

Environmental Dimensions of the Peru-U.S. FTA

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February 28, 2008



Peru-U.S. FTA: Background



- August 2002: "Law of Andean Commercial Promotion and Eradication of Drugs" (ATPDEA).
- Ways and Means Committee of the U.S. House of Representatives approved the extension of the ATPDEA until the Peru-U.S. FTA enters into force
- April 2006: Peru and the United States signed the Peru-U.S. FTA
- June 2007: Peru and the United States concluded a Protocol of Amendment to the Peru-U.S. FTA

The Peru-U.S. FTA: Environment Chapter

- Encourages high levels of environmental protection
- Prohibits the weakening or reducing of environmental laws to attract trade or investment
- Requires effective enforcement of environmental laws
- Ensures fair, equitable and transparent proceedings for the administration and enforcement of environmental laws



The Peru-U.S. FTA: Environment Chapter

- Establishes mechanisms for public participation and access to information
- Establishes an Environmental Affairs Council
- Establishes a citizen submissions mechanism
- Commits to cooperative environmental activities pursuant to the Environmental Cooperation Agreement



May 10th Bipartisan Trade Deal

- Environmental obligations are subject to the same dispute settlement procedures and enforcement mechanisms as commercial obligations
- Parties “shall not waive or otherwise derogate from, or offer thereto, from such laws” (replacing the “strive to ensure” with “shall not”)



May 10 Bipartisan Trade Agreement

- Adopt, maintain, and implement laws, regulations, and other measures to fulfill their obligations under selected multilateral environmental agreements listed in Annex 18.2
 - Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)
 - Montreal Protocol on Substances that Deplete the Ozone Layer (1987)
 - Protocol of 1978 Relating to the International Convention for the Prevention of Pollution from Ships, 1973 (1978)
 - Convention on Wetlands of International Importance Especially as Waterfowl Habitat (1971)
 - Convention on the Conservation of Antarctic Marine Living Resources (1980)
 - International Convention for the Regulation of Whaling (1946)
 - Convention for the Establishment of an Inter-American Tropical Tuna Commission (1949)

The Peru-U.S. FTA: Annex on Forest Sector Governance

- Commits to combat trade associated with illegal logging
- Improves the capacity to control illegal logging (e.g., an increase in personnel and stricter criminal and civil penalties)
- Enforces CITES
- Strengthens capacity of indigenous communities to manage their lands
- Establishes auditing and verification mechanisms

