

FLEGT Licensing in Indonesia: Implementation

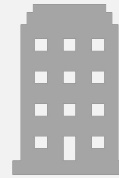
ITPC Barcelona

Barcelona, 7th October 2019

What is ITPC



Indonesian Trade Promotion Center



A trade representative under the
Government of Republic of Indonesia
(Ministry of Trade)



Promoting Indonesian export

What does ITPC do?



Business Meeting



Business Matching



Buying Mission



Selling Mission



Trade Exhibition

ITPC Around The World



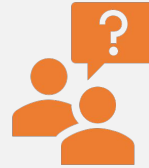
19 ITPCs



FLEGT Licensing in Indonesia



What is SVLK?



Sistem Verifikasi Legalitas Kayu (Timber Legality Assurance System)



A system that ensures all timbers harvested, transported, manufactured from Indonesia come from legal sources and in full compliance with the Indonesian laws.

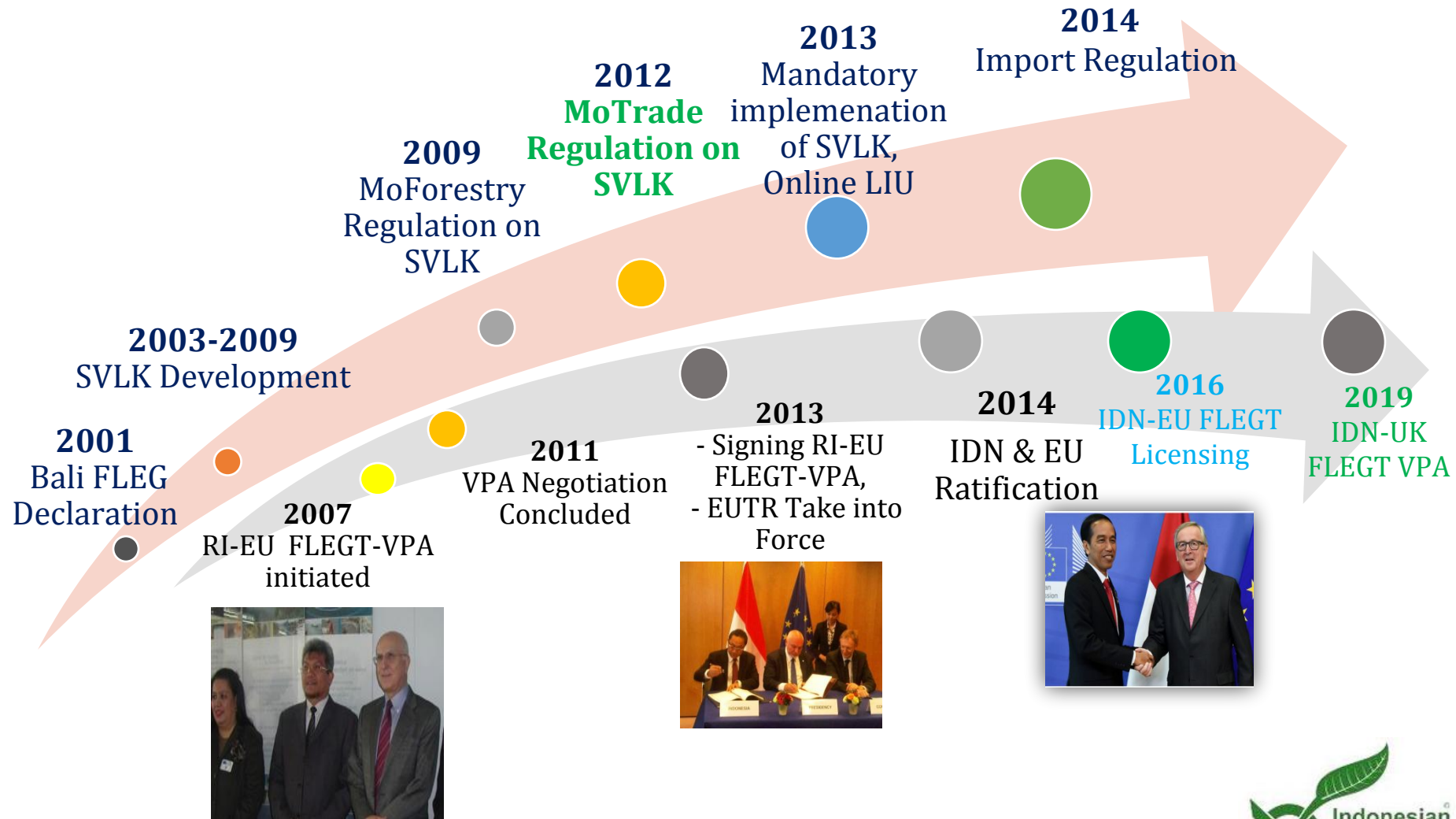


The scope of the system covers all the spectrum of timber production, including forest management units, timber industries and timber depots.

