



Press Release:

World Timber Market Concerns About the Status of The Indonesian Minister of Trade Regulation on Timber Product Export Provisions (Permendag 15/2020)

Bogor, 8 May 2020 - Timber buyers from the European Union (EU) have asked the Indonesian Government about implementing Minister of Trade Regulation No. 15 of 2020 (Permendag 15/2020) concerning Provisions on the Export of Forestry Industry Products. Not only did buyers of wood products from the European Union react in response to this regulation, but also followed by buyers from the United States (US) and Australia. The issuance of Permendag 15/2020 has made the parties that oversee the Timber Legality Verification System (SLVK), e.g. industry associations, the Timber Legality Verification Bodies (LVLK), and Non-Government Organisations (NGOs) criticise the policy.

Executive Director of Kaoem Telapak, Abu Meridian, stated that Permendag 15/2020 has provoked various reactions from associations outside and within Indonesia. These reactions include the President of the Timber Importers Group of Fedustria, Belgium; CEI-Bois - the European Confederation of the Belgian Woodworking Industries; the British Timber Trade Federation; Federlegno Arredo (importers from Italy); the International Wood Product Association (IWPA) of the United States; the Australian Timber Importers Federation (ATIF); Indonesian Association of Sawn Timber and Processed Timber (ISWA); and Indonesian Furniture and Handicraft Industry Association (ASMINDO).

Indonesian timber industry associations, i.e. ISWA and ASMINDO, have also sent open letters to the Government. ISWA and ASMINDO requested that the Government review and cancel Minister of Trade Regulation 15/2020.



"The Government should hear the aspirations of business associations from the EU, US and Australia regarding Minister of Trade Regulation 15/2020. Domestic business associations such as ISWA and ASMINDO have also expressed their opinions on the Minister of Trade Regulation 15/2020. We all really hope that the Government can accommodate the voices of business units that want to maintain SVLK," Abu added.

Trade data has shown that there has been a substantial increase after using the V-legal Document and SVLK System. Since Indonesia and the EU signed the Voluntary Partnership Agreement (VPA), the export of Indonesian wood products to the international market increased from USD 6.05 billion in 2013 to USD 11.6 billion at the end of 2019. Suppose the Government continues to implement Permendag 15/2020. In that case, Indonesia will potentially lose export markets to the European Union, which in 2019 was valued at USD 1,093 billion¹.

The Center for the Study of Forestry History and Policy (Sebijak Institute) Faculty of Forestry, Gajah Mada University (UGM) conducted a quick survey. They ran the rapid poll on April 17-24, 2020, and 151 respondents participated in answering the survey. From the survey results, 46% of respondents stated that the impact of deleting V-Legal documents would cause business players to lose buyers because there was no proof of legality, they questioned Indonesian wood products, and their value would drop, as well as competitiveness with other countries and competition among exporters in Indonesia also decreasing.

Kaoem Telapak firmly asked the President of the Republic of Indonesia, Joko Widodo, to immediately revoke Minister of Trade Regulation 15/2020, which will become effective soon. Abu reiterated that Indonesia would lose its competitiveness in the eyes of the international community, and it would impact global diplomacy because it would damage Indonesia's reputation, which was inconsistent with the agreed global policies.

¹ <http://silk.depht.go.id/index.php>.



"The Sebijak Institute study reinforces how SVLK must be maintained. The Government must listen to domestic and foreign industries' requests to retain the V-Legal Documents.

The implementation of SVLK has helped increase the competitiveness of Indonesian wood products in the International Market, "Abu concluded.

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Editor's Note:

1. The Timber Legality Verification System (SVLK) ensures that wood and wood products come from legal sources. Many Experts see legal certainty as the first step towards sustainable forest management. With continued efforts, Indonesia will produce all wood products from sustainable forest management.
2. FLEGT VPA is a bilateral agreement between the European Union (EU) and wood exporting countries, intending to improve governance in the forestry sector and ensure that those countries ship only legal timber and wood products to the EU.

Based on the Corruption Eradication Commission (KPK), state-managed forests recorded all wood production on the Forest Product Management Information System (SIPUHH) by the Ministry of Environment and Forestry (KLHK). The Ministry has implemented the system since 2016. SIPUHH results found that:

1. Over the past two decades, Kaoem Telapak and EIA have been heavily involved in exposing illegal timber theft trafficking and publishing reports on illicit logging of



Merbau in Papua and West Papua, such as Labora Sitorus (2013) Rogue Traders (2009) and The Last Frontier (in 2005).

2. Indonesian licensed or SVLK-certified products provide the most significant advantage in importing EU tropical wood products in 2019 and bring the name Indonesia to be ranked first in the European Union. You can download all FLEGT Independent Market Monitoring (FLEGT IMM) data for 2019 at the link

<https://www.flegtimm.eu/index.php/eu-market-overview>