

CERTIFICATION & INDONESIA: A BRIEFING

DOWN TO EARTH

APRIL 2001

The certification of timber and forest products is intended to change forest management for the better through global timber markets. This form of 'ecolabelling' was initiated by conservationists and consumers in the North, where a market has been created for sustainably produced timber. Schemes are gradually being adopted in the South, although producers in the South are in a weaker position. In Indonesia, the certification of forests and plantations is still at a relatively early stage. However, there is considerable pressure – from a number of directions – to increase the amount of certified timber coming from Indonesia. Forest communities, timber concessionaires, northern consumers, donor governments and NGOs have different understandings, views and expectations of what certification can achieve. This document is a contribution to discussions about the role of certification in changing policy and practice in Indonesian forestry. An essential part of this debate is the relationship between certification and *adat* (customary) rights, community rights and increased community access to resources as part of more sustainable development in Indonesia.

WHAT IS CERTIFICATION?

Certification is a tool to improve forest management. Around 90 million hectares of forests in 35 countries are now certified, including some 20 million hectares under the Forest Stewardship Council scheme. Forest certification schemes are based on the principle that 'being green pays' in financial as well as conservation terms. NGO campaigns about forest destruction have made consumers in the North more aware of their responsibility for unsustainable logging, particularly of tropical rainforests. The aim of certification systems is to make timber production more ecologically and socially responsible and economically viable by grading sources so that consumers can choose on these grounds. The argument is that environmentally aware consumers will be prepared to pay more for products if they know where these come from and how they have been produced. Higher prices will motivate timber companies to implement sustainable forest management principles. The forestry industry body, the International Timber Trade Organisation (ITTO), agreed that all tropical wood traded should come from sustainably managed forests by the year 2000. Clearly this has not yet been achieved. Indonesia is one of the 50 members of the ITTO.

If forest certification is to achieve its aims for consumers, producers and forest peoples, it must set comprehensive standards against which the timber industry's performance can be measured. The process of setting standards and evaluating company performance must be transparent and not controlled by vested economic interests. All stakeholders must have an equal say. These standards must be sufficiently high and protect the rights of forest communities. Certification should only be granted where these standards are met, not on the basis of hoped-for improvements in companies' forest management practices. Furthermore, wood products need to be labelled to assure consumers that their purchases come from forests where companies are adhering to certification standards. Labelling requires tracing the wood product from the forest to the customer and therefore requires a secure, reliable 'chain of custody' system.

Certification alone cannot solve all the problems currently facing the world's forests and the people who live in and around them: problems such as the over-consumption of timber, vanishing forest resources, socially and environmentally destructive logging practices and indigenous peoples' rights. At best, it can complement other measures such as conventions, laws and regulations and their effective enforcement and provide an incentive for change. At worst, it can validate existing bad practice and remove incentives for political change and legislative reform in the forestry sector.

CERTIFICATION SCHEMES IN INDONESIA

Two forest certification systems are in use at present in Indonesia: the Indonesian ecolabelling scheme developed by LEI; and the Forest Stewardship Council scheme (see below). Both systems were developed through multi-stakeholder processes and require field inspections and consultations. These include meetings with local communities and companies plus inputs from relevant civil society organisations (see box). In both cases the systems are good in theory, but – as will be discussed later – aspects of their implementation in practice are open to criticism. Although the LEI and FSC certification schemes were originally developed quite separately, the two organisations have been working to bring them closer together over the past six years. LEI and the FSC signed a Memorandum of Understanding in September

1999, and strengthened this working agreement with a Joint Certification Protocol on September 20, 2000. This means that an Indonesian timber company's operations must now pass both certification systems. Teams of FSC and LEI accredited staff conduct the field work and stakeholder consultation together but, for the time being, there will be two, separate, certification decisions. The company can then use FSC and LEI logos to market products, but only if these come from the certified area. Once again, this 'chain of custody' is more straightforward in theory than in practice.

LEI and FSC certification bodies are branching out from the certification of plantations on Java to natural forests on Indonesia's outer islands. They share the view that Indonesia needs examples of 'good practice' among forest and plantation concessionaires and that certification can provide these. They plan to conduct joint assessments for several concessionaires in Sumatra and Kalimantan this year. Thirty six Indonesian companies have chain-of-custody certification (LATIN email 21/Dec/2000). Most produce furniture (particularly garden furniture for export), mouldings and flooring and all are based in Java.

THE FOREST STEWARDSHIP COUNCIL SCHEME

The Forest Stewardship Council (FSC) is an independent, international non-profit organisation that promotes responsible forestry. It was established in 1993 and operates from a head office in Oaxaca, Mexico. It runs an internationally recognised labelling scheme for timber products. All products carrying the FSC logo have – in principle – been independently certified as coming from forests that meet the FSC's Principles and Criteria of Forest Stewardship. FSC standards consider key environmental issues such as minimising clear felling and the protection of forests with high conservation value (see box), while providing a system economically attractive to business. FSC Principles 2 and 3 require that indigenous peoples' legal and customary rights are not only recognised, but legally secured.

The forest inspections are carried out by a number of FSC accredited certification bodies, which are supposed to be evaluated and monitored to ensure their competence and credibility. Certified forests should be visited on a regular basis, to ensure they continue to comply with the Principles and Criteria. Only companies who use or sell this timber, or products made from it, can apply for chain-of-custody certificates and use the FSC logo. Over thirty countries have some FSC certified forestry operations and 1,405 companies hold chain-of-custody certificates. As we shall show, the issuing of chain-of-custody certificates puts certifiers under considerable pressure to increase certifications of logging operations – at the risk of reducing standards.

The FSC has a unique membership system intended to represent three groups of interests—economic, environmental and social—that have impacts on and influence over forestry. In theory, these three "chambers" jointly govern the organisation. In practice, decision-making is influenced by interactions between FSC's secretariat, its board and its membership. The elected Board consists of people from industry, conservation groups, indigenous people's representatives and others. Representatives of the Indonesian forest NGOs LATIN and SKEPHI have been FSC Board members but, on the whole, indigenous peoples from the tropics have been poorly represented to date. FSC's new Executive Director, is Maharaj Muthoo.

In some parts of the world, the FSC system has helped to develop national standards through national and regional working groups which build consensus amongst a wide range of people and organisations involved in forest management and conservation. (In Indonesia, LEI plays this role.) FSC owes its credibility to three main features:

- It is a membership organisation, with representatives from all parties involved in forestry and has a democratic structure;
- It uses independent certifiers – not connected to the industry or consumer groups;
- Certifications are done according to internationally agreed Principles and Criteria, intended to secure the ecological, social and economic sustainability of forests.

While some international NGOs are critical about the extent to which FSC fulfils these ideals in practice (see box), all consider it is the best international certification system currently available.

FSC is funded by charitable foundations, government donors, membership subscriptions and accreditation fees; it is not funded by the forestry industry. The European Commission, the Ford Foundation and WWF (who played a key role in initiating the FSC) are among FSC's funders.

More information on FSC, its Principles and Criteria and certification in general is available at www.fscoax.org

THE FSC IN PRACTICE – FAILING THE FORESTS? - BOX

Almost since the first certifications carried out in its name, there have been controversies surrounding the FSC's activities. It was soon found that certifiers accredited to the FSC were certifying logging operations that clearly failed to comply with the FSC's Principles and Criteria. In one case, a major African logging company was approved for certification without even having a forest management plan.

A common and continuing problem is that logging operations are certified on the basis that, whilst not perfect at the time of assessment, they are granted an FSC-backed certificate in the expectation that they will improve in years to come. Repeatedly, certificates have had to be withdrawn or suspended because the hoped-for improvements never actually happened. Logging companies thus benefit for years from the possession of a certificate which is not justified, and consumers are wrongly led to believe that the wood they are purchasing is from an acceptable source.

Until early 2001, when for the first time one of the FSC-accredited certifiers was suspended, the FSC seems to have shown little interest in, or ability to strictly control, the certifiers it has authorised to use its name. Some certifiers have thus continued to operate according to very lax standards and procedures, with virtual impunity, and in the face of growing concern from NGOs.

Source: Rainforest Foundation, pers com

FSC's STRATEGIC PLAN

A crucial stage in the history of the Forest Stewardship Council was the development of an organisational Strategic Plan. This Plan set the scene for the subsequent expansion of the FSC and could be said to underpin its present approach to certification in Indonesia. The Plan was produced for the FSC by London-based economic consultants Coopers and Lybrand. Although it was never released to FSC's membership for consultation, the Plan was approved by an (inquorate) meeting of the FSC Board in May 1998.

One of the Plan's key recommendations was that the FSC should aim for 'rapid expansion' of the area under FSC certification. Fourteen countries were selected where, it was suggested, the FSC should target its efforts, apparently largely on the basis of the size of the timber trade in each. Indonesia was one of these countries. Following complaints about this process from some of its members, the FSC Secretariat produced a further set of criteria against which target countries should be selected, but these continued to be based predominantly on the scale of the country's timber trade. There was apparently no analysis by FSC as to whether the country's laws were compatible with the FSC process, nor whether there was actually any support from civil society groups in each of the countries for FSC certification.

Indonesia thus remained on FSC's target list.

Source: Rainforest Foundation, pers com

THE INDONESIAN ECOLABELLING SCHEME

The Indonesian Ecolabelling Standard was developed by an independent working group of forest NGOs and academics, *Lembaga Ekolabel Indonesia*, LEI. The working group was set up in 1993 under the chairmanship of ex-environment minister Emil Salim. It was envisaged – at least in part - as a means whereby the Indonesian environment movement could ameliorate the worst effects of Indonesia's destructive large-scale logging concession system and counter the power of the timber barons. The forest NGO LATIN was originally one of the leading members. The LEI Certification System for Sustainable Forest Management, with its criteria and indicators for the timber companies, was agreed in mid-1998 by industry and the government. It was revised in 1999 and incorporated into the Indonesian National Standards. Companies which meet the standard are awarded ecolabel certificate SNI5000.