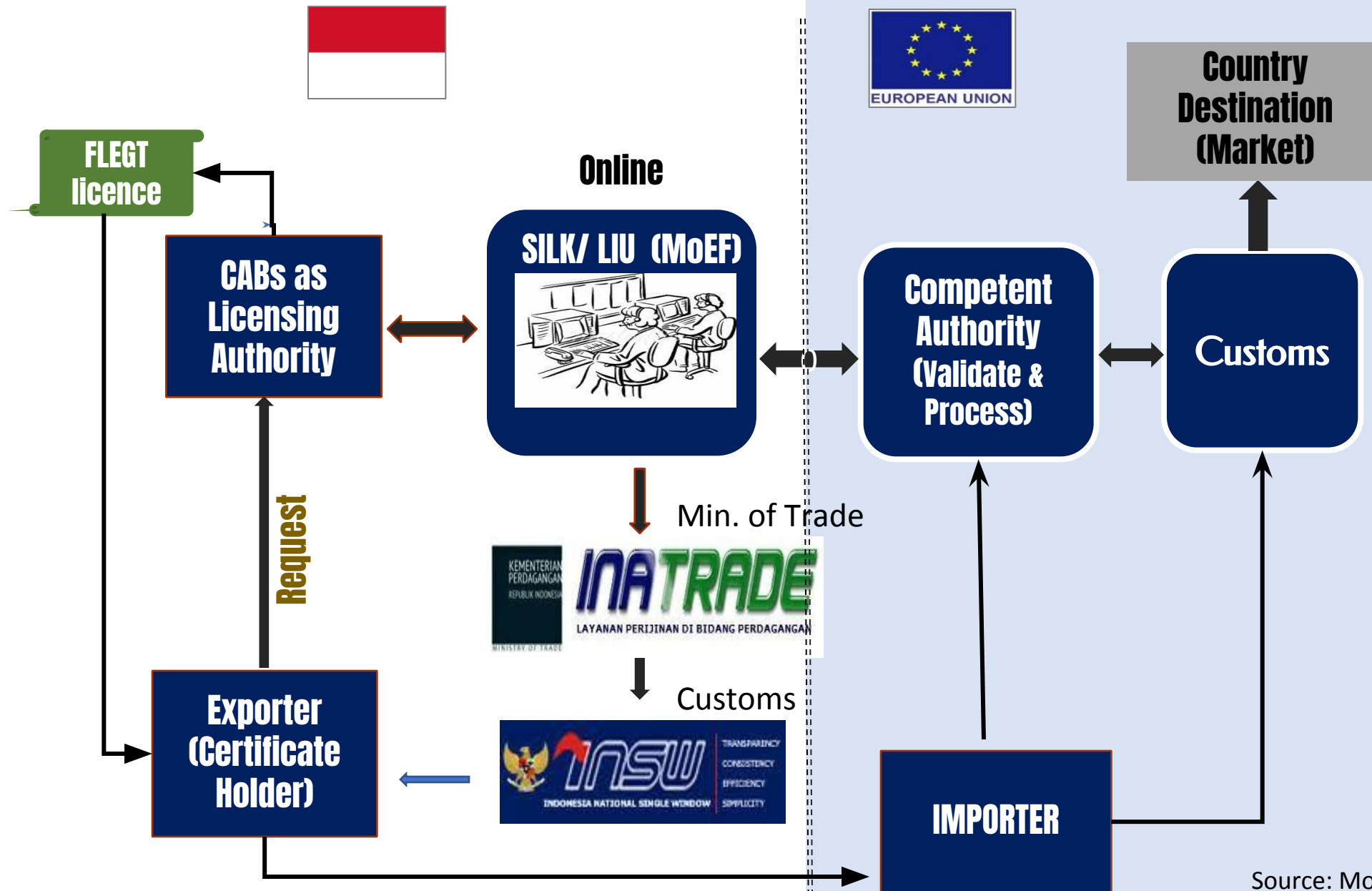
Scope of SVLK



SVLK Development & FLEGT-VPA Process



Flow of issuance of V-Legal Document/FLEGT license



Easy and Fast Application Process!!!

| 1. | | BBK TOBACCO & FOODS, LLP D/B/A | PT.MITRA PRODIN | Nomor: 19.00495-00323.003-ID-US Tanggal: 2019-02-07 | Permohonan: Baru Proses: Terkirim NSW/ Dokumen: Persetujuan | Web Form [Lihat Log] [Cek Status NSW] | PT. MUTUAGUNG LESTARI | 2019-02-07 10:15:02 | | | | | | | | | | | | | | | | | | | | | | | |
|-----|-------------------|---|-----------------------------|---|---|---|-----------------------|---------------------|---|----------------|----------|---------------------|---|----------------|----------|---------------------|---|--------------|----------|---------------------|---|-------------------|--------|---------------------|---|--------------|--------|---------------------|-----------------------|---------------------|--|
| 2. | | BBK TOBACCO & FOODS, LLP D/B/A | PT.MITRA PR | <div><div>Log History Permohonan</div><div><div></div><div>Log History Permohonan</div><div>CLOSE</div><table><thead><tr><th>No.</th><th>Keterangan</th><th>User</th><th>Tanggal</th></tr></thead><tbody><tr><td>1</td><td>Insert Dokumen</td><td>transtra</td><td>2019-02-06 16:00:41</td></tr><tr><td>2</td><td>Update Dokumen</td><td>transtra</td><td>2019-02-07 10:06:22</td></tr><tr><td>3</td><td>Diterima LIU</td><td>transtra</td><td>2019-02-07 10:08:35</td></tr><tr><td>4</td><td>Kirim ke INATRADE</td><td>system</td><td>2019-02-07 10:10:03</td></tr><tr><td>5</td><td>Kirim ke NSW</td><td>system</td><td>2019-02-07 10:10:03</td></tr></tbody></table></div></div> | No. | Keterangan | User | Tanggal | 1 | Insert Dokumen | transtra | 2019-02-06 16:00:41 | 2 | Update Dokumen | transtra | 2019-02-07 10:06:22 | 3 | Diterima LIU | transtra | 2019-02-07 10:08:35 | 4 | Kirim ke INATRADE | system | 2019-02-07 10:10:03 | 5 | Kirim ke NSW | system | 2019-02-07 10:10:03 | PT. MUTUAGUNG LESTARI | 2019-02-07 10:15:02 | |
