN GOOD FAITH'

How Timber Exporters are Complicit  
in Plundering Peru's Amazon

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**November 2017**



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

**Cover** The Yacu Kallpa in the Dominican Republic in early 2016.  
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## CONTENTS

Dawn raid on the River Amazon	4
Scandalous and emblematic: Protests, fire-bombing, flight abroad	4
'We had the correct documents'	5
'They had the correct documents'	5
But who are they trying to kid?	5
Time for justice	6
Beyond the <i>Yacu Kallpa</i> and into 2016	8
Public prosecutors take action	8
Recommendations	9
Annexes	10
References	14

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November 2017

## DAWN RAID ON THE RIVER AMAZON

The most significant, high-profile attempt in Peru's history to stop illegal timber exports took place very early one morning in November 2015, when a public prosecutor specialising in environmental crimes made a surprise boarding of the *Yacu Kallpa* ship anchored on the River Amazon near the city of Iquitos in Peru's Loreto region.

The prosecutor's aim was to seize 593 packets of three tropical timber species - cumala, capirona and marupa - cut illegally from the forest.<sup>1</sup> This amounted to more than 1,200 m<sup>3</sup> of timber - enough to fill approximately 43 20-foot shipping containers.

The attempted seizure was part of a trail-blazing crackdown on illegal timber exports, dubbed Operación Amazonas.<sup>2</sup> It was coordinated by Peru's tax authority, SUNAT,<sup>3</sup> and supported by INTERPOL, the World Customs Organisation and the Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre (OSINFOR),<sup>4</sup> the government's forest and wildlife inspection agency. The prosecutor was acting under new powers granted by a law, Legislative Decree 1220, introduced just two months before.<sup>5</sup>

This was far from the first time the *Yacu Kallpa*, which plied regularly between Iquitos and the US via the Dominican Republic and Mexico, had found itself under suspicion. Its previous timber shipment departing in August 2015 had been blocked by US Customs and Border Protection on arrival in Houston the following month.<sup>6</sup> This led the Department of Justice to open an investigation under the 2008 Lacey Act Amendment, which is intended to combat trade in illegal timber and other products.

**Below** Letter from OSINFOR to the National Coordinator of Public Prosecutors Specialising in Environmental Issues saying 96.03% of the timber onboard was 'not of legal origin.'

PERÚ Presidencia del Consejo de Ministros Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre - OSINFOR Secretaría General

"Decenio de las Personas con Discapacidad en el Perú" "Año de la Consolidación del Mar de Grau"

**CARGO**

Magdalena del Mar, 06 de mayo de 2016

**OFICIO N° 05 -2016-OSINFOR/01.2**

Señora  
**FLOR DE MARÍA VEGA ZAPATA**  
Fiscal Superior  
Coordinadora Nacional de las Fiscalías Especializadas en Materia Ambiental  
Lima -

**Asunto:** Remisión de información solicitada

**Referencia:** Oficio N° 115-2016-OSINFOR/01.1  
Oficio N° 050-2016-OSINFOR/01.1  
Oficio N° 008-2016-OSINFOR/01.1  
Oficio N° 011-2016-OSINFOR/01.1

Es grato dirigirme a usted, para saludarla cordialmente y al mismo tiempo, en relación a los documentos de la referencia, remitirle información final de los resultados de las supervisiones realizadas al total de los títulos habilitantes y planes de manejo forestal comprendidos en el caso de la embarcación *Yacu Kallpa* del 24 de noviembre de 2015.

Al respecto, se remite adjunto copia fedateada del informe de supervisión e informe legal, respecto al resultado de supervisión y fiscalización realizada al último título habilitante y plan de manejo forestal supervisado en el mes de abril de 2016, en donde se determinó que hubo extracción legal de madera y que utilizaron documentos oficiales para amparar la comercialización de dichos productos.

Asimismo, de acuerdo a los resultados finales, se tiene que de los cincuenta y dos (52) casos consultados por la SUNAT, todos han sido supervisados por el OSINFOR, de los cuales, cuatro (04) justifican el origen de la madera, que corresponde al 3.97% del volumen transportado en la nave (382.911 m<sup>3</sup>); y cuarenta y ocho (48) no sustentan el origen legal de la madera, que corresponde a un volumen de 9,268 493 m<sup>3</sup>, representando el 96.03% del total transportado en la referida nave.

Sin otro particular, aprovecho la oportunidad para expresarle mi estima y consideración.

Atentamente,

  
**LENIN H. GALLARDO CAMACHO**  
Secretario General (E)  
OSINFOR

CC: Presidencia Ejecutiva (E) del OSINFOR  
Fiscalía Provincial Especializada en Materia Ambiental de Loreto - Maynas (atención: Dra. Jessica Quiroz Ruiz).

Adjunto: Dociientos cuarenta y siete (247) folios.

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Magdalena del Mar, Lima 17  
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But this time the *Yacu Kallpa* never made it to the US. The public prosecutor permitted it to leave Iquitos,<sup>7</sup> but in January 2016 it was detained in Mexico. **OSINFOR ultimately concluded that 96.03% of all the timber onboard - totalling more than 9,500 m<sup>3</sup> - was 'not of legal origin.'**<sup>9 10</sup>

## SCANDALOUS & EMBLEMATIC: PROTESTS, FIRE-BOMBING, FLIGHT ABROAD

The attempted seizure in November 2015 - together with the previous shipment blocked in Houston - turned the *Yacu Kallpa* into **the biggest timber scandal in Peru's history**. It contributed to protests in Iquitos and another city, Pucallpa, where OSINFOR's office was fire-bombed, and it effectively cut the only direct timber export route from Peru's Amazon to the US given that the *Yacu Kallpa* was the only ship operating on it.