Questions have been raised in Indonesia and internationally about LEI's status as an independent body. It is seen as being close to industry and the government, not least because both had substantial inputs into the final version of the LEI scheme and the National Standards. Decision-making structures are not open and transparent and NGOs and indigenous peoples' groups have not been closely involved. However, LEI's systems and standards are now being reviewed again, based on initial experiences and discussions through workshops in which civil society groups and forest academics have been more actively involved. In general, Indonesian NGOs and community groups are more familiar with and supportive of LEI and its ecolabelling scheme rather than the FSC system.

Like the FSC, the Indonesian ecolabelling system is a voluntary scheme. Applicants must submit full documentation for inspection, including annual work plans and reports, prior to a field inspection. The concessionaire is allowed to choose which body carries out the field study, but all field assessors must have appropriate qualifications and training. The inspection criteria include social and environmental indicators as well as production factors, administration and financial management. Local communities can also contribute to the assessment process. The evidence is considered by an assessment panel which passes its recommendation to the certification panel. There are five standards - gold, silver, bronze, copper and zinc - but only the first three are considered a pass. Certificates are valid for five years and can be withdrawn before expiry if there is evidence that conditions have been broken.

The Indonesian ecolabelling scheme has come a long way since the early 1990s. The stimulus was (then) forestry minister Djamaludin's belief in sustainable logging and his realisation that the irresponsible behaviour of most Indonesian logging companies made it impossible for the industry to satisfy the FSC's internationally agreed standards. LEI is now an independent foundation, largely funded through the GEF. It no longer does certifications but, like FSC, selects companies to do this. It is working with various international bodies to increase the international acceptability of

the Indonesian ecolabelling scheme. For example, LEI has been co-operating with FSC since 1997 on assessor training, joint certification inspections and improvements to the Indonesian scheme. In some ways, LEI's standards are now more demanding than those of FSC. LEI will not allow its accredited certifiers to provide certification for any operations which convert natural forest into non-forest uses (such as oil palm plantations or settlements), even though this 'conversion' is legal under Indonesian law. It is also taking a firm stand against illegal logging: the onus is on companies to prove that all wood coming into their production systems is legal. On the other hand, the social criteria which LEI uses for certification are still not very demanding and the requirement for recognition of tenurial rights is not clear. The UK's largest furniture retailer, B&Q, announced in August 2000 that it would accept timber certified by LEI as part of its policy to promote sustainable forestry.

Source: LEI & FSC pers com; LEI 28/Aug/2000, 21/Dec/2000; 17/Jan/2001. See www.lei.or.id for more information on LEI. LEI publishes a quarterly newsletter in English and Bahasa Indonesia called Ecolabel News/Warta Ecolabel

INPUTS TO FSC/LEI CERTIFICATIONS – BOX

All formal certification assessments must be announced publicly – through email and in the press – at the start. The certifiers must gather information from all stakeholders, including local communities, civil society groups and companies, before a company's operations can be certified. The certification team should meet with stakeholders during the field assessment and hold a public consultation. Inputs may be verbal or in written form, via email, fax or letter and can be made to the certifiers at any time after the potential certification has been announced. Companies often ask certifiers to make an initial visit in order to advise them on how much work they must do to be eligible for full certification assessment. These 'scoping visits' are usually confidential and are not announced in advance. Any stakeholders can formally challenge a certification decision under both the FSC and LEI systems – for example, if a community feels that there has not been adequate consultation or that the company is not respecting its customary rights. A guide on how to monitor FSC certifications has been produced by Greenpeace International, August 2000 (in English); contact: grosoman@dialb.greenpeace.org. A Bahasa Indonesia version should be available by April 2001; contact walhi@walhi.org.

CERTIFIERS

Both LEI and FSC are 'accreditors'. They do not carry out the forest certification assessments themselves, but appoint other parties (called 'certifiers') to do this. The certifiers are selected according to strict rules and must fulfil LEI & FSC's standards. The accreditors provide some training for the certifiers and are supposed to monitor their performance to ensure that all certifications meet their standards.

FSC accredited certifiers are SmartWood (a programme of the US-based Rainforest Alliance) and SGS Qualifor (an Oxford-based agency of a Swiss international certification body). LEI gave interim accreditation to four companies in July 2000: PT TÜV International, PT. Superintending Company of Indonesia (SUCOFINDO, also an ISO14000 certifier), SGS Indonesia and PT. Mutu Agung Lestari (formerly owned by Indonesian forest tycoon Bob Hasan). These companies were selected – according to agreed criteria – from ten applicants by a small team headed by respected academic Hariadi Kartodihardjo and which included the directors of the NGOs SKEPHI and ICEL. (LEI 28/Aug/2000)

The initial vetting of the PT Austral Byna in Central Kalimantan concession caused a serious row between LEI and SmartWood in late 1999 due to differences of opinion over how FSC-LEI's newly signed joint certification agreement should be implemented in practice. SmartWood is still FSC accredited, but is not included yet in LEI's interim certifiers.

Certifiers are paid an annual fee by companies for the certification. The timber companies also bear the costs of the scoping visits, public consultation and final assessment. Wood processing companies also pay an annual fee for chain-of-custody certifications. The fee depends on the size of the company and the volume of timber processed. The thirty or so Indonesian manufacturers who claim to be using certified timber for garden furniture, flooring and mouldings for export pay on average around US\$1,000 per year depending on the size of their operations. (LATIN letter to BI 8/Dec/2000). Other sources state that the initial cost of chain-of-custody certification is up to \$5,000 (*Kompas* 17/April/01).

Certifiers are professional bodies, but they are also commercial operations whose income comes from providing certification services. More certification means more work and more income for them. The certifiers' priority is to ensure that a company's operations meet the technical specifications of the certification system. They therefore consider certification on a case-by-case basis and are not necessarily concerned with the broader implications of these certifications for forest policy reform in Indonesia. This case-by-case approach has led to another problem in Java where furniture manufacturers have been issued with chain-of-custody certificates before there are sufficient supplies of

timber from certified sources. Some companies have resorted to using non-certified timber in order to cover the costs of chain-of-custody certification.

OTHER CERTIFICATION SCHEMES

The FSC scheme has most credibility with consumers and environment and development organisations in Europe and North America, because it has relatively high standards. The LEI scheme has the added advantage that it was developed by Indonesian experts to protect Indonesian forestry. However, Indonesian timber producers who consider LEI & FSC standards to be too tough could turn to other, less demanding certification schemes. This would, in turn, increase pressure on LEI & FSC to lower their own standards. Though there are weaknesses in the FSC scheme (in Indonesia as well as other places) and in LEI, most other systems have more serious, institutional drawbacks.

Globally, there are now at least 12 national forest certification schemes operating, with more under development. Most are in the North. The largest are the Canadian Standards Association (CSA) – only applicable in Canada; the Sustainable Forestry Initiative (SFI) – Canada & USA; and the Pan European Forest Certification Scheme (PEFC) – an umbrella scheme covering certification systems in 14 European countries. These have already certified more forest (mostly in Europe and North America) than FSC. Unlike the FSC, the CSA, SFI and PEFC were initiated and are governed primarily by forest owners or the forestry industry and are less democratic and transparent schemes which are not performance-based (FERN March 2000).

The ITTO is now pushing hard for more internationally traded timber to be certified, although not necessarily to FSC standards. This is manifested in the forestry industry and ITTO's active encouragement of 'mutual recognition' between various certification schemes. The International Forestry Industry Round Table's working group on mutual recognition of certification standards and systems has proposed an 'International Mutual Recognition Framework' (WGMR, Dec 2000). 'Mutual recognition' is a bi- or multilateral agreement which allows different bodies to recognise their accreditation, standard or certificate/label as equivalent. Producers can then use logos interchangeably for timber and forest products certified under different schemes. This depends on both (or all) the certification schemes having the same standards. An example of the current interest in collaboration between different certification schemes, was the FAO/GTZ/ITTO seminar entitled 'Building Confidence among Forest Certification Schemes and their Supporters' held in Rome in February (GTZ 29/Jan/2001). Around 80 participants attended, mainly from the forestry industry.

Joint certification can be a step along the road to 'mutual recognition', so the LEI-FSC collaboration is attracting much interest. Other examples from elsewhere in the world raise serious concerns that certification standards could be brought down to the lowest denominator in a so-called 'race to the bottom'. In addition, 'mutual recognition' between FSC and big, industry-initiated, undemocratic systems could make certification processes less open to civil society organisations. The National Timber Certification Council of Malaysia (NTCC) is already discussing certification options with PEFC, even though it also has a co-operation agreement with FSC. Indigenous peoples' organisations in Sarawak challenged attempts between the NTCC and FSC to bring their certification systems into line because they fear this threatens their Native Customary Rights (BRI, Nov/99). Civil society groups are also concerned about a certification agreement signed in Canada between FSC and the Ontario state government without the consent of indigenous forest peoples.

ISO 14000-BOX

The International Organisation for Standards (ISO) - a non-government body set up in Switzerland over 50 years ago – offers a range of certification systems for all kinds of companies and different operations. The ISO 14000 series relates to environmental management. It specifies how a company's management system must be organised to address the environmental impacts of its operations. The Indonesian Plywood Association argued that ISO 14000 certification should be sufficient to make their timber products acceptable to the international market, without LEI/FSC certification (JP 30/11/99). The paper & pulp company APP is also using its ISO 14001 certification for Indah Kiat's Tangerang plant as a form of 'ecolabelling' for paper it sells in Europe. This is disingenuous.

