Forests

Criminal Neglect
Failings in enforcement undermine efforts to stop illegal logging in Indonesia

January 2021
ACKNOWLEDGEMENTS
This report was written by the Environmental Investigation Agency (EIA) and Kaoem Telapak (KT). This document has been produced with the financial assistance of the Foreign, Commonwealth and Development Office (FCDO) and the Waterloo Foundation. The contents are the sole responsibility of EIA and KT.
Design: www.designsolutions.me.uk

ABOUT EIA
EIA investigates and campaigns against environmental crime and abuse. EIA’s undercover investigations expose transnational wildlife crime, with a focus on elephants, pangolins and tigers, and forest crimes such as illegal logging and deforestation for cash crops like palm oil. EIA works to safeguard global marine ecosystems by addressing the threats posed by plastic pollution, bycatch and commercial exploitation of whales, dolphins and porpoises. Finally, EIA reduces the impact of climate change by campaigning to eliminate powerful refrigerant greenhouse gases, exposing related illicit trade and improving energy efficiency in the cooling sector.

ABOUT KAOEM TELAPAK
KT is an environmental non-governmental organisation (NGO) working across forestry, agriculture, fisheries and rights of local communities and indigenous peoples. KT is working to strengthen governance in these broad overlapping areas, including monitoring illegal and illicit activities, and communicating the findings. In 2016, KT grew out of Telapak, which was originally founded in 1996. KT is a member-based organisation.

EIA UK
62-63 Upper Street, London N1 ONY UK
T: +44 (0) 20 7364 7960
E: ukinfo@eia-international.org
eia-international.org

Kaoem Telapak
Jln. Sempur No. 5 RT 02/RW 01
Sempur, Kecamatan Bogor,
Jawa Barat 16129, Indonesia
T: +62 251 857 4842
E: kaoem@kaoemtelapak.org
kaoemtelapak.org

EIA US
PO Box 53343
Washington DC 20009 USA
T: +1 202 483 6621
E: info@eia-global.org
eia-global.org

Environmental Investigation Agency UK
UK Charity Number: 1182208
Company Number: 07762880
Registered in England and Wales

CONTENTS
Glossary / list of acronyms 4
Overview 5
Context 7
Efforts to address illegal logging in Indonesia 10
Enforcement actions by Indonesian authorities against traders of illegally logged merbau 15
Inconsistencies in enforcement 19
Conclusions and recommendations 26
Appendix 28
References 30

CRIMINAL NEGLECT
Indonesia's long-running problem with illegal logging has had devastating impacts. Illegal loggers and traders have particularly focused on high value timber species such as merbau. In recent years, however, the Indonesian Government, with support from civil society, has made significant efforts to combat this destructive crime.

In 2017 the Environmental Investigation Agency (EIA) and its Indonesian partner Kaoem Telapak (KT) started an investigation into illegal logging of merbau in Papua and West Papua and its trade to Surabaya (East Java) and beyond. Soon after the investigation started, the Indonesian Government increased its enforcement efforts in that area.

These enforcement efforts, which started in early 2018 and lasted for just over 12 months, were notable for various reasons, including the large number of companies caught up in the enforcement, the amount of merbau timber seized and the penalties handed out to the criminals, including jail time for company owners and directors.

The EIA and KT investigations worked to not only expose criminal activities in the forest, but also exposed the role and drivers of the associated trade. We monitored enforcement actions and the judicial process that followed.

Below: Natural forest in Indonesia.
Our findings uncovered inconsistent enforcement and a lack of information from the authorities of their prosecutions and court cases. Notable concerns include:

- that the Supreme Court returned timber valued at approximately $1.6 million to a convicted illegal timber trader who is still in jail;
- that some of the companies that have been found guilty of trading in illegal timber still hold a SVLK certificate. This certificate is there to confirm that a company has followed the required chain of custody ensuring that the timber in its supply chain is legal;
- some timber trading companies continue to operate despite being ordered to cease operating by the courts;
- the lack of transparency in prosecution and court processes has at times been a benefit to those facing charges. And makes monitoring the process impossible;
- Prosecutors and the courts are not using all the legal tools at their disposal to punish illegal loggers and traders, including using the anti-money laundering law (UU TPPU).

**Context**

The loss of substantial areas of natural forests in Indonesia in recent decades has been well documented, although in the past few years this loss has been less stark than before.

From 2001-19, it lost nearly 27 million hectares of tree cover (equivalent to a larger surface area than the United Kingdom). This has had devastating impacts on the country’s biodiversity and the rights and well-being of local communities and indigenous peoples, as well as for the world’s climate.

This forest loss has affected Indonesia’s provinces in different ways. Papua and West Papua, for example, which contain more than a third of the country’s remaining natural forest, lost more than 900,000 hectares of tree cover from 2001-19. The main causes of forest loss in these two provinces have been logging – legal and illegal – and conversion of natural forests to oil palm plantations. Weak governance is central to this forest loss.

**Recommendations:**

KT and EIA recognise the steps taken by the authorities to combat illegal logging and the associated trade in Indonesia; there are, however, still several areas that need to be improved:

**For Ministry of Environment and Forestry (KLHK):**

- A company that is found guilty of illegal logging must lose its SVLK certificate and not be able to get a new certificate.
- More effective monitoring of the circulation of timber using Nota Angkutan as well as timber entering and leaving the secondary industry is needed.
- The results of DG Gakkum’s investigations should be uploaded to the SILK website, with the information being made available to the public.
- KLHK, and Ministry of Industry and Ministry of Trade must work together to address the use of fake SKSHH documents.

**For prosecutors and courts:**

- The Indonesian Public Prosecution Service should use all available tools and relevant laws such as the anti-money laundering law (UU TPPU).
- Full court decisions must be made publicly available including uploaded on the relevant court decision directory website, and shared in a timely manner.
- Judges and prosecutors must ensure that prosecutions and sentences imposed on illegal logging perpetrators are appropriate and become an effective deterrent.

Above: Sawn merbau timber at PT Mahakam Mandiri Makmur, Surabaya, one of the companies caught in enforcement action of DG Gakkum.

Above: Merbau trees are an ecologically, economically and socially important tree species.
Merbau (Intsia bijuga) is a key timber species in terms of economic, environmental and social values in Papua and West Papua. Merbau is used by the local communities, including indigenous peoples, as material for building houses, while its bark and leaves are used for traditional medicine. Merbau timber is much sought-after. For example, it is exported to China for various uses in high-value products including flooring, furniture and musical instruments. It is estimated that roughly 50 per cent of merbau timber product exports are to China (Figure 1).

Merbau’s high economic value makes it a target for illegal loggers. EIA, working with civil society partners in Indonesia, has been monitoring and reporting on the trade of illegal timber, especially merbau, in Indonesia (Text box 1) for many years.

