Forestry Governance in Indonesia within the European Union -

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Abstract: Forest management in Indonesia is in the spotlight of various parties, both locally and globally. There are four main issues that pose challenges to forest management in Indonesia, namely ineffective law enforcement, weak forest management capacities at the site level, overlapping policies, land tenure issues, and problems with flawed legality documents and increasing illegal logging. These four issues have a direct impact on consumer countries, including the European Union. As a consumer country, the European Union is responding to the problem of illegal logging through the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan introduced in 2003. This plan includes Voluntary Partnership Agreements (VPAs) with partner countries, as well as the European Union Timber Regulation (EUTR) which aims to stop the circulation of illegal timber on the European Union (EU) market. Indonesia, as an EU timber exporter, joined this voluntary partnership and successfully implemented the FLEGT-VPA in mid-2011. This research focused on one of the main issues, namely income from the forest sector. The purpose of this research is to analyze the contribution of the EU FLEGT-VPA in improving forestry governance in Indonesia. A qualitative descriptive approach is used in this research. The results of the study show an improvement in forest governance in Indonesia after the implementation of the EU’s FLEGT-VPA from 2013 to 2015.

Keywords: FLEGT-VPA, European Union, Indonesia Forest Government, Illegal Logging

INTRODUCTION

Indonesian forest governance refers to systems, policies and practices used in forest management. Indonesia has several issues and challenges related to forest governance, forest encroachment, forest conversion into agricultural land, and issues related to forest and biodiversity conservation including illegal logging. The damage caused by illegal logging does not only affect the environment. Social damage and loss of government revenue are important considerations for eliminating illegal logging practices. After the enactment of the MDGs (Millennium Development Goals) by the United Nations, concern for environmental sustainability has increased. Countries are starting to understand sustainability in good forest governance and environmental preservation. The balance that must be maintained between the two is both a challenge and an opportunity for timber producing countries. As for consumers, most of whom are
developed countries, they enforce strict import policies to support the preservation of forests in the world. This tendency ultimately gives a pattern to trade relations between exporting and importing countries where importing countries prefer to buy wood products that are obtained and managed in a sustainable manner (Ministry of Trade, 2011).

As a timber importer, the European Union plays an active role in improving forest governance for environmental sustainability. The EU was also one of those who ratified the Kyoto Protocol on December 11, 1997. As a basis for the EU's commitment to creating fair trade free from illegal logging and illegal timber exports, it is contained in the Forest Law Enforcement Governance and Trade (FLEGT), which was initiated in 2003. FLEGT aims to increase awareness in timber producing countries of good forest governance and ensure that timber planted and timber products imported into the EU market are controlled and produced in accordance with the laws and regulations of partner countries. Although this agreement is voluntary, both parties involved in the EU FLEGT voluntary partnership agreement are fully bound to ensure that the timber products traded have been verified and comply with due diligence inspection standards (FLEGT VPA Facility, 2019).

FLEGT, which stands for Voluntary Partnership Agreement (VPA), is a bilateral agreement between the European Union (EU) and timber exporting countries. Through VPAs, the partner countries develop a refinement system that aims to trace the legality of timber exported to the EU that has been verified in the country of origin. VPAs were negotiated with eight countries in 2017, namely Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Thailand, and Vietnam. Meanwhile, six countries have implemented VPAs, namely Cameroon, Central African Republic, Ghana, Indonesia, Liberia, and the Republic of the Congo (figure 1).
The figure above shows that this VPA has been negotiated with timber exporting countries including countries in Asia, Latin America, and Africa. Although negotiated to various countries, each country has different progress. In this case the generalization of the research will be limited to the development of VPA negotiations in the Southeast Asian region (figure 2).

**Figure 2: Progress in Voluntary Partnership Agreement (Case: South East Asia)**

Source: Lessons from the EU FLEGT Action Plan, 2014  
[http://www.euflegt.efi.int/vpa-countries](http://www.euflegt.efi.int/vpa-countries)

The data above shows that VPAs have been negotiated with 6 (six) countries in Southeast Asia, namely Malaysia, Indonesia, Vietnam, Laos, Thailand and Myanmar. Malaysia first started this negotiation but until 2014 had not yet
entered the implementation stage. In Southeast Asia, Indonesia is the first country to make it to this VPA implementation stage, as well as the first country in the world to get a FLEGT License (FLEGT VPA Facility, 2019). Even though Malaysia first negotiated it with the EU, and Indonesia only started it in early 2007, Indonesia made it to the implementation stage. This is due to the seriousness of the Indonesian government in overcoming illegal logging and also responding to global market challenges that are starting to be concerned about the legality of wood products. In addition, the Indonesian government already has a timber verification system to test the legality of its timber products called the Timber Legality Verification System (SVLK). SVLK is an Indonesian government regulation to guarantee the quality and legitimacy of a wood product from Indonesia that is exported abroad (Ministry of Trade of the Republic of Indonesia, 2011).

