

RULES ON EXPORT OF PRODUCTS OF FORESTRY INDUSTRIES
(Regulation of the Minister of Trade No. 02/M-DAG/PER/2/2006 dated February 2, 2006)

THE MINISTER OF TRADE OF
THE REPUBLIC OF INDONESIA,

Considering:

- a. that, in the framework of acceleration and effectiveness of implementation of regulations on export of products of forestry industries and in maintaining of sustainable availability of raw materials for products of forestry industries originating from conserved forest, in increasing of export of products of forestry industries with high added value and business certainty, it is deemed necessary to revoke Decree of the Minister of Industry and Trade No. 647/MPP/Kep/10/2003 and to re-stipulate the above regulations;
- b. that, in the realization of export of products of forestry industries, there are technical problems regarding specifications of exportable products;
- c. that, based on the considerations as meant in paragraphs a and b above, it is necessary to issue Regulation of the Minister of Trade.

In view of:

1. Bedrijfsreglementerings Ordonantie of 1934 (Statute Book of 1938 No. 86);
2. Law No. 5/1984 on Industry (Statute Book of 1984 No. 22, Supplement to Statute Book No. 3274);
3. Law No. 10/1995 (BN No. 5812 p. 19A-20A and so on) on Customs (Statute Book of 1995 No. 75, Supplement to Statute Book No. 3612);
4. Law No. 41/1999 (BN No. 6412 p. 1A-6A and so on) on Forestry (Statute Book of 1999 No. 80, Supplement to Statute Book No. 3888);
5. Government Regulation No. 34/2002 (BN No. 6828 p. 5A-15A and so on) on Forest Areas (Statute Book of 2002 No. 66, Supplement to Statute Book No. 4206);
6. Presidential Decree No. 260/1967 on Confirmation of Duties and Responsibilities of the Minister of Trade in Foreign Trade Affairs;
7. Presidential Decree No. 187/M/2004 (BN No. 7128 p. 30A-31A) on Establishment of United Indonesia Cabinet as already amended several times and latest by Presidential Decree No. 171/M/2005;
8. Presidential Regulation No. 9/2005 (BN No. 7182 p. 2A-3A) on Positions, Duties, Organizational Structures, and Work Procedures of State Ministries of the Republic of Indonesia as already amended several times and latest by Presidential Regulation No. 62/2005;
9. Presidential Regulation No. 10/2005 on Organizational Units and Duties of Echelons I of State Ministries of the Republic of Indonesia as already amended several times and latest by Presidential Regulation No. 63/2005;
10. Presidential Instruction No. 4/2005 (BN No. 7215 p. 1A-3A) on Elimination of Illegal Logging in Forest Areas and Circulation of Logs in Indonesian Territory;
11. Joint Regulation of the Minister of Industry, the Minister of Trade, and the Minister of Forestry No. 08/M-Ind/PER/2/2006, No. 01/M-DAG/PER/2/2006, and No. P.08/Menhut-VI/2006 on Revocation of Joint Decree of the Minister of Forestry and the Minister of Industry and Trade No. SK.350/Menhut-VI/2004 and No. 698/MPP/Kep/9/2004 on Restriction of Export of Railway Sleepers Made of Wood and Timber for Lumber;
12. Decree of the Minister of Industry and Trade No. 558/MPP/Kep/12/1998 (BN No. 6252 p. 10A-12A and so on) on General Rules on Export as already amended several times and latest by Regulation of the Minister of Trade No. 07/M-DAG/PER/4/2005 (BN No. 7244 p. 17A-23A);

13. Regulation of the Minister of Trade No. 01/M-DAG/PER/3/2005 on Organization and Work Procedure of the Ministry of Trade.

Observing:

1. Letter of the Minister of Forestry No. S.717/Menhut-11/2005 dated November 30, 2005 on Format of Joint Regulation of the Minister of Industry, the Minister of Trade, and the Minister of Forestry on Restriction of Export of Railway Sleepers Made of Wood and Timber for Lumber;
2. Letter of the Minister of Industry No. 476/M-IND/12/2005 dated December 5, 2005 on Joint Regulation and Regulation of the Minister of Trade.