| No. | Keterangan | User | Tanggal | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Insert Dokumen | transtra | 2019-02-06 16:00:41 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Update Dokumen | transtra | 2019-02-07 10:06:22 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Diterima LIU | transtra | 2019-02-07 10:08:35 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Kirim ke INATRADE | system | 2019-02-07 10:10:03 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Kirim ke NSW | system | 2019-02-07 10:10:03 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | | SECURITY PRINTING PRESS (A UNIT OF SECURITY AND MINTING CORPORATION OF INDIA LTD) | PT.PURA BA | PT. MUTUAGUNG LESTARI | 2019-02-07 10:15:02 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | | TECTONA MARKETING SERVICE PTE.,LTD | PT.CIPTA KR | PT. SGS INDONESIA | 2019-02-07 10:15:02 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | | ETERNAL REGENT INTERNATIONAL LTD. | PT.CIPTA KR | PT. SGS INDONESIA | 2019-02-07 10:15:02 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | | WILMAN DANILO MORALES ZELAYA COLONIA GODOY | PT. INDAH K PERAWANG | PT. TUV RHEINLAND INDONESIA | 2019-02-07 10:15:02 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | | ENNO ROGGMANN GMBH & CO. KG | PT. KHARISM | PT. SUCOFINDO INTERNATIONAL CERTIFICATION SERVICES | 2019-02-07 10:15:02 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | | NGAI HONG PLYWOOD PTE LTD | PT.CENDANA PUTRA NUSANTARA | Nomor: 19.00342-00348.003-ID-SG Tanggal: 2019-02-07 | Permohonan: Baru Proses: Terkirim NSW/ Dokumen: Persetujuan | Web Form [Lihat Log] [Cek Status NSW] | PT. MUTUAGUNG LESTARI | 2019-02-07 10:15:01 | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | | TEDI GMBH & CO KG | PT.ASIA INSPIRASI | Nomor: 19.22686-00291.009-ID-NL Tanggal: 2019-02-07 | Permohonan: Baru Proses: Terkirim NSW/ Dokumen: Persetujuan | Web Form [Lihat Log] [Cek Status NSW] | PT. TRANSTRA PERMADA | 2019-02-07 10:10:02 | | | | | | | | | | | | | | | | | | | | | | | |
| 10. | | BAIJNATH TIMBER ENTERPRISES PVT LTD | PT.NUSANTARA TIMBER PRATAMA | Nomor: 19.00164-00473.003-ID-IN Tanggal: 2019-02-07 | Permohonan: Baru Proses: Terkirim NSW/ Dokumen: Persetujuan | Web Form [Lihat Log] [Cek Status NSW] | PT. MUTUAGUNG LESTARI | 2019-02-07 10:10:02 | | | | | | | | | | | | | | | | | | | | | | | |

