



REPUBLIK INDONESIA

**VOLUNTARY PARTNERSHIP AGREEMENT
BETWEEN THE REPUBLIC OF INDONESIA
AND THE EUROPEAN UNION
ON FOREST LAW ENFORCEMENT,
GOVERNANCE AND TRADE IN TIMBER PRODUCTS
INTO THE EUROPEAN UNION**

THE REPUBLIC OF INDONESIA

hereinafter referred to as "Indonesia"

and

THE EUROPEAN UNION

hereinafter referred to as "the Union"

hereinafter referred to together as the "Parties",

RECALLING The Framework Agreement on Comprehensive Partnership and Cooperation between the Republic of Indonesia and the European Community signed on 9 November 2009 in Jakarta;

CONSIDERING the close working relationship between the Union and Indonesia, particularly in the context of the 1980 Cooperation Agreement between the European Economic Community and Indonesia, Malaysia, the Philippines, Singapore and Thailand - member countries of the Association of South-East Asian Nations;

RECALLING the commitment made in the Bali Declaration on Forest Law Enforcement and Governance (FLEG) of 13 September 2001 by countries from the East Asian and other regions to take immediate action to intensify national efforts and to strengthen bilateral, regional and multilateral collaboration to address violations of forest law and forest crime, in particular illegal logging, associated illegal trade and corruption, and their negative effects on the rule of law;

NOTING the Communication from the Commission to the Council and the European Parliament on a European Union Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT) as a first step towards tackling the urgent issue of illegal logging and associated trade;

REFERRING to the Joint Statement between the Minister of Forestry of the Republic of Indonesia and the European Commissioners for Development and for Environment signed on 8 January 2007 in Brussels;

HAVING REGARD to the 1992 Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the management, conservation and sustainable development of all types of forests, and to the adoption by the United Nations General Assembly of the Non Legally Binding Instrument on all types of forest;

AWARE of the importance of principles set out in the 1992 Rio Declaration on Environment and Development in the context of securing sustainable forest management, and in particular of Principle 10 concerning the importance of public awareness and participation in environmental issues and of Principle 22 concerning the vital role of indigenous people and other local communities in environmental management and development;

RECOGNISING efforts by the Government of the Republic of Indonesia to promote good forestry governance, law enforcement and the trade in legal timber, including through the Sistem Verifikasi Legalitas Kayu (SVLK) as the Indonesian Timber Legality Assurance System (TLAS) which is developed through a multi-stakeholder process following the principles of good governance, credibility and representativeness;

RECOGNISING that the Indonesian TLAS is designed to ensure the legal compliance of all timber products;

RECOGNISING that implementation of a FLEGT Voluntary Partnership Agreement will reinforce sustainable forest management and contribute to combating climate change through reduced emissions from deforestation and forest degradation and the role of conservation, sustainable management of forest and enhancement of forest carbon stocks (REDD+);

HAVING REGARD to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and in particular the requirement that export permits issued by parties to CITES for specimens of species listed in Appendices I, II or III be granted only under certain conditions, including that such specimens were not obtained in contravention of the laws of that party for the protection of fauna and flora;

RESOLVED that the Parties shall seek to minimise any adverse impacts on indigenous and local communities and poor people which may arise as a direct consequence of implementing this Agreement;

CONSIDERING the importance attached by the Parties to development objectives agreed at international level and to the Millennium Development Goals of the United Nations;

CONSIDERING the importance attached by the Parties to the principles and rules which govern the multilateral trading systems, in particular the rights and obligations laid down in the General Agreement on Tariffs and Trade (GATT) 1994 and in other multilateral agreements establishing the World Trade Organisation (WTO) and the need to apply them in a transparent and non-discriminatory manner;

HAVING REGARD to Council Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community and to Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market;

REAFFIRMING the principles of mutual respect, sovereignty, equality and non-discrimination and recognising the benefits to the Parties arising from this Agreement;

PURSUANT to the respective laws and regulations of the Parties;

HEREBY AGREE AS FOLLOWS:

ARTICLE 1

Objective

1. The objective of this Agreement, consistent with the Parties' common commitment to the sustainable management of all types of forest, is to provide a legal framework aimed at ensuring that all imports into the Union from Indonesia of timber products covered by this Agreement have been legally produced and in doing so to promote trade in timber products.
2. This Agreement also provides a basis for dialogue and co-operation between the Parties to facilitate and promote the full implementation of this Agreement and enhance forest law enforcement and governance.

