

**A National Strategy
To Curb Illegal Logging and
Improve Law Enforcement in Indonesia**

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ACROYNMS AND ABBREVIATIONS

AMAN	Aliansi Masyarakat Adat Nusantara, Alliance of Customary Peoples from the Archipelago.
APKASI	Asosiasi Pemerintah Kabupaten Seluruh Indonesia, Association for District Governments of Indonesia
BPN	Badan Pertanahan Nasional, National Land Agency
BRIK	Badan Revitalisasi Industri Kayu, Forest Industry Revitalisation Body
CIFOR	Center for International Forestry Research
CITES	Convention on International Trade in Endangered Species of Fauna and Flora
DFID	U.K. Department for International Development
DPD	Dewan Perwakilan Daerah, House of Regional Representatives
DPR	Dewan Perwakilan Rakyat, House of Representatives
EIA	Environmental Investigation Agency
FLEG	Forest Law Enforcement and Governance
FLEGT	Forest Law Enforcement, Governance and Trade
FWI	Forest Watch Indonesia
HkM	Hutan Kemasyarakatan, community forestry site
HPH	Hak Pengusahaan Hasil Hutan, forest concession permit
HPHH	Hak Pengusahaan Hasil Hutan, forest products harvesting permit
HTI	Hutan Tanaman Industri, industrial timber plantation
ICEL	Indonesian Centre for Environmental Law
ICRAF	World Agroforestry Centre
IPPK	Izin Pemungutan dan Pemanfaatan Kayu, timber extraction and utilization permit
JKPP	Jaringan Kerja Pemetaan Partisipatif, Participatory Mapping Network
KAIL	Konsortium Anti Illegal Logging, Anti Illegal Logging Consortium
KDTI	Kawasan Dengan Tujuan Istimewa, zone with special purpose
LEI	Lembaga Ekolabel Indonesia, Indonesian Ecolabeling Institute
MFP	Multi-stakeholder Forestry Programme
PP	Peraturan Pemerintah, government regulation
PPATK	Pusat Pelaporan dan Analisis Transaksi Keuangan, Indonesian Financial Transaction Reports and Analysis Centre
RKL	Rencana Karya Lima Tahun, five year work plan
RKT	Rencana Karya Tahunan, annual work plan
RPBBI	Rencana Pemenuhan Bahan Baku Industri, industrial raw material requirement plan
SKSHH	Surat Keterangan Sahnya Hasil Hutan, legal forest product transportation permit
UU	Undang-Undang, law
WALHI	Wahana Lingkungan Hidup Indonesia, Indonesian Forum for Environment
WRI	World Resources Institute
WWF	World Wide Fund for Nature

INTRODUCTION

Over the last 3 years, a detailed assessment on illegal logging involving consultations with a wide range of stakeholders, has been undertaken. This process has resulted in the identification of a number of prevention, detection and suppression strategies that multiple stakeholders can undertake to curb illegal logging and improve law enforcement in Indonesia.

To conclude this process, a number of actions that can be prioritized within the short term have been identified. These actions are organized into preparatory, detection, prevention and suppression measures and further broken down into 11 major actions. If adopted, these actions will need the backing of multiple stakeholders from government institutions (such as the Coordinating Ministry for Political, Legal and Security Affairs, Ministry of Forestry, Ministry of Industry and Trade, Ministry of Home Affairs, Supreme Court, APKASI and the Governors Association); and from donors, NGOs and academics.

The actions presented in this strategy are not absolute and have been listed here for the purposes of soliciting discussion, comment and criticism. Multiple stakeholders are being called upon to comment on this proposed program; and to commit to an improved version that includes comments solicited from a series of Focus Group Discussions held throughout 2005 and early 2006. If agreement and commitment can be obtained, it is hoped that multiple stakeholders will use this program to move forward with a comprehensive agenda that ultimately seeks to curb illegal logging, improve law enforcement and achieve more sustainable forest management in Indonesia. High level political commitment is also being sought from the Indonesian government, particularly from the Coordinating Ministry of Political, Security and Legal Affairs who have been mandated by the President of Indonesia in Presidential Instruction No.4/2005, to coordinate 18 government agencies in order to accelerate efforts targeting illegal logging. This Ministry has expressed interest in adopting this action plan as a work plan for INPRES 4/05.

PREPARATION

The preparatory measures are designed to establish a framework for dealing with illegal logging. These measures seek to (1) ensure that there is strong, high-level political will to combat illegal logging and (2) create the conditions and the much-needed infrastructure for a comprehensive approach to curbing the practice.

Action 1: Establish an enabling framework to curb illegal logging

Rationale:

Indonesia's new government has already expressed a strong desire to curb illegal logging and improve law enforcement. To facilitate this process, the President of Indonesia should issue a Presidential Instruction to express a high-level intent to curb illegal logging and law enforcement. A special inter-agency task force should also be established to oversee, fast track and monitor major forest criminals; and efforts should be made to establish a forest crime case tracking monitoring system, improve communication and reconcile differences between multiple stakeholders, and raise awareness about illegal logging in Indonesia and internationally.

Activities:

1. Issue a presidential instruction to curb illegal logging. The presidential instruction should express a high-level intent to curb illegal logging and improve law enforcement. It should also mandate a body to coordinate and monitor efforts seeking to target illegal logging.
2. Establish an inter-agency strike force to oversee and fast-track the prosecution of major figures known to be blatantly organizing and financing illegal logging activities on a large scale. Individuals who might be targeted for action could include:
 - a. Senior police or customs officials who order evidence of forest crimes to be destroyed before prosecution
 - b. Timber mafia heads whose operations have been heavily publicized
 - c. Owners of large forest product–processing groups that are known to rely most heavily on timber of untraceable or disputed legal origin
 - d. Government officials who unlawfully issue land-clearing permits inside national parks
 - e. Governors or Ministry of Forestry provincial heads who ignore orders from the Ministry of Forestry to freeze production of factories suspected of operating illegally or of processing illegal timber
 - f. Ministry of Forestry officials (P2SKSHH) who unlawfully issue transportation documents for illegally harvested timber
 - g. Financiers of organized illegal logging crime syndicates.
3. Immediately establish a forest crime case tracking and monitoring system to monitor reported crimes, crime investigations, and court proceedings. The database should include names, arrest dates, indictment reports submitted by the police to the prosecutor, court dates, and so on.
4. Improve communications and reconcile differences between multiple stakeholders, particularly in relation to licensing authority, legal and illegal sources of timber, forest and land tenure, and customary rights to forest and land resources.
5. Raise awareness about illegal logging in Indonesia and internationally through a range of media (television, radio, newspapers, and so on).

