SEMINAR REPORT
APHI - TBI International Trade Encounter 2016:

25-26 January 2016
Surabaya, Indonesia
I. Introduction

The Borneo Initiative is a private initiative established in 2008 that intends to contribute to a reversal in the trend of deforestation and forest degradation. Specifically, The Borneo Initiative offers financial and technical support to forest concessions for enhancing their capacity for sustainable forest management according to both mandatory (SVLK/PHPL) as well as voluntary (FSC) standards of certification. While the integrity of Indonesia’s rain forests is our core concern, The Borneo Initiative supports forest concessions, wood industries and overseas buyers in their efforts towards adoption and promotion of sustainable forest management practices. As part of a broader promotion, The Borneo Initiative and the Indonesian Association of Forest Concessionaires (APHI) jointly hosted a two-day trade encounter from 25 to 26 January 2016 in Hotel Majapahit, Surabaya under the motto “Indonesian tropical hardwood products: Sustainable. Quality. Guaranteed.”

This event brought together 19 overseas timber trading companies from the USA, Europe and Asia and 28 Indonesian wood processing industries involved in the production of plywood, veneer, indoor flooring, outdoor decking, truck flooring and garden furniture.

This report presents highlights and proceedings of this event, plus a set of recommendations based on feedback collected from the participants. The business event was generally considered a success, and we are already looking ahead to organize a similar event in 2017.

II. Table of contents

I. Introduction .................................................................................................................................................1
II. Table of contents .........................................................................................................................................1
III. Program and participants ...........................................................................................................................2
    a. General program outline .......................................................................................................................2
    b. Participants ............................................................................................................................................2
IV. Summary of presentations ...........................................................................................................................2
V. Business fair ..................................................................................................................................................9
VI. Visits to Industries ......................................................................................................................................10
VII. Feedback and recommendations ...............................................................................................................10
VIII. Annexes ....................................................................................................................................................11
     a. List of participants ...............................................................................................................................11
     b. Program ...............................................................................................................................................12
     c. Press release .........................................................................................................................................13
III. Program and participants

a. General program outline

Seminar
Date: 25 January 2016
Venue: Hotel Majapahit Surabaya

European-Indonesian Business-to-Business round table discussion
Date: 25 January 2016
Venue: Hotel Majapahit Surabaya

Business Fair
Date: 25 January 2016-02-25
Venue: Hotel Majapahit Surabaya

Visits to industries
Date: 26 January 2016
Venue: PT. IFURA, PT. Sumber Mas (Surabaya)

b. Participants

The seminar was attended by 128 participants, including representatives of 28 Indonesian wood industries, 19 overseas timber-trading companies and several forest concessions (refer Annex VIIia). Key-note speakers included Muhamad Suaid Sulaiman. Mr. David of the Indonesian Association of Forest Concessionaires (APHI), Joe O'Donnell of the International Wood Products Associations (IWPA) from the USA, and Hiromitsu Samejima of the Institute for Global Environmental Strategies. About 20 participants joined on the factory visits on the second day.

IV. Summary of presentations

European-Indonesian business-to-business round table

As a pre-program activity, FSC-NL (Ben Romein) facilitated a round table meeting between European importers, invited by FSC and Indonesian market parties. The round table sessions was attended by 14 importers and 24 producers/suppliers. These companies together trade significant volumes so that the main objective was met, to create an opportunity for a sector-level strategic discussion for companies who otherwise only meet each other individually. The themes for this meeting included long-term business, co-makership and private labelling.

The meeting was opened with a presentation by FSC-NL on overall figures of imports of engineered wood and plywood in Europe, Japan and China; the role of FSC; and a video presentation on story telling. In the view of FSC, to grow the market share globally for FSC products, their marketing needs better argumentation, special branding, story telling.

Followed a deeper discussion about bottlenecks, opportunities and chances. A major importer gave his view based upon an historical perspective indicating that Indonesia used to be the biggest supplier to Europe, but a critical report from an environmental group in 2003 created a turning point. Europe started to look for alternative sources and found these in Malaysia and China. There is now also more domestic production of plywood in Europe, with large volumes coming from Russia.
A leading Indonesian producer responded that sustainability is less and less a concern with the progress of FSC certification in Indonesia. Indonesia now can offer high quality products, from a broad range of species. But, sustainable production and quality increase the cost price so dedicated buyers are needed who can sell a quality product against a higher price.

Branding (specialty labels) was not immediately seen as a way forward. Plywood is a commodity. Legal and sustainable are origin gaining importance, even though no premium price is offered. Still, Indonesian plywood can build a position in segments where other commodity producers are weaker, e.g. thin panels, red-faced, marine plywood. Indonesian plywood is still tropical hardwood, setting it apart from MLH or Chinese products which are hardly ever constructed with tropical hardwood in the core. Also the number of claims is much lower. The durability of Indonesian tropical hardwood products also qualify it for the growing market for exterior use, in which to compete against African Okoume plywood, another segment with higher profit margin potential.

