



Overview of EU-Indonesia VPA negotiation process 2007-2011

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History of the negotiation

- 👉 2006: Consultations on Indonesia's potential interest in the VPA
- 👉 January 2007: Announcement of the launching of the negotiation
- 👉 2007-2009: Dialogue, impact assessment, preparation of complementary measures, but no TLAS negotiation
- 👉 2009: SVLK adopted, EU TR proposal foresees incentives to VPA countries ⇒ Commitment increases, negotiation effectively starts
- 👉 2009-2011: 6 JEMs, 7 TWGs at HoU level, 3 SOM at Director level, and dozens of meetings with stakeholders
- 👉 04 May 2011: Announcement of the successful conclusion of the negotiation





Starting the negotiation

2006 Consultations on Indonesia's potential interest:

- Support from consultants helped with socialization / dissemination on VPA + opportunity for Indonesian counterparts to openly express their views
- ⇒ VPA in line with priority in Indonesia in 2007 to combat illegal logging
- ⇒ Indonesia requested consumer countries not to buy illegal timber and “could not say no to the EU”
- ⇒ Broad support from GoI /NGOs but conditions / concerns / questions on:
 - Costs to industry
 - Civil society participation
 - Seriousness of EU commitment (reciprocity?)
 - Response to problem in third countries
 - Market incentives



2007 -2009 phase

- ➡ No effective negotiation on a Timber Legality Assurance System
- ➡ Opposition to the idea that the EU wanted to get involved into Indonesia's domestic matters
- ➡ Dialogue on reciprocal measures, incentives, third countries, EU legislative options assessment

Lessons:

1. An excellent understanding of government and stakeholders position is key
2. Announcing the start of the negotiation was useful in spite of the insufficient preparedness on the ID side (formally ending the negotiation is not an option)
3. The “negotiation” provided a framework for useful dialogue
4. The VPA was politically sensitive, need to ensure coherent messages





2009: new momentum

- ☞ Indonesia adopts its new TLAS and becomes more assertive and confident to engage in the negotiation
- ☞ The EU TR proposal meets most of the expectations raised in the VPA dialogue by Indonesia (FLEGT timber meets TR requirements)
- ☞ Other factors? changes in Ministries leadership, other countries policies, effective lobbying from NGOs...

Lessons:

- Changes to Indonesia's position quite rapid (tipping point)
- constructive dialogue, diplomacy and damage mitigation useful even if no negotiation / no progress



2009 – 2011 Negotiation

- ☞ ID adopted its system, and only after opened to the negotiation
- ☞ Focus on compatibility between EU expectations and Indonesia's new TLAS
- ☞ Experts opinion broadly positive. Adjustments though bills / regulation addendum

Lessons:

- Reciprocity, no assessment of ID's system but assessment of compatibilities between ID system and EU standards
- ID's approach to adopt its new system first - then negotiate- risky but easier politically
- ID sees VPA as endorsement of its new system, image improvement

FLEGT Briefing Notes

FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE

A timber legality assurance system

1 Background

The European Union's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan identifies a range of measures to address the problem of illegal logging and related trade. The Action Plan places particular emphasis on governance reforms and capacity building in timber-producing countries. This is supported by actions aimed at reducing the trade and use of illegally-harvested timber and promoting the use of legally-harvested timber in the EU. The EU proposes to do this through Voluntary Partnership Agreements (VPAs) between the EU and timber-producing countries where illegal logging is a problem (see Briefing Note 6).

An important part of each VPA will be establishment of a licensing scheme to ensure that only timber products that have been produced in accordance with the national legislation of the exporting country are imported into the EU. Under the licensing scheme, import into the EU of timber exported from a Partner Country will be prohibited unless the timber is covered by a valid license. However, trade in timber products from non-partner countries will be unaffected.

2 Elements of a legality assurance system

The purpose of a legality assurance system (LAS) is to provide a reliable means to distinguish between legal and illegally produced forest products. Issuance of licenses by Partner Countries requires a system for ensuring that only legally-produced timber is licensed for export. This must include checks of forest operations and also control of the supply chain from harvesting to export. Such a legality assurance system includes five components:

A definition of legally-produced timber: A standard that sets out clearly which laws of the Partner Country must be met and provides criteria and indicators with which to test compliance with these laws (see Briefing Note 2).

Control of the supply chain: Requirements for systems to trace wood products through the production chain from harvesting to the point of export (see Briefing Note 4).

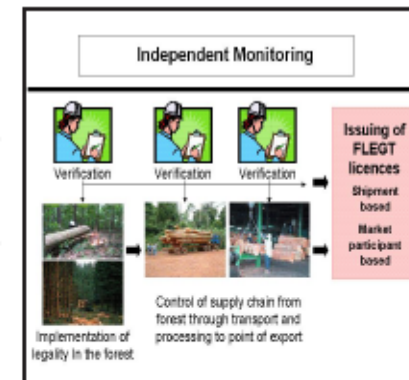
Verification: Requirements for verification of both compliance with the legality definition and control of the supply chain (see Briefing Note 5).

Issuance of licenses: Details of who will issue licenses and how it will be done.