EIA and KT started another investigation of the illegal trade in merbau in 2017, the main findings of which are presented in this report. The field research, which lasted more than three years, was initiated due to continued circulation of reports of illegal logging of merbau in Papua and West Papua and its trade, including to China. The investigation overlapped with a crackdown against illegal logging by Indonesian authorities. The investigation by EIA and KT also exposed concerns about inconsistent enforcement.

Text box 1.
The work of EIA and KT in fighting illegal logging in Indonesia

EIA and KT™ have been monitoring and reporting on illegal logging in Indonesia for many years. Both have also contributed to policy reforms to bring about effective solutions to address this blight on Indonesia’s forests.

In 2005, EIA and Telapak published The Last Frontier: Illegal logging in Papua and China’s massive timber theft, exposing the massive scale of illegal logging in Papua and how a large volume of the timber was transported to China. The investigation findings shared in the report highlighted how merbau was the main target of the illegal loggers in Papua. At its peak, an estimated 300,000m³ of merbau logs were being transported to China each month. Figure 1 shows that China continues to be the main market for merbau timber products.

EIA and Telapak’s 2010 report Rogue Traders: The murky business of merbau timber smuggling in Indonesia returned to the issue of trade in stolen merbau, highlighting ineffective law enforcement against those responsible for the illegal trade, including the financiers, company bosses and corrupt officials.

Based on the investigation work and continued monitoring of illegal logging, EIA and KT have been advocating the closure of international markets, such as the EU, to the import of illegal wood products as demand for tropical timber is one of the drivers of illegal logging. The work of EIA, KT and other Indonesian partners has done in exposing cases of illegal logging over the years have helped strengthen Indonesia’s regulatory framework to ensure timber legality becomes the backbone of cooperation between Indonesia and the EU to halt the trade in illegal timber.

Figure 1: Top destination countries of merbau timber product exports from Indonesia according to weight (thousand tonnes) (2015 to 2019)

Source: Compilation by EIA and KT from various sources, 2020
In 2005, following the publication of the EIA and Telapak report The Last Frontier (Text box 1), Indonesian President Susilo Bambang Yudhoyono instigated a crackdown on the illegal trade in merbau through Operasi Hutan Lestari II (OHL II)\(^1\). OHL II is seen as being a significant milestone in attempts to eradicate illegal logging in the country.

Another key process in the efforts by authorities to combat illegal logging has been on the policy front. Key to this has been the development of the Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement (VPA) with the EU. The VPA is a bilateral timber trade agreement between the EU and Indonesia and its aim is to guarantee that any timber and timber products exported from a timber-producing country, in this case Indonesia, to the EU come from legal sources. The VPA is designed to assist the partner country put an end to illegal logging by strengthening timber trade regulations and forest governance.

The Indonesia-EU FLEGT VPA was signed in 2013\(^14\), entering into force in 2014. Indonesia issued its first FLEGT licences\(^15\) in 2016. A fundamental component of the VPA is the Timber Legality Verification System (Sistem Verifikasi Legalitas Kayu/SVLK). The SVLK, introduced in June 2009\(^16\), has been implemented since September 2009 and was first revised in 2011\(^17\).

Civil society in Indonesia has played an important role as a watchdog, monitoring and reporting on illegal logging, including in Papua and West Papua. For example, in 2012-13, Jaringan Pemantau Independen Kehutanan (JP IK: Independent Forest Monitoring Network) investigated illegal merbau timber trade in Sorong, West Papua Province which implicated Labora Sitorus, at the time a police officer and owner of the company PT Rotua. The Labora Sitorus case became a spotlight of national mass media, including Metro TV and Tempo, not least because of the wealth he had accrued from illegal logging (Text box 2). His story arguably became a symbol of the fight against illegal logging, including highlighting the inconsistencies in how authorities deal with illegal loggers and traders.

In 2017, the NGO Koalisi Anti Mafia Hutan (the Coalition Against Forest Mafia) exposed seven timber processing companies in Papua for having violated SVLK and timber administration regulation\(^18\) (Regulation of Ministry Environment and Forestry No. P.43/MENLHK-SETJEN/2015 concerning Administration of Timber Forest Product from Natural Resources). In December 2018, Tempo, the Indonesian news magazine, in collaboration with three national NGOs (Auriga Nusantara Indonesian, Indonesian Corruption Watch and Migrant CARE) investigated illegal logging activities in Papua and West Papua. The investigation observed illegal logging activities and forging of documents to legalise the illegal merbau timber, thus allowing it to be transported to companies in Surabaya\(^2\).

In 2013, Labora Sitorus was a senior member of the Indonesian police force and the owner of the company PT Rotua. That year, police confiscated 2,264 m\(^3\) of illegal merbau timber found in 115 shipping containers being sent from Sorong to Surabaya, East Java. The timber was linked to Sitorus. The value of the merbau was estimated at IDR 80 billion ($835,000\(^18,19\)).

In their follow up investigations, the authorities also seized various items as evidence, including container ships and more than 7,600 m\(^3\) of timber products. Further investigation by the Indonesian Financial Transaction Analysis Reporting Centre (PPATK) uncovered Labora Sitorus’ ill-gotten gains from his illegal activities, including bank accounts containing roughly IDR 1.5 trillion ($123,000,000).

Initially, Sitorus was charged with illegal logging and money laundering, but the Sorong District Court found him guilty only of illegal logging, sentencing him to just two years in prison and a fine of IDR 80 million ($4,400). The state prosecutors lodged an appeal to the Papua High Court in May 2014 and he was subsequently found guilty of money laundering. He was sentenced to another eight years in prison, with an additional fine of IDR 52 million. The state prosecutors felt the punishments were still too lenient and lodged a further appeal, this time with the Indonesian Supreme Court. In September of that year, Sitorus was ordered by the Court to serve a total of 10 years in prison and fined him IDR 5 billion ($510,000).

In 2017, the NGO Koalisi Anti Mafia Hutan (the Coalition Against Forest Mafia) exposed seven timber processing companies in Papua for having violated SVLK and timber administration regulation\(^18\) (Regulation of Ministry Environment and Forestry No. P.43/MENLHK-SETJEN/2015 concerning Administration of Timber Forest Product from Natural Resources). In December 2018, Tempo, the Indonesian news magazine, in collaboration with three national NGOs (Auriga Nusantara Indonesian, Indonesian Corruption Watch and Migrant CARE) investigated illegal logging activities in Papua and West Papua. The investigation observed illegal logging activities and forging of documents to legalise the illegal merbau timber, thus allowing it to be transported to companies in Surabaya\(^2\).
The story of Yono – an example of the current practices of illegal loggers

EIA and KT’s investigation led them to the border area of Jayapura and Sarmi Regencies (Papua), where they found an illegal merbau logging operation involving various brokers and many companies, as well as numerous corrupt Government officials. At the heart of the operation was an illegal logging coordinator known as Yono.

The investigation found that Yono was buying timber from the Ondoafis (head of a tribe or clan) from various tribes in Bonggo District, Sarmi Regency. The regulations in Papua (Pergub No 18/2010) allows indigenous peoples to cut trees on their land, but only for their own consumption and public work. The timber cannot be used for commercial purposes, including supplying industries. In other words, the timber was being harvested illegally. Yono was buying the merbau to order for various brokers. He shared the nicknames of the brokers: Atyang, Ambang, Budi (Yono’s brother), Kadir and Lasdi.