This research is built on 11 (eleven) studies over a period of 4 (four) years from 2018 to 2021. From the literature study conducted, there are at least 4 (four) research focus areas in each literature. First, namely regarding independent monitoring, access to monitoring locations and information contained in the EU FLEGT-VPA cooperation. There are two studies that address this area as Surur in his research which analyzes the effect of the implementation of the EU FLEGT-VPA action plan on Indonesian forest governance using three analytical instruments, namely the international regime according to structural neoliberalism, sustainable environmental policies, and green economy (Surur, 2018) and Cetera which analyzes using an environmental law perspective on the protection and independent monitoring of forestry and its regulations and challenges (Cetera, 2021). Second, namely the role of the business sector, emission reduction, and Brexit. There are three studies that address this area as Indrawati explained regarding the role of the private sector/entrepreneurs in signing the FLEGT-VPA cooperation (Indrawati, 2016); Sari and Nirmala who analyzed optimizing the implementation of emission reductions from the FLEGT-VPA collaboration (Sari, 2020); and Kaukab who see this collaboration after the British exit (Brexit) and provide a hypothesis that there is asymmetric trade activity between Indonesia - Europe - UK post-Brexit (Kaukab, 2020) which
is in line with Catherine who also hypothesizes like Kaukab (2020) but has differences. Catherine put more emphasis on analysis at the multi-stakeholder forestry program (4th-MFP) analysis level which was signed by the governments of Indonesia and the UK which has the same periodization as the signing of the FLEGT-VPA between the Indonesian government and the EU.

Third, this research area focuses on forestry certification and bureaucratic politics. Wibowo and Giessen FLEGT-VPA which is promoted by non-state actors, namely the European Union, illustrates that there are state policies that fail to resolve forestry problems (Wibowo and Geissen, 2018). This makes non-state actors such as the EU able to strengthen their authority not only in the European region but also in other areas related to it. Even though it is voluntary, this FLEGT-VPA collaboration is needed by Indonesia which depends on timber products for its trading activities (Hariyadi, 2017), as Putri stated that this cooperation is needed because Indonesia needs access to the European market, one of which is by signing VPA agreement (Putri, 2020).

The fourth research area focuses on law enforcement actions related to forest governance. Forestry securitization is required by Indonesia through FLEGT-VPA. But the EU has always had a way of applying double standards. This can be seen how Indonesia seeks to adapt its timber export policies to the EU not only through the VPA but also within the framework of the CEPA and the EU Green Deal (Jose, 2021). Apart from that, Indonesia also has to face the post-pandemic market conditions of COVID 19. Inequality naturally occurs within Indonesia, especially vulnerable groups such as Micro, Small and Medium Enterprises (MSMEs), Non-Governmental Organizations (NGOs), and legal adjustments (Maryudi, 2020). Therefore it is necessary to look at the stakeholder perspective; government agencies, the private sector, and civil society organizations. Even though they had obstacles, the three of them were satisfied with the existence of this FLEGT-VPA agreement. Sustainable forest management, new markets, timber laws and enforcement are felt to be able to accommodate fair trade between the two actors (Hadiprasetya, 2022). However, in the literature, there are still 3 challenges in implementing this FLEGT-VPA; difficulties in administrative adjustments for MSMEs, less competitive flegt
license products that most buyers do not know about, and the lack of incentives provided by both parties (Indonesia and the EU) to exporters of FLEGT licensed products.

This research takes a position in the forestry governance arena. In this study, analyzing the process of improving forestry governance in Indonesia through FLEGT-VPA. The EU's FLEGT-VPA is seen as an international regime. This research will review the series of EU VPA cooperation and its adaptation process by the Indonesian government. Furthermore, this research will present the contribution of FLEGT-VPA to forest governance in Indonesia. According to Stephen Krasner, international regimes can be explained as a set of principles, norms, rules, and decision-making procedures that are formed either explicitly or implicitly, in which all the interests of the actors are involved in international relations. International regimes have a role in coordinating the behavior of these states. More than just a temporary agreement, the regime must be understood as an entity that continues to exist, even though it changes when there is a shift in power or interests. Broadly speaking, the definition of the regime is an example of international cooperation. The four sets of rules put forward by Krasner will become an analytical tool in answering the research question "how is the contribution of the European Union's FLEGT-VPA in improving forestry governance in Indonesia"?

