



**MINISTER OF ENVIRONMENT AND FORESTRY
REPUBLIC OF INDONESIA**

THE REGULATION OF THE MINISTER OF ENVIRONMENT AND FORESTRY

NUMBER : P.95/Menhut-II/2014

CONCERNING

**THE AMENDMENT OF THE REGULATION OF THE MINISTER OF FORESTRY
NUMBER P.43/MENHUT-II/2014 REGARDING THE PERFORMANCE ASSESSMENT
OF SUSTAINABLE PRODUCTION FOREST MANAGEMENT AND TIMBER LEGALITY
VERIFICATION TO LICENSE HOLDERS OR PRIVATE FORESTS**

WITH THE BLESSING OF ONE ALMIGHTY GOD

THE MINISTER OF ENVIRONMENT AND FORESTRY OF REPUBLIC INDONESIA,

- Considering :
- a. based on the Regulation of the Minister of Forestry Number P.43/Menhut-II/2014, it has been stipulated the Guidelines of the Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification to License Holders or to Private Forests;
 - b. based on the field implementation of the Regulation of the Minister of Forestry as referred in letter a, it was found obstacles and difficulties for small and medium industries to fulfil the regulation during the period of 2015, primarily on small and medium industries;
 - c. the implementation of TLAS for small and medium industries in 2015 shall be provided easy ways for guidance and to obtain government facilitations to facilitate small and medium industries in export activity, but still in the spirit of maintaining the legality of timber utilized;

- d. based on these considerations of letter a, letter b and letter c above, it is necessary to stipulate the Regulation of the Minister of Environment and Forestry concerning to the amendment of Regulation of the Minister of Forestry Number P.43/Menhut-II/2014 on the Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification to License Holders or Private Forests;

Recalling

- : 1. Law Number 5 of 1960 on Basic Regulation of Agrarian Affairs (State Gazette of the Republic of Indonesia Year 1960 Number 104, Supplemented to State Gazette of the Republic of Indonesia Number 2043);
2. Law Number 5 of 1990 on the Conservation of Biological Natural Resources and its Ecosystems (State Gazette of the Republic of Indonesia Year 1990 Number 49, Supplemented to State Gazette of the Republic of Indonesia Number 3419);
3. Law Number 41 of 1999 on Forestry (State Gazette of the Republic of Indonesia Year 1999 Number 167, Supplemented to State Gazette of the Republic of Indonesia Number 3888) as amended by Law Number 19 of 2004 (State Gazette of the Republic of Indonesia Year 2004 Number 86, Supplemented the Republic of Indonesia Number 4412);
4. Law Number 18 of 2001 on Special Autonomy for the Province of Aceh as Nanggroe Aceh Darussalam Province (State Gazette of the Republic of Indonesia Year 2001 Number 114 Supplemented to State Gazette of the Republic of Indonesia 4633);
5. Law Number 21 of 2001 on Special Autonomy for Papua Province (State Gazette of the Republic of Indonesia Year 2001 Number 135 Supplemented to State Gazette of the Republic of Indonesia 4151);
6. Law Number 3 of 2014 on Industry (State Gazette of the Republic of Indonesia Year 2014 Number 4, Supplement to State Gazette of the Republic of Indonesia Year 2014 Number 5492);
7. Law Number 7 of 2014 on Trading (State Gazette of the Republic of Indonesia Year 2014 Supplement to the State Gazette of the Republic of Indonesia Year 2014 Number

5512);

