Dear colleague,

We would like to update you about our progress in implementing the Indonesia-EU FLEGT Voluntary Partnership Agreement (VPA) to combat illegal logging, foster good forest governance and promote trade in legal timber products.

We are approaching the first anniversary of the launch of Indonesia’s FLEGT licensing scheme. By 15 October 2017, Indonesia had issued 190,836 FLEGT licences for exports with a total value of US$10 billion. Licences were issued to all 28 EU Member States.

This tremendous achievement has been made possible because all actors on the Indonesian and EU sides prepared well, and were willing and able to work with the new system. We are therefore grateful to the Indonesian private sector, licensing authorities, independent monitors and customs officials, and to the EU private sector, competent authorities and customs officials who have contributed to this success.

20 October 2017
Of course, the launch of any new system is always likely to bring to light practical implementation issues. Thankfully, the relevant personnel in Indonesia, the European Commission and EU Member States are in close and regular communication to address them. As both sides learn from the implementation of the FLEGT licensing scheme, the knowledge will be used to further strengthen the system and address any newly-identified shortcomings.

On 13 October, Indonesia and the EU held a Joint Expert Meeting (JEM) to share their experiences of, respectively, issuing and receiving FLEGT-licences, and discuss other aspects of VPA implementation. These discussions allow us to ensure a consistent approach and to communicate effectively with operators and other stakeholders about issues as they arise.

The EU and Indonesia used the JEM to assess progress under our joint action plan for VPA implementation in 2017 (PDF). Among other things, we discussed the rollout of the timber legality assurance system (SVLK), recent changes to Indonesian regulations, and follow-up of non-compliances identified by the system.

The JEM also discussed complementary approaches to evaluating the implementation and impacts of the VPA and FLEGT licensing:

• The Periodic Evaluator of the VPA, which conducts independent auditing of all aspects of the system to check that these function as described in the VPA. Preliminary findings of the first periodic evaluation were discussed.
• The Independent Market Monitor that has surveyed operators in the EU to assess market perceptions of FLEGT-licensed timber from Indonesia. Preliminary results indicate a largely positive perception of Indonesia’s FLEGT licensed timber on the EU market.
• The Impact Monitor that assesses the impact of the VPA on some key impact areas in Indonesia. Indonesia has started to establish a baseline to monitor social, economic and environmental impacts of the VPA.
• Independent Monitoring by Civil Society. A trust fund has been set up to provide sustainable funding to ensure that civil society
organisations and individuals can continue to independently monitor all actors of the timber legality assurance system. The EU shared its experiences of implementing the FLEGT licensing scheme, including challenges and lessons learned. Indonesia and the EU have started to implement a mini action plan to address technical issues that each side has encountered with FLEGT licensing to date.

The EU also provided an update on the implementation of the EU Timber Regulation (EUTR) by its Member States. The EU in particular highlighted that EU Member States conducted during the period March 2015 to February 2017 a total of 2704 checks on EU operators related to imported timber and several thousands more on domestic timber. Checks on imported timber led to 525 notices of remedial actions and 139 penalties. In addition 6 court cases were concluded. This showed how FLEGT-licensed products face fewer import and market controls than non-licensed products as they automatically meet EUTR requirements. The official report by the European Commission on the implementation of the EUTR will be published in the next months.

We urge all stakeholders to maintain their strong level of engagement in FLEGT so that, together, we can continually improve the implementation of the VPA and FLEGT licensing. We hope you will join us in celebrating the first anniversary of FLEGT-licensing. A specific event in Jakarta on 30 November 2017 is in preparation.

Best regards,

**IB. Putera Parthama, Ph.D**  
Director General of Sustainable Forest Management  
Ministry of Environment and Forestry, Indonesia

**Mr. Vincent Guérend**  
Ambassador  
Delegation of the European Union to Indonesia and Brunei Darussalam