

PROVISIONS ON THE EXPORT OF PRODUCTS OF FORESTRY INDUSTRY
(Regulation of the Minister of Trade No. 09/M-DAG/PER/2/2007 dated February 14, 2007)

THE MINISTER OF TRADE OF
THE REPUBLIC OF INDONESIA,

Considering:

- a. that efforts to smooth the export of products of forestry industry by means of stipulating clear regulation regarding provisions on the export of products of the forestry products as regulated in Regulation of the Minister of Trade No. 02/M-DAG/PER/2/2006 have remained unable to meet the target;
- b. that the scope of products of the forestry industry regulated in Regulation of the Minister of Trade No. 02/M-DAG/PER/2/2006 has not covered all products of the forestry industry thus causing serious problem in the enforcement of provisions on the export of products of the forestry industry;
- c. that technical criteria used for determining certain forestry industry products which can be exported as contained in Regulation of the Minister of Trade No. 02/M-DAG/PER/2/2006, in developments, are longer suitable to the existing condition thus needing amendment;
- d. that in connection with the matters as meant in letters a, b and c, it is necessary to revoke Regulation of the Minister of Trade No. 02/M-DAG/PER/2/2006 and re-regulate the provisions;
- e. that based on the considerations as meant in letters a, b, c and d, it is necessary to stipulate a regulation of the Minister of Trade;

In view of:

1. Trade Ordinance of 1934 (Statute Book of 1938 No. 86) as already amended and supplemented;
2. Law No. 5/1984 Industry (Statute Book of 1984 22, Supplement to Statute Book No. 3274);

3. Law No. 10/1995 on Customs Affairs (Statute Book of 1995 No. 75, Supplement to Statute Book No. 3612) as already amended by Law No. 17/2006 (Statute Book of 2006 No. 93, Supplement to Statute Book No. 4661);
4. Law No. 41/1997 on Forestry (Statute Book of 1999 No. 30, Supplement to Statute Book No. 3888);
5. Government Regulation No. 34/2002 on Forest Management and Forest Area Exploitation (Statute Book of 2002 No. 66, Supplement to Statute Book No. 4206);
6. Presidential Decree No. 260/1967 on Affirmation of Tasks and Responsibility of the Minister of Trade in the Foreign Trade Sector;
7. Presidential Decree No. 187/M/2004 on the Establishment of the United Indonesia Cabinet as already amended several times and the latest by Presidential Decree No. 171/M/2005;
8. Presidential Regulation No. 9/2005 on Status, Tasks, Functions, Organizational Structures and Working Arrangements of State Ministries as already amended by Presidential Regulation No. 90/2006;
9. Decree of the Minister of Industry and Trade No. 558/MPP/Kep/12/1998 concerning General Provisions on the Export as already amended several times and the latest by Regulation of the Minister of Trade No. 01/M-DAG/PER/1/2007;
10. Regulation of the Minister of Trade No. 01M-DAG/PER/3/2005 on Organization and Working Arrangement of the Ministry of Trade as already amended the latest by Regulation of the Minister of Trade No. 30/M-DAG/PER/12/2005;

11. Joint Regulation of the Minister of Industry, Minister of Trade and Minister of Forestry No. 08/M-Ind/PER/2/2006, No. 01/M-DAG/PER/2/2006 and No. P.08/MENHUT-VI/2006 on Revocation of Joint Decree of the Minister of Forestry and Minister of Industry and Trade No. SK.350/Menhut-VI/2004 and 598/MPP/Kep/9/2004 regarding Prohibition on the Export of Wooden Railway Sleepers and Sawn Timber;

Observing:

Results of Meetings regarding Deliberation about Revision for Regulation of the Minister of Trade No. 02/M-DAG/PER/2/2006 concerning Provisions on the Export of Forestry Industry Products and the latest held on January 31, 2007.

DECIDES:

To revoke:

REGULATION OF THE MINISTER OF TRADE NO. 02/M-DAG/PER/2/2006 DATED FEBRUARY 1, 2006 CONCERNING PROVISIONS ON THE EXPORT OF PRODUCTS OF THE FORESTRY INDUSTRY

To stipulate:

THE REGULATION OF THE MINISTER OF FINANCE REGARDING PROVISIONS ON THE EXPORT OF PRODUCTS OF THE FORESTRY INDUSTRY

Article 1

Referred to in this regulation as:

1. Wooden railway sleepers are timber sawn or cut lengthwise, sliced or peeled, planed or not, polished or not, of a thickness, width and length not restricted, of the timber subsumed into Tariff Heading/HS No. 4406.
2. Sawn Timber is timber sawn or cut lengthwise, sliced or peeled, not planed, not polished, not end-jointed, of a thickness exceeding 6 mm, subsumed in to Tariff Heading/HS No. 4407.
3. Products of the Forestry Industry are processed-timber products and derivatives as well as articles of

rattan as contained in Attachment 1 to this regulation.