D E C I D E S :

To revoke:

DECREE OF THE MINISTER OF INDUSTRY AND TRADE NO. 647/MPP/KEP/10/2003 DATED OCTOBER 16, 2003 ON RULES ON EXPORT OF PRODUCTS OF FORESTRY INDUSTRIES.

To stipulate:

REGULATION OF THE MINISTER OF TRADE ON RULES ON EXPORT OF PRODUCTS OF FORESTRY INDUSTRIES.

Article 1

Hereinafter referred to as:

1. Railway Sleepers Made of Wood is wood sawn or cut lengthwise, sliced or skinned, planed or not, sandpapered or not, with thickness, width, and length not limited from all kinds of wood, included in HS 4406.
2. Timber for Lumber is wood sawn or cut lengthwise, sliced or skinned, not planed, not sandpapered, not end-jointed with thickness of more than 6 mm included in HS 4407.
3. Surface Four Side (S4S) is processed wood produced from timber for lumber, which is dried and its four sides are flattened so that its surface becomes flat and fine, included in HS 4407.

4. End-Jointed is processed wood acquired by jointing timber for lumber, which is already dried and planed, included in HS 4407.

Article 2

Export of railway sleepers made of wood (included in HS 4406) as meant in Article 1 paragraph 1 and timber for lumber (included in HS 4407) as meant in Article 1 paragraph 2 is restricted in the Indonesian territory.

Article 3

Products of forestry industries, which export is regulated, are products as specified in Attachment I to this Regulation.

Article 4

- (1) Products of forestry industries may be exported if meeting the criteria as meant in Attachment II to this Regulation.
- (2) Exceptions from the provisions as set forth in Attachment II to this Regulation shall be stipulated by the Minister of Trade or his authorized officer after getting the opinion of the Ministry of Industry and the Ministry of Forestry.

Article 5

- (1) Export of products of forestry industry as contained in Attachment I may only be operated by Forestry Companies that are already certified as Registered Exporters of Products of Forestry Industry (ETPIK) by the Minister of Trade, in this matter, the Director General of Foreign Trade of the Ministry of Trade.
- (2) Forestry companies certifiable as ETPIK are forestry companies that already obtain industrial business license issued pursuant to the applicable laws and already fulfilled the terms and conditions stipulated in this Regulation.

Article 6

- (1) Export of products of forestry industries included in HS.4408, HS.4410, and HS.4412 shall be done based on Cost and Freight (C&F), Cost, Insurance, and

Freight (CIF), and payment shall be remitted through the bank.

(2) Export of products of forestry industries included in HS.4407, HS.4408, HS.4409, HS.4410, HS.4411, HS.4412, HS.4413, HS.4415, HS.4418, HS.4421.90.50.00, HS.9406.00.92.00 must obtain endorsement from Forestry Industry Revitalization Agency (BRIK).

(3) The endorsement as meant in paragraph (2) shall function as supporting document of Export Declaration (PEB).

(4) Procedure of endorsement by BRIK shall be further stipulated in Regulation of the Director General of Foreign Trade of the Ministry of Trade.

(5) BRIK must report the implementation of endorsement every month to the Minister of Trade, in this matter the Director General of Foreign Trade of the Ministry of Trade, and the carbon copies of the report shall be delivered to the Director General for Agricultural and Chemical Industries of the Ministry of Industry and the Director General of Forestry Production Development of the Ministry of Forestry.

Article 7

(1) To obtain certificate of ETPIK, forestry companies must file a request in writing to the Director General of Foreign Trade of the Ministry of Trade via the Director for Export of Agricultural and Forestry Products.

(2) The request as meant in paragraph (1) must be completed with the following documents:

- Audit Report and recommendation from technical institution in the region responsible for forestry industry affairs pursuant to the applicable regulations;
- Photocopy of Industrial Business License;
- Photocopy of Certificate of Registration of Company (TDP);
- Photocopy of Taxpayer's Identification Number (NPWP); and
- Photocopy of Deed of Establishment and the amendments pursuant to the applicable regulations.

(3) The Director General of Foreign Trade of the Ministry of Trade shall issue approval or rejection to the request as meant in paragraph (1) within not later than ten (10) working days since receipt of the application in complete form.

