

Private standards and public policy are not always aligned or coordinated. To realize the Sustainable Development Goals (SDGs) new partnerships and forms of co-regulation will be needed to enable sustainable production, trade and consumption. This series of case studies illustrates how private standard systems, businesses and governments are working together for better sustainability outcomes. It is developed by the ISEAL Alliance, the global association for credible sustainability standards. For more, visit [our webpage](#).

PERU AND FSC: INCENTIVISING RESPONSIBLE TIMBER EXPORTS

New legislation in Peru provides incentives to manage forests responsibly, including reduced lease payments for concession holders who achieve certification from credible standards like the Forest Stewardship Council (FSC). Through implementing sustainable forest management, the uptake of FSC certification supports Peru's progress on countering illegal and unsustainable logging, and also on various sustainable development goals, including SDG 15 (life on land).

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FACT FILE



Country:
Peru



Sector:
Forestry



Private standard:
Forest Stewardship
Council

SDG-related outcomes:



BACKGROUND – PERU'S AMAZONIAN RAINFOREST

With over half its land area covered by the sprawling tropical forests of the Amazon, Peru has the ninth largest forest resource in the world, and the second largest in South America. The Amazon boasts unparalleled biodiversity, stores huge amounts of carbon, is home to numerous indigenous communities, and provides livelihoods for many lowland Peruvians.

However, the forest contributes less than 1% of Peru's GDP. The World Bank estimates that 80% of Peru's timber exports are illegal, while Peruvian government statistics suggest that 39 million cubic metres of wood were extracted from unauthorised areas in 2015, representing some 170,000 hectares. Illegal logging depresses national markets and lowers prices, making legal and sustainable logging less economically viable. Peruvian wood is regarded by US officials as high risk, with investigations conducted by the Peruvian customs office revealing illegality rates in exports to the US of 95%. Because of this, it is often shunned by importers. In 2016, Peruvian timber exports to the US were only US\$23.7 million, representing just 0.37% of total US wood imports.

9TH LARGEST FOREST

Peru has the ninth largest forest resource in the world.

39 MILLION M³

Peruvian government statistics suggest that 39 million cubic metres of wood were extracted from unauthorised areas in 2015.

800,000 HECTARES

Peru had over 800,000 hectares of FSC FM certified forest by the beginning of 2018.



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FROM ILLEGAL TO SUSTAINABLE LOGGING

Under Peruvian law, forests are part of the patrimony of the nation, placing the responsibility for ensuring responsible forest management onto the state. Protecting the rainforest has been a major priority for the Peruvian government since the 1980s. The government passed a Forest and Wildlife Law (2000), which introduced forest concessions and mandatory management plans. Increased pressure from timber-importing countries to curtail illegal logging has led to a revised Forest and Wildlife Law (2011) which sets out more stringent regulations on forest governance. In addition to combatting illegal deforestation, the new government framework aims to scale up sustainable forest management. Forest concession holders can reduce their yearly lease payment by up to 70% through the adoption of various types of sustainable practices. These include establishing voluntary conservation areas, and implementing credible private standards like the FSC forest management (FM) standard.

Founded in 1994, the FSC is a globally recognised standard for wood and wood products that originate from well-managed forests. FSC forest management certification provides assurance that wood comes from legal, responsibly managed forests. In addition, every business along a certified supply chain must hold chain of custody certification, which enables certified wood to be tracked from the forest management unit to the end user. Chain of custody certificate holders are obliged to have procedures in place to ensure products comply with all applicable trade and custom laws.

FSC certification therefore gives governments, businesses and consumers assurance that products are legally and responsibly sourced. This is particularly important in established markets such as the US and the EU, where importers are legally bound to exercise due diligence to verify they are not dealing in timber from illegal sources. It also has importance for emerging economies like China, where an increasing appetite for sustainably sourced timber is driving market change and the uptake of sustainability standards.

FSC provides both an internationally recognised standard and a credible assurance mechanism which the government can use. By incentivising the uptake of credible private standards like FSC and other responsible forestry practices, the Peruvian government provides an effective way to offset some of the costs and investments that companies need to make to implement sustainable forestry management.

As FSC has grown its presence in Peru, it has consulted with stakeholders to develop a National Standard to better align with the needs of concession-holders and local communities. FSC has also proactively introduced new rules to better align the standard with anti-deforestation legislation, like the US Lacey Act and similar legislation in Australia and the EU. This has allowed FSC to grow in Peru, with over 800,000 hectares of FM certified forested land at the start of 2018.

FSC CONTRIBUTES TO PERU'S SUSTAINABLE DEVELOPMENT

By enabling sustainable forest management and developing a market for responsibly sourced exports, FSC is playing a role in Peru's achievement of the SDGs.

Studies have demonstrated that FSC certification in Peru is associated with positive changes in management practices and improved social, environmental

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and economic performance. While non-certified Peruvian forest operations will generally have an approved management document, they tend to focus on timber extraction and on leveraging larger financial benefits. FSC requires certified concession-holders to also consider, among other things, their environmental impact, community relations and the rights of indigenous peoples. Voluntary certification complements government regulation, in that it covers social and environmental issues that remain outside the scope of current public forest management and governance.

Meeting FSC principles promotes social inclusion, better community relations and benefit-sharing mechanisms within the forestry sector, with a particular focus on indigenous communities. For example, Peruvian workers at FSC-certified forestry units have highlighted improved safety and working conditions for tree fellers and sawmill operators, contributing to SDG 8 (decent work and economic growth). Meanwhile, indigenous communities want to engage with FSC to protect their forest resources, including biodiversity, contributing to several goals under SDG 15 (life on land), and specifically SDG 15.2, promoting the sustainable management of all types of forests and halting deforestation.

Standards like FSC help to raise the bar and expectations when it comes to sustainable practice in trade. In this way, certification is an asset for those seeking access to mature markets that demand responsibly sourced products, contributing to SDG 12 (responsible consumption and production), and SDG 17 (partnerships for the goals).

LESSONS FOR POLICY-MAKING

The use of standards like FSC in the Peruvian government's forestry policy demonstrate how private standard certification systems can operate as an extension of public policy. Concession-holder compliance with FSC standards, which are more stringent than government regulations, is monitored through FSC's assurance mechanisms, reducing the burden of monitoring for governments. Governments with limited capacity or expertise in forest management auditing can be confident in the FSC system, as it is carried out by independent, accredited certification bodies that publicly report annually on certified forest operations worldwide.

For policy-makers, tax benefits and subsidies – such as reductions in lease payments – for certified producers can nudge concession-holders towards sustainable and responsible forestry. As both legal and sustainable timber becomes the norm, countries which manage to develop sustainability policies around this will also enhance their industry's global competitiveness.

Incentivising FSC certification also allows the Peruvian government to demonstrate to international trading partners that they are taking real action to tackle deforestation and illegal timber.



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