

STATEMENT of
Independent Forestry Monitoring Network (JPIK)

**Enforcement of FLEGT Licence must become a landmark for
sustainability in improving forest governance**

The Indonesian Government has strongly stated its commitment and taken tangible steps to eradicate illegal logging and trade of illegally harvested timber and timber products. Since hosting the East Asian Conference on Forest Law Enforcement and Governance in Bali on September 2001, Indonesia has been at the forefront in combatting illegal logging and illegal timber trade, including through cooperation to control international trade.

As part of an international effort to solve this problem, a growing number of consumer countries have committed to take prevent illegal timber accessing in their markets, while producer countries have committed to provide mechanisms to ensure legality of their timber products. This is critical in constructing a credible and accountable system to guarantee the legality of harvest, transportation, processing and trade of timber and its derivative products.

Since 2002, Indonesia has been creating and developing a Timber Legality Assurance System (Sistim Verifikasi Legalitas Kayu – SVLK) to ensure that timber and timber products produced in Indonesia are from legal sources that fully comply to Indonesian laws and regulations. Verification through accredited independent audits monitored by civil society, and improved public information transparency, are elements of a mechanism designed to strengthen the system’s credibility and accountability. These elements in turn create a system that will be acknowledged and accepted in the Forest Law Enforcement, Governance, and Trade – Voluntary Partnership Agreement (FLEGT-VPA) between the Indonesia and the European Union, signed in September 2013.

Today, the long and challenging journey of full SVLK implementation has culminated in the EU’s acceptance of full implementation of FLEGT licensing. The EU Parliament has officially stated that Indonesia meets the requirements to begin FLEGT licensing. With a “no objection” decision from the EU Parliament and through a decision of the Joint Implementation Committee (JIC) between Indonesia and the European Union on 15 September 2016, FLEGT Licensing for SVLK products will come into effect on 15 November 2016.

The application of FLEGT Licensing should be seen as a challenge to strengthen the system, and maintain and build system credibility and accountability, as a manifestation of improved sustainable governance in the forestry and timber trade sectors.¹ Therefore points pertaining to system implementation and enforcement should be understood as the continual realization of an increasingly credible and accountable system. This must be the joint and constant focus of the Indonesian and European Union Governments, and both governments must mutually support the strengthening of system implementation. Both parties must ensure credible responses in the event involving non-compliances, or where tangible law enforcement is warranted to ensure system credibility, including in instances of information

¹ On 11 May 2016, JPIK and other independent monitoring agencies released a position paper on FLEGT License Issuance available from <http://fwi.or.id/english/publikasi/flegt-license-implementation-must-be-accompanied-by-governance-improvement-sustainability-in-the-forestry-sector-and-its-trade/>

falsifications, fraud, or false business names registration, which can clearly undermine trust in this system.

Based on the current developments, the Independent Forestry Monitoring Network (Jaringan Pemantauan Independen Kehutanan or JPIK), with its 51 civil society organization members and 407 individual members, recommends that the Government of Indonesia and the European Commission, as well as other relevant stakeholders, immediately undertake the following:

