LAW ENFORCEMENT AND FOREST PROTECTION IN INDONESIA: A Retrospect And Prospect

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I. Background

The forest ecosystems of the Southeast Asian region are among the world's richest in terms of biodiversity. These forest ecosystems provide both direct and indirect benefits to our people, contribute to our region's development, and help to maintain a healthy global environment. It is right that the rich endowment of forest resources which we enjoy should play an important and strategic role in accelerating regional economic development. However, recent acceleration in the exploitation of natural resources, particularly timber, has in some countries led to rapid forest loss which exceeds the regenerative capacity of the resource. Prolonged and extensive degradation of our forest endowments will impoverish many of our people and weaken our national economies. Nevertheless, despite this risk, the use of timber has increased relentlessly due to economic pressures in the region. There has also been a sharp increase in illegal activity, which adds further pressure to our strained resources.

Over the last two decades this precious forest resource has been gradually depleted throughout the region due to a number of factors, including illegal logging and other forest crimes, improper forest management practices, and poor inspection and monitoring. The consequence has been a fragmentation of our natural forest ecosystems. Although accurate and reliable statistics for illegal logging are not available, there is enough information to suggest that volumes of timber harvested and traded illegally are substantial and a cause for serious concern. In many cases, the timber traded within Indonesia and exported to other countries in Asia and beyond depends on illegally harvested timber.

Since the problem has many complex causes rooted deeply in the social, economic, cultural and political structures of our societies, we, therefore, need to pay close attention to addressing the problem simultaneously at sub-national, national and international levels. We also need to build stronger and more transparent political commitment to strengthening forest law enforcement to combat illegal logging and

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other forest crimes. Furthermore, we need to establish a facility to share and exchange information, experience and knowledge on specific approaches to forest law enforcement.

In Indonesia, illegal logging and other forest crimes have spread into protected areas where valuable timber is still available in commercial volumes. This escalation of the problem has put further pressure on endangered and endemic species of flora and fauna. A number of high profile species now face a real and ever-present threat of extinction. Currently, the demand for timber from our wood-based industries exceeds the supply that can be met from the legal and licensed harvest. This domestic timber shortage is being exacerbated by the fact that the price of logs traded on the international market is much higher than log prices in our domestic market - a market anomaly which provides a strong incentive to exporters of unworked logs and places further pressure on our shrinking forests. One consequence of this burgeoning international trade is that Indonesia cannot address the growing problem of illegal logging and the associated trade in timber alone and without the full assistance and co-operation of other countries in the region, and other consuming countries.

II. Forest Law Enforcement

a. Problems of Law Enforcement

Forest resource degradation and loss of biodiversity are caused by many factors, prominent among which are illegal logging, the trade in illegally harvest forest products (including protected flora and fauna) for domestic and international use, encroachment into the forest estate, and forest fire. These destructive practices are all encouraged by poor law enforcement and weak monitoring and inspection.

1) Illegal Logging

Illegal logging is encouraged by a weak inspection and monitoring and the complex and cumbersome set of regulations which governs forest exploitation. This illegal practice begin with the issue of permits and license to harvest timber and run through to forest management regulations and inspection. Weakness of inspection encourages violation of existing laws and breaches of existing regulations.

a) Issue of concession licenses

Breaches in the regulations begin with the procedures for issuing exploitation licenses: Requirements to submit an accurate inventory of forest resources and carry out environmental impact assessment are rarely adhered to. Weak supervision allows these breaches of the law to pass unchecked.
b) Timber exploitation

Negligence and malpractice in forest management is encouraged by weak law enforcement - concessionaires know they can get away with breaking the law, for example, by over-harvesting, harvesting outside areas allocated for exploitation, and purchasing wood on the black market from illegal sources. Punishment for any such violations is rare, and fines are often inconsequential.

