EXPORTS AND IMPORTS

Timelines and Costs in Wood Export and Import Procedures
EXTRACTIONS

Timelines and Costs in Wood Export and Import Procedures
Introduction

The primary objective of Exports and Imports | Timelines and Costs in Wood Export and Import Procedures, as part of the study “Estimating and Improving Timber Legality in Peru,” is to quantify the procedures and costs—in terms of value and time—in the wood product export/import value chain, for both CITES and non-CITES species.

The report focuses on Lima and on the traditional forestry regions in the Peruvian Amazon—Loreto, Ucayali, and Madre de Dios—which boast the largest expanses of tropical forests and timber harvests and are home to Peru’s main timber and wood product production centers. Lima, as Peru’s capital, is where the main institutions involved in foreign trade are concentrated.

As a frame of reference for quantifying procedures and costs, the study used the methodology applied by Navarro et al. (2014) to determine timber and wood product export and import procedures in Central America and the Dominican Republic. The first step was to identify the theoretical ‘route’ of the timber trade process; this was then complemented with a participatory, in-person analysis that involved working meetings, interviews, surveys, and field visits in order to ultimately determine the actual route. Key actors involved in export/import processes were engaged in the process. A comparison in the field of the ‘theoretical route’ versus the ‘actual route’ entailed in these processes enabled differences, vulnerabilities, and areas for improvement to be identified for purposes of informing strategies and solutions.

The report outlines the steps and procedures involved in exporting or importing timber wood products, providing an account of the locations, requirements, and timelines set out by institutions for these processes.

The findings include a number of bottlenecks in the different stages of the import and export process, and show that the export process is more complex in terms of document, regulatory, health, customs, and financial requirements, for both CITES and non-CITES species.

The main administrative bottlenecks for exports were the time it takes to issue forest transport permits (GTFs), outdated volume verification systems, and the still-pending implementation of industry self-issuance of GTFs. The main logistical bottlenecks for exports from the three Amazonian regions (Ucayali, Loreto, and Madre De Dios) are distance, time, and costs, with Loreto being the region for which it is most difficult to export. The lack of phytosanitary agreements between Peru and certain countries constitutes the main health-related obstacle, while the main customs issue is customs declarations that are improperly drawn up or contain data errors.
Exports and Imports | Timelines and Costs in Wood Export and Import Procedures
Collection of Studies: “Estimating and Improving Timber Legality in Peru”

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The views expressed by the authors in this report do not necessarily reflect the views of the United States Agency for International Development, the United States Forest Service, or the United States government.

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<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADEX</td>
<td>Association of Exporters</td>
</tr>
<tr>
<td>B/L</td>
<td>Bill of lading</td>
</tr>
<tr>
<td>BOE</td>
<td>Brigada de Operaciones Especiales (Special Operations Brigade) (SUNAT)</td>
</tr>
<tr>
<td>CITES</td>
<td>Convention on International Trade in Endangered Species of Wild Fauna and Flora</td>
</tr>
<tr>
<td>CO</td>
<td>Certificate of origin</td>
</tr>
<tr>
<td>DAM</td>
<td>Declaración Aduanera de Mercaderías (Customs Declaration of Goods)</td>
</tr>
<tr>
<td>DICAPI</td>
<td>General Directorate of Capitanicies and Coastguards (Peruvian Coast Guard)</td>
</tr>
<tr>
<td>FOB</td>
<td>Free on board</td>
</tr>
<tr>
<td>GTF</td>
<td>Forest transport permit</td>
</tr>
<tr>
<td>IGV</td>
<td>Impuesto general a la venta (general sales tax)</td>
</tr>
<tr>
<td>ITP</td>
<td>Instituto Tecnológico de la Producción (Technological Institute of Production)</td>
</tr>
<tr>
<td>m³</td>
<td>Cubic meter</td>
</tr>
<tr>
<td>MDF</td>
<td>Medium-density fiberboard</td>
</tr>
<tr>
<td>MINAM</td>
<td>Ministry of the Environment</td>
</tr>
<tr>
<td>MINCETUR</td>
<td>Ministry of Foreign Trade and Tourism</td>
</tr>
<tr>
<td>MSB</td>
<td>Oriented strand board</td>
</tr>
<tr>
<td>OSINFOR</td>
<td>Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre (Forest and Wildlife Resources Oversight Agency)</td>
</tr>
<tr>
<td>S/</td>
<td>Peruvian soles</td>
</tr>
<tr>
<td>SENASA</td>
<td>National Agricultural Health Service</td>
</tr>
<tr>
<td>SERFOR</td>
<td>National Forest and Wildlife Service</td>
</tr>
<tr>
<td>SIGAD</td>
<td>Sistema Integrado de Gestión Aduanera (Integrated Customs Management System)</td>
</tr>
<tr>
<td>SNI</td>
<td>Sociedad Nacional de Industrias (National Industry Association)</td>
</tr>
<tr>
<td>SUNAT</td>
<td>Superintendencia Nacional de Aduanas y Administración Tributaria (National Superintendency of Customs and Tax Administration)</td>
</tr>
<tr>
<td>TUPA</td>
<td>Texto Único de Procedimientos Administrativos (Unified Text of Administrative Procedures)</td>
</tr>
<tr>
<td>UIT</td>
<td>Peruvian tax unit (equivalent to S/4,200 in 2019)</td>
</tr>
<tr>
<td>US$</td>
<td>United States dollars</td>
</tr>
</tbody>
</table>
estimating and improving timber legality in Peru exports and imports

I Timelines and Costs in Wood Export and Import Procedures
This report, as part of the study “Estimating and Improving Timber Legality in Peru,” aims to quantify the procedures and the costs, in value and time, to import and export timber and wood products in Peru.

The study focuses on Lima and the three traditional forestry regions of the Peruvian Amazon—Loreto, Ucayali, and Madre de Dios—which boast the largest expanses of tropical forests and timber harvests and are home to Peru’s main timber and wood product production facilities. Lima, as Peru’s capital, is where the main institutions involved in foreign trade are concentrated.

In addition to outlining the steps or stages for the import and export of timber products, this study provides an account of the locations, requirements, and timelines for the procedures of the institutions involved in those processes. Moreover, it aims to show that export processes are more complex than import processes in terms of documentation, regulations, health requirements, customs, and costs, for both CITES and non-CITES species.

The study’s approach involved the in-person participation of the main stakeholders connected to import and export processes. This made it possible to craft a “theoretical route” based on current procedures, which was then compared in the field to the “actual route,” revealing differences, vulnerabilities, and areas for improvement to inform potential strategies and solutions.

The difference in complexity between import and export processes is reflected in Peru’s current foreign trade figures. From 2016 to 2018, annual export values ranged from US$120 million to US$130 million, while import values for timber products fluctuated between US$300 million and US$330 million. In other words, Peru imported more than twice as much as it exported. Imports have increased in recent years, owing to demand from the construction sector and changes to building systems affecting the secondary industry (panels and boards), while the value of exports has remained unchanged or fallen, as in the case of the wood panel industry.

Peru’s main wood product export from 2016 to 2018—shaped wood (tariff item 4409)—continued its upward trend during that time frame, with amounts ranging from US$73 million to US$80 million. In second place are sawn wood exports (tariff item 4407), which have declined in recent years, dropping from US$23 million to less than US$28 million.

For several years, these tariff codes were used improperly, because of deficient technical criteria for applying Peruvian regulations governing forest products, levels of processing, processes involved, and definitions of processing facilities. Exploiting this regulatory vacuum, some sector businesses were able to sidestep product origin verification processes, evade taxes, and obtain financial benefits associated with the sale and export of timber products.

As a result, forest sector data indicated a change in the level of exports of a product that is more processed in theory (shaped wood vs. sawn wood), but not in reality. This situation has not been beneficial for the timber sector’s value added in recent years.

Export times and costs vary considerably. The process can take seven days in Ucayali, but 23 days in Loreto—more than three times as long. Per-container costs range from US$2,174 to US$4,719 (US$84/m³ to US$184/m³). The number of required documents can be 11 in some cases, 15 in others.

Generally, exports consist of hardwoods (usually for interior structural woodwork such as flooring), and to a lesser degree, wood-based panels.

The import process for wood and wood products is considerably less complex. Import times are far shorter: 4 to 10 days, with a per-container cost of US$1,000 to $1,418 (US$25/m³ to US$36/m³) and 9 to 10 required documents. Imported products consist largely of wood-based panels (particle board, medium-density fiberboard (MDF), and oriented strand board), medium to low-density lumber, and plywood, all of which are mainly associated with construction and carpentry.
Import times are considerably shorter, taking 7 days in Ucayali, but 23 days in Loreto. The process can take 4 to 10 days. Exports take 7 days in Loreto, 11 to 13 days in Madre de Dios, and 11 to 18 days in Ucayali. These delays are compounded by the lack of standardized criteria and common protocols across forest checkpoints, especially in the Pucallpa-Lima and Puerto Maldonado-Lima corridors.

### Recommendations

- Implement port infrastructure in the area of Yurimaguas (Loreto) to enable a new river route for export (shorter than the Iquitos-Pucallpa route) and take advantage of the good road conditions between Yurimaguas and Chiclayo, thereby making it possible to reduce transport times to 3 or 4 days, to the port of Paite, which is far less than the 11 days it takes to get to Callao.

- Have the corresponding authorities—SENASA, SUNAT, and Customs—periodically develop health and customs-related protocols and disseminate them to the different users.

- Have SENASA expand and continuously update the list of destination countries with which Peru has phytosanitary agreements in place, in order to standardize procedures.

- Set up GTF issuing systems that operate 24 hours a day, 7 days a week, thereby reducing transport times and excess costs. This could happen at the regional government level.

- Standardize protocols, communications, and concepts across the different forest checkpoints on domestic land routes, in order to prevent errors of judgment during inspections, among other lapses, or corruption.

- For field inspections of CITES species, the institutions involved—regional governments, the National Forest and Wildlife Service (SERFOR), and the Ministry of the Environment (MINAM)—must work together so they can standardize protocols, data, and assessment systems and thereby optimize timelines for issuing export permits.

- Implement infrastructure and customs inspection systems at the ports of Matarani (Arequipa) and Paite (Piura), for the southern and northern routes, to optimize transport times for the regions of Madre de Dios and Loreto, respectively.

### Bottlenecks in export and import processes

The study identified administrative, health, customs, and logistics-related bottlenecks in the export process. In import processes, in contrast, health requirements were the only hurdle.

In terms of administrative difficulties, there tend to be delays in issuing forest transport permits (GTFs). Additionally, volume verification systems are outdated, and oversight agencies’ limited staff and budgets keep them from verifying shipments in time to prevent timber laundering. Timelines for issuing permits for CITES species are lengthy compared to non-CITES species (from 40 days to as much as several months). Peru’s national authority does not have a Unified Text of Administrative Procedures (TUPA).

The main health-related difficulty stems from the fact that Peru does not always have agreements in place with export destination countries. Without such agreements, the National Agricultural Health Service (SENASA) cannot issue phytosanitary certificates, which further delays the process. This is less of a problem in the import process.

As for logistical bottlenecks, distance and time increase transport costs from the Amazon to Callao, which is the main port from which Peru’s timber products are shipped abroad. It costs more to ship a container to Callao from Loreto, Ucayali, or Madre de Dios than it does to export a container from Callao abroad, even to Asia or Europe. The resulting extra costs are compounded by the lack of standardized criteria and common protocols across forest checkpoints, especially in the Pucallpa-Lima and Puerto Maldonado-Lima corridors.

