

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES
OF WILD FAUNA AND FLORA



Fifty-seventh meeting of the Standing Committee
Geneva (Switzerland), 14-18 July 2008

Interpretation and implementation of the Convention

Species trade and conservation

BIGLEAF MAHOGANY

1. This document has been prepared by the Secretariat.
2. At its 55th meeting (SC55, The Hague, June 2007) the Standing Committee adopted a series of recommendations regarding the implementation of CITES for the bigleaf mahogany (*Swietenia macrophylla*) in Peru. The recommendations were as follows:
 - a) *Regarding the 2007 export quota, and*
 - i) *Further to the new methodology established by the Government of Peru to set its national export quota, the Standing Committee agrees to a net quota volume of 4,983 m³ of verified and approved mahogany. It also authorizes Peru to increase its 2007 export quota, as the latter verifies and approves additional volumes of mahogany, pending approval by the CITES Secretariat. This increase possibility only applies to 2007 and may not be repeated in future years.*
 - ii) *Starting in 2008, Peru will, as a standing practice, not establish export quotas based on leftovers from harvesting and exports of previous years.*
 - b) *Regarding the Strategic Action Plan for Mahogany:*
 - i) *The Standing Committee urges the Government of Peru to ratify at the highest political level the Strategic Action Plan for Mahogany and identify the financial resources needed to implement it. Peru should develop mechanisms of participation, particularly of native communities, for finalizing and implementing the Strategic Action Plan.*
 - ii) *The Standing Committee welcomes the commitment made by Peru to strengthen the application of its national policy of zero tolerance against illegal logging.*
 - c) *Regarding further actions:*
 - i) *Peru should work in partnership with local communities, private sector and NGOs to promote complementary tools to strengthen the regulatory controls and verification mechanisms established under national CITES-related legislation, including voluntary certification of areas authorized for harvesting mahogany.*
 - ii) *Peru should re-establish the multi-sectoral commission against illegal logging (known under its Spanish acronym CMLTI). CMLTI should assess the magnitude, the underlying causes, the modalities, the regions and organizations involved in illegal logging and related trade activities, as well as the impact of those activities on the non-contacted indigenous*

people. In coordination with COATCI, OSINFOR and the competent enforcement authorities, it should recommend the appropriate remedies, including the establishment of a marking system (e.g. use of barcodes) to record and track timber movements throughout the chain of custody and the reinforcement of control points with sufficient police staff and appropriate infrastructure (e.g. communication equipment, barriers, etc.).

iii) Peru should encourage companies to use innovative wood tracking technologies and to implement best practices to ensure that illegally sourced, harvested or traded wood does not enter their supply chains.

d) Regarding actions by third parties:

i) The Standing Committee takes note of the ongoing capacity building efforts implemented through the ITTO, and urges importing countries and the relevant international organizations to fully support the efforts made by Peru to implement these recommendations.

ii) The Standing Committee requests that the Secretariat continue supervising the progress made by Peru in implementing the Strategic Plan of Action and report on this at its forthcoming meetings.

3. On 13 May 2008, the Government of Peru sent to the Secretariat a comprehensive report on the progress made in implementing the recommendations adopted at SC55. A legislative assistance mission to Peru undertaken by the Secretariat from 20 to 24 May 2008 offered it an opportunity to do an on-site assessment of Peru's progress in implementing the SC55 recommendations and to provide related advice to Peruvian authorities. The Secretariat wishes to record its sincere appreciation for the support provided during its mission by the Government of Peru and especially the CITES Management Authority (INRENA).

Progress assessment

Regarding the 2007 and 2008 export quotas

4. Peru did not request any increase in the agreed 2007 export quota of 4,983 m³. Peru exported 3,071 m³ in 2007, and reported leftovers of 1,912 m³ to the Secretariat at the beginning of 2008. Peru explained that the leftovers were not exported during 2007 owing to the approval deadlines for 'annual operational plans' (POAs), seasonal harvesting periods that differed from the calendar year used in the setting of export quotas, and the time required to complete various wood transformation processes. Peru later advised the Secretariat that 468 m³ of the leftovers was exported during the first quarter of 2008. Peruvian Resolution No. 069-2008 extends the deadline for exhausting the 2007 export quota until 31 December 2008.

