



Australian Government
Department of Agriculture
and Water Resources



Government of Indonesia
Ministry of Environment and Forestry

Country Specific Guideline for Indonesia

This guideline has been prepared by the Australian Government and the Government of Indonesia. It is intended to assist businesses importing regulated timber products from Indonesia into Australia in understanding the regulatory framework in Indonesia in order for them to carry out their due diligence obligations under the *Illegal Logging Prohibition Regulation 2012*, which supports the *Illegal Logging Prohibition Act 2012*.

Revision 1.1 - this guideline was co-endorsed by the Australian and Indonesian governments on 1 October 2018.

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What is required under Australia's Illegal Logging Laws?

Australia's *Illegal Logging Prohibition Regulation 2012* (the Regulation) prescribes due diligence for businesses importing 'regulated timber products'¹ and for Australian processors of domestic raw logs. Under the Regulation, importers and processors have to undertake due diligence to minimise the risk of sourcing illegal logged timber.

Due diligence requirements for importers include the following steps:

Step 1: Information gathering

Step 2: Assessing and identifying risk against a timber legality framework or a country specific guideline or the regulated risk factors

Step 3: Risk assessment

Step 4: Risk mitigation (if required)

Further information about the Regulation is available at the Australian Government Department of Agriculture and Water Resource's website (www.agriculture.gov.au/illegallogging).

How to use the Country Specific Guideline (CSG)

This CSG is intended to assist an importer of regulated timber products from Indonesia to Australia to comply with the due diligence requirements of the Regulation.

An importer must gather information about the product in accordance with section 10 of the Regulation, this includes gathering information or evidence contained in this CSG.

Information listed in this CSG is not an exhaustive list of evidence or documentation required to satisfy the due diligence requirements under the Regulation.

The information gathered by applying this CSG, along with any other information gathered in accordance with the Regulation, needs to be assessed in accordance with the processes outlined in section 12 of the Regulation (including considering any other information the importer knows, or ought reasonably to know, but is not contained in the CSG), to identify the risk that a regulated timber product is, is made from, or contains illegally logged timber.

All data included in this document is the most current as available at time of publishing.

¹ For the purposes of the Illegal Logging Prohibition Act 2012 a 'regulated timber product' is a product listed in Schedule 1 to the Regulation.

Scope of the CSG for Indonesia

This CSG provides detailed information on the control of pathways for timber harvested and originating from within Indonesia and informs Australian importers of what is considered legal timber. It is only applicable for timber products with an Indonesian origin of harvest.

Timber harvested outside of Indonesia

There may be timber, forest products or products which contain timber, wholly or in-part, which was harvested in another country, before it was imported to Indonesia. These products are not in-scope of this CSG, however information contained in this document may assist importers in conducting due diligence through another available pathway.

General information

Forests and inland water bodies in Indonesia cover an area of 125.74 million hectares. These forested areas comprise conservation forest covering 21.81 million hectares; protected forest covering 29.99 million hectares; and production forest (including convertible production forest) covering 73.94 million hectares. Forest management is based on the principles of sustainability, justice, solidarity and integrity.

Forests in Indonesia are categorised as *hutan negara* (state forests) and *hutan hak* (forests subject to rights). State forests have three functions, namely conservation, protection, and production. Conservation forests are intended to conserve forest ecosystems, including their biodiversity; protection forests are largely intended for forest hydrological purposes; and production forests are intended to produce timber, fibre, bio-energy, and non-timber forest products.

Forest operations and timber production in state forests is only permitted in production forests through the granting of forest concessionaires (business licenses) to individuals, cooperatives, private enterprises, state-owned and regional enterprises. The government does not regulate forest management operation of rights-based forests (*hutan hak*).

To ensure the long term sustainability of the forests, the Indonesian government has prepared laws and regulations and guidance documents for forest management and forest utilisation.

To ensure the implementation of regulations within the framework of sustainable forest management, Indonesia has developed a new mandatory verification system policy within the framework of sustainable forest management certification and timber industry legality certification known as *Sistem Verifikasi Legalitas Kayu* (SVLK), or the Timber Legality Assurance System (TLAS). This policy is mandatory for all businesses ranging from upstream to downstream sectors where regulatory compliance is evidenced by the acquisition of certificates based on criteria and standards appropriate to the type of business.

I. Timber products imported to Australia from Indonesia

Indonesian trade data shows that, during the 2013-2017 five-year period, Indonesia's timber product exports to Australia were valued at US\$1,537.8 million or US\$307.6 million per year.

Such exports were dominated by products under Harmonized System (HS) tariff codes 4409 (continuously shaped wood), 4412 (plywood), 4802 (uncoated paper and paper board), and 9403 (other furniture and parts).

Australian trade statistics show that Indonesia is Australia's third most valuable supplier of regulated timber products, with total imports in 2017 valued at A\$508 million. Indonesia was also Australia's third most valuable supplier of wood articles (HS codes in Chapter 44), with imports worth A\$278 million.

The relevant HS codes for regulated timber products can be found at <http://silk.menlhk.go.id/-app/Upload/hukum/20170410/a4f29df53205000af3ebcc597096769b.pdf> (in Indonesian) or at <https://www.legislation.gov.au/Series/F2012L02404/Compilations> (in English).

