



**MINISTRY OF ENVIRONMENT AND FORESTRY**

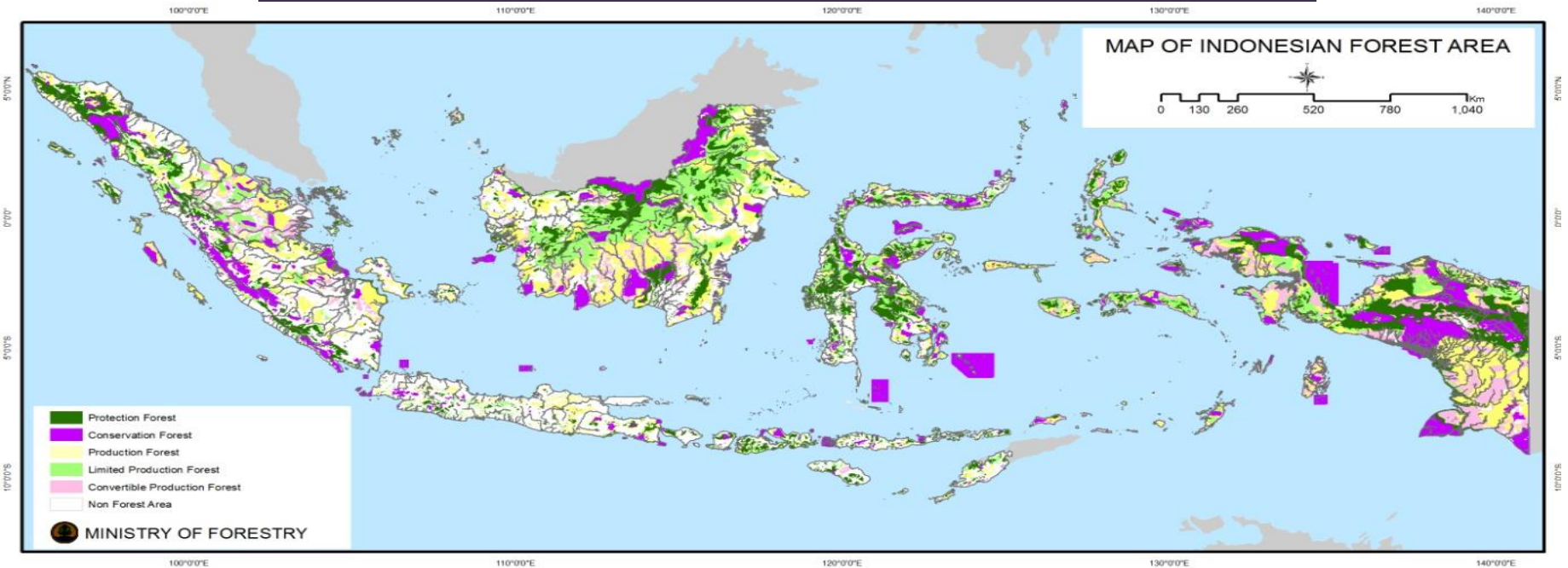


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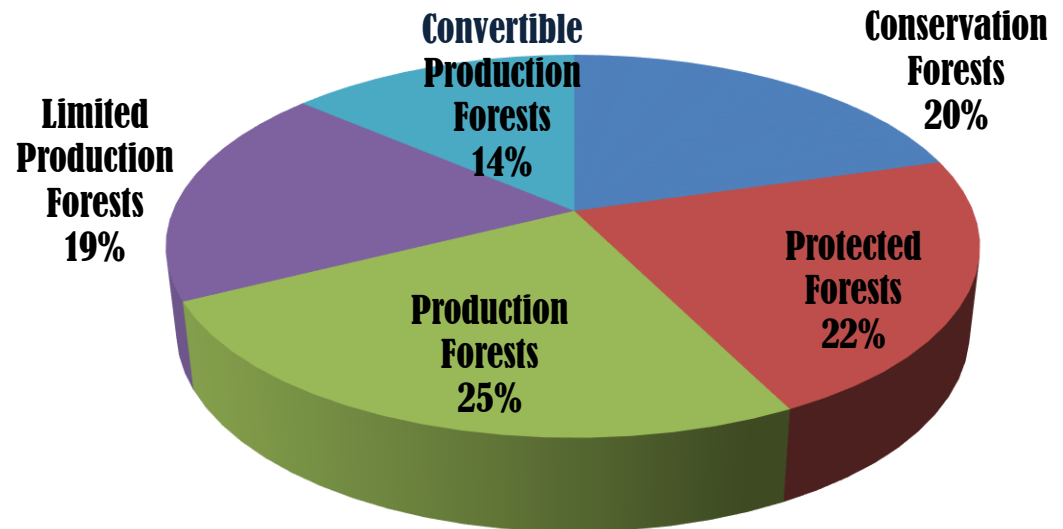
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# The Indonesian Forest



***As of December 2012 designation:***

- **181.2 million ha land area**
- **134.4 million ha of forest land (>74 % of land area)**



# Regulation on Legality Verification for Imports

- Full implementation of import control system by 1 January 2016 (Ministry of Trade Decree # 78/2014, last time revised by # 97/2015),
- Procedures of the due diligence system is regulated in the MoEF DG PHPL Decree *P.7/PHPL-SET/2015* as part of the Indonesian TLAS guidelines.
- Stipulation on I-TLAS (the SVLK), FLEGT VPA, and the Import Regulations:
  - Secure chain of production from un-verified raw material,
  - Provide international market with legal products,
  - Imported timber and /or timber products require proof of legality,
  - Import permit requires a recommendation through a Due Diligence procedures.

