



environmental
investigation
agency



Forests

Criminal Neglect

Failings in enforcement
undermine efforts to stop
illegal logging in Indonesia

January 2021



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ABOUT EIA

EIA investigates and campaigns against environmental crime and abuse. EIA's undercover investigations expose transnational wildlife crime, with a focus on elephants, pangolins and tigers, and forest crimes such as illegal logging and deforestation for cash crops like palm oil. EIA works to safeguard global marine ecosystems by addressing the threats posed by plastic pollution, bycatch and commercial exploitation of whales, dolphins and porpoises. Finally, EIA reduces the impact of climate change by campaigning to eliminate powerful refrigerant greenhouse gases, exposing related illicit trade and improving energy efficiency in the cooling sector.

ABOUT KAOEM TELAPAK

KT is an environmental non-governmental organisation (NGO) working across forestry, agriculture, fisheries and rights of local communities and indigenous peoples. KT is working to strengthen governance in these broad overlapping areas, including monitoring illegal and illicit activities, and communicating the findings. In 2016, KT grew out of Telapak, which was originally founded in 1996. KT is a member-based organisation.

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Above:
Stem of a merbau tree.

Front cover design:
A majestic merbau tree.

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GLOSSARY / LIST OF ACRONYMS

DG Gakkum

Direktorat Jenderal Penegakkan Hukum
Directorate General of Law Enforcement under
Ministry of Environment and Forestry

DG PHPL

Direktorat Jenderal Pengelolaan Hutan
Produksi Lestari
Directorate General of Sustainable Management
of Production Forest

Dit. IPHH

Direktorat Iuran dan Peredaran Hasil Hutan
Directorate of Forest Product Retribution
and Distribution

Dit. PPHH

Direktorat Pengolahan dan Pemasaran Hasil Hutan
Directorate of Processing and Marketing of
Forest Products

EIA

Environmental Investigation Agency

FLEGT VPA

Forest Law Enforcement, Governance and Trade
Voluntary Partnership Agreement

IUPHHK

Izin Usaha Pemanfaatan Hasil Hutan Kayu
Timber Concessionaire

JPIK

Jaringan Pemantau Independen Kehutanan
Independent Forestry Monitoring Network

KLHK

Kementerian Lingkungan Hidup dan Kehutanan
Ministry of Environment and Forestry

KPK

Komisi Pemberantasan Korupsi
Corruption Eradication Commission

KT

Kaoem Telapak

KUHAP

Kitab Undang-Undang Hukum Acara Pidana
Indonesian Code of Criminal Procedure

LVLK

Lembaga Verifikasi Legalitas Kayu
SVLK Verification Body

MoU

Memorandum of Understanding

Nota Angkutan

Timber Transportation Invoice

OHL II

Operasi Hutan Lestari II
Operation Sustainable Forest II

PNBP

Penerimaan Negara Bukan Pajak
Administration Non-Tax State Revenue

PPATK

Pusat Pelaporan dan Analisis Transaksi Keuangan
Financial Transaction Report and Analysis Center

IDR

Indonesian Rupiah

SILK

Sistem Informasi Legalitas Kayu
Timber Legality Information System (TLIS)

SIPUHH

Sistem Informasi Penatausahaan Hasil Hutan
Forest Product Administration Information System

SKSHHK

Surat Keterangan Sahnya Hasil Hutan Kayu
Statement of Timber Forest Product Legality

SVLK

Sistem Verifikasi Legalitas Kayu
Timber Legality Assurance System (TLAS)

S-LK

Sertifikat – Legalitas Kayu
Timber Legality Certificate

TPT-KO

Tempat Penampungan Terpadu Kayu Olahan
Integrated Depot for Processed Timber

UU TPPU

Undang-Undang Tentang Pencegahan Dan
Pemberantasan Tindak Pidana Pencucian Uang
Act on Prevention and Eradication of Money
Laundering

Overview

Indonesia's long-running problem with illegal logging has had devastating impacts. Illegal loggers and traders have particularly focused on high value timber species such as merbau. In recent years, however, the Indonesian Government, with support from civil society, has made significant efforts to combat this destructive crime.

In 2017 the Environmental Investigation Agency (EIA) and its Indonesian partner Kaoem Telapak (KT) started an investigation into illegal logging of merbau in Papua and West Papua and its trade to Surabaya (East Java) and beyond. Soon after the investigation started, the Indonesian Government increased its enforcement efforts in that area.

These enforcement efforts, which started in early 2018 and lasted for just over 12 months, were notable for various reasons, including the large number of companies caught up in the enforcement, the amount

of merbau timber seized and the penalties handed out to the criminals, including jail time for company owners and directors.

The EIA and KT investigations worked to not only expose criminal activities in the forest, but also exposed the role and drivers of the associated trade. We monitored enforcement actions and the judicial process that followed.

[Below: Natural forest in Indonesia.](#)





Above: Sawn merbau timber at PT Mahakam Mandiri Makmur, Surabaya, one of the companies caught in enforcement action of DG Gakkum.

Our findings uncovered inconsistent enforcement and a lack of information from the authorities of their prosecutions and court cases. Notable concerns include:

- that the Supreme Court returned timber valued at approximately \$1.6 million to a convicted illegal timber trader who is still in jail;
- that some of the companies that have been found guilty of trading in illegal timber still hold a SVLK¹ certificate. This certificate is there to confirm that a company has followed the required chain of custody ensuring that the timber in its supply chain is legal;
- some timber trading companies continue to operate despite being ordered to cease operating by the courts;
- the lack of transparency in prosecution and court processes has at times been a benefit to those facing charges. And makes monitoring the process impossible;
- Prosecutors and the courts are not using all the legal tools at their disposal to punish illegal loggers and traders, including using the anti-money laundering law (UU TPPU).

Recommendations:

KT and EIA recognise the steps taken by the authorities to combat illegal logging and the associated trade in Indonesia; there are, however, still several areas that need to be improved:

For Ministry of Environment and Forestry (KLHK):

- A company that is found guilty of illegal logging must lose its SVLK certificate and not be able to get a new certificate.
- More effective monitoring of the circulation of timber using Nota Angkutan² as well as timber entering and leaving the secondary industry is needed.
- The results of DG Gakkum³ investigations should be uploaded to the SILK⁴ website, with the information being made available to the public.
- KLHK, and Ministry of Industry and Ministry of Trade must work together to address the use of fake SKSHH⁵ documents.

For prosecutors and courts:

- The Indonesian Public Prosecution Service should use all available tools and relevant laws such as the anti-money laundering law (UU TPPU).
- Full court decisions must be made publicly available including uploaded on the relevant court decision directory website, and shared in a timely manner.
- Judges and prosecutors must ensure that prosecutions and sentences imposed on illegal logging perpetrators are appropriate and become an effective deterrent.



Context

The loss of substantial areas of natural forests in Indonesia in recent decades has been well documented, although in the past few years this loss has been less stark than before.

From 2001-19, it lost nearly 27 million hectares of tree cover (equivalent to a larger surface area than the United Kingdom)⁶. This has had devastating impacts on the country's biodiversity and the rights and well-being of local communities and indigenous peoples, as well as for the world's climate.

This forest loss has affected Indonesia's provinces in different ways. Papua and West Papua, for example, which contain more than a third of the country's

remaining natural forest⁷ lost more than 900,000 hectares of tree cover from 2001-19⁸. The main causes of forest loss in these two provinces have been logging – legal and illegal – and conversion of natural forests to oil palm plantations⁹. Weak governance is central to this forest loss.

Above: Merbau trees are an ecologically, economically and socially important tree species.

