

GUIDELINE FOR COMPLIANCE WITH WOOD BASIC MATERIAL FOR LOCAL NEED

(Regulation of the Minister Forestry Number P. 7/Menhut-II/2009, dated February 9, 2009)

WITH THE BLESSING OF THE ONE AND ONLY GOD

MINISTER OF FORESTRY,

Considering:

- a. that the need for local wood is in big demand by the community through the Regent/Mayor or DPRD of Regency/Municipality and is needed in anticipating the increasing need for wood for individual and for controlling natural disaster occurring in Regency/Municipality;
- b. that with respect to the above matter, it is deemed necessary to fulfill the need for local wood in the Regency/Municipality under Regulation of the Minister Forestry.

In view of:

1. Law Number 23 Year 1997 (**BN No. 6092 pages 19A-21A and so forth**) concerning Living Environment Management (SB of R.I. Year 2007 Number 68; SSB of R.I. Number 3699);
2. Law Number 41 Year 1999 (**BN No. 6412 pages 1A-6A and so forth**) concerning Forestry (SB of R.I. Year 1999 Number 167, SSB Number 3888) as amended by Law Number 19 Year 2004 (**BN No. 7143 pages 26A-29A**) concerning Stipulation of Government Regulation in Lieu of Law Number 1 Year 2004 concerning Amendment to Law Number 41 Year 1999 concerning Forestry to Law (SB of R.I. Year 2004 Number 86, SSB Number 4412);
3. Law Number 18 Year 2001 (**BN No. 6718 pages 18A-21A and so forth**) concerning Special Autonomy for Aceh Special Provincial Region as Nanggroe Aceh

Darussalam Province (SB of R.I. Year 2001 Number 114, SSB Number 4134);

4. Law Number 21 Year 2001 (**BN No. 6728 pages 21A-30A and so forth**) concerning Otonomi Khusus bagi Provinsi Papua (SB of R.I. Year 2001 Number 135, SSB Number 4151);
5. Law Number 32 Year 2004 (**BN No. 7183 pages 1A-11A and so forth**) concerning Regional Government (SB of R.I. Year 2004 Number 125, SSB of R.I. Number 4437) as amended by Law Number 8 Year 2005 concerning Stipulation of Government Regulation in Lieu of Law Number 3 Year 2005 (**BN No. 7218 pages 20A-21A**) concerning Amendment to Law Number 32 Year 2004 concerning Regional Government to be Law (SB of R.I. Year 2005 Number 108, SSB of R.I. Number 4548);
6. Government Regulation in Lieu of Law of the Republic of Indonesia Number 1 Year 2008 (**BN No. 7685 pages 20A-30A**) concerning Amendment to Law Number 21 Year 2001 concerning Special Autonomy for Papua Province (SB of R.I. Year 2008 Number 57, SSB of R.I. Number 4842);
7. Government Regulation Number 35 Year 2002 (**BN No. 6838 pages 2A-10A**) concerning Reforestation Fund (SB of R.I. Year 2002 Number 67, SSB of R.I. Number 4207);
8. Government Regulation Number 44 Year 2004 concerning Forestry Planning (SB of R.I. Year 2004 Number 146, SSB of R.I. Number 4452);

