Indonesia

Indonesia is a country spread across thousands of islands in Southeast Asia. It is one of the world’s major emerging economies and the biggest economy in its region. Indonesia has a tropical climate and is second to Brazil in level of biodiversity. Due to rapid industrialization, Indonesia is facing several environmental issues with deforestation being one of the most prominent. They are the largest exporter of tropical timber and forests account for about 80% of total land area in Indonesia. Recently, Indonesia has been taking greater efforts to combat illegal logging and was the first country to issue FLEGT licenses to export timber products to the European Union under their Voluntary Partnership Agreement (VPA).

WRI attempts to keep the information featured in the Risk Tool's country profiles up to date. However, the legal frameworks and the situation in each country are constantly changing. Please help us maintain the Risk Tool by submitting information about relevant updates to forestlegality@wri.org.

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Forest resources

Resources Overview

Under the Law No 41 of 1999 on Forestry, Indonesia divides their forests in three ways:

- Conservation Forests
- Protection Forests
- Production Forests: limited and permanent production forests

Production forests are comprised of primary forests, secondary forests, plantations, non-forested land, and unclassified areas. Much of Indonesia’s concession area is known to be inactive due to issues with land tenure conflicts and overlapping permits. Over the past thirty years, Indonesia has lost millions of hectares of forest, most of which was previously untouched forest. This widespread deforestation and degradation is mainly the result of logging, mining, large-scale conversions, settlement, subsistence farming, and fuelwood production.

Naturally Occurring

- Indian rosewood
- Sandalwood
- Light Red Meranti
- Yellow Meranti
- Dark Red Meranti
- Black wattle
- Merbau
Light red Meranti (spp.)
Ramin
Black pine podocarp

Planted
Bigleaf mahogany
Rubber Tree

Forest management

Management Overview

Most Indonesian forest lands are owned by the government. The following agencies/ministries oversee regulation and management of forest lands and products in Indonesia:

- Ministry of Environment and Forestry: Responsible for managing and monitoring Indonesia’s forests – ensuring sustainable practices are in place. Develops legislation on forestry/wildlife resources and works to increases environmentalism through national awareness, education, and outreach
- Ministry of Agrarian and Spatial Planning (ATR): Organizes government affairs related to agrarian and spatial planning.
- Ministry of Trade

Due to its decentralized system, these areas are typically managed by public administrators and business entities with limited ownership rights. Indonesia’s regulatory mechanisms for community-based forest management authorize several community owned forests: Village Forests (Hutan Desas), Community Forests (Hutan Kemasyarakatan), Community Timber Plantations (Hutan Tanaman Rakyat), and Company-Community partnership arrangements (Kemitraan). In 2015 the national government announced its intentions that 12.7 million ha of forest would be distributed to local people (Purwanto 2015).

Transparency

Freedom of Information Act of Indonesia: This Act makes it mandatory for every public institution to develop regulations outlining how the public can access different pieces of information. The categories of are: (1) information available and actively disseminated on a regular basis; (2) information that should be made public immediately; (3) information that is always available and provided upon request, and (4) restricted or confidential information. However, Concession maps are not public under the FOIA of Indonesia.

For information regarding transparency and risk scores, head to these links:

- Transparency International Corruption Perception
- The Indonesia Governance Indicator Data Report
Contacts

Contacts Overview

Listed below are industry associations, civil society groups, and government ministries/departments involved with forestry, trade, and illegal logging.

Industry Associations

- Indonesian Sawmill and Woodworking Association (ISWA)
- Indonesian Panel Wood Producers Association (Asosiasi Panel Kayu Indonesia - APKINDO)
- Indonesian Pulp & Paper Association (APKI)
- Indonesian Furniture Industry and Handcraft Association (ASMINDO)
- National Accreditation Committee (KAN)
- Asosiasi Pengusaha Hutan Indonesia (APHI)

Civil Society Organizations

- The Rainforest Alliance
- Forest Watch Indonesia (FWI)
- Kaoem Telapak Indonesia
- Indonesian Center for Environmental Law

Government Ministries

- Ministry of Environment and Forestry
- Ministry of Agrarian and Spatial Planning (ATR)
- National Geospatial Agency (Badan Informasi Geospasial – BIG)
- Center for Biotechnology and Forest Improvement Research (BBPBPTH)
- Ministry of Trade (Kementerian Perdagangan)
- Corruption Eradication Commission (KPK)

Tools and resources

Digital Sources

- Chatham House Illegal Logging Portal Country Profile: Indonesia
- TRAFFIC, EFI, EU Baseline Study: Indonesia - Scoping Baseline Information for Forest Law Enforcement, Governance and Trade (2012)
- ITTO Status of Tropical Forest Management: Indonesia
- REDD Desk Countries: Indonesia
Relevant laws

Laws Overview

Indonesia is a decentralized democratic republic, in which district governments and municipalities provide most governmental services. However, the ultimate authority over the management of forests lies at the national level. A patchwork regime of laws and regulations continues to create confusion between operators and authorities, especially about land tenure issues and permitting procedures for concessions.