The following timber products are prohibited for export under Indonesian law:

HS Codes	Description
4403	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared:
4404 (exemptions exist)	Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed, but not turned, bent or otherwise worked, suitable for the manufacture of walking-sticks, umbrellas, tool handles or the like.
4406	Railway or tramway sleepers (cross-ties) of wood.
4407 (exemptions exist)	Wood sawn or chipped lengthwise, sliced or peeled, not planed, not sanded or not end-jointed, of a thickness exceeding 6 mm.

II. How timber harvesting is regulated in Indonesia

Timber harvesting from state forests is only permitted in production forests (production forest, limited production forest, and convertible production forest) through the granting of business licenses to individuals, cooperatives, private enterprises, and state-owned and regional enterprises. In addition, utilisation of timber from conservation and protected forests is strictly prohibited.

With regards to the utilisation of timber products from right-based forests, the government encourages the establishment of managing units such as community-based forest management cooperatives, which can then obtain a SVLK certificate.

In principle, all trees may be harvested, except those designated as endangered and set out in a *Convention on International Trade in Endangered Species of Wild Fauna and Flora* (CITES) appendix, and/or prohibited by the relevant provincial/district government.

Minister of Environment and Forestry Regulation No. P.20 of 2018 regulates several species of plants that are included in the prohibited/protected species.

In some instances, such as clearing for development, Article 25 in Government Regulation No. 7 of 1999 has stipulated that the shipment or transportation of protected plants may be made on the basis of the Minister's permission.

Plant shipment or transport must be:

1. Equipped with plant health certificate from authorised institution
2. Conducted in accordance with applicable technical requirements.

To be legally traded, products made from certain Meranti species, complete evidence of traceability and legality is required, usually evidenced by a SVLK document.

The utilisation of timber from state forests is governed by Law No. 41 of 1999 on Forestry, Government Regulation No. 6 of 2007 regarding procedures and forest management plans and utilisation of forests, as well as regulations of the Ministry of Environment and Forestry. In principle, Law No. 41 of 1999 regulates forest management based on sustainable forest management principles.

Government Regulation No. 6 of 2007 regulates the legal subjects entitled to take advantage of state forests for production; the different types of forest use; procedures for the application of permits; the duration, extension and cancellation of permits; procedures and requirements for a business licence under primary industry; the rights and obligations of the licensee; the distribution and marketing of forest products; guidance and control; and sanctions.

There are number of Ministry of Environment and Forestry regulations for the implementation of Government Regulation No. 6 of 2007, concerning the utilisation of timber from production forests:

- Minister Regulations No. P.50 of 2010 juncto (jo) No. P.26 of 2012 and No. P.12 of 2012 specify the certainty of the utilisation area
- Minister Regulations No. P.62 of 2008 jo No. P.14 of 2009, No. P.60 of 2011 and No. P.21 of 2013 denote the system and legitimate logging procedures and work plans;
- Minister Regulation No. P.53 of 2009 outlines equipment permits;
- Minister Regulation No. P.41 of 2014 outlines the administration of timber harvested from natural forests; and
- Minister Regulation No. P.42 in 2014 outlines the administration of timber harvested from planted forests.

Fulfilment of the obligations as stipulated by the laws and regulations is audited by an independent agency in accordance with Minister of Environment and Forestry Regulation No. P.30 of 2016, which outlines the performance assessment of sustainable forest management and timber legality verification of the licence holder or forest subject to rights. The licence holder of forest products utilisation that passes the sustainable forest management audit obtains a **Sustainable Forest Management Certificate**/*Sertifikat Pengelolaan Hutan Produksi Lestari* (PHPL) or a **Timber Legality Certificate**/*Sertifikat Legalitas Kayu* (SLK). For the wood industry, it is compulsory to obtain Timber Legality Certificate (see a sample certificate at [Annex 1](#)).

Since 1 January 2013, Indonesia has required that the export of timber products be accompanied by a V-Legal Document, to provide assurance of the legality of the products from the point of harvesting to transporting, trading and processing (see a sample licence at [Annex 2](#)). There are seven authorised copies of the V-Legal Document. Importers will be provided with the third copy of the V-legal Document (indicated by the number 3 on the left hand side of the document). In addition, each V-Legal Document has a unique number and barcode.

There are three types of levies for forest concessionaires' holders:

- Forest Utilisation Business Permit Fee/*Iuran Izin Usaha Pemanfaatan Hutan* (IIUPH) is a fee imposed to forest concessionaires' holders over a certain area of forest.
- Reforestation Fund (DR) is a fund allocated for reforestation and the rehabilitation of forest and its supporting activities, collected from forest concessionaires' holders who manage natural production forest.
- Forest Resources Provision/*Provisi Sumber Daya Hutan* (PSDH) is a levy imposed to forest concessionaires' holders as the replacement of intrinsic values from the forest products taken from state forests.

Access to land and tenure for local communities, who live in forest concessionaires areas, is recognized as one mechanism to promote economic development in local communities. Local people can also access smaller volume timber allocations through personal use cutting permits. Local communities may utilize forest resources to provide materials for shelter and cultural activities.

When local communities wish to manage such forest land, they may implement a community plantation forest, community forest and village forest. The Ministry of Environment and Forestry has issued a policy on community forestry in several schemes, namely *Hutan Tanaman Rakyat* (HTR), *Hutan Kemasyarakatan* (HKm), and *Hutan Desa* (HD). These schemes are intended to improve community access and management of state forests in order to improve their livelihoods.

III. Import Regulation

Since 1 January 2016, to provide certainty of legality and traceability of all raw materials/product inputs, Indonesia has extended requirements onto importers to conduct due diligence on all forest materials/products to be imported. The requirements are set out in the Regulation of the Minister of Trade No. 97 of 2015 and the Regulation of Director General of Sustainable Management of Production Forest No. P.7 of 2015.

