

**OPEN LETTER OF INDONESIAN CIVIL SOCIETY COALITION TO THE
PRESIDENT OF THE REPUBLIC OF INDONESIA FOR REVOCATION OR
REVISION OF REGULATION OF THE MINISTER OF TRADE NUMBER 15 OF
2020 CONCERNING PROVISIONS ON THE EXPORT OF FORESTRY PRODUCTS
INDUSTRY**

**Dear Mr. Joko Widodo,
President of the Republic of Indonesia**

His Excellency,

We who are members of a civil society coalition comprising a range of organizations across Indonesia have an important role to play in monitoring the implementation of the Timber Legality Verification Program (SVLK), for the realization of good and sustainable forest governance. Since 2003, some of us have been involved in the process of preparing the SVLK, and we have also played an active role in activities organized by the Ministry of Environment and Forestry related to monitoring and strengthening the SVLK, since it was implemented on September 10, 2010. Why do we care about SVLK? Because in its attempts to reform the forestry sector and forest governance, SVLK marks a long history for Indonesia which was branded/considered as a nation that did not care about forest sustainability. Illegal Logging (IL) results in forest destruction, damages the reputation of Indonesian wood products, and has an impact on the 'boycott' of Indonesian wood products.

As Mr. President knows, SVLK is currently considered by some parties to be an impediment to investment, even though SVLK is an instrument to encourage forestry management in a better direction by preventing the circulation of illegal logging. Through the Regulation of Minister of Trade dated February 27, 2020 Number 15 of 2020 (Permendag 15/2020) concerning Provisions on the Export of Forestry Industry Products, the Legal-V Document that becomes the standard for timber legality verification in accordance with SVLK regulations will no longer be an export requirement for forestry industry products. Permendag 15/2020 is not in accordance with Law of the Republic of Indonesia Number 18 of 2013 concerning Prevention and Eradication of Forest Destruction, where the Government is responsible for preventing and eradicating forest destruction and able to conduct international cooperation in preventing trade and/or illegal timber washing. Additionally, the Minister of Trade Regulation 15/2020 is also not in accordance with the the Regulation of Minister of Environment and Forestry Number 30 of 2016 which requires V-Legal Documents as one of the export documents for wood products. Through the issuance of Permendag 15/2020, the Ministry of Trade is ignoring the efforts and roles of KLHK and other stakeholders, including civil society in protecting the environment while ensuring that natural resource management, especially timber, is carried out sustainably and sustainably.

Based on available data, the value of Indonesian wood furniture exports depends on the market asking for legality, meaning SVLK is the key to increasing the value of exports. In 2019 alone, from the value of Indonesia's wood furniture exports amounting to 1.4 billion USD, 1.2 billion USD came from countries that demanded legality guarantees (FLEGT Independent Market Monitoring, 2020). Other data states that 41 percent of wood furniture exports from Jepara Regency are exported to Europe and 33.2 percent to countries that

continue to encourage the strengthening of the legality of the wood they import. The number of SMEs that have successfully become exporters in Jepara has increased because market demand for wood legality guarantees from 219 to 386 SMEs has increased 82 percent from 2013 to 2018. Eliminating the obligation of V-Legal/SVLK documents in the export process of Indonesian wood products will weaken the power competitiveness of Indonesian export products and is not the right stimulus.

If the current situation continues until the Regulation of the Minister of Trade Regulation 15/2020 on May 26, 2020, we will see a decline in forest governance in Indonesia and the loss of incentives for downstream industries that have made improvements. Business actors who have commitment to sustainable management are seen as being underestimated and are only played with by changing various regulations and policies that cause legal uncertainty.

As Mr. President realizes, Indonesia has signed and subsequently ratified the FLEGT-VPA (Forest Law Enforcement and Governance-Voluntary Partnership Agreement) with the European Union (EU) in 2014, a bilateral trade agreement that is legally binding for countries which sign it. This agreement aims to ensure that only Indonesian legal timber and wood products can be exported/ traded to the European Union. Furthermore, Article 10 of the VPA stipulates that Indonesia also applies SVLK for wood that is exported to non-EU countries and sold on the domestic market. The impact of eliminating V-Legal documents as export requirements in the Minister of Trade Regulation 15/2020 will cause Indonesia to violate the VPA agreement.

