

Safeguarding Our Environment and Human Security: Sustainable Futures

Ambassador Brian A. Nichols

APEC Pathfinder III Dialogue

Lima, Peru

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Thank you **David [Luna]** for your kind introduction.

- Mr. **Raul Salazar**, APEC Senior Official for Peru and the 2016 APEC Anticorruption and Transparency Working Group Chair,
- Commissioner **Laode Syarif**, Komisi Pemberantasan Korupsi, Indonesia,
- **Mr. Kristian Hölge**, Representative, United Nations Office on Drugs and Crime for Peru and Ecuador,
- **Ambassador Lilian Ballon**, Director of Environmental Affairs, Ministry of Foreign Affairs of Peru
- Distinguished ladies and gentlemen.

On behalf of the United States, let me also welcome you to the APEC Pathfinder III Dialogue on Fighting Corruption and Illicit Trade.

I would like thank the Government of Peru for co-sponsoring this important dialogue with the United States, the United Nations Office on Drugs and Crime, the Organization for Economic Cooperation and Development, and the American Bar Association. I also want to thank our APEC partners for their commitment and leadership in combatting illicit trade.

Let me applaud Attorney General **Pablo Sanchez** for his leadership in chairing the Anti-Corruption and Transparency Working Group in 2016, and for his efforts in combating corruption and bribery across Peru.

Raul [Salazar], I want to recognize your leadership in APEC over the years, and I applaud your government's outstanding work in hosting APEC this year.

President Barack Obama will attend the APEC Leaders' Meeting in November to meet with other leaders to continue to advance regional economic integration, promote more inclusive economic growth, and nurture a common prosperity for the Asia Pacific.

As the U.S. Ambassador in Peru, I have enjoyed working across many sectors and communities in this gorgeous country. Our countries share a rich and historic alliance in expanding economic opportunity for all, fighting transnational criminal organizations, protecting the environment, and advancing human security.

Our cooperation has evolved over time, in keeping with the changing nature of the threats to our peace and security.

In Peru, as elsewhere, transnational criminal networks are expanding into the increasingly profitable ventures of illegal timber, gold mining, and wildlife trafficking. In turn, these illicit industries fuel increased demand for forced labor -- further undermining human security and the rule of law. Institutional corruption allows these illicit industries to flourish.

At the global level, we all understand that corruption undermines economic growth by raising the cost of doing business, creating uncertainty, stifling competitiveness, and deterring investment.

At the local level, more and more communities now understand that corruption and illicit trade derail the sustainable futures of our citizens and the environment.

Environmental crime represents a lucrative business for criminals. It generally has a low risk of detection and a high reward for compensation.

A World Bank study found that illegal logging in areas such as those found in Southeast Asia reaps profits of \$10-15 billion annually, while the probability that illegal loggers will be punished is less than 0.08 percent.

Here in South America, the Amazon rainforest is vital to the region's economy, providing food and income for millions of people. Indigenous peoples across the region also rely on the rainforest for food, shelter, and medicine.

The Amazon is megadiverse, home to countless endangered animals and plants, like the jaguar and Peruvian pygmy marmoset. The Amazon captures and stores millions of tons of carbon, protecting our global climate.

Yet, tropical rainforests in our region are under threat. Between 2000 and 2010, South America and the Amazon basin lost approximately 40 million hectares of forest. At current rates of destruction, the Amazon Aid Foundation estimates that the Amazon rainforests could be gone in 40 years.

Illicit industries are fueling this destruction.

Peru's national forest service estimates that Peru loses 113,000 hectares of forest annually due to illegal logging. And reports indicate that 60-70 percent of logging in Peru is illegal. A 2014 investigation by Peruvian authorities revealed that forestry laws were violated in 93 percent of the wood they reviewed.

The Peruvian Amazon has lost at least 231 square miles to illegal gold mining alone, an area about the size of the entire city of Chicago, according to Peru's Society for Environmental Rights. Analysts estimate that the illegal mining industry represents 28 percent of Peru's entire gold production, and that the industry earned \$2.6 billion in profits in 2015. Gold miners in one Peruvian Amazon region – Madre de Dios – use an estimated 30-40 tons of mercury per year, according to the Global Transnational Organized Crime Initiative.

Mercury contamination contributes to the region's water stress and negatively impacts the health of communities that depend on these rivers for their livelihoods. For example, in the mining town of Laberinto, Madre de Dios, 60 percent of the population has a toxic level of mercury exposure, which can cause severe neurological damage in infants and children.

