



PERU: INVESTMENT OPPORTUNITIES FORESTRY

Due to its natural characteristics, Peru is a country with great conditions for forestry development. Our country is located in the South American Tropical sub region which constitutes the largest concentration of tropical rainforests in the world. Peru has 78.8 million hectares of natural forests and more than 10 million hectares of lands appropriate for reforestation, which represents 68% of the country's territory.

The growth capacity the country has in the Forestry Sector is very high. It is estimated that US\$ 3 billion worth of lumber and byproducts can be exported per year to a world market with a demand exceeding US\$ 100 billion.

Great Natural Forest Extension

Peru is the ninth country in the world in forest surface extension worldwide and the second in Latin American, only after Brazil. Peruvian natural forests have a great biological diversity reflected in a wide variety of forest types. Peru has 78.8 million hectares of natural forests out of which 74.2 million are located in the Amazon forest, 3.6 million in the Coast and 1.0 million in the Highlands.

Forest Concessions

The implementation of the Forest and Wild Fauna Law (Nº 27308) is enabling the granting of forest concessions through public bids. Forest concessions ensure optimum space and time

use of forestry resources through the implementation of management plans that may guarantee ordered forest occupation and replacement. As to 2007, the concessioned forest area reached 9.23 million hectares, out of which close to 8 million hectares correspond to concessions for lumberable objectives. Lumberable concessions located in Ucayali, Madre de Dios, San Martin, Huanuco and Loreto were granted to a total of 603 concessionaires.

**Timber and non timber Forest
Concessions (as to December 2007)**

Concesiones	Nº	Superficie (ha.)
Timber(public bid)	588	7,560,989
Timber (adapted)	15	256,794
Other forest products	934	793,459
Ecotourism	25	55,412
Conservation	16	423,094
Reforestation	282	135,142
Fauna	1	3,861
Total	1,861	9,228,751

Source: PROINVERSION

Field for the Development of Forestation and Reforestation

Peru has 10.5 million hectares appropriate for reforestation, which represents an important opportunity for installing forest plantations.



At the close of 2007, installed forest plantations reached, according to INRENA, 26.444 hectares. Out of those plantations, 60% are located in the departments of Cajamarca, La Libertad, Ayacucho, Ancash, Huánuco and Cusco.

Forest plantations, besides generating lumberable and non lumberable resources, have a great potential for the sale of environmental services such as carbon sinks and improvement of water and soil quality.

Department	Lands Appropriate for Reforestation (ha)	Reforested Surface up to 2007 (ha)	Surface to be Reforested (ha)
Cusco	1,414,582	109,036	1,305,546
Puno	1,120,400	34,796	1,085,604
Junin	1,010,291	63,903	946,388
Cajamarca	790,000	90,967	699,033
Huanuco	660,000	38,928	621,072
Loreto	659,900	23,480	636,420
Ancash	554,016	73,631	480,385
Ayacucho	539,400	60,038	479,362
Pasco	522,511	16,336	506,175
Madre de Dios	512,100	8,467	503,633
Otros	2,716,800	304,731	2,412,072
TOTAL	10,500,000	824,313	9,675,690

Source: INRENA

Department	Forest Plantation Installation (ha)
Cajamarca	3,504
La Libertad	3,151
Ayacucho	2,646
Ancash	2,592
Huanuco	2,191
Cusco	1,896
Amazonas	1,793
Apurímac	1,680
Huancavelica	1,310
Pasco	1,033
Otros	4,648
TOTAL	26,444



The potential for installing forest plantations is not limited to deforested areas. Large irrigation projects underway, allowing to derive water to areas that used to be considered as deserts, create spaces for developing foresting activity, both in the Coast and in the Highlands.