METHODS

The method used in this research is descriptive qualitative. The justification for using a descriptive approach is because this research will answer the "how" question. This approach is needed to explain why actors (units or systems) have a stand for a situation and have preferences in decision making (state behavior). Based on this method, this research not only describes but also explains scientifically how FLEGT-VPA contributes to forest governance in Indonesia. The analysis technique used is descriptive-analytical. This technique is oriented towards data analysis by describing and explaining research phenomena/symptoms. After that, the factors that cause these symptoms/phenomena will be explained in depth so that they can be clearly
described because of their analytical nature. Meanwhile, the analytical framework used in this research is the concept of international regime based on Stephen Krasner's definition. The four sets of rules of the Krasner international regime covering principles, norms, regulations and decision-making procedures will specify the FLEGT-VPA as an international regime. In the end, it will be presented how this FLEGT-VPA contributes to forestry governance in Indonesia as an implication of the original objective, namely, to ensure fair trade between exporting and importing countries by positioning the European Union as a regulator.

**RESULT AND DISCUSSION**

Geographically, Indonesia has vast forests. This advantage can be felt in the wood processing sector which made Indonesia the first exporting country in Southeast Asia in the 2007-2011 period. This advantage is not only utilized by timber exporters legally but also illegally. During the 2010-2014 period, there were 329 cases of illegal logging (Mahbub, 2015). In addition, land management in Indonesia still uses traditional techniques such as burning land to open new plantations. As a result, the loss of Non-Tax State Revenue (PNBP) which is not absorbed by the state reaches USD 250 million, equivalent to IDR 3 trillion per year (Nofitra, 2014). Illegal activities like this are detrimental to the state not only from an economic standpoint, but also the preservation of Indonesian forests which are inhabited by various types of flora and fauna which are difficult to preserve. Such problems are often found in developing countries, where illegal logging and trade in illegal forest products are the main causes of environmental damage. For this reason, in this case, Indonesia needs other authorities that can improve forest governance in Indonesia.

The European Union (EU), which is one of the actors that has ratified the Kyoto Protocol, plays an active role in preserving the environment. In addition, the EU is also an importer of wood products from Indonesia. Awareness of the importance of reducing illegal logging and illegal timber exports is reflected in the EU's commitment through the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan introduced in 2003. This action plan is an agreement
between the EU and timber producing countries, to reduce timber trade illegally. Indonesia is one of the countries willing to implement EU timber regulations in regulation. The aim of FLEGT is to promote good forest sector governance and ensure that timber and timber products imported by the EU are produced in accordance with EU timber regulations and adapted to partner country laws. Therefore, this agreement is binding on both parties, both the EU and Indonesia.

There are close trade relations between the EU and Indonesia. Indonesia sees the EU as one of the global economic powers. Based on data provided by the Indonesian Economic and Financial Statistics (SEKI), the EU consistently ranks second as Indonesia's export destination until 2010. Indonesia's exports to the EU exceed exports to Japan and the United States, two other important trading partners, but are still in the under exports to ASEAN countries (Center for Regional and Bilateral Policy of the Ministry of Finance of the Republic of Indonesia, 2011).

![Figure 3: The Development of Indonesian Exports to the European Union (2000-2010)](https://www.bi.go.id/en/statistik/ekonomi-keuangan/seki/default.aspx)

The graph above shows fluctuations in timber imports to EU member countries from Indonesia. In the period from 2000 to 2005, there was a significant increase in these exports. However, in 2006, there was a decline before increasing again the following year. When looking at the types of goods exported, it can be seen that Indonesia sends more agricultural products, fuel and minerals, textiles, and manufactured goods to EU countries.
In the five-year period from 2007 to 2010, Indonesia's export value in the form of timber and wood products increased from USD 8.3 billion to USD 9.7 billion per year. Indonesia sends various types of forest products abroad, including plywood, pulp, paper products, furniture, and handicrafts. The value of this trade has increased from around 7.5 billion USD in 2005 to 8.3 billion USD in 2006, 8.5 billion USD in 2007, and 9.1 billion USD in 2008. However, due to the global economic crisis, the trade value decreased to 7.5 billion USD in 2009, but increased again to 9.7 billion USD in 2010.

Figure 5: Destination Countries for Indonesian Timber Exports to the EU
Source: Data were processed by Author from The Report of The Directorate of Agricultural and Forestry Exports, Ministry of Trade of the Republic of Indonesia, 2011
From the graph, Germany is Indonesia's largest export destination country to the European Union, with an export value of 189.45 USD in 2011. The Netherlands is in second place with an export value of 181.89 USD, followed by the UK with an export value of 162.82 USD. Indonesia ships various types of goods to the European Union, including Timber Commodity Products. The following table shows the types of wood exported to the European Union.