The import regulation has been amended and is now the Regulations of the Minister of Trade No. 13 of 2018, with the due diligence requirements now set out under the Regulation of the Director General of Sustainable Management of Production Forest No. P.3 of 2018 on the Procedures for Implementation of Due Diligence and the Making of Import Declaration.

Demonstrating proof of legality and traceability of origin of raw materials/products can be achieved through meeting any one of the following requirements:

- Comes from a country with FLEGT licenses
- Derived from a country with Mutual Recognition Arrangement (MRA) with Indonesia
- Derived from countries that have Country Specific Guideline (CSG) with Indonesia
- Have certificates from certification bodies that apply sustainability, legality and/or traceability
- Have a certificate from the authority of country of harvest or country of origin (government agency, association or institution authorized by government) concerning its sustainability, legality or traceability.

If the certificate from the authority of country of harvest or country of origin is not obtained but the raw material to be exported comes from only one supplier that has a certificate of sustainability, legality or traceability, the certificate may come from the supplier.

The relevant HS Codes for importable timber products can be found at:

<http://silk.menlhk.go.id/app/Upload/hukum/20180130/018e144de3543876ef37386b2bdc1ab2.pdf>

IV. Relevant laws concerning legal timber

Relevant laws and regulations concerning legal timber and sustainable forest management in Indonesia include, but are not limited to:

- President Regulation No.43 of 1978 on Ratification of CITES
- Regulation No. 5 of 1990 on Conservation of Bio-resources and Ecosystem
- Regulation No. 32 of 2004 on Local Administration
- Regulation No. 32 of 2009 on Environment Protection and Management
- Regulation No. 18 of 2013 on Prevention and Elimination of Forest Destruction
- Regulation No. 7 of 2014 on Trade
- Regulation of the Minister of Trade No. 97 of 2015 jo No. 91 of 2017 junctis (jis) No. 13 of 2018
- Regulation of the Director General of Sustainable Management of Production Forest No. P.3 of 2018.

V. Identifying legal product from Indonesia and legality of timber products manufactured in Indonesia

SVLK, or TLAS, provides assurance that timber and timber products produced and processed in Indonesia come from legal sources and are in full compliance with relevant Indonesian laws and regulations, as verified by accredited independent auditing and monitored by civil society.

The SVLK covers timber and timber products from all permit types as well as the operations of all timber traders, downstream processors and exporters. The SVLK requires that imported timber and timber products are cleared at customs and comply with Indonesia's import regulations.

The permit holder (in the case of concessions), landowner (in the case of private land) or company (in the case of traders, processors and exporters) shall demonstrate that every node of their supply chain is controlled and documented. All consignments in the supply chain must be accompanied by relevant transport documents. Business entities must apply appropriate systems to recognize timber and timber products from verified sources and impounded timber and timber products, and maintain records that distinguish between these two sources. Companies at each point in the supply chain are required to record whether the involved logs, products or timber consignment are TLAS-verified.

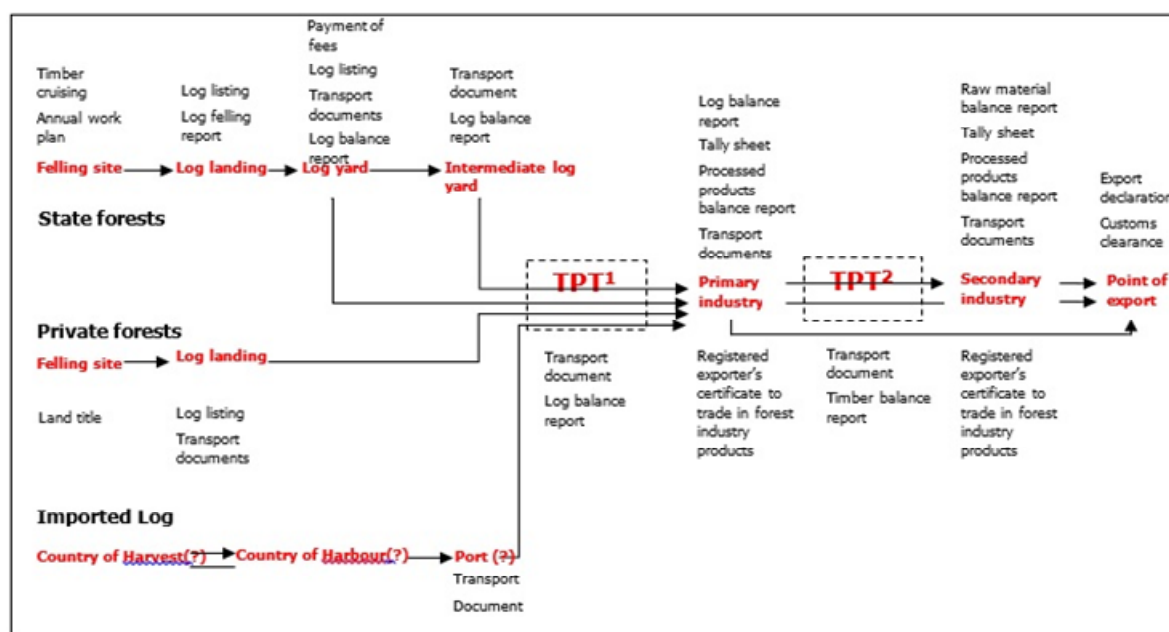
All operators in the supply chain are required to keep records on received, stored, processed and delivered timber and timber products to enable subsequent reconciliation of quantitative data between and within nodes of the supply chain. Such data shall be made available for provincial and district forestry officials to carry out reconciliation tests.