c) Supply and demand imbalance

A lack of co-ordination between government departments is also an issue. Industry capacity is in the region of 74m m3 per annum, but the licensed harvest is in the region of only 23m m3. The deficit in timber is supplied from unknown - most probably illegal - sources. Despite this firm knowledge, it has proved difficult to reduce industry capacity because the Ministry of Forestry lacks the authority to withdraw operating licenses, a responsibility which lies with the Ministry of Industry and Trade.

d) Inspection

Efforts to clamp down on illegal logging in the field are further hindered by a lack of personnel, infrastructure and equipment. For example, Indonesia has only 9,700 forest rangers, against an estimated requirement of 15,000 rangers. This shortage prevents effective law enforcement.

e) Judicial process

Where efforts to prosecute illegal loggers have been made, cases have often failed to make headway in the judicial system. There is a poor understanding of environmental laws among the law enforcement authorities, including the police, forest rangers, the Attorney General's Office, and judges, which means that cases are often ignored, or not treated seriously. As a result only 10% of cases started ever reach the courts.

Unclear laws also present a problem. For example, Law 41/1999 on Forests only contains provisions for a maximum sentence and not a minimum sentence. As a result sentences passed by judges for breaches of forest laws have been very light and not serve as an effective disincentive for future breaches of forest law.
2) Smuggling and the illegal trade

a) Timber products

The price of illegal timber undercuts the price of legal timber. In the absence of effective inspection and law enforcement, both at source and in end-use markets, this price differential encourages companies to use cheaper, illegally harvest timber. Again weak inspection and monitoring encourages this trade: In Indonesia, for example, port authorities do not check the legality (or otherwise) of timber shipped within the country, and the customs service does not check the legality of timber being shipped abroad.

The extent to which smuggling poses a problem can be seen in official trade data. Official data from Malaysia states that Malaysia received more than 700,000 m$^3$ of timber from Indonesia in what year, but Indonesian export data shows that only 7,000 m$^3$ were officially exported to Malaysia in the same year. The same applies to China - official Chinese statistics show that 300,000 m$^3$ were imported from Indonesia in what year, while Indonesian data shows that only 70,000 m$^3$ were exported in the same year. These discrepancies in the data give an estimate of the likely magnitude of illegal wood imports from Indonesia in these two end-markets.

b) Endangered flora and fauna

An increasing demand for exotic pets encourages the illegal trade in protected fauna. A growing market for collectible plants, such as orchids, poses a similar threat to wild plants. Protected animals, birds and plants are often readily available for sale in markets in Jakarta and other Indonesian cities. There is also a substantial international demand for species protected under Indonesian law, especially in East Asia. Efforts to control this trade through International agreements have fallen flat due to weak inspection and law enforcement, and weak international collaboration.

3) Forest fires

Forest fires are also a huge threat to our natural environment. Over the last 10 years, large-scale forest fires have become a routine occurrence and have caused enormous ecological and economic damage. These fires cause extensive pollution which damages the health of affected populations. Smoke and haze also cause reduced visibility which disrupts road, air, sea and river transport. Accidents caused by haze have claimed hundreds of lives in recent years. For example, in the year 2000 about 44,187 hectares of forest were burnt due to industrial scale land clearance and smallholder shifting cultivation. It has been difficult to provide court with evidence needed for the successful prosecution of parties suspected of starting forest fires.
4) Forestlands encroachment

Encroachment is also a serious problem and is conducted by large-scale business interests - not only forest fringe communities, as is often suggested. It is estimated, cumulatively to date, about 142,780 hectares of conservation and protection forests are being encroached by people and companies.

5) Governance

We are aware of the importance of addressing issues of governance which are linked intimately with the illegal logging problem. Anti-corruption campaigns, legal and judicial reform, administrative reforms, decentralization, and other related issues are of specific importance to the forestry sector.