### Timelines and Costs in Wood Export and Import Procedures

<table>
<thead>
<tr>
<th>PARAMETERS</th>
<th>IMPORTS</th>
<th>EXPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LIMA</td>
<td>LORETO</td>
</tr>
<tr>
<td>TIME (DAYS)</td>
<td>4 to 7</td>
<td>18 to 23</td>
</tr>
<tr>
<td>COST/CONTAINER (US$)</td>
<td>1,020 – 1,418</td>
<td>3,683 – 4,779</td>
</tr>
<tr>
<td>m³/CONTAINER</td>
<td>48 – 50</td>
<td>25 – 30</td>
</tr>
<tr>
<td>COST/m³ (US$)</td>
<td>25 – 37</td>
<td>142 – 184</td>
</tr>
<tr>
<td>NO. OF DOCUMENTS</td>
<td>9 to 10</td>
<td>12 to 15</td>
</tr>
<tr>
<td>PRODUCTS (2017 VALUE)</td>
<td>Panels and sheets (43%), sawn wood (13%), furniture (14%)</td>
<td>Sawn hardwoods (88%)</td>
</tr>
<tr>
<td>BOTTLENECKS</td>
<td>Health</td>
<td>Administrative, customs, health, logistics</td>
</tr>
<tr>
<td>OPTIONAL DOCUMENTS</td>
<td>Fumigation certificate</td>
<td>Drying certificate, fumigation certificate, or CITES permit</td>
</tr>
</tbody>
</table>

The total cost of exporting one container of wood from Puerto Maldonado to China (assuming a 40-foot high cube container containing 25 m³) ranges from US$3,534 to US$4,149:
- Puerto Maldonado to Callao: US$3,121 to US$3,576 (US$84/m³ to US$104/m³)
- Callao to China: US$1,243 to US$1,573 (US$48/m³ to US$63/m³)

**Export times and costs vary considerably. The process can take 7 days in Ucayali, but 23 days in Loreto. Import times are shorter, taking an estimated 4 to 10 days.**

<table>
<thead>
<tr>
<th>COST/CONTAINER (US$)</th>
<th>(£)</th>
<th>MATERIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,020 – 1,418</td>
<td>5,920 – 7,396</td>
<td>Panels and sheets (43%), sawn wood (13%), furniture (14%)</td>
</tr>
<tr>
<td>3,683 – 4,779</td>
<td>24,410 – 32,552</td>
<td>Sawn hardwoods (88%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST/m³ (US$)</th>
<th>(£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 – 37</td>
<td>142 – 184</td>
</tr>
<tr>
<td>142 – 184</td>
<td>844 – 1,144</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NO. OF DOCUMENTS</th>
<th>(£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 to 10</td>
<td>767 – 978</td>
</tr>
<tr>
<td>12 to 15</td>
<td>964 – 1,216</td>
</tr>
<tr>
<td>10 to 13</td>
<td>662 – 828</td>
</tr>
<tr>
<td>11 to 14</td>
<td>860 – 1,060</td>
</tr>
</tbody>
</table>

**Agricultural Health Service (SENASA) cannot issue phytosanitary certificates, which further delays the process. This is less of a problem in the import process.**

A customs-related issue reported by exporters is that customs inspection personnel have little experience when it comes to recognizing and identifying forest products and matching them to the right tariff codes. This tends to lead to customs declaration errors which, if not corrected in time, prevent the Superintendency of Customs and Tax Administration (SUNAT) from reimbursing the general sales tax, seriously hurting exporters.

As for logistical bottlenecks, distance and time increase transport costs from the Amazon to Callao, which is the main port from which Peru’s timber products are shipped abroad. It costs more to ship a container to Callao from Loreto, Ucayali, or Madre de Dios than it does to export a container from Callao abroad, even to Asia or Europe. The resulting extra costs are compounded by the lack of standardized criteria and common protocols across forest checkpoints, especially in the Pucallpa-Lima and Puerto Maldonado-Lima corridors.

### It costs more to ship a container to Callao from Loreto, Ucayali, or Madre de Dios than it does to export a container from Callao abroad even to Asia or Europe.
1. Pursuant to law, the Peruvian Amazon encompasses the regions of Loreto, Ucayali, Amazonas, San Martín, and Madre de Dios, as well as specific districts in the provinces of Chanchamayo and Satipo (Lurín); Oxapampa (Pasco); Sandía, Carabayllo, and San Juan de Oro (Puno); Leoncio Prado, Puerto Inca, Pachitea, Marañón, Amarillas, and Ambo (Huánuco); La Convención, Pucarámarca, and Quispicanchis (Cusco); Tayacaja (Huancavelica); Jaén and San Ignacio (Cajamarca); Pataz (La Libertad); and Huanca-bamba (Piura).


3. Trade data are recorded under a coding system known as the “Harmonized Commodity System Description and Coding System (HS).” This system falls under the World Customs Organization and is used by all of its members.
**The Peruvian forest sector**

Peru ranks ninth in the world and second in South America in terms of forest area

- **128 million hectares**
- **72.1 million ha of Amazon forest**
- **56% of Peru’s territory**
- **9.3 million ha of BPPs**
- **17.5 million ha of permanent production forests (BPPs)**
- **3.7 million ha of BPPs**
- **1.9 million ha of BPPs**

### Mechanisms for legal forest access

- **Natural forests**
  - Timber concessions
  - Non-timber concessions
  - Conservation concessions
  - Ecotourism concessions
- **Local forests**
  - In rural forests
  - In agroforestry recovery zones
  - For native or rural communities
  - For private property
- **Plantation forests**
  - Forest plantation concessions

### Forest sector authorities

- **SERFOR**
  - **National Forest and Wildlife Service**
  - National authority tasked with the management of forest and wildlife resources. Leads the National Forest and Wildlife Management System, which establishes the regulatory, technical, and administrative framework and promotes market access and improved conditions for sector competitiveness.

- **OSINFOR**
  - **Forest and Wildlife Resources Oversight Agency**
  - Agency tasked with oversight and enforcement of sustainable harvesting and conservation of forest and wildlife resources in the forests to which the government grants legal access through a range of mechanisms.

### Regional governments

Regional governments provide forest and wildlife authority for their territory. Control and monitor forest and wildlife resources in their region.

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**Source:** MINAM, 2015b

**Data updated to 2018**
The local market consumes an estimated 89% of domestic output, with demand for timber and wood products vary- ing closely from the construction sector, mainly for homes, offices, restaurants, hotels, and shipping centers (Iquitos and Agriculture Organization and CITES, 2016).

Annual exports to global markets range from US$120 million to US$130 million. In order to meet foreign demand for tim- ber forest products, however, exporters need to follow rules and mech- anisms, which is time dependent on the type of product to be exported and the destination country.

One of the main challenges reported in other studies on inter- national trade in timber forest products is the limited avail- ability of statistics, either because data are poorly recorded or because there are no data. This leads to weak verification systems, with little transparency and a lack of controls on trade transactions between origin and destination countries, which in turn facilitates illegal, non-transparent, and in some cases illegal actions in the government’s forest admin- istrations (Navarro et al., 2014).

Table 2 lists the main Peruvian institutions involved in the timber value chain, including the laws, regulations, and controls that can be applied by these authorities.

Table 2 Main institutions involved in international trade in timber and wood products in Peru

<table>
<thead>
<tr>
<th>MANAGEMENT</th>
<th>CONTROL</th>
<th>AUDIT</th>
<th>PROJECTORS AND INDUSTRY</th>
<th>EXPORTER/IMPORTER REPRESENTATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Ministry of Foreign Trade (MINCETUR) - Single Window for Foreign Trade (VUCE) - SENASA - SUNAT - SENOA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Ministry of Agriculture - SENASA - SENASA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Habitat and Agricultural Resources Administration Forest Resources (ITAMAR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Table 2 lists the main Peruvian institutions involved in the timber value chain, including the laws, regulations, and controls that can be applied by these authorities.

Annual exports to global markets range from US$120 million to US$130 million, but to meet foreign demand for timber forest products, exporters need to know and follow specific trade procedures, provisions, and mechanisms, which depend on the type of product to be exported and the destination country.

| Table 2, Annual exports to global markets range from US$120 million to US$130 million, but to meet foreign demand for timber forest products, exporters need to know and follow specific trade procedures, provisions, and mechanisms, which depend on the type of product to be exported and the destination country. | | 23 | 21 |
Association of Exporters (ADEX)

ADEX is one of three institutions responsible for issuing certificates of origin, which certify the country of origin. The other two are the Lima Chamber of Commerce and the National Industry Association (SNI).

A certificate of origin allows exported products to enjoy tariff preferences granted under trade agreements or preferential systems, and proves that the exported goods originated in Peru and are not the result of 'triangulation.' It also confirms the direct route from the country of origin to the destination market. A certificate of origin does not, however, guarantee or verify the legality or traceability of the product in question.

Customs brokers

A customs broker is an individual or legal entity licensed by the customs authority of each country to perform customs clearance, i.e., the formalities involving commercial or shipping documents needed for goods to get through customs, on behalf of an importer or exporter. Customs brokers can offer comprehensive services that include not only customs clearance, but also loading and unloading, transport, and storage of the products to be exported or imported.

In exceptional cases, when the free on board (FOB) value of the goods to be exported or imported is less than $5,000, customs broker services are not required. Most wood product exports exceed this amount.

The involvement of a customs broker commences when the shipment to be exported departs the production area or the designated warehouse for Callao or another port. In coordination with the exporter, the broker does the following:

- With the booking information, requests removal of the empty container from the corresponding warehouse.
- Arranges for a provisional Customs Declaration of Goods (DAM) number.
- Sends the definitive DAM (on approval from the SIGAD), waybill, and booking confirmation to the transshipment warehouse (indirect export) or to the port terminal (direct export).
- After the goods go through the customs control channel (green/orange/red), collects the documents, leaving the respective copies at the warehouse or port terminal, depending on the type of export.
- Provides a numbered seal when the container is filled and sealed. In case of red channel inspections or exports of a CITES species, only a customs broker can open the container, in the presence of the corresponding authorities (Customs, SERFOR, SENASA).
- After the container enters the port terminal, arranges for the export documents to be countersigned and submits the documents authorizing the cargo to be loaded on board the respective vessel.
- Other activities optionally managed by customs brokers are coordination with stevedores, container loading, Special Operations Brigade (BOE) inspections, canine inspections, etc.
Peruvian trade balance in timber and wood products

According to statistics from SERFOR’s Information and Records Directorate (2019), Peru’s trade balance for timber and wood products is negative and has deteriorated more sharply in recent years. During the 2016–2018 period, export values ranged from US$120 million to US$130 million, versus US$300 million to US$330 million in imports—a difference of US$180 million to US$200 million. In contrast, imports have grown in recent years owing to demand from the construction sector.

For decades, Peru’s forest production has been characterized by primary-processed and semi-finished products, based on its abundant forest resources and seasonal demand from domestic and international markets. In recent years, however, exports of wood panels, furniture, and other wood products have increased (Table 4).

Note: The customs drawback system enables exporters to be reimbursed a given percentage of the FOB value of the exported product (4%), to offset the increase in costs owing to tariff duties paid for imported inputs incorporated or consumed in producing the exported product (MINCETUR, 2019).

FIGURE 1
Trade balance for timber and wood products in Peru, 2016–2018

Source: Prepared based on data from the SERFOR Information and Records Directorate / SUNAT (2019).

### TABLE 3
Characteristics and functions of the main institutions involved in the international trade of timber and wood products in Peru

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>CHARACTERISTICS</th>
<th>FUNCTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional government forest and wildlife bureaus/departments</td>
<td>Regional authority tasked with monitoring forest resources</td>
<td>Issues and approves resolutions for annual operating plans, general forest management plans, GTFs, and binding opinions (if applicable); records harvested volumes, by license and industry; conducts inspections in log shipping yards and industrial facilities.</td>
</tr>
<tr>
<td>SERFOR</td>
<td>National forest resource management authority</td>
<td>Grants export, import, and re-export permits for products from: (a) species listed in the CITES appendices, (b) species whose trade is restricted under other international agreements to which Peru is party, and (c) species whose trade is expressly restricted by supreme decree according to law. SERFOR is empowered to request documents that prove the legal origin of products (GTFs) in connection with export processes.</td>
</tr>
<tr>
<td>SENASA</td>
<td>National phytosanitary control authority for the various extraction and manufacturing activities in the forest sector and other sectors</td>
<td>Develops and promotes implementation of plans and programs for the prevention, control, and eradication of agricultural pests and diseases with the greatest socioeconomic impact. Provides phytosanitary certification services.</td>
</tr>
<tr>
<td>SUNAT-Customs</td>
<td>National authority for customs control and tax collection</td>
<td>Regulates customs procedures, including imports and exports, under the General Customs Act. For exports, SUNAT is responsible for obtaining certain information from timber exporters to ensure due payment of tariffs and compliance with phytosanitary procedures and with relevant laws, and granting drawbacks to promote certain exports.</td>
</tr>
<tr>
<td>MINCETUR</td>
<td>MANAGES THE VUCE AND INCLUDES PROMPERÚ (PERU EXPORT AND TOURISM PROMOTION COMMISSION)</td>
<td>The VUCE is an integrated system that enables the parties to virtually manage the formalities requested or required under law by the competent agencies for transshipment, import, or export of goods. PROMPERÚ’s function is to formulate, adopt, implement, and evaluate strategies and plans for the promotion of exportable goods and services.</td>
</tr>
<tr>
<td>MINAM</td>
<td>CITES National Scientific Authority</td>
<td>Issues non-detriment findings based on an assessment of available information (from field inspections and reports on licensed forests in the different regions), to determine the conservation status of species.</td>
</tr>
<tr>
<td>OSINFOR</td>
<td>Agency responsible for oversight and enforcement of sustainable use and conservation of forest and wildlife resources</td>
<td>Verifies that the annual export quota for protected species is consistent with domestic law and international agreements. OSINFOR’s Directorate for Forest and Wildlife Supervision is the CITES enforcement focal point for Peru, pursuant to its Organization and Functions Regulation, approved via Supreme Decree 029-2017-PCM.</td>
</tr>
<tr>
<td>ADEX</td>
<td>Export promotion</td>
<td>Issues certificates of origin. Its membership includes some of Peru’s top timber exporters.</td>
</tr>
</tbody>
</table>
Exports of sawn wood (heading 4407) and shaped wood (heading 4409)
The Andean Community (2007) and Global Strategy (2016) define these tariff headers as follows:

- **4407**
  - Wood sawn or chipped length-wise, sliced or peeled, whether or not planed, sanded, or end-jointed, of a thickness exceeding 6 mm.