Yono prioritised harvesting mature trees, buying them as standing trees from the Ondoafis. He would then bring in a team of loggers who would build a camp and stay up to 30 days in the forest. The investigators observed six logging camps in total, three of which were still in use. It is estimated that each logging camp would handle between 15-25m³ of sawn merbau each day.

Yono would sell the sawn merbau timber to the brokers, but he was also responsible for transporting the merbau to companies. He disclosed that the companies were PT Harapan Bagot, CV Harapan Indah, PT Rajawali Papua Foresta, and PT Sijas Express Unit II in Nimbokrang district and PT Victory Cemerlang Indonesia Wood Industry (CIWI), located in Unurumguay district. When these companies received the timber, they would get the necessary transportation documents (Statement of Timber Forest Product

Enforcement actions by the authorities in 2018 and 2019, including by the Directorate General on Law Enforcement for the Ministry of Environment and Forestry (DG Gakkum), impacted not only Yono’s operations but also, according to him, other illegal loggers operating in the area.

During the investigation by EIA and KT, it became clear that it was increasingly difficult to transport illegal timber. Additionally, brokers were being extremely cautious even though they had already bribed some forestry officers and police in Jayapura. Yono stopped all merbau tree felling in January 2019 as he had no buyers. The operations by DG Gakkum did not target the illegal loggers, so Yono’s activities were not directly investigated.

Despite Yono having stopped his illegal logging operations because of many of his buyers being caught up in the enforcement actions (Tables 2 and 5), his story continues to be of concern. The issues include:

- the benefits accrued by Ondoafis from the illegal logging, contravening the law but also stealing from their own communities;
- the ability of Yono and the brokers to bribe Government officials;
- the ability to greenwash the illegal merbau so it can enter the legal timber supply chain;
- the fact that Yono was not directly caught up in the enforcement leaving him to enjoy the benefits of his crimes and continue illegal logging when the buyers return.
The aim of these operations was to further restrict illegal logging of merbau and its trade in Kaimana and Sorong Regencies (West Papua), Nabire Regency and Jayapura Regency (East Papua). The enforcement operations were notable for various reasons, including their scale, the numerous agencies involved and the punishments handed out, but also the inconsistencies. The crackdown coincided with the investigation by EIA and KT into illegal logging of merbau and its trade from Papua and West Papua.

Enforcement actions by Indonesian authorities against traders of illegally logged merbau

The Indonesian authorities have conducted various enforcement actions in recent years. These included a crackdown by DG Gakkum, which started in January 2018 and lasted about a year.

Enforcement action by DG Gakkum Papua. March 2018

In March 2018, DG Gakkum and local police seized 21 containers of merbau in Kaimana Port, Papua. The containers were seized as they did not have the relevant documents.

The investigation by DG Gakkum and local police found that the consignee was the company CV Duta Layar Terkembang, which was

Environmental Investigation Agency and Kaoem Telapak

6,000m³ fall under their jurisdiction. Despite efforts by EIA and KT, it was not possible to determine what, if any, subsequent action was taken against those companies included in the Post Audit. EIA and KT were unable to find any notices of follow up action, despite frequent requests to DG Gakkum and DG PHPL. The lack of transparency and apparent follow up action was a common feature of the enforcement actions.

An additional concern of the Post Audit Operation was that despite the question of illegality of the merbau timber being traded by these 10 companies, no timber was seized by authorities during enforcement. This was because those conducting the Post Audit Operation did not have the mandate to seize illegal timber.

Therefore, it was possible that illegal merbau timber was able to enter the legal supply chain, including achieving a FLEGT licence for export to the EU.

Table 1: PT. Bahtera Setia's merbau suppliers in Papua, West Papua and Maluku which were caught up in enforcement actions in late 2018 and early 2019.

<table>
<thead>
<tr>
<th>No</th>
<th>Company Name</th>
<th>Location (province)</th>
<th>Involvement in enforcement actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>CV Maridjo</td>
<td>West Papua</td>
<td>December 2018. Timber seized as part of DG Gakkum enforcement.</td>
</tr>
<tr>
<td>5</td>
<td>CV Mandiri Perkasa</td>
<td>Papua</td>
<td>November 2018. Included in DG Gakkum and DG PHPL Post Audit Operation.</td>
</tr>
<tr>
<td>6</td>
<td>PT Intico Pratama</td>
<td>Papua</td>
<td>November 2018. Included in DG Gakkum and DG PHPL post audit list.</td>
</tr>
<tr>
<td>9</td>
<td>CV Klalin Indah Furniture</td>
<td>West Papua</td>
<td>December 2018. Timber seized as part of DG Gakkum enforcement.</td>
</tr>
</tbody>
</table>

Source: Information from informant within KLHK 2018

acting as an intermediary. The shipment was destined for PT Bahtera Setia, which owned a depot for processed wood in Gresik, near Surabaya, East Java.

EIA and KT found PT Bahtera Setia had received merbau timber from 25 companies in Papua, West Papua and Maluku, nine of which were caught up in enforcement actions during 2018-19 (Table 1).

EIA and KT also found that PT Bahtera Setia was selling merbau to 49 companies in Surabaya and Gresik. This information was shared with DG Gakkum but it is unclear what, if any, enforcement action was taken against these buyers. As of December 2018, PT Bahtera Setia has ceased its timber trading activities.

Post audit – Jayapura, Papua, November 2018

In August 2018, the Ministry of Environment and Forestry (KLHK) assembled a team from DG Gakkum and Directorate General of Sustainable Management of Production Forest (DG PHPL) to conduct post audits of primary timber industries in Papua with a processing capacity of under 6,000m³ per year. The focus on the smaller processing plants reflected concern that they were a hub for processing illegal timber.

The Post Audit Operation focused on Jayapura Regency (Papua). The Post Audit found that 10 companies had committed serious violations of illegal logging regulations. Specifically, the companies were found to have received illegal merbau timber. According to a contact in the KLHK they had used one document for processed timber (SKSHHK) multiple times for different merbau consignments, where the traders of illegal timber duplicated the SKSHHK document that was issued through the SIPUHH online.

The findings of the Post Audit were handed to the provincial and regency authorities (Papua Province Forestry Office and Jayapura Regency Forestry Service) as, according to the regulation, industries below

CRIMINAL NEGLECT
In December 2018 and January 2019, DG Gakkum followed up on the findings from the Post Audit Operation and conducted another crackdown against illegal trade of merbau, this time focusing on Surabaya (East Java) and Makassar (South Sulawesi).

In total, 384 shipping containers holding 6,489m³ of merbau sawn logs were seized in Tanjung Perak Port (Surabaya) and Soekarno Hatta Port (Makassar). The seized timber is still impounded by DG Gakkum.