(4) If necessary, an audit might be conducted into the requesting company by officer of the Directorate General of Foreign Trade of the Ministry of Trade and or another institution appointed by the Director General of Foreign Trade of the Ministry of Trade.

Article 8

(1) Companies that already obtain certificate of ETPIK prior to issuance of this Regulation, a verification might be performed on the companies into the legality of documents, existence, export and production activities according to the licenses they possess and implementation of the required regulations.

(2) The verification as meant in paragraph (1) shall be performed by officer of the Directorate General of Foreign Trade of the Ministry of Trade, the Directorate General for Agricultural and Chemical Industries of the Ministry of Trade, and the Directorate General for Forestry Production Development of the Ministry of Trade jointly and or by an independent surveyor appointed by the Minister of Trade.

(3) The result of the verification as meant in paragraph (2) shall be written on a Verification Report (LHV-ETPIK).

(4) The LHV-ETPIK as meant in paragraph (3) must be submitted to the Directorate General of Foreign Trade of the Ministry of Trade.

(5) Procedure for performance of verification of holders of ETPIK will be further stipulated in Regulations of the Director General of Foreign Trade of the Ministry of Trade.

Article 9

(1) On export of certain wood products, verification/technical examination must be performed.

(2) The

- (2) The certain wood products as meant in paragraph (1) are wood products included in Ex. HS.4407 (S4S, door jamb or window jamb in S4S form, door jamb or window jamb in S4S form and end jointed), HS.4409, Ex HS.4415 (palette), Ex. HS.4418 (door jamb and window jamb), and HS.9406.
- (3) The verification/technical examination as meant in paragraph (1) shall be performed by an independent surveyor appointed by the Minister of Trade.
- (4) The surveyor as meant in paragraph (3) must have experiences in verification of export of products of forestry industries and must have a wide network of services in Indonesian territory.
- (5) Expenses arising from the verification/technical examination as meant in paragraph (3) shall be paid by the government.
- (6) Result of the verification/technical examination as meant in paragraph (3):
- a. If in accordance with the applicable regulations, shall be written on a Surveyor's Report (LS) to be used as supporting document of Export Declaration (PEB);
 - b. If not in accordance with the applicable regulations, shall be written on Report on Result of Examination (LHP).
- (7) The report on result of verification/technical examination of export of certain wood products as meant in paragraph (6) must be submitted by the surveyor every month to the Director General of Foreign Trade of the Ministry of Trade and the carbon copies of the report shall be delivered to the Director General for Agricultural and Chemical Industries of the Ministry of Industry and the Director General for Forestry Production Development of the Ministry of Forestry.
- (8) Procedure for performance of verification/technical examination of export of certain wood products will be further stipulated in Regulation of the Director General of Foreign Trade of the Ministry of Trade.

Article 10

Forestry companies already certified as ETPIK as meant in Article 5 must send report of:

- a. Annual production plan;
- b. Realization of production per semester;
- c. Annual export plan;
- d. Export realization per semester

to the Director General of Foreign Trade of the Ministry of Trade and the carbon copies of the above report shall be delivered to the Director General for Agricultural and Chemical Industries of the Ministry of Industry; the Director General for Forestry Production Development of the Ministry of Forestry, and the Forestry Industry Revitalization Agency (BRIK) using the format as specified in Attachments III, IV, V, and VI to this Regulation.

Article 11

On forestry companies already certified as ETPIK as meant in Article 5, their ETPIK certificate will be frozen if the companies and/or the Management/Directors of the companies:

- a. do not operate production and export within one (1) year;
- b. do not perform the obligations as meant in Article 10 within one (1) year;
- c. do not report every amendment of data on one or more of the documents as meant in Article 7 paragraph (2);
- d. are assumed as violating the applicable regulations on export; or
- e. are being investigated by competent investigators because of assumed as committing criminal act with regard to misuses of ETPIK.

Article 12

Certificate of ETPIK, which is already frozen, as meant in Article 11, could be re-activated if:

a. The

- a. The holder operates production and will operate export;
- b. The holder already reported amendment of data on the documents as meant in Article 7 paragraph (2);
- c. Within less than thirty (30) years since date of freezing, the holder already performed the obligations as meant in Article 10;
- d. The holder is not proven as violating the provisions of Article 11 paragraph d;
- e. An order of stop of investigation is already issued by the investigator; or
- f. The holder is declared not guilty/freed from all legal claims based on a final and binding court verdict.

