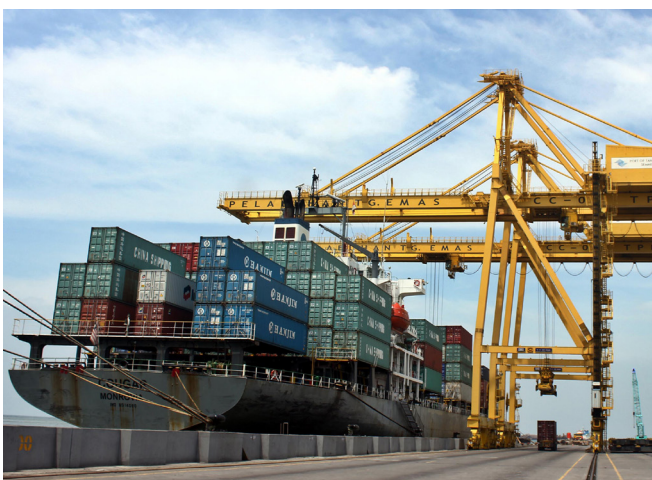




MINISTRY OF
ENVIRONMENT AND FORESTRY
REPUBLIC OF INDONESIA

Import Regulation for Forest Products





Definition of Import, Import Declaration, Due Diligence and Import Recommendation

- Import is an activity of transporting goods into the customs area.
- Import Declaration is a statement from importers stating that the imported timber products is compliant to the due diligence performed by the government upon data and information submitted by the importer.
- Due diligence is a checking process performed by the government to ensure compliance of an import activity by ensuring the legality of the timber product from the exporting country and country of harvest, as well as to prevent illegal import of timber product.
- Import Recommendation is an approval from the Ministry of Environment and Forestry (MoEF) of the Import Declaration processed by the online system (SILK)

Requirements for Producer Importer and Registered Importers based on Timber Product Import Regulation

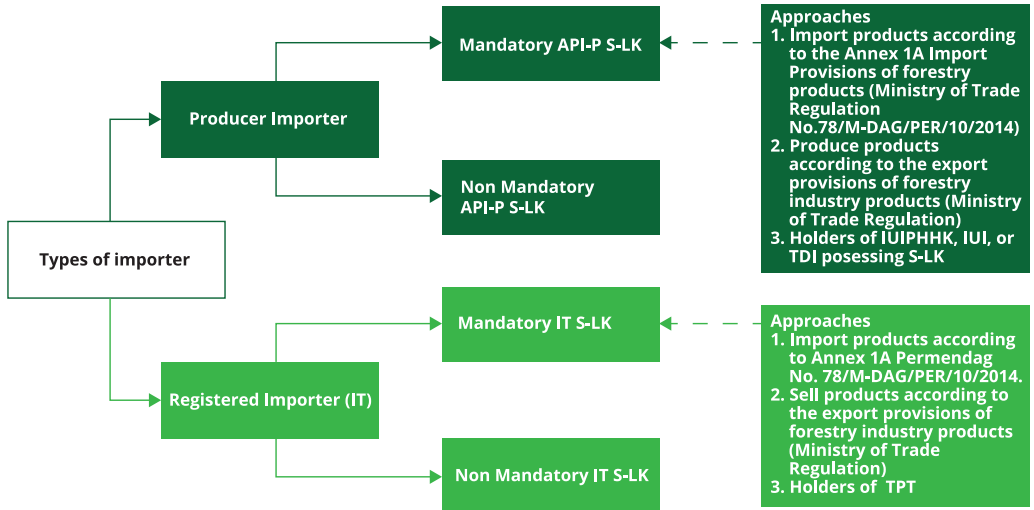
Producer Importer

- Act of establishment of company or entity and amendments
- Industry Enterprise Permits (IUI) or Primary Industry Enterprise Permits (UIPHHK) or other enterprise permits from the authorized sectoral government agency
- Company Registration Identification (TDP)
- Tax Number (NPWP)
- Producer Importer Customs Number (API-P)
- Customs Identity Number (NIK)
- Import Declaration
- Import Recommendation