The sawn logs were owned by 21 companies (Table 2). The value of the seized merbau, which originated from Papua and West Papua, would be roughly IDR 78 billion ($7,720,000). The shipments were accompanied by SKSHHK and Nota Angkutan® (“Timber Transportation Invoice”) documents, but some of the information provided was fabricated, including the timber origin, thereby making the timber illegal. The misuse of the Nota Angkutan was already noted back in 2014 in research by CIFOR and in the Second Periodic Evaluation of the FLEGT VPA conducted in 2019. The latter noted that it is a loophole that allows for illegal timber to enter the supply chain.

According to documents from the courts, three of the companies – CV Alco Timber Irian, PT Rajawali Papua Foresta and PT Mansinam Global Mandiri—were selling illegal timber to 26 companies in Surabaya (see appendix). The estimated total volume of the merbau sold by these three was 2,308.9m³, which would be valued at roughly IDR 27.7 billion ($1.9 million). None of the companies buying the illegal timber were prosecuted in the enforcement operations during this period.

### Table 2: Overview of Post Audit Operation by DG Gakkum and DG PHPL in November 2018 and enforcement operations by DG Gakkum in December 2018 and January 2019 in Surabaya (East Java) and Makassar (South Sulawesi)

<table>
<thead>
<tr>
<th>Company</th>
<th>Province</th>
<th>Post Audit Operation, Nov 2018</th>
<th>Timber seized (m³) in DG Gakkum Operation in Surabaya, 8 Dec 2018</th>
<th>Timber seized (m³) in DG Gakkum Operation, in Surabaya, 4 &amp; 7 Jan 2019</th>
<th>Timber seized (m³) in DG Gakkum Operation in Makassar, 5 Jan 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CV Mandiri Perkasa</td>
<td>Papua</td>
<td>✓</td>
<td>418.43</td>
<td>59.09</td>
<td>57.11</td>
</tr>
<tr>
<td>2 PT Intico Pratama</td>
<td>Papua</td>
<td>✓</td>
<td>241.7</td>
<td>53.79</td>
<td>20.63</td>
</tr>
<tr>
<td>3 PT Victory CIVU Unit II</td>
<td>Papua</td>
<td>✓</td>
<td>10.2</td>
<td>52.31</td>
<td>29.26</td>
</tr>
<tr>
<td>4 CV Edom Arika Jaya</td>
<td>Papua</td>
<td>✓</td>
<td>234.5</td>
<td>156.61</td>
<td>95.05</td>
</tr>
<tr>
<td>5 CV Mevan Jaya</td>
<td>Papua</td>
<td>✓</td>
<td>27.0</td>
<td>156.61</td>
<td>29.26</td>
</tr>
<tr>
<td>6 CV Rizki Mandiri Timber</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>7 PT Harangan Bagot</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>8 CV Harapan Indah</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>9 PT Mansinam Global Mandiri</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>10 PT Rajawali Papua Foresta</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>11 PT Sijas Ekpress Unit II</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>12 PT Papia Hutan Lestari Makmur</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>13 CV Irian Hutama</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>14 CV Persada Papua Mandiri</td>
<td>Papua</td>
<td>✓</td>
<td>955.5</td>
<td>514.7</td>
<td>29.26</td>
</tr>
<tr>
<td>15 CV Alco Timber Irian</td>
<td>West Papua</td>
<td>✓</td>
<td>26.71</td>
<td>131.67</td>
<td>27.09</td>
</tr>
<tr>
<td>16 PT Hartawanindo Timber</td>
<td>West Papua</td>
<td>✓</td>
<td>26.71</td>
<td>131.67</td>
<td>27.09</td>
</tr>
<tr>
<td>17 CV Klalin Indah Furniture</td>
<td>West Papua</td>
<td>✓</td>
<td>26.71</td>
<td>131.67</td>
<td>27.09</td>
</tr>
<tr>
<td>18 CV Sorong Timber Irian II</td>
<td>West Papua</td>
<td>✓</td>
<td>26.71</td>
<td>131.67</td>
<td>27.09</td>
</tr>
<tr>
<td>19 CV Maridjo</td>
<td>West Papua</td>
<td>✓</td>
<td>26.71</td>
<td>131.67</td>
<td>27.09</td>
</tr>
<tr>
<td>20 PT Aneka Karya Gemilang</td>
<td>West Papua</td>
<td>✓</td>
<td>26.71</td>
<td>131.67</td>
<td>27.09</td>
</tr>
<tr>
<td>21 CV Anugerah Rimbas Papua</td>
<td>West Papua</td>
<td>✓</td>
<td>26.71</td>
<td>131.67</td>
<td>27.09</td>
</tr>
</tbody>
</table>

Source: Information from KLIHK informant 2019

### Inconsistencies in enforcement

There are clear procedures in Indonesia for prosecuting crimes such as illegal logging.

An investigation by DG Gakkum has a maximum of 90 days before the case is either dropped or handed over to the State or provincial prosecutors. The prosecutors have up to 25 days to either drop the case or file it with the appropriate court.

EIA and KT’s investigation raised numerous concerns about the apparent lack of action against some of the companies:

- no apparent action against the 26 companies found to be buying illegal merbau timber from three of the companies caught up in the enforcement actions in Makassar (South Sulawesi) and Surabaya (East Java), December 2018 to January 2019;
- no apparent action against the 13 companies caught up in the enforcement actions in Makassar (South Sulawesi) and Surabaya (East Java), December 2018 to January 2019;
- no apparent action against the 26 companies found to be buying illegal merbau timber from three of the companies caught up in the enforcement actions in Makassar (South Sulawesi) and Surabaya (East Java), December 2018 to January 2019;
- no apparent action against the 26 companies found to be buying illegal merbau timber from three of the companies caught up in the enforcement actions in Makassar (South Sulawesi) and Surabaya (East Java), December 2018 to January 2019;
- no apparent action against the 26 companies found to be buying illegal merbau timber from three of the companies caught up in the enforcement actions in Makassar (South Sulawesi) and Surabaya (East Java), December 2018 to January 2019;
deemed to be responsible for overseeing their companies’ trade in the illegal timber. In February 2019, six of the seven companies and their staff filed a motion with Makassar Court to get prosecution to drop the case. The motion was rejected by the court. However, after the pretrial process, only four of the companies and their staff were mentioned in the publicly available court verdict. The cases for these four companies and staff were filed in Makassar Court in May 2019 (Tables 3 and 4).

There are guidelines for courts in Indonesia regarding transparency, including sharing information on ongoing and completed cases. For example, the complete court verdict must be made publicly available on the court’s website within two weeks of the verdict being reached. Additionally, the court must also publish trial schedules.

The documents detailing the court verdicts of three of the cases (Toto Solehudin, director of CV Mevan Jaya; Sutarmi, director of CV Rizky Mandiri Timber; and CV Harapan Indah) were not publicly available so it is not possible to know if any action was taken by the court against these companies and their staff. The regulation provides spaces to interested parties to access the verdicts if the courts fail in their duties to make them public. EIA and KT followed the guidance and nearly two years later are still unable to access the verdicts.