In addition, under pressure from the timber sector, the public prosecutors' powers under new Legislative Decree 1220 were rolled-back,<sup>11</sup> and OSINFOR's president, Rolando Navarro, was sacked and forced to flee the country in fear for his life.<sup>12</sup>

Even in a country where illegality, corruption and impunity have dominated the timber sector for decades, **the Yacu Kallpa case has become emblematic in Peru**. In addition to obtaining major national and international media attention, it exposes some of the fundamental problems with the sector which explain how and why it remains so out of control.

### EXPORTERS ON THE YACU KALLPA NOVEMBER 2015 SHIPMENT.<sup>A</sup>

COMPANY	NUMBER OF PACKETS OF TIMBER EXPORTED
Inversiones La Oroza	1337
Inversiones WCA	810
Corporación Inforest	617
Triplay Iquitos	333
Sico Maderas	288
Scavino Maderas	264
Laminados y Manufacturas de Madera	224
Corporación Industrial Forestal	219
Corporación Maderera Loreto	180
Industrias Madex	45
Maderas Impregnadas Tropicales	19



## 'WE HAD THE CORRECT DOCUMENTS'

The response by the exporters on the Yacu Kallpa in November 2015 was effectively: 'The timber had the correct documents' - which it did.<sup>13</sup>

Two days after the dawn raid on the River Amazon, the companies exporting the 593 packets - Inversiones La Oroza, Sico Maderas and Corporación Inforest - wrote to the public prosecutor and defined 'illegal logging' as operating without 'permits, concessions and authorisations or approved management plans.'<sup>14</sup> **'THAT IS NOT WHAT HAPPENED IN THIS CASE GIVEN THAT THE TIMBER DOES HAVE DOCUMENTS, SUCH AS TRANSPORT PERMITS,'** they argued.<sup>15</sup>

Another key exporter, Inversiones WCA, which had more packets of timber onboard than any other company except La Oroza, made the same claim. 'It is important to highlight that my merchandise had and has all the required documentation... proving its legal origin,' wrote WCA's lawyer to the public prosecutor, in the hope that the company's timber in Mexico could be released.<sup>16</sup> **'THE PURCHASE OF THE TIMBER WAS ALL LEGAL AND SUPPORTED BY DOCUMENTS,'** WCA's lawyer and manager both wrote to the Attorney-General, Pablo Sánchez.<sup>17</sup>

## 'THEY HAD THE CORRECT DOCUMENTS'

High-level government officials echoed the exporters. The then Minister of Trade and Tourism, Magalí Silva, wrote to the Secretary of Economy in Mexico arguing that the timber

detained in January 2016 'had all the legal documents validly emitted' by the regional government.<sup>18</sup> Silva made exactly the same claim, verbatim, to the US's Trade Representative at the time, Michael Froman, about the previous shipment which had been blocked in Houston.<sup>19</sup>

Loreto's regional governor, Fernando Meléndez, joined in too. In February 2016 he wrote to OSINFOR, SUNAT, the public prosecutors' office in Lima and SERFOR,<sup>20</sup> the government agency responsible for forest and wildlife law and policy, defending the timber's legal origin.<sup>21</sup>

## BUT WHO ARE THEY TRYING TO KID?

Anyone familiar with Peru's timber sector knows that **the official documents such as harvesting plans and transport permits are regularly falsified**, even though they are subsequently approved, signed and/or stamped by the regional government.

As OSINFOR has shown since it began making inspections in 2009, tens of thousands of tree locations have been faked in harvesting plans, and then transport permits - sometimes bought and sold on a 'black market' - are falsified and used to move and launder illegal timber.<sup>22</sup> The permits claim the timber comes from one part of the forest - where the faked trees are alleged to stand and extraction has been approved - when actually it comes from elsewhere.

**Below left** Loreto regional governor Fernando Meléndez, pictured, defended the legal origin of the timber. **Below right** The Yacu Kallpa scandal contributed to protests in one of the Peruvian Amazon's main logging hubs, Pucallpa. The city centre was blocked and OSINFOR's office was fire-bombed.



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## TIME FOR JUSTICE

Peru's Penal Code Article 310-A states that anyone 'acquiring, storing, transforming, transporting, hiding, commercialising, loading, unloading, importing, exporting or re-exporting' timber **who knows or 'could presume'** its origin is 'illicit' faces up to seven years in prison.<sup>23</sup> So did the exporters on the *Yacu Kallpa* in November 2015 *really* think the harvesting plans and transport permits proved their timber was legal, or did they know - or could they have presumed to know - otherwise?

Global Witness argues for the latter - and any claim to the contrary is not credible. Here are five reasons why:

### 1. OPEN SECRET OF FALSIFIED DOCUMENTS

Undercover film footage obtained by Global Witness - accessible on its website and featured in a two minute film 'Buyers in Good Faith' - reveals how companies exporting on the *Yacu Kallpa* in November 2015 are aware that the documents don't guarantee the legal origin of timber.

