

Resolution on the conclusion of the Voluntary Partnership Agreement between the EU and Indonesia on forest law enforcement, governance and trade in timber products into the EU

2013/2990(RSP) - 27/02/2014 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution tabled by the Committee on International Trade reiterating its support for the conclusion of the Voluntary Partnership Agreement (VPA) between the European Union and the Republic of Indonesia on forest law enforcement, governance and trade in timber products into the European Union (FLEGT), which was signed on 30 September 2013. It noted that both parties must agree on the Indonesian Timber Legality Assurance System (TLAS) / Sistem Verifikasi Legalitas Kayu (SVLK) so that Indonesian timber and timber products covered by the VPA might enter the EU market as FLEGT-licensed timber, which was automatically considered legal under the terms of the EU Timber Regulation (Regulation (EU) No 2010/995).

Parliament commended Indonesia's **enormous voluntary effort** to resolve rampant illegal logging by developing its SVLK, but noted that some of the **difficulties regarding SVLK**, including that:

- the majority of timber sources in question in the country had not yet been SVLK-certified and that large volumes of unverified timber from forest clearance were entering the supply chain;
- at present the SVLK was not auditing the process whereby concessions for forest conversion are granted to undertakings, especially as regards the completion of environmental impact assessments (AMDALs) and compliance with restrictions imposed as part of the process for obtaining a forest conversion permit (IPK);
- the current SVLK lead to timber operations being certified as legal even when land-use rights claims by indigenous peoples and local communities had not been settled and/or proper compensation has not been paid, where appropriate;

Members called on the Commission to urge the Indonesian Government to **give assurances** that:

- all timber sources and their complete chains of custody were audited, including verification that timber undertakings had the right to harvest in the first place, certified and uncertified timber and timber products were kept separate,
- the conversion of natural forests was kept to a minimum and the legal origin of timber from conversion areas was verified, including the existence of an AMDAL, and/or compliance with its stipulations regulating the use of land under concession.

Parliament also noted that, according to Human Rights Watch, **corruption, tax evasion and money laundering in the forestry sector** cost the country as much as USD 7 billion between 2007 and 2011. Accordingly, it called on the Commission to:

- through its participation in the Joint Implementation Committee, to ensure that the risk of fraud and corruption is substantially addressed, including through the preparation of a **risk-based fraud control plan**;
- urge the Indonesian Government to ensure that auditors and verification bodies, along with the independent forest monitors, receive **adequate funding** and training so that they can carry out regular field monitoring, spot checks and audits;
- urge the Indonesian Government to ensure that **independent monitoring reports** signalling infringements of relevant legislation are responded to adequately, and that effective and dissuasive enforcement action is taken;
- independent monitoring by civil society takes place without violence, threats or any form of abuse, and that the latter are vigorously prosecuted should they occur,
- free, prior and informed consent of **indigenous peoples and local communities** is obtained in all cases, and fair compensation paid, where appropriate, for loss of access to forest lands critical to their livelihoods, as a non-negotiable condition of any FLEGT licence;
- the SLVK audit requirements were not static, but are subject to periodic review by Indonesian stakeholders with a view to their continuous improvement.

Lastly, Parliament stated that it was aware that certain requests contained in this resolution went beyond the criteria established in Annex 8 to the VPA regarding the approval of the licensing system, but it called on the Commission to ensure that **progress was made in meeting these additional requests**, which Parliament deemed important, and to report back to Parliament on that progress before approving the licensing system.