The titles of the seven briefing notes in this series are:

1. What is FLEGT?
2. What is legal timber?
3. A timber legality assurance system
4. Control of the supply chain: Wood tracing systems and chain of custody
5. Legality assurance systems: requirements for verification
6. Voluntary Partnership Agreements (VPA)

Independent monitoring of the systems by a third-party: A way to provide credibility by ensuring that all requirements of the LAS are being implemented as prescribed.

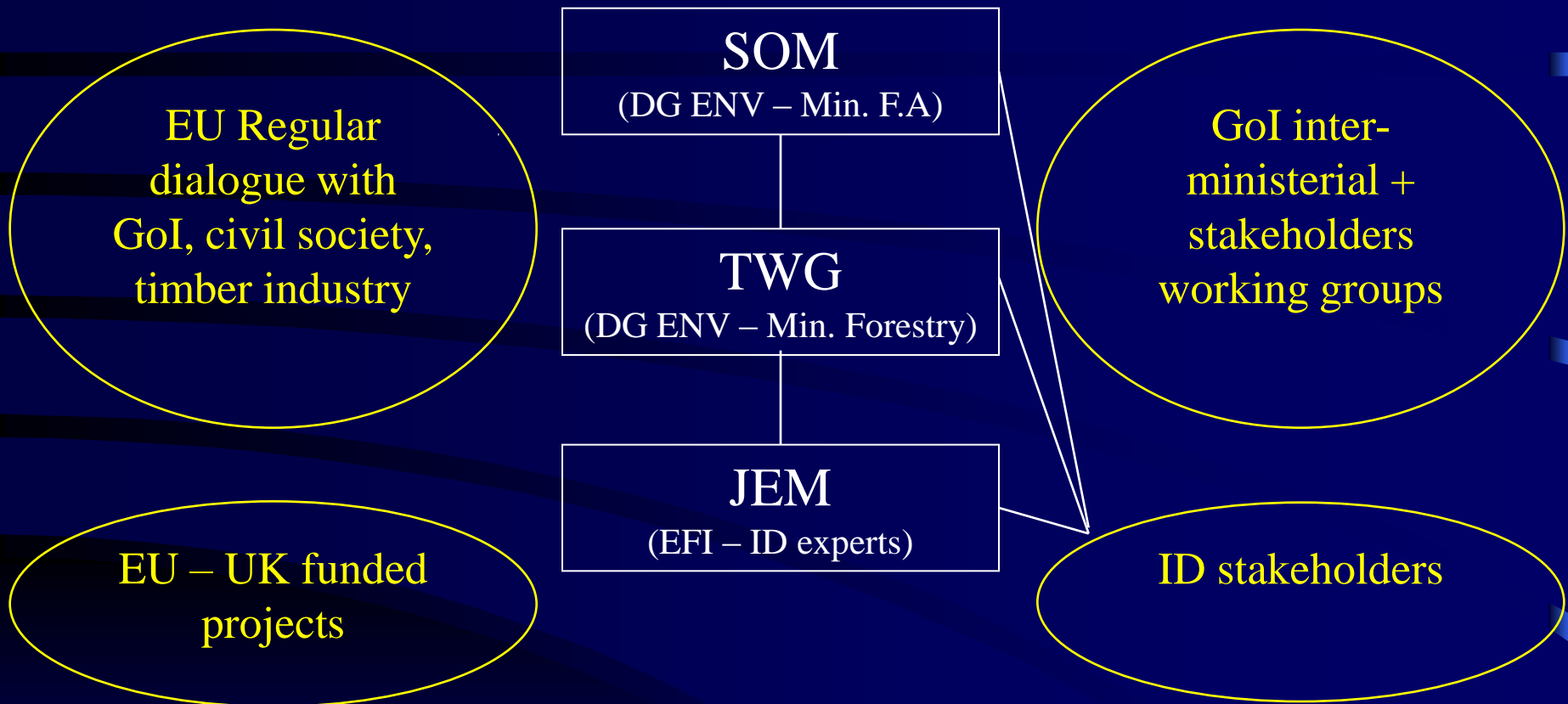


3 Developing legality assurance systems

In many Partner Countries some elements of an adequate legality assurance system already exist. However all aspects may not be operating effectively. In these cases, the Partner Country will need to implement changes to ensure their



Negotiation mechanisms





The agreed system

- ➡ Applies to most products
- ➡ Clearer definition of what is legal, with consensus among stakeholders
- ➡ Licensing procedures
- ➡ Supply chain control mechanisms defined
- ➡ Auditors accredited by the National Accreditation Committee appear more credible than previous verification bodies
- ➡ Independent monitoring and reporting by civil society has a stronger legal basis and support
- ➡ Periodic evaluations and independent market monitoring planned
- ➡ Public disclosure requirements
- ➡ Already supported by legislation



Impact of the negotiation?

No FLEGT licensed timber yet but:

- ✎ Incentive to design a robust system (would have independent monitoring been included in Indonesia's new regulatory framework without VPA?) which applies to all production
- ✎ Opportunity to raise awareness on the challenge associated to the implementation of Indonesia's new system
- ✎ Image / marketing
- ✎ Forest governance? Incentive to apply relevant existing regulations (Freedom of Information Act...)