![Figure 6: Types of Timber Commodities Exported to the EU Value in millions of USD](image)

Source: Data were processed by Author from The Report of The Directorate of Agricultural and Forestry Exports, Ministry of Trade of the Republic of Indonesia for the 2011 period

Processed wood (kayu olahan) is the largest commodity group that the EU imports from Indonesia, with an export value of up to 330.42 USD. Furthermore, other types of goods exported were paper with an export value of 227.76 USD, and wooden furniture (furniture kayu) with an export value of 210.55 USD. When compared with the types of goods exported by the EU to Indonesia, trade between the two parties complement each other. While Indonesia's exports to the European Union were dominated by agricultural, fuel and mineral products, Indonesia's imports from the European Union were dominated by commodities such as machinery, electronics and electrical equipment (Center for Regional and Bilateral Policy, Ministry of Finance of the Republic of Indonesia, 2011).

This well-established cooperation between the EU and Indonesia provides good relations for both parties. This continued until the issuance of a policy to eradicate illegal logging and export of illegal timber by the European Union to its
member countries. Indonesia is a country that is also affected by this illegal logging and wants to eliminate bad claims as an illegal logger nation. Therefore, in May 2003, the EU FLEGT Action Plan was agreed upon by the Indonesian government which indicated that both parties were very serious about cases of illegal logging and eliminating fraud in timber export activities and improving forest governance in Indonesia. For the EU, which is a global actor, the FLEGT-VPA is a tool to ensure fair international trade takes place by considering good forestry governance.

FLEGT-VPA is the response adopted by the EU to address the problem of illegal logging. As a timber consuming country, the EU is directly affected by illegal logging, where most of the timber or wood products entering the EU are thought to have come from illegal sources. This goes against the EU's commitment to running programs that focus on protecting the environment. The EU's awareness of continuing illegal logging practices is due to market demand, so the EU as a consuming country offers voluntary bilateral agreements to timber producing countries. FLEGT-VPA is a voluntary bilateral agreement between the EU and timber producing countries to tackle illegal logging through law enforcement, governance and trade in the forestry sector. The mechanism of this agreement includes law enforcement efforts against illegal logging violations, environmental management in the forestry context, and legal timber export-import processes in the trade sector, FLEGT, which is an EU initiative program to tackle illegal logging and trade in illegal timber, was discussed for the first time in September 2001 in Indonesia at the First Ministerial Conference on East Asia and the Pacific (Koalisi Anti Forest Mafia, 2014). Then it was discussed at the world summit for sustainable development, namely The World Summit on Sustainable Development in Johannesburg in 2002, through the Forest Governance and Multi-Stakeholder Forestry Programme.

The main objectives of FLEGT are as follows (Forest Governance and Multi Stakeholder Forestry Program, 2010, p. 16):

1. Increase the capacity to improve governance for timber producing countries; eliminating illegal logging practices

3. Cutting market demand for timber without license certificates and preventing investment in the EU market which can encourage timber theft (over cutting).

In achieving this goal, the EU is demonstrating its commitment to remedy unfair trade with timber producing countries in forest governance and timber trade. One mechanism used is a VPA, which is a voluntary partnership agreement between the EU and a timber-producing country. The EU is also working to prevent investment flows that could encourage illegal logging. EU trade policies include (Forest Governance and Multi Stakeholder Forestry Programme, 2010):

1. Agree on a partnership with a timber-producing country that wants to establish a legal system in the forestry sector and prove that timber exported to the EU is legal.

2. Regulate regulations that bind timber exporting countries to be responsible for the origin of the timber sold.

3. Encouraging European governments and communities to buy timber/other forest products produced legally and sustainably/sustainably.

4. Education on the awareness of companies in the EU about the responsibility for purchasing wood/wood products produced in an environmentally friendly (sustainable) and legal way, there is also the provision of a set of rules that facilitate implementation.

To achieve FLEGT goals in the Action Plan, timber producing countries need assistance in several aspects, including:

1. Develop a verification system related to traceability of legal and illegal timber.

2. Disclosure of accurate tracking of forest ownership, forest conditions, and regulations.

3. Increase the capacity of government and other agencies to engage in enforcing regulations, improving governance, and being aware of the complex issues related to illegal logging.
4. Improved coordination between stakeholders, both forest police officers, customs and law enforcers.

5. Aiding in the implementation of regulation formulation; providing forest management incentives and strict sanctions for violators of forestry regulations.

VPA agreements are voluntary cooperation between timber producing countries and the EU. VPAs provide guarantees for producing countries that the timber they export is legal, while for the EU, they will only receive and trade timber that has guaranteed legality. Although a VPA is voluntary, once signed, both parties must commit to trading only in legal timber.