In summary, to import legal timber from Indonesia:

- Ask whether your supplier(s) holds a **SVLK Timber Legality Certificate**.
- If yes, make sure you are provided with a **V-Legal Document** for every shipment from your supplier(s).

The main activities and procedures, including reconciliation, for each stage of the supply chain are outlined in [Diagram 1](#), and further explained in [Annex 3](#).

Diagram 1: Control of the supply chain, showing the required key documents at each point in the supply chain



Note: TPT¹: Registered Timber Depot
TPT²: Registered Processed-Timber Depot

VI. Other relevant non-government resources

Resources for the implementation of SVLK will primarily come from the Government of Indonesia and business entities. External financial and non-financial support is facilitated by the Directorate General of Sustainable Management of Production Forest.

Support from the Multi-stakeholder Forestry Programme 3 (MFP3) – a collaboration project between Indonesia and Department for International Development (DFID) of the Government of the United Kingdom – has started and will continue until March 2017.

The European Union has supported *Lembaga Ekolabel Indonesia* (LEI), WWF Indonesia, European Forest Institute (EFI), *Kemitraan* (Partnership), and other organisations to implement SVLK- related programs. Other partners, such as USAID and the Norwegian Agency for Development Cooperation (NORAD), support programs to eradicate illegal logging.

International non-governmental organisations, such as The Nature Conservancy (TNC), The Forest Trust (TFT), and the Environmental Investigation Agency (EIA) have been involved in the development and the implementation of SVLK at all levels.

Who should I contact for further information?



Australian Government
Department of Agriculture
and Water Resources

Australian Government

Forestry Branch
Department of Agriculture and Water
Resources
GPO Box 858
Canberra ACT 2601
Phone: +61 (0) 2 6272 3933
agriculture.gov.au/illegallogging
illegallogging@agriculture.gov.au



Government of Indonesia
Ministry of Environment and Forestry

Government of Indonesia

Licence Information Unit
Ministry of Environment and Forestry
Manggala Wanabakti Building Block II, fl. 2
Jl. Gatot Subroto
Jakarta 10270
Phone: +62 (21) 573 0268
Fax: +62 (21) 573 7093
subditivlk@menlhk.go.id or
subditivlk@gmail.com

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Readers should also confirm that this is the most up-to-date available guideline by referring to the Department of Agriculture and Water Resources website.

Annex 1 – Sample of SVLK Timber Legality Certificate

Certificate	
Standard	The Director General of Forest Production Development's Regulation Number : P. 8/VI-BPPHH/2012 dated December 17, 2012 Concerning Standard and Guidelines on Assessment of Performance of Sustainable Production Forest Management and Timber Legality Verification
Certificate Registr. No.	[REDACTED]
Certificate Holder:	[REDACTED] certifies: [REDACTED] [REDACTED]
	Head Office : [REDACTED] [REDACTED]
	Factory : [REDACTED] [REDACTED]
Scope:	<p>Downstream Timber Industry License – Head of BKPM Decision Letter No. 453/T/INDUSTRI/1995 dated September 20, 1995 jo. 620/T/INDUSTRI/1998 dated November 24, 1998 jo. 426/T/INDUSTRI/2001 dated November 12, 2001 jo. 310/T/INDUSTRI/2008 dated April 04, 2008 jo. Revision of Industrial Business License No. 67/1/IU/III/PMA/INDUSTRI /2012 dated March 15, 2012 jo. KBLI Revision Letter No. 109/B.2/A.8/2012 dated June 15, 2012</p> <p>Holders of Downstream Timber Industry License (Advanced IUI) for Manufacturing of Test Liner/Corrugated Medium, Folding Box Board, Corrugated Carton Box, Paper Tube, Paper Cone, Box, Duplex/Manila/Ivory/Art Board/Solid Bleached Board, Printed Packaging Products.</p> <p>Comply with the criteria and indicator of Timber Legality Verification according to The Director General of Forest Production Development's Regulation Number: P. 8/VI-BPPHH/ 2012 dated December 17, 2012 Annex 3.4 Guidelines on Timber Legality Verification in Primary Industry (IUIPHHK) and Downstream Timber Industry (Advanced IUI)</p>
Validity:	The certificate is valid from 03-07-2012 until 02-07-2015. Revision 01 dated on 02-07-2013
	Jakarta, 02-07-2013
	[REDACTED]
	[REDACTED]
	Precisely Right.

Annex 2 – Sample form of V-legal Document

A.		B.		
COPY FOR IMPORTER	3	1 Issuing authority Name Address Authority registration number	 Indonesian LEGAL Wood Name Address Country of destination and ISO Code Port of loading Port of discharge Value (USD)	
		3 V-Legal/ licence number	4 Date of Expiry 	
		5 Country of export	7 Means of transport	
	6 ISO Code	8 Licensee Name Address ETPIK Number Tax Payer Number		
	3	9 Commercial description of the timber products		10 HS-Heading
		11 Common and Scientific Names		12 Countries of harvest
		13 ISO Codes		
	14 Volume (m3)		15 Net Weight (kg)	
	16 Number of units			
	17 Distinguishing marks			
18 Signature and stamp of issuing authority Name Place and date				

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Notes for guidance:

General:

- Complete in capitals.
- ISO codes, where indicated refer to the international standard two letter code for any country.
- Box 2 is for use by the Indonesian authorities only
- Headings A and B for use of FLEGT licensing to the EU only

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Heading A	Destination	Insert 'European Union' if the licence covers a shipment destined for the European Union.
Heading B	FLEGT licence	Insert 'FLEGT' if the licence covers a shipment destined for the European Union.

