

The Amazon's silent crisis

LOGGING REGULATION & 5 WAYS TO LAUNDER

Vitória Régia Forest Management Plan in Pará State
Sign belonging to the Agropecuária Vitória Régia (forest management plan) in Anapu municipality, Pará.
Approved sustainable forest management plans for Amazon forest can be misused to launder illegal timber.
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The regulation of the Brazilian Amazon logging industry

The timber-producing states of Pará and Mato Grosso, responsible for 75% of the sawn wood production in the Amazon, have a dual system of timber industry governance.¹ This consists of a regulatory system overseeing the management of estates and harvesting of timber, and a chain-of-custody system intended to ensure traceability of timber from forest to end user. Both are open to a range of abuses by those who aim to profit from illegal logging, as a result of which 78% and 54% of the land exploited for timber in Pará and Mato Grosso respectively was logged illegally during 2011–12.²

In 2006, new forestry legislation passed much of the responsibility for logging industry regulation from the Brazilian Federal Government (Ministry of Environment) to state governments (usually the State Environmental Secretariat (*Secretaria Estadual de Meio Ambiente* – SEMA)).

Overnight, the analysis, approval, monitoring and evaluation of Sustainable Forest Management Plans (*Planos de Manejo Florestal Sustentável* – PMFS) became a matter for individual states, as well as the registration of timber consumers and producers and the monitoring of the chain of custody.

Unfortunately this has increased the opportunities for forest fraud because of a lack of capacity at state level, as well as mismanagement and corruption within the SEMAs.

Although the Brazilian Institute for the Environment and Renewable Natural Resources (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* – IBAMA) continues to conduct inspections of logging operations and timber consignments independently of the SEMAs, its interventions are insufficient to address the systemic gaps in enforcement that enable the trade in illegal timber to thrive.

Regulation of timber management and harvesting

Forest timber may be legally harvested from either private or public land (including Federal and state protected areas) with the correct authorisation. Much harvesting on public land takes place in areas managed by communities living in Federal settlements. Harvesting on private land is subject to regulations that permit clear-felling of up to 20% of an estate and selective logging of much of the remainder.

In Pará and Mato Grosso, the oversight of timber harvesting is exercised by the SEMA through the Integrated System for Environmental Monitoring and Licensing (*Sistema Integrado de Monitoramento e Licenciamento Ambiental – SIMLAM*), a computerised system by means of which estates are registered and monitored, and licences issued for their activities, including logging. The PMFS approval process is conducted via SIMLAM.

A PMFS is obligatory for landowners who wish to harvest timber beyond the 20% of an estate that is allowed to be completely deforested. It is typically drawn up for the SEMA's approval by an independent forest engineer contracted by the landowner or the company that is to carry out logging on the landowner's behalf, and once approved is valid for up to five years. It specifies an Area of Forest Management (*Área de Manejo Florestal – AMF*) within the property, which may amount to as much as 80%, or more if the owner agrees not to clear-cut the 20% to which he or she is entitled.

The AMF may be subdivided into Annual Production Units (*Unidades de Produção Anual – UPA*), depending on the landowner or operator's capacity to harvest the area over the space of one year. Any environmentally sensitive Permanent Preservation Areas (*Áreas de Preservação Permanente – APP*) within each UPA must be excluded from logging – the remaining area to be logged is termed the

Forest Management Unit (*Unidade de Manejo Florestal – UMF*). Each UPA is in turn divided into Work Units (*Unidades de Trabalho – UT*), by which the locations of individual trees are identified.

To harvest timber, the landowner/operator must have a Logging Authorisation (*Autorização de Exploração Florestal – AUTEF*), issued by the SEMA via SIMLAM and valid for one year, with renewal possible for another year. This document generates credits for timber transactions within the Sisflora chain of custody system (see below). There must be an AUTEF associated with all timber sold or transported.

For each UPA, the person or company responsible for the management plan must present an Annual Operation Plan (*Plano Operacional Anual – POA*), including a forest inventory specifying what will be harvested over that year (number of trees, their location and species, and the estimated cubic metres of timber in each tree).³ If it approves the POA, the SEMA issues an AUTEF. In the Amazon, harvesting is currently limited to 30m³ of timber (equivalent to two to five trees, depending on species and size) per hectare every 35 years.

Illegal harvesting of timber

In spite of this regulatory system, however, the Amazon is awash with illegal timber. Timber may be illegal because it comes from land on a private estate that has been clear-felled without a deforestation authorisation, or logged without an AUTEF; because it has been harvested in excess of the maximum authorised for a given area; or because it has been taken without permission from public land, or even from areas protected for wildlife or indigenous peoples and other communities. Between 2007 and 2012, unauthorised logging in Pará state alone covered 717,000ha, 79% of the total logging (905,000ha).⁴



Ipê Tree Flowering in Para State
Brazil
09/18/2013
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Logging in Para State
Evidence of logging in Uruará, Para State is seen from the air.
03/29/2014
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Logging in Para State
Evidence of logging in Uruará, Pará
State is seen from the air.
03/29/2014
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Regulation of the timber chain of custody