9. Government Regulation Number 6 Year 2007 (**BN No. 7529 pages 1A-21A and so forth**) concerning Forest Layout and Compilation of Forest Management Plan and Forest Utilization (SB of R.I. Year 2007 Number 22, SSB of R.I. Number 4696) as amended by Government Regulation Number 3 Year 2008 (**BN No. 7676 pages 10A-25A so forth**) (SB of R.I. Year 2008 Number 16, SSB of R.I. Number 48140);
10. Government Regulation Number 38 Year 2007 concerning Distribution of Administration Affairs between the Central Government, Provincial Regional Administration, and Regional Administration of Regency/Municipality Year 2007 Number 82, SSB of R.I. Number 4737);
11. Decree of the President of the Republic of Indonesia Number 187/M Year 2004 (**BN No. 7128 pages 30A-31A**) concerning Establishment of Indonesia Bersatu Cabinet, as amended several times and lately amended by Presidential Decree 31/P Year 2007;
12. Regulation of the President of the Republic of Indonesia Number 9 Year 2005 (**BN No. 7182 pages 2A-23A**) concerning Capacity, Function, Organizational Structure and Working Procedure of the State Ministry of the State of the Republic of Indonesia, as amended several times and lately amended by Presidential Regulation Number 20 Year 2008;
13. Regulation of the President of the Republic of Indonesia Number 10 Year 2005 concerning Organizational Unit and Duty of Echelon I of the State Ministry of the State of the Republic of Indonesia as amended several times and lately amended by Presidential Regulation Number 50 Year 2008;
14. Decision of the Minister of Forestry Number SK.382/Menhut-II/2004 concerning Wood Utilization License (IPK);
15. Regulation of the Minister Forestry Number P.13/Menhut-II/2005 concerning Organization dan Working Procedure of the Department Forestry as amended several times and lately amended by Number P.64/Menhut-II/2008;
16. Regulation of the Minister Forestry Number P.51/Menhut-II/2006 concerning Use of Statement Letter of Origin (SKAU) for transportation of wood forest produce originating from Forest bearing the Right as amended several times and lately amended by Regulation of the Minister Forestry Number P.33/Mehut-II/2007;
17. Regulation of the Minister Forestry Number P.55/Menhut-II/2006 concerning Administration of Forest Produce Originating from State-controlled Forest as amended by Number P.63/Mehut-II/2006;
18. Regulation of the Minister Forestry Number P.6/Menhut-II/2007 concerning Work Procedure and Annual Work Procedure for Wood Forest Produce Utilization Business in Natural Forest and Restored Ecosystem in Producing Forest as amended by Regulation of the Minister Forestry Number P.40/Menhut-II/2007;
19. Regulation of the Minister Forestry Number P.19/Menhut-II/2007 (**BN No. 7734 pages 20A-25A**) concerning Procedure for granting License and Expansion of Business Work Area for Wood Forest Produce Utilization in Vegetation Forest Industry in Producing Forest, as amended several times and lately amended by Number P.11/Menhut-II/2008 (BN No. 7718 pages 19A-20A);
20. Regulation of the Minister Forestry Number P.20/Menhut-II/2007 concerning Procedure for grant of Business License for Wood Forest Produce Utilization in

- Producing Natural Forest as amended several times and lately amended by Number P.12/Menhut-II/2008;
21. Regulation of the Minister Forestry Number P.23/Menhut-II/2007 (**BN No. 7791 pages 12A-19A**) concerning Procedure for grant of Business License for Wood Forest Produce Utilization in the People Vegetation Forest as amended several times and lately amended by Number P.5/Menhut-II/2008;
22. Regulation of the Minister Forestry Number P.18/Menhut-II/2007 (**BN No. 7756 pages 20A-29A**) concerning Technical Guideline for Imposition, Collection, and Payment of Forest Resource commission (PSDH) and Reforestation Fund (DR);
23. Regulation of the Minister Forestry Number P.37/Menhut-II/2007 concerning Community Forest;
24. Regulation of the Minister Forestry Number P.62/Menhut-II/2008 (BN No. 7834 pages 2A-12A) concerning Work Plan for Wood Forest Produce Utilization Business in Vegetation Forest Industry and People Vegetation Forest (State Gazette of the Republic of Indonesia Year 2008 Number 74).

DECIDES:

To stipulate:

REGULATION OF THE MINISTER FORESTRY CONCERNING
GUIDELINE FOR FULFILLMENT OF WOOD BASIC MATERIAL
FOR LOCAL NEED.

CHAPTER I

GENERAL PROVISION

Article 1

What is meant in this Regulation by:

1. Need for local wood shall be business to fulfill supply of lath and/or processed wood needed by the Regency/ Municipality for the need of the community and public.
2. License to collect wood forest produce hereinafter referred to as TPHHK shall be license to collect forest produce in the form of wood in producing forest by means of harvesting, transporting, and marketing for a certain period and certain volume.
3. Business license for community forest utilization hereinafter referred to as IUPHKm, shall be business license granted for utilization of forest resource in protected forest zone and/or producing forest zone.
4. License for wood utilization hereinafter referred to as IPK shall be license for utilization of work forest produce and/or non-wood from converted producing forest zone, use of producing forest zone or protected forest bearing the status as use-loan, exchange, from Other Area for Use (APL) that has been granted license for land use.
5. Business license for Wood Forest Produce in Natural Forest (IUPHHK-HA) hereinafter referred to as Right to Exploit Forest (HPH) shall be business license to utilize producing forest which activities consist of felling, transporting, planting, maintaining, safeguarding, processing and marketing of wood forest produce.
6. Business license for Utilization of Wood Forest Produce in Vegetation Forest Industry hereinafter referred to as IUPHHK-HTI which previously called Right to Exploit Vegetation Forest (HPHT) or Right to Exploit Forest Industry (HPHTI) or Business License for Utilization of Wood Forest Produce in Vegetation Forest (IUPHHK-HT) shall be business license for developing Vegetation Forest in producing forest developed by group of industries.