Despite the conflict and overlap of authority amongst the different layers of government, there are several national policies that form the basis of Indonesia's forest governance regime. Below are listed the most relevant Indonesian environmental, forestry-related and trade laws and policies.

Forestry Laws

- **Law No 41 of 1999 on Forestry**: Regulates the management of forests in Indonesia and includes some conservation-oriented policies. It divides forests into three categories: Conservation Forests, Protection Forests and Production Forests. It also empowers the Ministry of Forestry to determine and manage Indonesia's National Forest Estate (Kawasan Hutan).

- **Presidential Decree No. 16/2015 on the Ministry of Environment and Forestry**: Reaffirms the Ministry of Environment and Forestry (MoEF) as the lead authority for almost all things related to forests. The text (Article 4, Paragraph (2)) says that the responsibilities of the MoEF are to:
  - Govern and manage all affairs related to forests, forest areas, and forest products;
  - Determine or change the category of certain lands as forest areas or otherwise; and
  - Administer and determine legal relations between people and the forests, and legal undertakings related to the forests.

- **Law No. 18 of 2013 on the Prevention and Eradication of Forest Degradation**: Strengthens law enforcement by providing additional legal certainty and defining penalties for those engaged in forest destruction. It clearly defines which activities are banned, on the part of individuals and organized groups who log in forests, as well as organizations involved in the illegal timber trade and officials engaged in the falsification of permits. A special investigative unit to investigate such forest-related crime is to be formed within 2 years of the law's enactment.

- **Law No. 6 of 2014 on Villages**: Expands the authority of villages to manage their own assets and natural resources, revenue and administration. It specifically reallocates a specific portion of the State budget to village administrations, providing all of Indonesia’s villages with annual discretionary funding for making local improvements that support poverty alleviation, health, education and infrastructure development.

- **Presidential Instruction No.5 of 2019, New License Moratorium and Improvements to Management of Primary/Natural Forests and Peatlands**: Extends the moratorium from 2011. Suspends the issuance of new harvesting licenses in primary forest and peatland areas. Forms part of the Government’s implementation plan for Indonesia’s policy to reduce emissions from deforestation and degradation (REDD+). It excludes licenses that were obtained before May 2011 and licenses used for geothermal/oil energy mining. It also does
not protect secondary forests.

- **Government Regulation No. 23/2021 on Forest Maintenance**: Provides an elaboration of the new regulatory framework as it pertains to classification of state-controlled forest lands and the harvesting, processing, and marketing of forest products. The national government is given far-reaching powers to control timber extraction in Production Forests, and it gives the Minister of Forestry the power to grant all commercial timber utilization permits. The Ministry is the lead authority for approving any processing mill permits, regulating trade, transport, and distribution of forest products. Export of forest products and timber is managed by the Ministry of Industry and Trade.

- **MoEF Regulation No.8 of 2021 on The Governance and the Making of Forest Management Plan, as well as Forest Use on Protected Forest and Production Forest**: Regulates the procedures to record an inventory of tree standing stock. Ensures that natural forest concession holders prepare long term business plans (RKU) and an annual working plan (RKT). The inventory, RKU, and RKT are mandatory and must be submitted before harvesting can be initiated.

**Processing/Manufacturing Laws**

- **Law No. 32/2009 on Environmental Protection and Management**: The issuance of forest management licenses conditional on the completion of an environmental impact assessment (AMDAL) which is required for all plantation forests, pulp and paper industries, and other wood working industries. This law outlines all the requirements for an AMDAL.

- **MoEF Regulation No.8 of 2021 on The Governance and the Making of Forest Management Plan, as well as Forest Use on Protected Forest and Production Forest**: Aims to ensure that all timber processing companies are subject to stated conditions within the laws and regulations, including the maintenance of records to demonstrate that processing quotas have been respected. Stipulates the obligation of primary industries to report log inputs and outputs using the MoEF preferred format. The online database system, RBPBI Database of Timber Industry, records the origins of raw timber as input materials for the industry. Dictates the measurement and testing of forest products to protect state rights, the quality of forest products from the ecological and economical point of view and improve forest products competitiveness and sustainable management of forests. Measurement and testing shall be carried out by officers to determine the type, volume, and weight of all forest products from state or private forests. Provides for procedures for the measurement and evaluation of forest products.

**Trade Laws**

- **Ministry of Trade Regulation No 19 of 2021 on the Export Policy and Governance**: Provides rules on the export of products of forestry industries. Only producers who have obtained V-Legal (FLEGT license) who can export timber products. Procedures for obtaining export clearance are provided for in the text. Lays down technical criteria for determining forestry-industry products which can be exported. This regulation has received minor revision in 2022 through the Ministry of Trade Regulation No. 02 of 2022, Ministry of Trade Regulation No. 08 of 2022 and Ministry of Trade Regulation No. 12 of 2022.