Agencies that need to be coordinated by the presidential envoy

Ministries of Forestry, Finance, Home Affairs, Transportation, Law and Human Rights, Foreign Affairs, Defense, Trade, Manpower and Transmigration, and Environment; the Office of the Attorney General; the national police; the Indonesian armed forces (TNI); Customs and Excise; the House of Representatives (DPR); the House of Regional Representatives (DPD); the Corruption Eradication Commission; the Governors' Association; the Regent's Association (APKASI); governors; regents; the Supreme Court; the Forest Industries Revitalisation Body (BRIK); the APKI National Woodworkers Union (FSP Kahuitindo); donors; and NGOs and civil society organizations, including, but not limited to, Aliansi Masyarakat Adat Nusantara (AMAN), Forest Watch Indonesia (FWI), Indonesian Ecolabeling Institute (LEI), Telapak, the Indonesian Forum for Environment (WALHI), WWF Indonesia, the Environmental Investigation Agency (EIA), Greenpeace, Sekala, the Nature Conservancy (TNC), the World Agroforestry Centre (ICRAF), and the Center for International Forestry Research (CIFOR).

Action 2: Identify legal sources of timber through consensus building and consultations

Rationale:

Legal and illegal sources of timber need to be defined before an effective strategy can be put in place to curb illegal logging in Indonesia. Currently, it is difficult to determine the extent of illegal logging, and stakeholders have not reached consensus on what constitutes legal sources of timber. Estimates of illegal logging vary widely, from 0 to 82 percent of Indonesia's timber production. In order to identify more clearly the extent of illegal logging, stakeholders need to agree, through consensus building and consultations, on what constitutes legal and illegal sources of timber.

Activities:

1. Agree on what are current legal sources of timber (HPH, HTI, IPK HTI, IPK Kebun, HkM, HPH Kecil, and so on) through consensus building and multistakeholder consultations.
2. Agree, through consensus building and consultations, on who has licensing authority to issue harvesting permits.
3. Identify and legitimate other equitable and sustainable sources of timber, such as customary forests that are sustainably managed.
4. Determine sustainable annual allowable cuts for all legal sources of timber. (Analysis carried out by the NRM-MFP-Bappenas Forest Futures Working Group indicates that Indonesia is currently able to produce approximately 19 million cubic meters of timber per year sustainably.)
5. Proceed with the delineation, demarcation, and gazetting of forest estate, HPH, and HTI boundaries to legitimate and establish certainty for recognized legal sources.

Potential principal actors

Ministry of Forestry, Ministry of Industry and Trade, Supreme Court, DPR, DPD, Association of District Governments of Indonesia (APKASI), LEI, Multi-stakeholder Forestry Programme (MFP), TNC, U.K. Department for International Development (DFID), BRIK, APKI National Woodworkers Union.

Potential supporting actors

WWF, Smartwood, U.K. Timber Trade Foundation (TFF), Tropical Forest Trust (TFT), LEI.

Nominally legal sources of timber according to national legislation

Indonesian national forest law indicates that only timber harvested from the following sources for commercial purposes, are currently considered to be legal.

1. Large-scale forest concessions (HPH)

HPH can be allocated in production forest and limited production forest areas. Licenses must be issued by the Ministry of Forestry, according to Article 42 of PP 34/2002. Approximately 350 nationally sanctioned private and parastatal natural forest timber concessions are operating in Indonesia. Some argue that the bulk of the HPH are operating illegally because concession boundaries have not been delineated, demarcated, and gazetted in accordance with Indonesia's gazetting procedures (Berita Acara Tata Batas, BATB), as outlined in SK 32/2001.

2. Industrial timber plantations (HTI)

HTI for pulpwood, sawn timber, transmigration, and other purposes must be located within production or limited production forest. Licenses must be issued by the Ministry of Forestry, under Article 42 of PP 34/2002. Approximately 212 nationally sanctioned industrial timber plantations operate in Indonesia. Some argue that the bulk of the HTI are not "legal" if concession boundaries have not been delineated, demarcated, and gazetted in accordance with Indonesia's gazetting procedures (BATB), as outlined in SK 32/2001.

3. IPK HTI in degraded natural forest

Licenses to clear-fell degraded natural forest areas (defined as forest with a standing stock of less than 20 cubic meters of timber per hectare) to make way for timber plantations (HTI) must be issued by national authorities, and only in nationally licensed HTI concessions falling within production forest areas.

4. IPK Kebun

Licenses to clear-fell natural forest areas to make way for agricultural plantations (primarily oil palm) must be issued by provincial authorities on behalf of national authorities, and only in nationally licensed agricultural plantations within conversion forest; these areas are then removed from the forest estate (Kawasan Hutan).

5. Hutan Rakyat with title

For timber felled on private land for which legal title is held, licenses must be issued by the National Land Agency (BPN). Timber originating from Hutan Rakyat may include farm-grown species, such as teak and other hardwoods or shorter-rotation species.

6. Hutan Kemasyarakatan (HKM)

Logging may be carried out in community forestry sites provided that these sites fall within production forest and a permit to carry out community forestry (Izin Kegiatan Hutan Kemasyarakatan) has been issued to a recognized community cooperative. Approximately 60 HKM concessions operate in Indonesia.

7. Regent permits issued outside the national forest estate

To be legal, regent permits must be gazetted and executed outside the boundaries of the national forest estate (Kawasan Hutan). Currently, regent permits issued inside the Kawasan Hutan are considered illegal under PP 34/2002.

8. HPH Kecil

Between January 27, 1999 (the date when PP 6/1999 was issued), and June 8, 2002 (the date when PP 34/2002 was issued, canceling PP 6/1999), regents issued a number of 5,000-hectare licenses valid for 25 years. Concessions or cooperatives operating under these licenses are considered legal.

9. Kawasan Dengan Tujuan Istimewa (KDTI), Pesisir Krui, Lampung Barat

SK 47/1998, which regulates the KDTI special region, permits customary Krui communities to fell timber in order to plant damar trees and maintain their damar gardens, provided that forest functions are maintained. This timber can be sold commercially.

10. Kopermas concessions

Community managed concessions located in Papua, which have been legitimated by the Ministry of Forestry.

11. Legitimate imports

Indonesian mills import a small amount of luxury- and commercial-grade natural forest and plantation timber.

12. Legitimate auctions

Guidelines need to be developed to identify legitimate auctions, as auctions are commonly used to legalize illegal timber confiscated in law enforcement operations.

Nominally illegal source of timber according to national legislation

Indonesian national forest law indicates that timber harvested from the following sources is currently considered to be illegal:

1. Conservation forest areas (Hutan Konservasi) and protection forest areas (Hutan Lindung)

According to UU 41/1999, timber may not be harvested for commercial purposes in either conservation or protection forest areas.