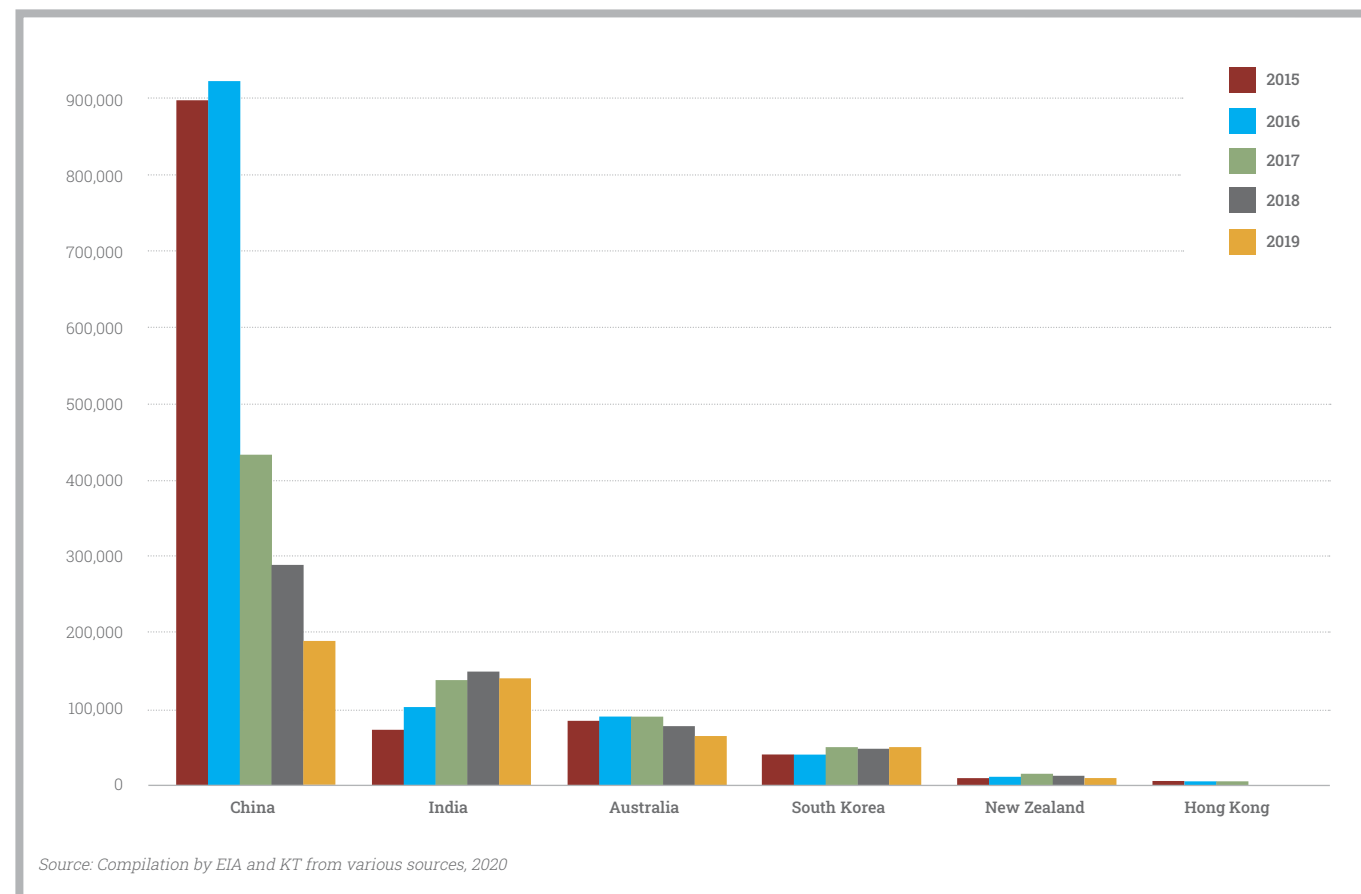


Above: Merbau sapling.



Right: Drone photo of illegal merbau logging site in Papua.

Figure 1: Top destination countries of merbau timber product exports from Indonesia according to weight (thousand tonnes) (2015 to 2019)



Merbau (*Intsia bijuga*) is a key timber species in terms of economic, environmental and social values in Papua and West Papua. Merbau is used by the local communities, including indigenous peoples, as material for building houses, while its bark and leaves are used for traditional medicine. Merbau timber is much sought-after. For example, it is exported to China for various uses in high-value products including flooring, furniture and musical instruments. It is estimated that roughly 50 per cent of merbau timber product exports are to China (Figure 1).

Merbau's high economic value makes it a target for illegal loggers. EIA, working with civil society partners in Indonesia, has been monitoring and reporting on the trade of illegal timber, especially merbau, in Indonesia (Text box 1) for many years.

EIA and KT started another investigation of the illegal trade in merbau in 2017, the main findings of which are presented in this report. The field research, which lasted more than three years, was initiated due to continued circulation of reports of illegal logging of merbau in Papua and West Papua and its trade, including to China. The investigation overlapped with a crackdown against illegal logging by Indonesian authorities. The investigation by EIA and KT also exposed concerns about inconsistent enforcement.

Text box 1. The work of EIA and KT in fighting illegal logging in Indonesia

EIA and KT¹⁰ have been monitoring and reporting on illegal logging in Indonesia for many years. Both have also contributed to policy reforms to bring about effective solutions to address this blight on Indonesia's forests.

In 2005, EIA and Telapak published *The Last Frontier: Illegal logging in Papua and China's massive timber theft*, exposing the massive scale of illegal logging in Papua and how a large volume of the timber was transported to China¹¹. The investigation findings shared in the report highlighted how merbau was the main target of the illegal loggers in Papua. At its peak, an estimated 300,000m³ of merbau logs were being transported to China each month. Figure 1 shows that China continues to be the main market for merbau timber products.

EIA and Telapak's 2010 report *Rogue Traders: The murky business of merbau timber smuggling in Indonesia*¹² returned to the issue of trade in stolen merbau, highlighting ineffective law enforcement against those responsible for the illegal trade, including the financiers, company bosses and corrupt officials.

Based on the investigation work and continued monitoring of illegal logging, EIA and KT have been advocating the closure of international markets, such as the EU, to the import of illegal wood products as demand for tropical timber is one of the drivers of illegal logging. The work EIA, KT and other Indonesian partners have done in exposing cases of illegal logging over the years have helped strengthen Indonesia's regulatory framework to ensure timber legality becomes the backbone of cooperation between Indonesia and the EU to halt the trade in illegal timber.





Efforts to address illegal logging in Indonesia

In 2005, following the publication of the EIA and Telapak report *The Last Frontier* (Text box 1), Indonesian President Susilo Bambang Yudhoyono instigated a crackdown on the illegal trade in merbau through Operasi Hutan Lestari II (OHL II)¹³. OHL II is seen as being a significant milestone in attempts to eradicate illegal logging in the country.

Another key process in the efforts by authorities to combat illegal logging has been on the policy front. Key to this has been the development of the Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement (VPA) with the EU. The VPA is a bilateral timber trade agreement between the EU and Indonesia and its aim is to guarantee that any timber and timber products exported from a timber-producing country, in this case Indonesia, to the EU come from legal sources. The VPA is designed to assist the partner country put an end to illegal logging by strengthening timber trade regulations and forest governance.

The Indonesia-EU FLEGT VPA was signed in 2013¹⁴, entering into force in 2014. Indonesia issued its first FLEGT licences¹⁵ in 2016. A fundamental component of the VPA is the Timber Legality Verification System (Sistem Verifikasi Legalitas Kayu/SVLK). The SVLK, introduced in June 2009¹⁶, has been implemented since September 2009 and was first revised in 2011¹⁷.

Civil society in Indonesia has played an important role as a watchdog, monitoring and reporting on illegal logging, including in Papua and West Papua. For example, in 2012-13, Jaringan Pemantau Independen Kehutanan (JPIK [Independent Forestry Monitoring Network]) investigated illegal merbau timber trade in Sorong, West Papua Province which implicated Labora

Sitorus, at the time a police officer and owner of the company PT Rotua. The Labora Sitorus case became a spotlight of national mass media, including Metro TV and Tempo, not least because of the wealth he had accrued from illegal logging (Text box 2). His story arguably became a symbol of the fight against illegal logging, including highlighting the inconsistencies in how authorities deal with illegal loggers and traders.

In 2017, the NGO Koalisi Anti Mafia Hutan (the Coalition Against Forest Mafia) exposed seven timber processing companies in Papua for having violated SVLK and timber administration regulation²⁰ (Regulation of Ministry Environment and Forestry No. P.43/MENLHK-SETJEN/2015 concerning Administration of Timber Forest Product from Natural Resources). In December 2018, *Tempo*, the Indonesian news magazine, in collaboration with three national NGOs (Auriga Nusantara Indonesian, Indonesian Corruption Watch and Migrant CARE) investigated illegal logging activities in Papua and West Papua. The investigation observed illegal logging activities and forging of documents to legalise the illegal merbau timber, thus allowing it to be transported to companies in Surabaya²¹.

The efforts of governmental and non-governmental organisations, combined with policy developments such as the FLEGT VPA, have had notable impacts in terms of addressing illegal logging and strengthening forest governance²². However, illegal logging still continues, with the illegal loggers and traders having to change their modus operandi responding to increased focus by authorities.

Above: Merbau logs at Tanjung Perak Port in 2013.

Text box 2. The Labora Sitorus (PT Rotua) story



In 2013, Labora Sitorus was a senior member of the Indonesian police force and the owner of the company PT Rotua. That year, police confiscated 2,264m³ of illegal merbau timber found in 115 shipping containers being sent from Sorong to Surabaya, East Java. The timber was linked to Sitorus. The value of the merbau was estimated at IDR 80 billion (\$835,000^{18,19}).

In their follow up investigations, the authorities also seized various items as evidence, including container ships and more than 7,600m³ of timber products. Further investigation by the Indonesian Financial Transaction Analysis Reporting Centre (PPATK) uncovered Labora Sitorus' ill-gotten gains from his illegal activities, including bank accounts containing roughly IDR 1.5 trillion (\$123,000,000).

Initially, Sitorus was charged with illegal logging and money laundering, but the Sorong District Court found him guilty only of illegal logging, sentencing him to just two years in prison and a fine of IDR 50 million (\$4,100). The state prosecutors lodged an appeal to the Papua High Court in May 2014 and he was subsequently found guilty of money laundering. He was sentenced to another eight years in prison, with an additional fine of IDR 50 million. The state prosecutors felt the punishments were still too lenient and lodged a further appeal, this time with the Indonesian Supreme Court. In September of that year, Sitorus was ordered by the Court to serve a total of 15 years in prison and fined him IDR 5 billion (\$510,000).



Top: Authorities opening one of the containers of sawn merbau that belonged to Labora Sitorus.

Above: Tempo news magazine cover from September 2013. Translation of the text: Police officer owning rp 1.5 trillion rupiahs names superiors who he gave money. Labora's money?

Sitorus' story then took another twist when it transpired that he was given permission to leave prison in March 2014 to seek medical care. He did not return until he was apprehended in February 2015. Eight months later, he was once more released from prison to seek medical care, again hiding from the authorities when he was due to return. In March 2016, he was finally rearrested again.

The story of Yono – an example of the current practices of illegal loggers

EIA and KT's investigation led them to the border area of Jayapura and Sarmi Regencies (Papua), where they found an illegal merbau logging operation involving various brokers and many companies, as well as numerous corrupt Government officials. At the heart of the operation was an illegal logging coordinator known as Yono.