ARTICLE 2

Definitions

For the purposes of this Agreement, the following definitions shall apply:

- (a) "import into the Union" means the release for free circulation of timber products in the Union within the meaning of Article 79 of Regulation (EEC) No 2913/1992 of 12 October 1992 establishing the Union Customs Code which cannot be qualified as "goods of a non-commercial nature" as defined in Article 1(6) of Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/1992 establishing the Union Customs Code;

- (b) "export" means the physical leaving or taking out of timber products from any part of the geographical territory of Indonesia;
- (c) "timber products" means the products listed in Annex IA and Annex IB;
- (d) "HS Code" means a four- or six-digit commodity code as set out in the Harmonised Commodity Description and Coding System established by the International Convention on the Harmonised Commodity Description and Coding System of the World Customs Organisation;
- (e) "FLEGT licence" means an Indonesian Verified Legal (V-Legal) document which confirms that a shipment of timber products intended for export to the Union has been legally produced. A FLEGT licence may be in paper or electronic form;
- (f) "licensing authority" means the entities authorised by Indonesia to issue and validate FLEGT licences;
- (g) "competent authorities" means the authorities designated by the Member States of the Union to receive, accept and verify FLEGT licences;
- (h) "shipment" means a quantity of timber products covered by a FLEGT licence that is sent by a consignor or a shipper from Indonesia and is presented for release for free circulation at a customs office in the Union;
- (i) "legally-produced timber" means timber products harvested or imported and produced in accordance with the legislation as set out in Annex II.

ARTICLE 3

FLEGT Licensing Scheme

1. A Forest Law Enforcement, Governance and Trade licensing scheme' (hereinafter "FLEGT Licensing Scheme") is hereby established between the Parties to this Agreement. It establishes a set of procedures and requirements aiming at verifying and attesting, by means of FLEGT licences, that timber products shipped to the Union were legally produced. In accordance with Council Regulation 2173/2005 of 20 December 2005, the Union shall only accept such shipments from Indonesia for import into the Union if they are covered by FLEGT licences.
2. The FLEGT Licensing Scheme shall apply to the timber products listed in Annex IA.
3. The timber products listed in Annex IB may not be exported from Indonesia and may not be FLEGT licensed.
4. The Parties agree to take all necessary measures to implement the FLEGT Licensing Scheme in accordance with the provisions of this Agreement.

ARTICLE 4

Licensing Authorities

1. The Licensing Authority will verify that timber products have been legally produced in accordance with the legislation identified in Annex II. The Licensing Authority will issue FLEGT licences covering shipments of legally-produced timber products for export to the Union.

2. The Licensing Authority shall not issue FLEGT licences for any timber products that are composed of, or include, timber products imported into Indonesia from a third country in a form in which the laws of that third country forbid export, or for which there is evidence that those timber products were produced in contravention of the laws of the country where the trees were harvested.

3. The Licensing Authority will maintain and make publicly available its procedures for issuing FLEGT licences. The Licensing Authority will also maintain records of all shipments covered by FLEGT licences and consistent with national legislation concerning data protection will make these records available for the purposes of independent monitoring, while respecting the confidentiality of exporters' proprietary information.

4. Indonesia shall establish a Licence Information Unit that will serve as a contact point for communications between the competent authorities and the Licensing Authorities as set out in Annexes III and V.

5. Indonesia shall notify contact details of the Licensing Authority and the Licence Information Unit to the European Commission. The Parties shall make this information available to the public.