Article 2

The wooden railway sleepers (subsumed into HS 4406) as meant in Article 1 point 1 and sawn timber (subsumed into HS 4407) as meant in Article 1 paragraph (2) cannot be exported.

Article 3

The export of the products of the forestry industry as meant in Article 1 point 3 is regulated in accordance with this regulation.

Article 4

- (1) The products of the forestry industry belonging to groups Ex HS 4407, EX HS 4409, Ex HS 4412, Ex HS 4415, EX HS 4418 and Ex HS 9406 only can be exported if the technical criteria as contained in Attachment II to this regulation are fulfilled.
- (2) Exception from the provision regulated in Attachment II to this regulation is stipulated by the Minister of Trade after securing consideration from the a team set forth by the Minister of Trade.

Article 5

- (1) The products of the forestry industry as meant in Article 1 point 3 only can be exported by forestry manufactures already recognized as Approved Exporters of Products of the Forestry Industry (ETPK) by the Director General of Foreign Trade of the Ministry of Trade.
- (2) Forestry Manufactures which can be recognized as ETPK are forestry manufactures already securing business license issued on the basis of legislation in force and fulfilling the requirements stipulated in this regulation.

Article 6

- (1) In order to secure recognition as ETPK, forestry manufactures must submit a written application to the Director General of Foreign Trade, Ministry of Trade.

- (2) The application as meant in paragraph (1) must be accompanied by the following documents:
- Protocol of Physical Inspection of Industry and recommendation from technical institution in charge of forestry industry affairs in regions, in accordance with the provisions in force;
 - Copy of industrial license;
 - Copy of corporate registry number (TDP);
 - Copy of taxpayer code number (NPWP); and
 - Copy of notary deed of the establishment of company and amendment(s) in accordance with the provisions in force.

(3) The Director General of Foreign Trade issues approval or rejection of the application as meant in paragraph (1) in not later than 10 (ten) working days as from the date of receipt of application.

(4) Forestry manufactures already securing recognition as ETPIK are obliged to convey every change in data contained in the documents as meant in paragraph (2) in not later than 30 (thirty) days as from the change.

Article 7

(1) Verification of legitimacy of documents, existence of companies, export activities and production in accordance with the owned license as well as provisions in force can be applied to companies already securing recognition as ETPK.

(2) The verification as meant in paragraph (1) is executed by officials of the Directorate General of Foreign Trade of the Trade Ministry, Directorate General of Agro and Chemical Industries of the Industrial Trade and Directorate General of Forestry Production Development of the Forestry Industry in coordination and/or independent surveyors stipulated by the Minister of Trade.

(3) Results of the verification as meant in paragraph (1) are mentioned in the form of a Report on Results of Verification of ETPIK (LHV ETPIK).

(4) LHV ETPIK as meant in paragraph (3) is conveyed in not later than 30 (thirty) days after the verification to the Director General of Foreign Trade of the Trade Ministry.

(5) Technical Procedures for the Verification as meant in paragraph (1) are regulated further by a regulation of the Director General of Foreign Trade, Ministry of Trade.

Article 8

(1) The export of products of the forestry industry subsumed into HS 4408, HS 4410 and Ex HS 4412 (especially for plywood) is realized on the basis of Cost & Freight (C&F), Cost Insurance and Freight (CIF) as well as the payment is realized through banking institution.

(2) The export of products of the forestry products subsumed into HS 4407, HS 4408, HS 4409, HS 4411, HS 4412, HS 4413, HS 4415, HS 4418, Ex. HS. 4421.90.99.00 (especially for wooden pavingblock), HS 9406.00.92.00 must secure endorsement from the Forestry Industry Revitalization Board (BRIK).

(3) The document of endorsement as meant in paragraph (2) is used as customs complementary document required for registration of Export Declaration (PEB) or Customs Declaration of Single Administrative Document (PP SAD) for customs service offices already applying the system.