7. Processed Wood or Kayu Olahan (KO) shall be processed product from wood forest produce.
8. Forest bearing the Right to or bearing People's Right to the Forest shall be forest existing on the land bearing the right to the land.
9. Vegetation Forest as the result of rehabilitation hereinafter referred to as HTHR shall be Vegetation Forest in producing forest duly developed by means of rehabilitation on the land and forest in producing forest zone for recovering, maintaining and improvement of the function of the land and forest in the context of maintaining supporting power, productivity and its role as living supporting system.
10. Business License for Utilization of Wood Forest Produce in the People's Vegetation Forest hereinafter referred to as IUPHHK-HTR shall be business license granted for utilization of forest produce in the form of wood in producing Vegetation Forest duly developed by individuals or cooperatives in order to improve producing forest potentiality and quality by applying silviculture in order to guarantee preservation of forest resource.
11. Statement Letter on Legal Log Wood (SKSKB) shall be transport document issued by the competent authority, used for transportation, control or ownership of forest produce in the form of Log Wood transported directly from the area bearing legal license in the State-controlled natural forest which legality has been verified and the PSDH and/or DR thereof have been fully paid.
12. Transporting Invoice for Log Wood (FA-KB) shall be transporting document issued by the FA-KB issuing office that is the Company Officer, for use for transporting the forest produce in the form of log wood or Small-size Log Wood originating from the legal license for State-controlled natural forest or Vegetation Forest in producing forest zone, and for further transporting the Log Wood or Small-size Log Wood originating from the State-controlled forest zone existing offsite the zone.
13. Transporting Invoice for Processed Wood (FA-KO) shall be transporting document issued by the FA-KO Issuer for use for transporting forest processed wood produce in the form of sawed wood, plywood, veneer, chips and Laminated Veneer Lumber (LVL).
14. Forest Resource Commission hereinafter referred to as PSDH shall be collection charged on the holder of license in lieu of the intrinsic value of the forest produce collected from the State-controlled forest.
15. Reforestation Fund hereinafter referred to as DR shall be fund for reforestation and forest rehabilitation and its supporting activities collected from the holder of Business License for Utilization of forest produce in natural forest in the form of wood.
16. Minister shall be Minister assigned the duty and responsibility in Forestry.
17. Director General shall be Director General assigned the duty and responsibility in Forestry Produce Management.
18. Provincial Service Office shall be Service Office assigned the duty and responsibility in forestry in the province.
19. Regency Service Office shall be Service Office assigned the duty and responsibility in forestry in the regency.

CHAPTER II
WOOD RESOURCE

Article 2

Fulfillment for the need for local wood resource shall be among other things as follows:

1. License for Collection of Wood Forest Produce (IPHHK);
2. Business License for Utilization of Community Forest (IUPHKm);
3. License for Wood Utilization (IPK);
4. Business License for Utilization of Wood Forest Produce in Natural Forest (IUPHHK-HA);
5. Business License for Utilization of Wood Forest Produce in Vegetation Forest (IUPHHK-HT);
6. Processed Wood (KO);
7. Wood Resulting from Bid (KHL);
8. Forest bearing Right/People's Right (HR);
9. Vegetation Forest Result from Rehabilitation (HTHR);
10. People's Vegetation Forest (HTR).

Part 1

Method for Obtaining Wood from IPHHK

Article 3

- (1) In the context of obtaining wood from IPHHK as referred to in Article 2 point 1, the Regent/Mayor shall be obliged to make inventory on the number of population around / within the forest that need local wood.
- (2) The Regent/Mayor may issue IPHHK based on the data referred to in paragraph (1).
- (3) Procedure for issuing License for Collection of Wood Forest Produce or Non-wood Forest Produce in producing forest shall be governed in separate Regulation of the Minister.

- (4) Wood transporting document for public interest and natural disaster shall use the SKSKB chop mentioning "Kalok" after payment of the PSDH is made.