Dante Zevallos, from timber company Sico Maderas, admitted on hidden camera that **'we all know that the timber being extracted from Loreto doesn't come from where it should'** and that transport permits are bought and sold. He said this was precisely what happened with the *Yacu Kallpa* November 2015 shipment:

*DZ: So, what do I do? I extract timber from my concession, from the part that is nearer, but when it's farther away, I no longer go to my concession, I go to that unallocated part, and so I use the volume I have in my concession, from the difficult part, and go to the easier areas [points to the unallocated area], so what I should extract from 8km away I extract from here [points to unallocated area]*

*Global Witness (GW): And just like you all the others did this?*

*DZ: [Nods head] So even though I knew the timber I was buying probably had this origin, I wasn't worried, because I had [motions documents]... I was a buyer in good faith.*

*GW: And that happened with this [Yacu Kallpa November 2015] shipment?*

*DZ: Yes. All of it.*

*GW: So you knew they were probably taking [timber] from, say, riverbanks or wherever?*

*DZ: When one buys timber, one assumes that timber is coming from the area, but one also knows there are many things happening behind that. But when you have the documents...*

*GW: In other words, you know it might not be coming [from where it claims to come from]?*

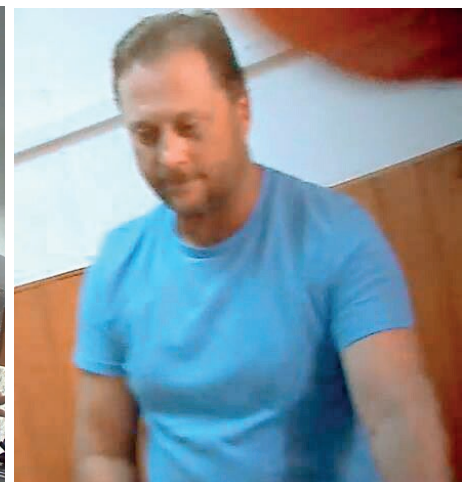
*DZ: That's right. I know it might not be coming [from where it claims to come from]. At that time one risked that. Why? Because under the law when I had a document validated by the state, for me it's legal.<sup>24</sup>*

Inversiones WCA's William Castro was also caught on hidden camera, describing the timber he exported on the *Yacu Kallpa* as 'illegal' but blaming the regional government.

Castro admitted that **'the stamp of the governments here has no guarantee'** and that sometimes harvest areas called *bosques locales* have been established to launder timber, even though large-scale commercialisation is banned in them. That didn't stop most of WCA's timber on the November 2015 shipment being sourced from *bosques locales*, according to the transport permits, nor Castro claiming to have agreed with regional governor Fernando Meléndez that he would process some timber for him in return for the governor helping to have his detained timber in Mexico released. This was an agreement that Castro described to Global Witness undercover investigators as 'part of the corruption.'

Corporación Industrial Forestal's Adam Andrews was caught on hidden camera too. He admitted that tree locations are faked in harvesting plans, that *bosques locales* have been used to launder timber, and that cumala in particular is often extracted illegally. Cumala counted for more than a third of his timber on the November 2015 shipment and *bosques locales* supplied most of it, according to the transport permits.

**Below** From left to right: Dante Zevallos from Sico Maderas, William Castro from Inversiones WCA, and Adam Andrews from Corporación Industrial Forestal. © Global Witness.





## 2. MAJOR PROBLEMS WITH PREVIOUS SHIPMENT

Some of the timber on the *Yacu Kallpa* November 2015 shipment was sourced, according to the transport permits, from some of the **same harvest areas that allegedly supplied timber to the previous shipment, which was blocked on arrival in Houston in the US** in September 2015.<sup>25</sup> (See Annex A for details.)

Representatives from US Customs and Border Protection were reported in the *Houston Chronicle* saying they had ‘excluded’ the timber, meaning it could not be legally allowed into the United States.<sup>26</sup>

Corporación Industrial Forestal (CIF) effectively admitted to OSINFOR, two weeks before the November 2015 shipment was due to depart, that it knew there was a problem with its timber on the previous shipment. In a meeting between OSINFOR’s president at the time, CIF’s Adam Andrews and Cope Smith - from the Sun Core Ltd company which was importing from CIF on both shipments - Andrews said his company was ‘in difficulties’ and its timber had been stopped from entering the US.<sup>27</sup>

## 3. MASSIVE BREACHES OF THE LAW ALREADY REVEALED

Much of the timber on the *Yacu Kallpa* November 2015 shipment was sourced, according to the transport permits, from **harvest areas where massive breaches of the law had been reported by OSINFOR weeks - and in some cases months - before it was due to depart Iquitos**. (See Annex B for details.)

Some exporters, including Corporación Industrial Forestal,<sup>28</sup> Inversiones La Oroza,<sup>29</sup> Inversiones WCA<sup>30</sup> and Sico Maderas,<sup>31</sup> had also been explicitly warned by OSINFOR’s president earlier in the year about ‘diverse irregularities such as the extraction and transport of timber from unauthorised areas’, and had been encouraged to consult OSINFOR about the results of its inspections.

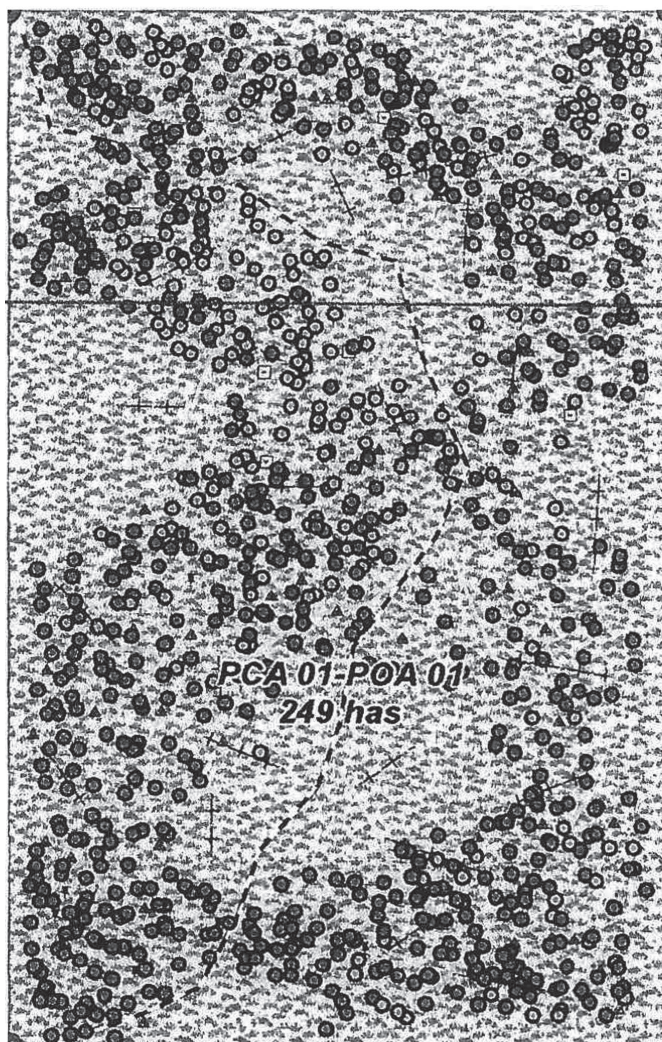
## 4. FORESTRY CONSULTANTS ALREADY PUBLICLY ‘BLACKLISTED’