- **4409**
  - Wood, including strips and friezes for parquet flooring, not assembled, continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded or the like) along any of its edges, ends, or faces, whether or not planed, sanded, or end-jointed.

Although the two items have processes in common, such as planing and sanding, the main difference between the two products, aside from later transformation processes, is the longitudinal shaping, which modifies or eliminates the four right angles of a piece of sawn wood. The physical difference between sawn and shaped wood is the presence of right angles in the former (which give it its classic square or rectangular cross-sectional profile) and the absence thereof in the latter.

According to figures for 2016, 2017, and 2018, exports of shaped wood (heading 4409) have risen steadily, from US$73 million in 2016 to US$80 million in 2018. Shaped wood is currently Peru’s top timber forest product export. In second place is sawn wood (heading 4407), which, in contrast to shaped wood, has seen a decrease in exports in recent years.

These data have been challenged by other oversight agencies on the grounds that they reflect a system vulnerability being exploited by businesses to sidestep product origin verification processes, evade taxes, and obtain financial benefits. They are also a consequence of the deficient technical criteria laid out in Peruvian regulations governing timber forest products and their processing levels. This situation has proved unhelpful in providing a clear picture of the Peruvian timber sector for entrepreneurs, authorities, and others involved in the processes of legality verification and supervision.

Incorrect tariff code use has caused the data to indicate a shift in exports toward a theoretically more processed product (shaped vs. sawn wood), when that shift is not reflected in reality. A review of the data since 2014 provides key insights regarding the use of tariff codes and the significant variation in export trends of the main wood products. Significant changes have been seen in headings 4407 and 4409.

The report Moment of Truth (Environmental Investigation Agency, 2018) makes reference to the industry’s move to have sawn wood count as a “secondary transformation” product, to avoid having to furnish GTFs and instead transport products only with waybills and invoices, which do not allow for traceability or verification of origin, since the secondary processing industry is regulated by the Ministry of Production rather than SERFOR.

### Other exportable timber products

Local primary processors have seen varying export levels in recent years. For example, exports have increased for builder’s joinery and carpentry (item 4418), as well as for furniture and parts thereof (item 9403), which grew from US$53 million in 2016 to US$54 million in 2018. Peru’s wood-based panel industry (item 4412), on the other hand, has seen its exports decline from previous years, with a similar trend for densified wood (item 4413), wood sheets (item 4408), and particle board (item 4410). The last case was the most dramatic, since it involved the closure of TAPESA (Tableros Peruanos, S.A.), the only Peruvian company engaged in producing particle board, owing to strong foreign competition.

Other products with higher value added, such as wooden handicrafts (4420) and “other articles of wood” (4421) have not been significant in terms of value in recent years (Table 4).

---

**TABLE 4**

Main wood product exports (in US$) from Peru, 2016-2018

<table>
<thead>
<tr>
<th>HEADING</th>
<th>ITEM</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>4409</td>
<td>Shaped wood</td>
<td>73,253,414</td>
<td>73,519,303</td>
<td>80,079,919</td>
</tr>
<tr>
<td>4407</td>
<td>Sawn wood</td>
<td>28,426,892</td>
<td>24,678,277</td>
<td>23,511,664</td>
</tr>
<tr>
<td>4418</td>
<td>Builder’s joinery and carpentry</td>
<td>6,498,187</td>
<td>6,224,112</td>
<td>9,253,874</td>
</tr>
<tr>
<td>4412</td>
<td>Wood-based panels</td>
<td>6,125,703</td>
<td>6,574,112</td>
<td>4,935,641</td>
</tr>
<tr>
<td>4413</td>
<td>Densified wood</td>
<td>5,521,945</td>
<td>1,971,499</td>
<td>186,648</td>
</tr>
<tr>
<td>9403</td>
<td>Other furniture and parts thereof</td>
<td>3,283,508</td>
<td>3,116,738</td>
<td>4,200,348</td>
</tr>
<tr>
<td>4408</td>
<td>Sheets for veneering</td>
<td>2,221,581</td>
<td>1,471,968</td>
<td>1,331,768</td>
</tr>
<tr>
<td>4420</td>
<td>Wooden handicrafts</td>
<td>1,054,586</td>
<td>1,190,467</td>
<td>1,003,224</td>
</tr>
<tr>
<td>9401</td>
<td>Seats</td>
<td>856,678</td>
<td>837,889</td>
<td>860,208</td>
</tr>
<tr>
<td>4410</td>
<td>Particle board</td>
<td>650,776</td>
<td>17,930</td>
<td>86,498</td>
</tr>
</tbody>
</table>

Prepared based on data from the SERFOR Information and Records Directorate / SUNAT (2019).

The four main export headings in 2018 were products with a stronger focus on building interiors and joinery, such as shaped wood, sawn wood, builder’s joinery and carpentry, and wood-based panels.
Imports of timber and wood products into Peru

The top timber forest product imported into Peru in the 2016-2018 period was particle board. As production processes for modular furnishings and structural woodwork for construction improve, consumption of particle board has increased significantly. Other wood panels such as MDF and plywood and builder’s joinery and carpentry round out the inputs used in the construction sector (Table 5).

TABLE 5
Main wood products (in US$) imported into Peru, 2016-2018

<table>
<thead>
<tr>
<th>HEADING</th>
<th>ITEM</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>4410</td>
<td>Particle board</td>
<td>85,497,919.88</td>
<td>10,433,588.77</td>
<td>100,441,133.30</td>
</tr>
<tr>
<td>9403</td>
<td>Other wood furniture</td>
<td>63,218,205.22</td>
<td>63,777,397.19</td>
<td>52,808,364.77</td>
</tr>
<tr>
<td>4411</td>
<td>MDF</td>
<td>43,716,812.42</td>
<td>35,068,324.57</td>
<td>41,799,329.39</td>
</tr>
<tr>
<td>4407</td>
<td>Sawn wood</td>
<td>27,107,516.28</td>
<td>30,024,365.52</td>
<td>31,440,819.16</td>
</tr>
<tr>
<td>9401</td>
<td>Seats</td>
<td>23,698,699.98</td>
<td>20,914,679.61</td>
<td>21,746,254.18</td>
</tr>
<tr>
<td>4412</td>
<td>Plywood</td>
<td>16,063,272.29</td>
<td>27,013,710.66</td>
<td>19,883,752.73</td>
</tr>
<tr>
<td>4403</td>
<td>Roundwood</td>
<td>13,409,488.01</td>
<td>8,094,781.48</td>
<td>11,293,118.28</td>
</tr>
<tr>
<td>4421</td>
<td>Other articles of wood</td>
<td>7,049,596.02</td>
<td>8,020,044.34</td>
<td>6,892,026.41</td>
</tr>
<tr>
<td>4418</td>
<td>Builder’s joinery and carpentry</td>
<td>4,376,046.73</td>
<td>5,817,466.60</td>
<td>5,416,488.38</td>
</tr>
<tr>
<td>4415</td>
<td>Packaging and containers</td>
<td>8,353,491.65</td>
<td>4,008,999.04</td>
<td>2,750,305.05</td>
</tr>
</tbody>
</table>

Prepared based on data from the SERFOR Information and Records Directorate / SUNAT (2019).

EXPOS AND IMPORTS: Timelines and Costs in Wood Export and Import Procedures

The top timber forest product imported into Peru in the 2016-2018 period was particle board. As production processes for modular furnishings and structural woodwork for construction improve, consumption of particle board has increased significantly. Other wood panels such as MDF and plywood and builder’s joinery and carpentry round out the inputs used in the construction sector (Table 5).

Other imports include modular wood furniture, sold mainly in retail chains and department stores; seating furniture; and sawn wood and posts for power lines, the demand for which comes mainly from mining camps.

As regards sawn wood, countries such as Chile, Brazil, or the United States do better in terms of optimization, quality (optimum moisture content, sizing, appearance, etc.), and supply capacity than do Peruvian companies that produce timber of similar characteristics (from forest plantations) or tropical timber.

FIGURE 3
Main timber and wood product imports in Peru (2018)

Prepared based on data from the SERFOR Information and Records Directorate / SUNAT (2019).
Studies on international trade in timber and wood products

The Import Promotion Desk (IPD, 2015) developed a guide for exporting wood and wood products from Peru to Europe. This guide describes the documentation required for the process:

- Bill of lading: Issued by the shipping company; specifies the details of the export. It is equivalent to a birth certificate for the goods to be exported (number of packages, package weight, number of items, etc.).
- Booking confirmation: Specifies the container size (20 or 40 feet in length), the destination port, and the importer or exporter covering transportation.
- Packaging list: Identifies the cargo in the container or transport.
- Commercial invoice: Issued by the exporter, in English (if the destination country is non-Spanish speaking).
- Affidavit or copy of the GTF: Proves the legality and origin of the timber forest products.
- Certificate of origin: Certifies the product’s country of origin (not that it was legally sourced). It is required for cargo to be released at the port of destination. The certificate describes the product being exported, and is signed and sealed by both the exporter and an authorized officer of the agency to which this role is delegated. In Peru, it is issued by MINCETUR-designated institutions, such as ADEX, the Lima Chamber of Commerce, and SNI. The document is processed through the VUCE system.
- Phytosanitary certificate: Issued by SENASA after a visual cargo inspection to rule out any biological contamination that would undermine product quality or violate health conditions set by the destination country. Phytosanitary risk levels depend on the species, origin, and condition of the wood.
- Insurance certificate: Confirms the product delivery conditions, according to the international commercial terms (CIF, FOB) previously agreed by the exporter and importer.
- DAM: In this customs declaration, the declarant indicates which customs duty should be applied to the goods. It is issued when the export value exceeds US$5,000.
- CITES export permit (if the timber species being exported is included in Appendix II or III of CITES): Granted when the Management Authority—in this case SERFOR—issues a report confirming that removal of the specimens was consistent with national legislation.
- Other documents: quality or forest management certificate, pre-shipment inspection document, fumigation certificate, etc.

In 2016, the Peruvian Society for Environmental Law (SPDA) developed recommendations for exporting Peruvian timber to the United States, which spelled out concepts, steps, requirements, and basic permits. In the case of wood exports, re-exports, and imports, permits are divided into two classes: CITES species and non-CITES species.

Permits for the export of specimens, products, and by-products of CITES and non-CITES flora require:

- An application, carrying the weight of a sworn statement, using a specific form;
- A document that covers the transport of specimens, products, and by-products pursuant to Article 168 of the Forest Management Regulation;
- Where applicable, a document proving the possession or ownership of the product (bill of sale, invoice, etc.); and
- A packing list or specimen list.

Permits for the import and re-export of specimens, products, and by-products of CITES flora require:

- An application, carrying the weight of a sworn statement, using a specific form, addressed to the competent authority (SERFOR);
- Export permit or re-export certificate from the country of origin for species listed in CITES Appendix I or II.
- Certificate of origin and export permit or re-export process.
- Certificate of origin and export permit or re-export certificate from the country of origin for species listed in CITES Appendix III.
- A packing list or specimen list.

For Spanish cedar and mahogany, which are included in the CITES species export list, the harvest volumes and, therefore, their export quotas are set by the corresponding CITES management and scientific authorities (SERFOR and MINAM, respectively).

Peru’s export and import processes have been found to have common weaknesses, which in turn lead to weak spots in trade controls, regulations, and statistics as they relate to Peru’s forest sector:

- Transfer pricing and other illegal accounting practices: under-reporting of volume and value (for exports and imports) and manipulation of credits, services, cash flows, and exemptions to evade or reduce company taxes.
- Undervaluation of timber volume and quality.
- Misclassification of species to evade taxes and trade restrictions on certain species and to obtain market share.
- Illegal timber processing; operating without a permit; violations of environmental, labor, or social laws; controversial sourcing of raw material.