Part 2

Method for Obtaining Wood under Business License
Utilization of Community Forest (IUPHKm)

Article 4

- (1) In the context of obtaining wood from the community forest referred to in Article 2 point 2, the Regent/Mayor shall be obliged to conduct inventory data on the number of IUPHKm issued.
- (2) The Regent/Mayor shall be able to know any shortage and/or excess of wood for local need.
- (3) In existence of shortage the Regent/Mayor may seek for other source in accordance with Article 2.
- (4) In existence of excess the Regent/Mayor may distribute it to the Regency/Municipality surrounding the areas that need local wood.
- (5) Procedure for granting IUPHKm shall be governed in separate Regulation of the Minister.
- (6) The document for wood transportation from IUPHKm for public interest and natural disaster shall use the SKSKB chop marked "Kalok" after payment of the PSDH is made.

Part 3

Method for Obtaining Wood from TPK

Article 5

- (1) To obtain the wood from TPK referred to in Article 2 point 3, the Regent/Mayor shall be obliged to conduct inventory on the number of IPK issued.

- (2) Based on the data referred to in paragraph (1) the Regent/Mayor shall know any shortage and/or excess of the local need for wood.
- (3) In the occurrence of shortage the Regent/Mayor may seek other source in accordance with the provision referred to in Article 2.
- (4) In existence of excess the Regent/Mayor may distribute it to the surrounding Regency/Municipality that needs local wood.
- (5) Procedure for grant of IPK shall be governed in separate Regulation of the Minister.
- (6) The document for wood transportation from the IPK for public interest and natural disaster shall use SKSKB marked the chop "Kalok" after having paid the PSDH and DR.

Part 4

Method for Obtaining Wood from IUPHHK-HA

Article 6

- (1) Fulfillment of the local need referred to in Article 2 point 4 obtained from RKT shall be maximum five percent (5 %) of realized RKT, in the form of Small-size Log (KBK) and/or Medium-size Log (KBS), and/or Big-size Log (KB).
- (2) Transportation of wood referred to in paragraph (1), shall be protected by FAKB marked "Kalok" after the PSDH and DR have been fully paid.
- (3) If SI-PUHH Online is used, use the pink-colored barcode for the need for local wood.

Article 7

- (1) If KB is required for the need for local wood and/or for special need for wood for natural disaster, fulfillment

of the obligation to the State in the form of PSDH and DR this can be paid at the tariff approved by the Minister of Finance proposed by the Minister.

- (2) The proposal of the Minister referred to in paragraph (1) after having obtained recommendation of the Regent/Mayor containing among other things, estimated amount and volume of the required KB, the location and type of damage caused by the natural disaster.

Part 5

Method for Obtaining Wood from IUPHHK-HT

Article 8

- (1) Fulfillment of the local need referred to in Article 2 point 5 obtained from the RKT relating to land preparation activities shall be maximum five percent (5 %) of realized RKT, in the form of Small-size Log Wood (KBK) and/or Medium-size Log Wood (KBS), and/or Large-size Log Wood (KB).
- (2) Transportation of wood referred to in paragraph (1), shall be protected by FAKB marked "Kalok" after the PSDH and DR have been fully paid.
- (3) If SI-PUHH Online is used, use the pink-colored barcode for the need for local wood.

Article 9

- (1) If no land preparation activity exists as referred to in Article 8 paragraph (1), the holder of license shall be obliged to provide wood of the largest diameter from the HTI felling for carpentering wood five percent (5%) of realized RKT for local need.
- (2) Transportation of the wood referred to in paragraph (1), shall be protected by FAKB marked "Kalok" after PSDH has been paid.

Part 6

Method for Obtaining Wood from Processed Wood

Article 10

- (1) Fulfillment of local need referred to in Article 2 point 6 obtained from Business License for Wood Forest Produce Primary Industry (IUIPHHK) shall be maximum five percent (5 %) of the local quality product.
- (2) Transportation of wood referred to in paragraph (1), shall be protected by FAKO.

Part 7

Method for Obtaining Wood from Bid Result

Article 11

- (1) Forestry Service Office of Regency/Municipality shall conduct inventory on information data relating to implementation of wood bid resulting from findings, confiscation and looting.
- (2) Based on the information referred to in paragraph (1), the Head of Service Office of Regency/Municipality shall determine the bid winner to sell the bid result five percent (5%) maximum in order to comply with the local requirement.
- (3) Transportation of wood referred to in paragraph (1), shall be protected by SAL.
- (4) If the bid winner fails to distribute the bid result referred to in paragraph (2) no SAL shall be issued.