The vast majority of the harvesting plans supplying the *Yacu Kallpa* November 2015 shipment, according to the transport permits, were signed by **forestry consultants who had previously been publicly exposed for faking tree locations**.<sup>32</sup> Some of these consultants - whose role under the law at the time was to write and sign harvesting plans for the companies and others running the harvest areas - had faked 100%, 80%, 51% and 39% of the trees they claimed to exist. (See Annex C for details.)

## 5. LARGE-SCALE COMMERCIALISATION BANNED

According to the transport permits, more *bosques locales* supplied the *Yacu Kallpa* November 2015 shipment than any other type of harvest area - almost twice as many as logging concessions and indigenous communities combined.<sup>33</sup> However, under the law at the time, the ‘fundamental purpose’ of *bosques locales* was to meet the self-subsistence and infrastructure needs of rural settlements, with only ‘small-scale’ quantities allowed to be commercialised.<sup>34</sup>

Yet time and time again, OSINFOR found that in most of the *bosques locales* allegedly supplying the *Yacu Kallpa* the **quantities of timber permitted to be extracted were not small-scale and the vast majority was transported out of the region**.<sup>35</sup> (See Annex D for details.)



**Above** Faked tree locations in the harvesting plan for the Chuindar *bosque local*. OSINFOR found that no rural settlement called Chuindar even exists, making 100% of these trees faked.

## FRAUDULENT PROCESSING CLAIMS?

Three of the exporters on the *Yacu Kallpa* November 2015 shipment claimed processing rates of cumala logs into sawn timber that were, at best, wildly improbable or, at worst, fraudulent, according to Global Witness analysis of regional government data obtained through Freedom of Information requests.<sup>36</sup> Inversiones WCA,<sup>37</sup> Corporación Inforest<sup>38</sup> and Triplay Iquitos<sup>39</sup> claimed, in transport permits, a loss of between 20-25% from roundwood to sawn products in some instances. Yet according to two government<sup>40 41</sup> and two academic sources,<sup>42 43</sup> the most efficient conversion rate of cumala to have been documented in Peru is 57%, with a loss of 43%, which is substantially higher than that claimed by these exporters. This suggests they may have laundered timber extracted from elsewhere using these transport permits.

## BEYOND THE *YACU KALLPA* AND INTO 2016

Even after the scandal surrounding the *Yacu Kallpa* and the breaches of the law revealed by OSINFOR, five of the exporters **continued to acquire timber in 2016 from some of the same harvest areas and harvesting plans that supplied the November 2015 shipment**, according to the transport permits. This happened even after the ship had been detained in Mexico. (See Annex E of details.)

Did these exporters, which included Corporación Industrial Forestal, Corporación Inforest and Sico Maderas, really think the documents proved that timber was legal, or did they know - or could they have presumed to know - otherwise?

Global Witness again argues for the latter - and that any claim to the contrary is again not credible.

## PUBLIC PROSECUTORS TAKE ACTION

The public prosecutors' offices specialising in environmental crimes in Iquitos and two other Amazon towns are currently investigating the *Yacu Kallpa* November 2015 shipment.<sup>44</sup> **More than 50 cases have been opened and more than 100 people are being investigated** - and that number could increase further.

Those under investigation fall into four categories:

- ✦ owners or legal representatives of the harvest areas that supplied the shipment, according to the transport permits.
- ✦ forestry consultants who signed harvesting plans which included faked tree locations.
- ✦ regional government functionaries who approved or recommended approving falsified harvesting plans.
- ✦ representatives from all the exporters, including Inversiones WCA's William Castro and Corporación Industrial Forestal's Adam Andrews.

### BUT WHAT ABOUT THE 'MIDDLEMEN'?

Despite more than 100 people being investigated by the public prosecutors' offices, not one of the 'middlemen' companies involved in the supply-chain for the *Yacu Kallpa* November 2015 shipment is among them. According to Global Witness analysis of regional government data obtained through Freedom of Information requests, these include Agroforestal Requena, Aserradero Netrimac and Industrial Forestal Iquitos. At least eight other 'middlemen' companies were involved too.

**Below** The *Yacu Kallpa*'s route from Iquitos in Peru down the main trunk of the River Amazon to the Atlantic Ocean, and then through the Caribbean Sea to Mexico. It was scheduled to arrive at Houston, but was detained in Tampico.





## 'IF THERE HAD BEEN [ANY FINES] WE WOULDN'T HAVE BOUGHT FROM THEM'

Global Witness wrote to all of the exporters on the *Yacu Kallpa* November 2015 shipment and three of the 'middlemen' companies, making the same allegations in this report and asking if they would respond. Only one company, Inversiones La Oroza, did so. Disregarding the details of the allegations, company representative Luis Ángel Ascencio Pomasunco said that his company, when buying timber, always checks with 1) the regional government to see if the harvesting plan is active and what quantities of timber can be extracted, among other things; and 2) with OSINFOR to see if the owners of the harvest area have been fined. 'If there had been [any fines against the harvest area owners] we wouldn't have bought from them.'