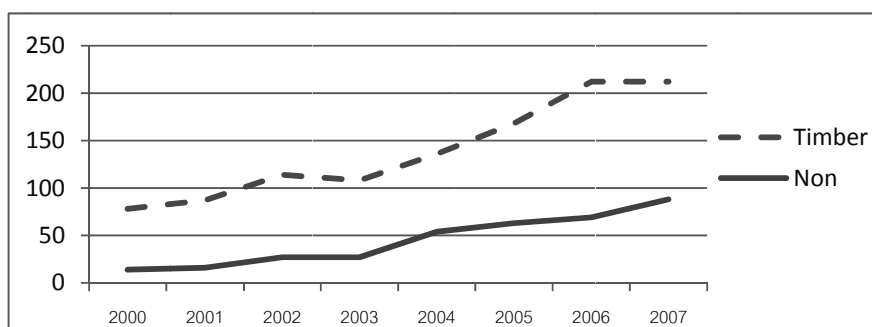
In 2000-2007, forest products exports grew at an annual average rate of 18.3%, reaching the figure of US\$ 300 million. Out of this amount, 71% (US\$ 212 million) corresponds to timber exports, while

the remaining 29% (US\$ 87 million) to non timber exports. During this period, non timber exports grew at a faster pace showing an annual average growth of 29.7%, as compared to 15.3% in timber products.

Among non timber exports we have Tara, natural Dyes, Nuts, Brazil Nuts, which together account for 72% of exports in 2007. Tara exports grew by 29% per year in the last 5 years going from US\$ 9.5 million to US\$ 26.3 million last year.

Timber and Non-Timber Products Exports

2000 – 2007 Period (Millions of US\$)



SoSource: PROINVERSION

Timber and Non-Timber Exports in 2007 per Product Type (Millions of US\$)

Type	Gender	MM US\$ (FOB)	Participación %
Timber	Lumber	110.6	36.9%
	Strips and friezes for parquet	55.4	18.5%
	Triplay	21.3	7.1%
	Furniture	17.0	5.7%
	Manufactured Woods	6.5	2.2%
	Others	1.3	0.4%
Total Timber		212.1	70.8%
Not Timber	Tara	26.3	8.8%
	Dyes	18.9	6.3%
	Walnuts and chestnuts	18.1	6.1%
	Gums and resins	11.4	3.8%
	Seeds and Fruits	9.6	3.2%
	Others	3.1	1.0%
Total Not Timber		87.5	29.2%
TOTAL		299.6	100.0%



In the case of timber exports, dispatches of sawed wood, splints and plinths for flooring accounted together for 78% of exports recorded in 2007.

The main market for timber exports is Mexico where 32.6% of cargo goes. The following is the United States (32%) and then China (19.5%).

Timber Exports per Destination, 2006-2007

Ord.	MARKET	Millions of US\$ FOB		Var.%
		2006	2007	
1	Mexico	55.3	69.3	25.2%
2	USA	84.3	67.8	-19.5%
3	China	44.4	41.4	-6.9%
4	Hong Kong	7.0	5.3	-25.0%
5	Italy	3.5	4.2	18.9%
6	Spain	0.7	3.9	433.8%
7	Rep. of Dominican	3.5	3.8	9.3%
8	Puerto Rico	1.9	2.1	5.9%
9	Venezuela	1.1	1.9	78.6%
10	Switzerland	0.9	1.9	109.7%
	Others	9.5	10.7	12.1%
TOTAL		212.2	212.1	-0.04%

Peru has an interesting potential for developing both timber and non timber products.

Timber Production

Timber forest products come directly from timber species trees' wood and are divided in two: Extraction and Logs Forestry industry: Primary transformation, sawmilling, drying, board manufacturing, veneers and flooring Secondary transformation, parts and pieces, carpentry, furniture and crafts.

Extraction

Log production reached 2.08 million m3 in 2007, which represents an increase of 12% as compared to the year before. Per region, 30% of log extraction is made in Loreto, then Ucayali (22.1%), Madres de Dios (9.4%) and Junin (7.7%). The most used forest species were Eucalyptus (16.0%), Cumala (12.8%), Tornillo (9.9%), Lupuna (8.0%) and Cedro (6.7%).