With the FLEGT-VPA between the EU and Indonesia, the EU aims to reduce investments that encourage illegal logging and improve forest governance in Indonesia. To maintain the continuity of this commitment, it is important for EU member states to act together in the fight against illegal logging. The EU is also encouraging the use of legal timber among its member states by considering private sector initiatives based on the principle of corporate responsibility carried out in response to the latest revisions in procurement regulations for public goods, and consideration of environmental and social aspects in the due diligence of investments in forestry by banks and financial institutions.

Indonesia as a partner country has developed a Timber Legality Assurance System (TLAS) or a Timber Legality Assurance System (SVLK) as a way to take and strengthen a negotiating position with the EU and ensure that its timber products are accepted in the international market, especially in the EU. The SVLK was introduced to anticipate global concern for timber legality and forest sustainability. The Indonesian government promotes the use of legal timber through the Timber Legality Assurance System (SVLK) by applying legality standards to consumers, suppliers and producing countries. The SVLK also involves law enforcement and forest governance, encourages the private sector to adopt legal timber supply policies, and responds to international trade needs that require proof of legality (Rovihandono, 2013).
The Contribution of FLEGT-VPA in Indonesian Forestry Governance

In the context of analyzing the contribution of FLEGT-VPA in improving forest governance in Indonesia, the concept of international regime is used to identify elements in the FLEGT-VPA that reflect the characteristics of the international regime. The concept of international regime is based on the neoliberal view which argues that international institutions or regimes can influence the behavior of states and other international actors. The definition of international regimes used is that regimes are “implicit or explicit principles, norms, rules, and decision-making procedures around certain areas of international relations” (Krasner, 1983).

The first element of the international regime is principles, namely the belief in values that include reality, causation, and honesty. In the context of the FLEGT-VPA, the principles contained are eradicating illegal logging and trade in illegal timber, which prohibits trade in illegal timber from Indonesia to the EU. Under this principle, the two countries have agreed that only FLEGT-licensed timber will be accepted on the EU market, and both have committed not to trade in illegal timber. The second element is norms, which refer to standards of behavior that arise from obligations and imperatives. The norms contained in the FLEGT-VPA are improving forestry industry governance and guaranteeing timber legality. This norm aims to ensure that all timber products exported from Indonesia to the EU are regulated.

The third element is rules, which are specific provisions and prohibitions related to behavior. In the FLEGT-VPA (Forest Law Enforcement, Governance and Trade - Voluntary Partnership Agreement), there are several rules set out to improve forest management and ensure timber legality.

Following are some of the rules included in the FLEGT-VPA:

1. Improving the management of the timber industry: This regulation aims to improve forest management in Indonesia. These include improvements in forest management, increased field supervision, stricter law enforcement, and transparency in the timber sector.

2. Ensuring certainty of timber legality: This regulation focuses on ensuring that timber exported from Indonesia to the EU complies with applicable
legal regulations. This involves the process of obtaining, collecting, transporting, and exporting timber according to applicable legal requirements.

3. Reducing illegal logging and trade in illegal timber: This law prohibits trade in illegal timber from Indonesia to the EU. FLEGT-VPA aims to eradicate illegal logging and ensure that exported timber has a FLEGT license that guarantees the legality and sustainability of the timber.

4. Compliance with legal regulations: This regulation requires all timber and timber products exported from Indonesia to the EU to comply with applicable legal regulations. This includes regulations related to forest management, logging, transport, and trade in timber.

5. Encouraging sustainable forest management: This regulation encourages efforts to maintain the sustainability of forest resources in Indonesia. FLEGT-VPA contributes to efforts to protect forests and the environment and promotes sustainable forest management.

Through the implementation of these rules, the FLEGT-VPA aims to improve forest management in Indonesia, reduce trade in illegal timber, and provide guarantees for the legality of timber exported to the EU. Apart from that, from the Indonesian side, the Indonesian government is also developing these regulations by adopting EU timber regulations (EUTR) listed in various regulations in Indonesia, such as Permenhut P.43/2014 jo. PermenLHK P.95/2014, Permenhut P.96/2014, and Permendag 97/2014. These rules govern the verification of timber legality prior to export to the EU.

The fourth element is decision-making procedures, which refers to joint decision-making procedures. At least, there are six stages of the decision-making procedure in the FLEGT-VPA agreement namely.

1. Consultation and dialogue: Initially, the EU and Indonesia conducted intensive consultations and dialogue to identify issues related to the application of forest law and governance in Indonesia. The two sides discussed relevant issues and sought adequate solutions.

2. Agreement negotiations: After initial consultations, the EU and Indonesia began the negotiation process to draft a VPA agreement. In this stage, the
parties negotiate commitments and actions to be taken to improve forest law and governance in Indonesia.