For the four cases which did proceed to court, in July 2019 the four directors processed by the Makassar Court as the responsible persons for trading the illegal timbers were sentenced to one year in prison and fined IDR 500 million ($36,000) (Table 4). In addition, the directors of PT Mansinam Global Mandiri and CV Edom Ariha Jaya were also processed at the Surabaya Court, where they were given further punishment (Table 4). They were processed in both Makassar and Surabaya as they were involved in the seizures by DG Gakkum in both locations.

Apart from the four company directors who received sentences in both the Makassar and Surabaya courts, there were three companies – PT Mansinam Global Mandiri CV Edom Ariha Jaya and PT Rajawali Papua Foresta – which were sentenced under Law 18 /2013 relating to corporate crimes. Their penalties included fines and, in two of the cases (CV Edom Ariha Jaya and PT Rajawali Papua Foresta), court-ordered closure of the company (Table 4).

The opaqueness of the court decisions went to the next level regarding the case of Henoch Budi Setiawan (commonly known as Ming Ho), the owner and Director of CV Alco Timber Irnai and CV Sorong Timber Irnai. His companies were caught up in the DG Gakkum operations of December 2018 and January 2019 (Table 2), with both having a total of 1,679.73 m³ of merbau seized.

Table 3: Overview of the follow-up to the enforcement by DG Gakkum in Makassar, January 2019

<table>
<thead>
<tr>
<th>Company and staff member charged</th>
<th>Defendants filed pretrial motion to dismiss the case (February 2019)</th>
<th>State prosecution filed case in Makassar Court (May 2019)</th>
<th>Verdict by pretrial motion publicly available</th>
<th>Case proceeded to court</th>
<th>Verdict of trial publicly available</th>
</tr>
</thead>
<tbody>
<tr>
<td>CV Edom Ariha Jaya. Dedi Tendean (Director)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CV Mevan Jaya. Toto Solehudin (Director)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>CV Rizky Mandiri Timber. Sutarmi (Director)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>PT Harangan Bagot. Budi Antoro (Director)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CV Harapan Indah</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>PT Mansinam Global Mandiri. Daniel Gerden (Director)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>PT Rajawali Papua Foresta. Thonny Sahetapy (Director)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Table 4: Verdicts in Makassar (individual staff) and Surabaya (individual staff and company) courts

<table>
<thead>
<tr>
<th>Director and company</th>
<th>Verdict by Makassar Court (individual staff)</th>
<th>Verdict by Surabaya Court (individual staff)</th>
<th>Verdict by Surabaya Court (Company)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budi Antoro (Director)</td>
<td>24 July 2019 813/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million ($36,000)</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>PT Harangan Bagot</td>
<td>24 July 2019 810/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million ($36,000)</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Daniel Gerden (Director)</td>
<td>24 July 2019 811/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million ($36,000)</td>
<td>24 July 2019 812/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million ($36,000)</td>
<td>27 September 2019 Verdict no: 2179/Pid.B/LH/2019/PN Sby Punishment: 18 months in prison and fine IDR 500 million ($35,000)</td>
</tr>
<tr>
<td>Dedi Tendean (Director)</td>
<td>24 July 2019 815/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million ($36,000)</td>
<td>24 July 2019 816/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million ($36,000)</td>
<td>27 September 2019 Verdict no: 2181/Pid.B/LH/2019/PN Sby Punishment: 18 months in prison and fine IDR 500 million ($35,000)</td>
</tr>
<tr>
<td>CV Edom Ariha Jaya</td>
<td>24 July 2019 817/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million ($36,000)</td>
<td>24 July 2019 818/Pid.Sus/2019/PN Mks Punishment: one year in prison and fine IDR 500 million ($36,000)</td>
<td>27 September 2019 Verdict no: 2182/Pid.B/LH/2019/PN Sby Punishment: 18 months in prison and fine IDR 500 million ($35,000)</td>
</tr>
</tbody>
</table>

*Appeal Verdict no: 47/Pid.Sus-LH/2020/ptsby Punishment: Fine IDR 9 billion ($610,000) and closure of the company*
Importance of using all the tools to prosecute illegal loggers and traders

Illegal logging is a lucrative crime, as demonstrated by the wealth accrued by Labora Sitorus (Text box 2). The income generated by illegal loggers emphasises the need to ensure that all legal instruments are used to punish offenders and that the punishments are proportionate and pose an effective deterrent. EIA and KT’s analyses of the court cases resulting from the DG Gakkumenforcement found that the prosecutors were very narrow in filing charges against the illegal loggers and traders; for example, they failed to charge any of the defendants with money laundering. Sadly, the Sitorus case is one of the few illegal logging cases in Indonesia where the anti-money laundering law (UU TPPU) has also been applied. Indonesian law provides the authority to investigate possible money laundering as a predicate crime. In addition to the legal basis, there is also a strong institutional foundation to address this crime, including the Memorandum of Understanding (MoU) between KLHK and PPA/TK for preventing and eradicating the crime of money laundering in the environmental and forestry sector. The MoU was partly developed to support KLHK in handling forestry crimes such as illegal logging.

With an investigation into a criminal act of money laundering, the proceeds of the crime can be confiscated. The use of anti-money laundering laws would also allow for asset recovery resulting from criminal acts. However, despite these foundations, the use of the anti-money laundering law as part of efforts to halt and deter illegal logging is still not being effectively deployed. Additionally, behind-the-scenes actors such as financial backers and institutions providing services to launder the illicitly accrued funds are also evading punishment for their involvement in illegal logging.

Allowing illegal merbau to enter the legal supply chain

Five of the buyers of illegal merbau (CV Harapan Indah, PT Harangan Bagot, PT Rajawali Papat Foresta, PT Sijas Express Unit II and PT Victory CIWI Unit II) sold by Yono (via his brokers) were also caught in the Post Audit Operation and the enforcement actions by DG Gakkum. These companies held permits as both primary and secondary integrated industries in Jayapura Regency.

A primary integrated industry company must record its use of timber products in the forest products online services to launder the illicitly accrued funds are also evading punishment for their involvement in illegal logging.

The issues found in the various court processes include:

- lack of transparency in the court processes, including failure of the courts to release complete court verdicts;
- lack of follow-up on court verdict, with some companies continuing to operate despite being ordered to close;
- inconsistency, as some companies apparently went unpunished even though their directors were found guilty.

Putting aside the significant reduction of prison time, the decision to return the timber was peculiar. According to KUHAP article 46, there are three points on which seized assets can be returned, none of which seemingly apply to the Ming Ho case. The only document available to the public was the summary decision, the full verdict is not available, so it is not possible to analyse which point is used by the Supreme Court to justify the decision.

The issues found in the various court processes include:

- lack of transparency in the court processes, including failure of the courts to release complete court verdicts;
- lack of follow-up on court verdict, with some companies continuing to operate despite being ordered to close;
- inconsistency, as some companies apparently went unpunished even though their directors were found guilty.