(4) Technical procedures for endorsement by BRIK are regulated further by a regulation of the Director General of Foreign Trade of the Trade Ministry.

(5) BRIK is obliged to report the implementation of endorsement in not later than the 15th of the ensuing month to the Minister of Trade, in this case the Director General of Foreign Trade with a copy made available to the Director General of Agro and Chemical Industries of the Industrial Trade and Director General of Forestry Production Development of the Forestry Industry.

Article 9

- (1) The export of products of the forestry industry subsumed into HS 4407, HS 4409, EX HS 4412 (especially for laminated wood), HS 4415, HS 4418 and Ex HS 9406 (especially for wooden pre-fabricating structure) is subjected to technical verification/surveillance.
- (2) The technical verification/surveillance as meant in paragraph (1) is executed by independent surveyors stipulated by the Minister of Trade.
- (3) The surveyors as meant in paragraph (2) must have technical capability in the verification of products of the forestry industry as well as broad service networks in Indonesia's territory.
- (4) Costs arising from the technical verification/surveillance as meant in paragraph (1) are borne by the government.
- (5) Results of the technical verification/surveillance as meant in paragraph (1) are mentioned in the form of a Surveyor Report (LS) to be used as a customs complementary document required for registration of Export Declaration (PEB) or Customs Declaration of Single Administrative Document (PP SAD) for customs service offices already applying the system.
- (6) The report on results of the technical verification/surveillance as meant in paragraph (5) must be conveyed by surveyors in not later than the 15th of the ensuing month to the Director General of Foreign Trade with a copy made available to the Director General of Agro and Chemical Industries of the Industrial Trade and Director General of Forestry Production Development of the Forestry Industry.
- (7) Technical Procedures for the technical verification/surveillance as meant in paragraph (1) are regulated further by the Director General of Foreign Trade, Ministry of Trade.

Article 10

- (1) Forestry manufactures already recognized as ETPIK

as meant in Article 5 are obliged to report:

- a. Annual Production Plan;
- b. Realization of Semester Production;
- c. Annual Export Plan;
- d. Realization of Semester Export.

- (2) The reports as meant in paragraph (1) is conveyed to the Director General of Foreign Trade with a copy made available to the Director General of Agro and Chemical Industries of the Industrial Trade and Director General of Forestry Production Development of the Forestry Industry by using the formats of report as contained in Attachments III, IV, V and VI to this regulation.

Article 11

Recognition as ETPIK as meant in Article 5 is frozen if manufactures holding ETPIK and/or executives/directors of the manufactures holding ETPIK:

- a. do not undertake production and export in a period of one year;
- b. do not fulfill the obligation as meant in Article 10 in one year;
- c. do not fulfill the obligation as meant in Article 6 paragraph (4) in 30 (thirty) days after the change in the data; or
- d. are in the course of investigation by the authorized investigators because they are allegedly committing crime related to the misuse of ETPIK and/or violating the effective provisions in the export sector.

Article 12

The frozen recognition as ETPIK as referred to in Article 11 can be re-activated if manufactures holding ETPIK and/or executives/directors of manufactures holding ETPIK:

- a. resume production and plan to export;
- b. in not later than 30 (thirty) days as from the freezing, have fulfilled the obligation as meant in Article 10;
- c. have been issued with order to discontinue investigation into the allegation as meant in Article 11 letter d; and
- d. are declared guilty/exempt from all legal charges on the basis of a legally fixed decision.

Article 13

Article 13

Recognition as ETPIK as meant in Article 5 is revoked if manufactures holding ETPK and/or executives/directors of manufactures holding ETPIK:

- a. based on their application, discontinue production and export;
- b. do not fulfill the obligation as meant in Article 10 in 30 (thirty) days as from the date of freezing;
- c. based on results of the verification as meant in Article 7 paragraph (1), are proven not complying with the owned license;
- d. are declared guilty by the court for crime related to the misuse of ETPIK and/or violation of provisions in the export field by a legally fixed court decision; or
- e. have had their ETPIK frozen twice and fulfilled reason for re-freezing.

Article 14

(1) The freezing, re-activation and revocation of ETPIK as meant in Articles 11, 12 and 13 are executed by the Director General of Foreign Trade, Ministry of Trade.

