



# Building a Better Business Through Responsible Purchasing

## A Brief for U.S. Companies Purchasing Forest Products from the Amazon

Forests in the Amazon are increasingly threatened by illegal and unsustainable logging. Each year the Amazon's forests are reduced by as much as 27,000 km<sup>2</sup> — roughly the size of Massachusetts. As the world's top importer of forest products, the United States contributes significantly to this deforestation and forest degradation through increased market demand for high value commercial species, including mahogany and Spanish cedar.

Every business is in the wood business. Regardless of industry, all companies use wood in some form or another. But do you know where your wood comes from? Has it been harvested responsibly from well-managed forests, or unsustainably, threatening the health of one of the world's most valuable natural resources, and in turn compromising the integrity of the global environment? Responsible purchasing helps sustain natural forests and the communities and wildlife that depend on them. In addition, responsible purchasing helps differentiate companies in an increasingly competitive marketplace, and can positively impact a company's business by creating stronger supply chain relationships, effective risk management, enhanced brand integrity and increased customer loyalty.

### Illegal Logging

Illegal logging occurs when forest products are harvested, traded or processed in violation of national or sub-national laws. WWF uses the term "illegal logging and forest crime" to include large and small-scale timber theft, transfer pricing, breaching of tax rules, illegal aspects of timber sourcing and circumvention of timber concession agreements through bribery or deception.



Forests illegally and unsustainably harvested often become degraded, if not lost, leading to forest fires, soil erosion, flooding, landslides, droughts, reduced availability and quality of freshwater sources and species extinction. As a result, indigenous communities are less able to benefit from the ecosystem services these forests offer, including for food, clothing, traditional medicine, shelter and subsistence agriculture. In addition, deforestation significantly contributes to global climate change; an estimated 20 percent of carbon dioxide emissions result from deforestation.

U.S. companies can play a vital role in eliminating the market for illegal and unsustainable wood by using their purchasing power to support a more sustainable global forest products industry. Commitments to responsible sourcing help protect the Amazon's staggering biodiversity, support the livelihoods of millions of people and stabilize global climate.



### The Amazon: Crown Jewel of the Natural World

A mosaic of landscapes and ecosystems, the Amazon is the largest tropical rainforest in the world, and the source of nearly one-fifth of all freshwater on Earth. Spanning eight South American countries and one overseas territory, the Amazon covers a total forest area of 6.7 million km<sup>2</sup>—nearly twice the size of Western Europe. From its headwaters high in the Andes, the Amazon River flows 6,712 km, or more than 4,000 miles, through moist dense tropical forest and other landscapes including savannas, grasslands, swamps and bamboo forests before reaching the Brazilian coast and spilling into the Atlantic Ocean. Harboring the Earth's largest collection of plants and animals, the Amazon rainforest contains more than 40,000 plant species and sustains the world's richest diversity of birds, butterflies and fish, and serves as one of the world's last refuges for jaguars, Amazon River dolphins and harpy eagles. The Amazon is also home to over 30 million people and over 300 distinct indigenous groups as well as traditional communities comprised of fishers, river-dwellers, Brazil-nut gatherers and rubber tappers who depend on these forests for their livelihoods.



### U.S. Top Consumer of Amazonian Timber

- An estimated 5% of all wood harvested in the Amazon is intended for international markets, with the U.S. being the primary end point for products manufactured with this timber. The U.S. also plays an indirect role in trade of Amazon forest products via furniture and flooring manufactured in China and Mexico and shipped to the U.S.<sup>xi</sup>
- Spanish cedar and bigleaf mahogany are the top commercial value species harvested from the Amazon. Despite being listed for protection under CITES, these species remain under increasing pressure for high-end furniture and other wood products including cabinetry, flooring and decorative panels demanded by the U.S. market.
- Peru is currently the world's principal exporter of mahogany. The U.S. has consistently been the top consumer of Peruvian timber, and of this valuable protected species. In 2006 over 40% of Peru's exports, valued at \$216 million, went to the U.S., and more recently nearly 90% of its mahogany.<sup>xii</sup>
- In addition to bigleaf mahogany and Spanish cedar, other species favored for their commercial value include *ipe* (Brazilian cherry) and *jatoba* (Brazilian walnut). While not yet listed on CITES, both species are currently threatened by over-harvesting.