These flaws create a sense of distrust in the system and the institutions, as well as an environment facilitating corruption and undermining the progress made in the fight against illegal logging.
information system SIPUHH®. Based on the regulation for Administration of Timber Forest Products from Natural Resources®, either the SKSHHK or Nota Angkutan document is used to accompany sawn timber transported to the primary industry company to verify its legality. Unfortunately, the Nota Angkutan is not recorded in the SIPUHH online system, therefore it is not possible to verify its reference number and validity. This provides an entry point for illegal sawn timber, such as the merbau supplied by Yono, into the legal supply chain. Additionally, if Yono’s merbau timber is bought by a secondary integrated industry company it is also challenging to verify its legality. This is mainly because there is currently no system to record the timber entering and leaving the secondary industry.

Illegally acquired timber was entering the supply chain using fake Statement of Timber Forest Product Legality and SVLK Certificate. After the crackdown, 13 of the companies had their SVLK certification revoked®. However, four of those 13 companies soon got their SVLK Certificate reissued® (Table 5). Therefore, as of December 2020, 12 of the companies had a SVLK Certificate, meaning they had the right to sell their timber domestically and for export, including to the EU, using V-Legal documents.

Analysis by EIA and KT found companies could get another SVLK Certificate within a few days of their initial certificate being revoked. Those losing their certificate can easily re-register their companies for a SVLK Certificate with another certification body, especially if that body fails to check the records of the company. For example, on 6 March 2019, the SVLK Certificate of CV Alco Timber was revoked by LVLK TRIC Indonesia. This was because the company was not willing to be audited. However, on 11 March 2020, LVLK PT Nusa Kelola Lestari issued a new SVLK Certificate for CV Alco Timber®. KT has already advocated that this is legislated against, but so far no action has been taken.

Additionally, the SILK (Timber Legality Information System)® a web-based portal under the administration of DG PHPL, whose main function is to facilitate getting a V-Legal document as well as provide information about timber legality under SVLK, also has a portal for reporting non-compliance. The non-compliance portal is under-utilised. One such example is that, as of December 2020 the non-compliance findings from the Post Audit and DG Gakkum operations have yet to be published in the System. The findings should be published in SILK to help improve SVLK transparency. This will also support the work of the independent monitors. While SILK is a notable tool in reporting and monitoring non-compliance, it is still not delivering on its full potential, as noted in the Second Periodic Evaluation of the FLEGT VPA, conducted in 2018, which among other things highlighted concerns regarding access to information and the slow updating of the system®.

Another concern is that SVLK non-compliance is addressed under administrative rather than criminal law, with penalties reflecting this. It is not an effective deterrent. Additionally, some of the companies also had FLEGT licences. PT Sijas Express Unit II, PTg Rajawali Papua Foresta, CV Klinain Indah Furniture, CV Sorong Timber Irian II and CV Alco Timber Irian (Table 5). This means that companies involved in enforcement actions by the authorities are still able to export their timber to the EU.

This is centred around the problem of coordination; the secondary industries are regulated by Ministry of Industry (Industry Service Office at provincial or regency levels) while KLHK only regulates from the forest until the Primary Industry and then export point after SVLK implementation by means of the V-Legal Document.

The investigators found that PT Rajawali Papua Foresta exported merbau products to China and PT Victory CIWU Unit II exported merbau products to China, Australia, and Belgium. The possible export of illegal merbau timber products to Belgium is of particular concern, considering the implications for the VPA.

Illegal merbau was entering the supply chain using fake Statement of Timber Forest Product Legality and SVLK Certificate. After the crackdown, 13 of the companies had their SVLK certification revoked®. However, four of those 13 companies soon got their SVLK Certificate reissued® (Table 5). Therefore, as of December 2020, 12 of the companies had a SVLK Certificate, meaning they had the right to sell their timber domestically and for export, including to the EU, using V-Legal documents.

Analysis by EIA and KT found companies could get another SVLK Certificate within a few days of their initial certificate being revoked. Those losing their certificate can easily re-register their companies for a SVLK Certificate with another certification body, especially if that body fails to check the records of the company. For example, on 6 March 2019, the SVLK Certificate of CV Alco Timber was revoked by LVLK TRIC Indonesia. This was because the company was not willing to be audited. However, on 11 March 2020, LVLK PT Nusa Kelola Lestari issued a new SVLK Certificate for CV Alco Timber®. KT has already advocated that this is legislated against, but so far no action has been taken.

Additionally, the SILK (Timber Legality Information System)® a web-based portal under the administration of DG PHPL, whose main function is to facilitate getting a V-Legal document as well as provide information about timber legality under SVLK, also has a portal for reporting non-compliance. The non-compliance portal is under-utilised. One such example is that, as of December 2020 the non-compliance findings from the Post Audit and DG Gakkum operations have yet to be published in the System. The findings should be published in SILK to help improve SVLK transparency. This will also support the work of the independent monitors. While SILK is a notable tool in reporting and monitoring non-compliance, it is still not delivering on its full potential, as noted in the Second Periodic Evaluation of the FLEGT VPA, conducted in 2018, which among other things highlighted concerns regarding access to information and the slow updating of the system®.

Another concern is that SVLK non-compliance is addressed under administrative rather than criminal law, with penalties reflecting this. It is not an effective deterrent. Additionally, some of the companies also had FLEGT licences. PT Sijas Express Unit II, PTg Rajawali Papua Foresta, CV Klinain Indah Furniture, CV Sorong Timber Irian II and CV Alco Timber Irian (Table 5). This means that companies involved in enforcement actions by the authorities are still able to export their timber to the EU.

This is centred around the problem of coordination; the secondary industries are regulated by Ministry of Industry (Industry Service Office at provincial or regency levels) while KLHK only regulates from the forest until the Primary Industry and then export point after SVLK implementation by means of the V-Legal Document.

The investigators found that PT Rajawali Papua Foresta exported merbau products to China and PT Victory CIWU Unit II exported merbau products to China, Australia, and Belgium. The possible export of illegal merbau timber products to Belgium is of particular concern, considering the implications for the VPA.

Illegal merbau was entering the supply chain using fake Statement of Timber Forest Product Legality and SVLK Certificate. After the crackdown, 13 of the companies had their SVLK certification revoked®. However, four of those 13 companies soon got their SVLK Certificate reissued® (Table 5). Therefore, as of December 2020, 12 of the companies had a SVLK Certificate, meaning they had the right to sell their timber domestically and for export, including to the EU, using V-Legal documents.

Analysis by EIA and KT found companies could get another SVLK Certificate within a few days of their initial certificate being revoked. Those losing their certificate can easily re-register their companies for a SVLK Certificate with another certification body, especially if that body fails to check the records of the company. For example, on 6 March 2019, the SVLK Certificate of CV Alco Timber was revoked by LVLK TRIC Indonesia. This was because the company was not willing to be audited. However, on 11 March 2020, LVLK PT Nusa Kelola Lestari issued a new SVLK Certificate for CV Alco Timber®. KT has already advocated that this is legislated against, but so far no action has been taken.

