



**Asia-Pacific
Economic Cooperation**

2013/SOM1/EGILAT/016

Agenda Item: III.B.4.c

**Study Case: PT. Kayu Lapis Indonesia Readiness for
Using V-Legal, by Indonesia Wood Panel
Association (APKINDO)**

Purpose: Information
Submitted by: Indonesia



**3rd Experts Group on Illegal Logging and
Associated Trade Meeting
Jakarta, Indonesia
29– 31 January 2013**



STUDY CASE: PT. KAYU LAPIS INDONESIA

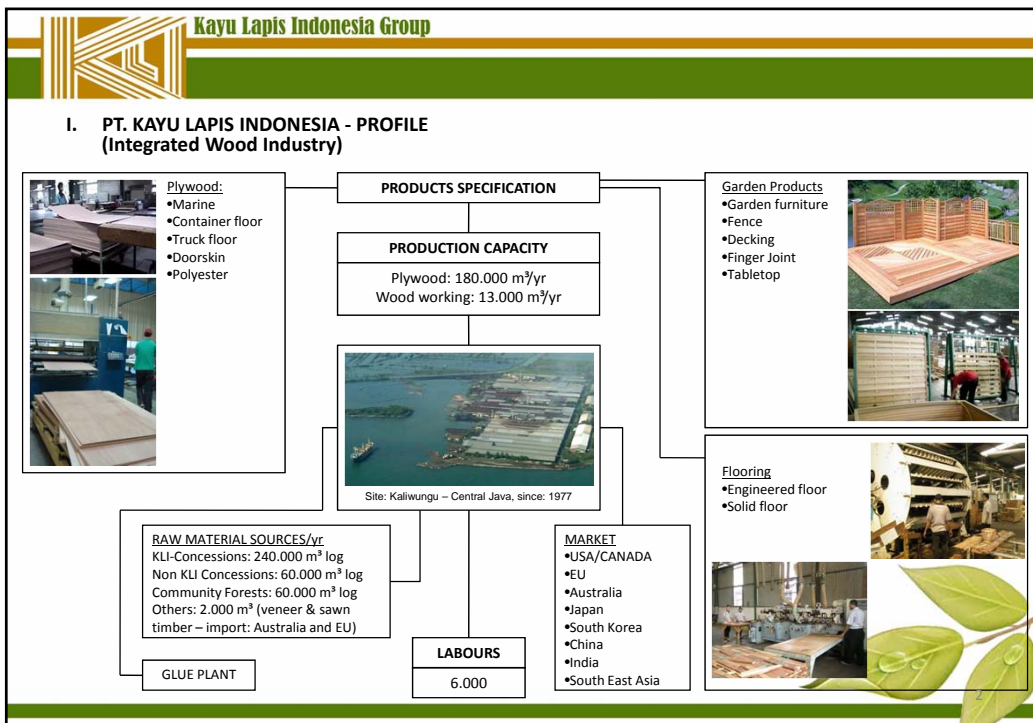
“READINESS FOR USING V-LEGAL”

By: APKINDO

Budi Hermawan

Presented at “3rd Meeting Of the APEC Experts Group On Illegal Logging and Associated Trade (EGILAT)”

J.W. Marriott, Jakarta, Indonesia, January 29-31, 2013



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II. LAWS - REGULATIONS & POLICY FRAMEWORKS ON TIMBER LEGALITY

- European Union:
 - Forest Law Enforcement, Government and Trade (FLEGT) – 2001
 - European Union Timber Regulation (EUTR) – March 2013
- USA:
 - President Initiative Against Illegal Logging – July 2003
 - Amendment Lacey Act 1981 – May 2008
- Japan:
 - Legal wood Purchasing Law/Goho Wood – April 2006
- Australia:
 - Illegal Logging Prohibition Act – November 2012
- Indonesia Mandatory Regulation:
 - PHPL (Sustainable Forest Management)
 - SVLK (V-Legal Documents) – January 2013



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III. BUYERS VIEW ON INCENTIVES/PREMIUM PRICE for LEGAL & GREEN WOOD PRODUCTS

