



**AMBASSADOR
REPUBLIC OF INDONESIA
CANBERRA**

No. 2 /Kepri/I/12

Jeanette Radcliffe
Committee Secretary
Senate Standing Committee on Rural Affairs and Transport

Dear Ms.Radcliffe

I have the honour to acknowledge receipt of your letter dated on 1 December 2011 regarding the issue of the Australia's Illegal Logging Prohibition Bill 2011, and an invitation for the Embassy of the Republic of Indonesia to provide the Committee with a written submission if there is any issues that the Government of the Republic of Indonesia would like to raise on the mentioned matter.

In term of this, please find the attached copy of the letter from the Minister of Trade of the Republic of Indonesia, H.E Mr. Gita Irawan Wirjawan, addressed to the Senate Standing Committees on Rural Affairs and Transport, regarding the official comments from the Government of the Republic of Indonesia on Australia's Draft Illegal Logging Prohibition Bill 2011. As advised, we also lodged the submission via the online system, and the original letter would be send at the earliest convenience.

I wish you every success in the discharge of your exalted duties.

Canberra, 30 January 2012

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Primo Alui Joelianto', with a long, sweeping underline that extends to the left.

Primo Alui Joelianto



MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA

Ref. : 122/M-DAG/SD/01/2012

Jakarta, 25 January 2012

Senate Standing Committees on Rural Affairs and Transport
PO BOX 6100
Parliament House
Canberra ACT 2600
Australia

Dear Chairman,

Re: Comments from the Government of Indonesia on
Australia's Draft Illegal Logging Prohibition Bill 2011

The Government of Indonesia (GoI) welcomes the invitation from the Senate Standing Committees on Rural Affairs and Transport to provide further comments on the Illegal Logging Prohibition Bill 2011. The following comments are based on our review of the details of the proceedings of the Committee to date.

As we previously stated in our first submission, the GoI fully supports the Bill's overall objective to reduce the harmful environmental, social and economic impacts of illegal logging as well as to impose penalties on those who import illegally logged timber into Australia. As we fully share these concerns, the GoI regrets that our cooperation has not been sought to date on the best means to address the aims set out.

In the absence of such cooperation, the Government of Australia appears intent on imposing a ban on imports without adequately addressing the issues at stake. For example, we note from the contents of the Bill (section 5) that "regulated timber products" means a timber product prescribed by the regulations, and "timber product" is referred to as made from, or includes, timber. However, we find no further explanation around those timber products included in the scope of the Bill. The GoI considers that this lack of a clear definition of the scope of coverage will not inevitably result in uncertainty of trade. At the very least, a list of the timber products to be affected by the proposed bill will be important to provide certainty to economic operators involved in the trade concerned.

The GoI also understands that the measures proposed in the Bill are inconsistent with the multilateral obligations of Australia under the World Trade Organization. Amongst others, this Bill is discriminatory in that it is set to selectively impose restrictions on timber products from a limited number of targeted countries. The nature of the proposed measures is also of concern in that they are not prescribed under the WTO. As a result, the proposed bill as it stands places our Government in a very difficult situation. While we support the genuine objectives laid out, we may have no alternative but to vigorously defend our rights within the terms of the WTO should this Bill be passed in a way that it serves as an instrument to limit imports of Indonesian forest products.

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Our Government firmly believes that the issues at stake are of common concern and that they can best be addressed through cooperation. Indeed, a unilateral ban on Indonesian imports would not only be illegal, but it may simply serve to deflect existing trade.

In this regard, the GoI wishes to renew the proposal to the Australian Government to recognize the Timber Legality and Assurance System – the SVLK (Sistem Verifikasi Legalitas Kayu) certification. The SVLK is a well-established national system that has been specifically designed to provide legal verification required for regulations such as the proposed Australian Law, as well as those of the United States and the European Union.

The system is robust and provides a simple method through which Indonesian exporters and international importers can be assured, that the timber and timber products produced and processed in Indonesia are legally sourced and in full compliance with relevant Indonesian laws and regulations, through an independent auditing and civil society monitoring. Moreover, under the system, the Indonesian Ministry of Forestry, along with the provincial and district forest offices, are responsible for legal verification of timber supply chains and the checking of related documents (e.g. annual work plans, log balance sheet reports, transport documents, logs/raw material/processed products balance sheet reports and production tally sheets). In the event of inconsistencies, forestry officials are also empowered to withhold approval of the control documents resulting in a suspension of operation. This certainty provides a low cost method of legality assurance for Australian firms and certainty in its operation.

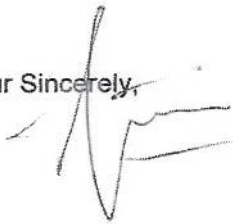
The SVLK is also fully consistent with earlier bilateral agreements signed between Australia and Indonesia on forestry matters. Furthermore, SVLK is recognized under other international illegal logging systems – most specifically under the recently concluded Voluntary Partnership Agreement (VPA) between Indonesia and the European Union.

The GoI would also like to propose the Bill to be deferred at least until 2015. We believe such adjournment will provide time for: (1) Proper consultation between the GoI and the Australian Government and stakeholders concerned, (2) Development of common understandings over the terms to be used and the products to be covered, and (3) Development of measures which are fully consistent with obligations under international trade agreements.

The GoI is ready to work constructively with the Australian Government to achieve objectives, which are of common concern. We would also welcome this dialogue as we believe it is essential to ensure that the proposed bill does not cast a shadow over our overall trade relations

Thank you for your kind attention and cooperation.

Your Sincerely,



Gita Irawan Wirjawan

Cc:

1. Vice Minister of Trade;
2. Ambassador to Australia of the Republic of Indonesia;
3. Australia Ambassador to Republic of Indonesia, Jakarta;
4. Director General of Foreign Trade, MoT;
5. Director General of International Trade Cooperation, MoT;
6. Director General of Standard and Consumers Protection, MoT;
7. Director General of Forestry Production Management, Ministry of Forestry;
8. Director of Trade Defense, DG of Foreign Trade;