V-LEGAL DOCUMENT/FLEGT LICENSE

ORIGINAL

1 Issuing authority
Name
Address
Authority registration number

2 Importer
Name
Address
Country of destination and ISO Code
Port of loading
Port of discharge
Value (USD)

3 V-Legal/FLEGT licence number

4 Date of Expiry

5 Country of export

6 ISO Code

7 Means of transport

8 Licensee
Name
Address
ETPK Number
Tax Payer Number

9 Commercial description of the timber products

10 HS-Heading

11 Common and Scientific Names

12 Countries of harvest

13 ISO Codes

14 Volume (m3)

15 Net Weight (kg)

16 Number of units

17 Distinguishing marks

18 Signature and stamp of issuing authority
Name

ATTACHMENT V-LEGAL DOCUMENT

V-LEGAL/ Licence Number :
Date of Expiry :
Issuing authority :
Licensee :
Importer :

| Commercial Description of the Timber Products | HS Heading | Common and Scientific Names | Countries of Harvest | ISO Codes | Volume (m3) | Net Weight (kg) | Number of Units |
|---|------------|-----------------------------|----------------------|-----------|-------------|-----------------|-----------------|
| 1. | | | | | | | |
| 2. | | | | | | | |
| Total | | | | | | | |

Kode Pengaman (Barcode)