The investigation found that Yono was buying timber from the Ondoafis²³ (head of a tribe or clan) from various tribes in Bonggo District, Sarmi Regency. The regulations in Papua (Pergub No.18/2010) allows indigenous peoples to cut trees on their land, but only for their own consumption and public work. The timber cannot be used for commercial purposes, including supplying industries. In other words, the timber was being harvested illegally. Yono was

Below: Loggers' temporary home in one of Yono's logging camps.



buying the merbau to order for various brokers. He shared the nicknames of the brokers: Atyang, Ambang, Budi (Yono's brother), Kadir and Lasdi.

Yono prioritised harvesting mature trees, buying them as standing trees from the Ondoafis. He would then bring in a team of loggers who would build a camp and stay up to 30 days in the forest. The investigators observed six logging camps in total, three of which were still in use. It is estimated that each logging camp would handle between 15-25m³ of sawn merbau each day.

Yono would sell the sawn merbau timber to the brokers, but he was also responsible for transporting the merbau to companies. He disclosed that the companies were PT Harangan Bagot, CV Harapan Indah, PT Rajawali Papua Foresta, and PT Sijas Express Unit II in Nimbokrang district and PT Victory Cemerlang Indonesia Wood Industry (CIWI), located in Unurunguay district. When these companies received the timber, they would get the necessary transportation documents (Statement of Timber Forest Product

Legality – Sawn Timber / SKSHK-KO and Processed timber transportation invoice / Nota Angkutan). These documents were needed to ship the timber from Papua to Surabaya (East Java).

According to Yono, the brokers would bribe forestry officials and police to arrange a safe time to transport the sawn timber, paying bribes of up to IDR 15-25 million a month (roughly \$1,100-1,800). Yono, on the other hand, was responsible for bribing the checkpoints along the route from his timber depot near the forest to the destination company. There were, on average, five forest ranger checkpoints, two police posts, two district military posts and one tribe post²⁴. Each truck that passes must pay IDR 50,000-100,000 (roughly \$4-8) bribe at each post.

Yono's net profit from his illegal timber business was an estimated IDR 1-1.5 million per cubic metre of merbau. For 15-25 cubic metres per day, the net profit would have been IDR 22,500,000-37,500,000 (\$1,700-2,800). This is an estimate by EIA and KT and would fluctuate according to orders, worker availability, conditions in the felling site etc.

Enforcement actions by the authorities in 2018 and 2019, including by the Directorate General on Law Enforcement for the Ministry of Environment and Forestry (DG Gakkum), impacted not only Yono's operations but also, according to him, other illegal loggers operating in the area.

During the investigation by EIA and KT, it became clear that it was increasingly difficult to transport illegal timber. Additionally, brokers were being extremely cautious even though they had already bribed some forestry officers and police in Jayapura. Yono stopped all merbau tree felling in January 2019 as he had no buyers. The operations by DG Gakkum did not target the illegal loggers, so Yono's activities were not directly investigated.

Despite Yono having stopped his illegal logging operations because of many of his buyers being caught up in the enforcement actions (Tables 2 and 5), his story continues to be of concern. The issues include:

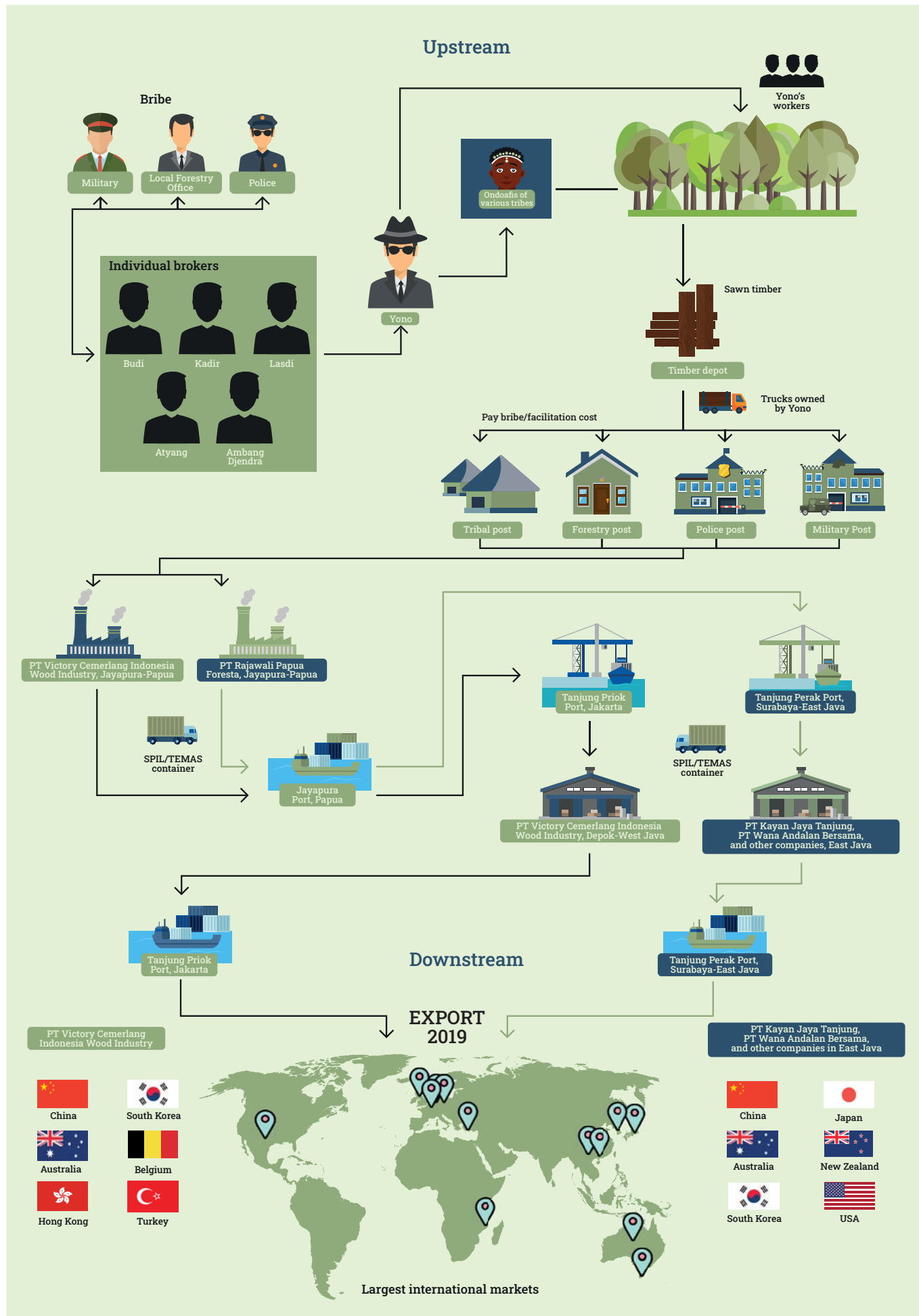
- the benefits accrued by Ondoafis from the illegal logging, contravening the law but also stealing from their own communities;
- the ability of Yono and the brokers to bribe Government officials;
- the ability to greenwash the illegal merbau so it can enter the legal timber supply chain;
- the fact that Yono was not directly caught up in the enforcement leaving him to enjoy the benefits of his crimes and continue illegal logging when the buyers return.



Top: Felled merbau tree being cut to size by Yono's loggers for transportation to log yard.

Centre: Loading of the merbau onto the specially modified motorbike.

Bottom: One of Yono's loggers transporting felled merbau to the logging yard using specially modified motorbike.



Enforcement actions by Indonesian authorities against traders of illegally logged merbau

The Indonesian authorities have conducted various enforcement actions in recent years. These included a crackdown by DG Gakkum, which started in January 2018 and lasted about a year.

The aim of these operations was to further restrict illegal logging of merbau and its trade in Kaimana and Sorong Regencies (West Papua), Nabire Regency and Jayapura Regency (Papua) and Surabaya city (East Java). The enforcement operations were notable for various reasons, including their scale, the numerous agencies involved and the punishments handed out, but also the inconsistencies. The crackdown coincided with the investigation by EIA and KT into illegal logging of merbau and its trade from Papua and West Papua.

Enforcement action by DG Gakkum Papua. March 2018

In March 2018, DG Gakkum and local police seized 21 containers of merbau in Kaimana Port, Papua. The containers were seized as they did not have the relevant documents²⁵. The investigation by DG Gakkum and local police found that the consignee was the company CV Duta Layar Terkembang, which was

Below: Press conference by Indonesian authorities about the seizures of illegal merbau in Tanjung Perak Port in January 2019.



Table 1: PT. Bahtera Setia's merbau suppliers in Papua, West Papua and Maluku which were caught up in enforcement actions in late 2018 and early 2019.

No	Company Name	Location (province)	Involvement in enforcement actions
1	PT Harangan Bagot	Papua	November 2018. Included in DG Gakkum and DG PHPL Post Audit Operation January 2019. Timber seized as part of DG Gakkum enforcement
2	CV Harapan Indah	Papua	November 2018 Included in DG Gakkum and DG PHPL Post Audit Operation January 2019. Timber seized as part of DG Gakkum enforcement
3	CV Maridjo	West Papua	December 2018. Timber seized as part of DG Gakkum enforcement
4	CV Edom Ariha Jaya	Papua	November 2018. Included in DG Gakkum and DG PHPL Post Audit Operation January 2019. Timber seized as part of DG Gakkum enforcement
5	CV Mandiri Perkasa	Papua	November 2018. Included in DG Gakkum and DG PHPL Post Audit Operation
6	PT Intico Pratama	Papua	November 2018. Included in DG Gakkum and DG PHPL post audit list
7	CV Rizki Mandiri Timber	Papua	November 2018. Included in DG Gakkum and DG PHPL Post Audit Operation January 2019. Timber seized as part of DG Gakkum enforcement
8	PT Mansinam Global Mandiri	Papua	November 2018. Included in DG Gakkum and DG PHPL Post Audit Operation January 2019. Timber seized as part of DG Gakkum enforcement
9	CV Klalin Indah Furniture	West Papua	December 2018. Timber seized as part of DG Gakkum enforcement

Source: Information from informant within KLHK 2018

acting as an intermediary. The shipment was destined for PT Bahtera Setia, which owned a depot for processed wood in Gresik, near Surabaya, East Java.

