



## **Record of Discussion**

### **5<sup>th</sup> IDN-EU FLEGT-VPA Joint Implementation Committee**

### **Yogyakarta, 15 September 2016**

#### **Introduction**

The main objective of this JIC Meeting was to decide on the date to start the Indonesian FLEGT licensing scheme and to discuss next steps towards first FLEGT licence issuance, following up on the No Objection expressed by the Parliament of the European Union and EU Member States.

The Meeting was co-chaired by Putera Parthama, PhD for IDN and Mr. Charles-Michel Geurts for the EU. The co-chairs gave opening remarks expressing appreciation of the progress made in the implementation of the VPA and concluded that Indonesia and the EU are now ready for FLEGT Licensing by Indonesia. They expressed their satisfaction and highlighted the need for further preparation and close collaboration after this happens.

#### **Agenda 1. Closing of the second joint VPA implementation action plan**

The Joint Expert Meeting on 22 September 2015 had agreed to assess and document the status of completion of this action plan through the Joint Working Group (JWG). The JWG published a closure report in February 2016. At that time a few outstanding actions related to legislation, monitoring, non-compliance management and data on roll-out were identified. The JWG in May 2016 found that all key actions were sufficiently addressed. In September 2016 the parties confirmed on technical level that all actions have been sufficiently addressed and agreed to develop specific follow-up measures to be described in a new joint action plan.

The parties agreed to close the 2nd joint Action Plan on VPA implementation and to develop a new action plan until the end of 2017.

#### **Agenda 2. Formal decision on the date to start FLEGT licensing**

A draft formal decision of the Joint Implementation Committee on setting the date to start FLEGT licensing was discussed.

The parties agreed that the FLEGT licensing scheme shall start on 15 November 2016. The formal decision No 1/2016 on the date to start FLEGT licensing was signed during the JIC and shall enter into force on 15 November 2016.

#### **Agenda 3. Agreement on next year's joint actions**

A draft of the Joint EU-Indonesian Action Plan for the Implementation of the FLEGT VPA up to the end of 2017 was discussed. The key action points outlined are 1) Continuously roll-out the SVLK; 2) Regularly document non-compliances and follow-up including law enforcement actions; 3) Ensure effectiveness of the Independent Monitoring function; 4) Ensure consistency between SVLK regulations and VPA requirements; 5) Conduct Periodic Evaluation, VPA impact monitoring and Independent Market Monitoring; 6) Maintain technical structure under the JIC; 7) Continuation of Multi-stakeholder process to maintain SVLK credibility.

The parties agreed on the actions until the end of 2017 and will make the action plan public.

#### **Agenda 4. Maintaining Consistency of SVLK Regulations and VPA Requirements**

Several new regulations were issued by the Ministry of Environment and Forestry and the Ministry of Trade with relevance for the VPA after the revision of VPA Annexes I, II and V last year.

These regulations contain a number of changes to procedures described in the VPA. The changes either strengthen the VPA or were evaluated by the JWG as acceptable temporary efforts to boost SVLK implementation. The changes are (1) temporary introduction of the 'Verifikasi Legalitas Bahan Baku' mechanism, (2) changes to the validity of SVLK certificates and schedule of related surveillances for SMEs, (3) abolishment of the function of the district forestry officers (Wasganis) due to the introduction of an electronic data management system, and (4) abolishment of the ETPIK number in the FLEGT licence as an effort to deregulate trade, while name, address and tax number is maintained in the licence.

The parties agreed that the identified four deviations are in line with the VPA principles and confirmed to timely and regularly discuss, evaluate and document any future changes to SVLK relevant legislation before these are enacted.

#### **Agenda 5. Agreement on start of Periodic Evaluation and update on Impact Monitoring, and Independent Market Monitoring**

##### **a. Periodic Evaluation**

Implementation of the Periodic Evaluation will commence based on the design of the Periodic Evaluation that has been completed by the responsible working group and was discussed on technical level between the parties earlier this year.

The parties agreed that the first Periodic Evaluation will be carried out at the latest by the first quarter of 2017.

##### **b. Impact Monitoring**

The Director of Forest Products Processing and Marketing has formally endorsed and adopted the design of the Impact Monitoring that was discussed between the parties on JEM level.

The parties agreed that the impact baseline data will be available by June 2017.

##### **c. Independent Market Monitoring**

The EU has developed a 5-years project to implement the IMM function. In 2014 the EU appointed ITTO to host the project. The EU reported that the IMM baseline report that includes a statistical annex on IDN was published in November 2015. A specific Indonesian Statistical Annex to cover trends up to May 2016 is currently developed. The IMM carried out pilot surveys of private sector attitudes in Germany, Spain and the UK that indicate strong interest in arrival of the first licenced timber on the EU market. The IMM's preliminary review of trade impacts of the EUTR indicate that the EUTR is changing procurement practices in the EU timber importing sector.

The IDN side commented how important the IMM data is and was glad to see the trend of main IDN wood export commodities showing good progress on the EU market.

#### **Agenda 6. Communication**

##### **a. Informing about the progress of FLEGT licensing in 5 cities in Indonesia**

A five-city FLEGT Licence familiarization tour was conducted in Jakarta, Yogyakarta, Semarang, Denpasar and Surabaya by MoEF, which was received with enthusiasm by the business community and the press. A widespread information dissemination campaign worldwide on Indonesian FLEGT

licencing had been put in place by the EU and IDN to take effect immediately after the 5th JIC meeting in Yogyakarta.

b. The First FLEGT Licence Celebration

A plan to conduct media events in London and Brussels will be executed by the EU and private sector players to celebrate the first shipments of Indonesian timber products entering the EU markets. MoEF discusses to have President Joko Widodo presenting the very first FLEGT licence.

The emphasis will on the 1st Licence issued on 15 November 2016. First shipment will probably leave the Indonesian ports two or three days after that date. The 1st licensee cannot guarantee that its goods will also make the first shipment, which is slated to arrive on EU shores during the Christmas break. Therefore, the IDN side is designing separate events on arrival of first FLEGT licenced timber products, in January in London and before that time in Brussels.

The EU will continue to support JIC communication in Indonesia through the EU representatives in Indonesia. Both parties appreciated the quality of the plan and called for detailed planning and execution.

**Agenda 7. Other matters**

There are several countries in the region also engaged in VPAs: Malaysia, Vietnam, Thailand, Laos, Myanmar, each now eager to learn from the experience in Indonesia. The EU informed about a visiting delegation from Myanmar. Several Chinese delegations had also visited Indonesia this year. The executive Director of the main pulp and paper industry association (APKI) described the readiness and eagerness of its members to see FLEGT licensing start as soon as possible. The EU FLEGT Facility will support an ASEAN event on timber legality, hosted by Indonesia in early December.

**Closing**

The Co-Chairs delivered their closing remarks expressing their satisfactions with the results of the meeting.