### TABLE 6

Main findings in the study’s conceptual framework

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legality verification system</td>
<td>• SERFOR does not have a TUPA, so some of its actions and interventions are not clearly defined.</td>
</tr>
<tr>
<td>• Agencies have overlapping functions.</td>
<td></td>
</tr>
<tr>
<td>• Fees for the same documents differ depending on the region (mainly for GTFs).</td>
<td></td>
</tr>
<tr>
<td>Agencies with jurisdiction over the export/import process</td>
<td>• Coordination and communication among some of the institutions involved in international trade processes do not appear to be fluid.</td>
</tr>
<tr>
<td>• Checkpoints lack protocols and budgetary and other resources.</td>
<td></td>
</tr>
<tr>
<td>International trade</td>
<td>• Information errors in the DAM result in fines and economic losses for exporters.</td>
</tr>
<tr>
<td>• Customs personnel have little experience in identifying forest products and species.</td>
<td></td>
</tr>
<tr>
<td>Studies on timber trade</td>
<td>• Tariff codes are used improperly in classifying goods (mainly headers 4407 and 4409) to claim a higher level of processing and not apply for GTFs.</td>
</tr>
<tr>
<td>• In the export/import process, transfer pricing and other illegal accounting practices, under-reporting of volume and value, undervaluation of timber volume and quality, misclassification of species, etc., lead to weaknesses in trade controls, regulations, and statistics.</td>
<td></td>
</tr>
</tbody>
</table>

Notes

6. Article 15 of Supreme Decree 019-2008
7. Triangulation is a method used to avoid paying for phytosanitary compliance. It involves first exporting to a country without these requirements and then swapping documentation and redirecting the shipment to a third country.
8. Booking refers to submitting a request to the shipping company to reserve space for the shipment of goods.
9. SIGAD stands for Sistema Integrado de Gestión Aduanera [Integrated Customs Management System].
10. The BOE is the specialized unit of SUNAT that inspects export shipments suspected of moving narcotics, smuggling, or other illegal operations.
11. Includes structural products (columns, beams), assembled wood flooring, doors, windows, and other products used in construction.
12. Retail business consists of companies that specialize in the mass sale of standardized services or products to large numbers of customers; in other words, business is done in large quantities with a broad range of products. Retail includes supermarkets, department stores, pharmacy chains, franchises, etc.
13. Bill of lading can be abbreviated as B/L or BoL.
14. International commercial terms reflect the terms of delivery of goods exchanged between exporters and importers. CIF, which stands for Cost, Insurance and Freight (named port of destination), means that the seller bears all costs, including the main transport and insurance, until the goods arrive at the port of destination. Although insurance has been obtained by the seller, the beneficiary is the buyer. FOB, which stands for Free On Board (named port of shipment), means that the seller delivers the goods on board the vessel. The buyer is responsible for designating and reserving the main transport (ship).
15. In Peru, the main CITES species are Swietenia macrophylla and Cedrela odorata.
The study’s approach involved the in-person participation of stakeholders in the wood product value chain who are involved in the international trade of forest timber and wood products in Peru, to map out the related steps, timelines, costs, and data. It uses as a frame of reference the methodology applied by Navarro et al. (2014) to determine export and import procedures for timber and wood products in Central America and the Dominican Republic.

The following activities were part of the work methodology:

- Determining the ‘theoretical route’ (set by the applicable authorities) of timber and wood product export/import processes in Peru in terms of steps, timelines, and costs;
- Meetings (office and field) with key stakeholders involved in timber and wood product export/import processes: SUNAT- Customs, SENASA, ADEX, SERFOR, exporters/importers, and other relevant institutions (Table 2);
- Determining the ‘actual route’ of timber and wood product export/import processes in Peru in terms of steps, timelines, and costs;
- Analyzing the actual versus the theoretical route to identify differences, vulnerabilities, and areas for improvement in these processes;
- Field visits to ports of entry and exit: Callao (Lima) and Iquitos (Loreto).

Determining actual export and import timelines and constraints provides the opportunity to analyze and understand the sector’s potential vulnerabilities and, in turn, to propose strategies and solutions for improvement in this area.

The methodological tools used in this study were:

- A review of the literature on related issues;
- Meetings with the consulting team (preparatory phase);
- Interviews and surveys of key stakeholders in the timber value chain;
- Questionnaires with open-ended, closed, conceptual, and other questions;
- Review and analysis of case studies (for exports and imports), with companies providing information on situations they had experienced with regard to a particular product in any stage of the export/import process, where they found no apparent or concrete solution;
- Validation of administrative, production, and logistics processes with exporters and importers through a workshop (at the end of the study).
Table 7 shows the different phases in the study’s methodology. Analyzing and understanding the export/import processes is essential to determining the ideal route in terms of these processes, the bottlenecks in each stage, and the different institutions’ roles and interactions.

**TABLE 7**
Methodology for the study on administrative governance of timber and wood product exports/imports in Peru

<table>
<thead>
<tr>
<th>PHASE</th>
<th>SUMMARY</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparatory phase</td>
<td>Plan the office and field work needed to conduct the study.</td>
<td>• Review of literature related to the products featured in this study.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Development of survey/interview questions for the different timber value chain stakeholders involved in international trade.</td>
</tr>
<tr>
<td>Stakeholder mapping</td>
<td>Identify and characterize the jurisdiction of the agencies involved in export/import processes. Understand how these institutions interact, to help outline actions for different users.</td>
<td>• Meetings and interviews with agencies involved in international trade of wood (field work).</td>
</tr>
<tr>
<td>Registration procedures for wood exporters</td>
<td>Validate processes for companies that harvest and trade in natural resources to obtain export permits from the respective regional governments (in this case, of Loreto, Ucayali, and Madre de Dios).</td>
<td>• Steps, timelines, and costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Constraints encountered</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Identification of any unrecorded or excessive step that increases registration time</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Benefits and risks in exporting wood</td>
</tr>
<tr>
<td>Timber and wood product export procedures</td>
<td>Validate timelines and processes according to where in Peru the export originated: Iquitos (Loreto), Pucallpa (Ucayali), and Puerto Maldonado (Madre de Dios).</td>
<td>• Steps, timelines, and costs (per container and by volume)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Main bottlenecks encountered</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Identification of delays that extend export timelines</td>
</tr>
<tr>
<td>Procedures for timber and wood product importers</td>
<td>Review and analyze the different processes for importing timber and wood products into Peru, to gain insights into why the forest sector is not competitive despite its great potential. If the number of required steps is smaller than for exports, this should translate into shorter timelines and lower costs for wood importers.</td>
<td>• Steps, timelines, and costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Constraints encountered</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Identification of any unrecorded or excessive step that increases registration time</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Advantages and disadvantages for wood importers in the import process</td>
</tr>
<tr>
<td>Timber and wood product import procedures</td>
<td>Validate timelines, costs, and processes according to where the import originated and the type of product imported, to make a comparative analysis of the difficulty/ease of import versus export processes.</td>
<td>• Steps, timelines, and costs (per container and by volume)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Comparative analysis of ideal timeline vs. actual import timeline</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Main constraints encountered</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Identification of delays that extend import timelines</td>
</tr>
<tr>
<td>Timber and wood product (CITES and non-CITES) export/ import flowcharts</td>
<td>Look at whether the current system enables the forest sector to be viable and competitive or whether it is partly the cause of vulnerabilities associated with informality and illegality in the international wood trade.</td>
<td>• Ideal export and import timelines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Process mapping (stakeholders, timelines, costs, constraints)</td>
</tr>
</tbody>
</table>


Notes

In Peru, the main timber producing regions are in the Amazon, at a considerable distance from the port of Callao:

- Exports from Pucallpa (in Ucayali) and Puerto Maldonado (in Madre de Dios) are shipped to Callao exclusively by land.

- Exports from Iquitos (in Loreto) are transported by river as far as Pucallpa and from there to Lima by land; Loreto’s remote location and lack of access to land transport routes increase export times and costs.

This study examines the steps (activities and sub-activities), timelines, and costs that begin in the producing areas, with the permits and requirements established by the authorities, as well as those associated with the transfer (shipping) of products to the maritime terminal.

Certain costs are incurred just once:

- Application to register as an export company (processed by SUNAT)
- The export registration certificate, which is processed in the offices of each region’s forest and wildlife bureau.

Six steps or major activities required for the export of wood were identified:

- Booking (start of customs process)
- Issuance of a forest transport permit (GTF) for the product
- Entry of the shipment into a temporary customs warehouse (outside the port)
- Transfer of the shipment to Customs (maritime terminal)
- Issuance of the certificate of origin
- Issuance of the bill of lading

**Booking (start of customs process)**

The export process begins once production is finalized pursuant to the contract with the end customer (in the destination country). At this point the exporter communicates with the shipping agent or shipping line via a customs broker or freight broker to book space.

The exporter provides all the necessary information about the goods and their destination in the booking request, which reserves the empty container as well as the space in which the goods will be transported on the vessel. The shipping line or shipping agent confirm acceptance of the booking of the container and the requested space. The exporter draws up the Shipper’s Letter of Instruction, which contains the basic information for the bill of lading, and provides it to the shipping agent or shipping line.

The cost of booking ranges from S/3,500 to S/4,600 for Ucayali and Madre de Dios, and from S/4,000 to S/5,280 for Loreto. Processing takes one half day to one day.
Issuance of a GTF for the product

A GTF is a document required for the transport of timber or wood products within Peru and for export. In the latter case, it is a traceability tool that identifies the source of the timber.

For exports, there are two GTFs: the GTF issued at the point of origin (covering transport from the forest to the processing facility), and the GTF issued by the regional authority to cover transport of the wood product to the port of Callao.

To export goods, one must first obtain an export permit certifying authorized by the regional government forest and wildlife bureau or department, for which the following documents are required:

- Application to the regional government forest and wildlife bureau or department
- Copy of the municipal operating license, if applicable
- Copy of the public registration certificate and accreditation of the legal representative for companies, or for individuals, a copy of their identity card
- Forest and wildlife operations logbook
- Receipt of payment for processing fee: 2.36% of one UIT (S/96.98)

GTFs contain information pertaining to the source of the shipment, points of departure and arrival, species, and volume (in cubic meters). The following documents are required for a GTF to be issued:

- Transport request form submitted to the forest bureau or department. Individuals attach a simple power of attorney, if needed.
- Payment of the GTF fee and proof of payment of the harvest fee
- Resolution approving the general forest management plan
- Log list / packing list / volume table / product catalog
- Consignor’s waybill (forest licensee)
- Carrier’s waybill (harvest area/industry - port)
- GTF from the point of origin (when shipping from Loreto to Ucayali)

The cost of a GTF ranges from S/25.20 for Loreto and Madre de Dios to S/96.98 for Ucayali (according to each region’s TUPA). Processing takes one half to one day.

Entry of the shipment into a temporary customs warehouse (outside the port)

This extremely important stage consists of entry of the shipment into the temporary warehouse, container filling and phytosanitary treatment, and sealing of the container.

The first step begins when the transport enters the customs broker’s temporary warehouse. The truck is weighed and the relevant documentation is reviewed to authorize entry. Delivery of the empty container is documented by a Designated shipping company. That document captures information required by the importing country’s National Plant Health Division, or head of the Document Processing Center.

Phytosanitary inspection / verification

If needed, SENASA’s Lima technical administration unit can take advantage of this SENASA inspection period to conduct its own visual inspection. SENASOR is not required to inspect shipments unless the wood is from a CITES species, but in recent years it has become common for exporters to request this verification to ensure requirements are met so they will not run into difficulties in the customs zone.

The container is sealed with a numbered seal (in the presence of the customs authority). The container, now filled, inspected, and having undergone phytosanitary treatment, is stored in the customs broker’s facilities and/or transferred to the maritime terminal.

The cost to issue a GTF ranges from S/25.20 for Loreto and Madre de Dios to S/96.98 for Ucayali (according to each region’s TUPA). Processing takes one half to one day.
Transfer of the shipment to Customs (maritime terminal)

This stage begins with the sealed container leaving the temporary warehouse, with a final DAM number, for the maritime terminal. For this operation to proceed, the exporter or customs broker needs to send the Customs Intendant the particulars of the shipment to be transferred once it enters the temporary warehouse, along with RUC information, company name, and other information transmitted by the customs broker (national sub-heading, description of goods, final destination country code, warehouse code, name and consignee of the goods), so that the Integrated Customs Management System (SIGAD) can generate the DAM number and validate the information provided.

Once the SIGAD indicates compliance by generating the DAM number, the customs broker is informed and proceeds to print the DAM. The temporary warehouse can only begin the shipment process when it has the DAM and the respective certifications. This is when the exporter or customs broker can enter the maritime terminal.

Once inside the terminal the control channel can be assigned:
- Red (document and physical inspection),
- Orange (document inspection), or
- Green (authorized for loading without inspection).

CITES species (e.g., mahogany or Spanish cedar) go through the red channel. Specialized SERFOR personnel go to the warehouse to take samples to verify the characteristics of the shipment to be exported. These inspections may take place at any time during the process—during transport, in bonded warehouses inside or outside the port, and even on the vessel itself, in port or while sailing in national waters.

The loading of goods necessitates coordination with Customs and the Callao port terminal manager; this operation may involve prestacking the container on the dock for eight hours.

The shipping agent supplies the vessel’s captain or first officer with the tally list and stowage plan. Copies of these documents also go to the shipping line, Port Manager, and the Peruvian Coast Guard (DICAPI). The shipping agent orders the container to be loaded onto the appropriate vessel and stowed in the previously booked and assigned space.

Issuance of the certificate of origin

A certificate of origin certifies that goods originated in a particular country—in this case, that the timber or wood product came from Peru. The Lima Chamber of Commerce, SNI, and ADEX are authorized to issue certificates of origin. The cost is S/42.48, and the process takes one to three days, subject to validation of the documentation submitted through the VUCE. The steps involve:
- Having a SOL key14 (provided by SUNAT to the legal representative)
- Logging on to the VUCE system through the website: www.vuce.gob.pe
- Selecting “Nueva solicitud [New application]” at the top and then selecting the “Emision de certificado de origen [Issue certificate of origin]” option
- Entering applicant and certificate information
- Obtaining an invoice and sworn statement, which is used to register the goods.