EIA and KT found PT Bahtera Setia had received merbau timber from 25 companies in Papua, West Papua and Maluku, nine of which were caught up in enforcement actions during 2018-19 (Table 1).

EIA and KT also found that PT Bahtera Setia was selling merbau to 49 companies in Surabaya and Gresik. This information was shared with DG Gakkum but it is unclear what, if any, enforcement action was taken against these buyers. As of December 2018, PT Bahtera Setia has ceased its timber trading activities.

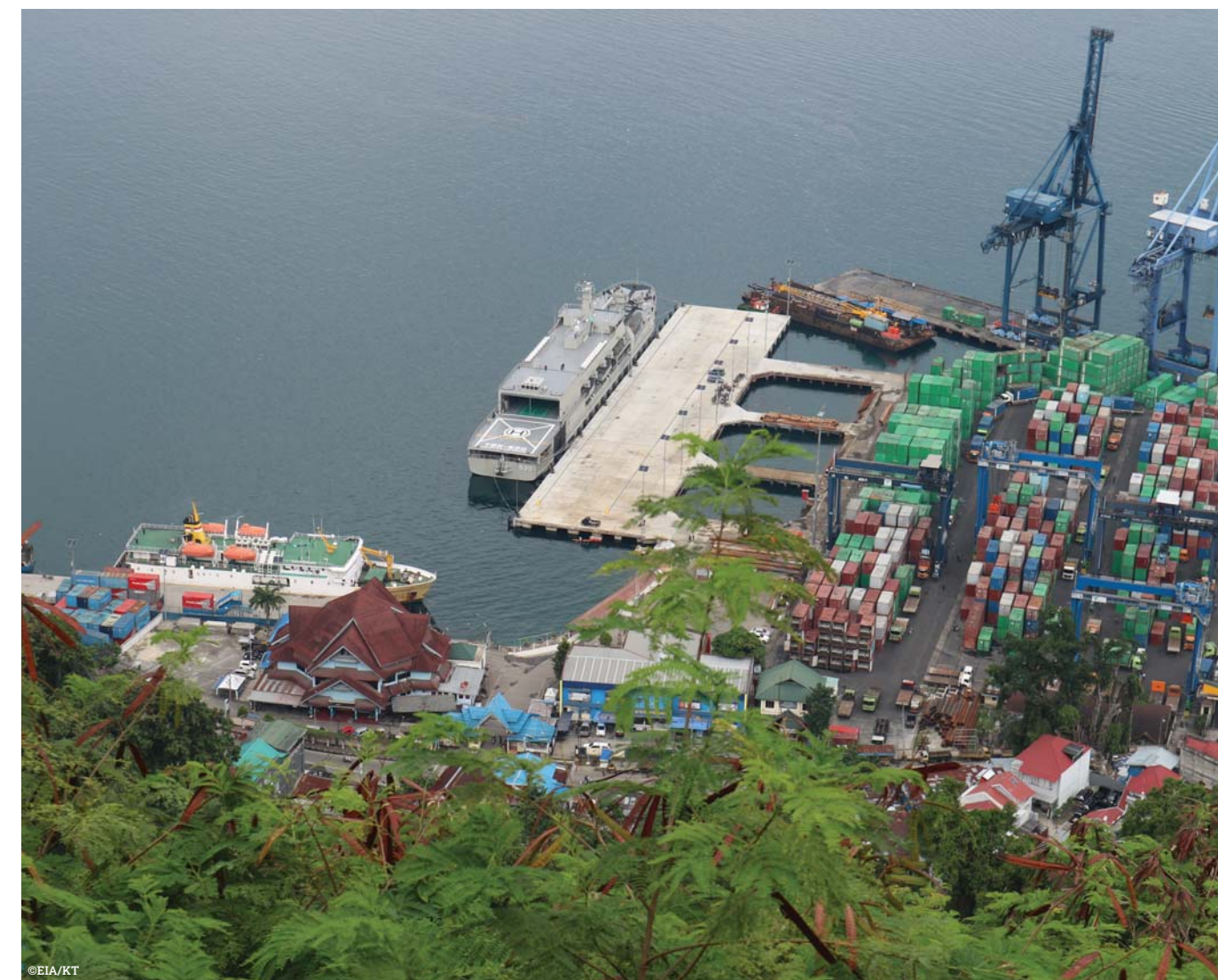
Post audit – Jayapura, Papua, November 2018

In August 2018, the Ministry of Environment and Forestry²⁶ (KLHK) assembled a team from DG Gakkum and Directorate General of Sustainable Management of

Production Forest (DG PHPL) to conduct post audits of primary timber industries in Papua with a processing capacity of under 6,000m³ per year²⁷. The focus on the smaller processing plants reflected concern that they were a hub for processing illegal timber.

The Post Audit Operation focused on Jayapura Regency (Papua). The Post Audit found that 10 companies had committed serious violations of illegal logging regulations. Specifically, the companies were found to have received illegal merbau timber. According to a contact in the KLHK they had used one document for processed timber (SKSHHK) multiple times for different merbau consignments, where the traders of illegal timber duplicated the SKSHHK document that was issued through the SIPUHH online.

The findings of the Post Audit were handed to the provincial and regency authorities (Papua Province Forestry Office and Jayapura Regency Forestry Service) as, according to the regulation²⁸, industries below



6,000m³ fall under their jurisdiction. Despite efforts by EIA and KT, it was not possible to determine what, if any, subsequent action was taken against those companies included in the Post Audit. EIA and KT were unable to find any notices of follow up action, despite frequent requests to DG Gakkum and DG PHPL. The lack of transparency and apparent follow up action was a common feature of the enforcement actions.

An additional concern of the Post Audit Operation was that despite the question of illegality of the merbau timber being traded by these 10 companies, no timber was seized by authorities during enforcement. This was because those conducting the Post Audit Operation did not have the mandate to seize illegal timber²⁹. Therefore, it was possible that illegal merbau timber was able to enter the legal supply chain, including achieving a FLEGT licence for export to the EU.

However, seven of the 10 companies were caught up in the follow-up enforcement actions by DG Gakkum in December 2018 and January 2019 (Table 2). Two of the companies, PT Victory (CIWI) and PT Rajawali Papua Foresta, were also recipients of illegal merbau timber provided by Yono.



Top: Aerial view of Jayapura port.

Above: Sawn timber at PT Harangan Bagot, Jayapura, Papua.

DG Gakkum enforcement actions – Makassar (South Sulawesi) and Surabaya (East Java), December 2018-January 2019

In December 2018 and January 2019, DG Gakkum followed up on the findings from the Post Audit Operation and conducted another crackdown against illegal trade of merbau, this time focusing on Surabaya (East Java) and Makassar (South Sulawesi).

In total, 384 shipping containers holding 6,489m³ of merbau sawn logs were seized in Tanjung Perak Port (Surabaya) and Soekarno Hatta Port (Makassar). The seized timber is still impounded by DG Gakkum.

The sawn logs were owned by 21 companies (Table 2). The value of the seized merbau, which originated from Papua and West Papua, would be roughly IDR 78 billion (\$7,720,000). The shipments were accompanied by SKSHHK and Nota Angkutan³⁰ (Timber Transportation

Invoice) documents, but some of the information provided was fabricated, including the timber origin, thereby making the timber illegal³¹. The misuse of the Nota Angkutan was already noted back in 2014 in research by CIFOR³² and in the Second Periodic Evaluation of the FLEGT VPA conducted in 2019³³. The latter noted that it is a loophole that allows for illegal timber to enter the supply chain.

According to documents from the courts, three of the companies – CV Alco Timber Irian, PT Rajawali Papua Foresta and PT Mansinam Global Mandiri³⁵ – were selling illegal timber to 26 companies in Surabaya (see appendix). The estimated total volume of the merbau sold by these three was 2,308.9m³, which would be valued at roughly IDR 27.7 billion (\$1.9 million). None of the companies buying the illegal timber were prosecuted in the enforcement operations during this period.

Table 2: Overview of Post Audit Operation by DG Gakkum and DG PHPL in November 2018 and enforcement operations by DG Gakkum in December 2018 and January 2019 in Surabaya (East Java) and Makassar (South Sulawesi)

Company	Province	Post Audit Operation. Nov 2018 ³⁴	Timber seized (m ³) in DG Gakkum Operation in Surabaya. 8 Dec 2018	Timber seized (m ³) in DG Gakkum Operation, in Surabaya. 4 & 7 Jan 2019	Timber seized (m ³) in DG Gakkum Operation in Makassar. 5 Jan 2019
1 CV Mandiri Perkasa	Papua	✓			
2 PT Intico Pratama	Papua	✓			
3 PT Victory CIWI Unit II	Papua	✓			
4 CV Edom Ariha Jaya	Papua	✓		418.43	59.09
5 CV Mevan Jaya	Papua			354.36	57.11
6 CV Rizki Mandiri Timber	Papua			599.5	514.7
7 PT Harangan Bagot	Papua	✓			20.63
8 CV Harapan Indah	Papua	✓		241.17	53.79
9 PT Mansinam Global Mandiri	Papua	✓		955.05	52.31
10 PT Rajawali Papua Foresta	Papua	✓		328.36	155.61
11 PT Sijas Ekspres Unit II	Papua	✓		29.26	
12 PT Papua Hutan Lestari Makmur	Papua			27.09	
13 CV Irian Utama	Papua	✓		131.67	
14 CV Persada Papua Mandiri	Papua			26.71	
15 CV Alco Timber Irian	West Papua			724.50	
16 PT Hartawan Indo Timber	West Papua			91.99	
17 CV Klalin Indah Furniture	West Papua			12.22	
18 CV Sorong Timber Irian II	West Papua			955.24	
19 CV Maridjo	West Papua		160.12		
20 PT Aneka Karya Gemilang	West Papua		208.15		
21 CV Anugerah Rimba Papua	West Papua		272.2		
TOTAL		NR	640.48	4,935.58	913.27

Source: Information from KLHK informant 2019



Inconsistencies in enforcement

There are clear procedures in Indonesia for prosecuting crimes such as illegal logging.