2. District permits issued inside the forest estate (Kawasan Hutan)

These include IPKTM, HPHH, IPPK and IPKMA. According to Article 42 of the implementing regulation for Indonesia's Basic Forest Law (PP 34/2002), only the Ministry of Forestry has the authority to issue harvesting rights. Nevertheless, many argue that Indonesia's decentralization laws have given district and provincial governments several types of forest management rights, although most concede that these rights do not include an actual right to harvest. A court decision may be required to clarify this issue.

3. Customary forests (Hutan Adat)

According to UU 41/1999, Hutan Adat areas cannot be logged by customary communities or other parties for commercial purposes. Public consultations need to be held to determine how customary communities can begin to obtain national approval and legitimation for commercial harvesting of Hutan Adat in production forest areas if they so desire. A provincial regulation being drafted in Papua, in accordance with Papua's Special Autonomy Law, may provide such rights to customary communities who form cooperatives in this region.

4. IPK HTI in nondegraded natural forest

Natural forest with a standing stock greater than 20 cubic meters of timber per hectare over an area larger than 25 contiguous hectares may not be cleared to make way for HTI plantations, according to

DETECTION

Detection of illegal logging activities is a key element of any strategy that attempts to curb illegal logging. Without accurate information about illegal logging activities, prevention strategies cannot be strategically identified, and suppression activities are rendered useless because lawbreakers cannot be effectively prosecuted without sufficient information. Information gleaned from detection measures can also be used to mount effective campaigns against illegal logging activities and to design appropriate policies and strategies to prevent or suppress illegal logging.

Action 3: Collect and analyze information needed to detect harvesting, processing and transportation crimes**Rationale:**

In the short term, data and analysis are needed to identify some of the most sinister and damaging harvesting, processing, and transportation crimes currently being committed in Indonesia. Data collection should be undertaken in partnership with the Ministry of Forestry, which should be responsible for sanctioning data gathering, determining the technical standards and administrative hierarchies that will ensure data accuracy, stating that information gathered under such an undertaking will be considered official and will have the force of law, if used for judicial purposes, and allowing data gathered to be available to the public unless it is being used to build evidence of a crime.

Data collection and analysis should be undertaken to detect three major forest crimes: harvesting crimes, processing crimes, and transportation crimes. Details about the data and analysis needed to detect these three crimes follow.

3.1 Collect and analyse information needed to detect harvesting crimes.

Rationale:

One of the first priorities is the detection of crimes in the forest, which directly contribute to deforestation and forest degradation. Harvesting crimes can be identified through a variety of tools, including satellite imagery and analysis of concession boundaries, concession permits, and transportation documents (SKSHH). Overlays of administrative boundaries, coupled with image interpretation, can be used to determine whether concessions are logging outside designated cutting blocks, are running roads into conservation or protected forest areas, or have redrawn concession boundaries in such a way as to penetrate into conservation areas or protected forests. Information can be checked and cross-referenced with data obtained from site visits or aerial inspections.

Activities:

A. Collect data to identify and map the locations of all legal timber harvesting operations and wood plantations.

1. Obtain georeferenced maps of the boundaries of all forest management units in the nation and all cutting blocks located within them.
 - a. For all active forest management units and felling permits issued or extended by district-level forestry officers (i.e., IPKTM, HPHH, and IPPK), obtain a map of the work area (Peta Bagian Kerja) and Clear Felling Plan (Rencana Pembukaan Lahan) or its equivalent. Map can be obtained from the district forest office (Dinas Kehutanan) for the district in which the unit is located.
 - b. For all 880 nationally-approved agricultural plantations, obtain
 - Map appended to approval for releasing land from the forest estate (Kawasan Hutan) for the purpose of agricultural plantation activities (can be obtained from the Department of Forestry, Planning Division, Forest Gazettement Centre (Badan Planologi, Pusat Pengukuran Hutan)
 - Map approving clear-felling activities in agricultural plantations listed above, (Peta Rencana Pembukaan Lahan), which can be obtained from District Forestry Office in the province in which the plantation is located).
 - c. For each of the 212 nationally approved industrial timber plantations, obtain
 - Map appended to RKPH-HTI, from the Department of Forestry, Directorate General of Production Forests (BPK)
 - Map approving clear-felling activities (Peta Rencana Pembukaan Lahan), which can be obtained from district forestry offices in the province in which the HTI is located).
 - d. For the estimated 350 currently active natural forest selective felling permits (HPH), collect
 - Map appended to RKPH, from the Department of Forestry, Directorate General of the Forest Production Division (BPK), Directorate of Production Forest Use (Direktorat Bina Rencana Pemanfaatan Hutan Produksi)
 - Map appended to most recent five year work plan (RKL), from the district forestry office in the province in which the HPH is located

- Map appended to most recent annual work plan (RKT), from the district forestry office in the province in which the HPH is located.
 - e. For each of the forest management units above, determine the volume of natural forest timber permitted to be removed on an annual basis.
 - f. From the national Department of Forestry, request the range of serial numbers of all transportation permits (SKSHHs) distributed to each province. From each provincial department of forestry, request the range of serial numbers of all SKSHH and *Faktur* (wood transportation permits for clear-felled natural forest timber and plantation timber) distributed to each district.
2. Obtain maps of forest and water use plans (Peta Penunjukan Kawasan Hutan dan Perairan Propinsi) for each of Indonesia's provinces containing the above-named types of forest management units, showing boundaries of conservation forests (Hutan Konservasi), protection forests (Hutan Lindung), and production forests (Hutan Produksi) within each province.
 3. Obtain Modis satellite maps of the entire nation.
 4. Obtain satellite images of fire hotspots.
 5. Obtain satellite images of illegal logging hotspots in conservation and protection forest areas.

B. Analyze data to identify harvesting activities outside prescribed legal areas.

1. Overlay boundaries of maps listed in 3.1.A.1, A.2, and A.3.
 - a. Identify all active forest management units or land-clearing permits that have been issued or extended by district forestry officers, or nationally authorized agricultural plantations located in any part of the forest estate (Kawasan Hutan). (If district governments fail to submit georeferenced maps for all active forest management units and all felling permits issued by district forestry officers, any district permits not accounted for will be assumed to be illegal.)
 - b. Identify all forest management units or agricultural plantations that are gazetted inside or have run roads into conservation areas or protected forests.
 - c. Identify all HPH, HTI, and agricultural plantations whose boundaries have been drawn or redrawn in operational maps in such a way as to overlap with conservation areas and protection forests as defined in the relevant provincial maps of forest and water use plans (Peta Penunjukan Kawasan Hutan dan Perairan Propinsi).
 - d. Identify all HTI that are felling forests with standing stock greater than 20 cubic meters per hectare.
2. Overlay boundaries of 3.1.A.4 onto 3.1.B.1 and identify all HTI and agricultural plantations with fire hotspots inside blocks that are designated for clearing according to current-year production maps.

