



Record of Discussion
6th JOINT IMPLEMENTATION COMMITTEE IDN-EU
Thursday, 1 March 2018

Opening

Dr. Putera Parthama, IDN Co-chair opened the meeting and welcomed the participants to the first JIC after the implementation of FLEGT Licensing. He mentioned the meeting was an important opportunity to reflect on and evaluate the implementation of FLEGT Licensing. He mentioned that IDN was highly committed to ensuring effective implementation of SVLK and also to making sure that new regulations that are introduced in Indonesia are consistent with the FLEGT VPA.

The EU Co-chair, Mr Charles-Michel Geurts opened with the words of appreciation to all stakeholders involved for the work done, and progress that has been achieved so far. He agreed that JIC presents the right opportunity to evaluate the implementation of the FLEGT VPA, especially FLEGT licensing after a full year of implementation, in order to take any corrective steps that may be needed. He emphasized the need for specific decisions or outcomes to be reached at the meeting. He mentioned the value of continued UK support for the VPA process in Indonesia.

Agenda 1. Joint actions 2018

The Joint EU-IDN Action Plan for 2018 was developed based on the recommendations of the first Periodic Evaluation. The key elements under which joint activities for 2018 have been identified are: Supply Chain Control, SVLK Certification, Independent Monitoring, Law Enforcement, Licensing, Public Disclosure of Information, Periodic Monitoring, Impact Monitoring, Independent Market Monitoring, Market Outreach, and continuation of JEMs and JIC to ensure multi-stakeholder involvement and participatory decision-making.

Both parties endorsed the [Joint EU-IDN Action Plan for 2018](#).

Agenda 2. Progress on the First Periodic Evaluation, updates on Impact Monitoring, and Independent Market Monitoring

a. Periodic Evaluation (PE)

The Meeting considered the work carried out by the Independent Consultant PT Sucofindo SBU LSI was comprehensive in terms of examining the structure and the implementation of TLAS/SVLK.

Both parties agreed that the Executive Summary of the Periodic Evaluation will be published. They also agreed that for the next two cycles of PE implementation EU/EFI FLEGT Facility will support and manage the consultant contract. Referring to Article 15 and Annex 6 of the VPA,

EU/EFI FLEGT Facility and IDN will jointly develop tender criteria and ToR and have a joint IDN-EU tender committee. They will also establish a supervisory committee. The next PE assessment will start in August 2018.

The key points from the PE Summary are presented in [here](#).

b. Impact Monitoring (IM)

The current report has been acknowledged. The report had attempted to collect baseline information on five key impact areas i.e. effectiveness of forest governance and institutions, curbing illegal logging, forest cover, economic development and community livelihoods.

In relation to the next cycle of Impact Monitoring work, it needs to start with a re-assessment of the methodology and re-think of the scope of impact analysis. This will be facilitated through a technical meeting, hosted by DFID, during which IM methods and approach will be re-evaluated.

c. Independent Market Monitoring (IMM)

The Lead Consultant of the IMM project funded by the EU, presented on the IMM, its methodology, work program for Indonesia, and trade trends in the EU market was presented. The overall perception and outlook is quite positive, particularly in the context of stable trends in the EU market for the export of Indonesian wood products. IMM is not a trade promotion initiative but it can help raising awareness on FLEGT licenced timber. EU Co-chair observed that there is a great deal of satisfaction with IDN timber products in Europe. At the same time he indicated that IDN exporters and regulators need to keep track of the evolving nature of the EU markets and consumer preferences and concerns, especially in the area of environmental sustainability.

APKINDO proposed that IDN should hold consultations with IMM on how to maximize IMM outreach and how to orient IMM work plan for 2018 to ensure that most important aspects for Indonesia get addressed. This was agreed.

IDN Co-chair said that IMM is very important. It is good to see the positive sentiment and stable demand for Indonesian timber products in the EU market. However, it is important to see more growth and more demand for Indonesia's FLEGT timber, particularly in the emerging economies of the EU.

Agenda 3. Issues on FLEGT licences

The summary of preliminary findings of the joint analysis of FLEGT Licensing cases was presented. While only a small portion (<1%) of the licences is deemed problematic, nevertheless they are important as they gain a lot of visibility. The presentation emphasized immediate, short and medium steps. The immediate steps are consultations with LAs. Subsequently, a detailed HS alignment table needs to be

completed. In addition to this, there are actions to improve communications and to better understand the licensing problems among SMEs. Indonesia reported that some of this work is already ongoing under the so called "Mini-Action Plan on FLEGT Licensing".

The JIC took note that, while the vast majority of the shipments under the FLEGT licensing scheme have been conducted without any identified issues, in some cases problems have been experienced with FLEGT licenced shipments sent to the EU. These related to a range of practical implementation issues due to the novelty of the scheme and the need to gain experience with it.