FSC and ISO certifications are complementary, but they are not the same thing. LEI & FSC's schemes are based on performance standards that a forestry operation must reach before a certificate is issued. ISO 14001 only specifies the kind of process which should be set up to check the raw materials, the production stages and waste disposal. The level of proof the company is required to produce depends on its size. There is not automatically any independent examination of documentation or field inspection to prove statements that, for example, timber used for a pulp plant is the product of a sustainably managed plantation established on degraded land rather than illegal logging or forest clearance. Hence, ISO 14000 certification does not provide the same safeguards – even in theory - for the local community or the consumer as the LEI & FSC schemes. In addition, it focuses on environmental rather than social standards or recognition of indigenous rights and does not result in a product label.

NGO CONCERNS RELATING TO CERTIFICATION – BOX

Several international and Indonesian NGOs share concerns about certification in Indonesia. These cover five main areas:

- the contribution of certification to much needed reform of forest policy and land tenure issues in Indonesia;
- increased pressure to certify more forestry operations, without implementation of needed reforms, will lower certification standards;
- the degree to which forest communities have a voice in the certification bodies like FSC and LEI;
- specific cases where certifications may not meet FSC & LEI's social and environmental standards;
- the slow pace of progress towards alternatives, including certification of community forestry with proper tenure agreements.

Opinions are divided about the value of certification in Indonesia. There exists a whole range of views, only a few of which are presented here – and those in a simplified form. At one pole, people argue that - at best - certification will only affect the relatively small amount of 'Production Forest' where there is still sufficient forest to manage sustainably. It will do little to safeguard the 30 million ha or so of 'Protection Forest' which is so important for local livelihoods and biodiversity conservation. It consumes a large amount of time and energy from civil society groups to understand and engage with certification and there are other, potentially more effective tools for promoting community-based forest management systems and recognition of indigenous rights – such as introducing new legislation and as the opportunities presented through regional autonomy. The other pole presents more positive arguments: certification may be a means of stopping illegal logging, through chain-of-custody licenses and can promote community forestry, including the marketing of non-timber forest products. Furthermore, unless NGOs and community groups engage in the certification process, the forestry industry could dominate it at the expense of forest peoples.

KEY QUESTIONS –BOX

- What benefits does/could certification bring to forest communities in Indonesia?
- Can logging concessions be justifiably certified by FSC/LEI given present Indonesian forestry and land rights legislation?
- How can certification support, rather than undermine, policy and legislative changes necessary to promote the sustainable, equitable use of Indonesia's forests?
- What political and administrative reforms are needed for FSC/LEI Principles, Criteria and Indicators to be applied fully?
- Should a moratorium on certification be imposed in Indonesia as part of a moratorium on logging to allow space to develop new models of sustainable forest use?
- How could the certification of community-based forest management be advanced in Indonesia?
- What are the likely outcomes if there is no FSC/LEI certification in Indonesia?
- What other tools might be more effective and less time-consuming means than certification of achieving the overall goals of protecting Indonesia's forest biodiversity and forest communities' livelihoods?

FORESTRY IN INDONESIA

Indonesia has the second largest area of tropical rainforest remaining on earth (after Brazil). Most of its 17,000 or so islands were originally covered with forest. Forest cover is now estimated at less than 100 million ha, and as little as 30 million ha of intact rainforest may remain outside protected areas. Deforestation rates are in excess of 1.7 m ha/yr even by Indonesian government official figures. The outer islands of Sumatra, Kalimantan and Sulawesi are commercially logged out or will be within 5-15 years. Future logging will increasingly focus on Eastern Indonesia (Moluccas and West Papua). All Indonesian forest has been divided up into concessions for 'sustainable logging', plantations or clearance, apart from areas designated for watershed protection or conservation. Most of the 60million ha of 'Production Forest' has already been logged over at least once by large-scale commercial timber operations. In theory, only selective logging is allowed in this category of forests; in practice, there has been unregulated over-exploitation.

Indigenous peoples' rights to forest lands and resources only have very limited recognition under Indonesian law. A total overhaul of Indonesian land law is urgently needed to clarify and protect forest peoples' rights. The government is unlikely to address this politically sensitive issue given its current weak position.

On Java and Madura forestry has been managed by Perum Perhutani for the last four decades. This state-owned forestry company was suddenly privatised in March 2001. Perhutani manages teak, mahogany and pine plantations, largely established in the 19th and early 20th centuries by the Dutch colonial administration. Virtually no natural lowland forest

is left on Java outside protected areas. This situation contrasts with the outer islands which – until 25 years ago – were still largely covered with mature rainforest. Outside Java, private and state-owned logging companies (Inhutani I-V) were granted logging 25-35 year concessions jointly or separately during the Suharto years. The majority of Indonesia's legal and illegal forest production was exported as sawn timber, plywood and chipboard or fed into Indonesia's pulp mills for international paper markets. Japan, South Korea and other Asian countries have traditionally been more important to Indonesia's timber trade than Europe or North America.

The Indonesian timber industry has been very slow to consider certification, despite strong endorsement from former forestry minister Djamaludin and ex-environment minister Emil Salim. Timber barons had a free rein under the Suharto regime and created vast business empires on the profits from logging, which extended into banking, real estate and agribusiness. Despite the importance of timber exports to Indonesia's economy, forestry companies had no direct experience of the international timber market. All exports were handled by trade associations and shipping companies controlled by one man: 'king of the forests', Mohammed (Bob) Hasan.

Since mid-1997, Indonesia has undergone huge economic and political changes. Suharto's corrupt dictatorship has been replaced by Wahid's democratic, but fragile government. New regional autonomy legislation is shifting financial and decision-making power from Jakarta to the provincial and district level. Indonesia's forestry sector has been targeted for reform by new political leaders pushed by Indonesian forest activists and international donors. Forestry companies have been hard hit. Companies cannot rely on political protection; the public is clamouring for the eradication of corruption; the IMF has imposed loan conditionalities which open up Indonesia's forestry industry to global market forces; Japan and other major importers of Indonesian timber products have been in the economic doldrums since the 1997 East Asian financial crisis. The timber tycoons of the '80s and '90s have been crippled by international debts and indicted in banking scandals. The form and sphere of operations of the state forestry companies was under review by early 2001. Local authorities in the regions are granting thousands of small logging concessions, nominally to local companies or co-operatives, to take over forests abandoned by bankrupt companies or where former permits have expired or been withdrawn.

Very few Indonesian forestry companies' operations currently match up to international certification standards and Indonesia's wood processing industry depends heavily on illegal logging for its raw materials. None of the timber companies which took part in LEI's ecolabel trials were judged 'fully prepared' and only 40% were considered even 'adequately prepared' (*Jakarta Post* 14/May/98). Since the Indonesian ecolabelling system has been running, only a handful of companies have been assessed and only one concession – managed by PT Diamond Raya Timber in Riau – has met LEI's certification standard. What pressure there is for companies to undergo certification assessment still comes from the Indonesian government, rather than the international timber markets. Certification is seen by some forestry department officials as a possible means of offloading their obligations to monitor logging company activities. (In theory, Indonesian forestry companies have to present annual management plans and then undergo rigorous checks of paperwork against operations in the field. In practice, this is merely a huge, bureaucratic revenue gathering exercise.)

Since FSC and LEI currently have a joint agreement, companies must pay certification fees to certifiers from both accreditors. This increases the costs for Indonesian companies at a time when many are finding it hard to make a profit through legal operations. The whole process of certification is seen as slow, expensive and demanding and the potential returns too uncertain. For unscrupulous companies, illegal logging gives a quicker return on their investment. Logging bans in Thailand (1998), China (1998) and PNG (1999 for new permits) have opened up lucrative new markets for Indonesian timber and wood product exports where consumers do not insist on social and environmental safeguards.

CERTIFICATIONS ON JAVA

All large-scale commercial forestry operations have been planned, managed and operated by the state forestry company Perum Perhutani. No private logging companies operated on Java. Perum Perhutani was supposed to have more of a socially responsible mission than purely commercial operations. This may very well change with the privatisation of Perhutani in early 2001. The announcement of this privatisation was made suddenly and without consultation, so it is still unclear how PT Perhutani will operate.

Organisationally, Perum Perhutani was huge, hierarchical and bureaucratic. Its operations in Java were divided into three districts - East, Central and West Java – each of which is sub-divided into around 20 smaller administrative units. The management system was – until very recently - imposed from Jakarta in a way which gave individual managers little flexibility to adapt it to suit the different technical and social conditions prevailing in each area. Nevertheless, the standard of management between units varies greatly.

The US-based aid agency, the Ford Foundation has had a close association with both certification and Perum Perhutani. Ford Foundation's Indonesia office funded and was a key player in the Social Forestry Programme. This major project, which ran for ten years from the mid-1980s, was an initiative to reduce conflict between communities on Java who

claimed the rights to farm and log long-established teak plantations and the state forestry company which wanted to maximise revenues from commercial logging. NGOs and academics from Indonesia and overseas were brought in to act as catalysts for change and to mediate between Perum Perhutani and local communities. Some 'forest farming' schemes and income generating projects were established, but it proved very difficult to change policy and practice within this enormous, conservative state-owned company. Once external funding ran out, the small number of successful pilot projects could not create a momentum for more widespread change. Several NGOs – such as Bina Swadaya, Gita Pertiwi and ARuPA - who have been helping Perhutani to develop its Community Forest Management concept (*PHBM*) for the past 10 years are now frustrated with the slow rate of progress.

Meanwhile, from its US offices, Ford Foundation has promoted forest certification, not least through significant funding of both the FSC and SmartWood operations world wide. So it is not surprising that SmartWood's first certification experiences in Indonesia were with Perum Perhutani. Three units of state-run teak plantations in Java were the first timber operations in Indonesia to receive FSC certification. These were awarded in October 1998 through the SmartWood programme in which the Indonesian forest NGO LATIN was closely involved. The Perum Perhutani plantation units covered 60,000 hectares in Cepu, Kebonhardjo and Mantingan, Central Java. In SmartWood's view, this was "a unique opportunity to leverage reforms within Perhutani, socially and ecologically." The certifications required Perhutani to make improvements in eliminating corruption, preventing conflict and benefit sharing with local farmers through social forestry activities.