Ascencio Pomasunco's main defence was the same as previously highlighted: 'Why would Inversiones La Oroza presume the timber was illegal if the authority [the regional government] says the documents and product are fine?' He also stated that his company is now initiating 'important changes' which include no longer buying timber from harvest areas which have not yet been supervised by OSINFOR.

## GLOBAL WITNESS' RECOMMENDATIONS:

In light of the undercover film footage of the *Yacu Kallpa* November 2015 exporters released by Global Witness - together with the other arguments made in this report - we are calling on Peru's public prosecutors' offices to:

**Continue** their investigations into the *Yacu Kallpa* November 2015 shipment.

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Among the representatives of the exporters being investigated, **prioritise whether to prosecute those regularly exporting the biggest quantities**, such as Inversiones La Oroza, Inversiones WCA and Corporación Industrial Forestal.

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**Investigate whether to prosecute other representatives from the exporters** not currently being investigated, such as Sico Maderas' Dante Zevallos.

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Among the regional government functionaries being investigated, **prioritise whether to prosecute those who continue to hold public positions.**

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Among the forestry consultants being investigated, **prioritise whether to prosecute those who continue to be able to write and sign harvesting plans.**<sup>45</sup>

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**Investigate whether to prosecute 'middlemen' companies in the supply-chain**, none of which are currently being investigated.

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**Request the Ministry of Economy and Finance** to provide more resources to continue with the investigation as effectively as possible.

## ANNEX A

HARVEST AREAS THAT, ACCORDING TO THE TRANSPORT PERMITS, SUPPLIED BOTH 1) THE *YACU KALLPA* NOVEMBER 2015 SHIPMENT, WHICH WAS LATER DETAINED IN MEXICO, AND 2) THE PREVIOUS *YACU KALLPA* SHIPMENT THAT LEFT PERU IN AUGUST 2015 BUT WAS BLOCKED ON ARRIVAL IN THE US IN SEPTEMBER.<sup>46</sup>

HARVEST AREA	EXAMPLE OF EXPORTERS CLAIMING TO SOURCE FROM THE HARVEST AREA ON THE AUGUST 2015 SHIPMENT*	EXAMPLE OF EXPORTERS CLAIMING TO SOURCE FROM THE HARVEST AREA ON THE NOVEMBER 2015 SHIPMENT
Logging concession Carlos Cenepo Reyna	Oroza	Oroza Sico
<i>Bosque local</i> Chuindar	WCA	WCA
Logging concession Inversiones Forestal Cenepo	WCA	Triplay Iquitos WCA
Logging concession Jose Zumaeta Ramirez	WCA	Oroza WCA
<i>Bosque local</i> Juancho Playa	Oroza	Oroza
<i>Bosque local</i> Leon Isla	Oroza	CorpInforest Oroza
<i>Bosque local</i> Nuevo Buena Vista	Oroza	Oroza
<i>Bosque local</i> Nuevo Junin	Oroza	CIF Oroza
<i>Bosque local</i> Paragua Vieja	WCA	Sico WCA
Indigenous community Progreso de Nucuray	CIF	CIF
Indigenous community Rumi Tumi	CIF	CIF
Logging concession Segundo Perez Guerra	Sico	Sico Maderas Impregnadas
<i>Bosque local</i> Shamuc Pacha	CIF WCA	CIF WCA

\*Companies' full names: 'CIF' = Corporación Industrial Forestal; 'CorpInforest' = Corporación Inforest; 'Maderas Impregnadas' = Maderas Impregnadas Tropicales; 'Oroza' = Inversiones La Oroza; 'Corp. Maderera Loreto' = Corporación Maderera Loreto; 'Sico' = Sico Maderas; 'Scavino' = Scavino Maderas; 'Triplay Iquitos' = Triplay Iquitos; 'WCA' = Inversiones WCA.

## ANNEX B

HARVEST AREAS WHERE OSINFOR REPORTED BREACHES OF THE LAW BEFORE THE YACU KALLPA NOVEMBER 2015 SHIPMENT WAS DUE TO LEAVE PERU.<sup>47</sup>

HARVEST AREA	OSINFOR INSPECTION DATE	EXAMPLE OF ILLEGALITY	EXAMPLE OF EXPORTERS SOURCING FROM THESE HARVEST AREAS, ACCORDING TO THE TRANSPORT PERMITS*
Logging concession Walter Reategui Garcia	12-26 May 2015	81% of timber not extracted/ transported as alleged	Oroza Corp. Maderera Loreto
Logging concession Manuel Gatica Grandez	13-24 Aug 2015	0% of timber not extracted/ transported as alleged	WCA Oroza
Logging concession Inversiones Forestal Cenepo	17-22 Aug 2015	0% of timber not extracted/ transported as alleged	WCA Triplay Iquitos
Indigenous community Progreso de Nucuray	11-16 Sep 2015	0% of timber not extracted/ transported as alleged	CIF
<i>Bosque local</i> Shichuyacu	16 Sep 2015	0% of timber not extracted/ transported as alleged  Shichuyacu doesn't exist	Oroza WCA
Logging concession Jose Zumaeta Ramirez	17-19 Sep 2015	0% of timber not extracted/ transported as alleged	WCA Oroza
<i>Bosque local</i> Chuindar	14-15 Oct 2015	0% of timber not extracted/ transported as alleged  Chuindar doesn't exist	WCA
<i>Bosque local</i> Nuevo Buena Vista	14-16 Oct 2015	0% of timber extracted/ transported as alleged	Oroza
<i>Bosque local</i> San Pedro de Tipishca	15-16 Oct 2015	0% of timber extracted/ transported as alleged	CIF
Logging concession Forestal Aguas Negras	15-17 Oct 2015	97% of timber not extracted/ transported as alleged	Triplay Iquitos
<i>Bosque local</i> Juancho Playa	16-20 Oct 2015	0% of timber extracted/ transported as alleged	Oroza Scavino
Logging concession Carlos Cenepo Reyna	17-22 Oct 2015	0% of timber extracted/ transported as alleged	Sico Oroza
<i>Bosque local</i> Paragua Vieja	18-20 Oct 2015	0% of timber extracted/ transported as alleged	Sico
<i>Bosque local</i> Shamuc Pacha	23-24 Oct 2015	0% of timber extracted/ transported as alleged	CIF WCA
<i>Bosque local</i> Leon Isla	23-25 Oct 2015	0% of timber extracted/ transported as alleged	CorpInforest Industrias Madex Oroza
<i>Bosque local</i> Nuevo San Jose Zona II	29-30 Oct 2015	0% of timber extracted/ transported as alleged	Oroza Maderas Impregnadas
<i>Bosque local</i> Auca Cocha	15-17 Nov 2015	0% of timber extracted/ transported as alleged	Oroza WCA