Box 1	Issuing authority	Indicate the name, address, and registration number of the licensing authority.
Box 2	Information for use by Indonesia	Indicate the name and address of the importer, the total value (in USD) of the shipment, as well as the name and the two-letter ISO code of the country of destination and where applicable of the country of transit.
Box 3	V-Legal/ licence number	Indicate the issuing number.
Box 4	Date of expiry	Period of validity of the licence.
Box 5	Country of export	This refers to the partner country from where the timber products were exported to the EU.
Box 6	ISO code	Indicate the two-letter ISO code for the partner country referred to in Box 5.
Box 7	Means of transport	Indicate the means of transport at the point of export.
Box 8	Licensee	Indicate the name and address of the exporter, including the registered exporter ETPIK and tax payer numbers.
Box 9	Commercial Description	Indicate the commercial description of the timber product(s). The description should be sufficiently detailed to allow for classification into the HS.
Box 10	HS code	For the original, copy for Customs at destination and copy for Importer indicate the four-digit or six-digit commodity code established pursuant to the Harmonised Commodity Description and Coding System. For copies for use within Indonesia (copies (iv) to (vii) as set out in Article 3.1 of Annex IV) indicate the ten-digit commodity code in accordance with the Indonesia Customs Tariff Book.
Box 11	Common and scientific names	Indicate the common and scientific names of the species of timber used in the product. Where more than one species is included in a composite product, use a separate line. May be omitted for a composite product or component that contains multiple species whose identity has been lost (e.g. particle board).
Box 12	Countries of harvest	Indicate the countries where the species of timber referred to in Box 10 was harvested. Where a composite product include for all sources of wood used. May be omitted for a composite product or component that contains multiple species whose identity has been lost (e.g. particle board).
Box 13	ISO codes	Indicate the ISO code of the countries referred to in box 12. May be omitted for a composite product or component that contains multiple species whose identity has been lost (e.g. particle board).
Box 14	Volume (m3)	Indicate the overall volume in m3. May be omitted unless the information referred to in box 15 has been omitted.
Box 15	Net weight (kg)	Indicate the overall weight of the shipment at the time of measurement in kg. This is defined as the net mass of the timber products without immediate containers or any packaging, other than bearers, spacers, stickers etc.
Box 16	Number of units	Indicate the number of units, where a manufactured product is best quantified in this way. May be omitted.
Box 17	Distinguishing marks	Insert barcode and any distinguishing marks where appropriate e.g. lot number, bill of lading number. May be omitted.
Box 18	Signature and stamp of issuing authority	The box shall be signed by the authorised official and stamped with the official stamp of the licensing authority. The signatories' name, as well as place and date shall also be indicated.

Annex 3 – Description of the supply chain for timber from state-owned forests

1. Description of the operational control of the supply chain for timber from state-owned forests

1.1. Felling Site

(a) Main activities:

- Timber Cruising (enumeration of trees) by the permit holder;
- Preparation of a Timber Cruising Report by the permit holder;
- Verification and approval of the Timber Cruising Report by the district forestry official;
- Submission of a Proposed Annual Work Plan by the permit holder;
- Approval of the Annual Work Plan by the provincial forestry official;
- Harvesting operations by the permit holder, including skidding of logs to the log-landing site.

(b) Procedures:

- Timber cruising (enumeration of trees) is conducted by the permit holder using tags. These tags are made up of three detachable sections, attached to the stump, harvested log, and the operator report. Each section contains the necessary information required for timber tracking, including the number of the tree and its location;
- The permit holder prepares a Timber Cruising Report, which contains information on the number, estimated volume, preliminary species identification and location of trees to be harvested, and a summary, using official Ministry of Environment and Forestry Forms;
- The permit holder submits the Timber Cruising Report to the district forestry official. The official conducts both a document-based and field verification of the Timber Cruising Report on a sample basis. The official approves the Report if all is in order;
- The Timber Cruising Report provides the basis for the Proposed Annual Work Plan, which is prepared by the permit holder and submitted to the provincial forestry officer for review and approval. The official reviews and cross-checks the Proposed Annual Work Plan against the approved Timber Cruising Report and approves the work plan if all is in order;
- Once the Annual Work Plan is approved by the official, the permit holder is allowed to commence harvesting operations;
- During harvesting operations, tags are used to ensure that the log is from an approved felling site, as described above.

1.2. Log-Landing Site

(a) Main activities:

- Where necessary, cross cutting of the logs by the permit holder, and marking of such logs so as to ensure consistency with the Log Production Report;
- Scaling (measurement) and grading of logs by the permit holder;
- Preparation of a log-list by the permit holder;
- Submission of Proposed Log Production Report by the permit holder;
- Approval of the Log Production Report by the district forestry official.

