



25th Anniversary of the Ministry of Forestry

On 16th of March 1983 the Ministry of Agriculture and Estate Crops was divided into two ministries, the Ministry of Agriculture and Ministry of Forestry. The 25th Anniversary was celebrated by the Ministry of Forestry through a one month long activities lasting from 29 February to 29 March. The activities included competitions in different sport disciplines, social events including song contest, exhibition, seminars, tree plantings, etc. The highlight was the encounter with the President and the "Foresters' Declaration" together with a panel discussion where 5 previous Ministers discussed their views on the impacts of past decisions on today's forests. The EC Indonesia FLEGT Support Project assisted in the implementation of the Anniversary's activities and participated in the exhibition which took place in Mangala Wanabakti from 24 – 28 March.



European Union



Ministry of Forestry



Regulations concerning export of wood products from Indonesia

In general, the forestry sector in Indonesia is regulated by the Forestry Act No 41 of Year 1999. Forest utilization and production are regulated by Government Regulation (PP) No. 34 Year 2002 which was replaced by PP No. 6 Year 2007.¹⁾ Most recently PP No. 6 Year 2007 was revised and PP No. 3 Year 2008 was issued regarding Forest Governance and Arrangement of Forest Management Plan and Forest Utilization.

Distribution of forest product and its marketing is regulated by PP No. 6 Year 2007. Article 117 stipulates that all aspects of forest products - species, quantity (volume/weight), and size - coming from State Forests have to be determined by authorized officer. Specifically for log it is required to be marked.

Article 119 states that every transport, possession or ownership of forest products from State Forests must be accompanied by documentation of legality of forest products throughout the Republic of Indonesia. The documents must match the physical appearance of the forest products transported. This also means that all wood products exported from Indonesia have to comply with this regulation.

The procedure for transport of wood products is the same even if it's originating from Private Forests. It means that every single tree harvested must be accompanied by official government documentation issued by relevant

authority. Further details on timber transport and documentation are stipulated in regulations issued by the Minister of Forestry (SK No. 51/Menhut-II/2006, No. 62/Menhut-II/2006, and No. 33/Menhut-II/2007).

When wood products originating from either State or Private Forests are ready to be exported, documentation of the wood products has to be verified at Export Gate by Customs.²⁾ Wood products exported from Indonesia must be cleared through Customs and is subject to customs duty and other export related taxes unless specifically exempted from customs duty by law. Custom officers may not issue any export documentation (custom declaration on exporting wood products) if the documentation is missing or incomplete. If the wood products do not have any custom declaration for export (at the time of delivery to the destination country), it means that the wood products are illegal.

Export of Forest Products

Export of logs is regulated by Decree of the Minister of Trade and Industry No. 294/MPP/Kep/2001 dated 8 October 2001. Based on Article 2 export of logs is clearly prohibited (HS. 4403). This Decree is clarifying the joint decree between Ministry of Forestry and Ministry of Trade and Industry (No. 1132/KPTS-II/2001 and No. 292/MPP/KEP/2001) on Termination of Export of logs (diameter of the round wood above 29 cm) and raw material for chips (diameter of the round wood below 29cm). Article 1 of the joint decree states that Indonesian logs and raw material for chips are banned for export. Definition of logs and raw material for chips are explained in Article 2.

In year 2004, Government issued a joint decree between Ministry of Forestry and Ministry of Industry and Trade No. SK.350/Menhut-VI/2004 and No. 598/MPP/Kep/9/2004 about export ban on wood railway sleeper and sawn timber.

Government Regulation No. 6 Year 2007, Article 122 states that export of forest products is regulated by the Ministry in charge for trade affairs based on recommendation from the Ministry of Forestry. The existing regulation for export of wood products is based on Regulation of Ministry of Trade No. 09/M-DAG/PER/2/2007 regarding Qualification for Export of Forest Industry Products. Article 2 of the Regulation states that wood railway sleepers (HS.4406) and sawn timber (HS.4407) are banned for export. Article 4 and its Annex 2 list specific products, for example HS.4407, HS 4409, HS 4412, HS 4415, HS 4418 and HS 9406 that can be exported if such products meet with the technical criteria attached to the regulation.