One of the key weapons in the fight against such illegal timber is a chain of custody system that prevents the transport or sale of timber that cannot be traced to a legal origin. In Brazil, responsibility for the system for tracking timber from origin to destination is split between federal and state authorities. The national system, called the Forest Origin Document (*Documento de Origem Florestal* – DOF) system, is duplicated by the System for the Commercialisation and Transportation of Forest Products (*Sistema de Comercialização e Transporte de Produtos Florestais* – Sisflora), implemented by Mato Grosso state in 2006, and since adopted by Pará. (Confusingly, the latter system is also based around a transport document known by IBAMA as a DOF, though more commonly referred to as a *Guia Florestal* (GF).) For each PMFS, an identity within the Forest Products Producers and Consumers Register (*Cadastro de Exploradores e Consumidores de Produtos Florestais* – CEPROF) is created on Sisflora (or on the DOF system in states that do not use Sisflora).

Both systems are intended to enable consignments of timber being transported by truck or boat to be compared with the declarations made by estates and sawmills. However, due to capacity limitations, inspection agents rarely check timber consignments in the field in real time.

Moreover, the Sisflora system does not capture data on end users of timber beyond the Amazon.

Timber is tracked using the credits generated by the issue of an AUTEF, which are transferred from the SIMLAM system onto the DOF or Sisflora systems. Every time wood moves between two stages of the chain of custody, it must be accompanied by a GF. The GF is generated in the Sisflora (or DOF) system. When a GF is generated, the amount of wood of each species specified in it is deducted from the credits of the consignor, and credited to the recipient. A producer should not be able to sell timber for which it does not have credits, and a mill or exporting company should not handle timber that is not covered by credits.

Laundering of illegal timber

As explained above, Amazon timber is being illegally harvested on a huge scale – a crisis that the Sisflora system is intended to help prevent. Unfortunately, a wide range of fraudulent activities, ranging from the creation of fake management plans to the inflation of the number of trees of regulated species in an area, enable this illegal timber to be transported and commercialised with apparently clean documentation.

The five ways to launder illegal timber

1 Logging authorised in area already harvested or deforested

As a result of either negligence or collusion on the part of a SEMA official, a fraudulent PMFS is approved for an already harvested or deforested area that is incapable of supplying any timber of sufficient size to be marketed, or indeed any timber at all. In due course the SEMA approves a POA and grants an AUTEF, along with credits that are then used to provide documentary support for illegal timber logged elsewhere.

2 Overstating of the total volume within a PMFS area of trees belonging to valuable species

Species such as Ipê and Jatobá have high commercial value. However, they are also scarce, and a truthful forestry inventory will generally list only a small number of these trees per hectare. In addition, the declared total volume of such trees present within a UPA is estimated, rather than being based on exact measurements, thus opening the way for inflated volumes to be declared. Overstating the number and size of such trees (and hence the volume of timber), provided the actual harvesting level is kept somewhat below the 30m³/ha maximum permitted, generates excess credits that can be used to launder illegally harvested high-value timber from other areas.

3 Authorised area with no signs of timber extraction

In this case, a PMFS is created simply to generate credits and documentation for the transportation of illegally harvested timber from other areas – no harvesting takes place within the licensed area.

4 Credits issued for more timber than the AUTEF authorises to be harvested

This involves inflation of the number of credits associated with an AUTEF on the Sisflora system. This fraud depends upon the cooperation of an officer at the SEMA, since the credits are entered onto the system manually. In Pará, for example, the SIMLAM and Sisflora systems are not interconnected. SEMA employees therefore have to enter the credits generated by each AUTEF manually onto Sisflora – a process that lends itself to fraud. Once again, the fraud generates excess credits that can be used to launder illegal timber.

5 Credits issued without an AUTEF or PMFS

This is the most flagrant fraud of them all. This is because, like the previous example, it depends on the direct involvement of a SEMA officer responsible for entering credits onto the system. However, in this case the credits entered onto Sisflora are not merely excessive in terms of an AUTEF that has been granted, but have no supporting AUTEF or PMFS at all. Instead they depend on the officer generating a fake forestry identity (CEPROF), usually registered in the name of a company or an individual (not a PMFS). By this means fake credits are issued directly to a non-existent sawmill. Once again, the only reason to fabricate such credits is to launder illegal timber.

Endnotes

1. Imazon (2010) Fatos Florestais da Amazônia 2010. www.imazon.org.br/publicacoes/livros/fatos-florestais-da-amazonia-2010-1#
2. Imazon (2013) Transparency in Forest Management – State of Para 2011 to 2012. www.imazon.org.br/publications/forest-management-transparency/forest-management-transparency-report-state-of-para-2012-to-2013
3. Imazon (2013) Transparência Manejo Florestal – Estado do Mato Grosso 2011–2012. www.imazon.org.br/publicacoes/transparencia-manejo-florestal/boletim-transparencia-manejo-florestal-do-mato-grosso-2011-2012
4. Sometimes an inventory is presented as part of the PMFS rather than for individual AUTEFs.
5. Imazon (2009-13) Transparency in Forest Management Reports – State of Para. <http://www.imazon.org.br/publications/forest-management-transparency>