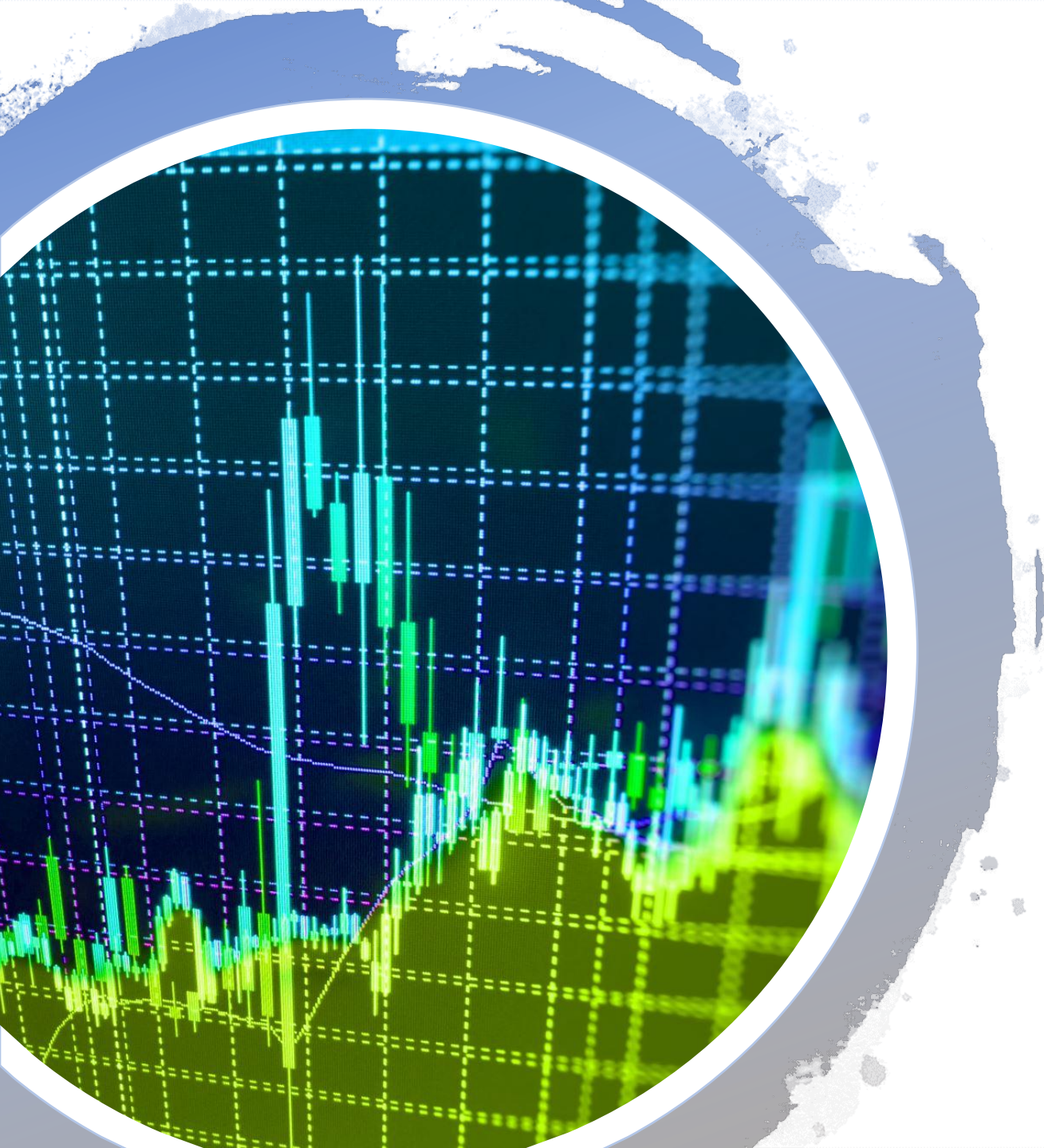
Page ... of ...

1. Is a timber product export license document and become guideline of prohibited and/or restricted goods (Lartas)
2. Valid for 51 groups of HS-Code
3. Issuance by LVLK (24 institutions)
4. Issued for each invoice/transaction, for producer exporters/traders who already have S-LK
5. Data element: LVLK identity (name, address, accreditation number), Importer Identity (name, address, importing country, loading port, loading port and value (Special sheet 4-7)), Number, expiration date, export country and code, transportation, exporter identity (name, address, NPWP), description of goods, HS code, trade name and scientific name, country of origin of raw materials and code, volume (m3) weight (kg), number of units, signature and LVLK stamp, barcode)

Some Progress

- 26 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 Wood manufacturers have been certified since 2010**
- **CSO-consortium** (as an independent monitoring body) **is actively monitoring**
- **Since January 2013 to May 2019, more than one million legality documents have been issued for exports of timber products with a total value > USD 54 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