Exporters of forest products from Indonesia have to be registered with the Ministry of Trade and have a Forest Industry Products Exporter License (also known as ETPIK). The export of forest products themselves must be endorsed by BRIK (Body for Revitalisation of Timber Industry). BRIK was established by Gol through joint Ministerial decree between Ministry of Forestry and Ministry of Industry and Trade in 2002.

Exports of certain products (including S4S and door and window frames) must be verified through an independent surveyor assigned by the Minister of Trade.



Authority arrangement for export of forest products

Another important legal aspect related to export of forest product is the issue of authority. Indonesia has 4 (four) different government levels that have its own authority (National Government, Province Government, District/City Government, and Village Government).

Generally, arrangement of government authority is regulated by Act No. 32 of Year 2004 regarding Regional Government. Further arrangement at each government level is defined by PP No. 38 Year 2007 that is about division of authority between National Government, Provincial Government, and District/City Government.

In PP No. 38/2007, it is stated that the National Government has the authority in the trade sector (international trade cooperation including export) consisting of policy determination, agreement, implementation, coordination, dissemination, monitoring, and joint evaluation of (1) multilateral trading (2) regional trading cooperation such as ASEAN, APEC, ASEM, and sub-regional cooperation, (3) bilateral trading, and (4) Security Trade that includes dumping, subsidization and safeguard. Provincial Government and District/City Government, on the other hand, have authority to monitor and disseminate results from such trade agreements.

The authority to sign an international cooperation agreement that affects the people of Indonesia as a whole is not under the Province or District government, but under the National Government of Indonesia.

Conclusion

1. Government of Republic of Indonesia has issued regulations related to forest product trade including export.
2. Based on existing regulations, export of logs and raw materials for chips, sleepers and sawn timber from Indonesia are forbidden.
3. Other forest products with exception can be exported as long as the procedures for the exports are in line with Government Regulation No. 6 Year 2007 and Regulation of Ministry of Trade No. 09/2007.
4. International agreements including timber trade is the authority of the National Government of the Republic Indonesia. Therefore neither Provincial nor District/City Government is allowed to regulate export. This is stated in Government Regulation No. 38 Year 2007.

1) Based on Act No.10 of Year 2004, Article 7 the hierarchy of Indonesian regulations is as follows: (1) Basic Act/Constitution of Republic of Indonesia Year 1945; (2) Act/Law (Undang-undang); (3) Government Regulation in lieu of Act (PERPU); (4) Government Regulation (PP); (5) Presidential Regulation (Perpres); and (6) Regional Regulation (Perda, that could be Provincial Regulation, District Regulation, and Village Regulation).

2) The Customs Law of The Republic of Indonesia Number 10 of 1995





made a proposal to the Minister of Forestry to allocate a total of 23,600 hectares for development of HTR in Sarolangun.

While the Ministry of Forestry carries out necessary verifications of the Regent's proposal, the EC-Indonesia FLEGT Support Project continues field activities in Taman Bandung. Activities include strengthening the administration and operating procedures of the farmer groups, and the development of detailed plantation management plans and cash-flow projections.

West Kalimantan

The HTR trial area in West Kalimantan is located in the village of Tanjung Sari in Sub-district Ketungau Tengah in Sintang district. The trial area is remotely located, requiring about four hours of travel time by speedboat and motorcycle from Sintang. Most villagers are engaged in rubber latex production, whereas some depend on employment opportunities in nearby Malaysia. Tanjung Sari is nested in a model forest management unit.

HTR related field activities in two provinces

Jambi

EC-Indonesia FLEGT Support Project is supporting the Ministry of Forestry (MoF) in establishing two HTR demonstration plantations in Jambi and West Kalimantan provinces. The project staff is working closely with forestry offices in the districts of Sarolangun (Jambi) and Sintang (West Kalimantan), as well as with the Forestry Research Development Agency (FORDA) of MoF, villagers, and NGOs.

The HTR demonstration area in Jambi is located in the village of Taman Bandung in Sub-district Pauh in Sarolangun. It takes three hours to reach the village from Jambi, and about half of that time from Sarolangun. The village is surrounded by an exhausted HPH concession which the inhabitants have over time partially converted into cash-crop plantations including rubber trees. The main source of income, how thin it might be, is from sales of rubber latex.

After recommendation from the Sarolangun district forestry office the EC-Indonesia FLEGT Support Project started activities in Taman Bandung in July 2007. Activities until present have included a participatory mapping with the villagers and the district forestry office, an economic, technical and social feasibility study with FORDA, the establishment of five farmer groups for a total of 200-hectares trial area, and the development of internal rules and guidelines for the farmer groups with a Sarolangun-based NGO.