ARTICLE 5

Competent Authorities

1. The competent authorities shall verify that each shipment is covered by a valid FLEGT licence before releasing that shipment for free circulation in the Union. The release of the shipment may be suspended and the shipment detained if there are doubts regarding the validity of the FLEGT licence.
2. The competent authorities shall maintain and publish annually a record of FLEGT licences received.
3. The competent authorities shall grant persons or bodies designated as independent market monitor access to the relevant documents and data, in accordance with their national legislation on data protection.
4. The competent authorities shall not perform the action described in Article 5(1) in the case of a shipment of timber products derived from species listed under the Appendices of the CITES as these are covered by the provisions for verification set out in the Council Regulation (EC) No 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein.
5. The European Commission shall notify Indonesia of the contact details of the competent authorities. The Parties shall make this information available to the public.

ARTICLE 6

FLEGT Licences

1. FLEGT licences shall be issued by the Licensing Authority as a means of attesting that timber products have been legally produced.
2. The FLEGT licence shall be laid out and completed in English.
3. The Parties may, by agreement, establish electronic systems for issuing, sending and receiving FLEGT licences.
4. The technical specifications of the licence are set out in Annex IV. The procedure for issuing FLEGT licences is set out in Annex V.

ARTICLE 7

Verification of Legally-Produced Timber

1. Indonesia shall implement a TLAS to verify that timber products for shipment have been legally produced and to ensure that only shipments verified as such are exported to the Union.
2. The system for verifying that shipments of timber products have been legally produced is set out in Annex V.

ARTICLE 8

Release of Shipments covered by a FLEGT Licence

1. The procedures governing release for free circulation in the Union for shipments covered by a FLEGT licence are described in Annex III.
2. Where the competent authorities have reasonable grounds to suspect that a licence is not valid or authentic or does not conform to the shipment it purports to cover, the procedures contained in Annex III may be applied.
3. Where persistent disagreements or difficulties arise in consultations concerning FLEGT licences the matter may be referred to the Joint Implementation Committee.

ARTICLE 9

Irregularities

The Parties shall inform each other if they suspect or have found evidence of any circumvention or irregularity in the FLEGT Licensing Scheme, including in relation to the following:

- (a) circumvention of trade, including by re-direction of trade from Indonesia to the Union via a third country;
- (b) FLEGT licences covering timber products which contain timber from third countries that is suspected of being illegally produced; or
- (c) fraud in obtaining or using FLEGT licences.

ARTICLE 10

Application of the Indonesian TLAS and Other Measures

1. Using the Indonesian TLAS, Indonesia shall verify the legality of timber exported to non-Union markets and timber sold on domestic markets, and shall endeavour to verify the legality of imported timber products using, where possible, the system developed for implementing this Agreement.
2. In support of such endeavours, the Union shall encourage the use of the abovementioned system with respect to trade in other international markets and with third countries.
3. The Union shall implement measures to prevent the placing on the Union market of illegally-harvested timber and products derived therefrom.

ARTICLE 11

Stakeholder Involvement in the Implementation of the Agreement

1. Indonesia will hold regular consultations with stakeholders on the implementation of this Agreement and will in that regard promote appropriate consultation strategies, modalities and programmes.
2. The Union will hold regular consultations with stakeholders on the implementation of this Agreement, taking into account its obligations under the 1998 Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention)

ARTICLE 12

Social Safeguards

1. In order to minimize possible adverse impacts of this Agreement, the Parties agree to develop a better understanding of the impacts on the timber industry as well as on the livelihoods of potentially affected indigenous and local communities as described in their respective national laws and regulations.
2. The Parties will monitor the impacts of this Agreement on those communities and other actors identified in paragraph 1, while taking reasonable steps to mitigate any adverse impacts. The Parties may agree on additional measures to address adverse impacts.

ARTICLE 13

Market Incentives

Taking into account its international obligations, the Union shall promote a favourable position in the Union market for the timber products covered by this Agreement. Such efforts will include in particular measures to support:

- (a) public and private procurement policies that recognise a supply of and ensure a market for legally harvested timber products; and
- (b) a more favourable perception of FLEGT-licensed products on the Union market.