5. The 2008 export quota was not established on the basis of leftovers from harvesting and exports of previous years. This reflects general practice among CITES Parties and is consistent with Resolution Conf. 14.7 on *Management of nationally established export quotas*. Recent communications between the United States of America and Peru indicate that the United States understood that all the mahogany harvested under the 2007 quota would have been exported in 2007. However, this was apparently not Peru's understanding.

6. Based on the information contained in paragraphs 4 and 5 above, SC55 recommendations a) i) and a) ii) appear to have been implemented by Peru. The Secretariat would nevertheless like to draw the attention of the Standing Committee to three issues that have been identified regarding Peru's establishment and use of export quotas for mahogany.

a) Separation of harvest and export quotas

There does not seem to be any clear distinction between the annual harvest quota and the annual export quota set by Peru, as the established volume is the same for both. Some concessionaires are both harvesters and exporters but others are harvesters only. It might be easier to keep track of the amounts being harvested and exported if they were subject to separate quotas.

b) Calculation of the 2008 export quota

In January 2008, Peru notified the Secretariat that it had set a 2008 export quota for mahogany at 2,348 m³. This was published on the CITES website in April 2008. A Resolution adopted by the CITES Management Authority of Peru (No. 097-2008-INRENA of 14 April 2008) increased the quota to 3,475 m³. This revised quota was published on the CITES website in June 2008. It appears that the quota (expressed in cubic metres of lumber) has been calculated, through the use of a timber yield coefficient, to be the equivalent of 715 harvestable trees. The number of harvestable trees is based on a population study that the Scientific Authority conducted on behalf of the Management Authority [Project UNALM-ITTO PD 251/03 Rev. 3 (F)]. This study estimated the population of mahogany in two of the areas authorized for harvest (Ucayali and Madre de Dios) at between 84,316 and 125,684 trees. On the basis of its calculations (e.g. using an estimated growth rate of 0.5 cm per year), the Scientific Authority determined that between 562 and 851 trees could be sustainably harvested from these areas on an annual basis. The final report of the study confirms that the quota of 715 trees falls within this range.

The improper use of timber yield coefficients has been identified by the Government of Peru as a potential loophole through which illegally acquired timber may be laundered by dishonest operators. In attempting to solve this problem, INRENA has adopted and subsequently repealed several Resolutions establishing different timber yield coefficients. This technical issue has become very controversial and politicized. As a result, INRENA decided to create a commission to undertake a technical study to confirm or discard the current timber yield coefficient. This commission is chaired by INRENA and comprises the Scientific Authority, eight representatives of the private sector (exporters, saw mills and concessionaires), two NGOs and other ministries (see Resolution Decree No 075-2008-INRENA). The commission was given 180 days to provide its findings and should submit its report before the end of 2008. More information on the general issue of volumetric conversion of standing trees into exportable mahogany sawn wood is contained in documents PC17 Doc. 16.1.3 and PC17 Inf. 3.

c) Leftovers from harvesting and exports of previous years

As mentioned in paragraph 5 above, there have been differing interpretations of SC55 recommendation a) ii) and it would be helpful for the Standing Committee to explain its understanding of the recommendation. It would be useful to clarify whether Peru has any leftovers from years prior to 2007 and to learn how Peru differentiates them (as well as the 2007 leftovers) from timber harvested in 2008. To avoid any confusion among or misuse of different leftovers from 2007 or earlier years, Peru might consider exhausting all leftovers by the deadline set for 2007 leftovers (i.e. 31 December 2008), mentioned in paragraph 4 above. It is recognized in Resolution Conf. 14.7 that it sometimes happens that specimens harvested in a particular year cannot be shipped during that year and, exceptionally, might be authorized for export the following year. The Resolution makes clear, however, that Parties should not make it a regular practice to accumulate leftovers.