1. Tangible monitoring and follow-up, as well as law enforcement actions, in cases of non-compliances that occur (because this can harm the system's overall accountability) in all business units in the forestry and timber trade sectors, to prevent falsification and/or sales of documents, and/or using false business names, and implement stern legal procedures for these violations. The government must ensure that all companies that are required by the SVLK to possess S-LK certificates (Timber Legality Certificates) do so.
 - Cases of large companies claiming to be small-medium enterprises (SMEs), as JPIK exposed in its *Loopholes in Legality* report (<https://eia-international.org/wp-content/uploads/Loopholes-in-Legality-FINAL-English.pdf>). Companies shipping thousands of exports worth billions of Rupiah are taking advantage of the Export Declaration (which, in reality, applies only for SMEs). Though listed as forestry industries, these companies do not operate as processing industries. Companies are also suspected of "selling" Export Declarations to other companies that fail to meet requirements and are non-SVLK companies (prohibited to export). The companies are also not registered with relevant authorities.²
 - Case of falsification of Timber Legality Certificate (S-LK) by a company based in East Java.
 - Cases of timber utilization (without Timber Utilization Permits or IPK) from oil palm plantation land clearing by companies in Central Kalimantan. These indications of illegalities/non-conformance include: Plantation Business Permit (IUP) issuance before environmental permit is approved (operating without environmental permits), timber utilization prior to IPK issuance, forest clearing outside of IUP (within forest areas), and operating in deep peat (both inside and outside of IUP boundaries).
 - Cases of utilization of logged timber without S-LK.
2. Review permits of exporters (business that also export), including freight forwarding companies (EMKL) to ensure the business' eligibility within the legal framework of the forestry and timber trade sectors, to become truly eligible to enter the timber legality assurance system (SVLK);
3. Guide and facilitate certification payment processes and ensure S-LK for SMEs;
4. The Indonesian Government and EC must enforce the law on companies proven to be involved in timber trade without required export licenses (V-Legal documents or FLEGT license), or if there are problems with the license. The government must ensure information transparency on ongoing legal measures and law enforcement efforts, and ensure data and information sharing for independent monitoring purposes;

² Loopholes in Legality: How a Ministry of Trade Decree Benefits Shadowy Timber Exporters & Undermines Legal Reforms. Full report available from <https://eia-international.org/wp-content/uploads/Loopholes-in-Legality-FINAL-English.pdf>

5. Audits (assessments/verifications) by assessors/verifiers must reflect actual conditions on the ground, and findings of system weaknesses that lead to different assessment scores must result in immediate strengthening of assessment/verification standards.

In addition to the points above, SVLK assessment/verification standards require continuous strengthening so that frequently debated issues regarding boundaries in forest ownership/utilization as well as forest management, conflicts, environmental degradation, forest conversion, forest and land fires, corruption, maladministration, or potential deviations can be gradually clarified from a legal point of view, and be resolved with the best possible solutions.

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Independent Forestry Monitoring Network (JPIK), Forest Watch Indonesia (FWI), PENA Aceh, YLL North Sumatra, MITRA INSANI Riau, Q BAR West Sumatra, CAPP A Jambi, WBH South Sumatra, ULAYAT Bengkulu, YKWS Lampung, LSPP Yogya-Central Java, PPLH Mangkubumi East Java, PHMN Banten, TITIAN West Kalimantan, Yayasan Kaharingan Central Kalimantan, LPMA South Kalimantan, PADI East Kalimantan, GAPETA BORNEO North Kalimantan, JURNAL CELEBES South Sulawesi, KOMNASDESA Southeast Sulawesi, ROA Central Sulawesi, WALHI West Sulawesi, JAPESDA Gorontalo, JASOIL West Papua, PTPPMA Papua, VM3 North Maluku, Kaoem Telapak, PADI East Kalimantan, TEROPONG Central Kalimantan, IWGFF, WALHI East Kalimantan, ARUPA Yogyakarta, YASCITA Southeast Sulawesi, KPHSU North Sumatra, TRITON Papua Barat, KOMPLEET Central Java, AMAN South Kalimantan, AMAN Bengkulu, AMAN West Kalimantan, SHOREA Yogyakarta, LANGSAT South Kalimantan, TII Jakarta, ECOTON East Java, LINGKAR South Sulawesi, LP3M East Kalimantan, JAPESDA Gorontalo, WALHI West Sulawesi, ROA South Sulawesi, SPI Central Java, KEPUH East Java, YTMI South Sulawesi, AMAN Luwu, SMS South Sulawesi, YLBHI Makassar, WALLACEA South Sulawesi, AMAN South Sulawesi, WANUA South Sulawesi, WALHI South Sulawesi, PBS Palopo, HaKi South Sumatra.