Potential principal actors

District forestry offices; Planning Division of the Ministry of Forestry, European Commission Forest Law, Governance and Trade (EC FLEGT).

Potential supporting actors

FWI, WWF Indonesia, CIFOR, EC FLEGT, MFP, World Resources Institute (WRI), World Bank, EIA, Sekala, Telapak.

3.2: Collect and analyze information needed to detect processing crimes**Rationale:**

Mills are the key consumers of illegal timber in Indonesia. Their infractions may include operating above licensed capacity, operating without an official processing license, sourcing illegal timber for processing, or failing to file with the Ministry of Forestry detailed reports on timber supplies. Processing crimes can be identified through a variety of methods, including log tracking, document analysis, and field investigations. Analysis of raw material requirement plans (RPBBI) can help identify mills that are sourcing illegal timber or operating beyond licensed capacity.

Activities:*A. Collect data to identify mills processing illegal timber.*

1. Collect:
 - a. Lists of all primary processing mills maintained by each District Forestry Office (Dinas Kehutanan Kabupaten).
 - b. RPBBI of all primary processing mills with processing capacity of less than 6,000 cubic meters per year maintained by each District Forestry Office (Dinas Kehutanan Propinsi).
 - c. RPBBI of all primary processing mills with processing capacity of greater than 6,000 cubic meters per year from the Directorate of Forest Products Processing and Marketing.
 - d. Files for the approximately 4,800 exporting sawmills and plywood mills that have reportedly been submitted to BRIK.
2. For each primary processing mill specified above, collect information on
 - Name of factory
 - Address of factory
 - Shareholders of factory
 - Licensing authority of factory
 - Licensed capacity of factory
 - Installed capacity of factory
 - Volume of output of factory.

For each shipment of raw material received by that factory, collect volume of shipment, district of origin of shipment, name of forest management unit of origin of shipment, serial number of shipment, and name of the Ministry of Forestry official (P2SKSHH) who sanctioned the shipment.

B. Analyze nonreporting mills and mills operating without proper authorization.

1. Identify nonreporting mills

- a. Identify primary forest processing mills with licensed or installed capacities of less than 6,000 cubic meters that have failed to submit RPBBi to their provincial department forestry offices.
 - b. Identify primary forest processing mills with licensed or installed capacities of greater than 6,000 cubic meters that have failed to submit RPBBi to the Ministry of Forestry Directorate of Forest Products Processing and Marketing.
2. Identify mills operating without proper authorization.
 - a. Identify primary forest processing mills with capacity of less than 6,000 cubic meters that are operating with the permission of any entity other than the provincial department of forestry.
 - b. Identify primary forest processing mills with licensed or installed capacities of greater than 6,000 cubic meters that are operating with the permission of any entity other than the Directorate of Forest Products Processing and Marketing.
 3. Identify mills whose installed capacity or annual production exceeds legal limits—that is, with an installed capacity or annual production that exceeds licensed capacity by more than 30 percent.
 4. Identify mills that consume raw material from sources that are legally disputed or unidentifiable.
 - a. Classify each shipment of timber, as listed in the last paragraph of Action 3.2.A.2, according to whether it originated from
 - Nationally authorized HPH with provincially authorized annual work plans (RKT)
 - Nationally authorized HPHTI or agricultural plantations with provincially authorized annual work plans for land clearing (RKT/IPK)
 - Nationally authorized HTI with provincially authorized annual work plans for land clearing (RKT/IPK)
 - Regent-authorized forest management unit or felling permit located outside the national forest estate (which can only be determined after mapping in Action 3.1 is completed)
 - Legal auction
 - A country whose exports are currently banned under international law (for example, Liberia)
 - Private land to which title is held (Hutan Rakyat)
 - Other sources, which for the purposes of subsequent analysis will be considered legally disputed or unidentifiable—for example, district-licensed forest management units or district-issued land-clearing permits located inside the forest estate (Kawasan Hutan).
 - b. For each mill, determine the percentage of timber sourced from legally disputed or unknown sources.
 - c. Group each mill under the timber-processing group to which it belongs—for example, Sinar Mas, Raja Garuda Mas, Bob Hasan, Barito Pacific, Hasko and its parastatal affiliates, Korindo, KLI, Alas Kusuma, and Djajanti, to name the nine largest groups in rough descending order of natural forest timber consumption.
 - d. Rank all groups or stand-alone mills, from those that consume the highest to those that consume the smallest percentage of legally disputed or unknown timber.

Potential principal actors

Ministry of Forestry Production Forest Division (BPK), Provincial Forestry office, Ministry of Industry, Ministry of Trade, Customs.

Potential supporting actors

World Bank, WRI, FWI, WWF Indonesia, CIFOR, BRIK, Sekala, Telapak.

Target 3.3: Collect and analyze information needed to detect transportation crimes**Rationale:**

Very little timber circulates within Indonesia without the aid of illegally allocated transportation documents (SKSHH), and curbing the misuse of these documents needs to be made a priority in order to distinguish legal from illegal timber. Transportation crimes can be identified through demand and supply analysis, log tracking systems, and analysis of transportation documents issued by District Forestry officials (Dinas Kehutanan Kabupaten, P2SKSHH).

Activities within Indonesia

1. Identify shipments of timber from forest management units that have exceeded their production quotas.
 - a. Calculate the total volume of timber supplied by each forest management unit to each mill on the basis of information collected in Action 3.2.
 - b. Identify each forest management unit that has exceeded its production quota.
 - c. Keep a register of the names of district forestry officials (P2SKSHH) who approved these shipments, ranked in descending order according to the volume and number of unauthorized shipments approved by each.
2. Identify shipments of timber whose SKSHH or *Faktur* serial numbers do not match those assigned to the purported province or district of origin of the shipment.
 - a. Review each SKSHH and *Faktur* covering the shipments of timber.
 - b. Identify those SKSHH and *Faktur* whose serial numbers do not match those assigned to the provinces and districts from which the timber shipment in question purportedly originated, as defined in Action 3.1.
 - c. Keep a register of the names of district forestry officials (P2SKSHH) who approved such shipments, ranked in descending order according to the volume and number of unauthorized shipments approved.
3. Identify customs violations by analyzing data and information collected in the Indonesian Customs' Electronic Data Interchange System.
4. Identify illegal timber smuggling by carrying out regular patrols in Indonesian waters and increasing physical inspections of timber exports.

Activities to be carried out in collaboration with consuming country authorities

1. Liaise with customs authorities in consuming countries to identify shipments of illegal timber originating from Indonesia.

2. Identify illegal timber consignments originating from Indonesia by
 - a. Collecting Indonesian export statistics
 - b. Collecting statistics from consuming countries on timber imports originating from Indonesia
 - c. Comparing export and import statistics to identify trade discrepancies.