(b) Procedures:

- The permit holder marks all cross-cut logs;

- The permanent physical marking of logs consists of the original tree ID number and other marks enabling the log to be linked to the approved felling site;
- The permit holder scales and grades all logs and records the information on the logs in a log-list using an official Ministry of Environment and Forestry Form;
- Based on the log-list, the permit holder prepares a periodic Log Production Report and a summary report using official Ministry of Environment and Forestry Forms;
- The permit holder periodically submits the Log Production Report and summary to the district forestry official for approval;
- The district forestry official carries out sample-based physical verification of the reports. The result of the physical verification is summarised in a log-verification-list using an official Ministry of Environment and Forestry Form;
- Subject to a positive outcome of the physical verification the official approves the Log Production Report;
- Once logs have been verified by the official they must be stacked separately from any non-verified logs;
- The Log Production Report is used to calculate the required payment of the Forest Resources Fee and to the Reforestation Fund (as applicable).

(c) Data Reconciliation:

For natural forest concessions:

The district forestry official checks the number of logs, the tags and the total cumulative volume of logs extracted and declared in the Log Production Report against the quota approved in the Annual Work Plan.

For timber plantation concession:

The district forestry official checks the total cumulative volume of logs extracted and declared in the Log Production Report against the approved quota in the Annual Work Plan.

1.3. Log-Yard

Logs are transported from the log-landing site to log yards and then either directly transported to a processing mill or to an intermediate log-yard.

(a) Main activities:

- Preparation of a log-list by the permit holder;
- Invoicing by the district forest office and payment of relevant amount for the Forest Resources Fee and to the Reforestation Fund by the permit holder. Based on the log-list, the district forestry official conducts a field inspection;
- Subject to a positive result of the field inspection, issuance by the official of a Log Transport Document, to which is annexed a log-list;
- Preparation of a Log Balance-Sheet Report by the permit holder.

(b) Procedures:

- The permit holder submits a request to settle the relevant fees to the district forestry official in charge of billing, based on the log-list, which is attached to the request;
- Based on the aforementioned request, the district forestry official issues an invoice or invoices for settlement by the permit holder;
- The permit holder pays the amount set out in the Forest Resources Fee and/or Reforestation Fund Invoice(s) and the district forestry official issues a receipt or receipts for this payment;

- The permit holder submits a request for the issuance of Log Transportation Documents, accompanied by the payment receipt, log-list, and Log Balance-Sheet Report;
- The district forestry official carries out administrative and physical verification of the logs to be transported and prepares a verification report;
- Subject to a positive outcome of the verification, the district forestry official issues the Log Transport Documents;
- The permit holder prepares/updates the Log Balance-Sheet Report to record the quantity of incoming, stored and outgoing logs at the log yard.

(c) Data Reconciliation:

The district forestry official checks the Log Balance-Sheet Report comparing inflows, outflows and storage of logs at the log yard, based on Log Production Reports and relevant Log Transport Documents.

1.4. Intermediate log-yard

Intermediate log-yards are used if logs are not transported from the concession area directly to the mill yard. Intermediate log-yards are used in particular for inter-island transportation of logs or if the transport mode is changed.

The permit for establishment of an intermediate log-yard is granted by the forestry official based on a proposal submitted by the permit holder. An intermediate log-yard permit is valid for five years, but can be extended following review and approval by the forestry official.

(a) Main activities:

- Termination of the validity of the Log Transport Document by an official;
- Preparation of Log Balance-Sheet Report by the permit holder;
- Preparation of log-list by the permit holder;
- The permit holder completes the Log Transport Document following the format provided by the Ministry of Environment and Forestry.

(b) Procedures

- The district forestry official physically verifies the number, species, and dimensions of incoming logs by counting them (census) or on a sample basis if the number of logs exceeds 100;
- Subject to a positive outcome of the verification, the official terminates the validity of the Log Transport Document for the incoming logs;
- The permit holder prepares a Log Balance-Sheet Report as a means to control the inflow and outflow of logs at the intermediate log-yard;
- For the outgoing logs, the permit holder prepares a log-list, which is linked to the previous Log Transport Documents;
- The Log Transport Document for moving logs from the intermediate log yard is completed by the permit holder.

(c) Data Reconciliation:

The district forestry official checks the consistency between the logs transported from the log-yard and the logs entering the intermediate log-yard.

The permit holder updates the Log Balance-Sheet Report, which records inflows, outflows and storage of logs at the intermediate log-yard, based on the relevant Log Transport Documents.

1.5. Registered Log Depot

Registered log depots are used if logs are not transported from the concession area and/or intermediate log-yards and/or other registered log depot directly to the mill yard.

The permit for establishment of a registered log depot is granted by the district forestry official based on a proposal submitted by the permit holder. A registered log depot permit is valid for three years, but it can be extended following review and approval by the forestry official.

(a) Main activities:

- Termination of the validity of the Log Transport Document by the official; in case of natural timber using online log tracking system or plantation timber, termination of the validity of the Log Transport Document is done by the designated registered technical staff;
- Preparation of Log Balance-Sheet Report by the permit holder;
- Preparation of log-list by the permit holder;
- The permit holder completes the Log Transport Document following the format provided by the Ministry of Environment and Forestry.

(b) Procedures

- The district forestry official terminates the validity of the Log Transport Document for the incoming logs;
- The district forestry official physically verifies the number, species, and dimensions of incoming logs by counting them (census) or on a sample basis if the number of logs exceeds 100;
- Subject to a positive outcome of the verification, the timber is recorded in the Log Balance-Sheet Report;
- The permit holder prepares a Log Balance-Sheet Report as a means to control the inflow and outflow of logs at the registered log depot;
- For the outgoing logs, the permit holder prepares a log-list, which is linked to the previous Log Transport Documents;
- The Log Transport Document for moving logs from the registered log depot is completed by the permit holder.