The local government of Sarolangun has been involved in the preparatory stages since the beginning. In the end of February, the Regent of Sarolangun, together with department heads and key legislators, paid a visit to Taman Bandung. During his visit the Regent made a promise to improve the main access road from Jambi-Sarolangun highway to Taman Bandung, and to provide direct support for the villagers to establish agro-forestry crops. On top of that, the Regent has



EC-Indonesia FLEGT Support Project works closely with the Sintang District Forestry Office, and other relevant stakeholders. Field activities in Tanjung Sari are very similar to those taking place in Jambi. The villagers of Tanjung Sari have established two HTR farmer groups for the development of two separate 100-hectares plantation blocks. A local NGO is involved in strengthening the administration and functionality of the farmer groups.

Generally, the establishment of HTR plantations takes a long time. Major obstacles encountered so far have been the lack or non-availability of detailed regulations and instructions for HTR development.



Workshop in Pontianak on Industrial Revitalization

The FLEGT Support Project facilitated a workshop on revitalization of forest industries in Pontianak, West Kalimantan on 27th of February 2008. All relevant stakeholders, including representatives from the Ministry of Forestry, the national level working group on revitalization of the forest industry, the governor's office, provincial and district forestry offices, major forest industries and their associations, and also some major NGOs were invited to participate.

The aim of the workshop was to briefly discuss the present condition of the wood based industry and, as all parties considered it necessary, to agree upon the establishment of a working group to further discuss important forestry related issues and finally to elaborate recommendations for an updated and fact based forestry strategy that will consider the particular conditions in the province of West Kalimantan. The national level road map, published by the Ministry of Forestry in 2007, will be used as a guide, but bearing in mind the special conditions in West Kalimantan. Various parties, including the Ministry of Forestry and forest industry, gave presentations in the workshop. Directorate General of Forest Production provided an overview of relevant laws and regulations. The Forest Industry Revitalization In-house Experts Working Group introduced the recently published Road Map. The Provincial Forest Office presented the state of provincial forestry issues. The Provincial Office for Industry and Trade provided an overview of relevant industry regulations. Forest Industry's association provided an overview of the condition of the forest industry. Finally, the Provincial Office of Estate Crops presented their views on how wood production could be combined with agricultural crops. Active discussions made it possible for the participants to obtain quite clear

overall picture about the challenges the forestry sector is facing. As is the case in many other provinces, shortage of raw material was considered the most urgent issue in West Kalimantan.

It became obvious during the workshop that a working group would need to be established so that rational solutions for the forestry issues could be formulated. The possible composition of the working group was outlined and it was agreed that the Provincial Forest Office would finalize the list of the relevant participating organizations that will form the working group. A smaller group, including Provincial Forest Office, some members of the national level working group, forest industry's associations convened a meeting the following day, where practicalities were discussed. The methodology of the working group would loosely follow that of the national level working group on revitalization of the forest industry. The present condition of the forest industry and the future challenges will be discussed. Estimates for wood production potential in the province will be updated with the aim to obtain as realistic figures as possible for future supply. The working group will then discuss all challenges that forest industry is facing in West Kalimantan.



The report produced by the national level working group would be used as a guide in the provincial level discussions. However, emphasis in the provincial working group shall be placed on special issues that need to be solved in the province. The working group should not be too large and should include members only from those organizations that are directly involved in forest industry. At the moment the working group has not met yet. However, it is hoped that the working group meetings would commence in the near future.



Working Group on Forest Industry Revitalization in Jambi

The FLEGT Support Project facilitated a workshop on revitalization of forest industries in November 2007 in Jambi province. As a result, a working group was established later in November. The working group includes the following organizations: BAPPEDA; Provincial Forest Office; Provincial Office for Estate Crops (non-forest plantations have high potential for supplying timber); Provincial Office for Industry and Trade; Agency of monitoring utilization of production forest; EC-Indonesia FLEGT Support Project; Relevant forest industry representatives (APHI and ISWA); Regional investment and promotion agency (BAPEMPRODA); Regional research and development agency (BALITBANGDA); Economic and development bureau of Jambi Province; Organization and legal bureau of Jambi Province.



