EU/Indonesia Voluntary Partnership Agreement: forest law enforcement, governance and trade in timber products to the EU

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PURPOSE: the conclusion of the Voluntary Partnership Agreement between the European Union and the Republic of Indonesia on forest law enforcement, governance and trade in timber products (FLEGT).

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: in May 2003, the European Commission published an EU Action Plan which called for measures to address illegal logging by developing voluntary partnership Agreements with timber-producing countries. Council conclusions on that Action Plan were adopted in October 2003 and Parliament adopted a resolution on the subject on 11 July 2005.

The Action Plan proposes a set of measures, including support for timber-producing countries, multilateral collaboration to tackle trade in illegal timber, support for private-sector initiatives, and measures to discourage investment in activities that encourage illegal logging. The cornerstone of the Action Plan is the **establishment of FLEGT partnerships between the EU and timber-producing countries**, aimed at putting a stop to illegal logging.

In 2005, the Council adopted Regulation (EC) No 2173/2005 establishing a mechanism to verify the legality of timber imported into the EU under the FLEGT partnerships.

The Commission entered into negotiations with Indonesia in January 2007. The Commission was assisted by a number of Member States, in particular the UK, which provided resources in Indonesia to facilitate the process of reaching an agreement on a voluntaryn partnership in forest law enforcement, governance and trade in timber products. This follows similar FLEGT partnerships with Ghana, the Congo, Cameroon , the Central African Republic and Liberia.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: 1st subparagraphs of Article 207(3) and (4), in conjunction with Article 218(6)(a)(v) and 218(7) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposed Decision seeks to conclude the Voluntary Partnership Agreement between the European Union and the Republic of Indonesia on forest law enforcement, governance and trade in timber products (FLEGT).

In particular, the draft agreement **establishes the framework, institutions and systems for the FLEGT licensing scheme**.

It makes provision for:

- the control of the supply chain;

- the framework for monitoring legal compliance; and
- the requirements for the independent auditing of the system.

These points are set out in annexes to the Agreement, which provide a detailed description of the structures that will underpin the assurance of legality afforded by a FLEGT licence.

Governance: the Voluntary Partnership Agreement (VPA) focuses on governance and law enforcement and, by means of the licensing system, provides the assurance that Indonesia's timber is legally produced. It exemplifies Indonesia's commitment to improving accountability and transparency. The FLEGT licence will reassure the EU market that Indonesian timber products are from verified legal sources.

Compliance: the legislation for which compliance must be verified has been identified following an extensive stakeholder consultation process within Indonesia. Indonesia will work with an independent auditor, which will provide regular, public reports on the effectiveness of the system. The Agreement also aims to increase transparency in the sector, including through the application of Freedom of Information legislation in Indonesia.

The Agreement goes beyond the limited product coverage proposed in Annex II to Regulation (EC) No 2173/2005 on the FLEGT scheme and **covers a wide range of exported timber products**.

Controls: the Agreement makes provision for import controls at the EU's borders, as provided for in Regulation (EC) No 2173/2005 on the FLEGT scheme and Regulation (EC) No 1024/2008 laying down detailed measures for implementing it. The Agreement includes a description of Indonesia's FLEGT licence, which uses the format prescribed in the above-mentioned Regulation.

The Agreement also provides for:

- the establishment of a mechanism for dialogue and cooperation with the EU on the FLEGT scheme, via the Joint Implementation Committee;
- principles of stakeholder participation, social safeguards, accountability and transparency, and monitoring of and reporting on implementation of the Agreement.

Implementation: the FLEGT licensing scheme is expected to be fully operational **by late 2013**. The licensing scheme will be assessed against the criteria laid down in the Agreement before the EU begins accepting FLEGT licences.

BUDGETARY IMPLICATION: the proposal has no implications for the EU's budget.