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From Legality to Deforestation Policy: Early views & responses from Indonesia

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Structure of presentation

- Extent of land-forest cover & deforestation
- SVLK-PHPL: Uptakes & perceived impacts
- Views & responses on EUDR:
  - political
  - legal
  - technical
  - socio-economics

Extent of land & forest cover

Land cover	Forest Area* (in millions of hectares)							Non-Forest Area (APL)	Grand Total	%
	Permanent Forest					HPK	Total			
	HK	HL	HPT	HP	Total					
	(1)	(2)	(3)	(4)	(5=1+2+3+4)	(6)	(7=5+6)	(8)	(9=7+8)	(10)[a]
A. Forested	17.4	24.0	21.4	17.8	80.6	6.3	86.9	7.2	94.1	50.1
- Primary forest	12.5	15.9	9.8	4.7	42.7	2.5	45.3	1.5	46.8	24.9
- Secondary forest	4.8	7.8	11.3	9.7	33.6	3.7	37.3	4.9	42.2	22.5
- Plantation forest[b]	0.1	0.3	0.4	3.5	4.3	0.0[c]	4.3	0.8	5.1	2.7
B. Non-forested	4.5	5.6	5.4	11.4	26.8	6.5	33.4	60.3	93.6	49.9
Total Terrestrial Area	21.9[d]	29.6	26.8	29.2	107.4	12.8	120.3	67.5	187.8	100.0
% Forested Area[e]	**79.6**	**81.0**	**80.0**	**61.0**	**75.0**	**49.1**	**72.2**	**10.7**	**50.1**	

Trends of deforestation (1990–2021)

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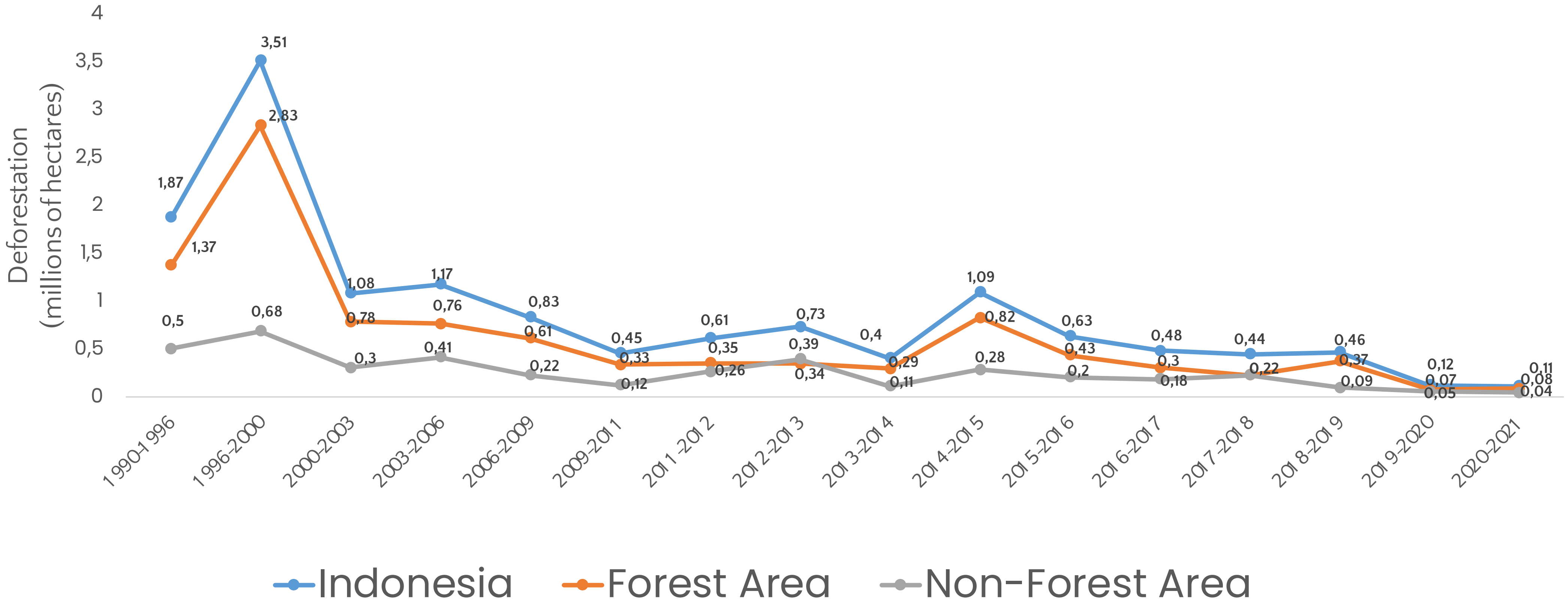