- **Timber Legality Verification System (The Sistem Verifikasi Legalitas dan Kelestarian - SVLK)**
The SVLK is a timber legality verification system. It has various components, and provides the definition of timber legality, control of supply chain, verification system and independent monitoring systems. The SVLK is authorized under the following regulations:

- MoEF Regulation No.8 of 2021 on The Governance and the Making of Forest Management Plan, as well as Forest Use on Protected Forest and Production Forest
- Director General of Sustainable Forest Management Decree SK 62/PHPL/SET.5/KUM.1/12/2020

The SVLK implementing regulations have been revised several times to strengthen the process and close loophole. Recent regulations have been designed to ease the process for smallholders and small-and-medium enterprises to obtain SLVK certification. It included provisions on group certification schemes from collectives of the holder of HTR (community plantation), HKm (community forest), HD (village forest, primary forests with lower production capacity, small scale industries, and private forest owners. All updated regulation pertaining to timber legality could be found on MoEF legality information system, SILK.

- **FLEGT/VPA**: Indonesia and the EU have partnered through the FLEGT-VPA to help prevent illegal logging in Indonesia. Since 2013, Indonesia has required a V-Legal Document to accompany timber products from the point of harvest to their destination after export to assure the legality of the goods. Indonesia has received the go-ahead to begin shipping FLEGT-licensed timber in late 2016 (Antara 2016).

- For more information on regional and bilateral free trade agreements that Indonesia is a part of, click here: [https://aric.adb.org/fta-country](https://aric.adb.org/fta-country)

**Transport Laws**

- **Law No 10 of 1995 on Customs** and **Law No 17 of 2006 on the revision of Customs Law No 10 (1995)**: Relevant in terms of the legal penalties, they regulate for failure to comply with export procedures. For example, exporting goods without the required legal documents carries a maximum sentence of 10 years imprisonment and fine of up to Rupiah 5 billion.

- **Government Regulation No. 23/2021 on Forest Maintenance**: Mandate that transport of forest products originating from the national forest estate be accompanied by required documents that specify the legality of the product in question (Section 119).

- **MoEF Regulation No.8 of 2021 on The Governance and the Making of Forest Management Plan, as well as Forest Use on Protected Forest and Production Forest**: Describes the traceability requirement of timber harvested from natural and plantation forests. The transport of natural forest logs must be accompanied with a document called Surat Keterangan Sahnya Hasil Hutan (SKSHH). Transport documents are usually valid for one-use only. Specifies the valid transport documents for forest products harvested from forest areas with recognized rights. The “Transport License” (Nota Angkutan) serves to verify ownership, authorization and legality of the forest products being transported in accordance with the type of forest product being transported. This document also applies as SDoC or proof of legality for timber sourced from private forests.

- **Ministry of Trade Regulation No. 92 of 2020, Inter-Island Trade**: Mandates that all companies transporting wood between islands must have manifest domestic documents, providing information on identities of the sender/receiver, types and number of goods, origin and destination, transport vehicles, and description of goods/HS codes.
Tax Laws

- **Law No. 8 of 2010 on Anti-Money Laundering**: Authorized a greater number of institutions to conduct money laundering investigations and covers money laundering related to forestry and environmental sector crimes.

- **Government Regulation No.12/2014 on Types and Tariff of State’s Non-Tax revenues in the Ministry of Forestry**: Imposes different changes on each timber species based on the timber’s commercial class. It differentiates the levies for natural forests in three harvesting areas:
  - Sumatra and Sulawesi
  - Kalimantan and Maluku
  - Papua and Nusa Tenggara

CITES Agreement Information

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement among governments whose purpose is to ensure that the international trade of wild animals and plant species does not threaten the survival of these species. It is up to each country to draft their own domestic legislation to comply with its CITES obligations. Indonesia signed onto the Convention in 1978. In 2022, the MoEF issued the MoEF Regulation No. 20 of 2022 on the Distribution of Timber listed on the Appendix of the Convention on International Trade in Endangered Species of Wild Fauna and Flora. Some of the Appendix II timber species that are commercially traded in Indonesia are Ramin (*Gonystlyus bancanus*) and Sonokeling/rosewood (*Dalbergia latifolia*).

The species under the protection of CITES are listed in three Appendices based on how threatened they are by international trade. The species listed in Appendix I are the most endangered and international trade in these species are prohibited unless the purpose of import is noncommercial. The species listed in Appendix II are tightly controlled in international trade and may be authorized with an export permit or re-export certificate. Appendix III lists species at the request of a Party that needs other countries’ cooperation to regulate the trade in the species. International trade in Appendix III is allowed with appropriate permits or certificates.

If you don’t know if the species you are interested in sourcing from this country is CITES listed, please check this link. If it is, please use this database to identify the National CITES Authority. Normally, the CITES Authority is one of the government agencies that oversees forest resources.

- For more information on CITES please see the following resources:
  - Convention on International Trade in Endangered Species of Wild Fauna and Flora
  - CITES Appendices
  - CITES Species
  - National CITES Authorities