8. Law Number 23 of 2014 on Regional Government (State Gazette of the Republic of Indonesia Year 2014 Number 244, Supplement to State Gazette of the Republic of Indonesia Number 5587);
9. Law Number 102 of 2000 on National Standardisation (State Gazette of the Republic of Indonesia Year 2000 Number 1999 Supplement to State Gazette of the Republic of Indonesia Number 4020);
10. Regulation of the Government Number 6 of 2007 on Forest Administration and Arrangement of Forest Management Planning, and Forest Utilization (State Gazette of The Republic of Indonesia Year 2007 Number 22, Supplement to State Gazette of the Republic of Indonesia Number 4696) as amended by Government Regulation Number 3 Year 2008 (State Gazette of Republic of Indonesia Year 2008 Number 16, Supplement to State Gazette of Republic of Indonesia Number 4814);
11. Regulation of the Government Number 38 of 2007 on Government Affairs Distribution between Government, Provincial Government and District/Municipal Government (State Gazette of Republic of Indonesia Year 2007 Number 82, Supplemented to State Gazette of Republic of Indonesia Number 4737);
12. Regulation of the Government Number 72 of 2010 on State Own Forestry Company (Public Company/Perum) (State Gazette of the Republic of Indonesian Year 2010 Number 142);
13. Regulation of the President Number 24 of 2010 on Position, Task and Function of State Ministry and Organisation Structure, Task and Function of State Ministry Echelon I, as amended several times, lastly by Regulation of the President Number 135 Year 2014;
14. Regulation of the President Number 165 of 2014 on the administration of Task and Function of Working Cabinet;
15. Decree of the President Number 121/P of 2014 on the establishment of Ministries and Working Cabinet 2014 -

- 2019;
16. Regulation of the Minister of Forestry Number P.30/Menhut-II/2012 on the Administration of Forest Products derived from Private Forests (Official Gazette of the Republic of Indonesia Year 2012 Number 737);
 17. Regulation of the Minister of Forestry Number P.39/Menhut-II/2013 on the Empowerment of Local Community through Forestry Partnership (Official Gazette of the Republic of Indonesia Year 2013 Number 958);
 18. Regulation of the Minister of Forestry Number P.41/Menhut-II/2014 on the Administration of Timber Forest Products derived from Natural Forest (Official Gazette of the Republic of Indonesia Year 2014 Number 775);
 19. Regulation of the Minister of Forestry Number P.42/Menhut-II/2014 on the Administration of Timber Forest Products derived from Plantation Forests in Production Forests (Official Gazette of the Republic of Indonesia Year 2014 Number 776);
 20. Regulation of the Minister of Forestry Number P.43/Menhut-II/2014 on the Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification to License Holders or Private Forests (Official Gazette of the Republic of Indonesia Year 2014 Number 883);
 21. Regulation of the Minister of Forestry Number P.55/Menhut-II/2014 on Business License for Primary Industry of Forest Product (Official Gazette of Republic of Indonesia Year 2014 Number 1228);
 22. Regulation of the Minister of Industry Number 41/M-IND/PER/6/2008 on Provisions and Procedures of Granting Industrial Business Permit, Expansion License and Industrial Registered Certificate;
 23. Regulation of the Minister of Trade Number 64/M-DAG/PER/10/2012 on Export Provisions of Forest Industry Products as amended by Regulation of Minister of Trade Number 81/M-DAG/PER/12/2013;
 24. Regulation of the Minister of Trade Number 78/M-

DAG/PER/12/2014 on the Import of Forest Industry Products;

HAS DECIDED:

To Stipulate : THE REGULATION OF THE MINISTER OF ENVIRONMENT AND FORESTRY ON THE AMENDMENT OF REGULATION OF THE MINISTER OF ENVIRONMENT NUMBER P.43/MENHUT-II/2014 ON THE PERFORMANCE ASSESSMENT OF SUSTAINABLE PRODUCTION FOREST MANAGEMENT AND TIMBER LEGALITY VERIFICATION FOR LICENSE HOLDERS OR PRIVATE FORESTS.