# Due Diligence on Legality Verification (1)

- Only Registered Traders and Registered Processors are allowed to import timber and/or timber products into Indonesia.
- To minimize the risk of illegal timber entering the Indonesian supply chains, registered importers must carry out a due diligence exercise on the timber and/or timber products **prior to importation**;
- The due diligence procedure covers data collection, risk analysis and risk mitigation;
- After given for an access right, registered importer **submit data and information and declare legality** of planned timber imports through an **online system** (i.e. SILK) operated by MoEF.
- Detail data and information are such category of products, information on importer and exporters, bill of lading, port of export. country of origin, countries of harvest, **proof of legality**, etc.

# Due Diligence on Legality Verification (2)

- **Five options** on proof of legality:
  - FLEGT License of the exporting country ; or
  - Cooperation on Mutual Recognition Arrangement (MRA) for legality verification between Indonesia and the exporting country; or
  - Agreed Country Specific Guidelines (CSG) on legality verification developed by exporting countries; or
  - Recognized certificate on legality; or
  - A letter of competent authority of the exporting country explaining legality of the imported products.
- MoEF (i.e. Director of Forest Product Processing and Marketing) issues result of due diligence within 7 (seven) working days.
- Based on the result of the due diligence, importer develop an Import Declaration as requirement to apply for Import Recommendation.
- MoEF (DG of SMPF) issues an Import Recommendation to the MOT within 3 (three) working days after assessing the consignment based due diligence process. .

# Due Diligence on Legality Verification

- Import Recommendation is granted for a period of:
  - up to 12 months for Importing Producer,
  - up to 6 months Importing Trader.
- In a case of changes such as scope of products, country of origin, etc. **Importers may re-submit data and information and apply for revision of Import Recommendation,**
- Auditors **monitor** and carry out **surveillance audits** based on indication of non-conformity / discrepancy of the implementation of due diligence or import declaration, and misuse of import recommendation, or other violation upon provisions of the regulations.

# FLOW OF APPLICATION AND ISSUANCE OF IMPORT RECCOMENDATIONS

## DUE DILIGENCE PROCESS

(1) FLEGT license of the exporting country

(2) MRA on timber legality verification

(3) CSG or other legality verification system regulated by the Exporting Country

(4) Certificate of legality from credible institution implementing certification scheme

(5) A letter of authority on the legality of the imported products

RISK ANALYSIS

RISK MITIGATION

IMPORTER

Application of Access Right **1**

Reject

Agreed

LOGIN

FILL IN DATA AND INFORMATION RELATED TO DUE DILIGENCE **2a**

PROCESS IN [silk.dephut.go.id](http://silk.dephut.go.id)

FILL IN IMPORT DECLARATION (attach Result of Due Diligence) **2b**

Application for Import Recommendation

Reject

Agreed

IMPORT RECCOMENDATION

TO THE MINISTRY OF TRADE PORTAL – 'INATRADE'

# Issuance of Import Permit

- Ministry of Trade issues Import Permit based on the Import Recommendation provided by MoEF,
- Importers apply for Import Permit to the Ministry of Trade and submits:
  - a. Importer's identity number,
  - b. Import Declaration,
  - c. Import recommendation
  - d. Proof on possession and permits of storeroom/warehouse, log-yard, etc.
- Ministry of Trade reviews the application. If approved, an **Import Permit is issued within three working days** and being uploaded at the MoT's Portal (i.e. INATRADE) which is also linked to the Customs' Portal (i.e. INSW) for import clearance.



# Progress by April 4, 2016

- No FLEGT License (yet).
- Development of CSG – Canada (agreed final draft, in a process for exchange letter),
- **Issuance of Access Right , DD process, and issuance of Import Recommendation:**
  - Access right: 829 approved, 10 under verification;
  - Due Diligence process: 6394 application (3063 in process, 698 was granted , 2525 was declined, 108 was revised),
  - Import Recommendation: 724 application (13 in process, 394 was approved, 214 was declined, 21 was Revised, 1 revoked).
- Short term 'Exit Policy' - Issuance of **Temporary Import Recommendation**, applies until end of April 2016.

# Challenges and Way Forward

- Confusion on new introduced on-line system
  - Carry out disseminations and assistance for Importers, etc.
- Bulky process on due diligence verification with limited resources,
- Limited references on existing credible national legality certification scheme/initiatives → Develop links and communication with competent authorities in exporting and harvesting countries.
- Notification process in WTO.



# Thank You

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