Registered Importer

- Notary company act and the amendment
- Trading Business License (SIUP) that covers trade on forestry products or other similar business license issued by the authorized agency or technical service
- Company Registration Identification (TDP)
- Tax Number (NPWP)
- General Importer Customs Number (API-U) that includes section of forest products (II, IX, X, XX, and/or XXI)
- Customs Identity Number (NIK)
- Registered License Shelter (TPT), and/or evidence of warehouse ownership in accordance with the type of forestry products to be imported

IDENTIFICATION OF IMPORTER POSITION



Submission of Data and Information Related to Due Dilligence

- Submission of data and information related to due diligence is carried out by importers holding API-P or API-U as Registered Importers electronically through SILK Portal
- Importers holding API-P or API-U as Registered Importers are required to maintain data and information for 2 (two) years

Documentation of Due Diligence

The implementation of due diligence by the government on data and information submitted by the importers is as follows:

- Documentation of information, in form of :
 - 1) FLEGT
 - 2) MRA (Mutual Recognition Agreement)
 - 3) CSG (Country Special Guideline)
 - 4) Certificate from certification institution on legality or sustainability of forest product
 - 5) Certificate from the authority of the country of origin of the product on the legality or sustainability of forest product;
- Documentation of information aforementioned covers country of origin, country of harvest, and area of harvest's origin/concessionaires/owner
- In the implementation of due diligence, importers possessing API-P or importers possessing API-U are obliged to maintain the result of due diligence and the supporting data for 2 (two) years term.

Implementation of Due Diligence

- The Director of Processing and Marketing of Forest Products carries out due diligence through review of application upon data and information submission by importers, taking into achcount the suitability of the data and information
- The Director of Processing and Marketing of Forest Products publishes the

results of due diligence no later than seven (7) working days from the date of acceptance of the application letter through SILK Portal

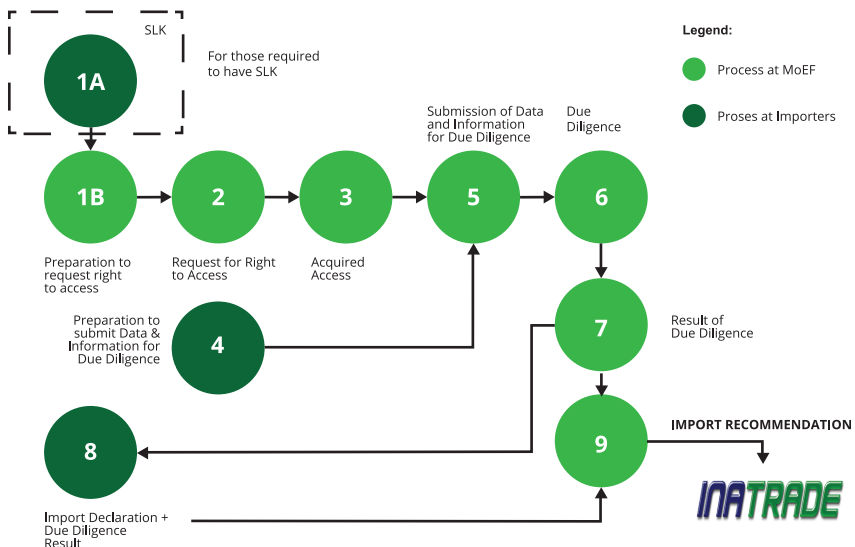
Risk Analysis and Mitigation

- The result of due diligence is based on risk analysis and mitigation of the data and information applied by the importers
- The Risk analysis involves cross checking the official information documented in the country of origin of the forestry product and country of harvest by reviewing potential problem, significant findings and information that indicates that the forestry product to be imported is illegally harvested/ logged, traded and/or presence of fraud or information hiding
- Risk mitigation, involves steps through reliable sources to ensure the reliability and accuracy of information and to make sure there is no fraud or disinformation