(2) The Director General of Foreign Trade conveys notification about the freezing, re-activation and revocation of ETPIK as meant in paragraph (1) to holders of ETPIK with a copy made available to the Director General of Agro and Chemical Industries of the Industrial Trade, Director General of Forestry Production Development of the Forestry Industry and the Forestry Industry Revitalization Board (BRIK).

Article 15

(1) Surveyors violating the provision as meant in Article 9 paragraph (6) are subjected to sanction in the form of revocation of right to receive service fee from the executed verification in the month, which is not reported.

(2) BRIK violating the provision as meant in Article 8 paragraph (5) is subjected to administrative sanction in the form of written warning.

Article 16

The export of products of the forestry products, in the form of samples, substances of research and goods for the need of overseas exhibition is excepted from the provisions in this regulation after securing approval from the Director General of Foreign Trade, Ministry of Trade.

Article 17

Technical provisions on this regulation can be regulated further by the Director General of Foreign Trade, Ministry of Trade.

Article 18

Recognition as ETPIK issued before the issuance of this regulation applies as long as it does not contravene the provisions in this regulation.

Article 19

The regulation comes into force 2 (two) months as from the date of stipulation.

For public cognizance, the regulation shall be placed in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
On February 14, 2007
THE MINISTER OF TRADE
Sgd
MARI ELKA PANGESTU

FORESTRY-INDUSTRY PRODUCTS SUBJECTED TO ETPIK

NO	TARIFF HEADINGS (HS)	DESCRIPTION OF GOODS
1.	Ex 4401 and Ex 4404	Timber chips
2.	Ex 4407	Sawn timber already processed further by leveling the four sides so as to have flat and fine surface, of a thickness exceeding 6 mm (S4S)
3.	Ex 4407	Processed wood obtained by jointing sawn timber already dried and planed in the four sides after finger jointing, of thickness exceeding 6 mm
4.	4408	Veneer sheets and sheets for plywood (whether or not spliced) and other sawn lengthwise, sliced or peeled, whether or not planed
5.	4409	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (fongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed
6.	4410	Particle board and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances
7.	4411	Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic binding substances
8.	4412	Plywood, veneered panels and similar laminated wood
9.	4413.00.00.00	Densified wood, in blocks, plates, strips or profile shapes
10.	4414.00.00.00	Wooden frames for paintings, photographs, mirrors or similar objects
11.	4415	Packing cases, boxes, crates, drums and similar packings, of woods, cable drums of wood, pallets, box pallets and other load boards, of wood
12.	4416	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves
13.	4417	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood, boot or shoe lasts and trees, of wood
14.	4418	Builders' joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes
15.	4419.00.00.00	Tableware and kitchenware of wood
16.	4421.90.20.00	Match splints
17.	Ex. 4421.90.99.00	Paving blocks of wood
18.		Sandal wood and articles of sandal wood
19.	4601.22.00.00	Mats and curtains of rattan
20.	4602.12.00.00	Baskets and plaited materials of rattan
21.	9401.51.00.00	Rattan chairs
22.	9401.61.00.00	Other seats with wooden frames, given covering layer
23.	9401.69.00.00	Others (other seats of wooden frames, not given covering layer)
24.	9403.30.00.00	Wooden furniture of a kind used in office
25.	9403.50.00.00	Wooden furniture of a kind used in kitchen
26.	9403.50.00.00	Wooden furniture of a kind used in bedroom
27.	9403.60.00.00	Other wooden furniture
28.	9403.81.00.00	Bedroom, dining room and family room appliances, of rattan
29.	9403.90.00.00	Parts of wooden furniture
30.	9406.00.92.00	Pre-fabricating structure of wood

ATTACHMENT II

TECHNICAL CRITERIA FOR
DETERMINING FORESTRY-INDUSTRY PRODUCTS
WHICH CAN BE EXPORTED

1. Size and Processed Degree

a. Processed wood in the form of S4S (including HS 4407) must be in the form of processed wood products resulting from sawn timber already dried and leveled on the four sides so as to have flat and smooth surface with the flat size not exceeding 4,000 mm.

b. Derivative processed wood of S4S in the form of E2E, E3E and E4E (including HS 4409), of a size not exceeding 4,000 mm²

c. Finger jointed (including HS 4407)

Must be in the form of processed wood obtained by jointing sawn-timber already dried and sanded on the four sides after finger jointing with the provision that the length of every jointed piece does not exceed 1,000 mm with the size of every jointed piece not exceeding 15,000 mm

d. Laminated board (jointed board) (including HS 4412):