## Illegal and Unsustainable Logging and Trade in the Amazon

Illegal logging costs developing nations nearly \$15 billion annually<sup>ii</sup>— in the Brazilian, Bolivian and Peruvian Amazon alone approximately \$600 million is lost in revenue each year to illegal logging operations.<sup>iii</sup> Many illegal and unsustainable logging activities that have risen to the level of international concern are commonplace in the Amazon, including harvesting illegally in national parks and reserves, failing to document harvesting activities to avoid paying royalties and taxes and violating international trade agreements such as the Convention on International Trade of Endangered Species (CITES).<sup>1</sup> The most reliable estimates of illegal logging in the Amazon range from 20 to 47 percent;<sup>iv</sup> however, certain countries experience much higher rates, such as Peru—as much as 80 percent of total timber harvested from Peru is illegal.<sup>v</sup> The vast majority of this harvesting involves the illegal and unsustainable extraction of mahogany, a CITES species that, despite an agreement to avoid putting the sustainability of this species at risk, continues to be threatened by over exploitation in the Amazon. Illegal timber is by nature difficult to quantify, but experts agree illegal logging occurs in most Amazonian countries,<sup>vi</sup> and is driven by international markets not asking questions about wood origin, legality and responsible forest management.

### Impacts of Illegal and Unsustainable Logging

Illegal and unsustainable logging plays a key role in contributing to the Amazon's accelerating forest degradation and loss; it is estimated over 15 percent of the Amazon's forests are already gone.<sup>vii</sup> The Amazon's diminishing forest cover raises serious concern, particularly due to the major role the region plays in regulating the amount of heat-trapping carbon dioxide in the atmosphere. At current deforestation rates as much as 55 percent of the Amazon's forests could be gone by 2030,<sup>viii</sup> releasing billions of tons of sequestered carbon dioxide. As the world's largest storehouse of carbon, the Amazon rainforest is integral in maintaining local and global climate.



Illegal and unsustainable logging also negatively impacts indigenous communities throughout the Amazon. Territorial reserves have been created for the benefit of remote communities in which commercial harvesting of natural resources is strictly prohibited. However, illegal loggers frequently penetrate these protected territories for high value commercial species, especially mahogany, commonly resulting in violent confrontations as native groups attempt to defend their rights and access to the forest and its resources.<sup>ix</sup> In addition, illegal operators often take advantage of communities' lack of knowledge of forest management and timber costs to negotiate unfair contracts to harvest the timber at a fraction of what the species are worth, paying as little as 0.02 percent of the international price for an individual mahogany tree.<sup>x</sup>



## Purchasing Responsibly-Sourced Forest Products

Companies that adopt and implement responsible wood purchasing policies and practices are helping support a more responsible global timber industry, thereby improving the way valuable and threatened forests are managed around the world. This is particularly important given the passage of the amended Lacey Act, a groundbreaking law prohibiting the import and sale of illegally harvested wood and plant products in the United States. In addition, the United States and Peru free trade agreement helps to strengthen penalties for illegally sourced wood reaching the U.S. Companies that demonstrate their commitment to credibly certified and responsibly sourced forest products will encourage wood exporting countries to adopt and rigorously enforce responsible timber harvesting and trade laws. U.S. companies can help accomplish this through the Global Forest & Trade Network (GFTN).

The GFTN is WWF's initiative to eliminate illegal logging and transform the marketplace into a force for saving the world's valuable and threatened forests. The GFTN accomplishes this by facilitating trade links between companies all across the supply chain that are committed to achieving and supporting responsible forestry and trade. Such strong links improve responsible forest management worldwide, while delivering benefits to the communities, wildlife and businesses that rely on these forests.