Source: The State of Indonesia's Forests 2022

Oil palm (in Forest Zone) in Indonesia

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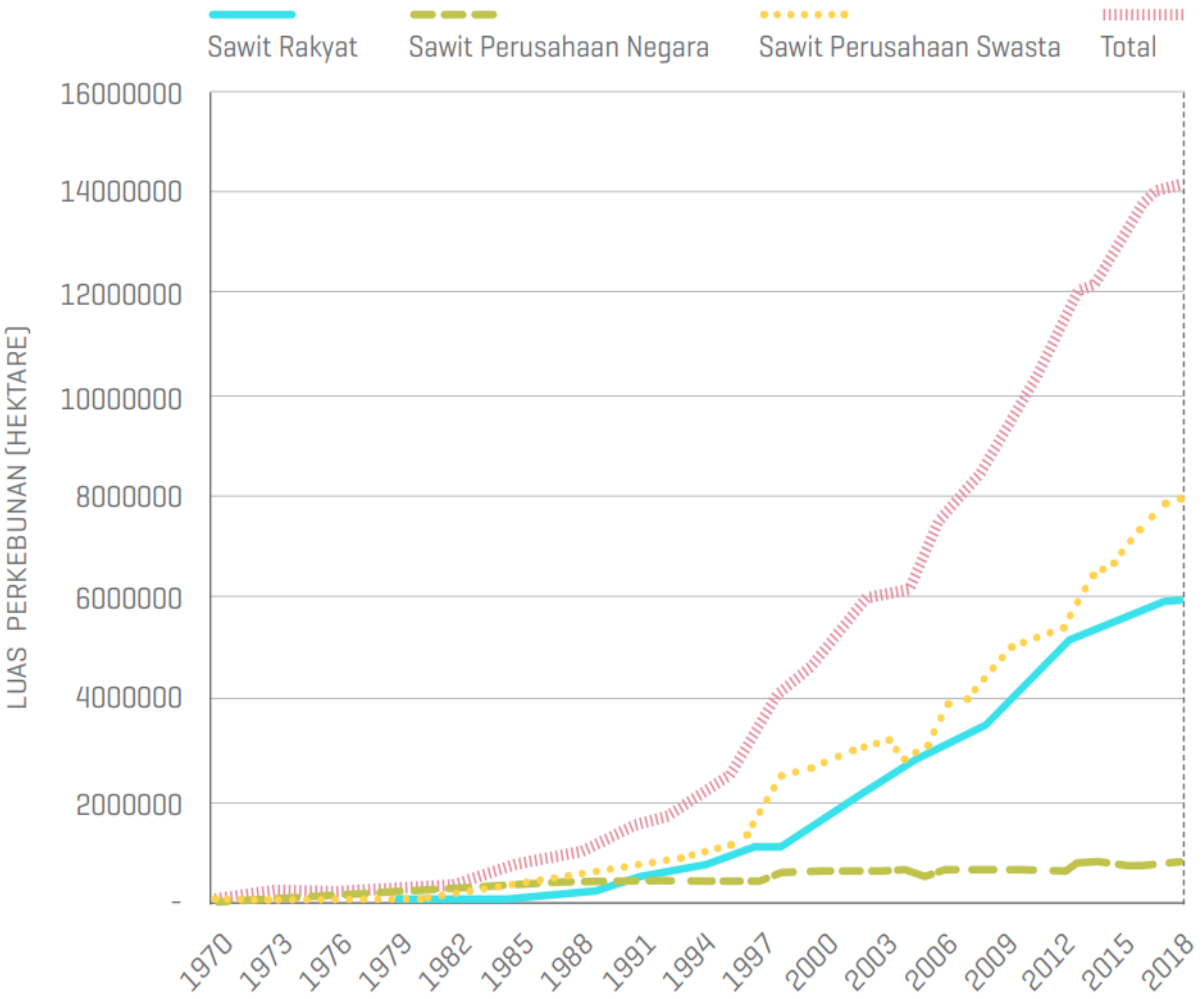