The JIC reviewed a technical report on tackling practical problems related to licensing. It agreed that further actions recommended in the report are needed such as HS code alignment, further steps to reduce document discrepancies, clarification of revised and/or cancelled licences, streamlining the issuance (format/appearance) of licences, and improving communication LIU and EU CAs shall be conducted. The report is [here](#).

IDN Co-chair thanked LIU for their hard work. He pointed out that only a small portion of the licences are problematic. He asked the EU to distinguish between criminal conduct and administrative omission. He also requested patience on the licensing issue because Indonesia exporters are still learning.

The JIC acknowledged the work already carried out by both parties to understand and address FLEGT licensing issues. JIC agreed with further actions recommended in the report that both parties will jointly seek to advance. JIC agreed that the parties would discuss progress on FLEGT licensing at the next JEM in May 2018.

Agenda 4. Maintaining consistency of SVLK regulations and VPA requirements

IDN Co-chair explained the changes that have taken place in the area of timber import regulation in Indonesia. He emphasized the fact that MoEF had to act quickly in order to respond to the changes introduced by the Ministry of Trade and to maintain the consistency required under the VPA. He provided assurances that all key elements of the timber import control (Due Diligence and verification) remain in place. The main difference is that verification of the adherence to Due Diligence requirements is now conducted by CABs post-import – i.e. after the import takes place. IDN Co-chair (Director General PHPL) pointed out that in February 2018 an explanatory letter was sent on this matter to the Director General of Environment in Brussels.

The EU stressed the need to ensure - in line with the VPA - that any change affecting the Timber Legality Assurance System established under the VPA and any other key element of the VPA (e.g. product scope) is done after prior consultations with the EU. IDN agreed on the importance of the matter.

Both parties agreed to a technical level Video Conference in late March 2018 on licensing and import controls as a next step.

Agenda 5. Independent Monitoring

The Indonesian civil society Independent Forest Monitoring Network (JPIK) presented an overview of Independent Monitoring structure and activities. JPIK explained that it had monitored 91 companies over the last three years and plans to expand that number.

On the IFM Fund update it was reported that the funding is expected to come from the EU through the FAO-FLEGT Program. He also described strategic meeting for consolidation among IMs, held at MFP in January 2018. The meeting was devoted to a discussion about the strategy for better coordination among IMs.

Both parties took note of the progress with IM operations and emphasized the importance of sustainable funding for IM.

Agenda 6. EU Timber Regulation

The bi-annual report is due to be published and will provide a range of detailed information. It was reported that between March 2015 and February 2017, in addition to over 27,000 checks on operators dealing with timber harvested in the EU, 2,704 checks were carried out on operators dealing with imported timber to verify compliance with the EUTR. JIC took note of the increasing sanctions relating to detected non-compliance/violations under EUTR.

IDN Co-chair mentioned that there was a question from the business side about recalling products from the EU market identified as illegal. Also questions were raised about the financial fines associated with the prohibition or other violations. EU/EFI FLEGT Facility explained that under EUTR there are heavy financial penalties, going as far as business closures and imprisonment. There was an intervention from the Ministry of Foreign Affairs emphasizing the importance for effective EUTR in order to showcase the value added of FLEGT to Indonesian timber industry.

[The EUTR information](#) presented on JIC will be made available on SILK website to public access.

Both parties took note of the progress of the implementation of EUTR and agreed to continue to update each other on this topic as outlined in the 2018 Joint Action Plan.

Agenda 7. Communication

The meeting formally endorsed the 2016 annual report of the JIC. IDN and EU agreed on the focal point arrangement to work on the Annual Report 2017 and also agreed on the production schedule. The 2017 Annual Report will be published in June 2018. It was noted that JIC should formally endorse annual reports before their publication, so a formal a mechanism to do so outside of meetings will be agreed in order not to hinder the work.

The JIC took a positive note pointing to the value of this work and its parallel character to the IMM. There was a question posed by the Indonesia side on how to respond to critical media stories and questions. The meeting agreed that the key to dealing effectively with such issues is to coordinate, respond jointly, and respond quickly as outlined in the JIC communication strategy. In this context, the IDN Co-

chair mentioned that the parties could make greater use of the press conference mechanism in order to present joint responses or clarifications.

Indonesia raised the issue how to explain to stakeholders (i.e. consumers) that SVLK is not only about legality but also sustainability. There was a mention made about re-branding of the Indonesian acronym for TLAS – i.e. SVLK. Its formal meaning is Timber Legality Verification System, but the acronym could also accommodate the “System for Verification of Legality and Sustainability”. EU agreed on the importance of explaining to the wider public that SVLK standard actually includes environmental and social criteria. The best way to do this is by developing a sustainability story and EFI/FLEGT Facility will assist in developing such materials.

Agenda 8. Any Other Business

It was agreed that the next JEM will be held on May 3, 2018 (to be confirmed).

Closing

The EU Co-chair and IDN Co-chair expressed their satisfaction with the decisions and agreements and thanked all participants for their contributions.