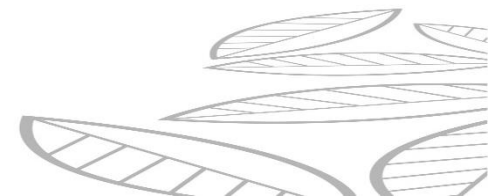




Indonesian TLAS Regulation and Its Implementation (Including DD on Timber Imports)

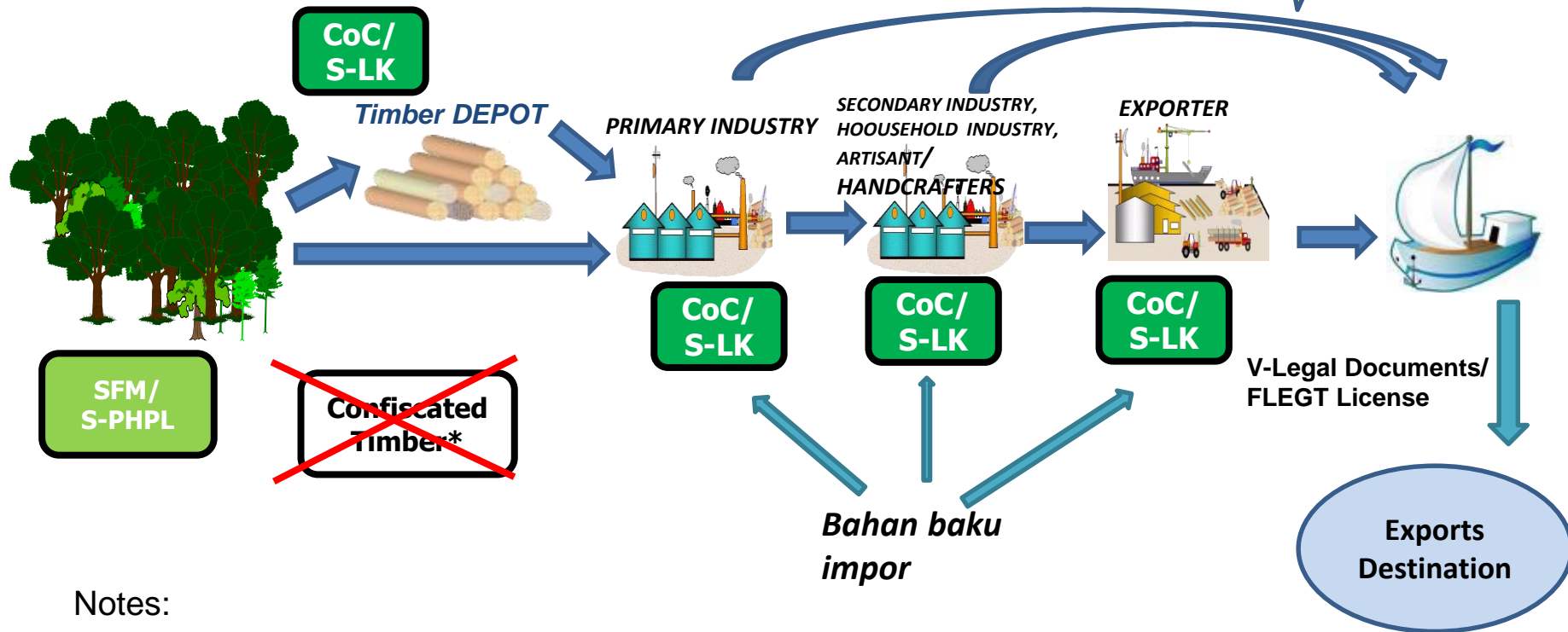


Backgrounds

- Important role of forest-based industries during 70's to 90's
- Rampant illegal logging in Indonesia. Greenpeace (2003) – 80 % exports of Indonesian timber products originated from illegal sources,
- Devastating effects: loss of forest resources; competitiveness of timber industries went down to the lowest point; loss of non-collected tax revenue (2003 -2014: +/- USD 9 billion), bad image on Indonesia as major source of illegal timber and wood products, etc,
- Bali Declaration 2001 – combat illegal logging, improve forest governance, encourage trade of legal and sustainable timber.
- Since 2003 – Indonesia developed Indonesian TLAS (i.e. SVLK) through a cross-sectoral multistakeholder process.



SVLK: SFM and CoC Certification along the Supply Chain of Timber Trade



Notes:

SLK: *Sertifikasi Legalitas Kayu*/Timber Legality Certification

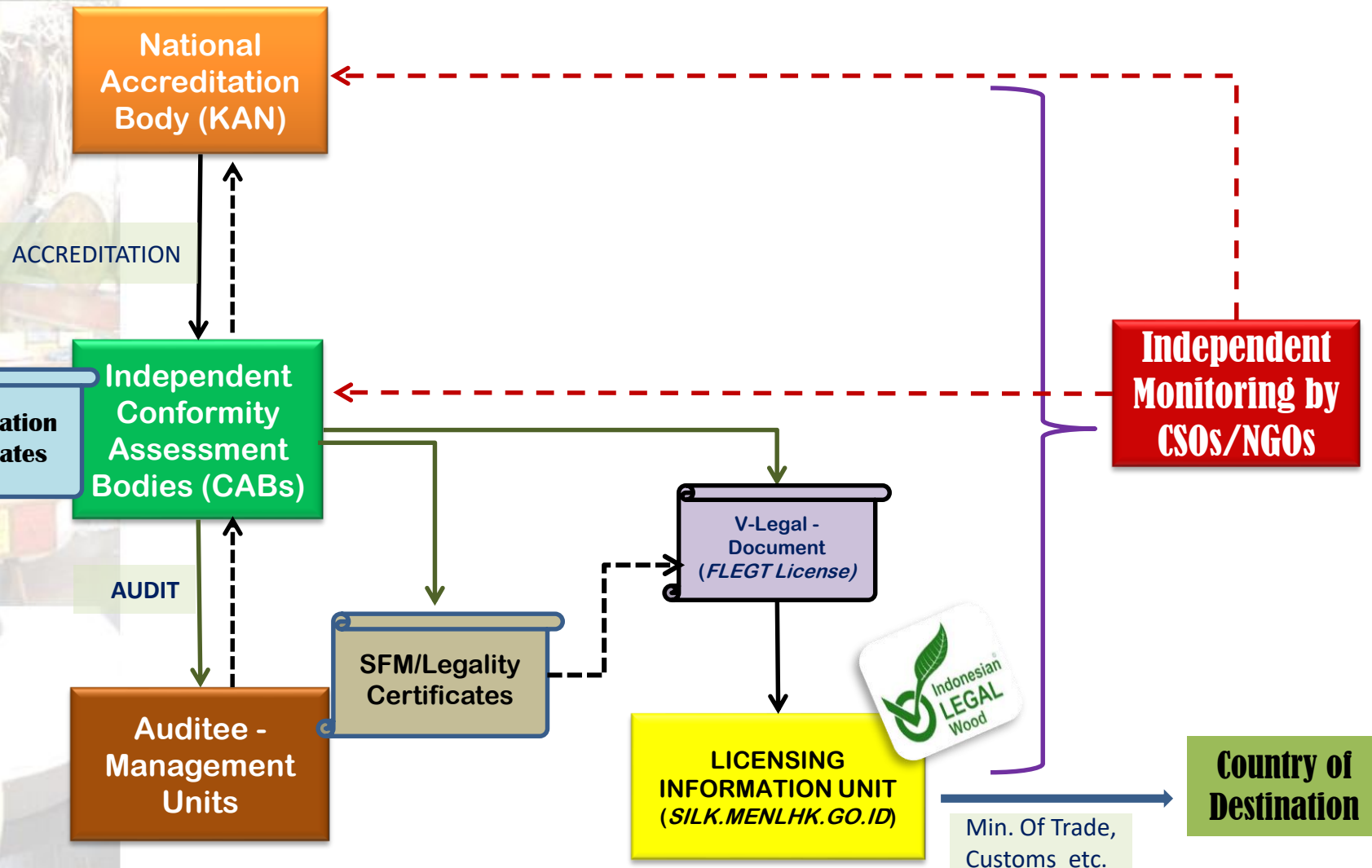
SPHPL: *Sertifikasi Pengelolaan Hutan Produksi Lestari*/Sustainable Forest Management (SFM)