Potential principal actors

Ministry of Forestry, provincial forestry departments, Ministry of Industry and Trade, Department of Foreign Affairs, Customs, police.

Potential supporting actors

MFP, EC FLEGT.

Action 4: Archive information on the harvesting, processing and transportation of timber

Rationale:

Although various organizations are making concerted efforts to collect data and information on forest crimes, no standardized reporting procedures are in place. Information is scattered instead of being arranged in a systematic information system. In order to develop appropriate prevention and suppression measures, data and information on illegal logging need to be kept in a permanent archive.

Activities:

1. Compile the information gathered in Action 3.1–3.3 in an orderly and updated fashion in a permanent archive. Decisions will have to be made about where the archive is housed, who is responsible for collecting and archiving information, and so on. Work spaces, photocopying facilities, and facilities for copying computerized files will also need to be made available on site for use by law enforcement authorities and members of the public.
2. Develop standard operating procedures to ensure systematic and coherent data collection, harmonization, and analysis.

Potential principal actors

Ministry of Forestry, BRIK.

Potential supporting actors

MFP, FWI, EIA, Telapak, Sekala, EU FLEGT, WRI.

Action 5: Disclose information on the harvesting, processing and transportation of timber

Rationale:

To increase transparency and allow buyers and consumers to make informed decisions about the purchases they make, information should be disclosed to the general public via independent and internationally accessible Web sites and other means. Information being used to build evidence of a crime should not necessarily be released to the general public because that may compromise investigative efforts and jeopardize the safety of suspected criminals or those who have reported a forest crime.

Activities:

1. Develop a comprehensive disclosure policy on forest sector information through a multistakeholder consultation process that divides forest sector information into three classification categories: publicly available, for official use only, and confidential.
2. Post information determined to be suitable for public release on independent Web sites, including, but not limited to, those hosted by the Ministry of Forestry, the FWI, and the Royal Institute of International Affairs (RIIA).
3. Provide information determined to be suitable for public release to all parties involved in multilateral and bilateral anti-illegal logging agreements to which Indonesia is a party. (Multilateral partners include EC FLEGT, FLEG Asia, and Asia Forestry Partnership (AFP); bilateral parties include China, Japan, Norway, and the United Kingdom.)
4. Actively distribute information determined to be suitable for public release to both the Indonesian and international public through campaigns and the media.

Potential principal actors

Ministry of Forestry, Ministry of Industry and Trade.

Potential supporting actors

FWI, RIIA, EC FLEGT, FLEG Asia, Asia Forestry Partnership (AFP), governments of China, Japan, Norway, and the United Kingdom, Telapak, WALHI, WWF, TNC, WRI, World Bank, Sekala, MFP.

PREVENTION

Prevention measures, which should be designed to deal with some of the key causes of illegal logging, are primarily medium-to-long-term measures that may not yield results for many years but that have the ultimate aim of minimizing and preventing illegal logging. The measures identified in Actions 6 through 8 should be given priority in the short term.

Action 6: Develop a comprehensive wood processing industry rationalisation plan**Rationale:**

Consultations revealed that stakeholders consider overcapacity in Indonesia's wood-processing industry to be the most pressing problem driving illegal logging in Indonesia today. These stakeholders asserted that illegal logging is largely fueled by a huge imbalance between wood-processing industry requirements, which far exceed sustainable limits, and the licensed supply of timber. A planned approach to industrial restructuring would have significant economic and political benefits because the wood-processing industry will ultimately be forced to downsize when raw materials become even scarcer, and a more organized restructuring process should

soften the impact and reduce the socioeconomic consequences. Efforts should be made to retrain or provide new jobs for people put out of work. Land compensation plans should be considered to offset employment and income losses.

Activities:

1. Develop a comprehensive plan that identifies the percentage by which industry needs to be downsized and mandates a reduction in consumption of roundwood by factories in order to bring Indonesian mill demand into balance with the nation's legal supply. Each mill or commonly owned group of mills could be required to reduce production across the board or on a prorated basis according to the percentage it consumed of legally disputed or untraceable timber, as determined in Action 3.2.B.4(b).
2. Declare a temporary moratorium on all new primary forest processing capacity except where old machines are decommissioned and replaced by newer ones with equal or smaller capacities.
3. Develop a business exit assistance plan to provide financial assistance to mills required to downsize or close in order to bring industry capacity into line with resource levels.
4. To supplement the national requirement that all closed mills provide dislocated workers with six months' severance pay, develop a worker assistance plan that includes redundancy payments, assistance in relocating to new employment, and training for workers made redundant as a result of industry downsizing or closure.
5. Develop a land compensation plan to offset employment and income losses arising from industry downsizing that provides renewable 35-year access, for social forestry or agricultural purposes, to parcels of public lands, both inside and outside the forest estate, if such lands are no longer valuable from a forestry perspective (that is, if they have a standing stock of less than 10 cubic meters per hectare). Provide insecticide and fertilizer subsidies for recovery of those areas covered in imperata grasslands (*alang-alang*).
6. Develop initiatives to retrain or provide new jobs for people put out of work by industry downsizing. Some of these new jobs should ideally be created in the fields of reforestation, forest rehabilitation, agroforestry, and community forestry, but other occupations such as infrastructure development, road building, forest gazettement, and enforcement are likely to be more viable.
7. Develop a plan that mandates a rise in productivity of existing pulpwood plantations and increases areas of existing pulpwood planted per year from an average of 15 cubic meters per hectare to 60 cubic meters per hectare by 2012 to meet timber demands. Develop a comparable plan for increases in productivity and planting area of lumber species (*kayu perkakas*) by 2012, as well. (A study by a multistakeholder consortium of organizations, including the Ministry of Forestry, major research institutions, universities, and donor-funded projects, determined that it is feasible to increase the pulp plantation establishment from 100,000 to 250,000 hectares per year; increase the sawn timber plantation rate from 60,000 to approximately 70,000 hectares per year; and increase the productivity of timber plantations from an average of 12 to 15 cubic meters per hectare to 60 cubic meters per hectare by 2012).

8. Move forward with viable social forestry initiatives that encourage local people to sustainably manage forest resources.

Potential principal actors

Ministry of Forestry, Ministry of Industry and Trade, Ministry of Manpower.

Potential supporting actors:

MFP, EC FLEGT, World Bank, ICRAF, CIFOR, Association for District Governments of Indonesia (APKASI), Governors' Association.

Action 7: Promote legal timber trade

Rationale:

Indonesia's wood-processing industry is fueling both domestic and international demand for the country's natural timber products because it is able to obtain natural timber illegally and to produce wood products at reduced cost. The availability of cheap timber products distorts markets and ultimately leads to an increase in final demand. Indonesia's domestic market consumes approximately 17 million cubic meters of illegal roundwood per year. The international market, primarily China, Japan, Korea, Malaysia, and Taiwan (China), consumes the equivalent of approximately 33 million cubic meters of illegally harvested roundwood per year.