An investigation by DG Gakkum has a maximum of 90 days before the case is either dropped or handed over to the State or provincial prosecutors. The prosecutors have up to 50 days to conduct investigations on the case. Subsequently, the prosecutors have up to 25 days to either drop the case or file it with the appropriate court³⁶.

EIA and KT's investigation raised numerous concerns about the apparent lack of action against some of the companies:

- no apparent action taken against the 49 companies buying timber from PT Bahtera Setia, despite the fact the company was found to have been buying timber from various companies caught in enforcement actions;
- no apparent action against the 10 companies found to have been trading illegal merbau timber in the Post-Audit Operation of November 2018. Seven of the companies were, however, caught up in subsequent enforcement actions by DG Gakkum. This lack of action includes the fact that no timber was seized in the Post-Audit operation;
- no apparent action against the 13 of the 18 companies caught up in the enforcement actions in Makassar (South Sulawesi) and Surabaya (East Java), December 2018 to January 2019;

- no apparent action against the 26 companies found to be buying illegal merbau timber from three of the companies caught up in the enforcement actions in Makassar (South Sulawesi) and Surabaya (East Java), December 2018 to January 2019

This concern may be due to the lack of public communication by DG Gakkum and the prosecution; the lack of transparency as well as other concerns were also found by EIA and KT once the various cases reached the courts.

Opaque nature of the courts

Under Indonesian law, if the investigating authority finds sufficient evidence a prosecution can be made against the company and/or senior management or owners of these companies³⁷. As highlighted in the *Rogue Traders*³⁸ report, in the past prosecution was usually made against junior staff of the companies, seldom against the owners. Additionally, there were concerns that the punishments being handed out to illegal loggers and traders were not proportionate to the crime and therefore not a deterrent.

Once the Regency Prosecutors received the files for the January 2019 enforcement in Makassar, they decided to focus on seven companies and their key senior staff. Charges were filed for the individual staff as they were

deemed to be responsible for overseeing their companies' trade in the illegal timber. In February 2019, six of the seven companies and their staff filed a motion with Makassar Court to get prosecution to drop the case. The motion was rejected by the court³⁹. However, after the pretrial process, only four of the companies and their staff were mentioned in the publicly available court verdict. The cases for these four companies and staff were filed in Makassar Court in May 2019 (Tables 3 and 4).

There are guidelines for courts in Indonesia regarding transparency, including sharing information on ongoing and completed cases^{41,42}. For example, the complete court verdict must be made publicly available on the court's website within two weeks of the verdict being reached. Additionally, the court must also publish trial schedules.

The documents detailing the court verdicts of three of the cases (Toto Solehudin, director of CV Mevan Jaya; Sutarmi, director of CV Rizky Mandiri Timber; and CV Harapan Indah) were not publicly available so it is not possible to know if any action was taken by the court against these companies and their staff. The regulation provides steps to interested parties to access the verdicts if the courts fail in their duties to make them public. EIA and KT followed the guidance and nearly two years later are still unable to access the verdicts.

For the four cases which did proceed to court, in July 2019 the four directors processed by the Makassar Court as the responsible persons for trading the illegal timbers were sentenced to one year in prison and fined IDR 500 million (\$36,000) (Table 4).

In addition, the directors of PT Mansinam Global Mandiri and CV Edom Ariha Jaya were also processed at the Surabaya Court, where they were given further punishment (Table 4). They were processed in both Makassar and Surabaya as they were involved in the seizures by DG Gakkum in both locations.

Apart from the four company directors who received sentences in both the Makassar and Surabaya courts, there were three companies – PT Mansinam Global Mandiri CV Edom Ariha Jaya and PT Rajawali Papua Foresta – which were sentenced under Law 18 /2013 relating to corporate crimes. Their penalties included fines and, in two of the cases (CV Edom Ariha Jaya and PT Rajawali Papua Foresta), court-ordered closure of the company (Table 4).

The opaqueness of the court decisions went to the next level regarding the case of Henoch Budi Setiawan (commonly known as Ming Ho), the owner and Director of CV Alco Timber Irian and CV Sorong Timber Irian. His companies were caught up in the DG Gakkum operations of December 2018 and January 2019 (Table 2), with both having a total of 1,679.73 m³ of merbau seized⁴⁴.

Table 3: Overview of the follow-up to the enforcement by DG Gakkum in Makassar, January 2019

Company and staff member charged	Defendants filed pretrial motion to dismiss the case (February 2019)	State prosecution filed case in Makassar Court (May 2019)	Verdict of pretrial motion publicly available	Case proceeded to court	Verdict of trial publicly available
CV Edom Ariha Jaya. Dedi Tendean (Director) ⁴⁰	✓	✓	✓	✓	✓
CV Mevan Jaya. Toto Solehudin (Director)	✓				
CV Rizky Mandiri Timber. Sutarmi (Director)	✓	✓			
PT Harangan Bagot. Budi Antoro (Director)	✓	✓	✓	✓	✓
CV Harapan Indah					
PT Mansinam Global Mandiri. Daniel Gerden (Director)	✓	✓	✓	✓	✓
PT Rajawali Papua Foresta. Thonny Sahetapy (Director)	✓	✓	✓	✓	✓

Table 4: Verdicts in Makassar (individual staff) and Surabaya (individual staff and company) courts

Director and company	Verdict by Makassar Court (individual staff)	Verdict by Surabaya Court (individual staff)	Verdict by Surabaya Court (Company)
Budi Antoro (Director) PT Harangan Bagot	24 July 2019 813/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million (\$36,000)	Not applicable	Not applicable
Daniel Gerden (Director) PT Mansinam Global Mandiri	24 July 2019 Verdict no: 810/Pid.Sus/2019/ PN Mks Punishment: one year in prison and fine IDR 500 million (\$36,000)	27 September 2019 Verdict no: 2179/PID.B/ LH/2019/PN.Sby Punishment: 18 months in prison and fine IDR 500 million (\$35,000) ⁴³	27 September 2019 Verdict no: 2183/PID.B/ LH/2019/PN.Sby Punishment: Fine IDR 5 billion (\$350,000)
Dedi Tendean (Director) CV Edom Ariha Jaya	24 July 2019 Verdict no: 811/Pid.Sus/2019/ PN Mks Punishment: one year in prison and fine IDR 500 million (\$36,000)	27 September 2019 Verdict no: 2181/Pid.B/ LH/2019/PN.Sby Punishment: 18 months in prison and fine IDR 500 million (\$35,000)	27 September 2019 Verdict no: 2180/Pid.B/ LH/2019/PN.Sby Punishment: Fine IDR 5 billion (\$350,000) 16 March 2020 Appeal Verdict no: 47/Pid.Sus-LH/2020/ptsby Punishment: Fine IDR 9 billion (\$610,000) and closure of the company
Thonny Sahetapy (Director) PT Rajawali Papua Foresta	24 July 2019 Verdict no: 812/Pid.Sus/ 2019/PN Mks Punishment: one year in prison and fine IDR 500 million (\$36,000)	Not applicable	27 September 2019 Verdict no: 2182/Pid.B/LH/ /2019/PN.Sby Punishment: Fine IDR 5 billion (\$350,000) 16 March 2020 Appeal Verdict no: 48/pid.sus-lh/2020/ptsby Punishment: Fine IDR 10 billion (\$675,000) and closure of the company
Toto Solehudin (Director) CV Mevan Jaya	No verdict publicly available	No verdict publicly available	No verdict publicly available
Sutarmi (Director) CV Rizky Mandiri Timber	No verdict publicly available	No verdict publicly available	No verdict publicly available
CV Harapan Indah	No verdict publicly available	No verdict publicly available	No verdict publicly available



©Tagar



Top: Ming Ho appearing at Sorong District Court, 30 August 2019.
Above: Indonesia's Supreme Court, Jakarta.

In October 2019, Sorong District Court sentenced Ming Ho to five years in prison and fined him IDR 2.5 billion (\$178,200)⁴⁵. The Jayapura High Court (December 2019)⁴⁶ then upheld the verdict and punishment. However, it subsequently transpired that in July 2020 the Supreme Court reduced his prison time to two years and ordered that as much as 1,936m³ of the illegal timber, worth roughly IDR 23.2 billion (\$1.6 million), be returned to Ming Ho^{47,48}.

Putting aside the significant reduction of prison time, the decision to return the timber was peculiar. According to KUHAP article 46, there are three points on which seized assets can be returned⁴⁹, none of which seemingly apply to the Ming Ho case. The only document available to the public was the summary decision; the full verdict is not available, so it is not possible to analyse which point is used by the Supreme Court to justify the decision.