In terms of forest policy, it is apparent that policy formulation and implementation need to be linked to forest law enforcement. In addition, laws, policies and regulations need to be made in a participatory and transparent manner and be tailored to meet the needs of people, particularly important stakeholder groups such as forest fringe communities. Policy should also be set to meet a broad set of desired outcomes rather than specific rules and regulations. Forest policies also need to be integrated with other policies such as economic development and industrialization, marketing of forest products, forest revenue systems and agricultural policy.

b. Actions have been Taken in Forest Protection

Even though Indonesia is facing economic and political uncertainty, some elements of a forestry action plan have been successfully implemented. Steps taken to date include:

1. Announcement of a high-level political statement against illegal logging.
2. The ongoing prosecution of businessmen accused of running illegal logging operations.
3. Development of an improved forest protection system.
4. Continuation of a public awareness campaign highlighting the dangers of illegal logging.
5. An intensification of repressive operations to halt illegal logging in all forest areas.
7. Strengthening of institutional and human resource capacity building in all forestry service offices.
8. Renewed efforts to close all illegal sawmills
9. Formulation of ideas to restructure the wood-processing industries to balance demand with a sustainable supply.
Some significant achievements towards prosecuting illegal loggers are as follows:

1. Repressive operations in North Sumatra, Riau, Jambi, West Java, DKI Jakarta, Central Kalimantan, East Kalimantan and Irian Jaya Provinces;
2. A moratorium for cutting and trading of Ramin (Gonystyllum spp.) under Ministry of Forestry Decree No. 127/Kpts-V/2001 dated April 11, 2001, with the exception of Ramin harvested from concessions with a certificate of sustainable forest management;
3. Voluntary listing of Ramin on CITES Appendix III with zero quota, as stated in a letter from the Director General of Forest Protection and Nature Conservation to the CITES Secretariat, ref. No. 292/DJ-V/KKH/2001 dated April 12, 2001;
4. Announcement of Presidential Instruction Number 5 2001 concerning Eliminating Illegal Logging and the Illegal Timber Trade in the Leuser Ecosystem and Tanjung Puting National Park, issued on April 19, 2001;
5. Statement of the President of the Republic of Indonesia on Repressive Measures Against Illegal Logging, issued on April 24, 2001

III. Policy and Strategy

Our policy and strategy to combat illegal logging revolves around building commitment among different stakeholders at sub-national, national and international levels. A number of policy initiatives and measures have been launched to date, including:

1. Making a commitment to eliminate illegal logging and corrupt practices.

The commitment was established between relevant government ministries and other related parties, including NGOs and the private sector. In line with decentralization of government, the role of provincial and district governments is being strengthened, especially through local forestry agencies.

2. Revising forest laws and legislation.

We have begun a review of existing forest laws and government regulations. Through this the designation decrees for conservation areas, such as national parks, are being raised from the status of ministerial decree to full presidential decree. This helps to strengthen the status of the areas in line with decentralization of government and the vestment of considerable powers in district level administrations. The designation under presidential decree will give district and provincial government more responsibility for conserving protected areas. However, some existing regulations may need to be revised to accommodate decentralization issues and community access to forest resources.

Procedures for allocating and monitoring timber concessions are under review with a view to meeting principles of good governance. Once the regulations have been revised, the responsibilities for issuing timber concessions will not rest with the central government.

4. Imposing a moratorium on the issue of new timber harvesting licenses.

The government has halted timber harvesting in and adjacent to conservation areas. New licenses will not be issued prior to more careful considerations and the involvement of local stakeholders in order to minimise the impacts of harvesting activities.

5. Imposing a moratorium on natural forest conversion.

Conversion of natural forests for other purposes is only limited to government strategic activities which deliver more benefits for the people and the national economy. The restriction of natural forest conversion aims to prevent further fragmentation of natural forest habitat and the resulting loss of biodiversity.

6. Encouraging involvement of local communities and NGOs.

In addressing illegal logging and other forest crime practices, the government, in this case Ministry of Forestry, need the wider support and commitment of other stakeholders, including local communities and NGOs.

