Kaoem Telapak is a member-based organization and works to achieve equitable and sustainable natural resource management in Indonesia. Kaoem Telapak's members have campaigned against illegal logging since 1998; have been involved in the oil palm campaign since 2000; involved in developing the Timber Legality Assurance System (SVLK) since 2003 together with other parties; have been part of the FLEGT VPA cooperation agreement negotiations between Indonesia and the EU since 2007; and since 2010 have set up an independent monitoring network that is recognized by the government as a component in the SVLK.

Indonesia has become a leader in the global fight against illegal logging. In 2001, it hosted a regional conference, which concluded with the Bali Declaration on Forest Law Enforcement and Governance. This helped to make illegal logging an issue of global concern.

Indonesia's efforts to tackle illegal logging therefore pre-dated and influenced the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan of 2003, which aims to address illegal logging through both demand and supply side action, including VPAs.

By 2003, Indonesia had launched a multistakeholder process to design a timber legality assurance system or Sistem Verifikasi Legalitas Kayu (SVLK). The goal of the system is to ensure that timber and timber products harvested, imported and processed in Indonesia originate from legal sources and that companies producing and processing timber products comply with relevant Indonesian laws and regulations.

VPA negotiations between Indonesia and the EU began in 2007 and concluded with the signature of the agreement in 2013. The following year, Indonesia became the first Asian country to ratify a VPA. Indonesia is now one of the eight tropical countries that are implementing VPAs with the EU. On 15 November 2016, **Indonesia became the first VPA country to deliver FLEGT licensed timber**.

For the first time ever, FLEGT licensing by Indonesia means that, the European Union is exempting an entire country's timber exports from the requirements of its EU Timber Regulation (EUTR), which prohibits trade in illegally harvested timber products. The FLEGT license guarantees that timber from Indonesia has been harvested, process and exported in accordance with Indonesian laws.

FLEGT licenses serve border control requirements and are not intended as a product label, but as FLEGT-licensed products automatically meet the EUTR requirements, EU-based importers will not need to do further due diligence before placing them on the market.

Through progress on VPAs, the implementation of the EU Timber Regulation and dialogues with other important timber market, including China, the EU and its VPA partner countries are contributing to a growing global movement to stop trade in illegal timber and timber products. Australia, the United States, Japan and South Korea also seek to restrict the placing of illegal timber on their markets through their respective national regulations. FLEGT license may therefore help Indonesia and other VPA partner countries meet the legality requirements of markets beyond the EU.

Kaoem Telapak views that the FLEGT VPA agreement is implemented in accordance with its fundamental ideals of eradicating illegal logging and illegal timber trade. In the implementation, both parties EU and Indonesia need to improve the system of FLEGT VPA to minimize the manipulation, such as the Hermanos' B.V case which will be explained below.

Case Study: Hermano's Case Illustrating Lack of Coordination between Competent Authorities in EU and Indonesia

Information obtained by Kaoem Telapak based on news on May 13, 2019[1] from the Netherlands, revealed that the Netherlands police and customs had seized exported processed timber from Indonesia. The Indonesian company that exported the timber was CV. Panglima Trading Co, located at the address Jalan Kertanegara VI No. H-42 RT. 001/RW.005, Pleburan, South Semarang, Central Java Province. Meanwhile, the importing company from the Netherlands was Hermanos B.V, with the address Oudshoornseweg 170 2401 LD ALPHEN AAN DEN RIJN Netherlands.

Kaoem Telapak made a number of interesting findings from this case:

• On 12 December 2018 CV Panglima Trading Co received V-Legal Document that was valid until April 11, 2019 from the verification body (LVLK) PT. Inti Multima Certification.

- Based on the Export Declaration (PEB) document, CV. Panglima Trading Co exported products on 15 December 2018 via Tanjung Emas Port, Semarang, Central Java.
- The HS Code used was HS 94 instead of HS 44. Meanwhile, photographs show that the product was actually processed wood or unfinished product (HS 44), not furniture (HS 94).

Sawn timber seized in the Netherlands

- According to its V-Legal Document, CV. Panglima Trading Co exported teak (*Tectona grandis*) wood in the form of Wooden Furniture (HS Code 9403.00), and PEB document also lists Wooden Furniture Top Table (HS Code 9403.60).

[1] https://www.houtwereld.nl/houtnieuws/beslag-op-exclusieve-tafelbladen-uit-indonesie

- The exported wood species was longan (*Dimocarpus longan*) wood, not teak wood. The wood was sourced from CV. Joe Furniture, a Yogyakarta-based company that does not have SVLK certification.
- Hermanos B.V arranged the export process from Indonesia, utilizing an SLVK-certified company named CV. Panglima Trading Co.
- According to internal information, the Rotterdam police and customs have previously targeted Hermanos B.V for mis-declaring documents related to HS code and wood types. However, before the seizure, the Indonesian authorities had not been contacted about this.

It is clear that there are still gaps in Indonesia's export system, but had there been initial information from the buyer country (the Netherlands police and customs or Competent Authorities) to the Indonesian counterparts, Indonesian would have been able to prepare and prevent timber from being exported. In addition, there is no further information regarding the handling of the Hermanos B.V case, whether it is subject to administrative or criminal sanctions, as well as the status of the evidence, whether it is auctioned off or destroyed.

Based on this case, Kaoem Telapak recommends the following:

- Police and customs of EU countries must coordinate with the Competent Authority (CA), in which the CA will then coordinate with the LIU (License Information Unit) in Indonesia.
- Transparency of information regarding developments in the handling and sanctions of FLEGT-VPA violation cases (including Hermanos B.V).
- CA and buyers of export destination countries have to know and understand the applicable regulations regarding export in Indonesia (Regulation of the Ministry of Trade) and other producer countries.
- The European Union must promote, as obliged, the Indonesian timber legality assurance system (SVLK) which is the first country in the FLEGT VPA so that stakeholders in the European Union are informed about the legal timber trade processes between Indonesia and the EU.