Progress of FLEGT Implementation

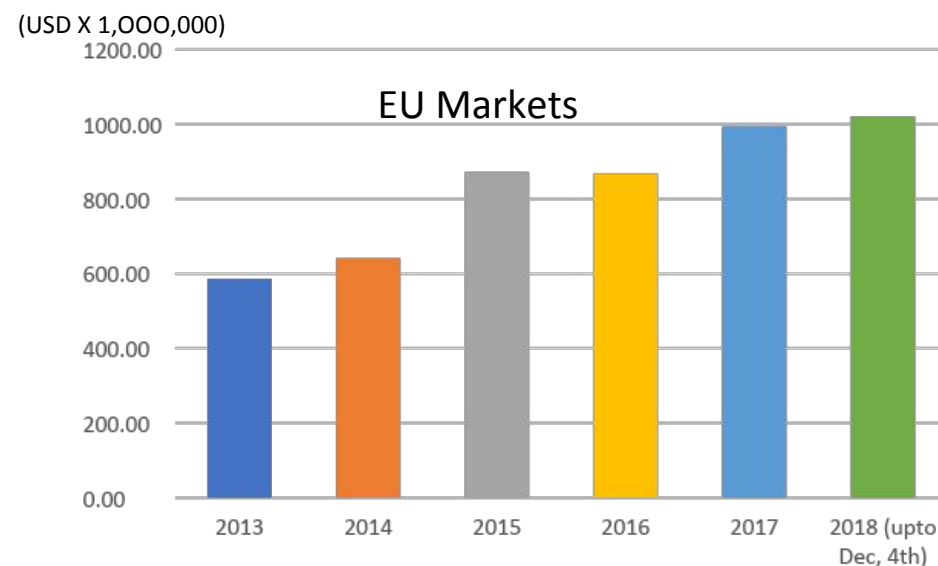
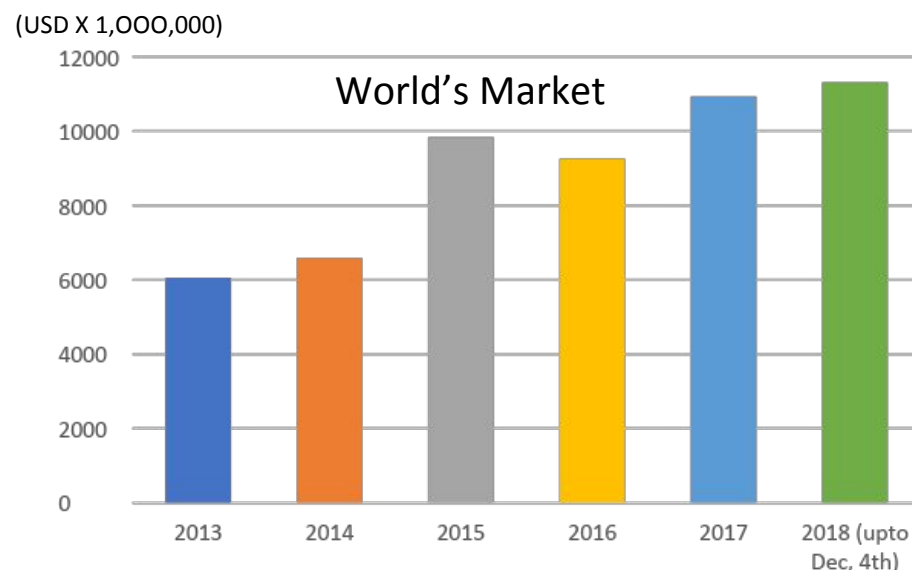
**ITTO,
September
2018:
Encouraging
developments
in the first half
of 2018**

- EU's imports of tropical wood products from Indonesia increased 7% in the first 6 months of 2018
- Indonesia's share of EU's tropical imports increased from 15.7% to 16.6%
- Indonesia may benefit more from stricter enforcement of EUTR

•Source: ITTO Sept 2018

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

Since January 2013 – more than 934 000 shipments of certified timber and wood products to the worlds market (>USD 54 billion), including > 80 thousands FLEGT licensed shipments to the EU markets (> USD 2.5 billion) since 16 November 2018.