\*Companies' full names are listed under Annex A.



## ANNEX C

FORESTRY CONSULTANTS PUBLICLY EXPOSED BEFORE THE *YACU KALLPA* NOVEMBER 2015 SHIPMENT WAS DUE TO LEAVE PERU.<sup>48</sup>

FORESTRY CONSULTANT	WHEN/WHERE EXPOSED	EXAMPLE OF ILLEGALITY	EXAMPLE OF EXPORTERS SOURCING TIMBER FROM HARVESTING PLANS SIGNED BY THEM, ACCORDING TO THE TRANSPORT PERMITS*
Hugo Paima Ríos	OSINFOR's report on Operación Amazonas 2014, published 19 Oct 2015	100% of trees faked	CIF Oroza Sico WCA
Rene Torres Casimiro	OSINFOR's report on Operación Amazonas 2014, published 19 Oct 2015  Article on Utero.pe, published 12 Sep 2014: <a href="http://utero.pe/2014/12/12/exclusivo-paso-a-paso-asi-se-blanquea-la-madera-ilegal-con-el-aval-del-estado/">http://utero.pe/2014/12/12/exclusivo-paso-a-paso-asi-se-blanquea-la-madera-ilegal-con-el-aval-del-estado/</a>	81% of trees faked  25 harvesting plans falsified	Maderas Impregnadas Oroza Scavino Sico WCA
Carlos Vela Gonza	OSINFOR's report on Operación Amazonas 2014, published 19 Oct 2015	51% of trees faked	Corp. Maderera Loreto Scavino Triplay Iquitos
Roldan Rios Pinedo	OSINFOR's report on Operación Amazonas 2014, published 19 Oct 2015  Article on Utero.pe, published 12 Sep 2014: <a href="http://utero.pe/2014/12/12/exclusivo-paso-a-paso-asi-se-blanquea-la-madera-ilegal-con-el-aval-del-estado/">http://utero.pe/2014/12/12/exclusivo-paso-a-paso-asi-se-blanquea-la-madera-ilegal-con-el-aval-del-estado/</a>	39% of trees faked  11 harvesting plans falsified	CIF Oroza Scavino Sico WCA
Breno Calvacanti Perez	OSINFOR's report on Operación Amazonas 2014, published 19 Oct 2015  Article on Utero.pe, published 12 Sep 2014: <a href="http://utero.pe/2014/12/12/exclusivo-paso-a-paso-asi-se-blanquea-la-madera-ilegal-con-el-aval-del-estado/">http://utero.pe/2014/12/12/exclusivo-paso-a-paso-asi-se-blanquea-la-madera-ilegal-con-el-aval-del-estado/</a>	6% of trees faked  12 harvesting plans falsified	CorpInforest Corp. Maderera Loreto Industrias Madex Oroza Scavino

\*Companies' full names are listed under Annex A.

## ANNEX D

THE LARGE-SCALE QUANTITIES OF TIMBER EXTRACTED AND TRANSPORTED OUT OF THE *BOSQUES LOCALES* SUPPLYING THE *YACU KALLPA* NOVEMBER 2015 SHIPMENT, ACCORDING TO THE TRANSPORT PERMITS, COMPARED TO THE TOTAL QUANTITIES PERMITTED TO BE EXTRACTED. THIS WAS ALTHOUGH ONLY 'SMALL-SCALE' QUANTITIES WERE ALLOWED TO BE COMMERCIALISED.<sup>49</sup>

<i>BOSQUE LOCAL</i>	QUANTITY (M <sup>3</sup> )
Pintullacta	7,819 out of 8,370 (93%)
Nuevo Iquitos-Rio Ucayali	7,248 out of 7,370 (98%)
Shamuc Pacha	7,197 out of 10,320 (70%)
Nueva Esperanza	6,966 out of 9,786 (71%)
Puerto Wichi	6,986 out of 7707 (90%)
Nuevo Iquitos	6,725 out of 6,735 (99%)
Carocurahuyte	6,702 out of 6,792 (98%)
Nuevo Junin	6,646 out of 6,826 (97%)
Zapatilla II Zona	6,434 out of 6,755 (95%)
Nueva Buena Vista	6,239 out of 6,263 (99%)
Bellavista Rio Alto Tapiche	5,647 out of 5,679 (99%)
Shichuyacu	5,445 out of 9,717 (56%)
Libertad-Rio Ucayali	5,434 out of 5,452 (99%)
Leon Isla	4,944 out of 4,945 (99%)
Juancho Playa	4,538 out of 4,847 (93%)
Auca Cocha	4,410 out of 4,635 (95%)
Limon Cocha	4,353 out of 9,043 (48%)
Florida	4,255 out of 4,689 (90%)
Chispa de Oro	3,672 out of 3,860 (95%)
San Pedro de Tipishca	3,599 out of 5,026 (71%)
Rayo	3,421 out of 4,982 (68%)
Gamitana Cocha	3,361 out of 4,085 (82%)
Yarina	3,224 out of 3,950 (81%)
Santa Fe	2,972 out of 3,509 (84%)
San Francisco Buen Paso	2,940 out of 3,335 (88%)
Libertad	2,838 out of 4,009 (70%)
Chuindar	2,626 out of 5,853 (44%)
Nuevo San Jose	2,034 out of 3,389 (60%)
Shihuasa	1,951 out of 5,164 (37%)
28 de Julio-Rio Tigre	1,792 out of 3,036 (59%)
Paragua Vieja	1,557 out of 3,226 (48%)
Atlantida	1,491 out of 2,498 (59%)
San Jorge	852 out of 4,317 (19%)