The certificate of origin and other documents are usually sent to the importer after the vessel sails, to arrange for cash against documents payment.

Issuance of the bill of lading (B/L)

At this stage, the shipping agent prepares and signs the B/L, to confirm receipt of the goods on board the vessel, that there is a contract of carriage, and that the cargo described belongs to the rightful holder of the document and must be delivered to same at the port of destination.

The document is issued in sets of originals, usually two or three, any of which serve as proof of possession of the goods. The shipping agent issues the cargo manifest and is responsible for informing Customs, the Port Manager, and DICAPI that the loaded goods will be leaving the customs area.

The B/L is a vitally important document for the exporter, because it allows the cargo to be released from customs in the destination country (if it is a bearer B/L). The cargo remains in possession of the shipping line until the consignee or importer presents the B/L with approval (“vista bueno”) from the shipping line or its representative.

Exporters may use a B/L as a customer financing tool, ensuring payment and sending the B/L to the importer, so this step can also occur “post sailing.” If a B/L is issued with errors, the DAM has to be corrected, leading to a delay in obtaining the drawback,20 in addition to fines.

Export steps, timelines, and costs by region

The following tables present the procedures for final export of timber and wood products for the three regions studied, with the respective steps, costs, and timelines (minimum and maximum, based on the ranges for each institution involved).

Puerto Maldonado (Madre de Dios)

Table 8 provides key information regarding the time and costs involved in exporting from Puerto Maldonado (Madre de Dios):

- Not including transportation, the process can take from 3 to 11 days.
- Total time to export, starting from shipment to the port of Callao, ranges from 11 days (minimum) to 17 days (maximum).
- The total cost to export one container of wood from Puerto Maldonado to China (assuming a 40-foot high cube container containing 25 m³) ranges from US$3,364.18 to US$4,149.83.
- The total cost of customs broker services typically ranges from US$1,000 to US$1,200 plus general sales tax (IGV) (e.g., US$1,418 for Brokmar Chartering SAC).
- The cost of inland transport from Puerto Maldonado to Callao ranges from US$2,121 to US$2,575.76.
- The cost per cubic meter is US$129.39 to US$159.58 including inland transport; without transport it is US$49.33 to US$61.82.
### Table 8

Costs and time involved in exporting from Puerto Maldonado, Peru (2019)

<table>
<thead>
<tr>
<th>No.</th>
<th>STEP</th>
<th>RESPONSIBLE PARTY</th>
<th>PLACE</th>
<th>REQUIREMENTS</th>
<th>RESULT</th>
<th>COST (IN SOLES)</th>
<th>TIME (DAYS)</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Booking</td>
<td>Customs broker</td>
<td>Customs broker office</td>
<td>Commercial invoice, packing list, international sales contract</td>
<td>Booking confirmation/ provisional DAM number</td>
<td>S/4,000 - S/4,600</td>
<td>0.5 - 1</td>
<td>Paid by exporter</td>
</tr>
<tr>
<td>2</td>
<td>Issuance of GTF for product</td>
<td>Exporter</td>
<td>Regional forest department/ bureau</td>
<td>GTF (forest), GTF and harvest fee payments, resolution approving operating plan, transport request, packing list</td>
<td>GTF for domestic transport</td>
<td>S/25.20 - S/25.20</td>
<td>0.5 - 1</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Temporary warehouse</td>
<td>Customs broker</td>
<td>Temporary warehouse</td>
<td>Commercial invoice, packing list, consignor and carrier waybills, product GTF, provisional DAM</td>
<td>Weighing, taring, entry, and storage of the product</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Container filing</td>
<td>Customs broker</td>
<td>Temporary warehouse</td>
<td>None</td>
<td>Container filled, numbered seal</td>
<td>1 - 2</td>
<td>Imported wood is required to come fumigated; otherwise it is incinerated</td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>If applicable, container fumigation</td>
<td>Company authorized by SENASA</td>
<td>Temporary warehouse</td>
<td>Fumigation may or may not be required, depending on the customer’s needs and/or the destination country</td>
<td>Fumigated container, SENASA Phytosanitary Certificate</td>
<td>S/76.59 - S/216.59</td>
<td>0 - 4.5</td>
<td>Methyl bromide, phosphine, or thermal treatment</td>
</tr>
<tr>
<td>3.3</td>
<td>If applicable, SERFOR inspection for CITES species</td>
<td>SERFOR</td>
<td>Temporary warehouse</td>
<td>Export permit</td>
<td>CITES permit</td>
<td>S/0.00 - S/0.00</td>
<td>0 - 0.5</td>
<td>SERFOR stopped charging for the CITES permit in 2015</td>
</tr>
<tr>
<td>4</td>
<td>Callao Customs</td>
<td>Customs broker</td>
<td>Port</td>
<td>Submittal of documentation. Red channel costs S/210 to S/350</td>
<td>DAM with release authorized</td>
<td>S/0.00 - S/350.00</td>
<td>1 - 2</td>
<td>New exporters very often go through the red channel (3-4 times); after 23 shipments they go through orange or green</td>
</tr>
<tr>
<td>5</td>
<td>Issuance of certificate of origin</td>
<td>ADEX / Lima Chamber of Commerce / SNI VUCE (online)</td>
<td></td>
<td>Commercial invoice, packing list, DAM, sworn declaration of goods</td>
<td>Certificate of origin</td>
<td>S/42.93 - S/42.93</td>
<td>1 - 3</td>
<td>After sailing</td>
</tr>
<tr>
<td>6</td>
<td>B/L</td>
<td>Shipping line</td>
<td>Virtual (via email)</td>
<td>Commercial invoice, packing list, DAM, sworn declaration of goods</td>
<td>Delivery of B/L for cash against documents</td>
<td>S/165 - S/165</td>
<td>1 - 3</td>
<td>After sailing</td>
</tr>
</tbody>
</table>

**EXTRA COSTS**

<table>
<thead>
<tr>
<th>TOTAL/CONTAINER</th>
<th>TOTAL/CONTAINER with domestic transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in soles)</td>
<td>S/4,309.72 - S/5,399.72</td>
</tr>
<tr>
<td>(in soles)</td>
<td>S/11,309.72 - S/13,899</td>
</tr>
<tr>
<td>POST-SAILING COSTS</td>
<td>DOMESTIC TRANSPORT</td>
</tr>
<tr>
<td>(US$)</td>
<td>S$129.39 - S$159.58</td>
</tr>
<tr>
<td>(incl. domestic transport)/m³ (US$)</td>
<td>S$129.39 - S$159.58</td>
</tr>
</tbody>
</table>

Source: Prepared based on field work in Puerto Maldonado, 2019.
The flow of exports from Puerto Maldonado has the following characteristics:

- For non-CITES species, 10 documents are required: GTF (forest), GTF (industry), consignor's waybill, carrier's waybill, DAM, phytosanitary certificate, certificate of origin (CO), B/L, commercial invoice, and packing list.
- For CITES species, 11 documents are required: GTF (forest), GTF (industry), consignor's waybill, carrier's waybill, DAM, phytosanitary certificate, CO, B/L, CITES permit, commercial invoice, and packing list.
- The customer may require a drying and/or fumigation certificate.
- The stage that takes the longest (excluding land transport) is the time the load spends in the (customs broker's) temporary warehouse awaiting required SERFOR and SENASA inspections, which can be from 2 to 7 days.
- The highest costs for this region are concentrated in the inland transport (60%) and temporary warehousing (40%) stages.
- The VUCE comes into play in the temporary warehousing stage (for SENASA certificates and SERFOR inspections), and is needed again later, in connection with the certificate of origin.
- Until 2017, Madre de Dios was the only region that exported CITES species (mahogany and Spanish cedar).
- According to information from exporters, the delays for export permits are considerable (from 45 days to several months), as will be described later.

**FIGURE 4**
Flow of wood product exports from Puerto Maldonado (2019)

2 Iquitos (Loreto)

The characteristics of the export process from Loreto are as follows:

- Since Loreto does not have a port of its own available, nor a shipping company that can ship abroad (from the city of Iquitos), its forestry industry is forced to transport goods twice in order to export—first by river from Iquitos to Pucallpa, and then by land from Pucallpa to the port of Callao.
- Total transport time (river plus land) ranges from 7 to 9 days.
- Total transport costs range from US$2,342.42 to US$2,878.79. These include handling (loading and unloading) of the forest products in both Pucallpa and Iquitos.
- The cost of customs services for exports runs from US$1,425 to US$1,927.58.
- Exporting from Loreto entails arranging for GTFs twice. The first GTF is issued in Iquitos by the Loreto regional government’s Forest and Wildlife Bureau for river transfer to Pucallpa. In Pucallpa, the Ucayali regional government’s Forestry and Wildlife Department reviews the documentation again and issues a “binding technical opinion.” This verification process, which is mandatory under Ucayali’s TUPA, takes one to two days, with the cost set based on the level of processing (roundwood or sawn wood). If the destination country has a phytosanitary requirement, fumigation is done in advance in Iquitos, with final inspection done in the temporary warehouses outside the Callao customs area, which saves time in the step preceding container loading. On occasion, owing to a lack of coordination amongst the health authorities, a second fumigation has been requested in Callao.
- The export timeline generally ranges from 19 to 23 days but can stretch to 30 days. In the past, when the shipping company was still in operation, export times were just 10 to 15 days, which was the time it took the ship to arrive in Iquitos and load the different products (including wood) for transport. Better export times and costs gave Loreto a competitive advantage over Peru’s other forestry regions, since the goods did not have to travel great distances.
- Back when exports left directly from Iquitos, the cargo was not shipped in containers, but in the ship’s hold, which further reduced customs processing times. Exporting directly from Iquitos to the ports of Manzanillo or Veracruz in Mexico used to take from 15 to 25 days total.
- By 2019, Loreto and its exporters had tried, unsuccessfully, to get the shipping company, which ceased operations in 2015, to resume service. Given the situation in the forestry sector, there are fewer and fewer exporters, and they are unable to meet the shipping company’s volume requirement of roughly 2 million board feet per trip. Another factor is that the region has still not seen a revival of the oil sector, which had also helped cover the shipping company’s costs for the significant logistics and materials required.
### Table 9

Costs and time involved in exporting from Iquitos, Peru (2019)

<table>
<thead>
<tr>
<th>No.</th>
<th>STEP</th>
<th>RESPONSIBLE PARTY</th>
<th>PLACE</th>
<th>REQUIREMENTS</th>
<th>RESULT</th>
<th>COST (IN SOLES)</th>
<th>TIME (DAYS)</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MIN</td>
<td>MAX</td>
<td>MIN</td>
</tr>
<tr>
<td>1</td>
<td>Booking (starts customs procedure)</td>
<td>Customs broker</td>
<td>Customs broker office</td>
<td>Commercial invoice, packing list, international sales contract</td>
<td>Booking confirmation/ provisional DAM number</td>
<td>$4,000</td>
<td>$5,280</td>
<td>0.5</td>
</tr>
<tr>
<td>2</td>
<td>Issuance of GTF for product</td>
<td>Exporter</td>
<td>Regional forest department/ bureau</td>
<td>Commercial invoice, packing list, general forest management plan, operations logbook (if applicable), GTF payment receipt, GTF (forest), letter with carrier info (transport request)</td>
<td>GTF for domestic transport</td>
<td>$284.18</td>
<td>$284.18</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Temporary warehouse</td>
<td>Customs broker</td>
<td>Temporary warehouse</td>
<td>Commercial invoice, packing list, consignor and carrier waybills, product GTF, provisional DAM</td>
<td>Weighing, taring, entry, and storage of the product</td>
<td>Included in customs broker fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Container filling</td>
<td>Customs broker</td>
<td>Temporary warehouse</td>
<td>None</td>
<td>Container filled, numbered seal</td>
<td>1</td>
<td>2</td>
<td>Definitive DAM number provided</td>
</tr>
<tr>
<td>3.2</td>
<td>If applicable, container fumigation</td>
<td>Company authorized by SENASA</td>
<td>Temporary warehouse</td>
<td>Fumigation may or may not be required, depending on the customer’s needs and/or the destination country</td>
<td>Fumigated container, SENASA Phytosanitary Certificate</td>
<td>$140</td>
<td>$216.79</td>
<td>0</td>
</tr>
<tr>
<td>3.3</td>
<td>If applicable, SERFOR inspection for CITES species</td>
<td>SERFOR</td>
<td>Temporary warehouse</td>
<td>Export permit</td>
<td>CITES permit</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Callao Customs</td>
<td>Customs broker</td>
<td>Port</td>
<td>Submittal of relevant documentation. Typically, new exporters go through the red channel, but move to orange or green after 23 shipments</td>
<td>DAM with release authorized</td>
<td>$0</td>
<td>$350</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Issuance of certificate of origin</td>
<td>ADEX / Lima Chamber of Commerce / SNI VUCE (online)</td>
<td>Virtual (via email)</td>
<td>Commercial invoice, packing list, DAM, sworn declaration of goods</td>
<td>Certificate of origin</td>
<td>$43</td>
<td>$45</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>B/L</td>
<td>Shipping line</td>
<td>Virtual (via email)</td>
<td>Commercial invoice, packing list, DAM, sworn declaration of goods</td>
<td>Delivery of B/L, for cash against documents</td>
<td>$160</td>
<td>$185</td>
<td>1</td>
</tr>
</tbody>
</table>

#### EXTRA COSTS

| TOTAL/CONTAINER (in soles) | $4,627.18 | $5,630.97 | 5.5 | 14 | Post-sailing costs not included |
| TOTAL/CONTAINER with domestic transport (in soles) | $12,357.18 | $15,860.97 | 14.5 | 23 | Domestic transport 7 to 9 days |
| TOTAL/CONTAINER with domestic transport (in U.S. dollars) | $3,683.08 | $4,779.02 | |

### Source

Prepared based on field work in Iquitos, 2019.
Loreto is the region that faces the highest costs, longest times, and largest document requirements for export.