ARTICLE 14

Joint Implementation Committee

1. The Parties shall establish a joint mechanism (hereinafter referred to as the "Joint Implementation Committee" or "JIC"), to consider issues relating to the implementation and review of this Agreement.
2. Each Party shall nominate its representatives on the JIC which shall take its decisions by consensus. The JIC shall be co-chaired by senior officials; one from the Union and the other from Indonesia.
3. The JIC shall establish its rules of procedure.
4. The JIC shall meet at least once a year, on a date and with an agenda which are agreed in advance by the Parties. Additional meetings may be convened at the request of either of the Parties.
5. The JIC shall:
 - (a) consider and adopt joint measures to implement this Agreement;

- (b) review and monitor the overall progress in implementing this Agreement including the functioning of the TLAS and market-related measures, on the basis of the findings and reports of the mechanisms established under Article 15;
- (c) assess the benefits and constraints arising from the implementation of this Agreement and decide on remedial measures;
- (d) examine reports and complaints about the application of the FLEGT licensing scheme in the territory of either of the Parties;
- (e) agree on the date from which the FLEGT licensing scheme will start operating after an evaluation of the functioning of the TLAS on the basis of the criteria set out in Annex VIII;
- (f) identify areas of cooperation to support the implementation of this Agreement;
- (g) establish subsidiary bodies for work requiring specific expertise, if necessary;
- (h) prepare, approve, distribute, and make public annual reports, reports of its meetings and other documents arising out of its work.
- (i) perform any other tasks it may agree to carry out.

ARTICLE 15

Monitoring and Evaluation

The Parties agree to use the reports and findings of the following two mechanisms to evaluate the implementation and effectiveness of this Agreement.

- (a) Indonesia, in consultation with the Union, shall engage the services of a Periodic Evaluator to implement the tasks as set out in Annex VI.
- (b) the Union, in consultation with Indonesia, shall engage the services of an Independent Market Monitor to implement the tasks as set out in Annex VII.

ARTICLE 16

Supporting Measures

1. The provision of any resources necessary for measures to support the implementation of this Agreement, identified pursuant to Article 14(5) (f) above shall be determined in the context of the programming exercises of the Union and its Member States for cooperation with Indonesia.
2. The Parties shall ensure that activities associated with the implementation of this Agreement are coordinated with existing and future development programmes and initiatives.

ARTICLE 17

Reporting and Public Disclosure of Information

1. The Parties shall ensure that the workings of the JIC are as transparent as possible. Reports arising out of its work shall be jointly prepared and made public.
2. The JIC shall make public a yearly report that includes *inter alia*, details on:
 - (a) quantities of timber products exported to the Union under the FLEGT licensing scheme, according to the relevant HS Heading;
 - (b) the number of FLEGT licences issued by Indonesia;
 - (c) progress in achieving the objectives of this Agreement and matters relating to its implementation;
 - (d) actions to prevent illegally-produced timber products being exported, imported, and placed or traded on the domestic market;
 - (e) quantities of timber and timber products imported into Indonesia and actions taken to prevent imports of illegally-produced timber products and maintain the integrity of the FLEGT Licensing Scheme;
 - (f) cases of non-compliance with the FLEGT Licensing Scheme and the action taken to deal with them;

- (g) quantities of timber products imported into the Union under the FLEGT licensing scheme, according to the relevant HS Heading and Union Member State in which importation into the Union took place;
- (h) the number of FLEGT licences received by the Union;
- (i) the number of cases and quantities of timber products involved where consultations took place under Article 8(2).

3. In order to achieve the objective of improved governance and transparency in the forest sector and to monitor the implementation and impacts of this Agreement in both Indonesia and the Union, the Parties agree that the information as described in Annex IX shall be made publicly available.