Activities:

1. Develop a better understanding of the domestic market in order to identify strategies to curb domestic consumption of illegal timber and to encourage domestic consumers to demand legally and, preferably, sustainably produced timber products.
2. Lobby for the sale or import of illegal timber to be declared illegal by law by consumer countries.
3. Develop and adopt a widely accepted and auditable definition of legal timber that establishes standards which timber producers would have to meet, such as evidence of independently verified chain-of-custody monitoring.
4. Develop and test cost-effective wood tracking systems to distinguish legally from illegally produced logs and wood products.
5. Encourage the governments of consuming countries to adopt public procurement policies that limit the purchase of products to those from legal and sustainably managed sources.
6. Encourage companies using or trading in large volumes of wood and paper products to adopt procurement policies providing for the purchase only of legal and, preferably, sustainably produced timber products.
7. Develop and implement a FLEGT Voluntary Partnership Agreement between Indonesia and the European Union to facilitate legal exports of timber originating from Indonesia to the European Union.

8. Develop and implement bilateral agreements with key timber-trading countries to enhance cooperation in law enforcement.
9. Develop multilateral agreements to control the trade in illegal timber, share information, and ensure that all signature countries adopt the same definition of illegal logging.
10. Recommend that endangered or threatened timber species be listed in CITES Appendix III. Threatened timber species may include Merbau (*Intsia bijuga*) harvested in Papua dan Ebony (*Diospyros celebica*) harvested in Central Sulawesi.
11. Encourage Indonesian companies to produce sustainably harvested timber.

Potential principal actors

Ministry of Forestry, Ministry of Industry and Trade, DFID, governments of Group of Eight industrial countries, WWF, TNC, TFF, TFT, Carrefour, IKEA, Kingfisher, Home Depot, Lowe's, Smartwood, LEI, Ministry of Foreign Affairs, Customs.

Potential supporting actors

MFP, World Bank, EC FLEGT, Greenpeace.

Action 8: Increase tenure security for local people and offer alternative income sources

Rationale:

Local people have become increasingly engaged in illegal logging activities because they lack access to forest and land resources and have had limited opportunities to benefit from large-scale logging. Experience has shown that clear tenure rights and active participation in forest management through social forestry schemes encourage local people to protect forests from outside encroachment, to increase their own local food and forest security, and to refrain from illegal logging.

Activities:

1. Assist customary people to map and legitimate their customary forests and lands.
2. Support and legitimate community-based forestry schemes.
3. Develop social forestry schemes that provide viable income alternatives for local people.
4. Encourage comanagement of protected and conservation forest areas.

Potential principal actors

Ministry of Forestry, AMAN, JKPP, World Agroforestry Centre (ICRAF).

Potential supporting actors

MFP, World Bank, Sekala, EU FLEGT.

SUPPRESSION

Suppression is an important component of any strategy that attempts to curb illegal logging because it can deter and dissuade people from engaging in illegal logging activities. Strengthening law enforcement may also improve overall governance and the rule of law, strengthen forest and natural resource policy frameworks, improve forest resource management, and promote sustainable forest management.

Action 9: Build capacity to carry out law enforcement

Rationale:

Multistakeholder consultations revealed that most illegal logging cases brought to trial are dismissed because corruption is prevalent, evidence has been lacking, cases have been poorly put together, or insufficient evidence or the wrong type of evidence has been collected, or because judges, prosecutors, and the police lack knowledge about important forest laws and regulations. Suppression efforts also fail because investigators lack skills in detecting forest crimes through tools such as satellite imagery, GPS, log tracking, and log species identification. Investigators fail to follow chains of complicity to ensure that the ones detected and suppressed are the main actors in illegal logging, rather than poor local people who are contracted by *cukong*, buyers, government officials, and other powerful actors to fell trees illegally. Training and capacity building are needed to rectify some of these problems before the suppression efforts outlined in Action 10, below, are undertaken.

Activities:

1. Provide training and guidance to law enforcers on constructing chains of complicity to enable the identification of the principal actors behind illegal logging activities.
2. Provide training to forest officers and police on a variety of detection tools and analysis methods, such as
 - a. Visual documentation of illegal logging (videos and photographs)
 - b. New tree and log tracking technologies such as optical bar coding
 - c. Remote-sensing and geographic information systems
 - d. Specialized skills needed to detect forest crimes, including:
 - Methods for linking logs and wood products to a specific location in the forest
 - Satellite and aircraft surveillance techniques
 - Collection of chain-of-custody evidence
 - Collection of forensic evidence on illegal logging
 - Detection of illegal logs in timber shipments
 - Determination of forest license and contract specifications
 - Analysis of documents of incorporation, to navigate front and holding companies
 - Use of technical investigation equipment
 - Techniques for interviewing powerful individuals
 - Methods for following chains of complicity to enable the identification of principal actors behind illegal logging activities.
3. Provide training to forest officers and the police on preparing illegal logging case dossiers for trial.

4. Provide training to judges and prosecutors on relevant forest laws and regulations, especially UU 41/1999 and PP 34/2002.
5. Build the capacity of banks and law enforcers to implement Indonesia's anti-money laundering legislation.
6. Raise awareness among law enforcers about the importance and significance of forests.
7. Establish, support, and provide training on relevant forest laws and regulations, court proceedings, and judicial processes for public monitoring bodies.
8. Improve awareness and training among regional customs agents in transshipping and importing countries.

Potential principal actors

Supreme Court, National Police, Ministry of Forestry, Office of the Attorney General.

Potential supporting actors

MFP, EC FLEGT, World Bank, ICRAF, CIFOR, TNC, SGS, AusAID.

Action 10: Amend national laws and regulations to strengthen law enforcement efforts

Rationale:

Although Indonesia's legal framework provides a number of mechanisms for suppression of major forest criminals, there is room for improvement. Currently, for example, the Basic Forest Law (UU 41/1999) does not provide for the prosecution of forest management units that run roads into conservation areas or protected forests or that have drawn or redrawn their boundaries in operational maps to overlap with conservation areas or protected forests. Clear provisions for the prosecution of officials who flout forest laws to issue harvesting permits, transportation permits, or processing permits are also missing. At present, corrupt forest officials can only be brought to justice via the provisions in the Criminal Code or the recently amended Law on Criminal Acts of Corruption. Criminal and administrative sanctions for serious crimes such as those mentioned above need to be included in the Basic Forest Law, Special Law or in a higher regulation such as a PERPU or a parliamentary act.

Activities:

1. Amend existing national forest legislation (UU 41/1999 and PP 34/2002) to:
 - a. Declare that any HPH, HTI, or nationally approved agricultural plantation can have its permit revoked without warning if it is:
 - found to have run roads into conservation areas or protected forests; or
 - redrawn its boundaries in operational maps (obtained in Action 3.1.A) to the point where they overlap conservation areas and protection forests.