- **Time**: 19 - 23 days
- For non-CITES species, 12 documents are required: GTF (forest), GTF (industry), GTF (Pucallpa), binding technical opinion, consignor’s waybill, carrier’s waybill, DAM, phytosanitary certificate, CO, B/L, commercial invoice, packing list.
- For CITES species, 13 documents are required: GTF (forest), GTF (industry), GTF (Pucallpa), binding technical opinion, consignor’s waybill, carrier’s waybill, DAM, phytosanitary certificate, CO, B/L, CITES permit, commercial invoice, packing list.
- The customer may require a drying and/or fumigation certificate.
- The cost per container ranges from US$3,683.08 to US$4,779.02.
- The cost per cubic meter ranges from US$141.66 to US$183.80.

### FIGURE 5
Flow of wood product exports from Iquitos (2019)

**Source:** Prepared by the author (2019).
Estimating and Improving Timber Legality in Peru

### Timelines and Costs in Wood Export and Import Procedures

3 Pucallpa (Ucayali)

The relevant data regarding the time and costs involved in exporting from the region of Ucayali are:

- Transport from Pucallpa to the port of Callao takes just two to three days. This timeline is much shorter than for Madre de Dios and Loreto (thereby making Ucayali more competitive).

#### TABLE 10

<table>
<thead>
<tr>
<th>No.</th>
<th>STEP</th>
<th>RESPONSIBLE PARTY</th>
<th>PLACE</th>
<th>REQUIREMENTS</th>
<th>RESULT</th>
<th>COST (IN SOLES)</th>
<th>TIME (DAYS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Booking (starts customs procedure)</td>
<td>Customs broker</td>
<td>Customs broker office</td>
<td>Commercial invoice, packing list, international sales contract</td>
<td>Booking confirmation/ provisional DAM number</td>
<td>S/3,500</td>
<td>S/4,600</td>
</tr>
<tr>
<td>2</td>
<td>Issuance of GTF for product</td>
<td>Exporter</td>
<td>Regional forest department/bureau</td>
<td>GTF (forest), GTF and harvest fee payments, resolution approving operating plan, transport request, packing list, binding opinion (*)</td>
<td>GTF for domestic transport</td>
<td>S/96.98</td>
<td>S/96.98</td>
</tr>
<tr>
<td>3</td>
<td>Temporary warehouse</td>
<td>Customs broker</td>
<td>Temporary warehouse</td>
<td>Commercial invoice, packing list, consignor and carrier waybills, GTF (forest), GTF (industry), provisional DAM</td>
<td>Weighing, taring, entry, and storage of the product</td>
<td>Included in customs broker fee</td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Container filling</td>
<td>Customs broker</td>
<td>Temporary warehouse</td>
<td>None</td>
<td>Container filled, numbered seal</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3.2</td>
<td>If applicable, container fumigation</td>
<td>Company authorized by SENASA</td>
<td>Temporary warehouse</td>
<td>Fumigation may or may not be required, depending on the customer’s needs and/or the destination country</td>
<td>Fumigated container, SENASA Phytosanitary Certificate</td>
<td>S/76.59</td>
<td>S/216.59</td>
</tr>
<tr>
<td>3.3</td>
<td>If applicable, SERFOR inspection for CITES species</td>
<td>SERFOR</td>
<td>Temporary warehouse</td>
<td>Export permit</td>
<td>CITES permit</td>
<td>S/0</td>
<td>S/0</td>
</tr>
<tr>
<td>4</td>
<td>Callao Customs</td>
<td>Customs broker</td>
<td>Port</td>
<td>Submittal of relevant documentation. Typically, new exporters go through the red channel, but move to orange or green after 23 shipments</td>
<td>DAM with release authorized</td>
<td>S/0</td>
<td>S/350</td>
</tr>
<tr>
<td>5</td>
<td>Issuance of certificate of origin</td>
<td>ADEX / Lima Chamber of Commerce / SNI</td>
<td>VUCE (online)</td>
<td>Commercial invoice, packing list, DAM, sworn declaration of goods</td>
<td>Certificate of origin</td>
<td>S/42.93</td>
<td>S/42.93</td>
</tr>
<tr>
<td>6</td>
<td>B/L</td>
<td>Shipping line</td>
<td>Virtual (via email)</td>
<td>Commercial invoice, packing list, DAM, sworn declaration of goods</td>
<td>Delivery of B/L for cash against documents</td>
<td>S/165</td>
<td>S/165</td>
</tr>
</tbody>
</table>

**EXTRA COSTS**

<table>
<thead>
<tr>
<th></th>
<th>TOTAL/CONTAINER</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic transport</td>
<td>S/3,881.50</td>
<td>S/5,472</td>
</tr>
<tr>
<td>BOE INSPECTION (SUNAT CUSTOMS RED CHANNEL)</td>
<td>S/65</td>
<td>S/105</td>
</tr>
</tbody>
</table>

**Source:** Prepared based on field work in Pucallpa, 2019.

(*) Shipments of timber from Loreto to Callao need to switch to a new GTF for transport from Pucallpa to Lima (after approval from the authority in the form of a binding technical opinion).

- Shorter times mean lower costs, which range from S/3,500 to S/5,000 (US$1,060 to US$1,515). The customs costs are in a comparable range (US$1,230 to US$1,400).
The flow of exports from Ucayali has the following characteristics:

- Time: 2 to 3 days
- For non-CITES species, 10 documents are required: GTF (forest), GTF (industry), consignor’s waybill, carrier’s waybill, DAM, phytosanitary certificate, CO, B/L, commercial invoice, packing list.
- For CITES species, 11 documents are required: GTF (forest), GTF (industry), consignor’s waybill, carrier’s waybill, DAM, phytosanitary certificate, CO, B/L, CITES permit, commercial invoice, packing list.
- The customer may require a drying and/or fumigation certificate.
- The cost per container ranges from USD 2,236.81 to USD 3,173.18.
- The cost per cubic meter ranges from USD 86.03 to USD 122.05.
- Whenever the destination country’s phytosanitary requirements call for it, fumigation can be done in the city of Pucallpa or, failing that, in the temporary warehouses outside the Callao customs zone.

**FIGURE 6**
Flow of wood product exports from Pucallpa (2019)

**FIGURE 7**
Comparative analysis of export timelines and costs for Loreto, Ucayali, and Madre de Dios (2019)
A total of 15 documents are needed for export, depending on where the timber product originates:

- For Loreto, 11 to 15 documents are required; for Ucayali, 12 to 14 documents; and for Madre de Dios, 11 to 13 documents.
- Fewer documents are required in Madre de Dios and Ucayali than in Loreto, mainly because the two regions transport their products directly to Lima, whereas for Loreto, a second GTF is needed to transfer forest products from rivers to land (in Pucallpa).
- For the switch from one GTF to another, Ucayali’s Forest and Wildlife Department has to issue a binding technical opinion after verifying the forest products’ information and traceability. This step adds 1 to 2 days and increases export transportation costs for Loreto.

TABLE 11

<table>
<thead>
<tr>
<th>TABLE 11</th>
<th>Documents required for the different export stages for the regions of Loreto, Ucayali, and Madre de Dios (2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>STAGE</td>
<td>No. DOCUMENTS</td>
</tr>
<tr>
<td>Obtaining the GTF (industry)*</td>
<td>8</td>
</tr>
<tr>
<td>Transfer from region to temporary warehouse*</td>
<td>6</td>
</tr>
<tr>
<td>From temporary warehouse to maritime terminal</td>
<td>3</td>
</tr>
<tr>
<td>After sailing</td>
<td>2</td>
</tr>
<tr>
<td>Other (depending on customer requirements)</td>
<td>2</td>
</tr>
</tbody>
</table>


* If the species is CITES, this includes official approval for export (at least in digital form).
** Shipments of timber from Loreto to Callao need to switch to a new GTF for transport from Pucallpa to Lima (after approval from the authority in the form of a binding technical opinion).

Main bottlenecks encountered in export processes in the different regions

According to sector entrepreneurs, whose views were gathered during the study’s field work phase, the main bottlenecks in the different export processes fall under the following categories: administrative, logistical, health, customs, and export of CITES species.

1 Administrative bottlenecks

These issues lie with the institutions tasked with forest resource regulation and monitoring—the respective regional governments’ forest and wildlife departments or bureaus. They have to do with:

- The time it takes to issue GTFs, which does not meet the demand and time requirements of exporters;
- Outdated volume verification systems, which create a serious danger that timber whose source is not verifiable or is illegal could be laundered;
- The still pending implementation of industry self-issuance of GTFs (which is tied to the previous issue).

It takes from one half to one business day to issue a GTF, depending mainly on the documentation and/or forest product transport request submitted. The competent authority checks the respective control systems (SIGO and NODO) to detect any potential issues concerning the timber’s origin or the available volume for each facility based on the established processing yields (volume conversion factor of 52% for roundwood to sawn wood and another 28% for “shorts”).

The entrepreneurs consulted reported that weaknesses in the regional government authorities are enabling a form of illegal activity known as timber laundering to take place, whereby companies’ available volumes are used to conceal timber of untraceable origin or that comes from other production areas and enters other sawmills and makes its way into local, national, and even international markets. This is possible because the authorities have not revised the conversion factor of 52% to 28% for roundwood to sawn wood. As a result, laundered timber can be moved through formal processing facilities, and checkpoint and customs officials have to intervene in later stages.

Another issue reported is that the three regional government agencies are insufficiently staffed and funded to verify shipments in a timely manner. Businesses often have to submit their paperwork by Friday at noon to be able to have the GTF before the end of the day. Otherwise, the GTF is not issued until Monday of the following week, leading to transport delays and extra costs as well as problems associated with missing deadlines for shipment abroad.

Sector exporters agree that until processors can issue their own GTFs, there will always be an underlying risk of laundering and of their timber volumes being used by the regional forest authority.

Loreto exporters face an additional document-related delay on arrival to Pucallpa, where they must pay for a binding technical opinion from the Ucayali regional government so they can get a second GTF to transport the product to Lima. The payment amount runs from 4% to 6% of one UIT, or S/164 to S/252 (for up to or more than 100 m³, respectively). This step takes two to three days and can only be done on workdays.

2 Logistical bottlenecks

The main logistical issue in the three regions is distance, which increases the times and costs involved in land transport from the points of origin to Callao, which is the main port from which Peru’s forest timber products are shipped abroad.

For two of the three regions, Madre de Dios and especially Loreto, the cost of shipping a container to Callao is higher than the cost to export a container from Peru abroad, whether to China, Europe, or the United States.

For Ucayali, customs costs are equal to or slightly greater than transport costs. For Madre de Dios, transport costs are 62.5% to 74% higher than customs costs. For Loreto, the difference is more extreme, ranging from 80% to 93% according to the data provided in the previous section.

All this is compounded by controls that take too long and are excessive (and sometimes authoritarian) and by the lack of standardized criteria. The absence of common protocols, communication, or data updates at forest checkpoints located on the Pucallpa–Lima or Puerto Maldonado–Lima routes can lead to serious errors in judgment and form. According to exporters, the most problematic checkpoints for freight inspection are Huánuco (Huánuco), La Oroya (Junín), and...
Another bottleneck affecting the process lies in the fact that SENASA technical personnel are not available at customs often enough to promptly conduct inspections and issue phytosanitary certificates. The resulting delays can often cause exporters to miss their ship date and then incur extra warehousing charges.

5 Bottlenecks related to the export of CITES species

The two Peruvian timber species included in the CITES list are mahogany (*Swietenia macrophylla*) and Spanish cedar (*Cedrela odorata*). A CITES export permit, issued by SERFOR and MINAM, is needed to sell these species abroad. The following documents must be submitted with application for a permit:
- SERFOR Form No. 2–CITES Permit (see Appendix 2)
- General forest management plan
- Proof of harvest fee payment

Before permit approval, there is a field inspection of 100% of the trees, to ensure they exist, and geo-referencing by SENASA technical personnel is needed to sell these species abroad. The following documents must be submitted with application for a permit:
- SENASA asks the exporter to contact the destination country’s health authorities. (directly or through the client) to learn the requirements so that the respective fumigation and inspections can proceed. This is more difficult in the case of non-English-speaking countries or destinations such as Southeast Asia.