Article I

Several provisions in Regulation of the Minister of Forestry Number P.43/Menhut-II/2014 on Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification to License Holders or Private Forests (Official Gazette of the Republic of Indonesia Year 2014 Number 883), are amended as follows:

1. Provision in Article 1 is amended, therefore the Article 1 shall be read as follows:

Article 1

Under this Minister's Regulation, the meaning of:

1. License holders are the holders of UPHHK-HA, IUPHHK-HT, IUPHHK-HTR, IUPHHK-RE, IUPHHK-HKM, IUPHHK-HD, IUPHHK-HTHR, IPK, IUIPHHK, IUI or TDI, ETPIK Non-Producer and TPT.
2. Registered Timber Depot (TPT) is a place for collecting logs and/or processed timber derived from one or several sources, owned by entities or individuals defined by the competent Authority in accordance with legislation rules.
3. Business License of Primary Industrial of Timber Forest Products (IUIPHHK) is a license to process logs and or small logs into one or several type of products on a particular location granted to a license holder by competent authority.
4. Industrial Business License (IUI) is Industrial Business License of advanced timber processing which has a total investment of over IDR 200.000.000,- (two hundred million rupiahs), excluding land and buildings of business premises.
5. Industrial Registered Certificate (TDI) is Industrial Business License of advanced timber processing, having a total investment of up to IDR 200.000.000,- (two hundred million rupiahs), excluding land and buildings of business premises.

6. Forest Management right is a state-owned enterprise in forestry sector which has received delegations in implementing forest management in accordance with the provision of legislation rules.
7. Private forest is a forest located within a land that burdened with land right outside forest area and it is proven by land title or land right.
8. Home industry/artisan is small industry of household scale with the investment of up to IDR. 5.000.000,- (five million rupiahs), exclude land and building and/or has 1 to 4 workers.
9. Small industry is an industry with a total investment of up to IDR 200.000.000,- (Two hundred million rupiahs), excluding land and building of business premises.
10. Small and Medium Industry (IKM) are industries holding a Industrial Registered Certificate (TDI) and Industrial Business License (IUI) with the limit of investment value of up to IDR 10.000.000.000,- (ten billion rupiahs), excluding land and building of business premises.
11. Registered Exporter of Forestry Industry Products for Non-Producer (ETPIK Non-Producer) is the Forestry Industry enterprise having recognition to undertake export on forest industry products.
12. Registered Importer of Forestry Product is a company undertaking import of forestry products for the purpose of business activity by trade and/or transfer to other party.
13. Registered Exporter of Forestry Industry Product for Furniture (ETPIK Mebel) is the ETPIK that produces forestry industry product that included in Tariff/HS of Furniture group that is set by the ministry responsible for trading sector.
14. Registered Exporter Forestry Industry Product for Processed Timber (ETPIK Kayu Olahan/Processed Timber) is the ETPIK that produces forestry industry product that included in Tariff/HS of processed timber group that is set by ministry responsible for trading sector.
15. National Accreditation Committee (KAN) is an organisation to accredit Assessment bodies and Independent Verifications.
16. Independent Monitor (PI) is a civil society either individual or institution which has indonesia legal entity to undertake monitoring function related to public services in forestry sector such as the issuance of S-PHPL or S-KL or DKF.
17. Standards and guidelines of sustainable forest management are requirements to meet sustainable forest management that include standards, criteria, assessment tool indicator, assessment method and assessment guidelines.

18. Standards and guidelines of timber legality verification are requirements to meet the legality of timber/product made based on agreements between forestry stakeholders that include standar, criteria, indicator, verifier, verification method and assessment norm.
19. Timber Legality Assurance System (TLAS) is a system that ensures sustainable forest management and/or timber legality as well as traceability of timber through PHPL Assessment Certification, Timber Legality (LK) Certification and Supplier's Declaration of Conformity.
20. Certificate of Sustainable Production Forest Management (S-PHPL) is a reference letter given to license holders or forest management right holders explaining the successful achievement of sustainable forest management.
21. Certificate of Timber Legality (S-LK) is a reference letter given to license holders, forest management right holders or private forest owners explaining the license holders, forest management right holders or private forest owner meet the timber legality standards.
22. Supplier's Declaration of Conformity is a conformity statement done by suppliers based on evidence to meet the requirements.
23. Import Declaration is a statement letter from the importers stating that the forestry products to be imported are in accordance with the results of due diligence process.
24. Export Declaration is a statement letter from IKM ETPIK Owners that the product to be exported uses the source of raw materials that legality requirements.
25. Random Inspection is an inspection activity on timber and timber products legality undertaken randomly at any time by Government or third party assigned by Government to maintain the credibility of supplier's declaration of conformity.
26. Special Inspection is an inspection activity on timbers and timber products legality made in the event of an indication of non conformance and or untruth action of conformity declaration issued by supplier.
27. V-Legal sign is a sign affixed to timbers, timber products or packaging stated that timber and timber product meet the PHPL Standards or VLK Standards.
28. V-Legal Document is a document stated that timber products for export designation meet timber legality verification standards in accordance with the provision of Government of the Republic of Indonesia.