3. Development of an action plan: Once a VPA agreement is concluded, the parties work together to develop a detailed action plan to achieve the goals and commitments set out in the agreement. This action plan includes concrete steps that must be taken by Indonesia to improve forest law and governance.

4. Implementation of the action plan: Once the action plan is developed, Indonesia is responsible for implementing the steps set out in the plan. This implementation involves changing policies, improving the legal system, improving oversight, and other actions needed to improve forest law and governance in Indonesia.

5. Independent verification: During the implementation of the action plan, Indonesia underwent an independent verification process carried out by an external auditor recognized by the EU. The purpose of this verification is to ensure that the steps taken by Indonesia are in accordance with the commitments contained in the VPA agreement.

6. EU decision: After the independent verification is completed, the EU undertakes an assessment of the progress made by Indonesia in the implementation of the action plan. Based on this assessment, the EU decides whether Indonesia has met the necessary requirements to obtain a Timber Legality Certificate (SVLK) that allows timber exports to the EU.

In the context of the FLEGT-VPA, this decision-making procedure can be seen in the signing of the VPA agreement between the EU and Indonesia, in which the two countries agreed to only trade legal timber and improve forest governance in Indonesia. As an international regime, the FLEG-VPA has policy-making procedures and problem-solving mechanisms related to illegal logging and illegal export of timber between the EU and Indonesia. As an international regime, FLEGT-VPA should at least be able to resolve existing problems for its members. In relation to forestry governance in Indonesia, there are at least three areas that can be seen to what extent the contribution of FLEGT-VPA is to forestry governance in Indonesia. The first is the eradication of illegal logging and illegal
timber trade. In Indonesia, at least there have been many cases of illegal logging. Illegal logging is the beginning of the creation of illegal trade because any timber that is traded illegally will certainly be logged or obtained illegally as well. Therefore, it is hoped that cases such as land burning will not occur again. As a result of rampant illegal logging, Indonesia is claimed to be an illegal logger country. With verification of timber legality prior to export, timber consumers will have confidence in the legality of Indonesian timber.

To overcome complex problems such as illegal logging in Indonesia, effective management is needed through the involvement of various related parties. Through the existence of FLEGT-VPA, it is considered as one of the right solutions in dealing with illegal logging by offering a transparent forest management and management system as well as binding relationships. In order to achieve this, Indonesia cooperates with foreign markets, such as the EU, which also has a FLEGT-VPA Action Plan to eradicate trade in illegal timber imported by that country. To prevent illegal logging, this cooperation connects timber producing and consuming countries, and has an important and strategic meaning for Indonesia in realizing the improvement in forest governance in Indonesia that it has been aiming to achieve.

FLEGT-VPA, which has gone through a long process of formulation and implementation since 2001, has begun to have an impact on cases of illegal logging in Indonesia. Although not the only factor, at least there has been a decrease in cases of illegal logging in Indonesia during the process of formulating and perfecting the Timber Legality Assurance System (SVLK). The graph below shows the number of cases of illegal logging in Indonesia during the 2005-2014 period.
Figure 7: Trend of Illegal Logging in Indonesia 2005-2014

Source: Data were processed by Author from The Report of The Directorate of Law Enforcement for Environmental and Forestry Crimes (PHP LHK) Directorate General of Nature Protection and Conservation, 2015

Second, to improve business governance of forestry industry products. Prior to the agreement on the FLEGT-VPA, all timber producers in Indonesia would directly export timber to their destination countries without checking from the government whether the timber was suitable for export or not. This activity ultimately causes timber entrepreneurs to commit fraud in their wood products, so that the market is aware of this and begins to investigate the legitimacy and identity of wood products sent to their countries. Timber entrepreneurs must understand the market demand for legal timber for their country, legal timber is defined as good quality timber.
Figure 8: The Role of FLEGT-VPA in Indonesian - European Union Export Activities

Source: Data were Processed by Author from The Report of The Ministry of Environment and Forestry, Directorate General of Forestry Business Development Perdirjen BUK P.14/2014 jo. P. 1/2015, 2015

After the approval of the EU FLEGT-VPA by the Indonesian government, the seriousness of the Indonesian government is increasingly evident by the enactment of the Timber Legality Assurance System (SVLK) in Indonesia before timber is exported to the European market. The implementation of the SVLK is one of the important initiatives as a form of legal regulation reform. Overall this SVLK implements the commitments contained in the FLEGT-VPA so that the efforts made by the EU are also well understood by the Indonesian government.