(c) Data reconciliation:

The district forestry official checks the consistency between the logs transported from the log-yard or the intermediate log-yard and the logs entering the registered log depot.

The permit holder updates the Log Balance-Sheet Report, which records inflows, outflows and storage of logs at the registered log depot, based on the relevant Log Transport Documents.

1.6 Registered Processed-Timber Depot

Registered processed-timber depots are timber depot that receive processed-timbers from primary mill, registered processed-timber depots, processed-timber importer.

Registered processed-timber depots sell to secondary mill, registered processed-timber, household industry, registered exporter, and end user.

The permit for establishment of a registered processed-timber depot is granted by the district forestry official based on a proposal submitted by the permit holder. A registered processed-timber depot permit is valid for three years, but can be extended following review and approval by the forestry official.

(a) Main activities:

- Termination of the validity of the Processed-Timber Transport Document by the designated registered technical staff;
- Preparation of Processed-Timber Balance-Sheet Report by the permit holder;
- Preparation of timber-list by the permit holder;
- The permit holder completes the Processed-Timber Transport Document following the format provided by the Ministry of Environment and Forestry.

(b) Procedures

- The designated registered technical staff terminates the validity of the Timber Products Transport Documents for the incoming processed-timbers;
- The permit holder prepares a Processed-Timber Balance-Sheet Report as a means to control the inflow and outflow of processed-timbers at the registered processed-timber depot;
- For the outgoing processed-timber, the permit holder prepares a timber-list, which is linked to the previous Timber Products Transport Documents;
- The Timber Products Transport Documents for moving processed-timbers from the registered processed-timber depot is completed by the permit holder.

(c) Data reconciliation:

The designated registered technical staff checks the consistency for the incoming processed-timber.

The permit holder updates the Processed-Timber Balance-Sheet Report, which records inflows, outflows and storage of processed-timbers at the registered processed-timber depot, based on the relevant Timber Products Transport Documents.

2. Description of the operational control of supply chains of timber from for privately owned forest/lands

Timber harvesting operations on privately-owned forest/land are regulated by Minister of Environment and Forestry Regulation P.21 of 2015 (hereinafter referred to as the Regulation).

There are no legal requirements for the private owners of forest/lands to affix ID marks on trees inventoried for harvesting or on logs. Log yards and intermediate log yards are generally not used for timber harvested from privately-owned forest/lands.

Control procedures for timber from privately-owned forest/lands differ between logs obtained from trees which were on the site when the land title was acquired and logs obtained from trees that have been planted since the title was acquired. They also depend on the tree species harvested. The payment of the Forest Resources Fee and to the Reforestation Fund applies to logs from trees already present on the site when the land title was awarded but does not apply to logs from trees established after the award of the land title.

In the case of logs harvested from trees established after granting of the land title, there are two scenarios:

- For all species of timber originating from privately-owned forest/land in Java, Bali and Lombok (listed in Article 4.1); and for species listed in Article 4.3 of the Regulation, the owner prepares an invoice, which serves as the transport document;
- For all species of timber originating from privately-owned forest/land outside Java, Bali and Lombok (listed in Article 4.2); the head of the village or appointed official issues the transport document.

In the case of logs harvested from trees present on a site before the granting of the land title, the district forestry official issues the transport document.

2.1. Felling/Log-Landing Site

(a) Main activities:

- Recognition of the property right;
- Where necessary, cross-cutting;
- Scaling (measurement);
- Preparation of a log-list;
- Invoicing by the district forestry office and payment of the invoiced amount by the owner of the Forest Resources Fee and/or to the Reforestation Fund;
- Issuance or preparation of the transport document;

(b) Procedures:

- The private forest/land owner requests recognition of his or her property right;
- Once the forest/land property right is recognised, the owner prepares a log-list after measurement of the logs.

In the case of logs harvested from trees present on a site before the granting of the land title:

- The owner submits a log-list and a request to settle the Forest Resources Fee and Reforestation Fund payment to the district forestry official;
- The official conducts document checks and physical verification of the logs (dimensions, species identification, and number of logs);
- Subject to a positive outcome of the document checks and physical verification, the district forestry official issues a Forest Resources Fee and Reforestation Fund Invoice for settlement by the owner;
- The landowner submits the receipt for payment of the Forest Resources Fee and to the Reforestation Fund to the head of village, together with a request for issuance of a Log Transport Document;
- The head of village conducts document checks and physical verification of the logs (dimensions, species identification, and number of logs);
- Based on the above, the head of village issues the Log Transport Document.

In the case of logs harvested from trees established after granting of the land title:

Species listed in Article 4.1 and 4.3 of the Regulation:

- The owner marks the logs and identifies the species;
- The owner prepares a log-list;
- Based on the above, the owner prepares an invoice following the format provided by the Ministry of Environment and Forestry, which also serves as the transport document.

Species listed in Article 4.2 of the Regulation:

- The owner marks the logs and identifies the species;
- The owner prepares a log-list;
- The owner submits the log-list and a request for issuance of a Log Transport Document to the head of village or appointed official;
- The head of village or appointed official conducts document checks and physical verification of the logs (species identification, number of logs, location of harvest);
- Based on the above, the head of village or appointed official issues the Log Transport Document following the format provided by the Ministry of Environment and Forestry.

(c) Data Reconciliation:

The head of village or appointed official or the district forestry official compares the volume of harvested logs with the log-list.