4. The Parties agree not to disclose confidential information exchanged under this Agreement, in accordance with their respective legislation. Neither Party shall disclose to the public, nor permit its authorities to disclose, information exchanged under this Agreement concerning trade secrets or confidential commercial information.

ARTICLE 18

Communication on Implementation

1. The representatives of the Parties responsible for official communications concerning implementation of this Agreement shall be:

For Indonesia:

For the Union:

The Director-General of Forest

The Head of Delegation

Utilisation, Ministry for Forestry

of the European Union in Indonesia

2. The Parties shall communicate to each other in a timely manner the information necessary for implementing this Agreement, including changes in paragraph 1

ARTICLE 19

Territorial Application

This Agreement shall apply to the territory in which the Treaty on the Functioning of the European Union is applied under the conditions laid down in that Treaty, on the one hand, and to the territory of Indonesia, on the other.

ARTICLE 20

Settlement of Disputes

1. The Parties shall seek to resolve any dispute concerning the application or interpretation of this Agreement through prompt consultations.
2. If a dispute has not been settled by means of consultations within two months from the date of the initial request for consultations either Party may refer the dispute to the JIC which shall endeavour to settle it. The JIC shall be provided with all relevant information for an in depth examination of the situation with a view to finding an acceptable solution. To this end, the JIC shall be required to examine all possibilities for maintaining the effective implementation of this Agreement.
3. In the event that the JIC is unable to settle the dispute within two months, the Parties may jointly seek the good offices of, or request mediation by, a third party.
4. If it is not possible to settle the dispute in accordance with paragraph 3, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within thirty calendar days of the appointment of the first arbitrator. The Parties shall jointly appoint a third arbitrator within two months of the appointment of the second arbitrator.
5. The arbitrators decisions shall be taken by majority vote within six months of the third arbitrator being appointed.

6. The award shall be binding on the Parties and it shall be without appeal.
7. The JIC shall establish the working procedures for arbitration.

ARTICLE 21

Suspension

1. A Party wishing to suspend this Agreement shall notify the other Party in writing of its intention to do so. The matter shall subsequently be discussed between the Parties.
2. Either Party may suspend the application of this Agreement. The decision on suspension and the reasons for that decision shall be notified to the other Party in writing.
3. The conditions of this Agreement will cease to apply thirty calendar days after such notice is given.
4. Application of this Agreement shall resume thirty calendar days after the Party that has suspended its application informs the other Party that the reasons for the suspension no longer apply.

ARTICLE 22

Amendments

1. Either Party wishing to amend this Agreement shall put the proposal forward at least three months before the next meeting of the JIC. The JIC shall discuss the proposal and if consensus is reached, it shall make a recommendation. If the Parties agree with the recommendation, they shall approve it in accordance with their respective internal procedures.
2. Any amendment so approved by the Parties shall enter into force on the first day of the month following the date on which the Parties notify each other of the completion of the procedures necessary for this purpose.
3. The JIC may adopt amendments to the Annexes to this Agreement.
4. Notification of any amendment shall be made to the Secretary-General of the Council of the European Union and to the Minister for Foreign Affairs of the Republic of Indonesia through diplomatic channels.

ARTICLE 23

Entry into Force, Duration and Termination

1. This Agreement shall enter into force on the first day of the month following the date on which the Parties notify each other in writing of the completion of their respective procedures necessary for this purpose.
2. Notification shall be made to the Secretary-General of the Council of the European Union and to the Minister for Foreign Affairs of the Republic of Indonesia through diplomatic channels
3. This Agreement shall remain in force for a period of five years. It shall be extended for consecutive periods of five years, unless a Party renounces the extension by notifying the other Party in writing at least twelve months before this Agreement expires.
4. Either Party may terminate this Agreement by notifying the other Party in writing. This Agreement shall cease to apply twelve months after the date of such notification.

ARTICLE 24

Annexes

The Annexes to this Agreement shall form an integral part thereof.

ARTICLE 25

Authentic Texts

This Agreement shall be drawn up in duplicate in the Indonesian (Bahasa Indonesia), Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, each of these texts being authentic. In case of divergence of interpretation the English text shall prevail.