The GFTN works with forest managers and manufacturers in the Amazon, including in Brazil, Bolivia, Colombia, Guyana, Suriname and Peru who are committed to responsible forest management and trade. GFTN participation provides producers and suppliers the technical support and expertise they need to achieve credible certification and supply certified wood products to the U.S. market. The local, on-the-ground assistance offered ensures companies participating in the program are successfully implementing responsible forest management plans to increase sustainable supply while enhancing their business models.

U.S. buyers can learn more about committed companies in the Amazon by working through WWF's GFTN-North America. The GFTN-North America helps purchasers to phase out unknown and unwanted wood sources and increase the proportion of credibly certified forest products within their supply chains. Part of the global network of national or regional GFTN offices that spans over 30 countries throughout the Americas, Europe, Africa and Asia-Pacific, the GFTN-North America helps U.S. buyers obtain responsibly harvested and credibly certified wood and paper products from forests all across the globe.



### Credible Certification

Credible forest certification ensures that forest products originate from well-managed forests that meet rigorous environmental and social standards. The GFTN supports a credible certification system that includes:

- participation of all major stakeholders in an internationally recognized standard
- compatibility between the standard and globally applicable principles that balance economic, ecological and social values of forest management
- an independent and credible mechanism to verify the achievement of these standards and communicate results to all major stakeholders



## The WWF Mission

WWF's mission is the conservation of nature. Using the best available scientific knowledge and advancing that knowledge where we can, we work to preserve the diversity and abundance of life on Earth and the health of ecological systems by:

- protecting natural areas and wild populations of plants and animals, including endangered species
- promoting sustainable approaches to the use of renewable natural resources
- promoting more efficient use of resources and energy and the maximum reduction of pollution

We are committed to reversing the degradation of our planet's natural environment and to building a future in which human needs are met in harmony with nature. We recognize the critical relevance of human numbers, poverty and consumption patterns to meeting these goals.

### Learn more about WWF at [www.worldwildlife.org](http://www.worldwildlife.org)

- 1 *The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement between governments aimed to ensure that international trade in wild plants and animals does not threaten their survival. Species are listed on three Appendices which offer varying levels of protection or restriction in trade, with the most stringent being an outright ban on trade in the species.*
- i *Kritsch, Rebeca. 2008. "Protecting the Amazon." World Wildlife Fund.*
- ii *Environmental Investigation Agency. 2007. "No Questions Asked: The Impacts of U.S. Market Demand for Illegal Timber—and the Potential for Change."*
- iii *Louman, Bastiaan, et al. 2008. "An assessment of the forest economy in the Amazon region: current status, trends and potential strategies to mitigate negative impacts and enhance potentially positive aspects for the conservation of the region." Centro Agronómico Tropical de Investigación y Enseñanza (CATIE).*
- iv *Seneca Creek Associates and Wood Resources International for the American Forest & Paper Association. 2004. "Illegal Logging and Global Wood Markets: The Competitive Impacts on the U.S. Wood Products Industry."*
- v *The World Bank. 2006. "Strengthening Forest Law Enforcement and Governance: Addressing a Systemic Constraint to Sustainable Development."*
- vi *Louman, et al. 2008.*
- vii *World Wildlife Fund. 2008. WWF Amazon Facts: Deforestation. Accessed on 24, April, 2009. <http://wwfperu.org.pe/amazonfacts/doku.php?id=deforestation>.*
- viii *Nepstad, Daniel. 2007. "The Amazon's Vicious Cycles." World Wildlife Fund.*
- ix *Cerdán, C. 2007. "Illegal logging and international trade in mahogany (Swietenia macrophylla) from the Peruvian Amazon." National Association of Amazon Indians in Peru (AIDESEP).*
- x *Environmental Investigation Agency, 2007.*
- xi *McDermott, Constance, et al. 2008. "Amazon-Guianas ecoregional report." Yale Program on Forest Policy and Governance.*
- xii *Environmental Investigation Agency, 2007.*

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