## ANNEX E

HARVEST AREAS SUPPLYING THE YACU KALLPA NOVEMBER 2015 SHIPMENT FROM WHICH THE EXPORTERS CONTINUED TO COMMERCIALISE TIMBER IN 2016, ACCORDING TO THE TRANSPORT PERMITS.<sup>50</sup>

HARVEST AREA	EXAMPLE OF EXPORTERS*
Logging concession Segundo Perez Guerra	Corplnforest Sico Maderas Corp. Maderera Loreto
<i>Bosque local</i> Rural Pintullacta	Corp. Maderera Loreto
<i>Bosque local</i> Florida	LYMA
<i>Bosque local</i> Limon Cocha	Corplnforest WCA**
Indigenous community Rumi Tumi	LYMA

\*Companies' full names are listed under Annex A. LYMA = Laminados y Manufacturas de Madera. \*\*The company which claimed to source from *bosque local* Limon Cocha was actually Consorcio Forestal Loreto, part of the Grupo WCA.

**Below** Entrance to the port authorities in Iquitos where timber for the Yacu Kallpa was delivered before being loaded on-board.





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3. SUNAT stands for Superintendencia Nacional de Aduanas y de Administración Tributaria.
4. OSINFOR's own English translation of its name is: Agency for Supervision of Forest Resources and Wildlife. Available at: <http://www.osinfor.gob.pe/quienes-somos/>
5. Available at: <http://www.elperuano.com.pe/NormasElperuano/2015/09/24/1291565-10.html>
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8. This is according to the Bills of Lading in the public prosecutors' file for the investigation into the *Yacu Kallpa* November 2015 shipment, obtained by Global Witness through a Freedom of Information request.
9. Letter to the National Coordinator of Public Prosecutors Specialising in Environmental Issues, Flor de María Vega Zapata, from OSINFOR's secretary-general Lenin Gallardo Camacho (6 May 2016), 'Remision de informacion solicitada.' Obtained by Global Witness through a Freedom of Information request.
10. Miguel Alzamora, described as the 'general manager' and 'director' of the *Yacu Kallpa*, was interviewed at length on Peruvian TV in February 2016 after the ship was detained in Mexico. He stated several times that the timber had 'all the documents' required, but described his company as focused on 'transport' - not timber extraction. He said he was in agreement with the public prosecutors' attempt - on 24 November 2015 - to remove the timber that, at that point, was considered illegal. Later in the interview, Alzamora acknowledged that subsequently the vast majority of the timber was found to be illegal - and he did not dispute that. Available at: <https://www.youtube.com/watch?v=1laW3XG51Ek&t=1s>
11. Flor de María Vega Zapata and various civil society organisations have lobbied against the roll-back of the public prosecutors' powers under Legislative Decree 1220, which was done through a subsequent law regulating it. See: <http://www.proetica.org.pe/?q=content/fiscal-superior-especializada-en-materia-ambiental-respalda-pedido-para-derogar-reglamento>
12. According to Associated Press, as of April 2017 Navarro was still claiming this was unsafe for him to return to Peru. Available at: <https://apnews.com/8f4d73bdc605446c9c64bc2aed77aa31/ap-investigation-shows-peru-backsliding-illegal-logging>
13. The *Yacu Kallpa* was due to leave Iquitos on 24 November 2015, but following the public prosecutor's raid, departure was postponed until early December.
14. Letter to public prosecutor Pablo Ormeno Quiroz from Dora Noriega Paredes from Inversiones La Oroza, Jose Saucedo Abad from Sico Maderas, Willy Capcha Rios from Corporación Inforest and lawyer Carlos Cenepo Reyna (26 November 2015), 'Solicitud se deje sin efecto legal y/o la desafectación del producto forestal maderable (aserrada) indebidamente incautado (decomisado).' Obtained by Global Witness through a Freedom of Information request.
15. *Ibid.* The text is bolded, capitalised and underlined in the letter. It has not been bolded, capitalised or underlined by Global Witness.
16. Letter to public prosecutor Jessica Quiroz Ruiz from María Virginia Alcalde Pineda (8 February 2016), 'Expedia resolución liberando mi mercadería contenida en 810 paquetes de madera.' Obtained by Global Witness through a Freedom of Information request.
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22. OSINFOR has an online portal, SIGO, where the results of its inspections can be found. Statistics in particular are available at: <http://observatorio.osinfor.gob.pe/96/>
23. Peru's Penal Code is available here: <http://spij.minjus.gob.pe/libre/main.asp>
24. Global Witness undercover interview with Dante Zevallos (11 November 2016).
25. <http://www.houstonchronicle.com/news/houston-texas/houston/article/U-S-Customs-in-Houston-blocks-import-of-Amazon-6680252.php#photo-9072970>
26. *Ibid.*
27. Global Witness interview with Rolando Navarro. His meeting with CIF and Sun Core is recorded by OSINFOR's visitors' records which state that Andrews and Smith, together with Luz Giovanna Gonzales Vargas and Daniel Andres Hernandez Zuniga, visited Navarro on 10 November 2015, entering OSINFOR's Lima office between 15:12-15:16 and exiting at 16:50. All four are identified as 'consultores en desarrollo sostenible' ('consultants in sustainable development').
28. Letter to Corporación Industrial Forestal from OSINFOR's president Rolando Navarro (13 May 2015). Obtained by Global Witness through a Freedom of Information request.
29. Letter to Inversiones La Oroza from OSINFOR's president Rolando Navarro (13 May 2015). Obtained by Global Witness through a Freedom of Information request.
30. Letter to Inversiones WCA from OSINFOR's president Rolando Navarro (13 May 2015). Obtained by Global Witness through a Freedom of Information request.