These certifications were controversial since they went ahead while some NGOs were actively calling for the reform of the state-owned forestry company. It is important to note that this does not mean all Perhutani's teak (and pine) plantations have FSC-LEI approval. To date only units in Cepu, Kebonhardjo, Kendal, Lawu and Madiun now have FSC certification. These particular plantations have a total annual yield of around 114,000cu m and only represent a tiny fraction of state-run plantations on Java (total area around 2 million ha). Perum Perhutani's total annual production was around 1.9 million cu m in 1999, less than a quarter of the total demand for timber on Java. The demand is met by timber from illegal logging, privately owned land and legal and illegal supplies from natural forests on the outer islands.

The long history of conflict between Perhutani and local communities over the use and ownership of forest lands on Java has culminated in mass raids on some teak plantations since the fall of Suharto, including the certified plantation unit at Cepu (see below). The validity of this certification is questionable since a combined local unit of military and police confiscated 336 m³ of teak and the local police chief issued orders to shoot plantation raiders on sight in 1998. The Mantingan certification was withdrawn due to high levels of conflict and theft (see below). SmartWood and LATIN have not certified a number of other districts for similar reasons. The complexities of the Indonesian bureaucracy relating to timber operations make it easy to mislead certifiers about the sources of timber used by 'chain-of-custody' companies. A field study by the Yogya-based forest NGO, ARuPA, indicates a variety of ingenious methods of illegally harvesting teak plantations and 'laundering' the timber so wood processors can claim they only use legal sources of wood. Local government officials, security forces and Perhutani staff and senior levels are implicated in this 'legalisation' of illegal logging.

ARuPA has a reputation as a radical NGO, but was co-opted into monitoring the certified Perum Perhutani units. It reported various violations of FSC principles, although was disappointed that SmartWood was reluctant to take tough action in all cases. Its largely student members have now become disillusioned about the use of certification to reform the state forestry company and see the opportunities for grass-roots democracy presented by new regional autonomy legislation as a more powerful tool for reform of forestry on Java. They are therefore putting more of their energies into promoting dialogue between local communities and newly formed local authorities about options for sustainable forest management.

Perhutani now faces challenges to its control from regional autonomy. It was also deeply embarrassed when FSC certification was withdrawn from its Mantingan unit, claiming it was the victim of timber raiders rather than taking active measures to prevent illegal logging or to improve relations with local people through social forestry programmes. Nevertheless, it was - right up to the eve of its privatisation - still trying to get more units certified. The German FSC-accredited certifier GFA Terra Systems (formerly Luso Consult) announced in February 2001 that Perum Perhutani had asked it to carry out 'pre-assessment visits' on three more units in Central Java, two of which (Randublatung and Bojonegoro) were included in ARuPA's study on illegal logging.

In short, FSC certification in Java has performed badly. Given the state forestry company's resistance to change and government regulations which restrict its ability to fulfil the FSC's social criteria (*PP* 53), there is a strong case that no plantation under Perum Perhutani's control should ever have been certified. Certainly all on-going certifications of Perhutani units should be stopped and existing certified units carefully reviewed, in the light of the recent privatisation of Perhutani and the implications that the new company will be more profit than socially orientated.

Sources: SmartWood, ARuPA, FSC, LATIN pers com; SmartWood Update Sept 2000; ARuPA Sept 2000, Nov 2000; *Suara Pembaruan* 26/3/99

ILLEGAL LOGGING: MANTINGAN, JAVA – BOX

The amount of timber legally coming out of Mantingan between 1998 and 2000 was almost the same as the quantity of illegal logging. In 1998 official teak production was 19,262 cubic metres while 15,569 cu m were lost to illegal logging. The figures for 1999 were 28,403 cu m (legal), 21,865 (illegal); and for the first six months of 2000 22,758 cu m (legal), 24,069 cu m (illegal). The productive area of this plantation concession had fallen from 12,199ha in 1991 to 10,828ha in 1995 while the production figures for 1995-2000 averaged 19,406 cu m/yr, down from the 1991-1995 period average of 22,460 cu m/yr.

Source: SM 28/Aug/2000, cited in ARuPA report Sept 2000

CONFLICT OVER PLANTATIONS: CENTRAL JAVA – BOX

Thousands of people went on the rampage in Blora, Central Java, after police shot dead a man caught stealing timber from a state-owned teak plantation. Djani (36) from Cabak village in Blora district was caught red-handed by forest rangers and Mobile Brigade (*Brimob*) police while cutting down a tree. He was shot while running away and died in hospital. Villagers from Cabak joined with thousands of people from Nglobo and Kalimodang villages forming an angry mob which burnt down the Cepu Forestry Office and the Blora Forestry Department building. Local police and officials met with representatives of the protestors in a bid to prevent further destruction. Legislator Haryono expressed regret over the huge amount of damage caused, but he also called for forest rangers not to hire any more *Brimob* personnel from other regions to deal with illegal loggers. "The problem is that they don't understand the psychological state of local people and they can't settle the matter peacefully. They have to know that locals, due to years of economic hardship, are bad-tempered and easily provoked." Police have not made any arrests for fear that detaining any rioters could spark more unrest.

Source: *Indonesian Observer* 6/Nov/2000

CERTIFICATION IN THE OUTER ISLANDS

Most certifications in Indonesia under the FSC system have, so far, been issued for plantations on Java, but by far the majority of Indonesia's remaining forests are on the 'outer islands'. The outer islands are also where deforestation rates are highest and - controversially - where certification activities are now focussing.

The crux of the issue is that certification proponents - mainly the accreditors, certifiers and a select number of international bodies - promote the view that certification must go ahead in natural forests in Indonesia, and soon, because it is a positive step towards encouraging logging companies to manage concessions more responsibly. In their opinion, sustainable forest management may include large scale commercial logging operations in natural forest and plantations as well as community forestry. Certification will help to save forests because it will be in the financial interests of companies and local communities to manage forests and plantations sustainably. Certification assessments can engage and respond to the expectations of and pressures from various groups through the consultation process.

Meanwhile, some international and Indonesian NGOs have serious concerns about certification in Indonesia in general and about the specific certification assessments currently in progress on Indonesia's outer islands in particular. They argue that certifying logging in natural forests in Indonesia - given the crisis in Indonesian forestry - will send the wrong signals to the international market, the Indonesian government and the forestry industry. Market-driven certification, they fear, could supersede 'bottom-up' reforms for changes in the way land and forests are classified and managed demanded by civil society groups. To some extent, these concerns apply equally to certification in Java as well as the outer islands, because they relate to the need for reform of the whole forestry system, including laws determining ownership of land and natural resources.

Each of the certification assessments of commercial logging operations in natural forest in progress in Indonesia at the time of writing has revealed a number of practical problems and some serious questions about the extent to which FSC/LEI's theoretically high standards are being implemented.

PT Diamond Raya Timber

The certification of PT Diamond Raya Timber's operations in Riau province, Sumatra, is a 'first' in many senses. It is the first certification of a concession outside Java and the first certification of logging in natural forests in Indonesia. It is also the first certification to be carried out under FSC-LEI's Joint Certification Programme, agreed in late 2000 and the first certification of 'High Value Conservation Forest' (FSC Principle 9). The concession was initially included in a UK government-funded pilot project in the mid-1990s on sustainable forest management units (*KPHP*) and was part of LEI's pilot certification scheme. PT Diamond Raya Timber was awarded LEI's first certification in 1999, albeit at the

lowest pass grade. Since then, it has been visited twice by LEI and FSC certifiers SGS Qualifor, who reported that the company made further improvements in its management between December 1999 and mid-2000. The full assessment was approved in April 2001 (LEI, SGS pers com).

As the Diamond Raya certification is a landmark, it has come under scrutiny. This will become a standard against which other concessionaires will judge their performance. If LEI/FSC standards are not applied strictly, other companies could use the Diamond Raya case as a precedent setting off a downward spiral in obligations and expectations from certification. For this reason alone, NGOs have urged the certifiers (SGS) to take particular care that all criteria are properly fulfilled. Even so, the consultations with local communities in the Diamond Raya concession area were seen as flawed by some local NGOs. Five communities have negotiated a compensation settlement for the use of their forest lands. In the eyes of at least one certifier, this shows the company has taken its responsibilities seriously. In the eyes of at least one local NGO, local people were forced to choose between a bad deal or nothing. Since all the surrounding forest has been taken for logging operations, these communities have no means of supporting themselves. This appears to be a clear violation of FSC Principles 2 & 3 on the recognition of tenure and indigenous peoples' rights. There were further reports of illegal logging, disputes between contractors and local communities and questions about the boundaries of the concession area as this document was going to press (Rantau Riau 16/March/01).

PT Austral Byna

The Rainforest Alliance SmartWood Program and PT. TÜV International Indonesia publicly announced, in December 2000, a joint certification assessment of a 294,600 hectare concession of natural forest managed by PT Austral Byna in Central Kalimantan to take place in early 2001. The concession comprises primarily Dipterocarp hill forest and is a potential high conservation value forest. This was the first collaboration between SmartWood and PT TÜV. Preliminary investigations ('scoping visits') by SmartWood in November 1999 and LEI in August 2000 showed that the company was a suitable candidate for full certification assessment. However, there were still some 'areas of weakness' where PT Austral Byna must make improvements (SmartWood Public announcement 5/Feb/2001). These may include the Rp1.1 billion (approx US\$110,000) which PT Austral Byna is alleged to owe in taxes on land and buildings to the Barito Utara district authorities of Central Kalimantan. A local official said this was not the first year PT Austral Byna had defaulted on tax payments (*Kal Pos* 12/Feb/2001). The public consultation for this certification was held in Jakarta in early February. Some Indonesian NGOs have questioned how representative the meeting was, since it was held so far from the actual concession area. Most of the participants were company representatives; a few NGO staff attended; no other civil society groups – such as indigenous people or unions – were present (WALHI 7/Feb/2001). PT Austral Byna is part of the Bakrie conglomerate and exports some 30-40% of its timber to USA and another 20% to Europe (*CNN* transcript 8/Jan/2001).