- b. Declare illegal any timber sourced from district permits if the area is not proved to be located outside the forest estate and is not accounted for in georeferenced maps that would prove it to be outside the forest estate.
 - c. Make it a criminal offence for district officials or any other government officials below the provincial level (for example, Regents) to issue permits for sawmills or plywood, chip, or pulp mills.
 - d. Make it a criminal offence for forest concessions to exceed their annual production quotas.
 - e. Make it a criminal offence for district forestry officials (P2SKSHH) officials to unlawfully allocate transportation permits (SKSHH).
 - f. Further elucidate the definition of "receiving, accommodating and processing raw materials originating from illegal sources" in Article 97(5)d of UU 41/1999 to include the presence of one or more logs in a mill's log yard or log pond that
 - Lacks a serial number
 - Has a serial number that cannot be found in the SKSHH-DHH transportation document accompanying the shipment
 - Has the correct serial number but is of a species that does not match that stated in the SKSHH-DHH; is of a length that does not match that in the SKSHH-DHH, within a margin of error of 10 centimeters; or is of a diameter that does not match that in the SKSHH-DHH, within a margin of error of 5 centimeters.
 - g. Include in legislation on forest crimes provisions on complicity (*penyertaan*), to enable police and prosecutors to focus more effectively on the owners or operators of criminal enterprises, rather than on the loggers.
 - h. Elucidate Article 50 of UU 41/1999 in a law (UU), regulation (PP) or decree (SK) to provide clear guidelines on legal violations stipulated in that article.
 - i. Outlaw elite-level timber corruption by stipulating that past or present heads of state may not run or own timber concessions, timber plantations, agricultural plantations, or timber mills in Indonesia, personally or through their families, nominees, close political supporters, or business associates.
 - j. Allow the Indonesian government to confiscate from convicted forest criminals the proceeds and assets derived from illegal logging activities.
2. Remove restrictions on law enforcers by
 - a. Making legal provisions for police and other law enforcers to cross administrative boundaries in order to pursue illegal logging cases.
 - b. Making legal provisions for civil service investigators (PPNS) to conduct arrests and file illegal logging cases with prosecutors.
 - c. Amending the customs law (UU 10/1995) to extend customs officials' authority to inspect shipments of timber for export if they reasonably suspect these shipments to contain illegal timber. (Note that authority already exists under Article 4 of UU 10/1995 but is used in limited circumstances.)
 - d. Allowing video tapes, photographic images, and GPS readings to be submitted as evidence.
3. Speed and improve judicial processes by
 - a. Amending procedural laws to allow for in absentia trials so that prosecutors can move ahead with a trial if the accused has fled the country.
 - b. Limiting efforts by law enforcers to derail or kill legal cases by:

- placing time limits on repeated requests for information from the prosecutor's office to the police;
- establishing clear legal sanctions for investigators who fail to pursue an investigation through to prosecution or for a prosecutor who fails to submit a case to trial even when the case files at each stage have been declared complete;
- defining who or what organizations have the right to complain if an investigation is not completed or a prosecution is not pursued, with specified time limits for responses to their complaints.

Potential principal actors

Supreme Court, Ministry of Forestry, Ministry of Industry and Trade, President of Indonesia, Ministry of Home Affairs, Office of the Attorney General, DPR, DPD.

Potential supporting actors

MFP, EC FLEGT, World Bank, Transparency International, Indonesian Corruption Watch, Indonesian Centre for Environmental Law (ICEL).

Action 11: Prosecute major forest harvesting, processing and transportation crimes

Rationale:

Indonesia's Basic Forest Law (UU 41/1999) and its implementing regulation (PP 34/2002) already provide a number of mechanisms for suppressing actors involved in major harvesting and processing crimes. Criminal sanctions, including imprisonment up to 10 years and fines up to 5 billion rupiah, and administrative sanctions are provided in Article 78 of UU 41/1999, which refers to prohibitions and restrictions listed in Article 50 of the same law. Additional administrative sanctions are provided in Chapter IX (Articles 86–98) of PP 34/2002 for holders of forest utilization permits and forest product primary industry business permits. Some of the sanctions listed in UU 41/1999 and PP 34/2002 provide clear opportunities to prosecute major actors engaged in harvesting and processing crimes. Although substantial improvements, such as those mentioned in Action 10, need to be made to allow effective prosecution of other major crimes.

Activities:

Harvesting crimes

1. *Prosecute and close all forest management units issued or extended by district-level forestry officers or nationally authorized agricultural plantations that are physically located within any part of the national forest estate (Kawasan Hutan).*

Article 50 (e) of UU 41/1999 states that no one is allowed to cut trees or harvest or collect any forest products within the forest estate without holding rights or licenses issued by authorized officials. The implementing regulation for this law (PP 34/02) states that only officials from the Ministry of Forestry can issue harvesting permits. Under Article 78(5), this violation is subject to 10 years imprisonment and a fine of 5 billion rupiah. Article 93(12e and 16) of PP 34/2002 states that a permit can be revoked without warning if the permit holder is sentenced to imprisonment pursuant to Article 78 of UU 41/1999.

2. Prosecute and close all forest management units that have run roads into conservation areas or protected forests.

Action 10.1(a) needs to be put into effect before this action can be carried out.

UU 41/1999 and PP 34/2002 do not explicitly provide criminal or administrative sanctions for this offence. Article 89(a) of PP 34/2002 only states that an HPH can have its utilization business permit and forest product utilization business permit temporarily terminated if it fails to manage its working area boundaries. (The guidelines state that this is self-explanatory.) In that case, the permit is to be suspended temporarily, for one year, and it is to be revoked if the company does not fulfill its obligations within one year from the date of the temporary suspension, following three notices given in writing at intervals of 30 working days (Article 90).

Article 91(b.IV) of PP 34/2002 states that a HPH can be subjected to a fine (15 times the forest resource royalty, or PSDH) if wood is felled from outside the permitted felling block.

3. Prosecute and close all HPH or HTI if the boundaries of which have been drawn or redrawn in operational maps to overlap with conservation areas or protection forests. For all maps drawn or redrawn in such a way, submit simultaneously to the National Corruption Commission and the inspector general of the Ministry of Forestry the names of Ministry of Forestry officials who signed and sanctioned such maps.

Action 10.1(a) needs to be put into effect before this action can be carried out.

UU 41/1999 and PP 34/2002 do not explicitly provide criminal or administrative sanctions for this offence. Article 89(a) of PP 34/2002 only states that a HPH can have its utilization business permit and forest product utilization business permit temporarily terminated if it fails to manage its working area boundaries. (The guidelines state that this is self-explanatory.) In that case, the permit is to be suspended temporarily, for one year, and it is to be revoked if the company does not fulfill its obligations within one year from the date of the temporary suspension, following three notices given in writing at intervals of 30 working days (Article 90).

