

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

December 19, 2018

The Honorable Robert E. Lighthizer
U.S. Trade Representative
600 17th St. NW
Washington, D.C. 20508

Dear Ambassador Lighthizer:

The U.S.-Peru Trade Promotion Agreement (Peru Trade Agreement) strengthened labor and environment standards and were the first of their kind. These new standards included the Annex on Forest Sector Governance (the Forestry Annex), which was incorporated to ensure a Peruvian timber sector that would be free of illegally harvested wood. The new, more enforceable labor and environmental standards, and the provisions of the Forestry Annex in particular, helped ensure passage of the Peru Trade Agreement through Congress.

We write because, to our surprise, the Peruvian Government decided last week, in DECRETO SUPREMO N° 122-2018-PCM, to take steps that appear to us to clearly violate the Peru Trade Agreement by terminating the independence of the forest auditor, Organismo de Supervision de los Recursos Forestales (OSINFOR).

DECRETO SUPREMO N° 122-2018-PCM folded OSINFOR into another ministry, effective Friday, December 14. The text of the Forestry Annex is unequivocal: “Peru shall establish OSINFOR as required under Forest Law No. 27308. OSINFOR shall be an independent and separate agency . . .” The Forestry Annex expressly requires that the forestry auditor be independent and separate due to Peru’s history of subjugating objective efforts at enforcement to domestic political concerns.

We consider this to be a flagrant attack on the heart of the Forestry Annex that cannot go unchallenged. Peru must revoke the decree immediately and reverse any action already taken as a result of the decree. A failure to do so by the end of this week should leave the Administration with little choice but to pursue all remedies available under the Agreement.

For those of us who are invested in the success of this Agreement, we know that sadly, this is just the most recent in a series of actions by the Peruvian Government to undermine the environmental commitments it made in the Agreement. In the summer of 2014, the Peruvian Government approved a regulatory reform package that rolled back environmental protections for the specific purpose of attracting foreign investment in a manner directly contrary to its obligations under the Agreement. In January 2016, the Peruvian Government abruptly fired the

then-Executive President of OSINFOR, Rolando Navarro, due to public pressure from domestic industry following the seizure of Peruvian wood by the United States.

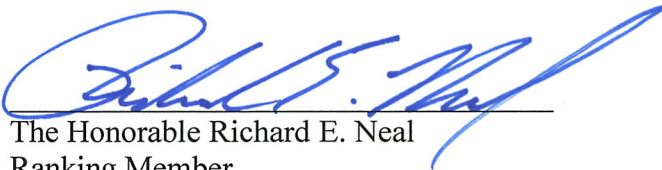
Further, we still have not seen any evidence that the audits required by Paragraph 6 (a) of the Forestry Annex have been completed, nearly four years after these five year audits were due. The audits are meant to assess "all applicable laws, regulations and other measures of Peru governing the harvest of, and trade in, timber products," to establish a comprehensive, ongoing evaluation of the compliance of these companies with Peruvian laws, and ideally to obviate the need for individual verification requests.

Congress continues to demand that Peru address the crisis of deforestation and rampant illegal logging. The Peruvian rainforest is one of the wonders of the world. Not only does it support the livelihoods of indigenous peoples, its survival is imperative to the existence of numerous wildlife and plant species. The perseverance of the Peruvian rainforest has been under increasing threat from unregulated and, in some cases, criminal logging operations.

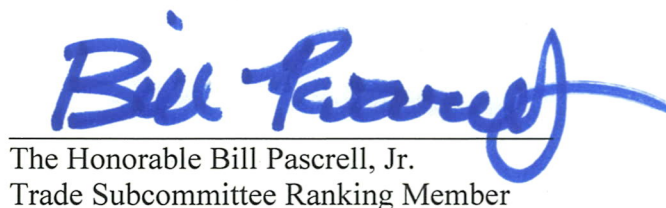
We ask that USTR continue to insist that this brazen, bad faith decision be reversed formally by the end of this week. And if it is not, then we urge the USTR to take immediate action to enforce the existing Peru Trade Agreement through any and all appropriate avenues.

We look forward to continuing to work with the Administration to ensure that our existing and future trade agreements are enforced, a key trade policy priority for both the Administration and House Democrats. Please continue to keep us apprised of any developments and we look forward to your prompt reply.

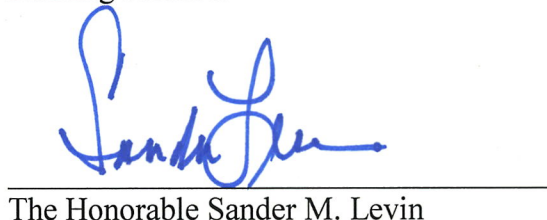
Sincerely,



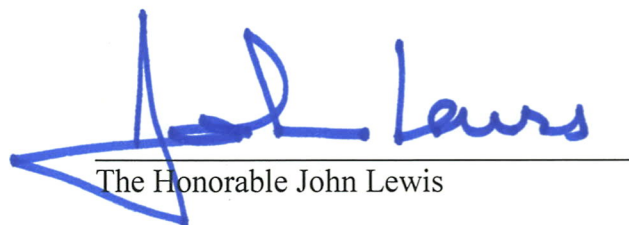
The Honorable Richard E. Neal
Ranking Member



The Honorable Bill Pascrell, Jr.
Trade Subcommittee Ranking Member



The Honorable Sander M. Levin



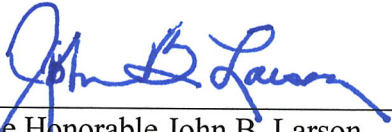
The Honorable John Lewis



The Honorable Lloyd Doggett



The Honorable Mike Thompson



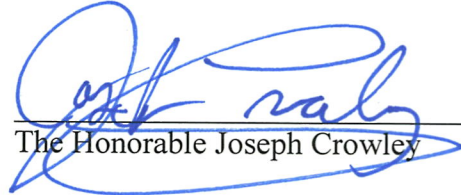
The Honorable John B. Larson



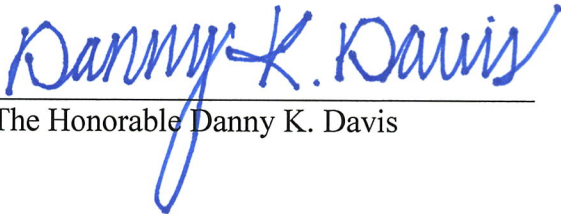
The Honorable Earl Blumenauer



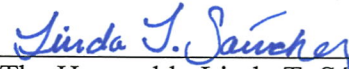
The Honorable Ron Kind



The Honorable Joseph Crowley



The Honorable Danny K. Davis



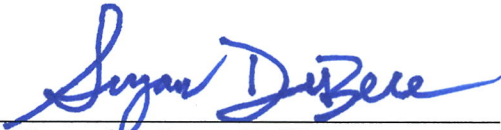
The Honorable Linda T. Sanchez



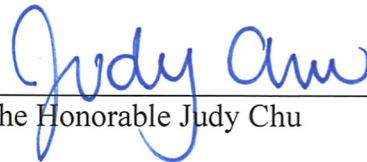
The Honorable Brian Higgins



The Honorable Terri Sewell



The Honorable Suzan DelBene



The Honorable Judy Chu