SVLK: Sistem Verifikasi Legalitas Kayu/Indonesian TLAS

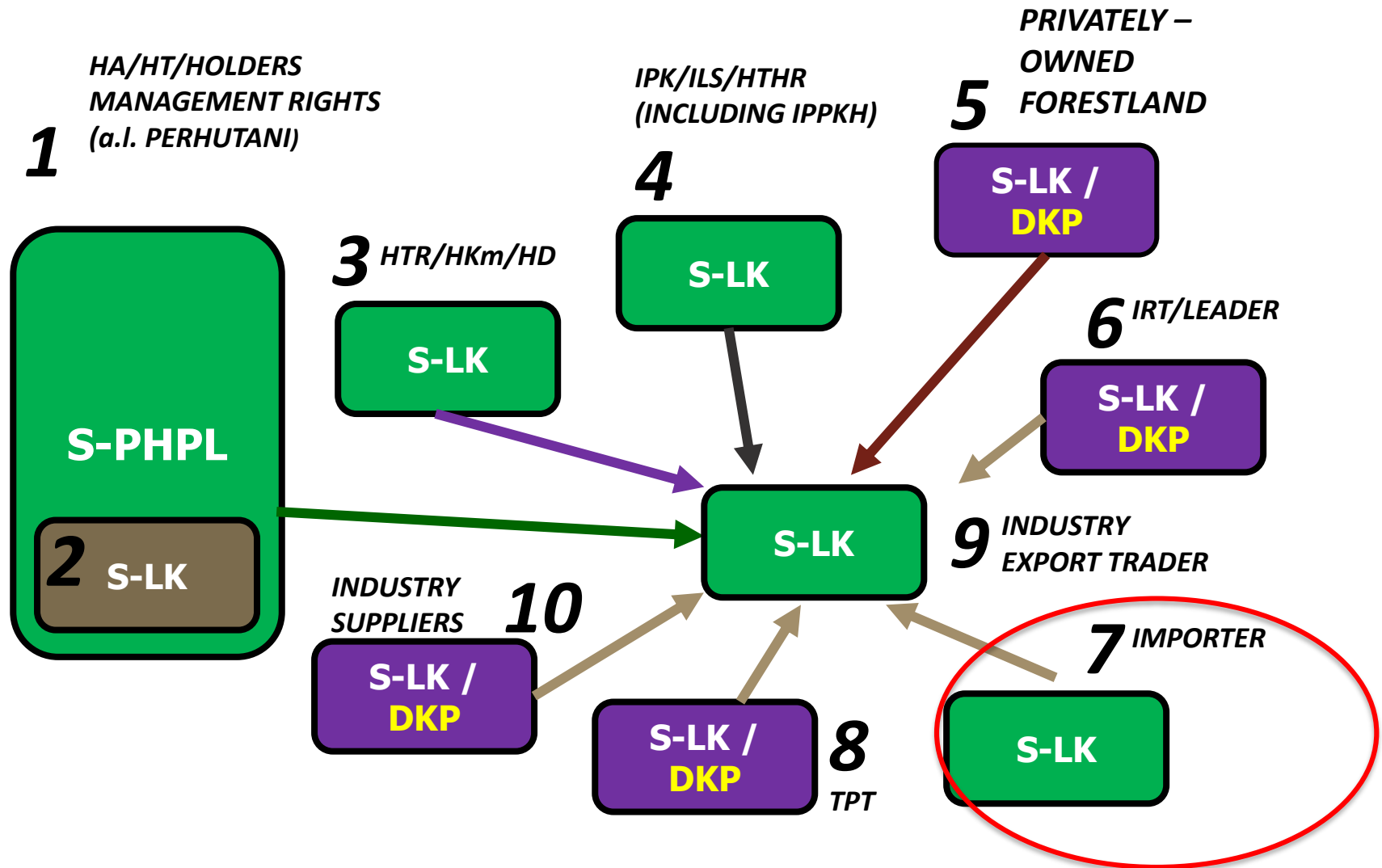
**Confiscated timber cannot enter the supply chain*

SVLK Scheme

Government (Regulator & Facilitator)