Additionally, the SILK (Timber Legality Information System)® a web-based portal under the administration of DG PHPL, whose main function is to facilitate getting a V-Legal document as well as provide information about timber legality under SVLK, also has a portal for reporting non-compliance. The non-compliance portal is under-utilised. One such example is that, as of December 2020 the non-compliance findings from the Post Audit and DG Gakkum operations have yet to be published in the System. The findings should be published in SILK to help improve SVLK transparency. This will also support the work of the independent monitors. While SILK is a notable tool in reporting and monitoring non-compliance, it is still not delivering on its full potential, as noted in the Second Periodic Evaluation of the FLEGT VPA, conducted in 2018, which among other things highlighted concerns regarding access to information and the slow updating of the system®.

Another concern is that SVLK non-compliance is addressed under administrative rather than criminal law, with penalties reflecting this. It is not an effective deterrent. Additionally, some of the companies also had FLEGT licences. PT Sijas Express Unit II, PTg Rajawali Papua Foresta, CV Klinain Indah Furniture, CV Sorong Timber Irian II and CV Alco Timber Irian (Table 5). This means that companies involved in enforcement actions by the authorities are still able to export their timber to the EU.

Table 5: Overview of the companies caught in Post Audit Operation and DG Gakkum enforcements and status of SVLK licences

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CV Edom Ariha Jaya</td>
<td>PT Ayamaru Sertifikasi</td>
<td>✓ ✓ ✓ ✓</td>
<td>Operating despite being closed by court order</td>
<td>Active® (revoked 26 June 2019, reissued 9 December 2019)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Mevan Jaya</td>
<td>PT Ayamaru Sertifikasi</td>
<td>✓</td>
<td>✓</td>
<td>Unknown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Rizki Mandiri Timber</td>
<td>PT Lambodja Sertifikasi</td>
<td>✓</td>
<td>✓</td>
<td>Unknown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Harangan Bagot</td>
<td>PT Ayamaru Sertifikasi</td>
<td>✓</td>
<td>✓</td>
<td>Unknown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Harapan Indah</td>
<td>PT Ayamaru Sertifikasi</td>
<td>✓</td>
<td>✓</td>
<td>Unknown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Mansimani Global Mandiri</td>
<td>PT Tanstra Permad</td>
<td>✓</td>
<td>✓</td>
<td>Unknown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Rajawali Papua Foresta</td>
<td>PT Ayamaru Sertifikasi</td>
<td>✓</td>
<td>✓</td>
<td>Operating despite being closed by court order</td>
<td>Active® (revoked 21 August 2018, reissued 6 December 2019)</td>
<td></td>
</tr>
<tr>
<td>PT Sijas Express Unit II</td>
<td>PT Ayamaru Sertifikasi</td>
<td>✓</td>
<td>✓</td>
<td>Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Papua Hutan Lestari Makmur</td>
<td>PT Trustindo Prima Karya</td>
<td>✓</td>
<td>Operating</td>
<td>Active</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Irian Hutama</td>
<td>PT Ayamaru Sertifikasi</td>
<td>✓</td>
<td>✓</td>
<td>Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Persada Papua Mandiri</td>
<td>PT Ayamaru Sertifikasi</td>
<td>✓</td>
<td>✓</td>
<td>Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Alco Timber Irian</td>
<td>PT TRIC</td>
<td>✓</td>
<td>Operating</td>
<td>Active (revoked 6 March 2020, reissued 11 March 2020)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Hartawan Indo Timber</td>
<td>PT Mutuagung Lestari</td>
<td>✓</td>
<td>Operating</td>
<td>Active</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Klandin Indah Furniture</td>
<td>PT Sucofindo</td>
<td>✓</td>
<td>Operating</td>
<td>Active®</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Sorong Timber Irian II</td>
<td>PT TRIC</td>
<td>✓</td>
<td>Operating</td>
<td>Active® (revoked 26 June 2019, reissued 23 December 2019)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Maridio</td>
<td>PT Garda Mutu Prima</td>
<td>✓</td>
<td>Not operating</td>
<td>Revoked 12 September 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Aneka Karya Gemilang</td>
<td>PT Garda Mutu Prima</td>
<td>✓</td>
<td>Not operating</td>
<td>Revoked 12 September 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Anugerah Rimba Papua</td>
<td>PT Garda Mutu Prima</td>
<td>✓</td>
<td>Operating</td>
<td>Active</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Victory CIWU Unit II</td>
<td>PT Trustindo Prima Karya</td>
<td>✓</td>
<td>Operating</td>
<td>Active</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Intico Pratama</td>
<td>PT Muti Hijau Indonesia</td>
<td>✓</td>
<td>Not operating</td>
<td>Revoked 7 December 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV Mandiri Perkasa</td>
<td>PT Muti Hijau Indonesia</td>
<td>✓</td>
<td>Not operating</td>
<td>Revoked 7 December 2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Compilation by KT and EIA from various sources 2020
Conclusions and recommendations

The investigation conducted by EIA and KT into illegal logging and trade of merbau coincided with a clampdown on traders of illegal merbau timber by the Indonesian authorities. In response, the investigation also monitored the outcomes of the enforcement action.

While EIA and KT are pleased to see numerous positive results from the crackdown by Indonesian authorities, including several companies and their senior management being punished for trading illegal merbau timber, we have numerous fundamental questions that need to be answered to reassure stakeholders in the timber legality and forest governance sectors in Indonesia. The most notable are:

- Why have more than 50 companies, clearly identified as trading in illegally logged merbau, not been covered by law enforcement?
- Why is the public, including EIA and KT, not allowed access to the verdicts from various court cases when under Indonesian law these verdicts should be publicly available?
- Why are several companies that have been ordered by the courts to cease trading still operating?
- Why are several companies that have been found guilty of trading illegal merbau timber still able to hold an SVLK certificate?
- Why are the prosecutors and courts seemingly reluctant to use the anti-money laundering law (UU TPPU) to punish the illegal loggers?
- Why did the Supreme Court return illegal timber worth approximately $1.6 million to Ming Ho, a convicted trader of illegal merbau timber?
- How is it still possible for traders of illegal timber to use forged Nota Angkutan transportation documents, which allow illegal timber to enter the legal supply chain? This continues to occur despite the fact that previous research and investigations have highlighted this problem.
- How is it still possible that illegal and non-documentated timber still enters the legal supply chain using fake SKSHH documents? Part of the problem appears to be that there is no single authority that is addressing the circulation of fake SKSHH documents.