Log Production per Species, 2007

SPECIES			LOGS (m3)
Nº	Common Name	Scientific Name	
1	Eucalyptus	<i>Eucalyptus sp</i>	333,170.36
2	Cumala	<i>Virola sp, Iryanthera sp</i>	266,378.33
3	Tornillo	<i>Cedrelinga catenaeformis</i>	207,174.47
4	Lupuna	<i>Chorisia integrifolia</i>	166,117.10
5	Cedro	<i>Cedrela odorata</i>	140,112.64
6	Shihuahuaco	<i>Coumarouna odorata</i>	110,712.91
7	Capirona	<i>Calycophyllum spruceanum</i>	81,268.51
8	Moena/yellow/ white /black/ pink	<i>Aniba spp</i>	53,593.46
9	Cachimbo	<i>Cariniana domesticata</i>	53,120.54
10	Catahua	<i>Hura crepitans</i>	51,097.75
	Other species		623,776.85
TOTAL			2,086,522.92



Forestry Industry

A great part of the current timber production is for the internal market. The most demanded products in the local market are sawed wood, plywood and floor tiles.

Timber Production Summary – 2007

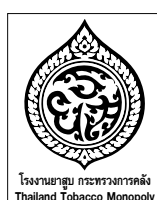
Product	Volume (m3)	Share %
Sawed wood	936,667	90.9%
Plywood	68,664	6.7%
Floor tiles	18,625	1.8%
Decorative laminated wood and veneers	3,642	0.4%
Poles	1,733	0.2%
Sleepers	1,279	0.1%
Total	1,030,610	100.0%

Sawed lumber production has increased in the last two years from 671.2 million m3 in 2004 to 936.6 million m3 in 2007. Thus, the annual average growth rate in said period was 11.7%. The regions that have contributed most to the national production are Ucayali (29,9%), Loreto (29,7%), Madre de Dios (10,6%) and Junín (9.0%). The most used species were Cumala (14.3%) Tornillo (12.2%) Cedro (9.6%) Shihuahuaco (7.2%) and Capirona (6.3%).

The plywood production is mainly developed around species such as Lupuna, Capinuri and Cumula. This activity takes place in Loreto and Ucayali which share 85.5% and 11.8% of domestic production, respectively. The floor tile industry is mainly in San Martín (24.8%), Madre de Dios (24.3%), Loreto (19.9%) and Ucayali (18.0%); it mainly uses species such as Estoraque, Shihuahuaco, Bolaina and Aguano masha.

Sawed Lumber per Species 2007

SPECIES			SAWED LUMBER (m3)
Nº	Common Name	Scientific Name	
1	Cumala	<i>Virola sp, Iryanthera sp</i>	133,592.37
2	Tornillo	<i>Cedrelinga catenaeformis</i>	114,104.63
3	Cedro	<i>Cedrela odorata</i>	89,877.10
4	Shihuahuaco	<i>Coumarouna odorata</i>	67,081.56
5	Capirona	<i>Calycophyllum spruceanum</i>	58,796.79
6	Eucalyptus	<i>Eucalyptus sp</i>	54,334.69
7	Bolaina	<i>Guazuma crinita</i>	38,380.02
8	Catahua	<i>Hura crepitans</i>	36,308.79
9	Cachimbo	<i>Cariniana domesticata</i>	36,017.28
10	Copaiba	<i>Copaifera reticulata</i>	32,544.27
	Other species		275,629.37
TOTAL			936, 666.87



Non Timber Production

Non timber forest products are those consumption goods derived from forestry ecosystems, excluding those which come from lumber or tree cutting.

Most of these products are aimed at self consumption and are characterized by their slight transformation.

Higher Demand Species Different from Wood, Year 2007 (kg.)