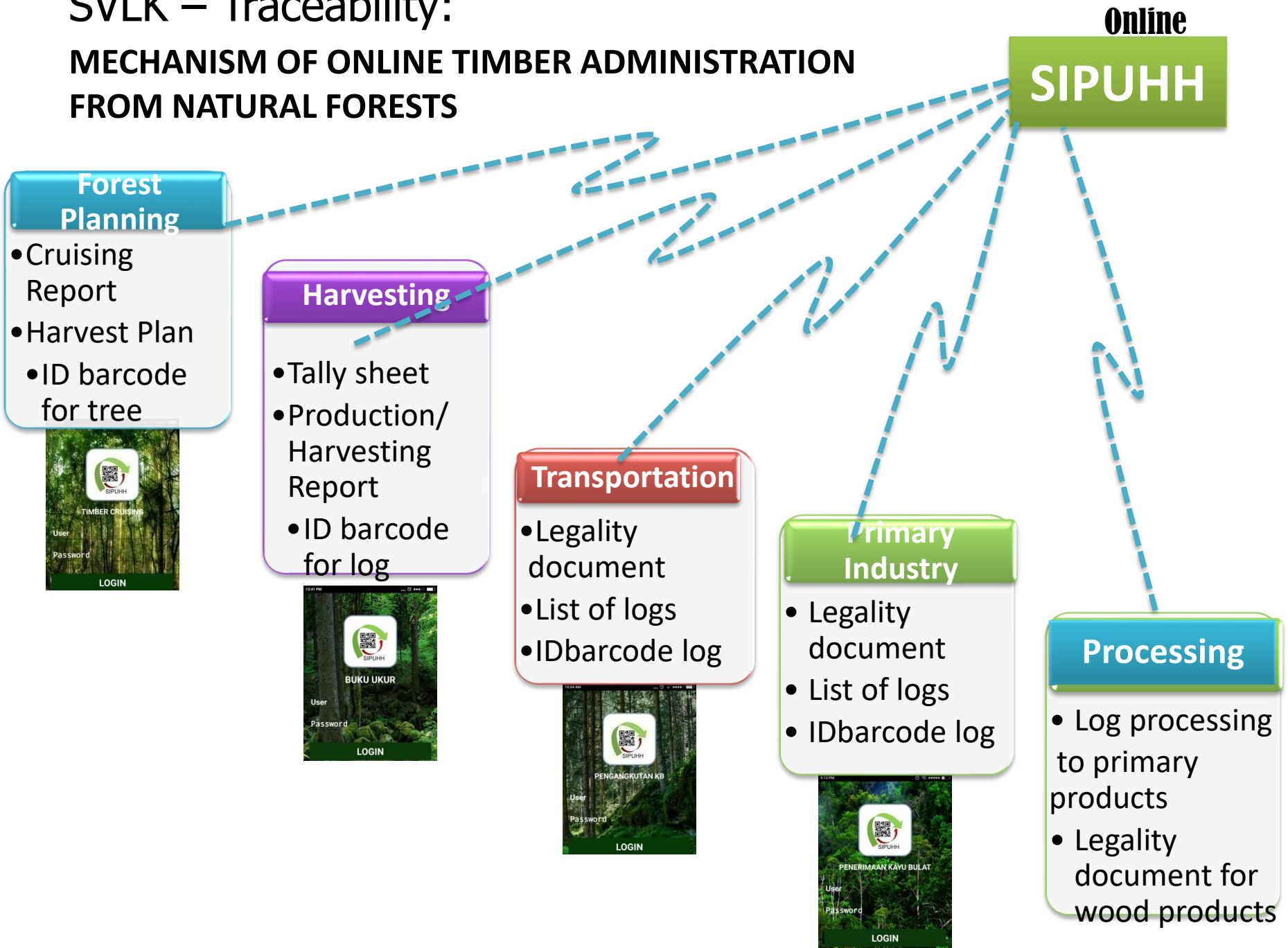


Object of SVLK



SVLK – Traceability:

MECHANISM OF ONLINE TIMBER ADMINISTRATION FROM NATURAL FORESTS



Information in Barcode on logs

PELACAKAN ID BARCODE / DOKUMEN ANGKUTAN (SKSHHK/SKSKB)	
PELACAKAN ID BARCODE / DOKUMEN ANGKUTAN (SKSHHK/SKSKB)	
0309AXXSMS0000000000063817.01	
LACAK	BATALKAN
Pelacakan ID Barcode Logs	
0309AXXSMS0000000000063817.01	
Keruing	
A. ASAL LOGS	
1. Buku Ukur	
a. Pemegang Izin	PT. SALAKI SUMMA SEJAHTERA Menara Prima Lt.25 F. Jl. Dr. Ide Anak Agung Gde Agung Blok 6.2 Kaw. Mega Kuningan, Jakarta. Telp. 021-25982803
b. Jenis Izin	IUPHHK-HA
c. Legalitas Penebangan	SK RKT Nomor 182/SSS/P/II/2016 Tanggal 29-12-2016
d. Pelaporan	Nomor : 14/LHP/KB-BLOKPTK/PT.SSS/II/2017 Tanggal : 08-07-2017 Dibuat di : SUHARMANTO Reg. 02142-03/PKB-R/V/2016
e. Lokasi	TPN 244
f. Asal Tebangan	Blok X; Petak 299 Kab. Kepulauan Mentawai, Sumatera Barat No. Pohon : 657 ID QRCode LHC : 0309AXXSMS0000000000063817
Jenis : Keruing Panjang : 12.00 m. Diameter : Pangkal 83 cm.; Ujung 68 cm.; Rata-rata 75 cm. Volume : 5.3 m3.	
2. Laporan Hasil Produksi (LHP)	
a. Pelaporan	Nomor : 14/LHP/KB-BLOKPTK/PT.SSS/II/2017 Tanggal : 10-07-2017 Oleh : SUHARMANTO Reg. 02142-03/PKB-R/V/2016
b. Lokasi	TPK Hutan » TPK HUTAN / LOGPOND TINITI DUSUN TINITI, DESA SIGAPOKNA KEC SIBERUT BARAT098 44 18 BT 000 57 30 Kab. Kepulauan Mentawai, Prov. Sumatera Barat
c. Identitas Logs	Jenis : Keruing Panjang : 12.00 m. Diameter : Pangkal 83 cm.; Ujung 68 cm.; Rata-rata 75 cm. Volume : 5.3 m3.

Origin of harvest

Reports on Logs Production / LHP

Pelacakan ID Barcode Logs	
0309AXXSMS0000000000063817.01	
Keruing	
3. Kewajiban dan Pembayaran Kewajiban PSDH & DR	
a. Kewajiban	Nomor : 0309AXXSMS1707.01 Tanggal : 10-07-2017 PSDH (Rp.) : 98,037,760.00 DR (US\$) : 22,211.68
b. Pembayaran	PSDH • Tanggal : 11-07-2017 • Jumlah : 98,037,760.00 • Keterangan : Lunas • Bukti Setor : 820170711167556 (Billing/NTPN) D.R • Tanggal : 11-07-2017 • Jumlah : 22,211.68 • Keterangan : Lunas • Bukti Setor : 820170711167755 (Billing/NTPN)
B. PENGANGKUTAN I	
1. Pengangkutan	
a. Pengirim	PT. SALAKI SUMMA SEJAHTERA Jl. Prof. Dr. Hamka No. 230, Air Tawar Timur, Padang
b. Jenis Izin	IUPHHK-HA
c. Loka Muat	TPK Hutan » TPK HUTAN / LOGPOND DUSUN TINITI, DESA SIGAPOKNA KEC SIBERUT BARAT Kab. Kepulauan Mentawai, Prov. Sumatera Barat
d. Angkutan	Moda : Air Alat : Tongkang Identitas : TB. PUMA 57 / TK. PUMA 58 Nakhoda : BAMBANG SUDARMANTO
e. Dokumen Angkutan	SKSHHK : KB B.2323672 Tanggal : 03-09-2017 DKB : 05/DKB/PT.SSS/IX/2017 Penerbit : EKO PURWANTO Reg. 02143-03/PKB-R/V/2016