29. Assessment Body and Independent Verification (LP&VI) are Indonesian Legal Entities accredited to undertake performance assessment of Sustainable Production Forest Management (PHPL) and/or Timber legality verification.
 30. Assessment Body of Sustainable Production Forest Management (LPPHPL) is a LP&VI that undertake performance assessment of sustainable production forest management.
 31. Timber Legality Verification Body (LVLK) is the LP&VI which undertake Timber Legality Verification (LK).
 32. The Ministry is a ministry that is assigned tasks and responsibilities in environmental and forestry sector.
 33. The Minister is a minister that is assigned tasks and responsibilities in environmental and forestry sector.
 34. The Director General is a Director General that is assigned tasks and responsibilities in forestry enterprises.
2. Provision of Article 4 is amended, therefore the Article 4 shall be read as follows:

Article 4

- (1) The holders of IUPHHK-HA/HT/RE and Forest Management Right are obliged to obtain a Certificate of Sustainable Production Forest Management (S-PHPL).
- (2) In case of the holders of IUPHHK-HA/HT/RE and Forest Management Right have not yet obtained the Certificate of Sustainable Production Forest Management (S-PHPL) as referred in paragraph (1), are obliged to obtain S-LK .
- (3) S-LK (certificate of timber legality) as referred in paragraph (2), valid for 1 (one) period and subsequently the holders of IUPHHK-HA/HT/RE and Concession holders are obliged to obtain S-PHPL.
- (4) The holders of IUPHHK-HA/HT/RE and Concession holders have obtained the Certificate of Sustainable Production Forest Management (S-PHPL) as referred in paragraph (1) are not necessary to obtain S-LK.
- (5) The holders of IUPHHK-HKm, IUPHHK-HTR, IUPHHK-HD, IUPHHK-HTHR, IPK, IUPHHK, IUI, TDI and ETPIK Non-Producer are obliged to obtain S-LK.
- (6) Registered Timber Depot, Home Industry/Artisan and Private forest owners are obliged to obtain S-LK through certification by LVLK or issue DKP.

- (7) The holders of IUPHHK, IUI and TDI that the raw material of its timber derived from private forest can facilitate its supplier to obtain S-LK or issuing DKP.
 - (8) The holders of IPK or IUPHHK-HTHR are obliged to obtain S-LK, upon its work plan approval is issued
 - (9) In the event of IUIPHHK, IUI, TDI, TPT holders , Home industry/Artisan and ETPIK Non-producer utilise timber that use DKP are required to ensure the legality of raw material used by checking to supplier that use DKP.
3. Between Article 4 and 5 is inserted 1 (one) new article that is Article 4A, therefore article 4A shall be read as follows:

Article 4A

- (1) Importers are obliged to issue import declaration attached with a due diligence report for each timber and/or timber products to be imported.
 - (2) The implementation of due diligence and the import declaration as referred in paragraph (1) is the requirement to obtain import recommendation.
 - (3) Shipment of timbers and/or imported timber products from registered importers of forestry product is required to be completed with S-LK or DKP.
 - (4) Further provisions concerning the procedure of due diligence implementation, issuing of import declaration and import recommendation are regulated by Director General's Regulation.
4. Provision of Article 5 is amended, therefore the Article 5 shall be read as follows:

Article 5

- (1) The holders of IUPHHK, IUI, TDI, TPT, Home industry/Artisan and ETPIK Non-producer are obliged to use raw materials having S-PHPL or S-LK or DKP.
- (2) The holders of ETPIK for processed timber which have obtained S-LK but are using raw materials in the form of processed products from suppliers which have not yet had S-LK or DKP, a V-Legal document is issued through inspection by LVLK up to 30 June 2015.
- (3) DKP as referred in paragraph (2) includes timber originating from private/community forests, plantation forests and natural forests that have obtained S-PHPL and S-LK.