7. Reform of revenue collection arrangements.

The government, by involving related parties, will soon improve the timber revenue system in a way which provides incentives for legal practices. For example, the existing system of self-assessment for the purposes of revenue calculation will come under government control. Severe penalties will be imposed on those found guilty of illegal practices.

8. Establishment of national and regional collaboration and co-ordination for forest law enforcement.

To improve the enforcement of forest laws the government has established designated teams at district, provincial and national level. Currently, in order to improve effectiveness and efficiency of law enforcement efforts, a mechanism for improving co-ordination is being reviewed by a diverse group of stakeholders.

Illegal logging and the cross-border trade in illegal timber trade will not be brought under control without the close co-operation of our neighbouring countries. It is therefore essential that we establish a mechanism for such co-operation during this meeting in Bali.

**IV. Action Plans**

While controlling illegal logging remains one of our main priorities, we are developing a strategy to address many weaknesses of policy and regulation in the forest sector, with a view to moving into a new paradigm of sustainable and equitable - I give particular emphasis to the word equitable - forest management. The main elements of our action plan are as follows:

1. *To impose strong measures against illegal loggers.*

   This I have already explained in detail, so I will offer no further comment.

2. *To speed up forest resources assessment.*

   Accurate and reliable data and information on forest resources are a very important part of the information required to conduct good forest management. In order to gain more accurate and reliable data and information, our forest resources assessment work has been speeded up and is now being treated with urgency.

3. *To evaluate the system of conversion forest.*

   While we work to implement a comprehensive and fully consulted National Forest Programme (NFP), the government has placed a moratorium on all natural forest conversion.

4. *To downsize and restructure wood based industries.*

   As I told you earlier, there is a severe imbalance in the supply and demand for raw materials from our wood-based industries. The processing capacity of the industry greatly exceeds the supply from legal sources. To eliminate this gap, wood-processing industries will be progressively downsized and restructured against a set of criteria based primarily on their success (or otherwise) in managing forest for industrial scale exploitation. In addition, we will work to improve the competitiveness and efficiency of Indonesia’s wood based industries.
5. **To close heavily indebted wood-based industries.**

A large number of heavily indebted wood-based industries are under the control of the Indonesian Bank Restructuring Agency (IBRA). Any restructuring and reduction of debts for these firms must be linked to a reduction of processing capacity and a close consideration of their timber supply, which should be verified as coming from a legal and sustainable source.

6. **To link the reforestation program with existing forest industries.**

The reforestation programme is not closely linked to the development of forest industries. Existing forest industries and those under development must be linked to the reforestation programme to ensure they have a sustainable supply of timber.

7. **To calculate the real value of timber.**

Timber on the Indonesian market is substantially under-valued. The real value of timber must be calculated in order to ensure that royalty and revenue payments made by those who harvest timber reflect the maximum that can be collected for the benefit of the Indonesian people.

8. **To use the decentralization process as a tool to enhance sustainable forest management.**

The decentralization process in Indonesia from national to district and provincial governments is conducted through sharing authorities, responsibilities, accountabilities and risks. It should eventually encourage district and provincial governments to take a more prominent role in the management of forest resources.

**V. Conclusion**

Illegal logging and other forest crimes have many complex causes rooted deeply in the social, economic, cultural and political structures of our societies. We need to work closely together to address the problem simultaneously and build stronger and more transparent political commitment to strengthening forest law enforcement. But we must also seek solutions through innovative policies and initiatives, particularly policies and initiatives which give forest fringe communities secure and recognised rights to forest resources, in exchange for clear and fair responsibilities for protecting that forest against unsustainable exploitation and outside encroachment. Policies best suited to encourage this must be flexible and capable of reflecting local needs and diversity. We must all work to achieve this together.
Furthermore, we need to establish a facility to share and change information, experience and knowledge on forest law enforcement approaches, and openly share experience of what works and what does not. Through co-operation and, as we say in Indonesia, "Gotong Royong" (which means mutual support) lies our best, if not our only, chance of success.

Thank you for your attention.