Payment of levy

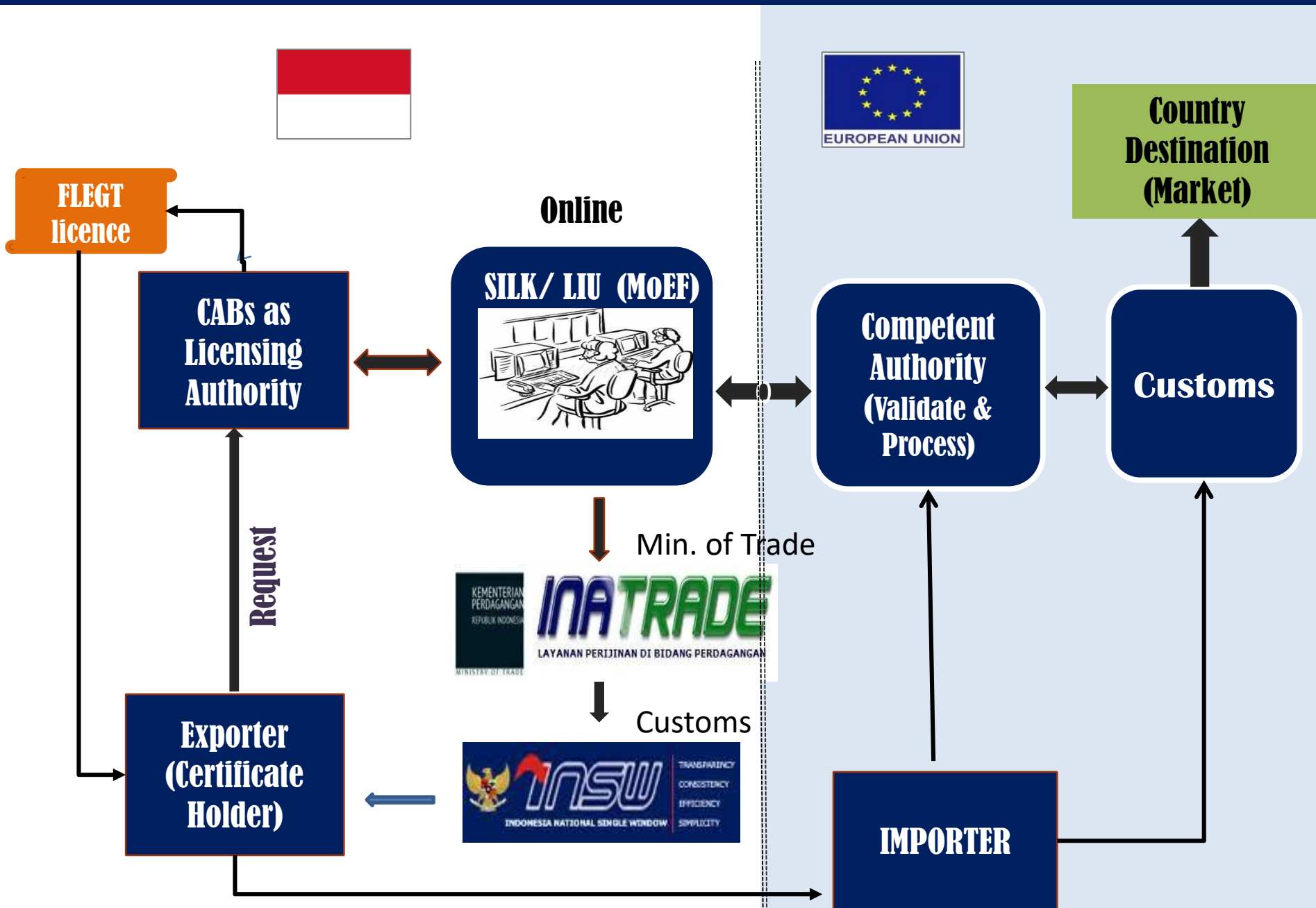
Transportation



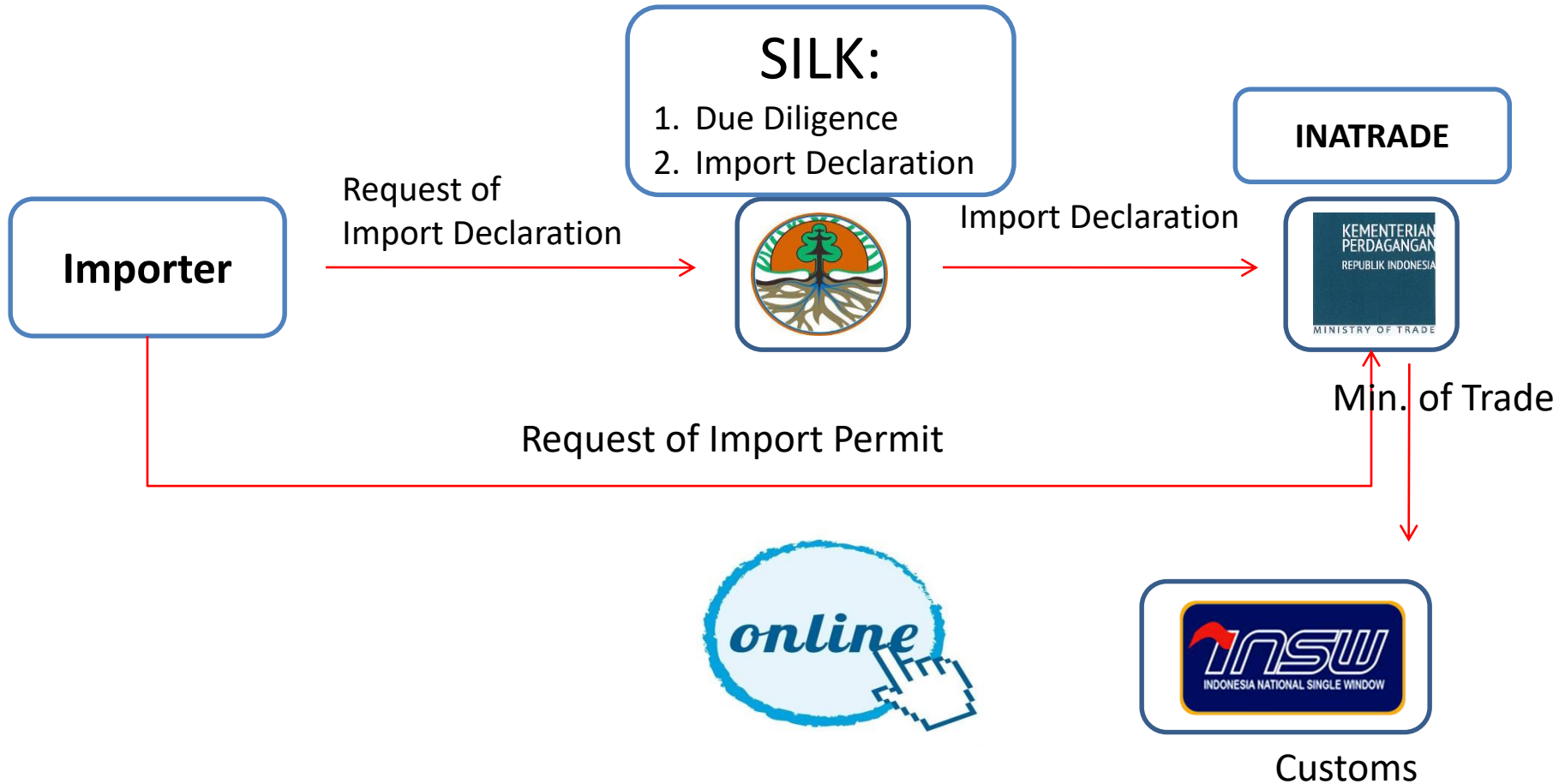
Pelacakan ID Barcode Logs	
0309AXXSMS0000000000063817.01	
Keruing	
e. Dokumen Angkutan	SKSHHK : KB B.2323672 Tanggal : 03-09-2017 DKB : 05/DKB/PT.SSS/IX/2017 Penerbit : EKO PURWANTO Reg. 02143-03/PKB-R/V/2016
f. Identitas Logs	Jenis : Kelompok Meranti Panjang : 12.00 m. Diameter : 75.00 cm. (Rata-rata) Volume : 5.3 m3.
2. Penerimaan	
a. Penerima	PT. KAYUMAS PODO AGUNG Ruko Taman Beverly, Jl. HR. Muhammad No. 49-55 R No. 27, Kel. Putat, Kec. Sukomanunggal, Surabaya. Telp. (031) 7327735
b. Loka Bongkar	PT. KAYUMAS PODO AGUNG Jl. Tambak Langon No.30 Surabaya Kota Surabaya, Jawa Timur
c. Penerimaan	Tanggal : 03-10-2017 Oleh : SUPRI Reg. 00282-06/PKB-R/XVI/2013