PT Intracawood

Smartwood has also announced that it and LEI-certifiers PT TÜV would start the assessment of a 226,045 ha natural forest concession in East Kalimantan managed by PT Intracawood (LATIN 3/Feb/2001). PT Intracawood was visited by SmartWood in March 2000, but was not up to certification standard. The company is a joint venture between state forestry company PT Inhutani I and the private Indonesian companies PT Altracks and PT Berca Indonesia. The concession supplies timber for sawmills and plymills in Tarakan. About one fifth of this concession (42,050 ha) has been re-classified by the government for conversion to an industrial timber plantation (HTI) operated by Intracawood and Inhutani I. There is conflicting information as to whether the certification will cover the whole concession or exclude the HTI. LEI has stated clearly that it will not certify any timber produced under forest clearance licences (IPK) where natural forests are converted to 'non-forest' uses. However, unlike oil palm plantations, an industrial timber estate is treated as a 'forest' use – regardless of the fact that natural forest has usually been destroyed. It is also not clear why the company had part of its concession re-designated as suitable for a HTI or when this was done. The implication is that forest in that section of the concession had been badly degraded due to excessive timber extraction or fires – neither of which are good indications for certification of that company's operations. Tarakan lies in the north-east corner of East Kalimantan where there have been recent reports of timber smuggling to Malaysia on a massive scale.

PT Inhutani I-Labanan

The proposed certification of the Labanan concession, also in the northern part of East Kalimantan, is also proving to be problematic. PT Inhutani I is a state owned company with several management units in East Kalimantan. The certification assessment will be conducted only for the Labanan forest management unit which covers 83,240 hectares. The company began logging operations in 1976. (SmartWood Public Announcement 6/Mar/2001). This concession is now part of the EU-funded Berau Forest Management Project (BFMP) and has obtained an ISO 14001 certification. It has also been the subject of a computer-based forest growth model called SYMFOR (Silvicultural and Yield Management for Tropical Forests) developed by a team from Edinburgh University. This can be used to investigate the effects on forest growth, composition, structure and yield of different logging regimes for the Labanan concession and, potentially for similar forest types. The LEI certifiers PT Mutu Agung Lestari did an assessment visit in December 2000, but the joint assessment with SmartWood was only due to be carried out in March 2001. So it was a surprise when the outgoing forestry minister announced in February that the Labanan concession would be split between Inhutani I and three other companies: PT Wana Tata Rejeki, PT. Perkebunan Tanjung Bahagia and one unknown (No.

145/Menhut-VI/2001). The BFMP team fear that the remaining concession will be too small for sustainable logging to be economically viable (BFMP pers com). At least part of the area is described as steeply hilly, which raises questions as to why the government continues to designate it for logging rather than watershed and biodiversity protection.

HIGH CONSERVATION VALUE FORESTS

There has been considerable controversy within the Forest Stewardship Council (FSC) about whether any large-scale commercial logging should be certified within mature, species-rich forests. The term 'High Conservation Value Forests' (HCVF) is now preferred for such areas, rather than 'endangered' or 'old growth' forests, because it acknowledges that such forests should be protected even if they are not rare or facing immediate extractive threats. A compromise has been reached that a 'precautionary approach' to the certification of logging operations in HCVFs should be adopted. Logging must not adversely affect the special features of these areas and extra care must be taken to protect these in the management plan (Principle 9).

Ultimately it is not ecologically and socially responsible to continue to expand demand for timber and wood products at the expense of losing the world's High Conservation Value Forests. Hence environmental groups are asking the various types of companies involved in the felling, selling and manufacturing of timber and timber products to make the following commitments and to follow through with regular reporting:

- Reduce overall demand for timber extraction, through wood use efficiency, recycling, reduction and the substitution of ecologically sound non-wood alternatives wherever possible;
- Issue a moratorium on wood procurement from all forests identified as High Conservation Value Forests, unless logging operations and the entire chain of custody are independently certified to meet the Principles, Criteria and procedures of the Forest Stewardship Council;
- Issue a preference for FSC-certified products coming from forests that have not been identified as HCVFs;
- Immediately notify suppliers that retailers or importers will cancel procurements from logging operations which are:
 - Logging in areas where land rights of indigenous or forest-dependent communities are not recognised and respected;
 - Creating incentives for or actively converting natural forests to plantations in any forest management unit;
 - Developing and planting genetically engineered trees;
 - Logging in regions where illegal logging is undermining protected areas or sustainable forest management efforts, unless the supplier can prove absolutely no complicity with, or purchases of wood from, such logging across all its operations and has obtained FSC certification.

They also want decisions about whether HCVFs are to be commercially logged to be the prerogative of indigenous and forest-dependent communities and for them to be involved in mapping the areas before any logging operations begin.

Source: RAN, draft document on HCVFs, Feb 2001

CERTIFICATION OF COMMUNITY FORESTRY OPERATIONS

Community forestry – more properly called Community Based Natural Resource Management (CBNRM) – is actively championed by many civil society groups in Indonesia. So, there is considerable interest in the possible certification of community-managed forests - not least because this could raise the profile of community forestry and put the recognition of forest people's rights higher on the national agenda. LEI and the Ford Foundation are playing leading roles in exploring the practicalities through research and facilitating discussion through workshops and other meetings.

The concept of certification of community forestry operations is attractive partly because it enables forest peoples to gain direct access to international markets and therefore to get fairer prices for forest products. Nevertheless, the implementation is far from straightforward. For a start, few indigenous communities have any experience in producing and marketing their produce on a national, let alone an international level. Foreign buyers expect products to be delivered regularly, on time and to particular specifications and these expectations do not always fit well with traditional production systems. Also, international buyers can be as exploitative and fickle as local entrepreneurs. Some analysts doubt whether there is a genuine, lasting market for certified products.

The debate about CBNRM certification is closely tied up with the issue of certifying non-timber forest products (see below). Timber certification schemes have taken a considerable time to develop and - properly implemented - require some time in the field. CBNRM certification throws up a host of new questions. Forests managed by communities along traditional lines typically produce many different products - such as rattan, fragrant resins and medicinal bark - while timber may be a relatively minor product. Would each product have separate certification? Who would be qualified to certify these? Would there be sufficient certifiers? How could the system pay for itself? Some difficult ethical questions must also be confronted: how is the sustainability of community-managed forests to be judged? For example, if a

community decides to log in a way which is acceptable under customary law, but is not in line with the opinions of academically or commercially trained foresters, should any certification be withdrawn? Moreover, the success of certification depends on a viable international market for the product, yet there has been very little research into the trading of non-timber forest products within and from Indonesia and no field studies on the potential impacts of certification of NTFP on local economies.

A Greenpeace-funded study on CBNRM in the Marovo Lagoon area of the western Solomon Islands reports an encouraging example of sustainable community alternatives to industrial logging or oil palm plantations. Small-scale enterprises including eco-forestry, fishing, tourism, carving and other crafts, food and building materials gave local people a better income and more control of their resources. The diversity of activities brought a more equitable distribution of benefits and reduced exposure to fluctuations in international commodity markets (WRM news bulletin 41, Dec 2000).

NON-TIMBER FOREST PRODUCT CERTIFICATION

One criticism of the certification paradigm is that it has focused on forests solely as a source of timber. Yet temperate and tropical forests have traditionally been managed to produce a variety of commercially important non-timber forest products (NTFPs), including rattan, bamboo, nuts, fruits, barks, resins and medicinal plants. Certification bodies plus a number of environmental organisations and forestry researchers, have been drafting guidelines and indicators for NTFP certification and looking into the economics of marketing NTFP. The FSC is now apparently certifying NTFP; it produced guidelines for NTFP certification back in 1995. As part of WWF's People and Plants initiative, SmartWood will be publishing a manual of draft NTFP certification guidelines summarising research from various parts of the world (mainly South America and Europe). This is intended to provide the basis for further research and development on the concept and practice of NTFP certification by certifiers, producer groups, NGOs, research institutions. In Indonesia, LEI has held discussion workshops on NTFP certification and is also drafting guidelines as part of its drive to promote the certification of community-based forestry management systems.

Sources: Smartwood Oaxaca report Nov 2000; LEI pers com

MARKET FORCES

International certifiers like SmartWood and SGS are currently under pressure from two conflicting sources. On the one hand, NGOs and journalists who saw what went on at the Mantingan unit (even under certification) argue that certification should proceed more slowly because it is not helping local people and is misleading consumers who believe the wood they buy from Indonesia is produced under environmentally sustainable and socially equitable conditions. On the other hand, teak-based factories in Java and their European partners which have Chain of Custody certificates that they have paid for, want to speed up certification because they cannot get enough certified wood - largely because of the serious social problems associated with Perhutani plantations on Java. Around 40 furniture factories in Java are C-o-C certified, but only feeder 5 plantations. The production figures suggest that uncertified and illegal timber is being 'laundered' through certified companies to meet demand. The same issues and others will arise more frequently as the pressure increases from Indonesian timber companies and the Department of Forestry and Agriculture for certification of natural forests outside Java.

The DaCore case is an example of the way Northern retailers are trying to step up the pace of certification. This Danish importer - which used to sell to Scandinavian furniture chains such as Skeidar in Norway and Sweden, Bohus in Norway, Silvan in Denmark, and various others in Germany - promoted products made from Indonesian *meranti* as if they came from sustainably managed forests, at a time when no natural forests had been certified. When pressed for an explanation by forest NGOs, DaCore's response was that the concession in South Kalimantan would soon undergo certification assessment and they were in contact with the certifier. NGOs in Norway took the retailer Skeidar to the Ombudsman for Consumer Affairs over a claim in the company's brochure that it only purchased from 'responsible sources'. The Norwegian furniture chain Bohus has stopped purchasing *meranti* from Kalimantan as a result of NGO campaigning. Over two years later, no concessions in Kalimantan have been certified yet.