KT and EIA appreciate the steps taken by the authorities in Indonesia in attempting to eradicate illegal logging; however, there are still several points that need to be improved, namely:

For Ministry of Environment and Forestry (KLHK):
- If a company is found guilty of illegal logging it must lose its SVLK certificate. Furthermore, company directors and owners should be stopped from creating another company and getting a SVLK certificate for that new entity.
- More effective monitoring of the circulation of timber using Nota Angkutan as well as timber entering and leaving the secondary industry is needed.
- The results of the DG Gakkum investigations should be uploaded to the SILK website, with the information being made available to the public.
- KLHK, Ministry of Industry and Ministry of Trade to work together to supervise SKSHH, including stopping the use of fake SKSHH documents.

For prosecutors and courts:
- The Indonesian Public Prosecution Service should use all available tools and relevant laws to prosecute illegal loggers and traders, such as the anti-money laundering law (UU TPPU).
- Full court decisions must be made publicly available including uploaded on the relevant court decision directory website, and shared in a timely manner.
- Judges and prosecutors must ensure that prosecutions and sentences imposed on illegal logging perpetrators are appropriate and become an effective deterrent.

Conclusions and recommendations

The investigation conducted by EIA and KT into illegal logging and trade of merbau coincided with a clampdown on traders of illegal merbau timber by the Indonesian authorities. In response, the investigation also monitored the outcomes of the enforcement action.

While EIA and KT are pleased to see numerous positive results from the crackdown by Indonesian authorities, including several companies and their senior management being punished for trading illegal merbau timber, we have numerous fundamental questions that need to be answered to reassure stakeholders in the timber legality and forest governance sectors in Indonesia. The most notable are:

- Why have more than 50 companies, clearly identified as trading in illegally logged merbau, not been covered by law enforcement?
- Why is the public, including EIA and KT, not allowed access to the verdicts from various court cases when under Indonesian law these verdicts should be publicly available?
- Why are several companies that have been ordered by the courts to cease trading still operating?
- Why are several companies that have been found guilty of trading illegal merbau timber still able to hold an SVLK certificate?
- Why are the prosecutors and courts seemingly reluctant to use the anti-money laundering law (UU TPPU) to punish the illegal loggers?
- Why did the Supreme Court return illegal timber worth approximately $1.6 million to Ming Ho, a convicted trader of illegal merbau timber?
- How is it still possible for traders of illegal timber to use forged Nota Angkutan transportation documents, which allow illegal timber to enter the legal supply chain? This continues to occur despite the fact that previous research and investigations have highlighted this problem.
- How is it still possible that illegal and non-documentated timber still enters the legal supply chain using fake SKSHH documents? Part of the problem appears to be that there is no single authority that is addressing the circulation of fake SKSHH documents.

KT and EIA appreciate the steps taken by the authorities in Indonesia in attempting to eradicate illegal logging; however, there are still several points that need to be improved, namely:

For Ministry of Environment and Forestry (KLHK):
- If a company is found guilty of illegal logging it must lose its SVLK certificate. Furthermore, company directors and owners should be stopped from creating another company and getting a SVLK certificate for that new entity.
- More effective monitoring of the circulation of timber using Nota Angkutan as well as timber entering and leaving the secondary industry is needed.
- The results of the DG Gakkum investigations should be uploaded to the SILK website, with the information being made available to the public.
- KLHK, Ministry of Industry and Ministry of Trade to work together to supervise SKSHH, including stopping the use of fake SKSHH documents.

For prosecutors and courts:
- The Indonesian Public Prosecution Service should use all available tools and relevant laws to prosecute illegal loggers and traders, such as the anti-money laundering law (UU TPPU).
- Full court decisions must be made publicly available including uploaded on the relevant court decision directory website, and shared in a timely manner.
- Judges and prosecutors must ensure that prosecutions and sentences imposed on illegal logging perpetrators are appropriate and become an effective deterrent.
## Appendix

Buyers of illegal timber from CV Alco Timber Irian, PT Rajawali Papua Foresta and PT Mansinam Global Mandiri in Surabaya

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Buyer in Surabaya</th>
<th>Volume (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CV Alco Timber Irian</td>
<td>PT Jasa Mulya Abadi Raya (6 containers)</td>
<td>121.2</td>
</tr>
<tr>
<td></td>
<td>CV Cipta Karya (29 containers)</td>
<td>568.8</td>
</tr>
<tr>
<td>PT Rajawali Papua Foresta</td>
<td>PT Kayan Jaya Tanjung, PT Woodtech Chendramas, PT Kresni Marantindus, PT Achmadi Pasca Perintis, PT Foresindo Sumber Alam Jaya, CV Corina Artha Kencana, CV Gavra Perkasa, PT ISWA Timber, PT Sinar Kayu Abadi</td>
<td>466.5</td>
</tr>
<tr>
<td>PT Mansinam Global Mandiri</td>
<td>UD Takoim, PT Tropical Timber, PT Kwalitas Cipta Utama, UD Karya Mandiri, PT Mahakam Mandiri Makmur, Tony Helmi Makmun, CV Chorina Arta Kencana, PT Asmro Karya Utama, CV Surya Indah Pratama, CV Cahaya Mulya, CV Lintas Bangun Perkasa, UD Khatulistiwa Anugrah, Abdulrahman, PT Chorithian Industri Indonesia, CV Surabaya Trading &amp; Co</td>
<td>241.1, 201.7, 174.0, 97.4, 78.5, 62.3, 57.8, 43.3, 42.8, 41.3, 23.5, 22.1, 18.5, 16.2, 15.9</td>
</tr>
</tbody>
</table>

Source: Compilation by KT and EIA from Document of Judgement from Sorong District Court and Surabaya Court, 2020
CRIMINAL NEGLECT

30

needed for court process, not enough evidence for a prosecution, the case is put aside for public interest.

According to KUHAP article 46 this is because: the evidence is not
proceeds going to state coffers.

49. According to excerpt decision No. 1597 K/Pid.Sus-LH/2020, July 2020
holding substantial influence in all aspects of community life.

57. Tim PAKAT dan BAREKDA POLRI, Perilisan Buku Sakti,
Tindak Pelaku Pencegahan Uang Hasil Tindak Pelaku Kejahatan, PAKAT,
2020 hal 5-6. 15. A FLEGT licence is a document that verifies that a shipment of timber or timber products has been legally produced.https://www.flegtlicence.org/indonesian-flegt-licensing-procedures

14. https://news.mongabay.com/2015/01/deforestation-may-be-ramping-up-in-arauna-
Lestari-II.

33. https://www.euflegt.efi.int/documents/10180/463576/


60. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

50. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

55. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

9. https://www.menlhk.go.id/site/single_post/1427


33. https://www.euflegt.efi.int/documents/10180/463576/


60. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

55. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

50. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

9. https://www.menlhk.go.id/site/single_post/1427


33. https://www.euflegt.efi.int/documents/10180/463576/


60. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

55. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

9. https://www.menlhk.go.id/site/single_post/1427


33. https://www.euflegt.efi.int/documents/10180/463576/


60. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

55. Money laundering is the process of cleaning the proceeds of a crime, making them into legitimate assets. 55.

9. https://www.menlhk.go.id/site/single_post/1427


33. https://www.euflegt.efi.int/documents/10180/463576/