The issues found in the various court processes include:

- lack of transparency in the court processes, including failure of the courts to release complete court verdicts;
- lack of follow-up on court verdict, with some companies continuing to operate despite being ordered to close;
- inconsistency, as some companies apparently went unpunished even though their directors were found guilty.

These flaws create a sense of distrust in the system and the institutions, as well as an environment facilitating corruption and undermining the progress made in the fight against illegal logging.

Importance of using all the tools to prosecute illegal loggers and traders

Illegal logging is a lucrative crime, as demonstrated by the wealth accrued by Labora Sitorus (Text box 2). The income generated by illegal loggers emphasises the need to ensure that all legal instruments are used to punish offenders and that the punishments are proportionate and pose an effective deterrent. EIA and KT's analyses of the court cases resulting from the DG Gakkum enforcements found that the prosecutors were very narrow in filing charges against the illegal loggers and traders; for example, they failed to charge any of the defendants with money laundering⁵⁰. Sadly, the Sitorus case is one of the few illegal logging cases in Indonesia where the anti-money laundering law (UU TPPU⁵¹) has also been applied.

Indonesian law provides the authority to investigate possible money laundering as a predicate crime⁵². In addition to the legal basis, there is also a strong institutional foundation to address this crime, including the Memorandum of Understanding (MoU) between KLHK and PPAK for preventing and eradicating the crime of money laundering in the environmental and forestry sector. The MoU was partly developed to support KLHK in handling forestry crimes such as illegal logging.

With an investigation into a criminal act of money laundering, the proceeds of the crime can be confiscated. The use of anti-money laundering laws would also allow for asset recovery resulting from criminal acts⁵³. However, despite these foundations, the use of the anti-money laundering law as part of efforts to halt and deter illegal logging is still not being effectively deployed. Additionally, behind-the-scenes actors such as financial backers and institutions providing services to launder the illicitly accrued funds are also evading punishment for their involvement in illegal logging.

Allowing illegal merbau to enter the legal supply chain

Five of the buyers of illegal merbau (CV Harapan Indah, PT Harangan Bagot, PT Rajawali Papua Foresta, PT Sijas Express Unit II and PT Victory CIWI Unit II) sold by Yono (via his brokers) were also caught in the Post Audit Operation and the enforcement actions by DG Gakkum. These companies held permits as both primary⁵⁴ and secondary⁵⁵ integrated industries in Jayapura Regency.

A primary integrated industry company must record its use of timber products in the forest products online

Below: Merbau logs at a timber depot in China in 2005.



©EIA/KT

information system SIPUHH⁵⁶. Based on the regulation for Administration of Timber Forest Products from Natural Resources⁵⁷, either the SKSHHK or Nota Angkutan document is used to accompany sawn timber transported to the primary industry company to verify its legality. Unfortunately, the Nota Angkutan is not recorded in the SIPUHH online system, therefore it is not possible to verify its reference number and validity. This provides an entry point for illegal sawn timber, such as the merbau supplied by Yono, into the legal supply chain.

Additionally, if Yono's merbau timber is bought by a secondary integrated industry company it is also challenging to verify its legality. This is mainly because there is currently no system to record the timber entering and leaving the secondary industry.

This is centred around the problem of coordination; the secondary industries are regulated by Ministry of Industry (Industry Service Office at provincial or regency levels) while KLHK only regulates from the forest until the Primary Industry and then export point after SVLK implementation by means of the V-Legal Document.

The investigators found that PT Rajawali Papua Foresta exported merbau products to China and PT Victory CIWI Unit II exported merbau products to China, Australia, and Belgium. The possible export of illegal merbau timber products to Belgium is of particular concern, considering the implications for the VPA.

Illegal merbau was entering the supply chain using fake Statement of Timber Forest Product Legality and

that these SKSHHK were not recorded in the forest products information system (SIPUHH)⁵⁸. This issue is compounded by the lack of transparency in the SIPUHH, specifically the lack of access for independent monitors to the system, which is vital to ensuring SVLK's effectiveness as it uses SIPUHH to trace the origin and legality of the timber traded under its name. If the independent monitors are suspicious of a specific consignment of timber, they have to contact the SIPUHH staff for verification. The whole process takes time, limiting the opportunities to notify the authorities to act.

All the 21 companies covered by the Post Audit Operation in November 2018 and the DG Gakkum Operations in December 2018 and January 2019 had a

SVLK Certificate. After the crackdown, 13 of the companies had their SVLK certification revoked⁵⁹. However, four of those 13 companies soon got their SVLK Certificate reissued⁶⁰ (Table 5). Therefore, as of December 2020, 12 of the companies had a SVLK Certificate, meaning they had the right to sell their timber domestically and for export, including to the EU, using V-Legal documents.

Analysis by EIA and KT found companies could get another SVLK Certificate within a few days of their initial certificate being revoked. Those losing their certificate can easily re-register their companies for a SVLK Certificate with another certification body, especially if that body fails to check the records of the company. For example, on 6 March 2019, the SVLK Certificate of CV Alco Timber was revoked by LVLK TRIC Indonesia. This was because the company was not willing to be audited. However, on 11 March 2020, LVLK PT Nusa Kelola Lestari issued a new SVLK Certificate for CV Alco Timber⁶¹. KT has already advocated that this is legislated against, but so far no action has been taken.

Additionally, the SILK (Timber Legality Information System)⁶² a web-based portal under the administration of DG PHPL, whose main function is to facilitate getting a V-Legal document as well as provide information about timber legality under SVLK, also has a portal for reporting non-compliance. The non-compliance portal is under-utilised. One such example is that, as of December 2020 the non-compliance findings from the Post Audit and DG Gakkum operations have yet to be published in the System. The findings should be published in SILK to help ensure SVLK transparency. This will also support the work of the independent monitors. While SILK is a notable tool in reporting and monitoring non-compliance, it is still not delivering on its full potential, as noted in the Second Periodic Evaluation of the FLEGT VPA, conducted in 2019, which among other things highlighted concerns regarding access to information and the slow updating of the system⁶³.

Another concern is that SVLK non-compliance is addressed under administrative rather than criminal law, with penalties reflecting this. It is not an effective deterrent. Additionally, some of the companies also had FLEGT licences: PT Sijas Ekspres Unit II, PTg Rajawali Papua Foresta, CV Klalin Indah Furniture, CV Sorong Timber Irian II and CV Alco Timber Irian (Table 5). This means that companies involved in enforcements actions by the authorities are still able to export their timber to the EU.

Table 5: Overview of the companies caught in Post Audit Operation and DG Gakkum enforcements and status of SVLK licences

Name of Company	LVLK (Auditor)	Post Audit (Nov 2018)	Operation by DG Gakkum (Dec 2018 & Jan 2019)	Court case in Makassar or Surabaya	Company still operating	SVLK Certificate Status
CV Edom Ariha Jaya	PT Ayamaru Sertifikasi	✓	✓	✓	Operating despite being closed by court order	Active ⁶⁴ (revoked 26 June 2019, reissued 9 December 2019)
CV Mevan Jaya	PT Ayamaru Sertifikasi		✓		Unknown	Revoked 26 June 2019
CV Rizki Mandiri Timber	PT Lambodja Sertifikasi		✓		Unknown	Revoked 25 June 2019
PT Harangan Bagot	PT Ayamaru Sertifikasi	✓	✓	✓	Unknown	Revoked 26 June 2019
CV Harapan Indah	PT Ayamaru Sertifikasi	✓	✓		Unknown	Revoked 26 June 2019
PT Mansinam Global Mandiri	PT Tanstra Permada	✓	✓	✓	Unknown	Revoked 2 April 2019
PT Rajawali Papua Foresta	PT Ayamaru Sertifikasi	✓	✓	✓	Operating despite being closed by court order	Active ⁶⁵ (revoked 21 August 2018, reissued 6 December 2019)
PT Sijas Express Unit II	PT Ayamaru Sertifikasi	✓	✓		Operating	Active
PT Papua Hutan Lestari Makmur	PT Trustindo Prima Karya		✓		Operating	Active
CV Irian Utama	PT Ayamaru Sertifikasi	✓	✓		Operating	Active
CV Persada Papua Mandiri	PT Ayamaru Sertifikasi		✓		Operating	Active
CV Alco Timber Irian	PT TRIC		✓		Operating	Active (revoked 6 March 2020, reissued 11 March 2020)
PT Hartawan Indo Timber	PT Mutuagung Lestari		✓		Operating	Active
CV Klalin Indah Furniture	PT Sucofindo		✓		Operating	Active ⁶⁶
CV Sorong Timber Irian II	PT TRIC		✓		Operating	Active ⁶⁷ (revoked 26 June 2019, reissued 23 December 2019)
CV Maridjo	PT Garda Mutu Prima		✓		Not operating	Revoked 12 September 2019
PT Aneka Karya Gemilang	PT Garda Mutu Prima		✓		Not operating	Revoked 12 September 2019
CV Anugerah Rimba Papua	PT Garda Mutu Prima		✓		Operating	Active
PT Victory CIWI Unit II	PT Trustindo Prima Karya	✓			Operating	Active
PT Intico Pratama	PT Mutu Hijau Indonesia	✓			Not operating	Revoked 7 December 2018
CV Mandiri Perkasa	PT Mutu Hijau Indonesia	✓			Not operating	Revoked 7 December 2018

Source: Compilation by KT and EIA from various sources 2020

Conclusions and recommendations

The investigation conducted by EIA and KT into illegal logging and trade of merbau coincided with a clampdown on traders of illegal merbau timber by the Indonesian authorities. In response, the investigation also monitored the outcomes of the enforcement action.