Another example comes from the USA: six major dealers in the United States have set deadlines, after which they will no longer accept timber from uncertified companies. Wickes has set the deadline at the end of 2001; Home Depot, Home Base and 84 Lumber at the end of 2002; Menard at the end of 2003; with no definite timeframe for Lowes. The United States buys on average some 900,000 cubic meters of hardwood plywood from Indonesia each year. It is the second largest market for Indonesian plywood after Japan (*Jakarta Post* 22/Sept/2000).

THE GARDEN FURNITURE CONNECTION

The garden furniture trade between Europe and Indonesia is stimulating demand for more certified timber. Consumers in Europe - particularly in Germany and Scandinavia - want to purchase furniture made from timber from sustainable

sources. However, the only five plantation units certified in Java at present cannot meet this demand, so enterprising furniture producers who have paid for 'Chain-Of-Custody' certification cannot supply the market. Some, e.g. KASTRACO GmbH, have resorted to using timber from uncertified sources while using FSC certified labels on its furniture.

Last year a group of Javanese garden furniture producers with business links to Germany – under the name ALINDO 2000 - attempted to solve the problem in a more respectable way, by promoting the industry's interests through the FSC. They attempted to do this by promoting the establishment of an FSC Working Group in Indonesia. 'Working Groups' are an essential element in the FSC system. Usually, there are three sections ('chambers'), each with an equal voice. ALINDO 2000 intended that its association would become the 'economic chamber' and sent a consultant to encourage NGOs to set up environmental and social chambers. This could be seen as a worthwhile initiative to set up a consultative forum between industry and NGOs. On the other hand, it could represent a challenge to Indonesia's national certification standards and LEI's work. (Working Groups have developed national certification standards in countries where these did not already exist.) With an Indonesian FSC Working Group and pro-certification NGOs on board, the industry could try to speed up the ecolabelling process. However, many of the key NGOs were wary of this initiative, not least because it seemed unrepresentative for the forestry industry to be represented solely by Java-based furniture exporters, and a Working Group has yet to be set up.

CREATING A CRITICAL MASS – WWF's VIEW – BOX

Forestry can be a sustainable industry for the future. The main problems are poor practices and over-exploitation in some areas, rather than levels of consumption. International demands for wood and wood fibre could be met through the sustainable management of approximately one-fifth of the world's remaining forest area. Certification schemes – such as the Forest Stewardship Council's (which WWF helped to set up) – promote responsible forest management. A substantial increase in certified forests and forest products would be good for the industry as well as for the environment. More certification would drive out illegal logging as markets looked for assurance of sound, legal forestry. Consumers are increasingly demanding responsible business practices, while mainstream investors such as pension funds and insurance companies are also beginning to take account of social and environmental performance. Companies that can demonstrate sound management will gain competitive advantages both in the financial markets and the product marketplace. At the moment only 2-3% of forestry operations are certified world-wide. It is now essential to increase the number of certifications. Once this reaches a 'critical mass', many more companies will want to take part in the scheme.

Source: WWF's Forests for Life Campaign, March 14, 2001 available at <http://www.panda.org/forestandtrade/>

DRIVING THE TRADE FORWARD OR DRIVING FSC OVER THE EDGE? – BOX

WWF has played a key role in the development of the FSC, having provided funds, staff and massive political support to get the initiative up and running. At various times, it has had several representatives on the Board of the FSC. One of the crucial elements of its support has been the 'Trade Networks', which encourage timber trading companies to support the FSC.

What is now known as The WWF Trade Network had a humble beginning as a '1995 Group': a group of UK timber-trading companies brought together by WWF in the early 1990s, who were committed to only buying 'sustainably produced' timber by the end of 1995. As the deadline of 1995 came and went, and it became clear that the deadline could not be met, the Group became the 1995+ Group. Similar groups were started in other countries, variously being called the 1998 Group and the 2000 Group etc. Following the establishment of the FSC, the objective set for the members of the Groups was to buy only FSC-produced timber. By 1999, there were groups in about 20 countries, collectively known as the WWF Trade Network, with some 600 member companies. WWF expected that, by the end of the year 2000, the Trade Network would have up to 1,000 member companies.

The members of the Trade Network contain some of the world's largest timber traders. Their demand for FSC certified timber is clearly much greater than the so-far FSC-certified forestry operations can supply. WWF is thus in a position whereby, unless the area of FSC-certified forest is expanded rapidly, the members of the Trade Network will not be able to meet the objectives set for them, and will be seen to fail. This would be a major embarrassment for WWF, and would lose them much credibility with the timber industry. Whilst WWF has thus done much to increase demand for FSC-certified timber, it has also created the conditions in which the rapid expansion of certification could become more important than ensuring strict compliance with the FSC's Principles and Criteria. Clearly, Indonesia is now seen as one of the countries in which the necessary expansion can take place.

Source: Rainforest Foundation, pers com

DUTCH RED & GREEN LABELLING – BOX

Forest campaigners in the Netherlands have been frustrated at the slow uptake of voluntary certification by the Dutch timber industry compared with rapid rates of deforestation world wide. All timber and timber products sold in the Netherlands will have to be labelled, if a Green Party initiative goes ahead: a red sticker for timber produced in a non-sustainable manner and green for sustainably produced timber and timber products.

In 1998 a bill setting out these labelling requirements was passed by a large majority in the Dutch Lower House. The EU is concerned that the bill will limit trade. However, the bill does not prohibit imports of unsustainably produced wood products. It only requires timber to be labelled as to whether or not it has been produced in a sustainable way. The bill is likely to receive final approval in early 2001. Although the criteria in the bill were based on the standards of the Forest Stewardship Council (FSC), it is uncertain whether these will all be included when the government draws up regulations to put the new legislation into practice.

The green and red stickers will provide consumers with more information about 'good' and 'bad' wood so they can make more informed choices before they buy. Compulsory labelling will also stimulate companies to import more sustainably produced timber. Dutch NGOs consider this is essential to curb global deforestation and especially illegal logging. However, it could also bring confrontation with the WTO, with potentially disastrous consequences for certification as a whole.

Source: FoE Nederland 20/Dec/2000 and other sources

PLANTATIONS

“Plantations established in areas converted from natural forests after November 1994 normally shall not qualify for certification. Certification may be allowed in circumstances where sufficient evidence is submitted to the certification body that the manager/owner is not responsible directly or indirectly for such conversion” (FSC Principle 10, Criterion 9).

Some forest NGOs are concerned that the Forest Stewardship Council (FSC) includes any plantations in its list of 'certified forests'. Most of the FSC's conditions for certification focus on forests, but one (Principle 10) refers to tree plantations. A plantation company has to comply with all ten FSC principles to gain certification. The number of plantations world wide which have been given the 'green' stamp of approval is increasing. It includes Shell's plantations in Argentina, Chile, Paraguay and Uruguay; SAPPI's, MONDI's and SAFCOL's in South Africa; Klabin's and V&M Florestal's in Brazil; Fletcher Challenge's in New Zealand/Aotearoa as well as Perum Perhutani's in Java, Indonesia. Most plantations – except those marked by land disputes – can be declared 'sustainable' under FSC rules.

Like the UN Food & Agricultural Organisation (FAO), the FSC's definition of plantations blurs the distinction between 'natural' and 'planted' forests. This may be appropriate for Northern forests which are not as species-diverse as tropical rainforest and, in some cases, have been managed so they now resemble plantations. It may also be useful in dealing with traditional agro-forestry systems, such as those managed by the Krui or Lampung or the Dayaks of Kalimantan and even semi-natural teak plantations such as some of those on Java managed by Perhutani. However, large monocrops of exotic species such as eucalyptus, acacia and pine in Indonesia should be recognised as tree crops, not forests. Extensive areas of such Industrial Tree Plantations (*HTI*) in Indonesia have been established by clear felling natural forest, thus contributing to deforestation. Furthermore, some countries including Malaysia have argued that rubber and even oil palm plantations should be included as 'forests'. The Indonesian ecolabelling body LEI was due to produce its plantation standards as this document went to press.

WRM argues that plantations are not the same as forests and that large tree monocultures inevitably result in negative impacts on water, soils, flora, fauna and people because of their sheer scale. It does not accept that plantations reduce pressures on and promote the restoration and conservation of natural forests. It is concerned that under FSC's current regulations, unsustainable industrial tree plantations – particularly in the South – may be certified. WRM calls for a critical review of FSC's policy with a view to excluding all plantations from certification or substantially revising Principle 10.

Source: WRM Special Bulletin on FSC certification of plantations, Feb 2001, available from wrm@wrm.org.uy Web page: <http://www.wrm.org.uy>

REGIONAL AUTONOMY & CERTIFICATION

Regional autonomy legislation, which came into force in January 2001, is fundamentally reshaping the relationship between Jakarta and local authorities in policy making, legislation and administration of all sectors – including forestry

(See *DTE* Special Issue August 2000). There are now over 360 local decision-making bodies instead of one under the Suharto regime. Provincial and district authorities are increasingly resistant to old-style centrally organised initiatives. Local governments are keen to increase their revenues from natural resources, including taxes on private and state-controlled operations. Also district and provincial assemblies are allowed to pass local regulations. These may have negative or positive implications for forest conservation and indigenous livelihoods. On the one hand, district administrators can now issue large numbers of permits for so-called small logging concessions: 100ha if managed by local co-operatives; up to 10,000ha for locally-based companies. On the other, at least in East and West Kalimantan, NGOs are pushing for local regulations which recognise indigenous rights to natural resources and which promote sustainable development.

The implications of regional autonomy for certification have not yet been publicly addressed by LEI or FSC. However, a possible model is from Canada, where the FSC process has been broken up into separate regions, each developing its own standards in recognition of the very different circumstances that pertain across the country.