1. For the Government of Indonesia, legal certification is declared as mandatory to prove the sincerity in combating illegal logging in addition to law enforcement measures that have been implemented. As for Sustainable Forest Management, it aims to safeguard natural forest resources and to answer the international claim upon the role of tropical forests as the **lungs of the world** and in mitigation of the **global climate change**.
1. For buyers point of view, legal verification is the basic requirement that must be met, and is regarded as the mandatory participation of industrial wood/sellers.
1. For green wood products (SFM certified), buyers are not ready for the expected price premium, except for special projects that require SFM certification, which is limited among all the countries in the world.





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BUYERS VIEW ON INCENTIVES/PREMIUM PRICE for LEGAL & GREEN WOOD PRODUCTS – (continued)


There are still many countries and buyers not yet appreciate the magnitude of the government and producers to encourage the purchase of green wood products, with a variety of reasons among others:

- a. Global economic situation:
 - Recession
 - High unemployment rate (EU, USA)
 - Less demand of timber products

- b. Market Psychology: consumers tend to purchase cheaper products without considering the environment awareness.

4. End users are not yet well informed with Green wood products (Sustainable Forest Management Practice) and its relationship to reduce emissions from deforestation and forest degradation. The Government, NGO's, importers, retailers needs to educate and socialize the end users the importance of V-Legal as the right path to achieve green wood products.




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IV. KLI ACHIEVEMENTS

Market requirements on legality aspect and green wood product (SFM) and mitigation of climate changes should be responded positively by business entity such as KLI- Integrated Wood Industry, with long historical background and thousands of employees spread out in the industry and forest concessions.

The global market requirements essentially are fulfilled by KLI not only in legality aspect but also in the aspect of sustainable forest management (SFM) and mitigation of global climate change in Indonesia.



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KLI ACHIEVEMENTS – (continued)



OTHER SOURCES of Logs
(Legally-mandatory)
Warranted

INDUSTRY



SVLK

Other Certifications

- ISO 9000
- JAS
- CE Marking
- CARB 2
- VLC-TUV



CoC - FSC

KLI Forest Concession

SFM ↔ REDD+
Plantation encouraged



SFM



FSC Certificate
2011



LEI Certificate SFM



• SFM Mandatory (PHPL)



Reduce Impact Logging
(RIL Verified)-2010

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KLI ACHIEVEMENTS – (continued)
TIMBER TRACKING (SIPUHH ONLINE)



DEPARTEMEN KEHUTANAN

PT. SARPATIM



LHP





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V. THE FLEGT LICENSE FIRST SHIPMENT TEST ON FOREST PRODUCTS FROM INDONESIA – SVLK (INDONESIAN LEGAL TIMBER VERIFICATION SYSTEM) on 23rd October 2012



Trial Shipments using V-Legal Documents:

- 4x40FT of Plywood → Altripan (Port Antwerp, Belgium)
- 1x40FT of Fences → Felixwood (Port Rotterdam, The Netherlands)
- 1x20FT of Engineered Floor → Fetim Professional (Port Amsterdam, The Netherlands)

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V. Shipment Test October 23, 2012 From KLI Factory in Kendal, Central Java, Indonesia











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VI. KLI Wood Product under SVLK




A. Plywood
HS Code: 4412



B. Garden Product HS Code:
Fences: 4418-90




C. Wood Flooring HS Code:
Solid Floor: 4418-79
Engineered Floor: 4418-72




Decking: 4409-29



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VII. Advantages of SVLK

1. Raw Material is guaranteed come from legal sources
2. Wood process inside the factory is also measured in terms of:
 - Product recovery or efficiency
 - Traceability from finished product back to raw material
 - Waste management is properly conducted
3. Ensure that Industry does not violate any Indonesian government trade regulation such as export of Round Logs and Rough Sawn Timber, also compliance with International regulation such as CITES (International regulation that protects flora and fauna that is threatened to be extinct)



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INDONESIAN WOOD = LEGAL WOOD



Indonesian[®]
LEGAL
Wood