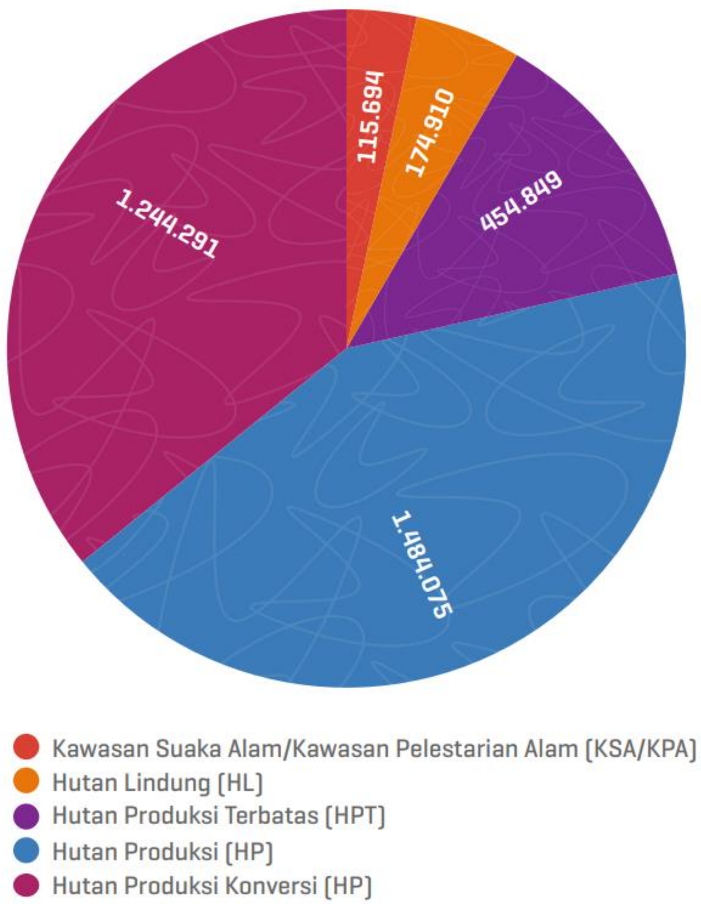

Source: Hutan Kita Bersawit (Bakhtiar et al. 2019)

Timeline of SVLK-PHPL

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1993
FSC was established

1998
The LEI certification for sustainable forest management was established

1999
The LEI certification was incorporated into the Indonesian National Standards

2000
- LEI and FSC have developed a Joint Certification Protocol
- PHPL certification was established