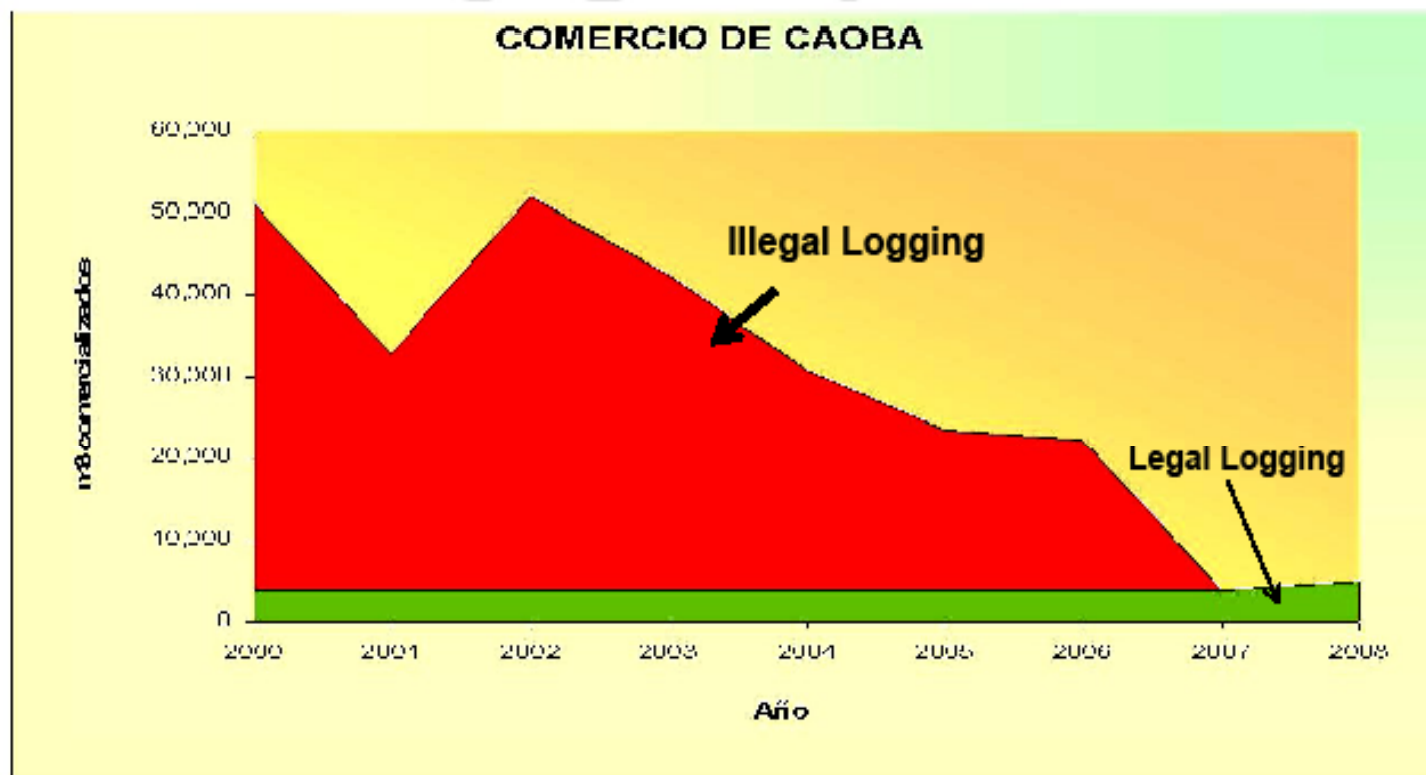


ILLEGAL LOGGING IN PERU:



DEFENSORIA DEL PUEBLO

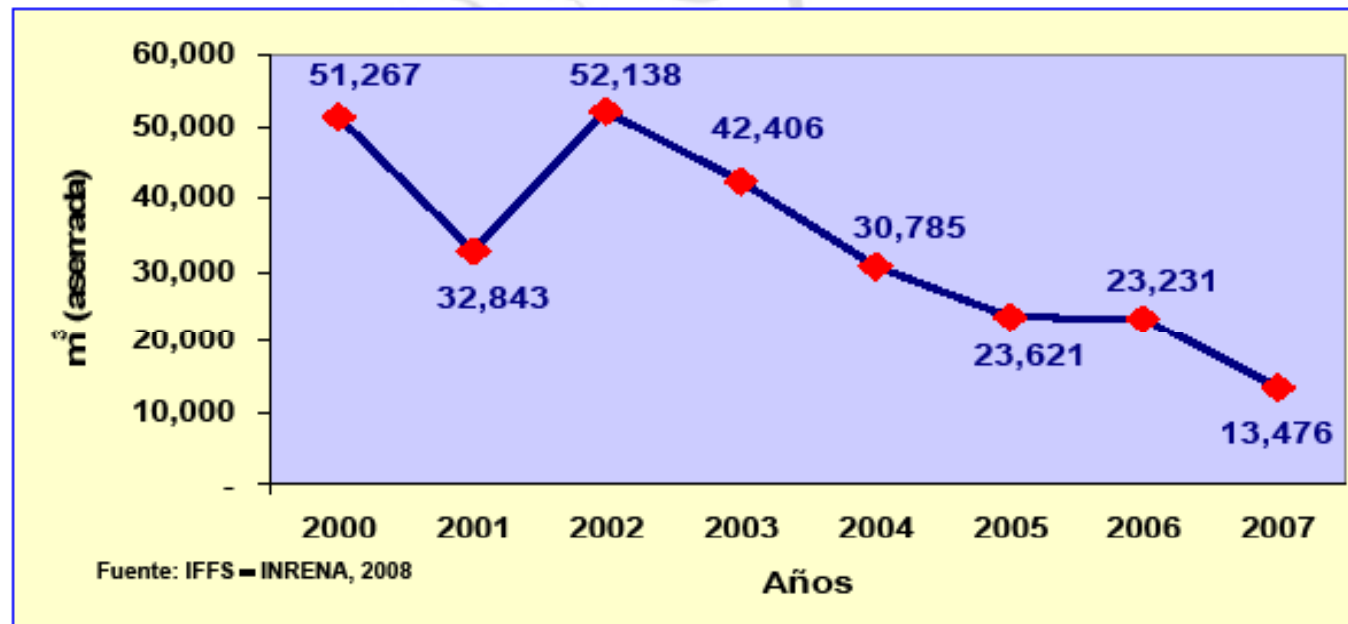
- **INRENA (2008):** In the last seven years more than 60% of the exported wood from Perú is illegal – Breach of CITES
- The **EU** has restricted the imports of woods from tropical forest,
- It causes economical losses. It also affects the forest resources



EXPORTS OF MAHOGANY (*Swietenia macrophylla*)

DEFENSORIA DEL PUEBLO

- INRENA (2008): 86% of the mahogany commercialized in the last 07 years was illegal, (237,761 m³, equivalent to US \$ 273, 432 millions).
- Mahogany: Decrease of the natural populations – Commercial extinction of the speices, however we are still exporting “legalized” wood.