Tara (Vaina)	79%
Castaña	16%
Barbasco	3%
Palo Santo (Sahumeño)	1%
Uña de gato (corteza)	1%

Source: PROINVERSION



Forestry related institutions

Public

Ministry of Agriculture

Address: Pasaje Zela 150, Jesús María, Lima 11 - Perú

Phone: (51-1) 613-5800 (51-1) 613-5800

Website: www.minag.gob.pe



Instituto Nacional de Recursos Naturales - INRENA

(National Institution of Natural Resources)

Address: Calle Diecisiete 355, Urbanización El Palomar, San Isidro, Lima 27 - Perú

Phone: (51-1) 224-3298 (51-1) 224-3298

Website: www.inrena.gob.pe

CITE madera: Centro de Innovación Tecnológica dela Madera

(CITE wood: Center of Technological Innovation on Wood)

Entity of the Ministry of Production, which along with the Spanish Agency of International Cooperation seeks to improve the technological level, quality and capacity of the wood productive chain.

Address: Parcela II, Mz. F, Lote 11-A, Parque Industrial Villa El Salvador, Lima 42

Phone: (51-1) 287-5059 begin_of_the_skype_highlighting

(51-1) 287 5059 / 288-0931

E-mail: citemadera@produce.gob.pe

Programa Nacional de Manejo de Cuencas Hídricas y Conservación de Suelos - PRONAMACHCS-

(National Program for Management of Hydrographic Basins and Soils Preservation)

In charge of elaboration, promoting, coordinating and supervising programs and projects related to re-forestation and climatic change, as part of the sustainable management of natural resources in micro-basins of the highlands.

Address: Av. Alameda del Corregidor 155, La Molina, Lima 12 - Perú

Phone: (51-1) 349-1406 (51-1) 349-1406

Website: www.pronamachcs.gob.pe

Other forestry organizations

Pro Naturaleza

Peruvian private foundation preserving nature, head by an Independent Administrative Board, working since 1984, in order to preserve renewable natural resources of Peru.

Address: Alberto del Campo 417, Magdalena, Lima 17 - Perú

Phone: (51-1) 264-2736 (51-1) 264-2736 / 264-2759

Fax: (51-1) 264 -2753

E-mail: pronaturaleza@pronaturaleza.org

Consejo Nacional del Ambiente - CONAM

(National Council of Environment)

Governing entity of national environment policy. It plans, promotes, coordinates, controls and watches over the environment and national natural heritage.

Address: Av. Guardia Civil 205, San Borja, Lima 41 - Perú

Phone.: (51-1) 225-5370, Ext. 221

Fax: (51-1) 225-5369

Website: www.conam.gob.pe



Fondebosque

Fund for the Promotion of Forestry Development. Its mission is promoting preservation, forestry management and entrepreneurial competitiveness, involving this sector players, through efficient services in technology transfer, development of markets, investment promotion, financial and environmental services.

Address: Calle Las Tordillas 195 San Isidro, Lima 27 - Perú

Phone: (51-1) 222-3703 (51-1) 222-3703

E-mail: informa@fondebosque.org.pe

Website: www.fondebosque.org.pe

Consejo Peruano de Certificación Forestal Voluntaria - Sede WWF

(Peruvian Council of Voluntary Forestry Certification – WWF)

Contact: Pina Gervassi

Address: Calle Trinidad Morán 853, Lince, Lima 14 - Perú

Phone: (51-1) 440-5550 (51-1) 440-5550

E-mail: pgervassi@cp-cfv.org

Asociación de Exportadores – ADEX

(Exporters Association)

Support for the promotion and encouragement of exports with added value and internationalization of local companies.

Address: Av. Javier Prado Este 2875, San Borja, Lima 41 - Perú

Phone: (51-1) 346-2530

Website: www.adexperu.org.pe

Sociedad de Comercio Exterior del Perú – COMEX PERÚ

(Association of Foreign Trade of Peru)

Private sector association gathering companies related to foreign trade. It has the purpose of promoting the development of foreign trade, protecting free market and fostering private investment.

Address: Bartolomé Herrera 254, Miraflores, Lima 27 - Perú

Phone: (51-1) 422-5784

Website: www.comexperu.org.pe

For more information, please visit

www.proinversion.gob.pe

Or contact: Trade Section, Embassy of Peru in Thailand

Email: trade@peruthai.or.th

Tel No: 02-260-6243/45/48