Article 13

On forestry companies already certified as ETPIK as meant in Article 5, their ETPIK Certificate will be revoked if the companies and/or the Management/Directors of the companies:

- a. At their own request, close down their production or export operations;
- b. their ETPIK Certificate has been frozen for two (2) times;
- c. are declared guilty by the court for criminal act relating to misuses of ETPIK based on a final and binding court verdict;
- d. based on the result of verification as meant in Article 8 paragraph (1) are proven not acting in accordance with the licenses they possess; or
- e. are proven violating export regulations as meant in Article 11 paragraph d.

Article 14

(1)The freezing, reactivating, and revocation of ETPIK Certificate as meant in Articles 11, 12, and 13 shall be done by the Director General of Foreign Trade of the Ministry of Trade.

(2)The Director General of Foreign Trade of the Ministry of Trade shall send a letter of notification regarding the freezing, reactivating, and revocation of ETPIK certificate as meant in paragraph (1) to holder of ETPIK certificate and the carbon copies of the letter shall be submitted to the Director General of Customs and Excise of the Ministry of Finance, the Director General for Agricultural and Chemical Industries of the Ministry of Industry, the Director General of Forestry Production Development of the Ministry of Forestry, and the Forestry Industry Revitalization Agency (BRIK).

Article 15

Delivery of products of forestry industries as sample goods or goods for exhibition abroad shall be excepted from the provisions of Article 5 paragraph (1) with prior approval of the Director General of Foreign Trade of the Ministry of Trade.

Article 16

Enforcement regulations of this Regulation may be further stipulated by the Director General of Foreign Trade of the Ministry of Trade.

Article 17

ETPIK Certificate already issued prior to issuance of this Regulation shall be declared valid as long as it is not in contradiction with the provisions of this Regulation.

Article 18

This Regulation shall be valid thirty (30) days since the date it is stipulated.

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

Stipulated in Jakarta

On February 2, 2006

THE MINISTER OF TRADE OF THE REPUBLIC OF
INDONESIA

Sgd

MARI ELKA PANGESTU

ATTACHMENT I

NO	HS CODE	DESCRIPTION OF GOODS
1	Ex.4404	Chipwood
2	Ex.4407	Timber for lumber further processed by flattening its four sides so that its surface becomes flat and fine (S4S).
3	Ex.4407	Processed wood acquired by jointing timber for lumber, which four sides are already dried and planed after end-jointing process.
4	4408	Veneer wood sheets (jointed or not) and other wood sawn lengthwise, cut, or skinned, either planed, sandpapered, or end-jointed or not with thickness of not exceeding 6 mm
5	4409	Wood (including stripes and wood cuts into wooden planks, not installed), moulded (long-winded, grooved, its sides are scraped, sloped, long-winded and grooved, its sides slant, moulded to V, beaded, a pole is formed, rounded, or others), along its sides or surface, planed or not sandpapered or finger-jointed.
6	4410	Particle planks and similar planks made of wood or other materials containing lignin, agglomerated by resin or other organic adhesive materials or not
7	4411	Planks made of wood fibre or other materials containing lignin, glued by resin, other organic materials or not.
8	4412	Plywood, wood layer panel and similar layer woods.
9	4413	Wood solidified into beam, plate, stripe, or profile.
10	4414	Wood frame for paintings, photos, mirror, or similar articles
11	4415	Cases, boxes, crates, vats, and similar containers made of wood,

