



**THE MINISTRY OF ENVIRONMENT AND FORESTRY
DIRECTORATE GENERAL OF FORESTRY ENTERPRISES**

To:

1. The holders of IUPHHK-HA/HT/RE and Concession
2. The holders of IUPHHK-HKm/HTR/HD/HTHR, IPK
3. The holders of IUIPHHK, IUI, TDI and ETPIK Non-Producer
4. Owners of home industry/Artisan, TPT and Private forest
5. Directors of Assessment Body and Independent Verification (LP&VI)

CIRCULAR LETTER

NUMBER: SE.14/VI-BPPHH/2014

CONCERNING

**THE OBLIGATION OF VERIFICATION SYSTEM APPLICATION OF TIMBER LEGALITY
(AS FOLLOW UP ACTION OF REGULATION OF THE MINISTRY OF FORESTRY
NUMBER P.43/MENHUT-II/2014 jo. REGULATION OF THE MINISTRY OF
ENVIRONMENT AND FORESTRY NUMBER P.95/MENHUT-II/2014**

1. General

Timber Legality Assurance System (TLAS) is a system that ensures sustainable management of forest and/or timber legality as well as timber traceability through assessment certification of sustainable production forest management (PHPL), Timber Legality (LK) Certification and Supplier Conformity Declaration (DKP). Based on evaluation result of SVLK implementation, it is necessary to simplify and is given the simplification for small and medium industry in implementing SVLK. Related to the above matters, the Ministry of Environment and Forestry has undertaken a revision against several regulations related to SVLK. Therefore, the circular letter of Director General of Forestry Enterprises is necessary for smooth implementation of its revision.

2. Purpose and Objective

To provide clearer understanding in applying the legislation in order for SVLK implementation.

3. Scope

- 3.1. The holders of IUPHHK-HA/HT/RE and Concession Holders
- 3.2. The holder of IUPHHK-HKm/HTR/HD/HTHR, IPK
- 3.3. The holder of IUIPHHK, IUI, TDI and ETPIK Non-Producer

- 3.4. Owners of home industry/Artisan, TPT and Private forest
- 3.5. LP&VI (LPPHPL and LVLK)

4. Basis

- 4.1. Regulation of the Minister of Industry Number: 41/M-IND/PER/6/2008 on Provision and Procedures of Granting Industry Business License, Expansion Licence and Industry Registered Number;
- 4.2. Regulation of the Minister of Forestry Number: P.9/Menhut-II/2012 on requirement planning of Industrial raw material of timber forest product.
- 4.3. Regulation of the Minister of Forestry Number: P.30/Menhut-II/2012 on Administration of Forest Product derived from Private Forest.
- 4.4. Regulation of the Minister of Forestry Number: P.43/Menhut-II/2014 concerning Performance Assessment of Sustainable of Production Forest Management and Timber Legality Verification to Licence Holders or to Private Forests, as amended with Regulation of the Minister of Environment and Forestry Number: P.95/Menhut-II/2014
- 4.5. Regulation of the Minister of Forestry Number: P.55/Menhut-II/2014 on Business License of Primary Industry of Forest Product.
- 4.6. Regulation of the Minister of Trade Number: 97/M-DAG/PER/12/2014 on Provision of Export of Forestry Industry Product;
- 4.7. Regulation of the Director General of Forestry Enterprises Number: P.13/VI-BPPHH/2014 on Guidelines of Timber Legality Verification as Groups.
- 4.8. Regulation of the Director General of Forestry Enterprises Number: P.14/VI-BPPHH/2014 on Standards and Guidelines of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification

5. Arrangement in term of SVLK Implementation.

- 5.1. The holders of IUPHHK-HA/HT/RE and Concession Holders
 - 5.1.1. is obliged to obtain S-PHPL which is valid for 5 (five) year,
 - 5.1.2. for those who have not obtained S-PHPL, is obliged to obtain S-LK which is valid for 3 (three) years, and thereafter shall obtain S-PHPL, and
 - 5.1.3. conduct surveillance at least once in every 12 (twelve) months
- 5.2. The holder of IUPHHK-HK/HTR/HD/HTHR, IPK
 - 5.2.1. is obliged to obtain S-LK which is valid for 3 (three) years with surveillance in every 12 (twelve) months
 - 5.2.2. for IUPHHK-HTHR is obliged to have S-LK after the approval of its work plan is issued
 - 5.2.3. can propose financing of certification as groups (the size of land minimum 250 ha, or can be less than 250 if it is within 1 (one) District/City) and financing of first surveillance to the Ministry of Environment and Forestry (LHK), unless IUPHHK-HTHR does not propose financing of certification as groups, and