The working group has been very active since its invention and intended to meet once a week. While this has not been always possible, the group has met nine times so far. The meetings have always a certain theme in order to keep discussions focused.

The group's work started with a review of the condition of the forest industry in the province. Main problem areas were identified and these were listed as an agenda for consecutive meetings. The working group quickly came to the conclusion that shortage of raw material of wood is clearly the main issue in Jambi. There is only one natural forest concession left in the province. It is evident that if round wood is to be obtained



within the province it has to come from plantations. With this in mind the working group looked for the future wood production potential in the province. The findings were that area-wise there is clearly a high possibility to secure all wood for the industry from Jambi province. The challenges are social and administrative in nature. The working group has since spent a considerable amount of time in discussing how to solve the obstacles that remain in plantation forestry. Various forms of plantations, including both industrial and smallholder plantations, have been discussed in the meetings. This work is ongoing. It has been agreed that a larger seminar be held in mid-2008 where major industries would give presentations. The aim is to find a common understanding on how to initiate intensive plantations in Jambi. Once realistic plans have been prepared, the working group will produce a report with recommendations to the provincial government.



Sosialisasi HTR in Jambi

On 22 April 2008 the EC-Indonesia FLEGT Support Project helped the Provincial Forestry Office in Jambi to organize a seminar on Community Tree Plantation Program (Hutan Tanaman Rakyat, HTR). The seminar was held in the governor's office. The formal opening session was attended by over 150 people, consisting of regents from all ten districts of the province, high ranking forestry officials from the province, districts and the Ministry of Forestry. The main objective of the seminar was to inform relevant stakeholders and interest groups in the province of Jambi on the latest legislation regarding HTR development.

The highlight of the opening session was the Governor's commitment for strong support of the HTR program. He informed the audience, that the province of Jambi is allocating 82,000 hectares of production forest area for the HTR development program. Participating farmers are to plant a minimum of 165 jelutung (*Dyera spp*) trees per hectare between wood-producing species. Jelutung (*Dyera spp*) trees may not be felled at all, as their stems would only be used for gum production. Jelutung latex (or gum) is the major raw material for the production of chewing gum. The province of Jambi has earmarked, and will allocate IDR 15 billion for jelutung plantation development.

After the opening session, the seminar continued with more technical information about HTR development. Guest speakers included Mr. Yoyo and Mr. Nur Hidayat from the Ministry of Forestry, who provided the audience with the latest information on the overall HTR program and the credit features, respectively.

As EC-Indonesia FLEGT Support Project has been involved in the facilitation of HTR trial plot development in Sarolangun district, Head of District Forestry Office gave the audience a brief situation report including obstacles and challenges encountered. The Regent of Sarolangun had prior to the seminar already forwarded his proposal to the Minister of Forestry to allocate 23,600-hectares for HTR development in the district.

After technical presentations the seminar participants had a golden opportunity to pass their questions, support and concerns to the experts from the Ministry of Forestry. Representatives from Tebo and Tanjung Jabung Timur districts conveyed their concern that the HTR program would complicate the land occupation problem, whereas their colleagues from Muaro Jambi and Batanghari viewed that such problems would be more easily solved through the program.





TECHNICAL WORKING GROUP MEETING BETWEEN GoI AND EC

A FLEGT Voluntary Partnership Agreement (VPA) Technical Working Group Meeting between the Indonesian Delegation and the European Community Delegation was held in Jakarta, Indonesia on 14 – 15 April 2008.

The Indonesian delegation was led by Dr Agus Sarsito, Director of Production Forest Utilization Planning, Directorate General of Forest Product Management, Ministry of Forestry. The European Community delegation was led by Mr. Hugo Maria Schally, Head of Unit, Environmental Agreements and Trade, Directorate General of Environment, European Commission. The meeting was held in a friendly atmosphere, reflecting the excellent relations between Indonesia and the European Community.

The meeting reviewed the negotiations road map, the functioning of the working groups, communication and next step and timeline.

It was agreed that the Indonesian Delegation will provide detailed content of the timber legality assurance system (TLAS) at the latest in September 2008. The EC Delegation will provide further information on the public procurement and draft legislation, once adopted by the Commission.

The two delegations agreed to hold the next technical working group meeting in July. Based on the progress of work, the third Senior Officials Meeting could be held in Indonesia in November 2008.