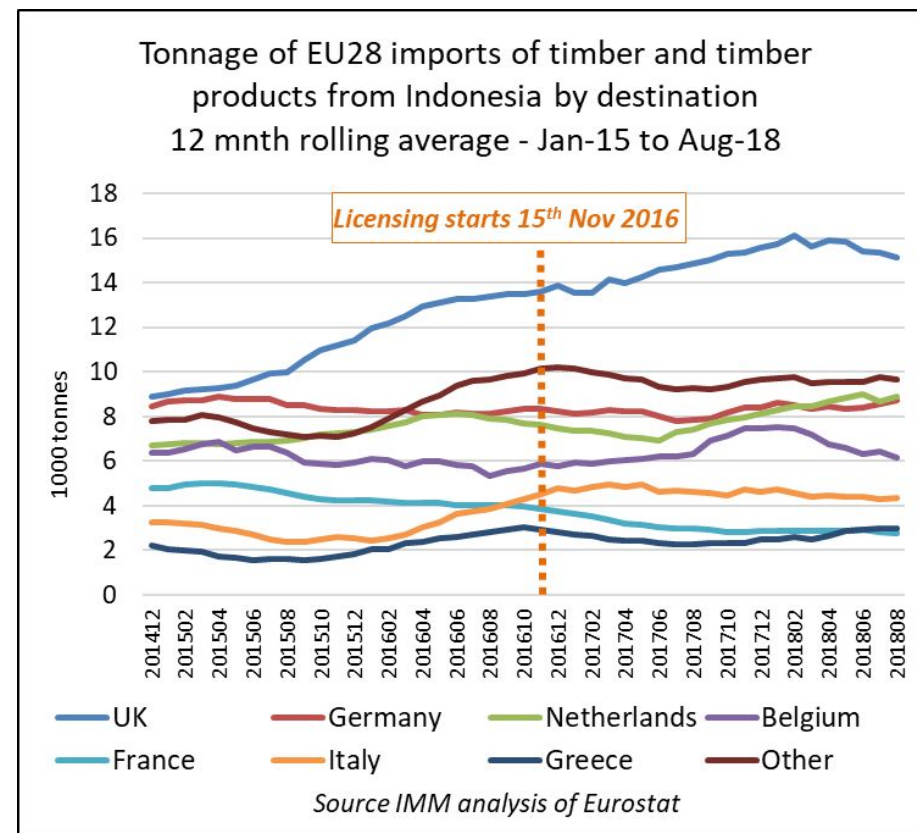
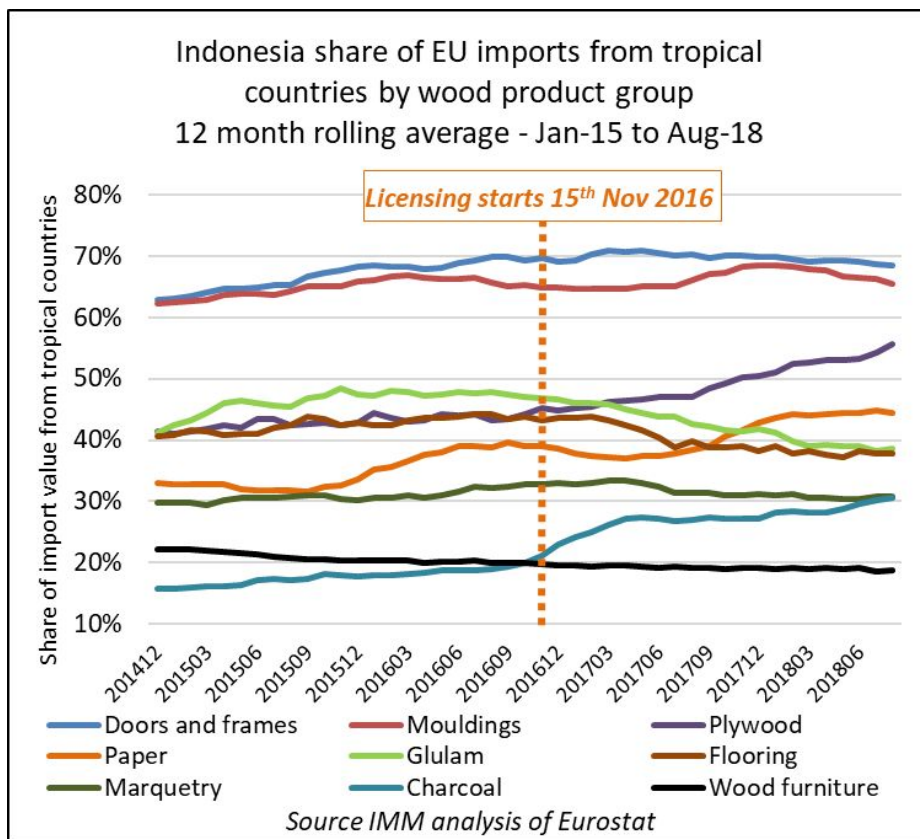
Source: www.SILK.menlhk.go.id (USD X 1,000,000)