Final destination

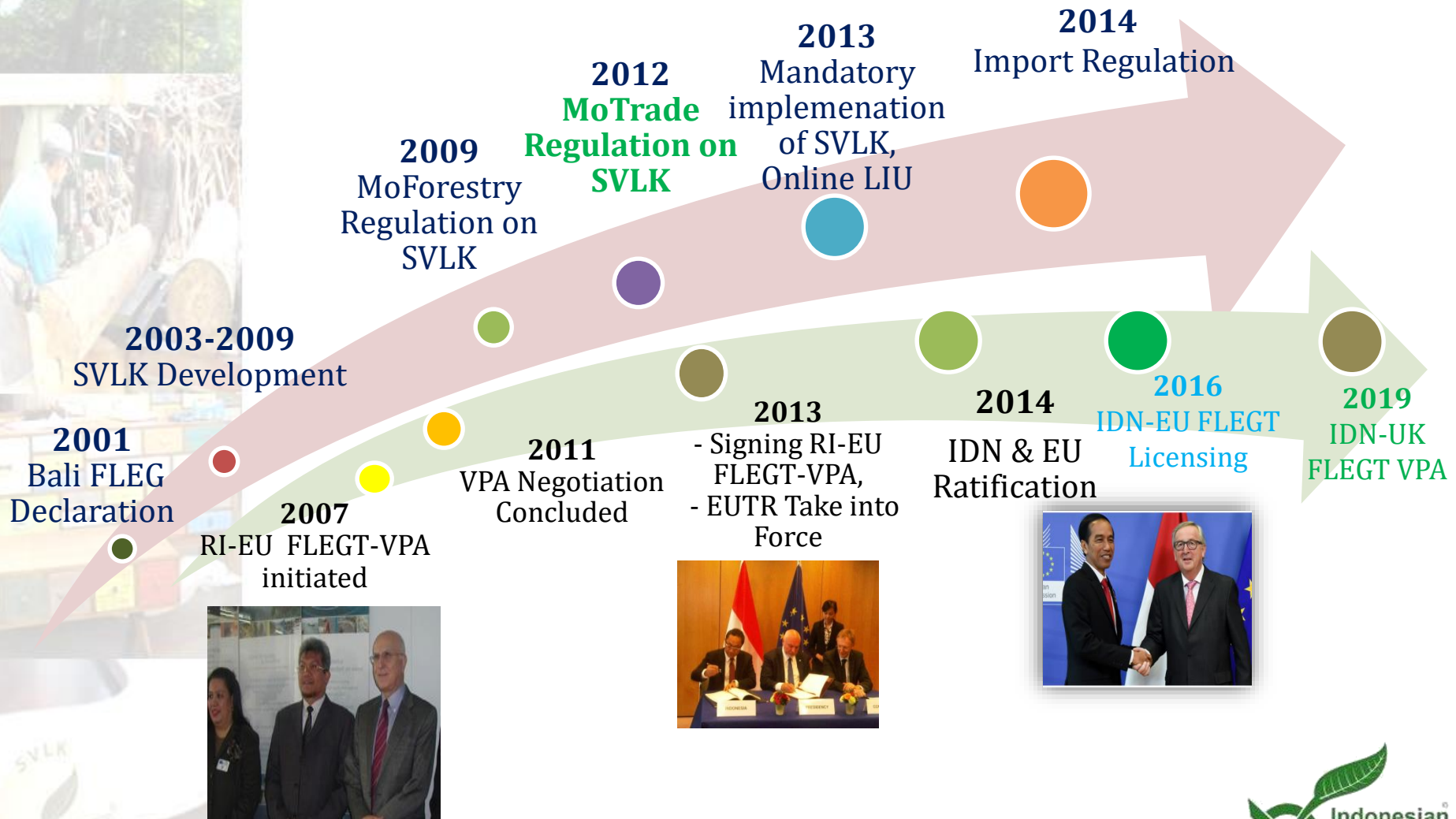
Flow of issuance of V-Legal Document/FLEGT license



Legality Assurance for Imported Timber -> Online Platform (i.e. SILK) for Due Diligence Process to get Import Permits



SVLK Development & FLEGT-VPA Process





MINISTRY OF ENVIRONMENT AND FORESTRY
REPUBLIC OF INDONESIA

Some Progress

26 CABs

(conformity assessment bodies) have been accredited by the National Accreditation Committee

Majority of companies/auditees (on and off forests) are becoming **more acceptive/cooperative/supportive**

>23 Million hectares of forests and **more than 4200 operators** have been certified (since 2010)