Among our efforts in response, the United States leads an APEC Mining Task Force project to work on professionalizing the artisanal gold mining sector through training on mercury-free

processing techniques and business planning, among other things. Equipped with knowledge and skills, miners in those areas approved for mining will be better able to find investors to provide capital for mercury-free processing equipment. This in turn will allow miners to increase their recovery of gold while protecting the environment from mercury pollution.

Criminal enterprises thriving off of illegal trade in protected species puts Peru's megadiverse wildlife under pressure from. Reptiles, amphibians, and exotic birds are all trafficked illegally for the live pet trade. Poaching of vicuña is on the rise in the Andean region. In June, vicuña poachers in Cusco threatened villagers and killed their vicuñas. Iconic species throughout the world are at risk of extinction due to poaching and the illegal wildlife trade.

Peru's waters harbor the largest number of fish species in the world. Corruption and bribery facilitate illegal fishing and jeopardize endangered marine life and global food security. Overfishing, harmful fishing practices, and illegal, unreported, and unregulated fishing harm the ecology of the ocean and reduce the long-term potential of fish stocks to provide food and jobs.

Like all forms of transnational organized crime, trafficking in one area strengthens criminal organizations in others, fuels corruption, and imperils our security. Illegal logging, mining, wildlife trafficking, and fishing facilitate the exploitation of individuals for profit, as men, women, and children are subjected to forced labor or sex trafficking.

Human trafficking not only violates an individual's basic rights and freedoms, but also weakens the entrepreneurial spirit that nurtures innovation and openness; degrades human capital and potential; and stunts entire communities' economic and political development.

As Secretary of State Kerry underscored, trafficking in persons "is connected to a host of 21st century challenges—from environmental sustainability to advancing the lives of women and girls to combating transnational organized crime. Wherever we find poverty and lack of opportunity—wherever the rule of law is weak, where corruption is most ingrained, where minorities are abused, and where populations can't count on the protection of government—we find not just vulnerability to trafficking, but zones of impunity where traffickers can prey on their victims."

We can't afford to divert our eyes and pretend we don't know what's going on.

This is why the U.S. Government works hand in hand with the Government of Peru and our APEC partners on all facets of the illicit economy. Using our anti-narcotics experience, today we battle illicit trade more holistically by strengthening law enforcement and justice capacities and capabilities.

APEC partners can learn much from the comprehensive law enforcement approaches that Peru is undertaking to address environmental crime, illicit trade, and human trafficking.

In November 2015, Peru's specialized environmental prosecutor, customs and tax agency, and forest and wildlife agency cooperated in a first-of-its kind operation to interdict and decommission over 1,200 cubic meters of illegally sourced timber bound for export.

We collaborate with Peru to strengthen its capacity to investigate, prosecute, and convict criminal networks engaged in illegal mining and gold laundering. Around the world, U.S. law enforcement investigates the developed-country industries that buy illegally mined Peruvian gold, and we intend to work closely with the Government of Peru to take law enforcement action against them.

In the last four years, Peru has passed legislation imposing strict penalties on wildlife traffickers, significantly increased law enforcement cooperation, and developed national wildlife conservation plans. In January, we saw the first-ever conviction under Peru's 2011 Forestry and Wildlife Law, following the arrest of two people attempting to sell an ocelot.

In April, the Government of Peru conducted the nation's largest-ever operation against human trafficking, successfully rescuing 114 adult trafficking victims and arresting 28 alleged human traffickers in a surprise raid on bars catering to illegal miners in the remote Amazon region of Madre de Dios.

Multiple police units, the regional prosecutor's office, and a Peruvian victim assistance NGO worked together to ensure the joint operation was a success.

Examples like these are the essence of the Pathfinder Dialogues. A Pathfinder is someone who discovers a way; one that explores untraversed regions to mark out a new route.

Through the Pathfinder Dialogue, APEC economies and partners should continue coordinated investigations across borders to combat environment and human security threats. These efforts will build skills that lead to even more effective investigations, seizures, arrests, and prosecutions, as well as effective identification of and assistance to victims of human trafficking.

In closing, the APEC Pathfinder III Dialogue is about building partnerships for sustainable security. I congratulate you all for finding - and sharing - new ways to tackle the negative effects of corruption, and to safeguard our precious natural resources and ecosystems, including our wildlife, rainforests, oceans, and most importantly our citizens.

Thank you.