2001
SVLK discussion started at the Bali Declaration for FLEG

2003
SVLK has been developed through a multi-stakeholder process

2009
SVLK was ratified

2010
- EUTR was signed
- SVLK entered the implementation stage

2012
PHPL was enacted

2013
EUTR came into force

2016
Indonesia became the first country to issue FLEGT licenses

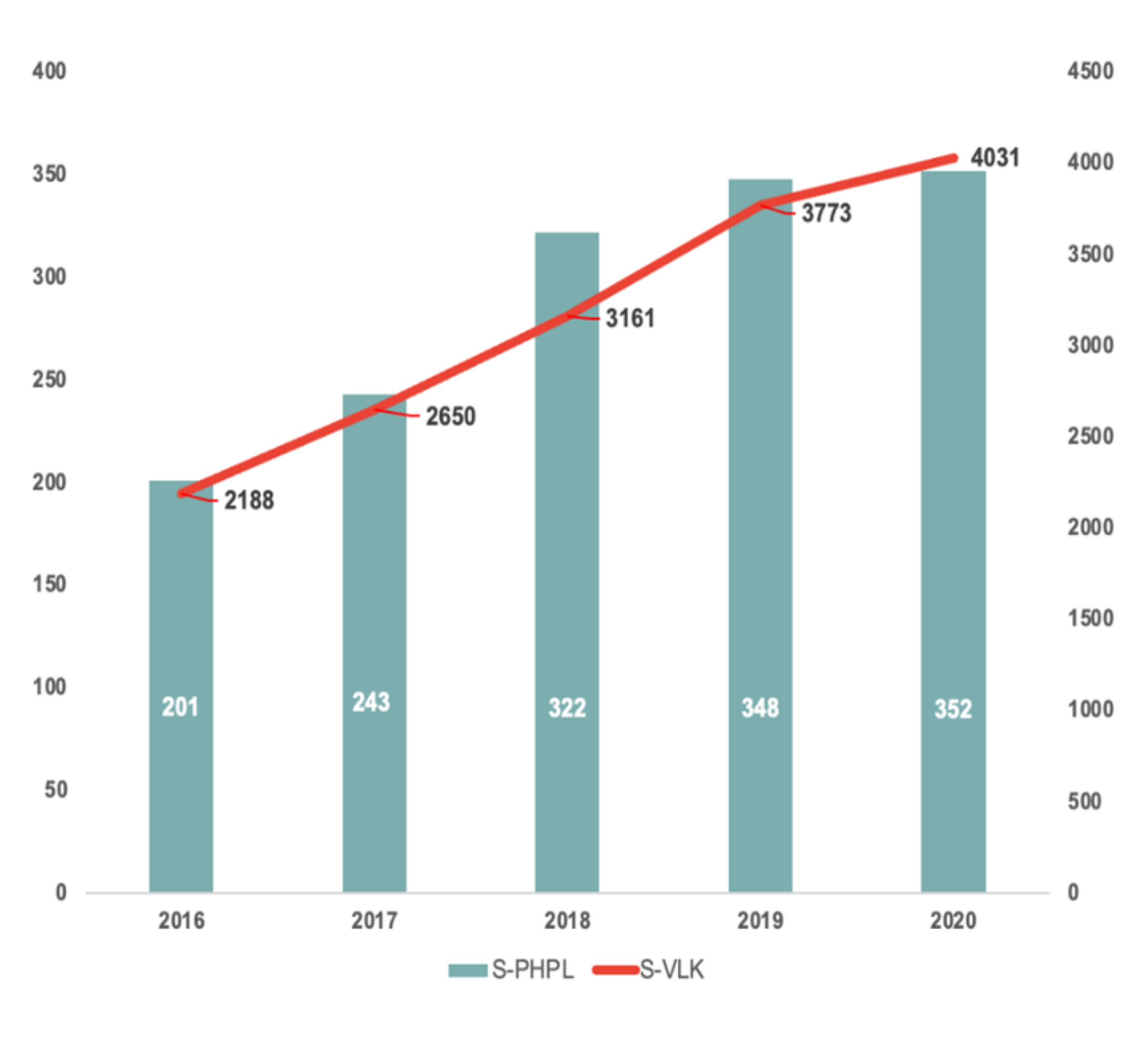
2022
December
EUDR agreed

2023
June
EUDR adopted

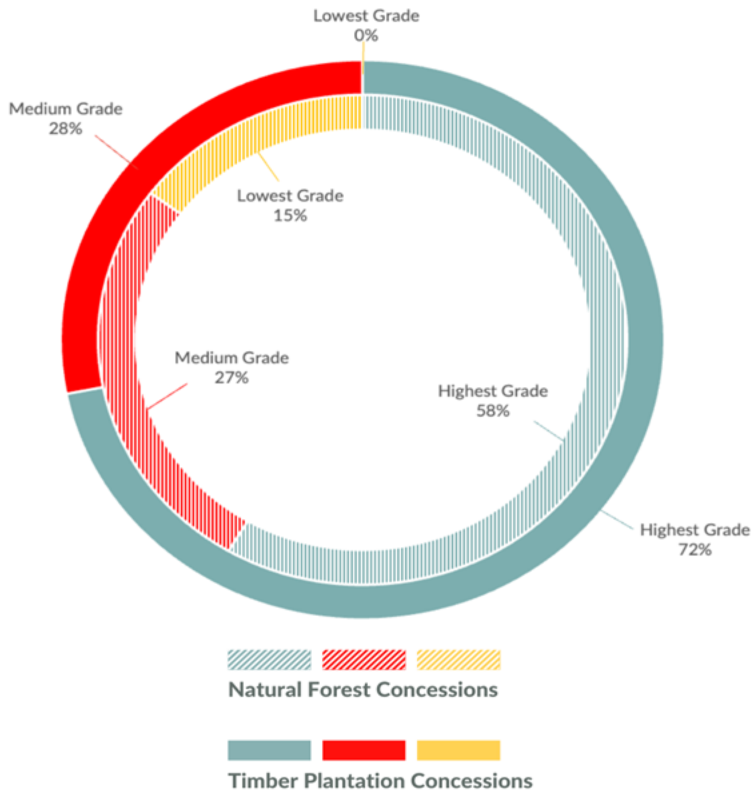
2024
December
EUDR applicable for larger business

2025
June
EUDR applicable for SMEs

Uptakes of VLK-PHPL



PHPL certification, based on the grades



65% of the PHP-certified concessions scored the highest certification grade

Impacts of FLEGT-SVLK on domestic governance

- National stakeholders valued the multi stakeholder processes in SVLK development as a strength of SVLK
- They viewed more coherent and harmonised policies (e.g., forest & trade policies, simplified administrative procedures, central-local policies)
- Stakeholders considered SVLK to have fostered legality compliance in timber value chains (particularly at the downstream, e.g., registration of informal business, taxes); more consistent audits among certifiers, though greater public participation in monitoring is said would increase its value
- They considered SVLK has provided enabling conditions for wise and sustainable forestry but improvements needed to fully promote governance reforms and forest sustainability. Syncs with other policy initiatives (social forestry REDD+, FOLU NetSink) would increase values of SVLK.

Views & responses – Political aspects

- Government generally considers EU didn't make VPA-promises and changed goal posts, in contrast to Indonesia's substantive efforts to improve domestic forest governance
- Government and operators dissatisfied with EU regarding limited concrete actions to promote FLEGT-licensed products
- Most stakeholders saw it as another form of barriers to trade, and negatively impact Indonesia's main export commodities, but few observed it as another window of opportunity for enhanced governance reforms

Broader Market Recognition – Coalition of several FLEGT-partner countries to explore more potentials in non-EU markets

Views & responses – Legal aspects

Definitions of forest & deforestation and technical operationalization

1. Cut-off date seen as ‘reasonable’, but future legal (planned) deforestation could problematic
2. Forested, but non-Forest Zones (both state & private land)
3. Non-forest commodities in forest zones - agroforestry