### Table 12

<table>
<thead>
<tr>
<th>REGION</th>
<th>MAIN CONSTRAINTS</th>
<th>ADMINISTRATIVE</th>
<th>LOGISTICAL</th>
<th>CUSTOMS</th>
<th>HEALTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCAYALI</td>
<td>Delays issuing GTFs</td>
<td></td>
<td>Land transport cost and times</td>
<td>DAM errors, lack of experience among customs inspectors</td>
<td>Phytosanitary certificate delays</td>
</tr>
<tr>
<td>MADRE DE DIOS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LORETO</td>
<td>Two GTFs</td>
<td></td>
<td>River and land transport cost and times</td>
<td>Exports from Iquitos no longer possible</td>
<td>Double fumigation</td>
</tr>
</tbody>
</table>


These delays have a number of harmful consequences for exporters. They can lose their share of the national export quota for mahogany or Spanish cedar (which is annual), preventing them from using that volume until the following year. There can be extra costs of S/20,000 to S/30,000 in forest harvesting man-hours (and a considerably higher amount in machine-hours). This lowers yields and profitability because of the need to reopen forest roads and hire a logging team to cut, load, and transport a reduced volume.

Although it is understood that this permit is needed for exports, and it has been issued free of charge since 2013 because of the lack of a TUPA to set the amount, there is a financial cost, mainly affecting the forest harvest stages, that lowers returns and causes exporters contractual difficulties and economic harm.

In recent months it has become common for exporters themselves to request physical inspection of their shipments, even for non-CITES species. This may be due to greater importing country demand for verification of forest product legality. Prior to 2015, all timber exports were inspected, and SERFOR’s own staff are requesting a return to the old system.
Under the “import-for-consumption” customs regime, goods may enter the customs zone after payment or guarantee, as appropriate, of customs duties and other applicable taxes as well as of any surcharges or penalties and completion of all formalities and other customs requirements. There are three possible modes of clearance for goods imported under this regime:

### TABLE 13
Import clearance modes in Peru

<table>
<thead>
<tr>
<th>MODE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADVANCE</td>
<td>Clearance for imports may be requested 30 calendar days prior to arrival of the mode of transport. Goods may be released from the port or be immediately transferred to the owner’s or consignee’s warehouse for any checks without the need to go through a temporary warehouse. 30% of imports occur via this mode. Of that amount, 30% go through a temporary warehouse outside the port and only 10% are transferred directly from the port. In this mode also, clearance for imports may be requested prior to the arrival of the vessel or up to seven calendar days following the date of completion of discharge. The imported goods, because of their nature, cannot remain in the port or terminal and must be removed immediately.</td>
</tr>
<tr>
<td>URGENT</td>
<td>Goods imported via this mode include radioactive materials, live animals, explosives, fuels, flammable goods, medicines, vaccines, hazardous cargo, and relief shipments. Just 1% of imports enter under this mode. Clearance for goods is requested, and the customs broker obtains the DAM number, after arrival of the vessel.</td>
</tr>
<tr>
<td>DEFERRED</td>
<td>A period of 15 calendar days calculated from the day after completion of discharge is given to request import clearance. After this period, the goods are considered legally abandoned. 69% of imports enter under this mode.</td>
</tr>
</tbody>
</table>

Prepared based on data from MINCETUR and the World Bank Group (2015). Regardless of the clearance mode, there are three steps involved in the import process:

- **Document processing (Customs, country of origin)**
  - Arrival of the vessel in port
  - Communication with Customs for numbering of cargo
  - Customs controls and payment of duties
    - Transfer of goods to temporary warehouse (outside port area)
    - Regularization of imports
  - Transfer of cargo to final (importer’s) warehouse

### 1 Document processing (Customs, country of origin)

The exporter (in the country of origin) arranges for the booking, entry of the goods into port, and forwarding of the bill of lading (B/L) to the importer for purposes of payment for the cargo and initiating the administrative and document-related formalities in the destination country.

The importer and the customs broker file the comprehensive guarantee request with SUNAT, in order to generate the necessary documentation (e.g., in some cases, an insurance policy), which is delivered to the customs broker. The customs broker also obtains the “visto bueno”, without which the cargo cannot be retrieved.

At the same time this approval is being obtained, the shipping agent requests assignment of a cargo manifest number from the port terminal, which is then forwarded to SUNAT. Prior to arrival of the vessel, the customs broker prepares and submits the DAM (after arrival of the ship in the case of deferred clearance).

The total cost ranges from S/3,016.00 to S/4,679.40.

### 2 Customs controls and payment of duties

For advance clearance and urgent shipments numbered 0 - 1, SUNAT assigns a unique code “10” and then the following codes are used:

- Advance clearance: 1 - 0
- Urgent clearance: 1 - 2 (emergency shipments)
- Urgent clearance: 1 - 1 (emergency shipments)
- Deferred clearance: 0 - 0

This phase is divided into two parts: customs controls and payments. In the first stage, the control channel assigned by SIGAD is displayed once any customs duties payable, surcharges, and additional ISC or IGV charges assessed have been settled, guaranteed, or contested. The declaration is also linked to the cargo manifest. The control channels for imports are the same as for exports: green, orange, and red.

In the second stage, customs payments are made as follows if there is a prior guarantee:

- For advance clearance and urgent shipments numbered prior to the mode of transport: from the DAM numbering date until the 20th of the month following the date of completion of discharge.
- For deferred clearance and urgent shipments numbered after arrival of the mode of transport: from the DAM numbering date until the 20th of the month following the DAM numbering date.
If there is no prior guarantee:
- For advance clearance and urgent shipments numbered prior to arrival of the mode of transport: from the DAM numbering date to the date of completion of discharge;
- For deferred clearance and urgent shipments numbered after arrival of the mode of transport: the same day as the DAM numbering date.

After the deadline for paying the customs duties and surcharges due has passed, default interest is assessed each calendar day through and including the date of payment, on everything except the IGV. Customs duties and surcharges payable are paid in cash or by check at authorized bank branches, or via electronic payment.

For the orange and red channels, the customs officer receives the supporting documents for the DAM in question and conducts the document review. After the officer records the findings in the computer system, the SUNAT website will show the status:
- For advance clearance, with document review conducted prior to arrival of the SUNAT, the status shown is “DILIGENCIA CONFORME” [COMPLIANT]. Once the computer system has validated the date of the vessel’s arrival and payments associated with the DAM have been made or guaranteed, it will show “LEVANTE AUTORIZADO” [RELEASE AUTHORIZED].
- For deferred or urgent clearance, once the computer system has validated the information from the customs officer, entry and receipt of cargo, and that payments associated with the DAM have been made or guaranteed, it will show “LEVANTE AUTORIZADO” [RELEASE AUTHORIZED].

The last part of the process is container unloading, for which the carrier or its representative and the temporary warehouses draw up the general tally note—the first document to reflect the characteristics of the container upon arrival in port (mark and number, condition, size, state, seals, etc.)—and deliver the original to the shopping agent, with a copy to the inland carrier and another to SUNAT, if required.

• TRANSFER OF GOODS TO THE TEMPORARY WAREHOUSE (OUTSIDE PORT AREA)

Cargo is delivered on presentation of original bills of lading, duly endorsed by the shipping agent. The customs broker arranges for the temporary warehouse to retrieve the load, for which it must present to the terminal, at minimum: the original B/L or a certified copy (approved by the shipping agent), a copy of the DAM with the respective authorization for release of goods, a copy of the “volante de despacho” (confirming receipt of goods), and proof of payment for the temporary warehouse’s services. Once these documents have been presented, the temporary warehouse delivers the exit permit or authorization to the customs broker. The customs broker will have already coordinated with the carrier to retrieve the cargo from the maritime terminal. The broker gives the carrier the exit permit or authorization, which it must present in order to enter the temporary warehouse.

On taking possession of the shipment, the inland carrier receives the EIR from the temporary warehouse, so it can later arrange for delivery of the empty container (after discharge), and goes to the scales for weighing. When leaving the temporary warehouse, the truck driver must carry the consignor’s waybill, provided by the customs broker, and the carrier waybill, issued by the carrier.

• REGULARIZATION OF THE IMPORT TYPE

For ‘regularization,’ the owner or consignee or their representative transmits all information on entry and receipt of the goods along with the final, updated weights from the declaration. In the case of urgent clearance, supporting documents are also submitted. The deadline for regularization is 15 calendar days following the date of completion of discharge.

If there is no prior guarantee:
- For advance clearance and urgent shipments numbered prior to arrival of the mode of transport: from the DAM numbering date to the date of completion of discharge;
- For deferred clearance and urgent shipments numbered after arrival of the mode of transport: the same day as the DAM numbering date.

3 Transfer of goods to final (importer’s) warehouse

Once all the temporary warehouse paperwork is complete, importers finally receive their cargo and can coordinate with their carrier for pickup and transfer to their warehouses or industrial facilities. Most imported wood does not have to be transported to the more remote provinces or regions; it remains in the Lima metropolitan area. The cost of this step runs from S/600 to S/800, and it takes just a few hours from the port to the respective facilities.

Import steps, timelines, and costs

The three import phases include the processes beginning with the cargo’s arrival in the temporary customs warehouse until shipment, and the initial times and costs are similar, given the competition between customs brokers.

Unlike exporters, which have to transport products from the Amazon regions, Peru’s main importers are concentrated in Lima, so the times are much shorter. Import time, from arrival of the cargo until its final transfer to the importer’s warehouse, generally ranges from four to seven days, possibly as long as 10 days. This is the same amount of time it takes an exporter to get a shipment from Iquitos or Puerto Maldonado to the port of Callao.

The main imported wood products are sawn wood and wood-based panels—MDF, particle board, oriented strand board (OSB), and plywood—mainly from the producing countries of Chile, Brazil, China, and the United States.

A common feature of all these products is that they have low to medium density (from 0.40 to 0.70 g/cm³), which enables more product to be shipped per container than does the high average density (0.60 to 0.87 g/cm³) of most exported Peruvian timber.

To illustrate, export containers, on average, transport 25 m³ or 26 m³ of high density wood and 30 m³ to 34 m³ of medium density wood. A container can hold up to 48 m³ of plywood (almost 85% more volume) only because of the difference in the density of the final product. The volumes are similar for imported sawn wood, which allows maximum optimization of space. Imported products come in standard sizes, which further facilitates their transport.
### Table 14

**Costs and time involved in importing to Peru (wood/plywood) (2019)**

<table>
<thead>
<tr>
<th>No.</th>
<th>STEP</th>
<th>RESPONSIBLE PARTY</th>
<th>PLACE</th>
<th>REQUIREMENTS</th>
<th>RESULT</th>
<th>COST (IN SOLES)</th>
<th>TIME (DAYS)</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Exporter / customs broker</td>
<td>Customs broker office</td>
<td>Verification of available space on the selected ship</td>
<td>Online booking confirmation, notification of exporter</td>
<td>5/3,016</td>
<td>5/4,679.40</td>
<td>Paid by exporter</td>
</tr>
<tr>
<td>1.1</td>
<td>Arrival at port of Callao</td>
<td>Maritime carrier</td>
<td></td>
<td>Customs broker requests verification of receipt of cargo from Customs</td>
<td>Unloading</td>
<td>0.5</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Communication with Customs</td>
<td>Port agent</td>
<td></td>
<td>Commercial invoice, packing list, B/L, CO, phytosanitary certificate. Cargo linked to tariff code.</td>
<td>Delivery of Form B and DAM endorsed to importer for payment of duties</td>
<td>0.25</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Assignment of control channel</td>
<td>Customs (destination)</td>
<td>Port area (destination)</td>
<td>Criteria such as import frequency, cargo type, etc. are evaluated. Inspection requested via the VUCE</td>
<td>Channel: red (physical inspection), orange (document review), green (free)</td>
<td>0.5</td>
<td>1</td>
<td>Imported wood is required to be fumigated; otherwise it is incinerated</td>
</tr>
<tr>
<td>2.1</td>
<td>Payment of import taxes</td>
<td>Importer / customs broker</td>
<td>Bank (online)</td>
<td>Form B and DAM for calculating taxes payable</td>
<td>Cargo release</td>
<td>18% of FOB value</td>
<td>0.5</td>
<td>1</td>
</tr>
<tr>
<td>2.2</td>
<td>Payment for port agent “visto bueno”</td>
<td>Importer / customs broker</td>
<td></td>
<td></td>
<td>Thereafter, payment of gate-in fee for container return</td>
<td>5/350</td>
<td>5/350</td>
<td>0.25</td>
</tr>
<tr>
<td>3</td>
<td>Retrieval of goods</td>
<td>Importer / customs broker</td>
<td>Port area (destination)</td>
<td></td>
<td>Container moved to the temporary warehouse</td>
<td></td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3.1</td>
<td>Regularization of shipment</td>
<td>Customs broker</td>
<td>Port area (destination)</td>
<td></td>
<td></td>
<td>0.01</td>
<td>0.02</td>
<td>Metropolitan Lima</td>
</tr>
<tr>
<td>3.2</td>
<td>Final transfer of cargo</td>
<td>Importer / customs broker</td>
<td>Temporary warehouse</td>
<td>DAM, consignor’s waybill, carrier waybill</td>
<td></td>
<td>5/600</td>
<td>5/800</td>
<td>Metropolitan Lima</td>
</tr>
</tbody>
</table>

**EXTRA COSTS**

| TOTAL/CONTAINER (in soles) | 5/3,966.0 | 5/5,829.4 | 4.02 | 7.04 |
| DOMESTIC TRANSPORT | 5/600 | 5/800 | TOTAL/CONTAINER with domestic transport (in U.S. dollars) | US$1,201.81 | US$1,766.48 | 7.02 | 10.04 |
| BOE inspection (SUNAT Customs red channel) | US$65 | US$105 | IMPORT COST (incl. domestic transport)/m³ | US$25.04 | US$36.80 | 7.02 | 10.04 |

Source: Prepared based on field work conducted for the study (2019).
The flow of imports has the following characteristics:

- **Time:** 4 to 10 days

- For non-CITES species, 9 documents are required: DAM, B/L, commercial invoice, packing list, certificate of origin, phytosanitary certificate, Producer Registration (origin), Importer Registration (destination), Form B, CITES certificate.