We can see the scope of the SVLK in the image above. Prior to the existence of the SVLK, most of the wood produced by timber producers came from timber auctions or illegal levies. The wood is then processed into primary industrial goods (upstream) or advanced industrial goods (downstream), then after completion in the final stage the wood products will be marketed domestically and abroad. With the existence of the SVLK, all primary or secondary industrial products must be obtained from State Forests (HN) or Privately Owned Forests (HMP) which are then processed to the final stage. After the final stage, these wood products cannot be directly exported but must obtain a V-legal Document in order to export them. Then, timber from auctions or illegal levies may not be exported but may only be traded domestically because the timber that may be
exported is timber taken and processed from State Forests (HN) or Privately Owned Forests (HMP) that have received eligibility certification in the form of Documents V-legal. In addition, raw materials originating from auctioned timber must be separated from the production process to the final product. Products from auctioned timber cannot be issued V-Legal Documents (which have been adjusted to the FLEGT-VPA regulations in the EU Timber Regulation).

The reduction in the number of cases of illegal logging in Indonesia is an extraordinary achievement for the Indonesian government, with this reduction in cases the EU can trust the import of timber or wood products from Indonesia. In the five-year period between 2007 and 2010 (Indonesia-EU Voluntary Partnership Agreement Report, 2011), the value of Indonesia's exports in the form of timber and timber products has increased. At the beginning of this period, the export value reached USD 8.3 billion per year, and then increased to USD 9.7 billion per year. Indonesia sends a wide variety of forest products to export markets, including plywood, pulp, paper wood products, furniture, and handicrafts. The value of this trade has increased from around 7.5 billion USD in 2005 to 8.3 billion USD in 2006. In 2007, the export value reached 8.5 billion USD, and in 2008 it increased again to 9.1 billion USD. However, the impact of the global economic crisis in 2009 caused a decline in export value to 7.5 billion USD. Nonetheless, in 2010, this figure again increased to 9.7 billion USD.

Exports of Indonesian timber and wood products to the EU have increased since Indonesia started VPA negotiations with the EU in January 2007 and increased significantly in July 2009. This is because the EU has started to trust the legality of wood products from Indonesia. In the period from January 2013 to September 2015 the value of Indonesia's exports to the EU increased. This increase occurred because Indonesia submitted V-Legal Documents for exports of wood products. Timber products accompanied by V-Legal Documents mean that the wood has passed verification from Indonesia and its legality has been guaranteed (Rovihandono, 2013).
Figure 9: Export value using V-Legal Documents January 2013 – September 2015 (million USD)

Source: SILK online, 2015
https://silk.menlhk.go.id/app/Upload/repos/20190625/474ca47f62547eda0d4d0127a3b973ff.pdf

From the graph above even though it still has a fluctuating nature, the development of Indonesian timber export activities using V-Legal Documents can be said to be increasing. This increase can be said to be significant due to the demands of the EU market which require that timber products imported by the country be managed properly. According to Reinhard Sinaga, the essence of the existence of this V-Legal Document is traceability, so that it can be seen that the wood product is processed properly and taken from legal forests and high-quality wood.

Third, namely the certainty of timber legality assurance. With the existence of the SVLK, consumer countries no longer need to worry about the legality of Indonesian timber because it has been harvested, managed and marketed in accordance with Indonesian timber laws. According to Mr. Reinhard Sinaga as Head of Sub-Directorate III for Intra-regional Cooperation of the Indonesian Ministry of Foreign Affairs, that the key to SVLK is "traceability",...
meaning that consumer countries no longer need to worry about the legality of Indonesian timber because we can trace the wood produced and know where it came from, how managed, and how it is marketed. Therefore, the Timber Legality Assurance System (SVLK) provides a definite guarantee that only high-quality wood products are exported by Indonesia, thereby guaranteeing the legality of the timber (Sinaga, 2016).

In the period from 2015 to 2016 the European market very well received timber and wood products imported from Indonesia because they were accompanied by V-Legal Documents. Any country wishing to export timber to the EU must meet the conditions set by the EU market. These requirements include the EUTR (European Union Timber Regulations) which requires that all products entering the EU must pass due diligence checks to ensure the legality of timber and wood products entering the EU market. With the existence of the SVLK, Indonesian timber entrepreneurs no longer need to worry about rejection in the European market because by attaching a V-Legal document, it can be stated that the timber and timber products being exported have been properly managed and their legality verified. On 15 November 2016, Indonesia became the first country to receive a FLEG License from the EU (Sudharto, 2015). This shows the EU's confidence in Indonesia's Timber Legality Assurance System (SVLK), which can track timber legality and improve forest governance. This success is not only relevant for Indonesia, but also a global issue that reduces illegal logging practices that harm the environment.