While EIA and KT are pleased to see numerous positive results from the crackdown by Indonesian authorities, including several companies and their senior management being punished for trading illegal merbau timber, we have numerous fundamental questions that need to be answered to reassure stakeholders in the timber legality and forest governance sectors in Indonesia. The most notable are:

- Why have more than 50 companies, clearly identified as trading in illegally logged merbau, not been covered by law enforcement?
- Why is the public, including EIA and KT, not allowed access to the verdicts from various court cases when under Indonesian law these verdicts should be publicly available?
- Why are several companies that have been ordered by the courts to cease trading still operating?
- Why are several companies that have been found guilty of trading illegal merbau timber still able to hold an SVLK certificate?
- Why are the prosecutors and courts seemingly reluctant to use the anti-money laundering law (UU TPPU) to punish the illegal loggers?
- Why did the Supreme Court return illegal timber worth approximately \$1.6 million to Ming Ho, a convicted trader of illegal merbau timber?
- How is it still possible for traders of illegal timber to use forged Nota Angkutan transportation documents, which allow illegal timber to enter the legal supply chain? This continues to occur despite the fact that previous research and investigations have highlighted this problem.
- How is it still possible that illegal and non-documented timber still enters the legal supply chain using fake SKSHH documents? Part of the problem appears to be that there is no single authority that is addressing the circulation of fake SKSHH documents.

KT and EIA appreciate the steps taken by the authorities in Indonesia in attempting to eradicate illegal logging; however, there are still several points that need to be improved, namely:

For Ministry of Environment and Forestry (KLHK):

- If a company is found guilty of illegal logging it must lose its SVLK certificate. Furthermore, company directors and owners should be stopped from creating another company and getting a SVLK certificate for that new entity.
- More effective monitoring of the circulation of timber using Nota Angkutan as well as timber entering and leaving the secondary industry is needed.
- The results of the DG Gakkum investigations should be uploaded to the SILK website, with the information being made available to the public.
- KLHK, Ministry of Industry and Ministry of Trade to work together to supervise SKSHH, including stopping the use of fake SKSHH documents.

For prosecutors and courts:

- The Indonesian Public Prosecution Service should use all available tools and relevant laws to prosecute illegal loggers and traders, such as the anti-money laundering law (UU TPPU).
- Full court decisions must be made publicly available including uploaded on the relevant court decision directory website, and shared in a timely manner.
- Judges and prosecutors must ensure that prosecutions and sentences imposed on illegal logging perpetrators are appropriate and become an effective deterrent.

Appendix

Buyers of illegal timber from CV Alco Timber Irian, PT Rajawali Papua Foresta and PT Mansinam Global Mandiri in Surabaya

Company Name	Buyer in Surabaya	Volume (m ³)
CV Alco Timber Irian	PT Jasa Mulya Abadi Raya (6 containers)	121.2 ⁶⁸
	CV Cipta Karya (29 containers)	585.8
PT Rajawali Papua Foresta	PT Kayan Jaya Tanjung,	465.5 ⁶⁹
	PT Woodtech Chendramas	
	PT Kreasi Marantindus	
	PT Achmadi Pasca Perintis	
	PT Foresindo Sumber Alam Jaya	
	CV Corina Artha Kencana	
	CV Gavra Perkasa	
	PT ISWA Timber	
PT Mansinam Global Mandiri	PT Sinar Kayu Abadi	241.1
	UD Taksim	
	PT Tropical Timber	
	PT Kualitas Cipta Utama	
	UD Karya Mandiri	
	PT Mahakam Mandiri Makmur	
	Tony Helmi Makmun ⁷⁰	
	CV Chorina Arta Kencana	
	PT Asmon Karya Utama	
	CV Surya Indah Pratama	
	CV Cahaya Mulya	
	CV Lintas Bangun Perkasa	
	UD Khatulistiwa Anugrah	
	Abdulrahman	
	PT Chorithian Industri Indonesia	
CV Surabaya Trading & Co		

Source: Compilation by KT and EIA from Document of Judgement from Sorong District Court and Surabaya Court, 2020

References

1. Timber Legality Assurance System (TLAS)

2. Timber Transportation Invoice that is used to verify legality

3. Directorate General of Law Enforcement under Ministry of Environment and Forestry

4. Timber Legality Information System

5. Statement of Timber Forest Product Legality

6. <https://www.globalforestwatch.org/dashboards/country/IDN/>

7. <https://www.wri.org/blog/2020/06/global-tree-cover-loss-data-2019>

8. From 2001 – 2019 Papua Province lost 636 kha of tree cover and West Papua Province lost 272 kha. <https://www.globalforestwatch.org/dashboards/country/IDN>

9. <https://news.mongabay.com/2015/01/deforestation-may-be-ramping-up-in-papua-west-papua/>

10. Kaoem Telapak was created in 2016, with its founding members being part of Telapak

11. <https://eia-international.org/wp-content/uploads/The-Last-Frontier1.pdf>

12. <https://eia-global.org/reports/rogue-traders-the-murky-business-of-merbau-timber-smuggling-in-indonesia>

13. Operation Hutan Lestari II was launched in March 2005. The enforcement operation in Papua resulted in the seizure of more than 400,000 m³ of stolen logs and sawn timber, plus a large number of trucks, ships and logging equipment. More than 170 people were arrested, including police, army and forestry officials. https://content.eia-global.org/posts/documents/000/000/408/original/Behind_The_Veneer.pdf?1468420402

14. https://www.euflegt.efi.int/vpa-asia-news/-/asset_publisher/FWJBFN3Zu1f6/content/indonesia-nd-the-eu-sign-a-voluntary-partnership-agreement-and <https://indonesiavpa.wordpress.com/category/backgrounder/>

15. A FLEGT licence is a document that verifies that a shipment of timber or timber products has been legally produced. <https://www.flegtlicence.org/indonesian-flegt-licensing-procedures>

16. <http://silk.dephut.go.id/index.php/info/vsvlk/1>

17. <http://silk.dephut.go.id/index.php/info/vsvlk/1>

18. <https://www.tribunnews.com/regional/2013/05/19/115-kontainer-kayu-merbau-di-pelabuhan-tanjung-perak-milik-aiptu-labora>

19. The currency conversion rate for IDR to US\$ is given for the specific date

20. <https://pusaka.or.id/2017/11/koalisi-anti-mafia-hutan-adukan-7-perusahaan-pengggajian-kayu-di-papua/>

21. Director General of Gakkum KLHK, Rasio Ridho Sani, said that illegal timber from Papua was smuggled into East Java. The KLHK noted that in 2017, there were 300 cubic meters of Papuan wood entering Surabaya through Tanjung Perak Port. <https://majalah.tempo.co/read/investigasi/156815/mesin-cuci-kayu-ilegal>

22. http://www.cifor.org/publications/pdf_files/Reports/FLEGT-VPA_Indonesia.pdf

23. Ondoafi is a traditional leadership structure with a Tribe or Clan Head, holding substantial influence in all aspects of community life. <https://core.ac.uk/download/pdf/270187031.pdf>

24. The Tribe post is managed and built by members of local Indigenous Community. It is officially sanctioned by the State.

25. <https://papuabarat.kabardaerah.com/2018/03/09/tim-gabungan-balai-gakkum-klhk-maluku-papua-dan-polda-papua-barat-gagalkan-pengiriman-21-kontainer-kayu-merbau-olahan-ilegal-dari-kaimana-tujuan-surabaya/>

26. Kementerian Lingkungan Hidup dan Kehutanan

27. http://ppid.menlhk.go.id/siaran_pers/browse/1532

28. Permen LHK No. P.13/2015 revised in Permen LHK No. P.1/2019 concerning Forest Product Primary Industry Permit (IUIPHH) in Article 7 (2). <https://www.apkindo.org/storage/app/media/uploaded-files/P.1-2019%20IZIN%20USAHA%20IPHH.pdf>

29. https://www.menlhk.go.id/site/single_post/1427

30. The Nota Angkutan is a form completed by the timber owner to accompany the timber for their transportation. It can be used to verify timber legality. Permen LHK No. 66/2019 regarding Administration of Timber Forest Products Originating from Natural Forests

31. Information from summary court verdicts of Ming Ho (owner and Director of CV Alco Timber Irian and CV Sorong Timber Irian), Daniel Gerden (Director, CV Edom Ariha Jaya)

32. https://www.cifor.org/publications/pdf_files/WPapers/WP164Obidzinski.pdf

33. <https://www.euflegt.efi.int/documents/10180/463576/Summary+PE+2+FLEGT+VPA.pdf/fd398eab-a3c3-8b85-eee5-9bfd098d3829>

34. No timber was seized in the Post Audit Operation of November 2018

35. <https://putusan3.mahkamahagung.go.id/direktori/putusan/2bf5817ba6746b66d0fdbbae608f7e8e.html> https://putusan3.mahkamahagung.go.id/direktori/download_file/b9db77e6b25366865e37ebad339546a5/pdf/1ed38c5bfc4d26389a3406cf90a0aa58a https://putusan3.mahkamahagung.go.id/direktori/download_file/8989a9e8fe876fac40502f1c18ca9861/pdf/2bf5917ba6746b66d0fdbbae608f7e8e

36. UU no 18 year 2013 article 39

37. Undang Undang No. 18/ 2013 on Prevention and Eradication of Forest Destruction, Article 86(1) for individuals and Article 86(2) for companies. http://www.dpr.go.id/dokjdh/document/uu/UU_2013_18.pdf

38. <https://eia-international.org/report/rogue-traders/>

39. http://sipp.pn-makassar.go.id/show_detail/cnJmT1cyaDI2WXlySE0ydnZjV083aFdaNDlxRnFMT2lTa0VXcHZ4cmdyWHFGdURYYY3psRlIja2NNa2hMOWNDMTBaWnNldVpMaTRKTFdEWdNSLzYvYXc9PQ==

40. Suryo Egar Prasetyo (Managing Director, CV Edom Ariha Jaya) disappeared before charges could be filed (Letter No. DPO.04/BPPHLHK/SW-1/PPNS/4/2019). As a result charges were filed against Dedi Tendean (Director of the company)

41. Keputusan Ketua Mahkamah Agung No 1-144/KMA/SK/I/2011 / Decree of the Chief Justice of the Supreme Court Number: 1-144 / KMA / SK / I / 2011 concerning Guidelines for Information Services in Courts

42. 2008 Law on Public Information Disclosure

43. If the fine is not paid then the defendant spends an additional 2 months in prison

44. According to the available verdict documents for Ming Ho's cases in Sorong District Court and Jayapura High Court, the amount of timber seized from the two companies was 2,659.66 m³.