- For CITES species, 10 documents are required: DAM, B/L, commercial invoice, packing list, certificate of origin, phytosanitary certificate, Producer Registration (origin), Importer Registration (destination), Form B, CITES certificate.

- The cost per container ranges from US$1,201.81 to US$1,766.48

- The cost per cubic meter ranges from US$25.04 to US$36.80.

- The steps that take the longest are customs control and retrieval of goods.

**FIGURE 8**
Flow of wood imports to Peru

These figures assume pine lumber or plywood (pine being the most common forest species in imports to Peru) imported in a 40-foot high cube container, for purposes of comparability with timber and wood product exports. The volume utilization per container ranges from 36 m³ to 48 m³.

So far this year, there have been no imports of wood products from CITES species into Peru.

**Main bottlenecks encountered in import processes**

In contrast to the variety of species found in exports, imports consist mainly of radiata pine, yellow pine, and various wood panels (made of pine or eucalyptus). Accordingly, there is little confusion and few hindrances in terms of health or customs processing.

All of these products (sawn wood and panels) come in standard sizes and are previously treated, with a moisture content that prevents fungal growth. This is very important because Peruvian law does not allow the entry of wood without phytosanitary treatment. Untreated wood is incinerated immediately, without option for a quarantine period or post-import fumigation.

Products like furniture or other articles of wood do not require a phytosanitary certificate because they involve advanced stages of wood processing, and in many wood is combined with other materials, such as plastic, metal, or aluminum.

Customs may occasionally have difficulties with product identification, but this is becoming less frequent, with a relatively insignificant number of cases reported.
17. The EIR is issued at the control gate, where the transfer of liability for containers is recorded.
19. The SOL key is a personal password that enables taxpayers to access the SUNAT website to make online transactions.
20. The customs drawback system enables exporters to be reimbursed a given percentage of the FOB value of the exported product (4%), to offset the increase in costs owing to tariff duties paid for imported inputs incorporated or consumed in producing the exported product (MINCETUR, 2015).
21. Loreto does not export CITES species.
22. Another solution for obtaining the phytosanitary certificate is to submit a past certificate (from within the last three years) issued by SENASA for a given destination, thus providing the necessary information and requirements for it to proceed with fumigation and inspection and then issue the certificate.
23. In Peru, the rule governing the issuance of accounting documents is the Regulation on Proof of Payment, approved via Resolution 007-99/SUNAT, which has been amended several times, most recently on August 22, 2015, via Resolution 223-2015/SUNAT published on that date.
CONCLUSIONS

• Of the forest regions evaluated, Ucayali boasts the shortest times and lowest costs in Peru for the export of timber products (7–11 days, US$88/m³ to US$122/m³), followed by Madre de Dios (11–18 days, US$128/m³ to US$156/m³) and Loreto (18–23 days, US$145/m³ to US$185/m³).

• Loreto faces the most challenges for exporting, mainly because of logistical issues (both river and land transport for the same export shipment).

• Until 2015, Loreto exported directly by waterway (Amazon River), resulting in reduced times and costs compared to the other regions studied.

• Transport time to the port of Callao is a key factor: It takes 2 to 3 days from Pucallpa, 4 to 6 days from Puerto Maldonado, and 11 to 14 days from Iquitos.

• For Loreto and Madre de Dios, the cost of transportation to the port of Callao is 63% to 93% higher than the cost of exporting from Callao to China. For Ucayali, transporting timber from Pucallpa to Callao costs the same or slightly more than exporting from Callao to China.

• Peru’s main wood exports are shaped wood (mainly for flooring and decks), sawn wood, builder’s joinery and carpentry, and wood panels.

• The average time to issue a GTF is one half to one business day, although this may extend to two or three days if the request is submitted just prior to a weekend.

• The documents required for exports are: GTF (forest), GTF (industry), commercial invoice, packing list, B/L, certificate of origin, phytosanitary certificate, and the DAM. For CITES species, a CITES export permit is also required.

• The range of response times among the agencies involved in the export process is as follows:
  + Regional government forest and wildlife departments/bureaus: 1–3 days
  + SERFOR (CITES permit): 30–45 days
  + VUCE/MINCETUR: 0.01 days; Customs: 1–2 days
  + SENASA: 2–3 days (potentially up to 7 days)

• The main administrative bottlenecks for exports are the time it takes to issue a GTF, outdated volume verification systems, and the still pending implementation of industry self-issuance of GTFs (which is tied to the previous issue).

• The main logistical bottleneck for exports from the three regions is the distance, time, and costs involved in land transport from the points of origin to the port of Callao, as well as poor coordination and communication between the different checkpoints.

• The main health-related issue for exports is the absence of phytosanitary agreements between Peru and certain destination countries, which prevents SENASA from issuing a phytosanitary certificate, causing significant delays; also, insufficient staff are available for inspections.

• The main customs-related issues for exports are improperly completed DAMs, which cause delays in recouping the drawback and the IGV (the latter being more economically harmful to exporters), and the lack of technical knowledge among Customs personnel when it comes to identifying timber forest products.

• The main bottleneck for the export of CITES species is the wait for an export permit. Between inspections, reports, and administrative response, it can take from 30 to 45 days or up to 3 to 6 months to issue a permit. While this time is not technically export time, the delay does add significantly to timber product harvest and production costs.

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Time and costs involved in importing timber and wood products

- The main destination of imported wood and wood products is the city of Lima, which makes for significantly lower import times and transport costs than for the different Amazonian regions examined.
- Import times and costs are 4 to 10 days and US$ 25/m³ to US$ 37/m³.
- This import timeline is comparable to Ucayali’s export timeline, 50% as long as Puerto Maldonado’s export timeline, and 30% as long as the time to export from Iquitos.
- The cost to import is higher than the cost to export because of customs services (transport and payment of customs taxes (18% of taxable cargo value), but the cost is diluted, since compared to exports, a much larger volume of imported product can be transported per container.
- Owing to the low-to-medium density of imported products, import containers can carry up to 85% more in comparison to the average export volume range (25 m³ to 35 m³).
- No products derived from CITES species are imported.
- The cost to import is higher than the cost to export because of customs services (transport and payment of customs taxes (18% of taxable cargo value), but the cost is diluted, since compared to exports, a much larger volume of imported product can be transported per container.
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- No products derived from CITES species are imported.

Exports and imports | Timelines and Costs in Wood Export and Import Procedures

- Imports come mainly from Chile, Brazil, China, and the United States.
- The main imported products are sawn wood, plywood, particle board, MDF, and OSB, as well as furniture and parts thereof.
- There is no health-related bottleneck to slow imports, because all wood entering Peru is required to be fumigated and/or treated, and since the vast majority is pine, the phytosanitary protocol is already well known.
- Wood-based panels (plywood, MDF, OSB, and particle board) do not require further phytosanitary treatment, given the processes they undergo (drying, heat pressing) and their low moisture content, which prevent biological growth.
- Customs times range from 1 to 3 days, similar to the export process.
- There is no administrative bottleneck involving the forest regulatory authorities that affects the import of timber and wood products.
**RECOMMENDATIONS**

- Set up GTF issuing systems that operate 24 hours a day, seven days a week, thereby reducing transport times and excess costs.
- Alternatively, allow processors to issue their own GTFs.
- Improve regional government systems for recording, reporting, and monitoring timber volumes, to prevent timber laundering.
- Set up an information system to be used at the different checkpoints for real-time tracking of timber transports.
- Standardize protocols, communications, and concepts across the different forest checkpoints on domestic land routes, in order to prevent errors of judgment during inspections.
- For field inspections of CITES species, the agencies involved—SERFOR, MINAM, and regional government agencies—must work together so they can standardize protocols, data, and assessment systems and thereby optimize timelines for issuing CITES export permits.
- Implement customs inspection systems and infrastructure at the ports of Matarani and Paita, for the southern and northern routes, to optimize land transport times for the regions of Madre de Dios and Loreto, respectively.
- Implement port infrastructure in the area of Yurimaguas (Loreto) to enable a new river route for export (shorter than the Iquitos–Pucallpa route) and take advantage of the good road conditions between Yurimaguas and Chicalo, thereby making it possible to reduce transport times for Loreto from 11 days to the port of Callao to 3 or 4 days to the port of Paita.
- Have the corresponding authorities periodically develop health and customs-related protocols and disseminate them to the different users.
- Develop technology packages and market research for the incorporation of other forest timber species with export potential.
- Promote the large-scale implementation of timber plantations and the manufacturing of panels using that timber in the different regions involved in the study.
- SENASA should continually update the list of destination countries with which Peru has a phytosanitary agreement.
- SENASA should periodically publicize the option of using past phytosanitary certificates (up to three years old) issued for a specific destination, which provide the necessary information and requirements for it to proceed with fumigation and inspection and then issue the certificate for new destinations.
estimating and improving timber legality in peru


Environmental Investigation Agency (2018). Moment of Truth. Promise or Peril for the Amazon as Peru Confronts its Illegal Timber Trade.

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Global Strategy (2016). Forest Products Classification and Definitions.


SERFOR Information and Records Directorate dir.serfor.gob.pe/ (2019).


SPDA (2016). Recomendaciones para exportar madera peruana a los Estados Unidos de América.

## APPENDICES

### APPENDIX 1

#### INFORMATION SOURCES

<table>
<thead>
<tr>
<th>TABLE 15</th>
<th>Stakeholders and sources on export/import processes used in the study</th>
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<td>Forestal Santa Rosa</td>
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<td>Lavalle Suito (customs broker)</td>
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### APPENDICES

#### APPENDIX 1

#### INFORMATION SOURCES

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*Source: Prepared based on field work, 2019.*
APPENDIX 2
DOCUMENTS INVOLVED IN EXPORT/IMPORT PROCESSES

- GTF (forest and industry) (exports)
- Harvest permit resolution (exports)
- Payment of harvest fee (exports)
- Payment of GTF fee (exports)
- DAM (exports / imports)
- Certificate of origin (exports / imports)
- Phytosanitary certificate (exports / imports)
- Binding opinion report (exports)
- Customs registration (imports)
- Customs tax payment record (imports)
- Single import declaration
- Inspection request for issuance of GTF (exports)
- CITES permit (exports)
- Bill of lading (exports / imports)

APPENDIX 3
ASSUMPTIONS FOR Calculations

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<th>DESCRIPTION</th>
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<td>20-foot high cube container of hardwood</td>
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<td>1 m³ roundwood</td>
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<td>River transport cost Iquitos–Pucallpa for sawn wood</td>
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<td>River transport cost Iquitos–Pucallpa for plywood</td>
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<td>Cost “binding opinion” (Pucallpa) up to 50 m³ (roundwood)</td>
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<td>Cost of crane service port of Iquitos</td>
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<td>Land transport cost Puerto Maldonado-Lima</td>
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<td>Land transport cost Callao (tractor-trailer)</td>
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<td>GTF cost Iquitos</td>
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<td>GTF cost Puerto Maldonado</td>
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<td>GTF cost Pucallpa</td>
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<td>Cost of customs broker</td>
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<td>Tax (tariff) for timber and wood products</td>
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<td>General sales tax (IGV) (imports)</td>
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<td>Municipal promotion tax (imports)</td>
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<td>River transport time Iquitos–Pucallpa</td>
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<td>Land transport time Pucallpa–Lima</td>
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<td>Land transport time Puerto Maldonado–Lima</td>
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<td>Volume (m³) 40-foot high cube container (hardwoods)</td>
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<tr>
<td>Volume (m³) 40-foot high cube container (softwoods)</td>
<td>48 to 50</td>
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Prepared by the author (2019).
ESTIMATING AND IMPROVING TIMBER LEGALITY IN PERU