The European market is subject to stringent checks through a due diligence process. However, with the existence of the FLEG-VPA framework, these inspections can be made easier. According to Siti Nurbaya, Minister of Environment and Forestry, acceptance of the Timber Legality Assurance System (SVLK) scheme through V-Legal documents for timber exporters has opened up opportunities to increase the export value of wood processing products in Indonesia (Warta Ekonomi, 2016). The V-Legal document is part of the SVLK which has the objective of ensuring that exported wood products meet legal and sustainability requirements. As a result, the European Union (EU) recognizes the SVLK and enforces a FLEGT license. A FLEGT license is a license granted by
the EU to a timber exporting country to facilitate timber exports to that country. After the implementation of the FLEGT license, wood products from Indonesia can pass the due diligence inspection stage and be immediately accepted by the EU. Therefore, through the implementation of FLEGT-VPA and FLEGT licensing, Indonesian timber exports to the European Union (EU) market have been assisted by ensuring the legality and sustainability of the timber being exported.


**Figure 10: EU Imported Timber Product Traceability System**

Source: Data were Processed by Author from The Practical Guide to the EUTR No. 995/2010 European Parliament and The Council, 2010

The illustration above illustrates that imports of timber and timber products into the European Union (EU) market follow two different routes depending on the FLEGT license used. If timber and timber products are imported under a FLEGT license, they will be directly traded in the EU without additional checks. However, if imports of timber and wood products do not have a FLEGT
license, they will be subject to additional scrutiny. This inspection is carried out by operators who act as importers, and their job is to trace the documents and the origin of the wood from the wood products. In addition, internal traders also have an obligation to collect information about the wood suppliers they use. Through FLEGT-VPA collaboration between the EU and timber producing countries, timber imports to the EU can increase with the quota set, while preventing the circulation of illegal timber. With the FLEGT licensing system, timber that meets legality and sustainability requirements can be traded more easily without a complicated inspection process. This helps expand market access for timber and wood products from producing countries and, at the same time, provides protection against trade in illegal timber.

**CONCLUSION**

Indonesia has vast forest wealth and was the largest timber exporter in Southeast Asia in the 2007-2011 period. Even though Indonesia has these advantages, there is illegal logging which is detrimental to the country both economically and environmentally. The traditional practice of burning land also causes huge losses in terms of state revenues. Environmental damage due to illegal activities such as illegal logging and illegal timber trade is difficult to preserve and is detrimental to the sustainability of Indonesia's forests. The European Union (EU) as an importer of Indonesian timber has a role in preserving the environment and reducing illegal logging by implementing the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan. The EU is one of Indonesia's largest export destinations, particularly in the agriculture, fuel, minerals, textiles and manufacturing sectors. Indonesia's timber exports to the EU fluctuated over the period 2000-2010, with Germany being the main destination country.

FLEGT-VPAs are voluntary agreements between the EU and timber producing countries, including Indonesia, to prevent illegal timber from entering the EU market through good law enforcement, governance and trade. The EU is committed to helping timber-producing countries improve forest governance, prevent consumption of illegal timber, and avoid investments that encourage timber theft. The FLEGT Action Plan was created in 2003 to ensure that timber
and wood products imported into the EU come from legal sources. The assistance needed for timber producing countries includes the development of verification systems, information disclosure, government capacity building, strong law enforcement, and policy reforms.

Indonesia has challenges in maintaining forest sustainability and overcoming the problem of illegal logging. Cooperation between Indonesia and the EU through the FLEGT Action Plan is a positive step towards preventing illegal timber trade and improving forest governance. The FLEGT-VPA was a response to the failure of the global forestry convention held in 1992 (Bostrom, 2003; McDermott, 2014). The consequence is that intergovernmental negotiations can no longer be relied upon so that discussions regarding this scope are taken over by non-governmental actors such as the EU. FLEGT-VPA as an international regime can carry out securitization of timber and forests (Wibowo, 2018).

These findings are in line with the findings in this study which show a reduction in illegal logging of timber in Indonesia, an increase in income from timber products, and an increase in the image as a legal logger country, especially in the period 2013 to 2015. This cooperation agreement has a large power relationship between developed and developing countries so that it can result in asymmetric trade between the two (Pansera & Sarkar, 2016). This asymmetrical pattern will be maintained because after all, Indonesia and the EU both benefit despite the implementation of policy adjustments in Indonesia and the EU (Catherine, 2023). Moreover, the EU continues to bring the FLEGT-VPA discussion into other cooperation frameworks such as the EU Green Deal and the Comprehensive Economic Partnership Agreement (CEPA) which makes discussions on environmental issues which are a concern in this timber trade, multi-complex.
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Wawancara dengan Bapak Reinhard Sinaga, Kepala Seksi Sub Direktorat III yang menangani Uni Eropa, Direktorat Kerjasama Intra Kawasan Kementerian Luar Negeri Republik Indonesia, Jakarta 29/9/2016