- (4) The holders of ETPIK for processed timber as referred in paragraph (2) is required to facilitate its supplier to obtain S-LK.
5. Between Articles 5 and 6 is inserted 1 (one) new article that is Article 5A, therefore article 5A shall read as follows:

Article 5A

- (1) An ETPIK holder having S-LK with whole raw materials S-LK or DKP certified for export purposes is using the V-Legal document.
- (2) The holders of ETPIK of IKM Furniture which have not had or have had S-LK with uncertified (S-LK or DKP) raw materials of processed products for export purpose are using export declaration until 31 December 2015.
- (3) For the holders of IUPHHK, IUI, TDI and ETPIK Non-Producer have not yet obtained S-LK, a V-Legal Document is issued through LVLK until 30 June 2015.
- (4) Issuance of guidelines on V-Legal Document and issuance of guidelines on Export Declaration as referred in paragraphs (1) and (2) are further regulated by the Director-General.
6. Provision of Article 6 is amended, therefore the Article 6 shall be read as follows:

Article 6

Standards and guidelines of the PHPL performance assessment as referred I Article 2 Paragraph (2), Timber Legality as referred in Article 2 Paragraph (3), and DKP as referred in Article 4 Paragraph (6) are further regulated by the Regulation of Director-General.

7. Provision of Article 7 is amended, therefore the Article 7 shall be read as follows:

Article 7

- (1) LP&VI as referred in Article 2 is accredited by KAN.
- (2) To obtain accreditation as referred in paragraph (1), LP&VI submit an application to KAN in accordance to laws and rules.
- (3) Based on the KAN accreditation as referred in paragraph (2), Director-General on behalf of Minister designates LP&VI.

- (4) Based on LP&VI Stipulation as referred in paragraph (3) Director General on behalf of Minister designates LVLK meeting the requirement as an issuer of V-Legal Document.
 - (5) Further provisions concerning procedures of stipulation of V-Legal Document issuer as referred in paragraph (4) are regulated by the Regulation of Director General
 - (6) In case there is an indication that LP&VI performs an action which is not in accordance to prevailing regulations, the Director-General on behalf of Minister revokes the stipulation after conducting a careful check to prove its evidence.
 - (7) In case of action that is not in accordance with the prevailing regulations as referred in paragraph (6) of beyond administrative violations, it will be sanctioned in accordance with the provisions of legislations and rules.
 - (8) Further provisions concerning the truth evidence as referred in paragraph (6) are regulated in the Regulation of Director General.
8. Provisions of Article 8 is amended, therefore the Article 8 shall be read as follows:

Article 8

- (1) Performance assessment of PHPL or timber legality verification by LP&VI against license holders financed by the Ministry in accordance with the applicable finance standard, is undertaken based on assignment from Director General on behalf of Minister..
- (2) Finance Standard as referred in paragraph (1) is established by Minister and may be reviewed as necessary.
- (3) Financing of performance assessment of PHPL or timber legality verification for the next period is charged to license/right holder or private forest owners.
- (4) the holders of IUPHHK-HTR, IUPHHK-HKm, IUPHHK-HD, IUIPHHK with capacity of up to 6,000m³ pr year, TPT, IUI, TDI, Home industry/artisan and private forest owner can apply for timber legality certificate as groups..
- (5) Financing of timber legality certificate for first period and first surveillance of LVLK can be charged to Government or other legitimate and unbinding sources against groups of private forest owner, TPT, Home industry/artisan, the holders of IUPHHK-HTR, IUPHHK-HKm, IUPHHK-HD, IUIPHHK with the capacity of up to 6,000m³ per year and IKM.
- (6) Financing of S-LK surveillance by LVLK against groups of private forest owners, the holders of IUPHHK-HTR, IUPHHK-HKm and IUPHHK-HD can be charged to

Ministry or other legitimate and unbinding sources as long as it is yet to be produced.