- 5.2.4. that is incorporated in a group and has S-LK, surveillance cost can be proposed to Ministry of LHK as long as it is yet to be produced.
- 5.3. private forest owners:
 - 5.3.1. is obliged to obtain S-LK or can issue DKP
 - 5.3.2. can issue DKP against type of timber that the administration of forest product use Nota or SKAU documents
 - 5.3.3. is obliged to obtain S-LK, against type of timber that the administration of forest product use Nota or SKAU documents
 - 5.3.4. S-LK is valid for 10 (ten) years with surveillance is once in every 24 (twenty four) months.
 - 5.3.5. can propose certificate finance as group (minimum size of private forest is 250 ha, or can be less than 250 ha but within 1 (one) District/City), and
 - 5.3.6. that is incorporated in a group and has S-LK, surveillance cost can be proposed to Ministry of LHK as long as it is yet to be produced.
- 5.4. IUIPHHK holder
 - 5.4.1. is obliged to obtain S-LK which is valid for 3 (three) years with surveillance once in every 12 (twelve) months
 - 5.4.2. is obliged to use raw material that has S-PHPL/S-LK/DKP for the preparation of RPBBI commencing 1 July 2015,
 - 5.4.3. that has obtained S-LK, but using raw material in form of processed product from supplier that yet to have S-LK, then the V-Legal Document is issued through inspection mechanism up to 30 June 2015
 - 5.4.4. that yet to obtain S-LK, but using raw material that has S-PHPL/S-LK/DKP, then V-Legal Document is issued through inspection mechanism up to 30 June 2015
 - 5.4.5. that has relation of raw material to private forest owner, can facilitate the owner of private forest to obtain S-LK
 - 5.4.6. that use raw material with DKP, is obliged to ensure the legality of raw material by checking to DKP Issuer.
 - 5.4.7. that its raw material derived from auction timber, it is obliged to carry out separation physically and administratively against intended raw material starting from production process to end product. For product from auction timber can not use V-Legal Sign and cannot be issued V-Legal document,
 - 5.4.8. Capacity of 6,000 m³ / year can propose financing of group certificate (min 5 members) and first surveillance cost to the Ministry of LHK
- 5.5. Holder of TDI/IUI:
 - 5.5.1. is required to obtain S-LK
 - 5.5.2. for TDI and IUI with investment value of IDR 500,000,000 (five hundred million rupiahs) exclude land and building, S-LK is valid for 6 (six) years with surveillance once in every 24 months,

- 5.5.3. for IUI with investment value > IDR 500,000,000 (five hundred million rupiahs) exclude land and building, S-LK is valid for 3 (three) years with surveillance once in every 12 (twelve) months,
 - 5.5.4. for IKM, can propose certification as groups (min 5 members) and cost of first surveillance can be proposed to Ministry of LKH,
 - 5.5.5. that has obtained S-LK, but using raw material in form of processed product from industry that yet to have S-L or home industry/artisan that yet to have DKP, V-Legal Document is issued through inspection mechanism up to 30 June 2015
 - 5.5.6. that yet to obtain S-LK, but using raw material that has S-LK/DKP, then V-Legal Document is issued through inspection mechanism up to 30 June 2015
 - 5.5.7. that use raw material with DKP, is obliged to ensure the legality of raw material by checking to DKP Issuer.
 - 5.5.8. that its raw material derived from auction timber, it is required to carry out separation physically and administratively against intended raw material starting from production process to end product. For product from auction timber can not use V-Legal Sign and V-Legal document cannot be issued,
- 5.6. Holders of ETPIK Non-Producer:
- 5.6.1. is obliged to obtain S-LK
 - 5.6.2. that yet to obtain S-LK, then V-Legal Document is issued through inspection mechanism up to 30 June 2015
 - 5.6.3. that use home industry/artisan product with DKP is required to ensure product legality by conducting checking to DKP Issuer
- 5.7. the owners of home industry/artisan:
- 5.7.1. is obliged to obtain S-LK or issue DKP
 - 5.7.2. S-LK is valid for 6 year with surveillance once in every 24 months
 - 5.7.3. that use raw material with DKP, is obliged to ensure the legality of raw material by checking to DKP Issuer.
 - 5.7.4. can propose certification as groups (min 5 members) and cost of first surveillance can be proposed to the Ministry of LKH,
 - 5.7.5. that its raw material derived from auction timber, it is obliged carry out separation physically and administratively against intended raw material starting from production process to end product. For product from auction timber can not use V-Legal Sign and V-Legal document cannot be issued,
- 5.8. TPT holder
- 5.8.1. for TPT of logs of private forest and/or processed timber of private forest is obliged to obtain S-LK or issue DKP, and only accepting logs of private

forest from source that has S-LK/DKP or processed timber of private forest from source that has S-LK/DKP,