NO	HS CODE	DESCRIPTION OF GOODS
		cable vaults made of wood, other boxes and plank palettes for cargoes made of wood, palette collar made of wood.
12	4416	Tanks, vats, receptacles, basins, and other products of vat/basin maker and their parts made of wood, including curved plank for tanks.
13	4417	Tools, tool bodies, tool handles, broom bodies or brush and their handles made of wood; shoe lasts for boots made of wood.
14	4418	Building tools and materials made of wood, including cellular wood panels, installed parquet panels, or shingle and shake.
15	4419.00.00.00	Tools for eating and kitchen tools made of wood.
16	4421.90.20.00	Wood handles of matches
17	4421.90.50.00	Paving blocks made of wood.
18		Yellow sandalwood in any form.
19	Ex.4601	Mats and blinds made of rattan.
20	4602.10.10.00	Baskets and plated articles made of rattan
22	9401.50.10.00	Chairs made of rattan.
23	9401.61	Other chairs with wooden frames, with cover layer.
24	9401.69	Others (other chairs with wooden frames, without cover layer).
25	9403.30	Office furniture made of wood.
26	9403.40	Kitchen furniture made of wood.
27	9403.50	Bedroom furniture made of wood.
28	9403.60	Other furniture made of wood.
29	9403.80.10.00	Bedroom, dining room, or family room furniture made of rattan.
30	9403.90.00.00	Parts of wood furniture.
31	9406.00.92.00	Prefabricated buildings made of wood.

THE MINISTER OF TRADE OF
THE REPUBLIC OF INDONESIA
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ATTACHMENT II

CRITERIA TO DETERMINE CERTAIN EXPORTABLE PRODUCTS OF FORESTRY INDUSTRIES

1. Size and level of processed goods
 - a) Processed wood in S4S form (included in HS.4407);
Must be in form of processed wood produced from timber for lumber, which four sides are already dried and flattened so that its surface becomes flat and fine, with size of its longitudinal section not exceeding 4,000 mm².
 - b) Processed wood being derivative product of S4S in E2E, E3E, and E4E forms (included in HS.4409) Size of longitudinal section not exceeding 4,000 mm².
 - c) Door jamb or window jamb in S4S form (included in HS.4407)
Must be in set, and the sizes are as follows:
 - a. Thickness not exceeding 60 mm.
 - b. Width not exceeding 150 mm.
 - d) Door frame or window frame in S4S form (included in HS.4407)
Must be in set, and the sizes are as follows:
 - a. Thickness not exceeding 40 mm.
 - b. Width not exceeding 200 mm.
 - e) End jointed (included in HS.4407)
Must be in form of processed wood acquired by jointing timber for lumber, which four sides are already dried and planed after end-jointing process, and the length of each jointed piece does not exceed 1500 cm.
 - f) Box palettes and plank palettes (included in HS.4415)
Must be installed.
 - g) Building elements made of wood (included in HS.4418.90) being integral units of the building
Must be in set of building elements and pictures containing complete technical specifications without changing their forms and cutting them.
 - h) Prefabricated elements made of wood (included in HS.9406.00.92.00)
Must be completed with pictures containing complete technical specifications.

2. Tolerated sizes and defects and water content
 - a. All sizes of exported processed wood shall be given tolerance as follows:
 - Thickness not exceeding 0.5 mm
 - Width not exceeding 1 mm
 - Length not exceeding 50 mm.
 - b. Machine defects shall not exceed 5% of total export volume.
 - c. Water content of processed wood as meant in point 1 shall not exceed 16%, except palette.

THE MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA

Sgd
MARI ELKA PANGESTU

ATTACHMENT III

REPORT ON ANNUAL PRODUCTION PLAN
YEAR:

Name of Company :
No. of ETPIK Certificate :

No	Description of Goods	Quantity	
		Total Units	Unit
TOTAL			

ATTACHMENT IV

REPORT ON REALIZATION OF PRODUCTION
SEMESTER: YEAR:

Name of Company :
No. of ETPIK Certificate :

ATTACHMENT VI

REPORT ON
REALIZATION OF EXPORT PER SEMESTER
SEMESTER: YEAR:

Name of Company :
No. of ETPIK Certificate :

No	Description of Goods	Quantity	
		Total Units	U n i t
TOTAL			

ATTACHMENT V

REPORT ON ANNUAL EXPORT PLAN
YEAR:

Name of Company :
No. of ETPIK Certificate :

No	HS Code	Description of Goods	Quantity		Country of Destination
			Total Units	Unit	
TOTAL					

No	HS Code	Description of Goods	Quantity		Value		Country of Destination
			Total Units	Unit	Value	MTU*)	
TOTAL							

Note: *) MTU: Code of currency.

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