Views and responses – Technical aspects

- Operationalisation of risk categories on different commodities
- Referencing maps
- Geotagging

Views & responses – Socio-economic aspects

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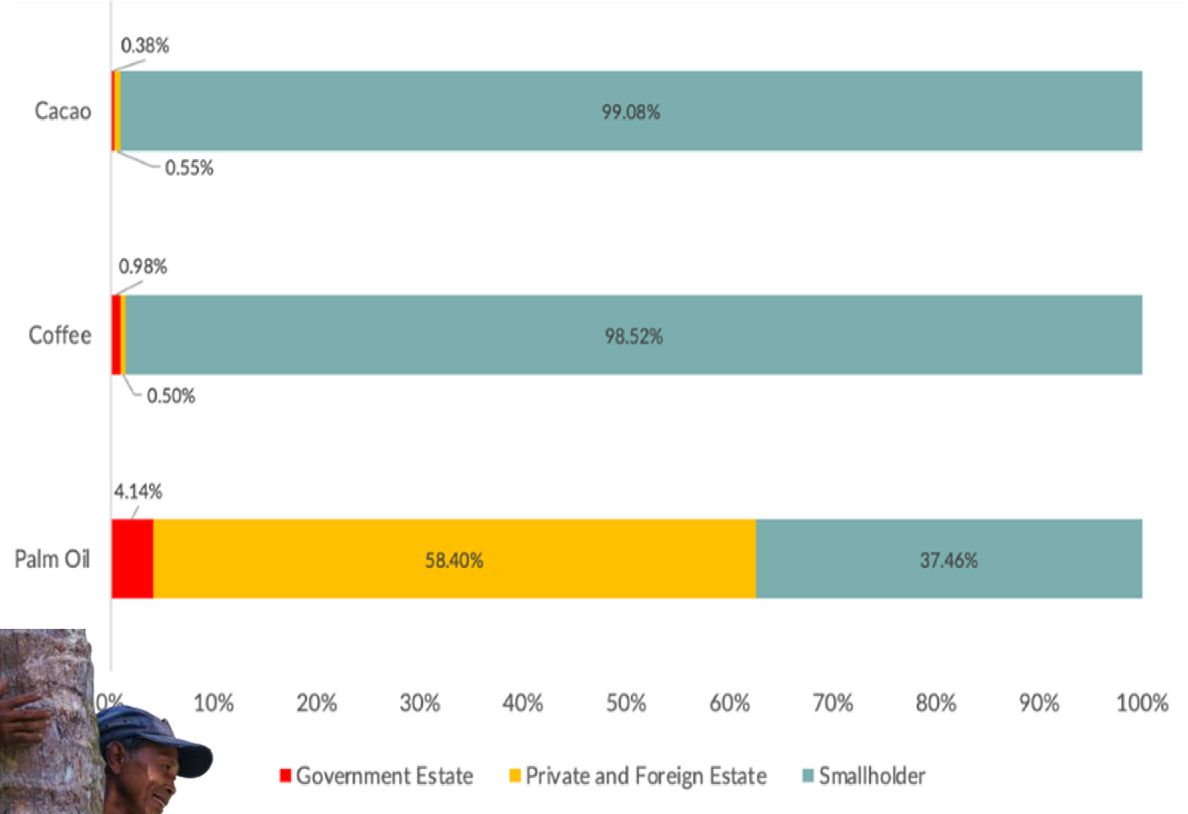

- Several important commodities (timber, oil palm, cacao, and coffee) to be impacted, but at different degree with oil palm seen at risk
- Oil palm industry makes up more than 10 percent of Indonesia's total export value. Combined with coffee, cacao and timber industries, exports of land-based commodities make approximately 20% of the total export values
- Smallholder practices - Operational burdens and costs operators of potentially new verification instruments

A high proportion of land-based commodities are grown by smallholder farmers. Smallholder also tree planting has increasingly become an important source of timber industries in Indonesia.