INDONESIAN NGOS, COMMUNITY ORGANISATIONS AND CERTIFICATION

Indonesian civil society groups come in every possible shape, size and political persuasion. There are tens of thousands of organisations calling themselves NGOs. The most established environmental NGOs grew up during the 1980s under the protection of Emil Salim, then Indonesia's Environment Minister but later to become chair of the Indonesian Ecolabelling Group, LEI. The best known and perhaps the largest is WALHI, the Indonesian Friends of the Earth which is a forum representing 500 NGOs. During the past two decades, these NGOs have evolved and occupied new niches, for example the forest NGOs SKEPHI and LATIN. SKEPHI was originally a radical campaigning forest network; LATIN was a community forestry policy research group. Both were involved in setting up LEI and, until recently, were on FSC's board. More civil society groups sprang up around the end of the Suharto era – making the most of the increased political space for community action. These include the indigenous peoples' alliance AMAN, the CBNRM support groups like Kp-SHK and the student forestry group ARuPA. In parallel with NGOs that have a community agenda, are those loosely associated with government or industry bodies which actively promote the interests of forestry companies in the public arena e.g. HELP Indonesia.

As the Indonesian environmental movement has grown, NGOs have become more specialised and co-operation and consultation between various sections has, in some respects, waned. Certification has become one such specialisation. A number of forest NGOs were initially involved in staffing the 'Ecolabelling Working Group' but, as the work progressed into drawing up certification standards, only a few people really understood the details of the process. Most forest activists were content to leave certification to foreign NGOs and LATIN, LEI and SKEPHI while, for various reasons, all three organisations tended to be outside the Indonesian movement's mainstream.

The general lack of awareness of or interest in ecolabelling was a potential problem in view of the accelerating pace of certification in Indonesia and worldwide. NGOs at international, national and local levels need to understand certification procedures, rights and responsibilities before any stakeholder consultation can be considered adequate. That is easier said than done for several reasons. Firstly, certification schemes are not easy to understand: they involve a large amount of detail and their own specialised terminology. Getting to grips with the implications of the theory and practice requires some time and effort. Secondly, the last five years have been an period of extraordinary political and economic change. Not surprisingly, Indonesia's massive foreign debt crisis, the first democratic elections in over 30 years and the introduction of regional autonomy legislation have occupied activists rather than forest certification. Thirdly, there are differences of opinion between groups over the way to reform Indonesian forest policy and practice. Existing tensions between some NGOs have coloured views over certification, making constructive discussion more difficult.

A series of forest NGO meetings from late 2000 onwards has begun to change this situation, at least among groups based in Jakarta and Bogor. However, practical steps need to be taken to increase understanding about certification amongst civil society groups in the outer islands where the focus on future certifications will probably be.

NGOs could then play a more active part in certification in a number of different ways, including:

- Participatory mapping: working with communities to map their traditional lands and resources as certifications are announced, in order to secure their tenure and/or access to resources (under FSC criteria 2.1-2.3, assessments should not go ahead if tenure issues are unresolved);
- Community support: helping communities to channel their concerns, demands and aspirations to the certifier during assessment consultations and to FSC and LEI as well as Indonesian and international NGOs as necessary;
- Monitoring compliance: assisting communities to record the extent to which a company is carrying out its obligations under certification and helping to channel concerns to the certifier, FSC and LEI;

- Participating in policy discussions about certification at local, national and international level, including advocating communities' rights, suggesting improvements in assessment procedures, proposing changes in the national standard and strengthening the social criteria and human rights aspects of the LEI/FSC system;
- Explaining at national and international levels how the LEI system works in practice; also supporting LEI against the pressures for 'fast tracking of certification' (including from the Indonesian government), so that it can establish its regional system and better secure local communities' rights as part of regional autonomy reforms;
- Promoting community forestry certification by helping to secure financing for communities who are interested, facilitating pilot schemes and spreading the message to government through positive examples as a means towards securing tenure;
- Carrying out research into the marketing of non-tropical forest products, so that this information can feed into the certification of community-based natural resource management systems.

Closer co-operation between NGOs at local, national and international levels will be needed if such initiatives are to be realised.

CERTIFICATION IN INDONESIA: CAUSE FOR A REVIEW

There are compelling reasons- at the global, national and local levels - why LEI/FSC should not be considering any certification of logging concessions in Indonesia at present. To continue certifications in the present system presents the very real risk that FSC and LEI standards will be discredited internationally and neither Indonesian forest communities nor international consumers will realise the benefits which the certification system was intended to deliver.

- 1 Certification is based on the concept of sustainable industrial-scale logging. Many forestry activists consider this is a contradiction in terms. Industry interest has been strengthened within the FSC system over the last few years and Indonesian timber associations and northern importers have a common interest in pushing for "fast track certification". Relatively little forest has been certified in the tropics, despite the importance of the tropical timber trade to the economies of many countries in the South. Furthermore, there is little evidence that certification has been used to bring about reforms in forestry policy in the North and South or to secure forest peoples' rights.
- 2 Campaigns which promote certification in one country may shift the problems of illegal logging and unsustainable forestry onto neighbouring countries with less strict controls. For example, there is some evidence that Scandinavian furniture manufacturers are now refusing to buy from Cambodia, where the extent of illegal logging by companies has been exposed by national and international NGOs, preferring instead to purchase timber from the open market in Indonesia. It is more likely than not that this too is the product of illegal logging but, as the timber is not properly sourced, the buyer can feign ignorance.
- 3 The logic that certification can effect market-led improvements in forest management does not take into account where those markets are. Europe and North America are valuable markets where consumers will pay up to 50% premiums. However, Indonesia has always sold much of its timber in Asia, particularly to South Korea and Japan, where buyers care more about prices than sustainability. Since the 1997 Asian financial crash, timber demand in these countries has declined due to economic depression. On the other hand, China has become the world's second biggest timber importer (after the US) since a logging ban was imposed in 1998 after massive floods (*New Scientist* 3/March/2001). If, in these countries, there is no consumer pressure to force logging companies to change, then certification is working in a context in which the logging companies are the strongest stakeholders in the certification process.
- 4 If certification standards are set too low, a scheme will not drive improvements in forest management towards sustainability. On the other hand, very high standards may be perceived as unattainable by timber companies who will then opt for a certification system with less strict criteria or will opt out of certification completely. Pressures from industry on FSC and on certifiers could result in a "race to the bottom" by certification bodies lowering standards in order to win contracts or satisfy the expectations of funding agencies. FSC is the best certification system available internationally, but it is not perfect. Some certifications have gone ahead despite concerns about the track records of logging companies and concerns about the social impacts. Controversial cases include the Perhutani units in Indonesia. Promoters of certification often claim that the conditions of certification provide leverage for change at the Forest Management Unit level. Certification can indeed be withdrawn if a company fails to meet the conditions required. However, this process takes time and energy from civil society groups, many of which are already overstretched. Meanwhile, the company benefits from the kudos of certification while consumers and local communities are misled about the assurances of good forest management which certification is supposed to guarantee. Questions have also arisen about the degree of independence of certifiers, since certifiers rely on payment of fees by companies for their existence.

- 5 Economic pressures due to Indonesia's prolonged financial crisis may sideline certification efforts. Revenue divisions under regional autonomy contribute to the powerful incentives to exploit natural resources – including forests – as quickly as possible. Lack of political will, not lack of technical expertise, is the main obstacle to slowing deforestation rates. The certification process is long, complex and an additional expense for no immediate short-term gain and, at best, a delayed dividend. The attraction of a quick return on investments through illegal logging is a temptation many companies cannot resist. In a 'worst case scenario', most of Indonesia's forests will be gone, long before a significant number of logging concessionaires are LEI/FSC certified.
- 6 There may be a fundamental contradiction between Indonesian law and the FSC's Principles and Criteria. The Indonesian forestry system, enshrined in laws and government regulations, divides up the forests into logging concessions or clearance for agriculture with no consultation with the local authorities, let alone forest communities. Indonesian forestry legislation is incompatible with FSC Principles 2 and 3, since the new Indonesian Forestry Act (No.41/1999) only recognises two categories of forest: state and privately owned. Customary forest (*hutan adat*) is only recognised as a part of state forest where indigenous communities live. The all-important operating regulation (*RPP Hutan Adat*) - which clarifies the access rights indigenous communities will be allowed to their customary forests - is still only at the draft stage and is the subject of heated debate amongst forest academics, civil society groups and the private sector. This is highly relevant to certification under FSC Principles 3 and 4, because it is far from clear whether logging companies are allowed to recognise local communities' rights to access and control over forest resources, even if they want to.
- 7 The legal basis of land tenure and forest management in Indonesia is not clear. With the recent introduction of regional autonomy legislation, there are now three sets of laws – often contradictory: the national/state laws which recognise only state and private land; customary (*adat*) law which is not recognised as the basis for tenure; and local regulations passed by district or provincial assemblies.
- 8 There is a real need for genuine reform in Indonesia's forestry sector, including changes to forest and land legislation, controlling corruption and promoting community forestry development. Certification of concessionaires under the current national policies will cause a loss of leverage for these reforms, as government and industry attempt to use ecolabelling as proof of social, economic and ecological responsibility to international donors.
- 9 Initiatives to increase the amount of certification taking place in Indonesia - for example, the 'capacity building' initiative promoted by US-based conservation NGO The Nature Conservancy and German aid agency GTZ - may disadvantage forest communities. The aim is to improve logging concessionaires' performance so they are eligible for certification. By focusing on companies rather than communities, this programme sends a powerful signal (through the market) to consumers, governments and institutions internationally (as well as in Indonesia) that thorough reform of the land tenure and the concession system is not needed in order to secure long term sustainability of Indonesia's natural forests.
- 10 Local communities are often in a weak position compared with other stakeholders in certification, such as government officials, forestry industry (including Indonesian exporters and international importers); certification bodies and certifiers. Despite Indonesia's democratically elected government and some degree of regional autonomy, the relationship between forestry companies, local officials, the military/police and forest peoples in the provinces remains unchanged in practice. Local people are still subjected to intimidation and violence. In addition, the complicated certification process itself can marginalise forest-dependent communities. They may not be able to influence decisions made by certification bodies, certifiers and other agencies promoting certification due to lack of information as well as language and cultural differences. This does not allow meaningful 'consultation' or any 'informed consent'. Furthermore, there is a tendency for certifiers and some NGOs to regard certification as a process which enables the conservation and production forestry sectors to find common ground, without reference to local communities or forest peoples' rights. Special attention must be paid to ensure that forest peoples' views are properly represented in consultations or monitoring. There is a need for capacity building at local levels to overcome such difficulties.
- 11 Assessments for certification of natural forests should entail longer field visits and/or larger teams. This is necessary because certifiers' methodology in High Conservation Value Forests (HCVF) is supposed to be more diligent than 'normal'. It is not possible for a team of six people (typically 3 forestry experts and 3 social experts) to assess adequately a plantation unit in Java in six days, yet natural forest concessions on the outer islands of Indonesia are typically much larger than plantation units in Java and the indigenous people are more remote and scattered. Considering that local people and NGOs may not understand the certification process, comparatively more work needs to be done to ensure that the assessment is valid.

