



Press Release

Ministry of Trade Must Demonstrate Commitment To Enforcing Legal Timber Trade by Taking Legal Action Against Companies That Violate The Law

Bogor, 18 May 2016. *A number of environmental NGOs are urging the Indonesian Government to improve monitoring and law enforcement in support of implementing the Forest Law Enforcement, Governance, and Trade (FLEGT) Action Plan, which aims to correct forest governance in Indonesia. One of the tangible steps requested is to follow-up on violations highlighted in reports submitted by independent monitoring agencies.*

On 12 May 2016 in Jakarta, the Ministry of Environment and Forestry, Ministry of Foreign Affairs, Ministry of Trade and Ministry of Industry issued a joint press release to announce the government's commitment and welcome progress made towards implementation of FLEGT Licensing. The Minister of Foreign Affairs stated, *"There is a need for a strong commitment, not only at the government level but also among businesses and all stakeholders in ensuring sustainable development. In addition, there is still a short-term homework for the government to do after the FLEGT Licensing is accepted. The government must ensure that the products come from a legal source and that countries which import Indonesian timber only accept legal timber"*. Meanwhile, the Ministry of Trade emphasized at the press release that, *"This award is an important breakthrough to increase competitive edge and expand the acceptance of Indonesia's forestry industry products in international markets"*.

Efforts to expedite full implementation of the Timber Legality Assurance System (TLAS) and implement FLEGT Licensing has now been realized through issuance of a decree titled Minister of Trade No. 25/2016. Previously these efforts were encumbered by a separate decree - Minister of Trade No. 89/2015 - concerning regulations for exports of forest industry products. The unfavorable dynamics caused by this decree provoked many responses from stakeholders and led the Ministry of Trade to amend Decree No 89/2015.

The Independent Forestry Monitoring Network (JPIK), Forest Watch Indonesia (FWI) and the Environmental Investigation Agency (EIA) recently released a report - *Loopholes in Legality* - exposing violations by small timber companies claiming to be Small and Medium Enterprises (SMEs); namely CV V&V Logistic, CV Greenwood International in Semarang, Central Java and CV Rejeki Tirta Waskitha and CV Devi Fortuna in Jepara, Central Java. This report has been submitted to the Ministry of Trade for follow-up.

Muhamad Kosar, JPIK's National Coordinator said, *"We have sent a letter requesting an audience with the Minister of Trade to discuss follow-up actions to the report but to this day they have not responded to the letter"*.

"We urge the Minister of Trade to reaffirm his commitment. There should be a revision of regulations but this must be accompanied by further investigation and legal action against companies that have violated the law. In this respect the Government can ensure the credibility and accountability of the system. This is in line with FLEGT Licensing and is one of the agreed outputs of the voluntary agreement between the Government of Indonesia and European Union (FLEGT-VPA) which will be fully implemented shortly," Kosar said.

Christian Purba, Executive Director of FWI added, *"Providing adequate regulations is not enough to improve and correct governance in the forest sector. Monitoring the*

implementation of said regulation is just as important. In addition, the Ministry of Trade in collaboration with the Ministry of Industry and Ministry of Environment and Forestry must immediately review the licenses of timber processing industries, including non-producing exporters”.

Faith Doherty, Head of EIA’s Forests Campaign said, *“Without a doubt that there is still a great challenge and large amount of work that must be done before FLEGT Licensing is implemented, both in Indonesia and the European Union. We are urging both sides to continue to work to achieve this goal.”*

Editor’s notes:

- Case study of the companies mentioned above is available in the report “Loopholes in Legality: How a Ministry of Trade Decree Benefits Shadowy Timber Exporters & Undermines Legal Reforms.” This report was published by JPIK, FWI and EIA and is available in Indonesian and English. This report can be accessed and downloaded from: <https://eia-international.org/wp-content/uploads/Loopholes-in-Legality-FINAL-English.pdf>
- The position paper “Implementation of FLEGT Licenses Must Be Accompanied by Continuous Governance Improvement in the Forestry Sector and Trade” issued by JPIK, FWI and other CSOs can be accessed and downloaded from <https://eia-international.org/wp-content/uploads/Implementation-of-FLEGT-Licenses-Position-Paper-FINAL.pdf>
- VPA is a bilateral agreement in the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan framework between timber producing countries and the European Union, seeking to eliminate illegal timber and wood trade. A VPA involves negotiations on Timber Legality Assurance System and FLEGT export licenses are issued for legally verified timber products. The shipment of timber with a FLEGT Export license will obtain a “green lane” to European Union markets and is exempt from the European Union Timber Regulation (EUTR). The FLEGT-VPA between Indonesia and EU was signed on 30 September 2013 and was ratified by both parties on 2014.
- *Jaringan Pemantau Independen Kehutanan* (JPIK) is an independent forest-monitoring network, established on 23 September 2010 with 29 NGO members stretching from Aceh to Papua. JPIK’s core mandate is to monitor and strengthen the TLAS and its implementation as a key tool in bringing about better forestry and governance in the timber trade.
- Forest Watch Indonesia (FWI) is an independent forest - monitoring network consisting of individuals who are committed to establishing a transparent forestry management information system in Indonesia, to ensure just and sustainable management of forest resources.
- The Environmental Investigation Agency (EIA) is an independent campaigning organization based in the UK, committed to bringing about change that protects the natural world from environmental crime and abuse.

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