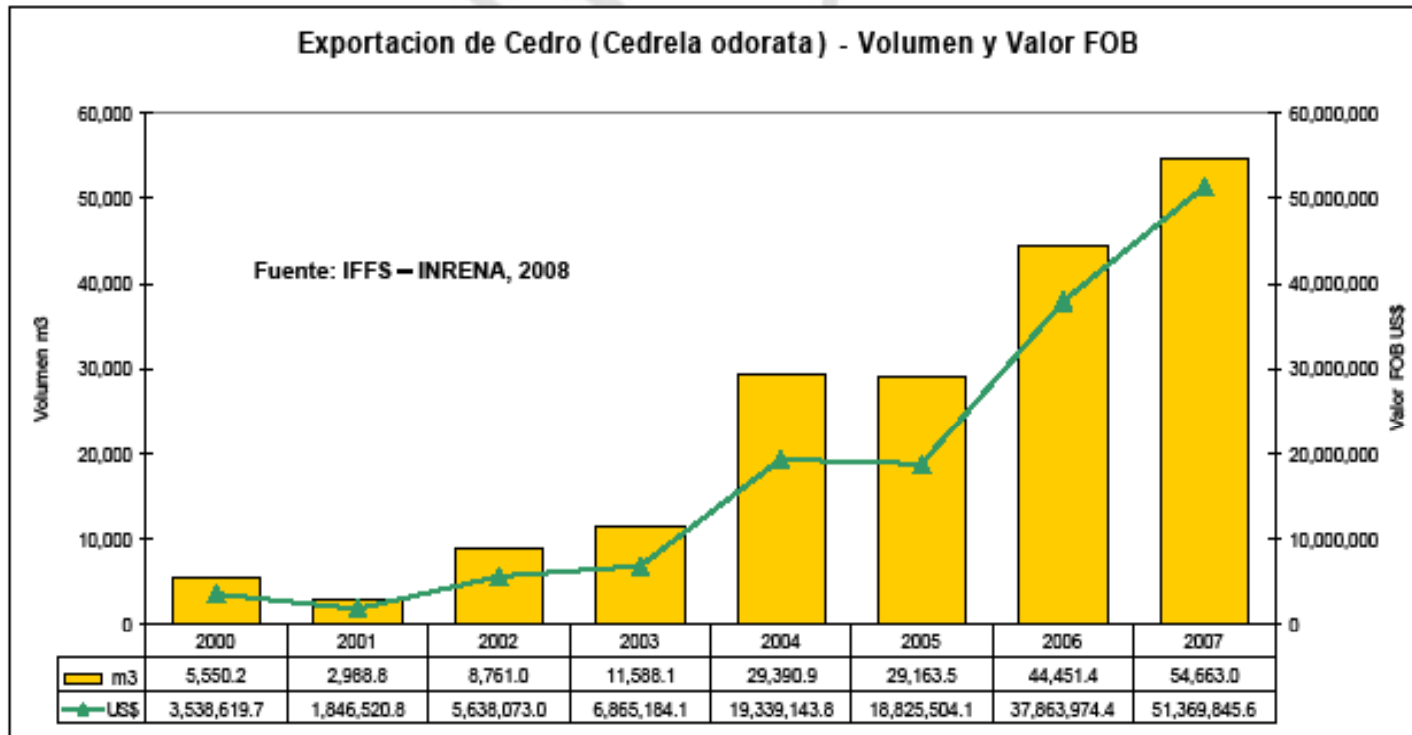


EXPORTS OF CEDAR (*Cedrela odorata*)



DEFENSORIA DEL PUEBLO

- INRENA estimates that 70% of exported cedar in the last 07 years comes from illegal origin (125, 724 m³, equivalent to US \$ 113´151, 600 millions)
- The illegal extraction of cedar has increase more than 600 % of the historical record of export



IMPACTS OF ILLEGAL LOGGING



DEFENSORIA DEL PUEBLO

SOCIAL:

- Violation of the rights of indigenous communities
- Health problems and poverty
- Forced work
- Explotation



ENVIRONMENTAL:

- Deforestation
- Susceptibility to land use change
- Biodiversity loss
- Soil and water contamination
- Invasion into the National Protected Areas



ECONOMICS:

- Tax evasion
- "Laundering" of the money
- Traffic of wood
- Natural resources loss



The Challenges of Implementation

- Effectively enforcing environmental laws and MEAs listed in the Peru-U.S. FTA
- Strengthening the capacity of the Environmental Ministry (to be created) and Forest Authority to control illegal logging
- Adequately funding the Environmental Cooperation Agreement
- Establishing an independent Secretariat to administer the citizen submissions process
- Promoting transparency and public participation of local and indigenous communities