Processed wood resulting from jointing two pieces of wood towards the wide side by mean of pressing by binding substance with the provision as follows:

- Width of every piece not exceeding 80 mm;
- Thickness of every piece not exceeding 40 mm;
- Length of every piece not exceeding 1,000 mm.

e. Laminated Block (including HS 4412)

Processed wood resulting from the jointing of pieces of wood towards the thick side by means of pressing by using binding substances with the provision as follow:

- Width of every piece not exceeding 150 mm;
- Thickness of every piece not exceeding 40 mm.

f. Decorative profile (Including HS 4409)

Processed wood resulting from the shaping of sawn timber by moulder in such a way so as to display decorative function and be directly visible without changing the shape, unless otherwise cutting in accordance with the required length, with the provision as follows:

1) Size:

- Width not exceeding 170 mm
- Thickness not exceeding 75 mm

2) Decorative profile of the broad shape

- Decorative minimally a half of the wide shape on one side;
- Thickness not exceeding 25 mm, decorative depth minimally 3 mm
- Thickness exceeding 25 mm up to 50 mm, decorative depth minimally 6 mm;
- Thickness over 50 mm up to 75 mm, decorative depth minimally 10 mm

3) Decorative profile of the thick shape:

- Decorative minimally a half of the thick shape on one side;
- Width not exceeding 50 mm, decorative depth minimally 3 mm
- Width exceeding 50 mm up to 80 mm, decorative depth minimally 6 mm;
- Width over 80 mm up to 100 mm, decorative depth minimally 15 mm
- Width over 100 mm up to 170 mm, decorative depth minimally 20 mm

Decorative profile having the size of less than 1,000 mm² is not subjected to the provisions in the size and depth of decorative.

g. Profile wood for Door Jamb or Window Jamb, including HS 4409:

With the provision as follows:

- Thickness not exceeding 30 mm
- Width not exceeding 120 mm

h. Profile wood for Door Frame or Window Frame, including HS 4409:

With the provision as follows:

- Thickness not exceeding 60 mm
- Width not exceeding 200 mm

i. Wall Panel, Flooring (including HS 4409)

Of the width not exceeding 150 mm and thickness not exceeding 25 mm in the form of tongue and groove, with the provision as follows:

- Width not less than 50 mm, having depth of groove and height of tongue minimally 2 mm;
- Width 50 mm up to 100 mm, having depth of groove and height of tongue minimally 3 mm;
- Width exceeding 100 mm up to 150 mm, having depth of groove and height of tongue minimally 3 mm;

j. Decking (including HS 4409)

Of a thickness not exceeding 35 mm and width not exceeding 200 mm with the provision as follows:

- Thickness not less than 20 mm, having groove depth minimally 2 mm;
- Thickness of 20 mm up to 35 mm, having groove depth minimally 4 mm

Minimally a half of the wide surface must be given groove along the wood.

k. Flooring for Truck, Container, Ship Deck, Wagon (including HS 4409):

Must use shiplap or tongue or groove, accompanied by technical specification picture with the provision as follows:

1) In the form of tongue and groove:

- Width not exceeding 220 mm;
- Thickness not exceeding 50 mm;
- Height of tongue and groove minimally 5 mm

2) In the form of shiplap:

- Width not exceeding 120 mm;
- Thickness not exceeding 50 mm;

- Height of tongue and groove minimally 5 mm

Especially for pole, main sill, cross sill and truck body, they must be accompanied by picture containing technical specification completely and must be exported along with their flooring.

l. Box and board pallets (including HS 4415):

Must be in the installed condition.

m. Elements of wooden structure (including HS 4418), which constitutes an integrated unit of the structure:

Must be in the form of a set of structure elements accompanied by picture of technical specification completely without changing the shape and cutting it.

n. Prefabricating structure of wood (including HS 9406):

Must be in the form of a set of pre-fabricating structure elements accompanied by picture of technical specification completely without changing the shape and cutting it.

2. Tolerable size and reject as well as water content

a. All sizes of the exported processed wood are given tolerable limit as follows:

- Thickness not exceeding 0.5 mm;
- Width not exceeding 1 mm;
- Length not exceeding 50 mm

b. Tolerable machine defect is not exceeding 5% of the total exported volume.

c. The processed wooden products as regulated in point 1 have water content not exceeding 16%, except for decking, truck flooring, ship deck, wagon and pallet, not subjected to restriction of water content.