- 5.8.2. for TPT of logs of state forest and/or imported logs (TPT-KB) is obliged to obtain S-LK and only accepting logs of state forest from source that has S-PHPL/S-LK and/or imported logs in accordance with the provision
- 5.8.3. for TPT of logs of state forest and/or imported processed timber (TPT-KO) is obliged to obtain S-LK and only accepting logs of state forest from source that has S-LK and/or imported processed timber in accordance with the provision
- 5.8.4. S-LK is valid for 6 year with surveillance once in every 24 months
- 5.8.5. that use raw material with DKP, is obliged to ensure the legality of raw material by checking to DKP Issuer.
- 5.8.6. can propose certification in groups (min 5 members) and cost of first surveillance can be proposed to the Ministry of LKH,
- 5.8.7. for those who accepting auction timber is obliged to conduct separation against timber received for action timber can not use V-Legal sign

5.9. IPK Holder

- 5.9.1. is obliged to obtain S-LK once the license is issued, and
- 5.9.2. S-LK is valid for 1 (one) year since it is issued

5.10. LVLK the issuer of V-Legal Document (Licensing Authority):

- 5.10.1. to submit application as V-Legal Document Issuer after obtaining stipulation as LVLK,
- 5.10.2. can issue V-Legal Document Issuer after obtaining stipulation as Issuer of V-Legal Document,
- 5.10.3. For LP&VI that is stipulated as fixed LVLK can undertake issuing of V-Legal Document until 30 June 2015

5.11. V-Legal Document:

- 5.11.1. Is issued by LVLK Issuer of V-Legal Document for ETPIK/ ETPIK Non-Producer that has S-LK and its overall supplier has obtained S-PHPL/S-LK/DKP,
- 5.11.2. that issued through inspection for ETPIK that has S-LK, but using raw material in form of processed timber derived from industry that yet to have S-LK or home industry/artisan that yet to have DKP until 30 June 2015
- 5.11.3. that is issued through inspection for ETPIK / ETPIK Non-Producer that is yet to have S-LK but utilised raw material that has S-PHPL/S-LK/DKP until 30 June 2015
- 5.11.4. not to be issued against production derived from auction timber
- 5.11.5. it is a complementary custom document

5.12. Export Declaration

- 5.12.1. it is issued by ETPIK IKM that yet to have S-LK in accordance with the stipulation of the Director General of Foreign Trade of Ministry of Industry.
- 5.12.2. is issued by ETPIK IKM after obtaining Access Right by conducting registration to online SILK, and then it goes to INATRADE and INAW systems.
- 5.12.3. it is printed and signed by ETPIK IKM across materai of IDR6,000
- 5.12.4. it is to be used for every export,
- 5.12.5. can be issued until 31 December 2015
- 5.12.6. it is a complementary custom document

5.13. V-Legal Sign

- 5.13.1. V-Legal sign is obliged to be affixed to timber or timber product or legal transport document/attachment or DKP
- 5.13.2. V-Legal Sign is only affixed to timber of timber product that has S-PHPL/S-LK/DKP,
- 5.13.3. if it is not possible due to size of product is too small or due to the nature of the product, then it will be affixed on the packaging that is used in marketing of timber of timber product, and
- 5.13.4. V-Legal Sign is not to be affixed to timber of timber product derived from timber auction.

5.14. Importer of Timber/Timber Product:

- 5.14.1. is obliged to obtain S-LK or issue DKP
- 5.14.2. is obliged to issue import declaration attached with due diligence report for every timber and/or timber product to be imported.

6. By issuing this Circular Letter then Circular letter of the Director General of Forestry Enterprises Number SE.8/VI-BPPHH/2014 is no longer valid.

So, it is to be noticed and implemented.

Stipulated in Jakarta
On the date of 31st December 2014

**DIRECTOR GENERAL
OF FORESTRY ENTERPRISES**

Signature

BAMBANG HENDROYONO

Copies:

1. Minister of Environment and Forestry (as report)
2. Governors across Indonesia
3. Regents/Majors across Indonesia
4. Secretary of General of the Ministry of Environment and Forestry
5. Director General of Foreign Trade of the Ministry of Industry
6. Director General of Agriculture of the Ministry of Industry
7. Director General of Small Medium Industry of the Ministry of Industry
8. Deputy of Food and Natural Resources Coordination of the Ministry of Coordinator of Economy
9. Chairman of National Accreditation Committee
10. Director of Cooperation of Intra Regional of America and Europe of Ministry of Foreign Affairs:
11. Technical Director of Custom, Director General of Custom of Ministry of Finance
12. Head of Provincial office in charge of forestry
13. Head of Provincial office in charge of industry
14. Head of Provincial office in charge of trade
15. Head of District/City office in charge of forestry
16. Head of District/City office in charge of industry
17. Head of District/City office in charge of trade
18. Head of office of Utilisation Monitoring of Production Forest Area I to XVIII
19. Timber Associations (APHI, APKINDO, ISWA, APKI, ASMINDO, MPI, GPEI, AMKRI, ASEPHI, APKJ, HPKJ dan AWKMI).