4. *Prosecute all HTI and agricultural plantations with fire hotspots on blocks designated for clearing according to production maps. Close and auction the units.*

Article 50(3d) of UU 41/1999 states that no one is allowed to burn forest. The maximum penalty for this offence is 15 years jail and a 5 billion rupiah fine.

5. Apply the concept of complicity to prosecute the principal actors identified in Action 3.1.B and elsewhere as organizing illegal logging within conservation forests.

The concept of complicity (*penyertaan*) is mentioned in Articles 55 and 56 of Indonesia's Criminal Code. Provisions requiring police and prosecutors to follow the chain of complicity should also be made in forest legislation (see Action 10.1 (g)).

6. *Prosecute and close all forest management units that have exceeded annual production quotas*

Action 10.1 (d) needs to be put into effect before this can occur.

This point implies that a HPH has illegally used a forest area. Article 50(3a) of UU 41/1999 states that no one is allowed to cultivate, use, or occupy a forest area illegally. This offence is subject to 10 years imprisonment and a 5 billion rupiah fine (Article 78). Article 93(12e and 16) of PP 34/2002 states that a permit can be revoked without warning if the permit holder is sentenced to imprisonment pursuant to Article 78 of UU 41/1999.

Transportation crimes

7. For all shipments from units that contain timber felled in excess of quotas, as ascertained in 3.3.1, submit simultaneously to the National Corruption Commission and the inspector general of the Ministry of Forestry lists of the P2SKSHHs who sanctioned the shipments. Prosecute the unit for overharvesting, and prosecute the P2SKSHH officials for unlawful allocation of transportation permits (SKSHH).

Currently, there is nothing in UU 41/1999 or PP 34/2002 stating that either of these crimes is a punishable offence. Actions 10.1 (d) and 10.1 (e) would first need to be put into effect for this measure to be carried out.

8. For all shipments of timber whose SKSHH or *faktur* serial numbers do not conform with those assigned to the purported province or district of origin of the shipment, as ascertained in Action 3.1.A.1(f), submit simultaneously to the National Corruption Commission and the inspector general of the Department of Forestry the list of all P2SKSHHs who sanctioned such shipments. Prosecute the unit for overharvesting, and prosecute the P2SKSHH officials for unlawful allocation of transportation permits (SKSHH).

Currently, there is nothing in UU 41/1999 or PP 34/2002 stating that either of these crimes is a punishable offence. Actions 10.1 (d) and 10.1 (e) would first need to be put into effect for this action to be carried out.

Processing crimes

9. *Freeze production of all primary forest processing mills with licensed or installed capacities of less than 6,000 cubic meters that have failed to submit mill reports (RPBBI) to their provincial department of forestry offices.*

Article 95(1a) of PP 34/2002 states that a mill can have its industrial business permit temporarily terminated if it does not submit its RPBBI report by the specified deadline (May 1). The temporary termination of an industrial business permit is to remain in effect until the permit holder can fulfill its obligations. The procedures for imposing administrative sanctions are stipulated in the decree SK Kep Men 6887/Kpts-II/2002.

- 10. Freeze production of all primary forest processing mills with licensed or installed capacities of greater than 6,000 cubic meters that have failed to submit RPBBi to the Directorate of Forest Products Processing and Marketing.*

Article 95(1a) of PP 34/2002 states that a mill can have its industrial business permit temporarily terminated if it does not submit its RPBBi report by the specified deadline. The temporary termination of an industrial business permit is to remain in effect until the permit holder can fulfill its obligations. The procedures for imposing administrative sanctions are stipulated in SK Kep Men 6887/Kpts-II/2002.

11. Prosecute and close all primary forest processing mills with capacity of less than 6,000 cubic meters that are operating with the permission of any entity other than the provincial department of forestry or of trade and industry.

Action 10.1 (d) needs to be put into effect before this action can be carried out. Neither UU 41/1999 nor PP 34/2002 provides criminal or administrative sanctions for this offence.

12. Prosecute and close all primary forest processing mills with licensed or installed capacities of greater than 6,000 cubic meters that are operating with the permission of any entity other than the national Ministries of Forestry or of Trade and Industry.

Action 10.1 (d) needs to be put into effect before this action can be carried out. Neither UU 41/1999 nor PP 34/2002 provides criminal or administrative sanctions for this offence.

- 13. Prosecute and close all mills whose installed capacity or annual production exceeded licensed capacity by more than 30 percent.*

Article 97(5a) of PP 34/02 states that an industrial business permit can be revoked if the permit holder expands industry capacity without permission. The permit can only be revoked after the permit holder has received three notices in writing at intervals of 30 days.

14. Pending conviction in a court of law, freeze production in any sawmill or plywood mill found by an independent assessor (LPI Industri) to have one or more logs in its log yards or log ponds that
- a. lacks a serial number
 - b. has a serial number that does not match exactly those stated in the SKSHH-DHH accompanying the shipment of which the log was purportedly a part
 - c. has the correct serial number but is of a species that does not match that stated in the SKSHH-DHH; is of a length that does not match that specified in the SKSHH-DHH, within a margin of error of 10 centimeters; or is of a diameter that does not match that specified in the SKSHH-DHH, within a margin of error of 5 centimeters

LPI Industri is examining the nation's 700 largest industrial timber facilities over a one-year period, but it is not known when the beginning or end of that period is or the extent to which LPI Industri is rigorously sampling log yards and log ponds.

Action 10.1(f) needs to be put into effect before this action can be carried out. Alternatively, PP 34/2002, Article 97(5d), states that a mill can have its permit revoked if it receives,

accommodates, or processes forest product raw materials originating from illegal sources. Article 97(7) of that regulation goes on to state, however, that the permit can be revoked only after the mill has been found guilty of sourcing illegal timber in a court decision having permanent legal force. The court would have to make a decision based on Articles 50 and 78 of UU 41/1999, which state that no one is allowed to receive, buy or sell, receive as an exchange, receive as entrusted goods, or keep or possess any forest products that were allegedly harvested from a forest area by illegal means. This offence is subject to 10 years imprisonment and a 5 billion rupiah fine.

Note:

If legislative amendments cannot be enacted to allow for prosecution of all the crimes listed in Action 11, priority should be given to those in italicized text, as the law already contains clear provisions for the prosecution of these crimes.

Potential principal actors

Forestry police, national police, Ministry of Forestry, Ministry of Industry and Trade, Ministry of Home Affairs, Supreme Court, Office of the Attorney General, National Corruption Commission.

Potential supporting actors

EIA, Telapak, World Bank, WWF Indonesia, EC FLEGT, MFP, AusAid.