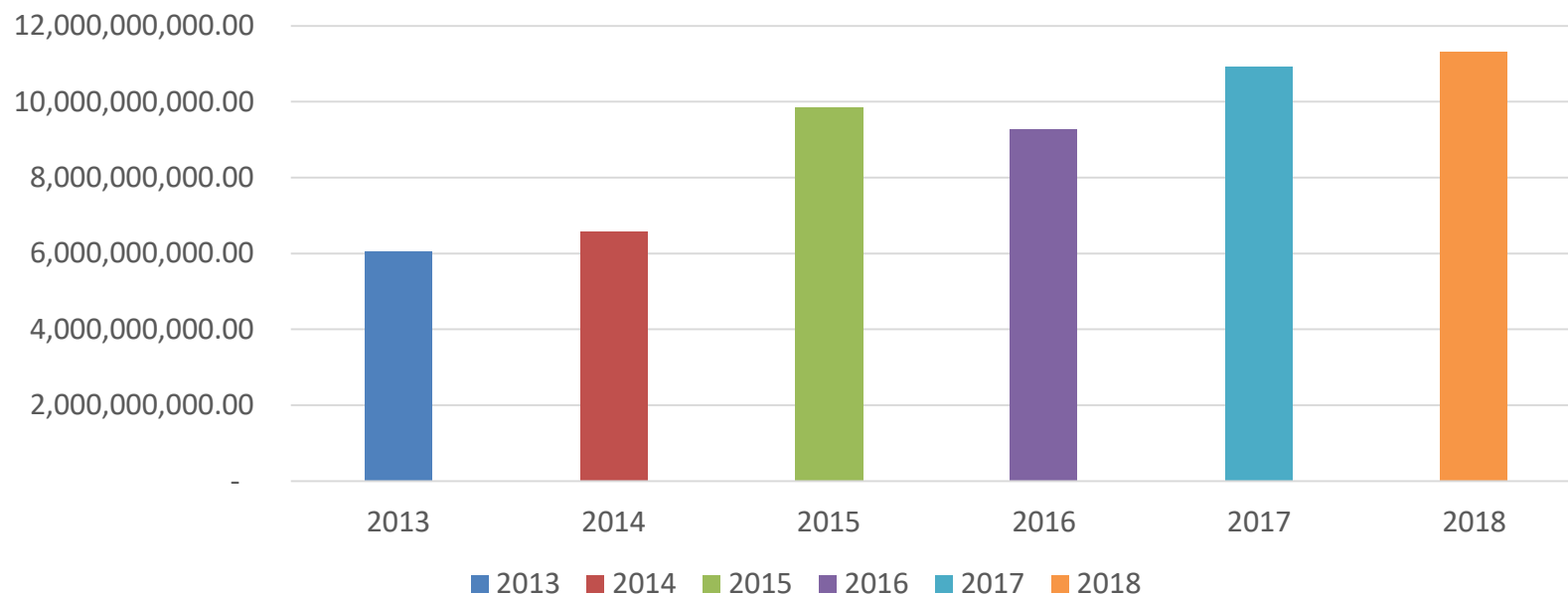
CSO-consortium

(as an independent monitoring body) **is actively monitoring**

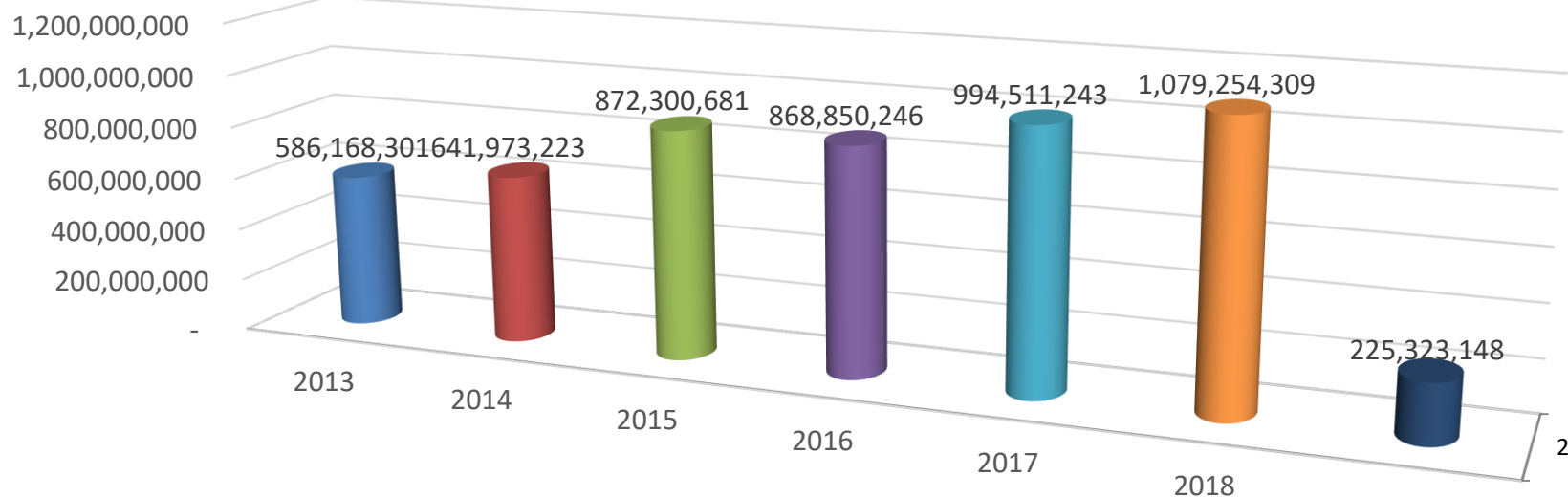
Since January 2013 to August 2019, more than one million legality documents have been issued for exports of timber products with a total value > USD 55 billion to world markets

Formal recognition by EU since 15 November 2016 as first FLEGT- Licensing country, Acceptance by Australia under *Illegal Logging Prohibition Act (ILPA)* since 2014, IDN – UK FLEGT VPA in 2019

Value of Exports of Certified Timber Products from Indonesia 2013 -2018 (US \$)



Value of EU Imports of Certified Timber Products from Indonesia 2013 -2018 (US \$)



Source: silk.menlhk.go.id; downloaded on 5 March 2019

Jan s.d 28
Feb 2019

II. Indonesia's Due Diligence System for Timber Import

Timber Import Control until Jan 2018

1. Legal basis:
 - a. Ministry of Trade (MoT) Regulation No 97/2015
 - b. MoEF *Perdirjen* PHPL No 7/2015
2. These regulations created the basis for a **due diligence system** at MoEF
3. LIU supervised due diligence (DD) uploads by prospective importers to SILK
4. **Border** control system
5. Based on DD uploads, LIU would issue or deny an import recommendation
6. MoT would issue import approvals based on MoEF recommendation

Timber Import Control after Jan 2018

1. MoT issued *Permendag* No 91/2017 and MoEF issued Perdirjen PHPL No. 3/2017 → **deregulation**
2. Requirement for import recommendation from MoEF was removed
3. **Post-border** control system
4. It took steps to develop a basis for continued monitoring of DD and alerting relevant parties (MoT, CABs)