Part 8

Method for Obtaining Right to Forest or
Right to People's Forest

Article 12

- (1) To obtain Right to Forest or Right to People's Forest referred to in Article 2 point 8, the Regent/Mayor shall

be obliged to conduct inventory data on the number of Rights to Forest or Right to People's Forest existing within its region.

- (2) Based on the data referred to in paragraph (1) the Regent/Mayor will know any shortage and/or excess of wood for local need.
- (3) In the occurrence of shortage the Regent/Mayor may seek other sources based on the provision referred to in Article 2.
- (4) In the occurrence of excess the Regent/Mayor may distribute it to the surrounding Regency/Municipality that needs the local wood.
- (5) Procedure for granting Right to Forest or People's Forest shall be governed in separate Regulation of the Minister.
- (6) Document for wood transportation originating from Forest bearing Right or People's Forest for public interest and natural disaster shall use document that justifies with Regulation of the Minister of Forestry concerning Use of Statement Letter of Origin (SKAU) for Transportation of Wood Forest Produce Originating from Forest bearing Right.

Part 9

Method for Obtaining Wood from HTHR

Article 13

- (1) To obtain wood from HTHR referred to in Article 2 point 9, the Regent/Mayor shall be obliged to conduct inventory on the number of of HTHR existing in his region.
- (2) Based on the data referred to in paragraph (1) the Regent/Mayor will know any shortage and/or excess of wood for local need.

- (3) In existence of shortage, the bid winner for HTHR stands shall be obliged to allocate five percent (5%) of its production.
- (4) Procedure for granting HTHR shall be governed in separate Regulation of the Minister.
- (5) Document for transportation of wood originating from HTHR for public interest and natural disaster using SKSKB marked "Kalok" document.

Part 10

Method for Obtaining Wood from IUPHHK-HTR

Article 14

- (1) To obtain wood from IUPHHK-HTR referred to in Article 2 point 10, the Regent/Mayor shall be obliged to conduct inventory on the number of IUPHHK-HTR existing in his region.
- (2) Based on the data referred to in paragraph (1) the Regent/Mayor will know any shortage and/or excess of wood for local need.
- (3) In the existence of shortage the Regent/Mayor may seek other sources based on the provision referred to in Article 2.
- (4) In the existence of excess the Regent/Mayor may distribute it to the surrounding Regency/Municipality that needs local wood.
- (5) Procedure for granting IUPHHK-HTR shall be governed in separate Regulation of the Minister.
- (6) Document for transportation of wood originating from HTHR for public interest and natural disaster shall use SKSKB marked "Kalok" document.

CHAPTER III

PRICE FIXATION

Article 15

To protect the wood price for local need from

speculation, the Regent/Mayor shall fix sale basic price for local wood based on the result of agreement between the Regional Government, association and/or entrepreneur as referred to in Article 2.

CHAPTER IV

REPORTING AND CONTROL

Article 16

- (1) The Director General shall monitor and evaluate the implementation of Article 3 through Article 14.
- (2) The Regent/Mayor through the Head of Service Office shall report the implementation of Article 3 through Article 14 to the Minister c.q. Director General.
- (3) The Provincial Service Office and/or Service Office of the Regency shall supervise circulation of the local wood forest produce.

CHAPTER V

CLOSING PROVISION

Article 17

Decision of the Minister of Forestry Number 12/Kpts-II/1996 concerning Obligation of Holder of Right to Exploit Forest and Provide and Sell part of its produce for development of the region and/or the People shall is hereby declared null and void.

Article 18

This Regulation of the Minister of Forestry takes effect on the date it is stipulated.

For public cognizance, this Regulation of the Minister of Forestry shall be announced by placing it in the State Gazette of the Republic of Indonesia.

18A

Enacted in Jakarta

On February 9, 2009

THE MINISTER OF FORESTRY

Sgd.

H. M.S. KABAN

Enacted in Jakarta

On February 16, 2009

THE MINISTER OF LAW AND HUMAN RIGHTS OF

THE REPUBLIC OF INDONESIA,

sgd.

ANDI MATTALATTA

STATE GAZETTE OF THE STATE OF REPUBLIC OF INDONESIA YEAR 2009 NUMBER 21

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