Use of Due Diligence Result

- Upon completion of all of due diligence's implementation, importers may issue the Import Declaration based on the results of due diligence.
- Result of due diligence is part of the Import Declaration.
- Result of due diligence is submitted by the importers holding API-P or API-U electronically through **<http://silk.dephut.go.id>**
- Application of Imports Recommendations is based on the results of due diligence of Forestry Products .
- Application of Import Recommendations is addressed to the Director General of Sustainable Production Forest Management electronically through SILK portal, **<http://silk.dephut.go.id>** by attaching the Import Declaration according to the results of due diligence.

STAGES OF IMPLEMENTATION TO OBTAIN IMPORT RECOMMENDATION



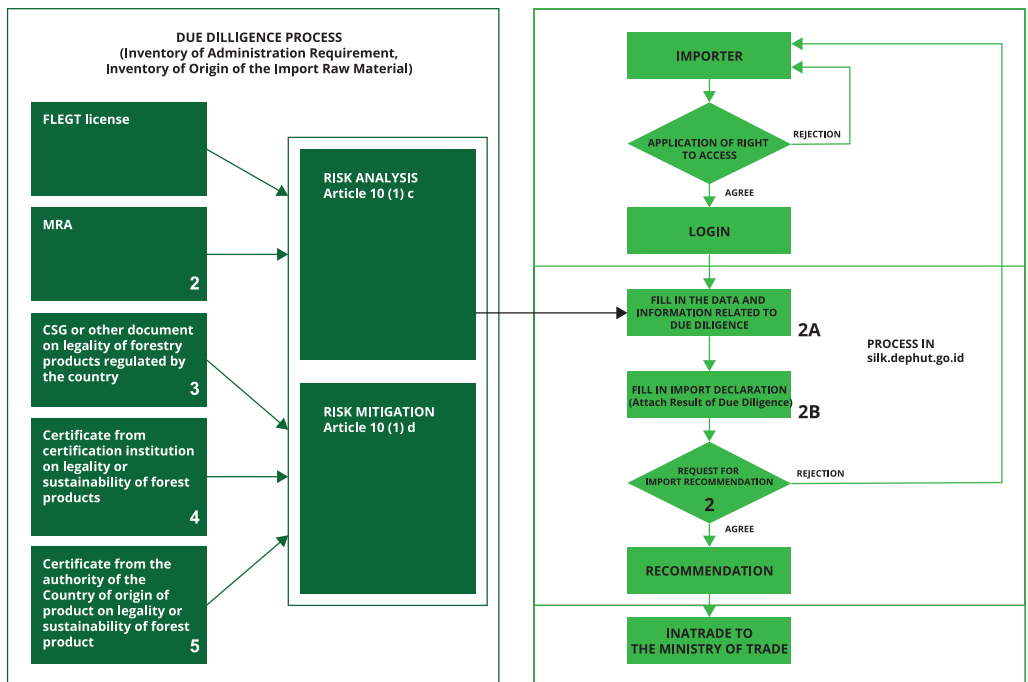
Import Declaration

- Importers issue Import Declaration based on results of due diligence
- Import Declaration as referred to in Article 4 paragraph is (1) a provision to identify and classify Producers Importers (IP) for importers holding API-P or import agreements for importers holding API-U as Registered Importers by the Ministry of Trade

Import Recommendation

- Application of Import Recommendation of Forestry Product, is proposed by importers who hold;
 - I. Producer Importer Customs Number (API-P); or
 - II. General Importer Customs Number (API-U) as Registered Importers
- Application of Import Recommendation as referred to in paragraph (1) is addressed to the Director General of Sustainable Production Forest Management electronically through SILK portal, <http://silk.dephut.go.id> by attaching the Import Declaration according to the results of due diligence.