IN WITNESS WHEREOF, the undersigned, being duly authorised thereto, have signed this Agreement.

Dibuat di Brussel, pada tanggal tiga puluh bulan September tahun dua ribu tiga belas.

Съставено в Брюксел на тридесети септември две хиляди и тринадесета година.

Hecho en Bruselas, el treinta de septiembre de dos mil trece.

V Bruselu dne třicátého září dva tisíce třináct.

Udfærdiget i Bruxelles den tredivte september to tusind og tretten.

Geschehen zu Brüssel am dreißigsten September zweitausenddreizehn.

Kahe tuhande kolmeteistkümnenda aasta septembrikuu kolmekümnendal päeval Brüsselis.

Έγινε στις Βρυξέλλες, στις τριάντα Σεπτεμβρίου δύο χιλιάδες δεκατρία.

Done at Brussels on the thirtieth day of September in the year two thousand and thirteen.

Fait à Bruxelles, le trente septembre deux mille treize.

Sastavljeno u Bruxellesu tridesetog rujna dvije tisuće trinaeste.

Fatto a Bruxelles, addì trenta settembre duemilatrecenti.

Briselē, divi tūkstoši trīspadsmitā gada trīsdesmitajā septembrī.

Priimta du tūkstančiai trylikų metų rugsėjo trisdešimtą dieną Briuselyje.

Kelt Brüsszelben, a kétezer-tizenharmadik év szeptember havának harmcadik napján.

Magħmu' fi Brussell, fit-tletin jum ta' Settembru tas-sena elfejn u tlettax.

Gedaan te Brussel, de dertigste september tweeduizend vier dertien.

Sporządzono w Brukseli dnia trzydziestego września roku dwa tysiące trzynastego.

Feito em Bruxelas, em trinta de setembro de dois mil e treze.

Întocmit la Bruxelles la treizeci septembrie două mii treisprezece.

V Bruseli tridsiateho septembra dvetisíctrinást'.

V Bruslju, dne tridesetega septembra leta dva tisoč trinajst.

Tehty Brysselissä kolmantenakymmenentenä päivänä syyskuuta vuonna kaksituhattakolmestoista.

Som skedde i Bryssel den trettonde september tjugohundratretton.

Untuk Republik Indonesia
 За Република Индонезия
 Por la República de Indonesia
 Za Indonéskou republiku
 For Republikken Indonesien
 Für die Republik Indonesien
 Indonēsi. Vabariigi nimel
 Για τη Δημοκρατία της Ινδονησίας
 For the Republic of Indonesia
 Pour la République d'Indonésie
 Za Republiku Indoneziju
 Per la Repubblica di Indonesia
 Indonēzijas Republikas vārdā –
 Indonezijos Respublikos vardu
 Az Indonéz Köztársaság részéről
 Ghar-Repubblika tal-Indonezja
 Voor de Republiek Indonesië
 W imieniu Republiki Indonezji
 Pela República da Indonésia
 Pentru Republica Indonezia
 Za Indonézsku republiku
 Za Republiko Indonezijo
 Indonesian tasavallan puolesta
 För Republiken Indonesien



Untuk Uni Eropa
 За Европейския съюз
 Por la Unión Europea
 Za Evropskou unii
 For Den Europæiske Union
 Für die Europäische Union
 Euroopa Liidu nimel
 Για την Ευρωπαϊκή Ένωση
 For the European Union
 Pour l'Union européenne
 Za Europsku uniju
 Per l'Unione europea
 Eiropas Savienības vārdā –
 Europos Sąjungos vardu
 Az Európai Unió részéről
 Għall-Unjoni Ewropea
 Voor de Europese Unie
 W imieniu Unii Europejskiej
 Pela União Europeia
 Pentru Uniunea Europeană
 Za Európsku úniu
 Za Evropsko unijo
 Euroopan unionin puolesta
 För Europeiska unionen