45. Verdict by Sorong Court No. 134/Pid.Sus/LH/2019/PN Son. <https://putusan3.mahkamahagung.go.id/direktori/putusan/a785f3426d3db8e62b988f3c5f67f4ff.html>

46. Verdict by Jayapura Court No. 03/PID.SUS-LH/2019/PT JAP. <https://putusan3.mahkamahagung.go.id/direktori/putusan/3f11854987d6d09882f4c4689c0f0f4ad7.html>

47. According to excerpt decision No. 1597 K/Pid.Sus-LH/2020, July 2020

48. The rest of the merbau was seized for the state to be auctioned with the proceeds going to state coffers.

49. According to KUHAP article 46 this is because: the evidence is not needed for court process, not enough evidence for a prosecution, the case is put aside for public interest.

50. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. https://www.dpr.go.id/dokjdh/document/uu/UU_2010_8.pdf

51. Law on Prevention and Eradication of Money Laundering / Undang-Undang Tentang Pencegahan Dan Pemberantasan Tindak Pidana Pencucian Uang (UU TPPU) No. 8/2010. <https://www.ojk.go.id/apu-ppi/id/peraturan/uu/Pages/Undang-Undang-Nomor-8-Tahun-2010-tentang-Pencegahan-dan-Pemberantasan-Tindak-Pidana-Pencucian-Uang.aspx#:~:text=Undang%20Undang%20Nomor%208%20Tahun,Pemberantasan%20Tindak%20Pidana%20Pencucian%20Uang>

52. Article 74 of Law No. 8 of 2010 concerning Prevention and Eradication of the Crime of Money Laundering

53. Tim riset PPATK dan BARESKRIM POLRI, Penilaian Resiko Sektoral Tindak Pidana Pencucian Uang Hasil Tindak Pidana Kehutanan, PPATK; 2020 hal 5-6. <https://www.ppatk.go.id/publikasi/read/114/penilaian-risiko-sektoral-tindak-pidana-pencucian-uang-hasil-tindak-pidana-kehutanan.html>

54. Primary Integrated Industry/ Industri Primer is an industry that processes logs into semi-finished products or finished products. Permen LHK No. P.43/2015 jo Permen LHK P.60/2016 revision in Permen LHK No. P.66/2019 concerning Administration of Timber Forest Product from Natural Resources, Article 1 (13). http://jdh.menlhk.co.id/uploads/files/P_66_2019_PENATAAN_HHK_HUTAN_ALAM_menlhk_11282019143115.pdf

55. Secondary industry is an industry that process forest products whose materials are sourced from timber primary industry and/or timber depot companies (TPT-KO), Permen LHK No. P.43/2015 concerning Administration of Timber Forest Product from Natural Resources, Article 1 (13). http://jdh.menlhk.co.id/uploads/files/P_66_2019_PENATAAN_HHK_HUTAN_ALAM_menlhk_11282019143115.pdf

56. P.42/Menlhk-Setjen/2015 Sistem Informasi Penatausahaan Hasil Hutan yang selanjutnya disebut SIPUHH adalah serangkaian perangkat dan prosedur elektronik yang berfungsi mempersiapkan, mengumpulkan, mengolah, menganalisis, menyimpan, menampilkan, mengumumkan, mengirimkan, dan menyebarkan informasi penatausahaan hasil hutan kayu.Permen LHK No. P.66/2019 concerning Administration of Timber Forest Product from Natural Resources, Article 21 (1). http://jdh.menlhk.co.id/uploads/files/P_66_2019_PENATAAN_HHK_HUTAN_ALAM_menlhk_11282019143115.pdf

57. Permen LHK No. P.66/2019 concerning Administration of Timber Forest Products from Natural Resources. http://jdh.menlhk.co.id/uploads/files/P_66_2019_PENATAAN_HHK_HUTAN_ALAM_menlhk_11282019143115.pdf

58. SIPUHH is a web-based information system used to electronically record the implementation of forest product administration. This system records and reports the production planning, harvesting or felling, measuring, testing, marking, transporting, distributing and processing of timber forest products. SKSHHK is a document for transportation of timber forest products issued through. SKSHHK can only be issued to protect logs that have been paid PNBP in accordance with the provisions of statutory regulations SKSHHK. http://jdh.menlhk.co.id/uploads/files/P_66_2019_PENATAAN_HHK_HUTAN_ALAM_menlhk_11282019143115.pdf

59. Cannot export, and if there is no improvement by the company within 3 months, the certificate is revoked. It is regulated in Appendix 3.2 (J) Perdirjen PHPL No. P.14/2016 concerning Standards and Guidelines for The Assessment Performance of Sustainable Production Forest Management (PHPL) and Verification of Timber Legality (VLK). <http://silk.dephut.go.id/app/Upload/hukum/20160801/24fbd9eef1ae1cd12488cb4051740dce.pdf>

60. <http://silk.dephut.go.id/app/Upload/vlk/20191231/323e5ce8c9a3a76be3edc1fabd744508.pdf>, <http://silk.dephut.go.id/app/Upload/vlk/20200316/83e4b9e87d974e9bc69ef2e6e634aa13.pdf> and <http://silk.dephut.go.id/app/Upload/vlk/20191231/68d7207ad15a6af4784ba761c77cd3f7.pdf>

61. <http://silk.dephut.go.id/app/Upload/vlk/20191005/c8f909cfd2fd43f7897898645df9e3fb.pdf> and

<http://silk.dephut.go.id/app/Upload/vlk/20200316/1e361b456be94bcae56105b21a7273f.pdf>

62. Sistem Informasi Legalitas Kayu

63. <https://www.euflegt.efi.int/documents/10180/463576/Summary+PE+2+FLEGT+VPA.pdf/fd398eab-a3c3-8b85-eee5-9bfd098d3829>

64. On 26 June 2019 the SVLK Certificate of CV Edom Ariha Jaya was revoked by the auditor LVLK Ayamaru Certification. However, on 9 December 2019, LVLK Lambodja Sertifikasi issued a new SVLK Certificate for CV Edom Ariha Jaya. <http://silk.dephut.go.id/app/Upload/vlk/20190820/6dfaf3b7978047d8896e482bec4d25a2.pdf> and <http://silk.dephut.go.id/app/Upload/vlk/20191231/23a4390d182e5e10944b256e42264bf3.pdf>

65. On 21 August 2018 the SVLK Certificate of PT Rajawali Papua Foresta Jaya was revoked by LVLK Ayamaru Certification. This was result of business permit of PT. Rajawali Papua Foresta being revoked by the Head of the Papua Forestry Service. On 6 December 2019, LVLK Lambodja Sertifikasi issued a new SVLK Certificate for PT Rajawali Papua Foresta. <http://silk.dephut.go.id/app/Upload/vlk/20190822/455f0c2d84a1212ae67401fd3154d4d7.pdf> and <http://silk.dephut.go.id/app/Upload/vlk/20191231/68d7207ad15a6af4784ba761c77cd3f7.pdf>

66. PT. Sucofindo conducted a special audit of CV. Klalin February 2019. Based on findings decision was made to freeze their Timber Legality Certificate from 19 March to 18 June. Then based on the results of a special audit in May 15, 2019, it was decided that the Timber Legality Certificate of CV. Klalin would be reinstated as it the company addressed the non-conformity in the previous audit. <http://silk.dephut.go.id/app/Upload/vlk/20190322/1e6a71faca2a68737571d0e0b235ea4b.pdf> and <http://silk.dephut.go.id/app/Upload/vlk/20190521/90d49b27945c1828ee7afe3b29d4f1d3.pdf>

67. On 26 June 2019 the SVLK Certificate of CV Sorong Timber Irian II was revoked by LVLK TRIC, because the company did not conform 3 months after the certificate was frozen. Then on 23 December 2019, LVLK PT Sucofindo issued the SVLK Certificate for CV Sorong Timber Irian II. <http://silk.dephut.go.id/app/Upload/vlk/20190927/67e3d38606569aa0f08817305efceae8.pdf> and <http://silk.dephut.go.id/app/Upload/vlk/20200115/1d8deac7eccaff2fcd4a0e5e2a832df.pdf>

68. The volume for PT Jasa Mulia Abadi Raya and CV Cipta Karya is estimated based on the number of containers that they received. Verdict by Sorong Court No. 134/Pid.Sus/LH/2019/PN Son. <https://putusan3.mahkamahagung.go.id/direktori/putusan/a785f3426d3db8e62b988f3c5f67f4ff.html>

69. The volume for the buyers of merbau from PT Rajawali Papua Foresta is not available for each company individually

70. Tony Helmi Makmur and Abdulrahman are individual people with no known company affiliation

