

National Policy Dialogue

FLEGT license to leverage the capacity of small and medium scale wooden enterprises (SMEs) to access global markets

13 July 2017 | Rimbawan 2, Gedung Manggala Wanabhakti, Jakarta

Background and Objective

Indonesia started issuing FLEGT (Forest, Law Enforcement, Governance and Trade) licenses since November 15, 2016. Indonesia is the only country with FLEGT license among 6 countries which have signed a Voluntary Partnership Agreement (VPA) with the EU under FLEGT Action Plan (AP). With this license, the exports from Indonesia enter EU market without the need for importers to conduct further due diligence process under EUTR (European Union Timber Regulation). Entering successfully the EU market for Indonesia can be an echo for USA¹, Australia², Japan³ and other markets that enforce timber legality. Issuing FLEGT license is a milestone for Indonesia. However, how FLEGT license is able to leverage SMEs to access global markets needs to be defined, elaborated and communicated. Utilizing FLEGT license by provincial and district governments to support SMEs is scrutinized.

Indonesia's timber export is now dominated by pulp and paper, plywood and furniture valued USD 11 billion annually. The government expects the timber export will increase significantly thanks to the issuance of FLEGT licenses. For furniture product, that is dominated by SMEs, President Jokowi expects exports to triple from USD 1.5 billion to USD 5 billion from 2016-2021. How to make this a reality? Clearly FLEGT license is not the only factor influencing export. However, maximizing the license use by SMEs will improve not only the government performance but also the livelihoods of million of SME-dependent people.

The DFID-funded Knowfor (Forestry Knowledge) project aims at (a) compiling current knowledge and generate a better understanding of the demand side with specific attention on trader's perspectives, trader's behaviours to legalize timber and woodfuel, incentives and market opportunities for green

1 Lacey Act Amendment year 2008

2 Illegal Logging Prohibition Act year 2012

3 Green Purchasing Law year 2006

furniture and company-community partnerships; (b) identifying practical options and best practices to develop mechanisms and partnerships between government, industry, and civil society that favour the production and trade of legal timber and woodfuel. This policy dialogue is carried out by CIFOR and MOEF to leverage knowledge, practical options and best practices for SMEs to access global market through FLEGT licence. To get the multistakeholder perspectives on how FLEGT licence can leverage the SMEs, we will conduct a one day national policy dialogue. The overall objective of the policy dialogue is to understand opportunities and challenges and maximize the impacts of the FLEGT license on small-scale furniture producers in Indonesia. The dialogue is carried out by CIFOR in collaboration with MOEF and APKJ (Jepara small-scale furniture producer association).

Expected outputs

The policy dialogue is expected to have the following outputs: (a) Opportunities and challenges for SMEs to meet the FLEGT license requirement, (b) Strategy to maximize impacts of the FLEGT license on wooden SMEs, and (c) Proposed actions for governments, SMEs and civic associations are identified.

Participants and speakers

The participants and speakers of the policy dialogue are from central and local governments, business associations, SMEs, CSOs/NGOs, academia, EU delegation, UK and ASEAN secretariat. Ministry of Environment and Forestry (MOEF), Ministry of Trade (MOT), Ministry of Cooperative and SMEs (MOCOSME) represent the central government, while Jepara District Government represents the local government. Business associations like KADIN (Indonesian Chamber of Commerce and Industry) and HIMKI (Indonesian Furniture and handicraft Association) will be invited. Furniture SMEs from Jepara will join the dialogue. CSOs/NGOs such as WWF, Indonesian Ecolabelling Institute (LEI) and certification bodies will be invited.

Registration:

<https://goo.gl/forms/k8rSqFVJScka2cCI3>

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