Regarding the Strategic Action Plan for Mahogany (PAEC)

7. The strategic plan of action to implement the CITES Appendix-II listing of bigleaf mahogany in Peru (PAEC) has not yet been ratified at the highest political level and virtually all of the activities envisaged by the PAEC lack adequate funding. There is a crucial need to provide greater financial support to the Scientific Authority for research, to the Management Authority for verification of the legal origin of harvested timber, and to enforcement authorities for monitoring authorized trade and combating illegal trade.
8. The Government of Peru undertook several consultations with stakeholders in order to finalize the PAEC. It has not yet confirmed, however, that the PAEC is now final and ready for adoption. Should the PAEC be set for ratification, several Peruvian stakeholders have suggested to the Secretariat that the PAEC should obtain explicit support from the President of the Council of Ministers or the President of the country.
9. Peru's implementation of the PAEC should contribute to the fulfilment of its obligations under the 'Action Plan for the control of international trade in bigleaf mahogany (*Swietenia macrophylla*)',

referenced in Decision 14.145 and contained in Annex 3 to the Decisions adopted at the 14th meeting of the Conference of the Parties (The Hague, 2007). Paragraph 5 of the Action Plan states that the "Standing Committee shall discuss compliance and enforcement with regard to bigleaf mahogany at its 57th, 58th and 59th meetings, and recommend appropriate action."

10. At its 17th meeting (Geneva, April 2008), the Plants Committee included bigleaf mahogany in the Review of Significant Trade (except for the populations found in Brazil, Guatemala and Mexico). Peru's implementation of the PAEC should contribute to the fulfilment of any potential recommendations directed to it under the Review of Significant Trade in bigleaf mahogany.
11. No information has been provided to the Secretariat on Peru's commitment to strengthen the application of its national policy of zero tolerance against illegal logging further to the statement made by the previous INRENA administrator on this subject at SC55.
12. Based on the information contained in paragraphs 7, 8 and 11 above, it would appear that Peru has taken some steps to implement SC55 recommendation b) i) but that much more remains to be done. It would appear that recommendation b) ii) has not been implemented by Peru.

Regarding further actions (voluntary certification, in-depth assessment of illegal logging, chain of custody, marking system and innovative wood tracking technologies)

13. Peru has made considerable progress in the voluntary certification of forests where mahogany occurs, under Forest Stewardship Council standards, and should be encouraged to continue its efforts in this domain, as a complement to its implementation of CITES requirements. The Secretariat has been advised that 1,922 m³ of the total 2008 export quota has come from areas actually certified and 888 m³ is in the process of being certified. This adds up to 2,810 m³, which is equivalent to 81 % of the 2008 quota.
14. No information was provided to the Secretariat about the re-establishment of the multi-sectoral commission against illegal logging (known under its Spanish acronym CMLTI). The magnitude, the underlying causes, the modalities, the regions and organizations involved in illegal logging and related trade activities, as well as the impact of those activities on non-contacted indigenous people, have not been assessed.
15. One critical pending issue in this set of recommendations is the verification of the legal origin of timber and other specimens of mahogany. Under the Convention, it is the obligation of the Management Authority of the State of export to determine whether the specimens to be exported were acquired in accordance with national law and the Convention. The current verification system, which is based only on documents that can be easily falsified along the value chain, is insufficient and does not offer the required credibility because it has been shown to be susceptible to misuse. Moreover, this system tends to put the burden of proof on government authorities and not on the applicants.
16. Peru should establish as a priority an efficient system to verify the legal origin of specimens in trade. Without a reliable system in place, it is very difficult to distinguish wood of illegal origin from wood that has been legally obtained. Any potential loophole inadvertently afforded by legislation could be used to legalize timber obtained in contravention of national law. Taking into account that major powers and functions for controlling timber harvesting and trade will be shifted to the provinces, a robust tracking system throughout the supply chain seems critical to ensure that the specimens in trade are legally obtained. Such a system would also reassure markets about the legal origin of the timber.
17. Based on the information contained in paragraphs 13 to 16 above, it would appear that Peru has implemented SC55 recommendation c) i) but not c) ii) and c) iii).