| No | Region | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 (Jan - 4 Dec) | Total |
|----|-----------------|----------|----------|----------|----------|-----------|-----------------------|-----------|
| 1 | ASIA | 4,591.11 | 4,871.17 | 6,904.60 | 6,600.52 | 7,815.00 | 7,926.28 | 38,708.67 |
| 2 | NORTH AMERICA | 474.19 | 620.97 | 1,242.18 | 995.55 | 1,286.87 | 1,488.11 | 6,107.87 |
| 3 | EU | 586.17 | 641.97 | 872.30 | 868.85 | 994.72 | 1,020.88 | 4,984.90 |
| 4 | OCEANIA | 276.70 | 316.67 | 409.29 | 408.84 | 436.10 | 415.81 | 2,263.41 |
| 5 | AFRICA | 99.30 | 107.57 | 315.14 | 306.62 | 331.29 | 386.31 | 1,546.24 |
| 6 | SOUTH AMERICA | 16.78 | 14.78 | 71.76 | 53.68 | 41.62 | 57.68 | 256.31 |
| 7 | EUROPE – Non EU | 10.81 | 13.28 | 28.44 | 31.14 | 30.07 | 26.00 | 139.73 |
| | Total | 6,055.07 | 6,586.41 | 9,843.71 | 9,265.21 | 10,935.68 | 11,321.06 | 54,007.13 |

Source: MoEF
Indonesia

Timber Product Exports After The Licensing Started

Export stable, slightly increasing



FLEGT Licensing Issues

- Up to November 2018, nearly 393 cases (+/- 0.52 %) has been reported
- Some technical issues:
 - HS Mismatch (107 cases),
 - Data discrepancies between FLEGT licenses and other documents (76 cases),
 - Incomplete information on FLEGT licenses (27 cases),
 - Format/appearance issues of FLEGT licenses (36 cases),
 - other cases (license expired— 6 cases, Duplicate – 5 cases),
 - Export without FLEGT License or Shipments arrived before FLEGT licenses,
 - FLEGT licenses issued for products not under VPA, etc
- HS Mismatch - Switch from HS 4409, 4412 and 4418 to 4407 is found in 85% of cases.

HS Codes being reclassified during ENS

4409.22 to 4407.25

4409.22 to 4407.29

4412.94 to 4407.25

4412.94 to 4418.99

4418.99 to 4407.25



Switch to HS
4407 is found
in 85% of
cases

Action Plan

Worked together
with FLEGT Facility
on solutions – Since
2017

Issued Circular letter
and dissemination,
communication with
Customs and
Licensing Authorities
(LAs), Capacity
building on HS
determination,
In-depth study on
licensing issues etc.

Bridging
communication
between customs
authorities on HS
Code determination
→ Reference of IDN
exporters and EU
Importers

More dissemination.

” THANK YOU

”