31. Letter to Sico Maderas from OSINFOR's president Rolando Navarro (13 May 2015). Obtained by Global Witness through a Freedom of Information request.
32. According to the law at the time, forestry consultants were required to enter the forest, identify each individual tree to be cut, mark its location, and then write and sign a harvesting plan with a map of each geo-located tree.
33. Based on a Global Witness analysis of regional government data obtained through Freedom of Information requests.
34. See Decreto Supremo 014-2001-AG, Resolución Jefatural 042-2003-INRENA, and Directiva 16-2003-INRENA-IFFS.
35. The legislation on *bosques locales* doesn't define 'small-scale', but a 2006 law on indigenous communities states that the maximum that can be extracted at 'low scale' is 650 m<sup>3</sup> per year. In the vast majority of the *bosques locales* that supplied the *Yacu Kallpa* November 2015 shipment, according to the transport permits, the amounts allegedly extracted easily exceeded 650 m<sup>3</sup>. The 2006 law on indigenous communities is Resolución Jefatural 232-2006-INRENA.
36. Obtained by Global Witness through Freedom of Information requests.
37. For example, Inversiones WCA, through its sawmill Consorcio Forestal Loreto, claimed to have sourced 500 m<sup>3</sup> of cumala logs from the Shamuc Pacha *bosque local* and processed it into 375 m<sup>3</sup> of sawn timber - some of which was exported on the *Yacu Kallpa* in November 2015, according to the transport permits. That is a conversion rate of 75%, with a loss of 25%. This is based on a Global Witness analysis of regional government data obtained through Freedom of Information requests.
38. For example, Corporación Inforest claimed to have sourced 1,172 m<sup>3</sup> of cumala logs from the Pucayacu indigenous community and processed it into 926 m<sup>3</sup> of sawn timber - 90% of which was exported on the *Yacu Kallpa* in November 2015, according to the transport permits. That is a conversion rate of 79%, with a loss of 21%. This is based on a Global Witness analysis of regional government data obtained through Freedom of Information requests.
39. For example, Triplay Iquitos claimed to have sourced 451 m<sup>3</sup> of cumala logs from the Rayo *bosque local* and processed it into 361 m<sup>3</sup> of sawn timber - all of which was exported on the *Yacu Kallpa* in November 2015, according to the transport permits. That is a conversion rate of 80%, with a loss of 20%. This is based on a Global Witness analysis of regional government data obtained through Freedom of Information requests.
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41. Ministry of Foreign Relations and Trade (June 2009), 'Diseño de un Sistema Informático y Desarrollo de una Base de Datos - Investigación Con Productos Maderables En El Perú, Años 1978-2008. See page 143 for reference to a cumala loss rate of 45%.
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44. Based on the file of the public prosecutors' office's investigation into the *Yacu Kallpa* November 2015 shipment, obtained by Global Witness through a Freedom of Information request.
45. The new legal regime in Peru for forestry and wildlife has established the figure of the 'regente', who must be trained and licensed by SERFOR before operating. The role of the regente is similar to that of the forestry consultant under the previous legal regime, but in addition to writing and signing the harvesting plans they are also responsible for implementing them. Several of the regentes now licensed by SERFOR faked tree locations in the harvesting plans that supplied the *Yacu Kallpa* November 2015 shipment, according to the transport permits.
46. This list does not claim to be exhaustive. It is based on a Global Witness analysis of regional government data and a disposition emitted by the public prosecutors' office on 23 May 2016, all obtained through Freedom of Information requests.
47. This list does not claim to be exhaustive. It is based on a Global Witness analysis of OSINFOR inspection reports and a disposition emitted by the public prosecutors' office on 23 May 2016, obtained through Freedom of Information requests.
48. This list does not claim to be exhaustive. It is based on a Global Witness analysis of OSINFOR inspection reports and a disposition emitted by the public prosecutors' office on 23 May 2016, all obtained through Freedom of Information requests.
49. This list does not claim to be exhaustive. It is based on a Global Witness analysis of OSINFOR inspection reports obtained through Freedom of Information requests.
50. This list does not claim to be exhaustive. It is based on a Global Witness analysis of regional government data obtained through Freedom of Information requests.
- A. This list of 11 companies is based on the Bills of Lading in the public prosecutors' file for the investigation into the *Yacu Kallpa* November 2015 shipment, obtained by Global Witness through a Freedom of Information request. The Bills state that a 12th company was exporting too, but because its product was fibre baskets - not timber - it is not included here. However, according to a disposition by the public prosecutors' office on 23 May 2016, obtained by Global Witness through a Freedom of Information request, two other companies also exported timber on the same shipment: Industrial Maderera Zapote and Maderas de la Selva Peruana. They are not included here either because they do not appear on the Bills.

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

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