(7) Further provision concerning timber legality certification as groups as referred in paragraphs (4) and (5) are regulated by the regulation of Director General.

9. Provision of Article 11 is amended, therefore the Article 11 shall be read as follows:

Article 11

(11) License holders, Forest Management Right and private forest owners that have obtained S-PHPL or S-LK are obliged to affix V-Legal sign.

10. Provision of Article 12 is amended, therefore the Article 12 shall be read as follows:

Article 12

(1) Supplier's declaration of conformity for TPT, home industry/artisan and private forest owners has a validity which is equal to the validity of transport document used.

(2) To maintain credibility of DKP, the random inspection can be undertaken at any time by Government or third party, i.e. timber legality verification body assigned by Government with governmental budget.

(3) in case there is a non-compliance or incorrectness discovered or suspected on one of declaration on the issuance of DKP as referred in paragraphs (1) and (2), special inspection will be conducted by Government or LVLK assigned by Government at the expense of Government.

11. Provision of Article 16 is amended, therefore the Article 16 shall be read as follows:

Article 16

The issuer of V-Legal Document issues V-Legal Document for IUIPHHK, IUI, TDI, and ETPIK for Non-Producer holders.

12. Provision of Article 17 is amended, therefore the Article 17 shall be read as follows:

Article 17

(1) The implementation of SVLK is monitored by Independent Monitors.

- (2) The monitoring of SVLK implementation shall be financed independently by Independent Monitor.
- (3) Government may facilitate the Independent Monitor to obtain financing sources for monitoring the implementation and encouraging the development of an independent financing in accordance with the provision of legislations and rules.
- (4) In a monitoring activity of SVLK implementation as referred in paragraph (1), the independent monitors shall have security assurance in accordance with provision of legislations and rules.
- (5) The procedures and guidelines of monitoring as referred in paragraph (1) are further regulated by the Regulation of Director-General.

13. Provision of Article 18 is amended, therefore the Article 18 shall be read as follows:

Article 18

- (1) The assistance of technical skills or financing in order to strengthen the capacity or institutional capacity of private forest owners, UIIPHHK with a capacity of up to 6,000m³/year, IKM, TPT, Home Industry/Artisan, LP&VI, as well as Independent Monitor can be performed by Government.
- (2) In case of the Government budget as referred in paragraph (1) is not available, a financial assistance may be obtained from other un-binding sources.

14. Provision of Article 19 is deleted.

15. Provision of Article 20 is amended, therefore the Article 20 shall be read as follows:

Article 20

- (1) S-PHPL and S-LK which have been issued before the enactment of this regulation is remain valid.
- (2) The validity of certificate as referred in paragraph (1) is to be adjusted in accordance with this provision after surveillance.
- (3) In term of timber utilization and/or administration for customary forests and their relation to the Constitutional Court decision Number 35 of 2012 will be regulated after the laws and rules and their implementation are available.
- (4) License holders and private forest owners in progress of requesting S-PHPL and S-LK shall follow the provisions of this Regulation.

Article II

This Minister's Regulation shall be effective on the date of its promulgation.

In order for public cognisance, this Minister's regulation shall be promulgated in the state gazette of the Republic of Indonesia.

Stipulated in Jakarta
on date

**THE MINISTER OF ENVIRONMENT
AND FORESTRY OF THE REPUBLIC
OF INDONESIA,**

SITI NURBAYA

Promulgated in Jakarta
on date

**THE MINISTER OF JUSTICE AND HUMAN RIGHT
THE REPUBLIC OF INDONESIA,**

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER YEAR.....