3. Description of the operational control of timber supply chains for industry and for export.

3.1. Primary/Integrated Industry

(a) Main activities:

- Preparation of Log Balance-Sheet Report by the processing mill;
- Physical verification of logs by the district forestry official;
- Termination of the validity of Log Transport Document by an official;
- Preparation of Raw Material and Products Tally Sheet by the mill;
- Preparation of Processed Timber Balance-Sheet Report by the mill;
- The mill completes in the Timber Products Transport Document following the format provided by the Ministry of Environment and Forestry;
- Preparation of sales report of the mill.

(b) Procedures:

- The mill prepares a Log Balance-Sheet Report as a means to record the flow of logs in to and within the mill;
- The mill submits copies of the Log Transport Documents corresponding to each batch of logs received by the mill to the district forestry official;
- The official verifies the information in the reports by comparing with the physical products. This may be done on the basis of a sample if there are over 100 items;
- Subject to a positive outcome of the verification, the official terminates the validity of the Log Transport Documents;
- The official files copies of the Log Transport Documents and prepares a Summary List of the Log Transport Documents, following the format provided by the Ministry of Environment and Forestry;
- Copies of the Log Transport Documents which validity that have been terminated by an official are handed over to the company for filing;
- A summary of the Log Transport Documents is submitted to the district forestry office at the end of each month;
- The mill prepares raw material and product tally sheets by production line as a means to control the input of logs and output of timber products and to calculate the recovery rate;
- The mill prepares a Processed Timber Balance-Sheet Report as a means to report on flows of timber product within and from the mill, as well as stocks;

- The company or mill sends sales reports of the mill to the district forestry office on a regular basis.

(c) Data Reconciliation:

The company checks the Log Balance-Sheet Report comparing inflows, outflows and storage of logs based on Log Transport Documents.

The Production Tally Sheet is used to reconcile input and output volume of production lines and the recovery rate is compared with the published average rate.

The company checks the Processed Products Balance-Sheet Report comparing inflows, outflows and storage of products based on Timber Product Transport Documents.

The district forestry official checks the reconciliation carried out by the company.

3.2. Secondary Industry

(a) Main activities:

- Preparation of Processed Timber (semi-processed products) and Processed Products Balance-Sheet Reports by the factory;
- Preparation of invoices by the factory, which also serve as transport documents for processed timber products;
- Preparation of Processed Timber Balance-Sheet Report by the factory;
- Preparation of Sales Report by the company or factory.

(b) Procedures:

- The factory files the Processed Timber Transport Documents (for incoming material) and prepares a summary of these documents, which is submitted to the district forestry official;
- The factory uses the Processed Timber and Processed Products Tally Sheet by production lines as a means to report on flows of materials into the factory, output of products and to calculate the raw material recovery rate;
- The factory prepares a Processed Timber Balance-Sheet Report as a means to check flows of materials into the mill, output of timber products and stocks held the company or factory prepares invoices for processed products, which else serves as the transport document, and files copies of the invoices. A timber products list is annexed to each invoice;
- The company or factory sends Sales Reports to the district forestry office.

(c) Data Reconciliation:

The factory checks the Processed Timber Balance-Sheet Report comparing inflows, outflows and storage of materials based on Processed Timber Transport Documents and Processed Timber Tally Sheet.

The Production Tally Sheet is used to check input and output volume of production lines and the recovery rate is evaluated.

The company checks the Processed Products Balance-Sheet Report, comparing inflows, outflows and storage of products based on invoices.

4. Legality verification using Supplier's Declaration of Conformity (SDoC) and internal checks

Supplier's declaration of conformity (ISO 17050) is a "declaration" as defined in ISO/IEC 17000, i.e. first-party attestation; issue of a statement, based on decision following review, that fulfilment of specified requirement has been demonstrated.

SDoC can be used by operators in privately-owned forests, household industries and registered timber depots to express the legality of their timber. SDoC is declared by the designated operators. The company that receives the SDoC shall undertake and document internal checks on the validity of the information declared in the SDoC. This shall be verified by Conformity Assessment Bodies (CABs) when conducting audits of the receiving company through document review and random field checks. In addition, the Ministry of Environment and Forestry can carry out random inspections, which may be contracted to competent third parties. In indications of fraud and irregularities, the government can conduct special inspections of the operator which uses SDoCs.

All timber products covered by a V-Legal Document or FLEGT licence must come from a SVLK certified supply chain. Timber and timber products covered by SDoC cannot directly access international markets. Such access is only possible through a certified SVLK operator.

SDoC list amongst others species, volume, issuer (owner of the timber), recipient, transport document, proof of origin, and expiration date. The SDoC is attached to the transport document based on timber administration regulations. Detailed procedures for SDoC issuance and related checks are provided in the TLAS guidelines.

Supplier's declaration of conformity is also used for imported timber. Only registered importers and processing importers can import timber and timber products into Indonesia. These operators are required to apply a due diligence system that checks legality at the country of harvest of the imported timber. Operators then fill in a SDoC that lists amongst others species, volume, issuer, recipient, transport document, proof of legality, shipping information and the country of harvest. The SDoC is attached to the notification of import (PIB) and the transport document based on timber administration regulations.

Conformity Assessment Bodies (CABs) when conducting audits of the importer carry out document review and random field checks of the due diligence system applied and the SDoCs issued. In addition, the government shall carry out random inspections, which may be contracted to competent third parties. In indications of fraud and irregularities, the government shall conduct special inspections of the importer. Detailed procedures for the due diligence system, SDoC issuance and related checks are provided in the TLAS guidelines and the related import.