Based on the statements above, we ask Mr. Joko Widodo, President of the Republic of Indonesia to order the revocation or revision of the Regulation of Minister of Trade 15/2020 considering that:

1. Not in accordance with the Law of the Republic of Indonesia Number 18 of 2013, because it weakens the efforts to improve forest governance, reduce forest destruction and illegal logging.
2. Not in accordance with Permen LHK 30/2016 and has the potential to cause legal uncertainty and business uncertainty.
3. Causing Indonesia to violate the FLEGT-VPA commitment with the European Union in accordance with Presidential Decree 21/2014 on the Agreement of Voluntary Partnerships between the Republic of Indonesia and the European Union on Law Enforcement of Forestry, Management and Trade of Wood Products to the European Union, which has an impact on the loss of green trade routes that Indonesian wood products have to the European Union.
4. Declining export competitiveness of forestry industry products with other wood-producing countries because at present several other countries such as Vietnam, for example, have signed a VPA with the European Union and immediately implemented timber legality certification.
5. Decreasing the image of forest governance and the reputation of Indonesian wood products in the international stage.
6. Loss of trust from business and investment actors who have always complied with SVLK implementation.

We consider that if this is not done, other opportunities will open up which will lead to a further decline in forest governance in Indonesia. Therefore, it would be great if the President ordered the relevant ministries to act immediately to revise the regulation.

We on behalf of the coalition also expect the President's willingness to have an audience with us, of course through online way given the current situation of the corona virus. We hope that the hearing can be held on March 23, 2020 at 13:00 WIB, but if Mr. President is unable to attend at that time we can adjust accordingly.

Thus we submit this petition. For your attention, we truly appreciate it.

Bogor, 20 Maret 2020

We, the undersigned:

Jaringan Pemantau Independen Kehutanan (JPIK), Indonesia Center for Environmental Law (ICEL), AURIGA, KAOEM TELAPAK, Forest Watch Indonesia (FWI), Independen Forest Monitoring Fund (IFM Fund)

CC :

1. Coordinating Minister for Economic Affairs
2. Minister of Trade
3. Minister of Industry
4. Minister of Environment and Forestry
5. Minister of Foreign Affairs
6. Deputy III on the Review and Management of Strategic Economic Issues – Executive Office of the President of the Republic of Indonesia (KSP-RI)

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Attachment:

MEMPERTAHANKAN SVLK ADALAH KUNCI PENINGKATAN EKSPOR

Mayoritas tujuan ekspor furniture Indonesia saat ini adalah ke pasar yang meminta bukti legalitas. Industri Kecil dan Menengah (IKM) di Jepara mendapatkan manfaat yang besar dari adanya SVLK. Memperlambat implementasi SVLK justru akan membuat resiko kehilangan pasar, bukannya meningkatkan perdagangan.

Ekspor global furniture Indonesia terus tumbuh semenjak lisensi FLEGT dimulai

■ 2016 ■ 2017 ■ 2018 ■ 2019

Dalam Juta USD, tahun 2019



Pasar yang tidak meminta legalitas
US\$ 150 Juta

1.22 Milyar USD Pasar yang meminta legalitas
0.54 Milyar USD Pasar yang sedang berproses menuju legalitas
0.85 Milyar USD Pasar yang tidak meminta legalitas

Sumber: FLEGT Independent Market Monitor 2020; Disperindag Jepara 2019.

Ekspor Furniture Jepara

Dalam Juta USD

Nilai ekspor dan jumlah eksportir industri furniture Jepara berkembang dengan pesat



Lebih dari 80% pasar ekspor furniture Indonesia adalah negara yang meminta bukti legalitas