Differences between old and new regulatory

Under <i>Permendag</i> No 97/2015 and <i>Perdirjen</i> PHPL No 7/2015 (358 HS Codes)	Under <i>Permendag</i> No 91/2017 and <i>Perdirjen</i> PHPL No 3/2018 (402 HS Codes)
<i>Procedure</i>	<i>Procedure</i>
<ul style="list-style-type: none"> • DD at MoEF • DD procedures and documents evaluated by LIU • Import recommendation by MoEF based on DD evaluation and Import Declaration • Import approval by MoT depends on MoEF's import recommendation 	<ul style="list-style-type: none"> • DD at MoEF • DD procedure and documents not evaluated • No import recommendation by MoEF; Import Declaration based on DD • Import approval by MoT depends on Import Declaration
<i>Controls</i>	<i>Controls</i>
<ul style="list-style-type: none"> • Pre-import/border control system • Issuance or denial of import recommendation 	<ul style="list-style-type: none"> • Post-import/border control system • DD not used to stop imports; CABs conduct post-import audit and MoT (Ditjen PKTN) check after import product out of custom-area
<i>Enforcement</i>	<i>Enforcement</i>
<ul style="list-style-type: none"> • Revocation of the recommendation for import – no import takes place 	<ul style="list-style-type: none"> • Revocation of SVLK certificate – no future import and no future export until re-certification

Key Features of DD for Timber import

1. SILK online system: <http://silk.menlhk.go.id/>
2. Importers have to fill in and upload information as follows:
 - a. Information about importer (location and legality credentials)
 - b. Information about producer and/or exporter (location and legality credentials)
 - c. Information about port loading and port of discharge
3. Information on products imported
4. Information on timber legality

Information on Products and Proof of Legality

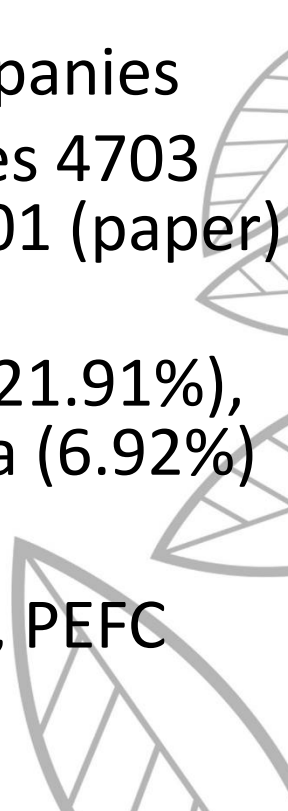
1. Type of Products
 2. HS code, Trade name & scientific name
 3. Country of origin (country of harvest, region & concession for logs)
 4. Products legality information:
 - a. FLEGT license
 - b. MRA (*Mutual Recognition Agreement*)
 - c. CSG (*Country Specific Guidelines*)
 - d. 3rd party certification
 - e. Letter of Authority (from country of origin by government, association or single supplier that already certified)
 5. Reference of prohibited/restricted product/species from exporter country (include CITES)
- 
- A decorative graphic of stylized leaves is located on the right side of the slide, partially overlapping the text of the fourth and fifth list items. The leaves are drawn with simple outlines and internal vein patterns.

Primary Industries Needs of Log & Veneer-Chip (RPBBI, 28 Oct 2018)

Year	Logs (m3)		Veneer & Chip (m3)		Total (m3)		
	Local	Import	Local	Import	Local	Import	Total
2008	33,004,918	31,840	874,112	185,451	33,879,029	217,291	34,096,320
2009	34,833,025	12,482	588,043	2,489	35,421,068	14,971	35,436,039
2010	42,383,114	46,011	683,310	20	43,066,423	46,031	43,112,455
2011	43,285,349	9,783	709,271	2,748	43,994,620	12,531	44,007,150
2012	45,522,376	50,888	17,907,169	51,172	63,429,545	102,060	63,531,604
2013	46,525,973	164,321	1,217,261	15,203	47,743,234	179,524	47,922,758
2014	46,141,189	406,565	1,156,416	2,244	47,297,604	408,809	47,706,414
2015	47,385,434	625,494	799,031	780	48,184,465	626,275	48,810,740
2016	45,688,503	891,864	591,320	273	46,279,823	892,137	47,171,961
2017	53,097,383	1,323,505	646,283	2,674	53,743,666	1,326,179	55,069,845
2018	41,701,964	601,486	566,289	106,315	42,268,253	707,802	42,976,055
Total					505,307,731	4,533,609	509,841,340
% total import logs, veneer an chip from total need					0.89		

Timber import is complex

Timber import (1 Jan 2016— 31 Oct 2018)

1. Numbers of species: 449 species
 2. Importers who have got IR/ID : 1,930 companies
 3. HS Code : 386 HS Code (dominant HS codes 4703 (pulp) 54.05%, 4403 (logs) 15.58% and 4801 (paper) 11.21%)
 4. The biggest exporting country : Malaysia (21.91%), Canada (16.18%), Sweden (11.17%) , China (6.92%)
 5. Legality evidence :
 - 1) Third party certification (FSC 70.07%, PEFC 11.02%, SFI 0.21%)
 - 2) Letters from authority, 11.02%
- 

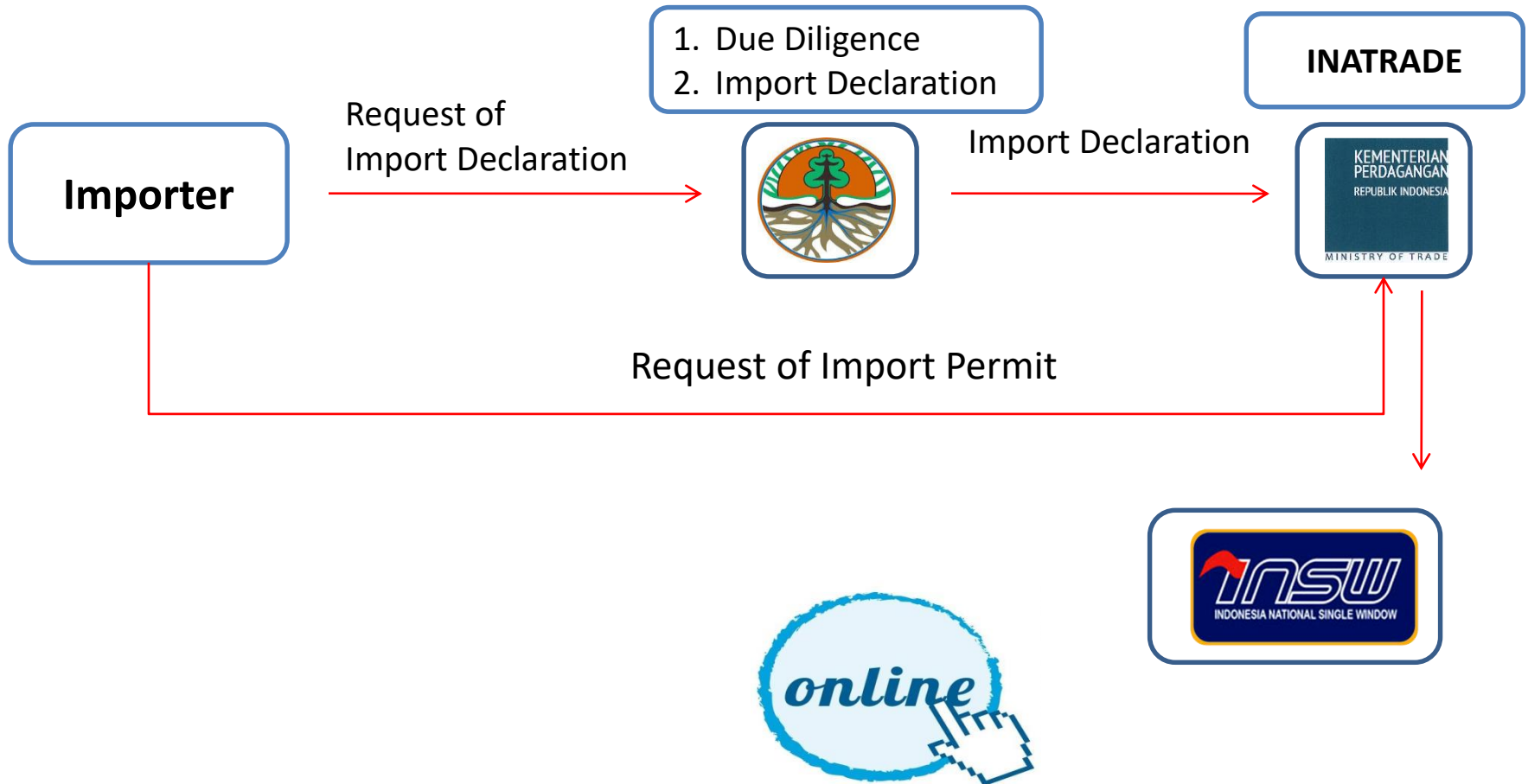
6. Import of logs dominant to support the pulp and paper industry
7. Import of sawn timber, panel and veneer used as components for furniture and other composite products
8. Important to ensure legality compliance of imported timber to safeguard FLEGT licensed exports