- 12 Community forest certification will be squeezed out of the system or left behind unless specific steps are taken to promote its development. The costs of such certifications appear to be proportionally higher than for industrial-scale logging operations yet, unlike timber companies, most forest people cannot afford to pay the high fees of certification services.

LOGGING MORATORIUM & CERTIFICATION – BOX

In early 2001, Indonesia's largest environmental NGO, WALHI, called for a complete moratorium on logging for two to three years. The logging ban would be phased in, in stages. Like certification, the logging moratorium has the objective of promoting sustainable forest management. Illegal logging can only be prevented if there is no logging at all. Once forest destruction has stopped, it is then possible to establish a new model of forestry which is more socially equitable, environmentally sound and respects indigenous rights. Many of the well-established Indonesian forest organisations support this ban, as does the indigenous peoples' association, AMAN. They are pressing the international donor community (via the CGI) to adopt the moratorium on logging as a conditionality for loans to the Indonesian government. AMAN goes further: it demands that Indonesia's new government recognises indigenous communities' sovereignty over their forests.

There have been a number of meetings between Indonesian forest activists, including academics, certification organisations and environmental NGOs and LEI to discuss the moratorium and certification. If all logging is to stop for two years, logically no new certifications should go ahead. Two arguments prevailed: certification should only take place after an effective moratorium, because Indonesia's forests cannot withstand the current onslaught of illegal and legal logging and no concessions are being managed sustainably at present. Alternatively, certification could be used to impose a selective moratorium in which only forest management units complying with the standards are exempted.

WALHI remains supportive of community logging and encourages government policies to be redirected toward community-based management. WALHI does not, in principle, oppose certification but is opposed to the current process which it sees as focusing on the quantity of outputs rather than the quality of the process. Its position is that no certification of any logging concessions (*HPP*) can be credible as long as the concession system and legislation (such as the Forestry Act No.41/99) do not grant local communities their rights to their land and resources. The whole concession system must be revised and the borders of indigenous peoples' lands clearly defined. For that reason, it has demanded that LEI and FSC stop certifications and direct their energies towards developing certification for community forestry operations.

"We wish to stress that we do not oppose further development towards certification of community forestry initiatives where communities truly control their land and resources, where core principles and criteria can thus be credibly implemented, and where the certification process cannot come in direct conflict with political and legal reform work. But so far there has been little focus on certification of sound community forestry operations..... We also wish to inform you that, unless our request for a moratorium is respected, we will formally challenge, through the FSC's Complaints Procedure, every certification of concessionaires of natural forests issued in Indonesia."

Source: WALHI letter 10/Mar/2001

DEMANDS FOR REFORM

Many Indonesian and international NGOs want to see the FSC & LEI certification schemes strengthened. They are encouraging these certification bodies to:

- address the weaknesses in their systems,
- adhere to democratic principles,
- strengthen their control and monitoring of certifiers,
- uphold the principle of certifications based on actual performance,
- strengthen the position of indigenous peoples at all levels of the organisations and their 'processes',
- assess and analyse the political contexts in which certifiers operate, in order to support – rather than undermine – political reforms.

It is essential for civil society organisations to understand the compatibility or incompatibility of forest certification in Indonesia with campaigns for policy reform, including the call for moratorium on logging and the repossession of concessions owned by indebted companies. WALHI (Indonesia), Down to Earth (UK), Rainforest Action Network (US), Swedish Society for Nature Conservation (Sweden), Forest Monitor (UK), Rainforest Foundation (Norway) and Rainforest Foundation (UK) are calling on the certification bodies LEI and FSC, their certifiers and other parties involved in certification in Indonesia to take the following action:

- To carry out and publish for discussion a thorough analysis of certification in Indonesia to include:
 - LEI and FSC Principles (in particular Principles 2&3) relative to Indonesian national laws

- current debate over the Forestry Act's draft regulation on Customary Forests (RPP Hutan Adat) and consider its implications for certification
- LEI and FSC's policies relative to the over-capacity of the wood product industry and dependence on illegal logs being laundered into 'legal' chains of custody;
- Barriers to the certification of indigenous and community-managed forests
- Capacity building initiatives directed at logging concessionaires in the context of promoting forestry law reform
- To clarify the mechanisms by which certification bodies and their decisions will be monitored by accreditors, in order to guard against watering down of certification standards;
- To clarify the current mutual recognition processes between LEI and FSC.
- To clarify stakeholder consultation methodologies, including proof of respect of customary rights in certified areas.

In the absence of any formal response from FSC and LEI, WALHI has called for a halt to all certification in Indonesia.

Source: Letters 13/Sept 2000; 9/Nov/2000; 16/Jan/2001; 10/Mar/2001; 10/April/2001

CERTIFICATIONS IN INDONESIA – A SUMMARY (in order of certification date)

Company	Location	Type of concession	Area certified (ha)	Certification scheme	Certifier	Status	Date of certification
Perum Perhutani	All Java & Madura	Plantations (mainly teak & pine)	Approx 2 million	-	SmartWood	Suspended 1997	1990
Perum Perhutani	Cepu, C. Java	Teak plantation	33,109	FSC	SmartWood	Certified	Oct 1998
Perum Perhutani	Kebonhardjo C. Java	Teak plantation	17,653	FSC	SmartWood	Certified	Oct 1998
Perum Perhutani	Mantingan, C. Java	Teak plantation	16,535	FSC	SmartWood	Certification suspended Sept 2000	Oct 1998
PT Diamond Raya Timber	Riau	Natural forest (HCVF)	90,957	LEI FSC	LEI SGS	Certified Certified	mid-1999 April 2001 (under Joint Protocol)
PT Xylo Indah Pratama	Musi Rawas, S. Sumatra	Pulai (Alstonia sp) plantation on private (transmigrant) land	10,000	FSC	SmartWood	Certified	March 2000
Perum Perhutani	Lawu, E. Java	Pine plantation	51,349	FSC	SmartWood	Certified	March 2000
Perum Perhutani	Kendal, C. Java	Teak plantation	20,113	FSC	SmartWood	Certified	March 2000
Perum Perhutani	Madiun, E. Java	Teak & eucalyptus plantation	31,264	FSC	SmartWood	Certified	March 2000
Inhutani I	Labanan, E. Kalimantan	Natural forest (potential HCVF)	83,240	FSC-LEI	SmartWood/Mutu Agung Lestari	Assessment underway	
PT Austral Byna	Barito Utara, Central Kalimantan	Natural forest (potential HCVF)	294,6000	FSC-LEI	SmartWood/TÜV	Assessment underway	
PT Intracawood (joint venture between PT Inhutani I, PT Altracks & PT Berca Indonesia)	Malinau, East Kalimantan	Natural forest (potential HCVF)	250,000 ha	FSC-LEI	SmartWood/TÜV	Assessment underway	
PT Erna Djulawati	Central Kalimantan		184,206 ha	FSC-LEI	SGS Indonesia/SGS Qualifor	Pre-Assessment planned	
Perum Perhutani (now PT Perhutani)	Pemalang, Java			FSC	GFA Terra Systems	Pre-assessment visits Feb 2001	
Perum Perhutani (now PT Perhutani)	Randu-blating, Java			FSC	GFA Terra Systems	Pre-assessment visits Feb 2001	
Perum Perhutani (now PT Perhutani)	Bojonegoro, Java			FSC	GFA Terra Systems	Pre-assessment visits Feb 2001	

APPENDIX

FOREST STEWARDSHIP COUNCIL PRINCIPLES (Feb 2000)

Each principle has several qualifying criteria which are not stated here.

PRINCIPLE #1: COMPLIANCE WITH LAWS AND FSC PRINCIPLES

Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.

PRINCIPLE #2: TENURE AND USE RIGHTS AND RESPONSIBILITIES

Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.

PRINCIPLE #3: INDIGENOUS PEOPLES' RIGHTS

The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognised and respected.

PRINCIPLE #4: COMMUNITY RELATIONS AND WORKER'S RIGHTS

Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.

PRINCIPLE # 5: BENEFITS FROM THE FOREST

Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.

PRINCIPLE #6: ENVIRONMENTAL IMPACT

Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.

PRINCIPLE #7: MANAGEMENT PLAN

A management plan -- appropriate to the scale and intensity of the operations -- shall be written, implemented, and kept up to date. The long term objectives of management, and the means of achieving them, shall be clearly stated.

PRINCIPLE #8: MONITORING AND ASSESSMENT

Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.

PRINCIPLE 9: MAINTENANCE OF HIGH CONSERVATION VALUE FORESTS

Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.

PRINCIPLE # 10: PLANTATIONS

Plantations shall be planned and managed in accordance with Principles and Criteria 1 - 9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.

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