FLOW OF APPLICATION AND ISSUANCE OF IMPORT RECOMMENDATIONS



Term of Recommendations

- Imports recommendations for importers holding API-P or as Registered Importer has a valid S-LK for maximum of 1 (one) year and can be used for all shipping activities during the year.
- In case the term of the S-LK is less than 1 (one) year, then the Imports Recommendation is valid until the expiry of the S-LK.
- Import Recommendations for Importer holding API-P as referred to in Article 6 paragraph (2) or for importers as Registered Importers, imports recommendation is given for each shipping activities in 6 (six) months term, starting from the issuance date of the Import Recommendation.

Revision of Import Recommendation

- In the event of a revision of scope (volume, type, importers, the origin of the product and/or origin of harvest, and legality assurance of the origin of the product and/or origin of harvest) from what was recommended, importers must re-submit data and information related to due diligence and apply for revision of Import Recommendation by attaching Import Declaration.
- Upon fulfillment of requirements, Director of Processing and Marketing of Forest Products issues a revised imports recommendation not later than seven (7) working days from the date of acceptance of the application through SILK Portal.
- Revised imports recommendations will use the same numbers as the previous import recommendation with an additional sign of 'revision'.

Term of Revision of Import Recommendation

- Maximum of 1 (one) year for the importers holding API-P or importers as Registered Importers with S-LK.
- Maximum of 6 (six) months for importers holding API-P or importer as Registered Importers In the case of the term of S-LK is less than 1 (one) year, the revision of Imports Recommendation referred to in paragraph (4) shall be valid until the expiration date of the S-LK.

Issuance of SDoC on Import Goods

- Importers holding API-P shall issue Suppliers' Declaration of Conformity (SDoC) on their imported goods, and in the products circulation of their industrial processes using S-LK.
- Importers holding API-U with S-LK are required to issue SDoC on their imported goods, and in the circulation that uses S-LK.
- Importers holding API-P with no S-LK are required to issue SDoC on their imported goods and in their circulation.
- Importers holding API-U with evidence of warehouse ownership are required to issue SDoC on their imported goods, and in their circulation for the purposes of industrial processes.

Monitoring and Control

- Monitoring of importers holding Import Recommendation is carried out in the case of indication of:
 1. Non-compliance to or discrepancy with the implementation of importers' due diligence ;
 2. Non-compliance to or discrepancy with the Import Declaration;
 3. Misuse of Import Recommendation;
 4. Violation of the provisions on the circulation of imported Forestry Products referred to in; and/or
 5. Importation offense
- Monitoring is carried out by a team appointed by the Director of Processing and Marketing of Forest Products on behalf of Director General of Sustainable Production Forest Management.
- The team referred to in paragraph (2) consists of the government elements and may involve the Independent Monitor (PI).
- Monitoring results are submitted to the Director General of Sustainable Production Forest Management cq Director of Processing and Marketing of Forest Products.
- In the case of a violation based on the results of monitoring, Team shall propose a revocation of import recommendation to the Director General of Sustainable Production Forest Management cq Director of Processing and Marketing of Forest Products.
- In the case of no violation based on the results of monitoring as referred to in paragraph (1), the Director on behalf of the Director General provide clarification to importers holding Imports Recommendations.
- Costs of the supervision implementation referred to in paragraph (2) shall be charged to the Government and/or other parties which are not binding in accordance with the provisions of the legislation.

Revocation of Recommendation

- Director of Processing and Marketing of Forest Products on behalf of Director General of Sustainable Production Forest Management can revoke Imports Recommendation in the following circumstances:
 1. Findings of discrepancy and/or breach of the implementation of the monitoring; and/or
 2. Cancellation of status as Registered Importers; and/or
 3. Cancellation of of S-LK.
- In the case of revocation of imports recommendation as referred to in paragraph (1), importers shall suspend imports of forestry products.
- The obligation to stop the import of Forestry Product followed by the termination of imports recommendation within twelve (12) months, commencing from the date of revocation of import recommendation.



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