III. Main Issues

Complexity of timber imports

1. Large and increasing number of importers
2. Importer still capture the market to find potential exporter (product quality, stock, cheapest) → done DD for all exporters → Rising volume of import plan
3. Pressure from other sectors to reduce controls, facilitate trade & economic growth
4. Complex trade chains (> 3 steps back)
5. Letter of authority for each country in different format

MoEF limited control – no import recommendation



Import from Africa via complex supply chains

1. Sample 5 countries studied by LIU: Cameroon, Gabon, RoC, DRC, and Myanmar
2. Planned timber import in 2015-2018 is 88,491 tons
3. Species among other: *Sapele*, *Okume*, *Iroko*, Teak
4. Main timber products imported were HS 4408 (veneer) 53.55% and HS 4407 (sawntimber) 38.02%
5. 43.42% of timber comes from Cameroon; 36.73% from Gabon; the rest from RoC, DRC, and Myanmar
6. **LIU analysis:**
 - a. **68.82% of planned import covered by 3rd party certification (FSC & PEFC)**
 - b. **Most of certificates are owned by the exporter/producer country, not from harvest country (long supply chain)**
 - c. **31.18% covered by Letters of Authority**

Alignment with the VPA

Revised/2015 **Annex V**: *“Imported timber and timber products must be accompanied by documents and other pieces of evidence providing assurance of the legality of the timber in its country of harvest ...to minimize the risk of illegal timber entering.*

1. Indonesia would like to revisit this annex with the view to amend
2. Recent CoC ASEAN meeting in KL generated consensus that documents from the country of harvest apply to primary products only (logs, sawn timber, veneer, chips)
3. A large part of IND imports are components/composites shipped via complex supply chains
4. Country of harvest exceedingly hard to ascertain
5. Currently DD documentation for components/composites reflects country of origin export, not harvest

IV. On-going measures and Continues Improvement

1. Roundtable on options to strengthen DD for timber import (LIU, CAB, importers, FLEGT Facility) Q1 & Q2 '19
2. A comprehensive analysis of DD documents uploaded by importers for timber import and assessment of realized timber import (LIU & FLEGT Facility) Q1 '19
3. A strengthening plan developed (Q2 '19):
 - a. Revision of *Perdirjen* PHPL No 3/2018 to re-establish the control of LIU over DD process and guide CABs
 - b. Revision of Circular Letter (*Surat Edaran*) No 2/2018
 - c. Amendment of requirements for FSC CoC and Letters of Authority
4. Improvement of DD system will take into account the experience of EU/VPA countries
5. On-going discussions with EU on revisions to Annex V (During JEM & JIC Meeting)

THANK YOU





KEMENTERIAN
LINGKUNGAN HIDUP DAN KEHUTANAN
REPUBLIK INDONESIA

PELATIHAN DAN SOSIALISASI UJI TUNTAS (*DUE DILIGENCE*) IMPOR PRODUK KEHUTANAN

JW Marriott Hotel
Surabaya, 5 September 2019

Didukung oleh:



subditivlk@gmail.com

021 - 5704504 (ext. 268)

Kebutuhan Uji Tuntas

1. Data eksportir /suplier dan legalitas perusahaannya (contoh di indonesia : TDP, SIUP)
2. Data produsen dan legalitas perusahaannya (contoh di indonesia : TDP, SIUP)
3. Jenis kayu yang digunakan (spesies kayu)
4. Negara asal kayu dari mana
5. Sertifikat FSC/CSA/PEFC/SFI

Persyaratan Revisi / Perpanjangan

1. PI (Persetujuan Impor) sudah terbit
2. Ajukan Permohonan kepada Direktur PPHH dengan alasan Revisi/Perpanjangan ditandaangani oleh penanggung jawab perusahaan (direktur) diatas materai.
3. Copy PI,
4. Copy PIB dan
5. Excel realisasi impor dari setiap suplier sesuai kartu kendali/saat pengajuan revisi

Dikirim ke email:
subditivlk@gmail.com

**Direktorat Jenderal Pengelolaan
Hutan Produksi Lestari
Direktorat Pengolahan dan
Pemasaran Hasil Hutan
Gedung Manggala Wanabakti Blok I
Lt. 11
Jln. Gatot Subroto - Senayan
Jakarta - Indonesia - 10270**

Pembuatan Realisasi Impor

Nomor: DI/P/0002/S/180926/001-Rev1 Permohonan : Revisi	Tanggal: 2018-12-26
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Nomor Deklarasi Impor Terakhir : DI/U/0002/N/180926/001-Rev1 (Nomor DI yang akan dilaporkan)

Tanggal Terbit Deklarasi Impor : 12 Agustus 2018

Bulan Berjalan (Bulan Saat Ini) : September 2019

Laporan Realisasi untuk **DI/U/0002/N/180926/001-Rev1** , dibuat perbulan mulai dari bulan **Agustus 2018** sampai **September 2019**. (ada tidak adanya impor tetap harus dibuat)