

**INTERNATIONAL CONFERENCE AND BUSSINESS
ROUNDTABLE:
Legal and certified Forest Products in Asia-Pacific-
Harmonizing Policy and Practice
Shanghai, China, September 8-9th, 2009**

**OPENING STATEMENT
AN OVERVIEW OF INDONESIAN FORESTRY AND
TIMBER TRADE POLICY**

**BY
DIRECTOR GENERAL OF FOREST PRODUCTION
DEVELOPMENT, MINISTRY OF FORESTRY OF INDONESIA**

- **Honorable and Distinguished Delegates;**
- **Ladies and Gentlemen:**

Good Morning.

First of all, I would like to thank the committee of this conference for the invitation. It is a great opportunity to be here and presenting a brief overview of timber trade policy in Indonesia.

One of the reasons of today's conference is our intention to share experiences and communicate the relevant information in the wide range of aspects of legal and certified forest products in Asia-Pacific by focusing on harmonizing policy and practice. The conference includes many valuable perspectives on the current state of government policy and sustainable forest products market practices.

Furthermore I believe our intention reflects our concern to the sustainability of forest resources that is not only important for sustainable development of the country, but also for poverty alleviation link to MDG's, global climate change issues and global financial crisis.

Distinguished Delegates, Ladies and Gentlemen:

I would like to take this opportunity to appreciate the involvement of the representatives from government institutions, NGOs as well as private sectors in this meeting which shows the spirit and willingness of the government and the people to promote the partnership for the benefit of our countries.

As you may be aware, Indonesia is endowed with about 120 million ha of forest area or equivalent to 2/3 (two third) of Indonesia's landmass. However, this forest is fragile in nature due to the archipelago ecosystem.

Increasing population and economic development has increased pressure to the existence of the forests. Indonesian population has increased from about 135 millions in early 1980s to currently more than 220 millions. Furthermore, the natural disasters such as huge forest fires in 1997 during the long drought of El Nino phenomenon destructed millions ha of forest cover resulting the enormous lost of Indonesia's forest covers, even worse affect to the poor who lost

their source of livelihood and also the vanishing of genetic source of mountainous paddy rice which is invaluable.

In order to reduce deforestation and forest degradation process, but still maintaining sustainable forest economic growth and improving people welfare, The MoF has recently made a policy on forest governance, law enforcement, promoting trade in legally harvested timber and forest products (also known as FLEGT) by adopting multi-stakeholder process. This indicates the forest policy development is so inclusive that is compatible with democracy.

Hence, based on the Basic Constitution Mandate and The Forestry Law, the Government of Indonesia creates ***Timber Legality Assurance System (TLAS)*** by involving multi stake holders in formulating Timber Legality Verification Standard and its institutional framework. The principles to develop this instrument are good governance, credibility and representativeness principles.

The TLAS is called *the Ministerial Regulation No. P.38/ Menhut-III/2009 dated 12 June 2009 on Standard and Guidelines on the on Evaluation of Performance of Sustainable Production Forest Management and Verification of Timber Legality for License Holders or in Private Forests; and the Director General Regulation No P.6/VI-Set/2009 dated 15 June 2009 on Standard and Guidelines on Evaluation of Performance in Sustainable Production Forest Management and Timber Legality Verification.*

Based on the Ministerial Regulation, the timber legality assurance system requires the third party/ independent institution so-called *Lembaga Penilai dan Verifikasi Independen* or LP&VI to assess and verify the license holders or in private forest. The LP&VI is accredited by National Accreditation Committee (KAN), a quasi government as an independent body. For monitoring purposes, the complaints from community will be processed by the third party/independent monitoring institution such as NGOs or Civil Society Organisation. The independency in Timber Legality Assurance System ensures good governance in terms of transparency, accountability, participation and credibility, which is not involving government institution/local government, and representativeness of CSO.

Distinguished Delegates, Ladies and Gentlemen:

In addition to the TLAS regulation, the objective of the 2009-2014 Forestry Development is in line the vision and mission of the national development, that is, the establishment of welfare, democracy and justice for the whole of the people of Indonesia. Accordingly, the MoF with sustainable forest management will significantly contribute to the national development through sustainable forest economic growth, job opportunities creation, poverty alleviation, as well as the improvement of environment quality, food security and renewable energy. These are crucial because the great Indonesia population and the rapid population growth. The rapid population growth will lead to the increase

pressure on forest then crisis. Forest, therefore, has a significant role in tackling the crisis by providing wood, food, clean water and renewable energy.

Furthermore, the Ministry of Forestry of Indonesia has also undertaken significant efforts in conserving the forest through the designation of 54 millions ha of protected and conservation areas for biodiversity conservation and hydrological protection. We also develop EPS for conservation and some area involve in DNS with the U.S.

On the other hand on the issue of REDD, known as Bali Road-map, we encourage the negotiation on financing including for SFM, Afforestation and Reforestation (A/R) through REDD plus. Before 2012 we develop voluntary carbon market as mentioned by Ministerial Regulation.

In this regard, it is clear that most of our forestry policies in fact contribute to global efforts in adaptation to and mitigation of Climate Change. Without stating the relevance to current global climate issues, the MoF policies contributes to reducing emissions from deforestation and degradation, enhancing carbon sink capacity, conserving carbon stocks, also maintaining resilience and increasing adaptability to extreme climate related events.

To resist against the global financial crisis, some efforts have been taken by the Ministry of Forestry by creating some relaxation policies for investment, and providing fiscal stimulus such as tax-free for

investment on industrial plantation forest, toward sustainable forest management.

However, challenges in implementation of the policies and programs are enormous including institutional, financial resources and market aspects of forest product and services.

Ladies and Gentlemen:

I have made the points which I would like to share with you on the condition of the Indonesian forest sector and I attach a high expectation of the contribution of this meeting to the solution of our problems in achieving Sustainable Forest Management and promoting trade in legally harvested timber and forest products.

In this opportunity, again, allow me to convey my deepest appreciation to the committee for its initiative to arrange this conference where people from various backgrounds and nations can share the current issues on policies and practices of legal and certified forest products in the world.

With that, I would like to conclude my words. Thank you.

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