Regarding actions by third parties

18. Project UNALM-ITTO PD 251/03 Rev. 3 "Assessment of commercial stocks and strategy for the sustainable management of mahogany (*Swietenia macrophylla*) in Peru", is in its final phase. The Secretariat's mission in May 2008 provided an opportunity to identify priority actions to be covered under the joint ITTO-CITES project financed primarily by the European Union.
19. Furthermore, Peru has signed a Trade Promotion Agreement (PTPA) with the United States of America. Chapter 18 of the Agreement addresses environmental matters and includes CITES as one of several relevant MEAs. In particular, Annex 18.3.4, on forest sector governance, contains a number of specific obligations explicitly related to CITES (e.g. scientific inventories, quotas or the verification of legal origin). In paragraph 15 of this Annex, Peru and the United States reaffirm their commitment to working within the framework of CITES to protect CITES-listed species. As a result of the PTPA process, several legislative decrees relevant to CITES are to be enacted under Peru's special executive authority to adopt legislation, which is scheduled to expire at the end of June 2008.
20. Countries with extensive experience in forestry management and sizeable forestry industries, such as Canada and Chile, may be able to assist Peru in putting an effective forest management system in place. Organizations such as the World Bank and the Food and Agriculture Organization of the United Nations could be invited by the Government of Peru to join efforts with ITTO and the CITES Secretariat to assist Peru in this area. In this connection, systems and technologies for tracking wood from its source to its final destination have been developed and may be worth considering (e.g. marking systems which use barcodes, microchips, etc.).
21. Based on the information contained in paragraphs 18 to 20 above, it would appear that SC55 recommendation d) i) has been partially implemented by Peru's partners but that more could and should be done in the future. Based on the information contained in the present document, it would appear that SC55 recommendation d) ii) has been implemented.

Other relevant considerations

22. The Secretariat notes that the conservation of and trade in bigleaf mahogany are issues that affect not only Peru. The Standing Committee's attention has been drawn to Peru in large part because it is currently the range State with the largest volume of exports. Concerns about bigleaf mahogany trade, however, also involve Brazil (which, despite a general moratorium on mahogany exports, has exported mahogany a number of times under court order), the Dominican Republic (which continues to re-export high volumes of mahogany of unclear origin), Nicaragua (which, despite a moratorium on the export of raw timber, has exported a significant volume of mahogany that has undergone questionable 'second transformation') and the United States (which is the primary importer of bigleaf mahogany). All of these countries have been in communication with the Secretariat regarding their efforts to ensure responsible and sustainable trade in bigleaf mahogany. However, continuing – and perhaps enhanced subregional or regional – efforts in this regard are needed.
23. During the Secretariat's mission to Peru, concerns were expressed about the exports of cedar (*Cedrela odorata*) which have increased substantially as mahogany exports have declined. Concerns were also expressed about growing exports in several non-CITES species (e.g. *Dipteryx micrantha*, *Myroxylon balsamum*, *Manilkara bidentata*, *Hymenaea courbaril*, and *Amburana cearensis*). To address global concerns about trade in cedar and other timber species, Parties have now adopted the 'Action Plan on *Cedrela Odorata*, *Dalbergia retusa*, *Dalbergia granadillo* and *Dalbergia stevensonii*', referenced in Decision 14.146 and contained in Annex 4 to the Decisions adopted at CoP14.

Recommendations

24. In view of the uneven progress achieved by Peru in its implementation of the existing set of SC55 recommendations, the Secretariat suggests that the Standing Committee maintain the existing recommendations until all of them are completed and include three additional recommendations as follows:
 - a) Regarding leftovers from harvesting and exports of 2007 and previous years:

Peru should clarify whether it has any leftovers from years prior to 2007 and explain how it differentiates them (as well as the 2007 leftovers) from timber harvested in 2008. Peru should consider exhausting all of these leftovers by 31 December 2008.

b) Regarding the 2008 quota:

Peru should freeze further exports under the 2008 quota for bigleaf mahogany until the PAEC has been adopted at the highest political level and a copy has been provided to the Secretariat.

c) Regarding the 2009 quota:

Peru should follow the recommendations of the commission on timber yield coefficients in establishing the 2009 export quota.

25. Taking into account SC55 recommendation d) ii), the Secretariat seeks the endorsement of the Standing Committee to continue supervising the progress made by Peru in implementing the SC55 recommendations, and any other recommendations adopted at the present meeting, and to report at its 58th meeting. In reviewing Peru's progress, the Standing Committee might also consider relevant reports under the *Action Plan for the control of international trade in bigleaf mahogany (Swietenia macrophylla)* mentioned in paragraph 9 above and the Review of Significant Trade in bigleaf mahogany. This should help to ensure that the simultaneous operation of several Convention processes related to bigleaf mahogany does not result in any overlap, confusion or added burden.