From the buyers side, it was emphasised that advising their suppliers on product development is implicit in their role. This co-makership concept was further explained and supported by one of the plywood mills that already has strong co-makership connections with major European buyers.

As well, it must be tried to support the price with strong argumentation. One of the instruments is story-telling. FSC is convinced that there is a growing demand in the sustainable segment of the market. Architects, government institutions and municipalities have growing demand for sustainable products. It is very important that the sustainable aspects of the Indonesian FSC products are well communicated to the end-consumer or subscriber. This, not only from the side of the trader or importer but also from the supplier or producer. This shared story combined by the large benefits of FSC certified forests on Borneo is strong and can have a high impact. FSC will support promotional activities, also for the lesser-known species.

Conclusions:

• Story-telling to be used to highlight the intrinsic values of Indonesian certified wood products and so overcome price differentials. E.g. Borneo forests – FSC certified – sustainable use – protection of precious animals and plants – buying certified tropical timber products gives these forests a higher economic value – client gets a high quality product already well-established in the market.
• Co-makership to be promoted
Word of welcome (The Borneo Initiative)

Jesse Kuijper (The Borneo Initiative) gave a word of welcome in which the objective of the seminar was presented, i.e. to bring together supply and demand, whereby buyers can convince themselves of the great progress made in Indonesia towards sustainability and quality – just leaving the issue of price as a point of discussion among business partners.

The Borneo Initiative is a NGO that supports sustainable logging as a tool towards sustainable forest management, conserving Indonesia’s precious eco-systems for the next generations. Indonesia is taking effective steps towards improved regulation of forest management via its SVLK system, putting it ahead of many other countries in the tropical world. This implies a lot of hard work for forest concessionaires and their industry partners, but if forestry and international trade come together on sustainability, we will see an effective cooperation with a high conservation impact – as shown in the video, produced by The Borneo Initiative that followed the presentation.

Trends and issues in forest production, presented by APHI

On behalf of the Indonesian Association of Forest Concessionaires (APHI), Mr. Irsyal gave a first overview of trends and issues in forest production in Indonesia (followed by a second presentation by Mr. David of APHI, later in the program).

APHI embraces sustainable forest management as its vision, and always encourages and facilitates its members to implement sustainable forest management practices in their forest concessions. Currently almost 13.5 million ha of forests among 24.5 million hectares under the management of APHI members, is certified under the mandatory PHPL scheme. Additionally, 18 forest concessions managed by APHI members now obtained also the FSC-certificate (of which 17 supported by TBI), with a total certified area of almost 1.6 million hectares. In total TBI works with 40 others concessions of our members toward FSC certification, which will result in a total of 3.7 million hectares FSC-certified. This is certainly not an easy job, but we are pleased to work closely with TBI and other organizations in supporting our member toward implementation of sustainable forest management. All these efforts are made to fulfill market requests.

Since January 2016, Indonesian government has released new regulation packages of national economic policies. One of these is to promote IT-based forest management and administration. This program is fully supported by APHI which has stated its commitment to support this program, since by implementation of this program then certification, either via the mandatory scheme or the voluntary scheme will be much easier to be achieved. From APHI’s perspective this program provides for a more effective and efficient chain of custody system. We also believes that this is one of the government’s effort to minimize and eliminate the transactional costs related to forest production, in particular timber.

Achievement of sustainable forest management is not without challenges in Indonesia. On the upstream side, the challenge for achieving sustainable forest management is the under-valuation of the timber from natural forests because of the log export ban. The concession holders feel that the price of timber from natural forest is too low compared to the cost price. The log price is on average USD 100-120/cu.m., meanwhile the international market elsewhere offers USD 200-250.

Moreover, the manufacturers side is also considered inefficient. Old machineries and poor infrastructure also make Indonesian timber products less competitive, resulting in low log prices too.

The last challenge is the dynamics in economics of destination countries that we cannot predicted.
Lastly from APHI standpoint all the effort made by our member, with support from TBI and other organizations is simply to give more value to the timber. APHI is hopeful that the better value of timber from natural forest will provide extra motivation for the concessionaires to manage their forest in a balanced ways for long-lasting profit and sustainability.

**Key-note address from the Ministry of Trade**

Muhamad Suaib Sulaiman presented on behalf of the Ministry of Trade. The ministry underlines the importance of this event, since certification for forest products is a useful market-based approach that gives recognition to environmental sustainability. Certification in Indonesia will not only facilitate improved market access, but is also a tool to improve the competitiveness of Indonesian products.

The global trend in the timber trade is to sharpen requirements as regards the legal origin of the wood products. Therefore MoT supports the implementation of SVLK as a commitment from Government of Indonesia to address the issue of illegal logging, and as a tool to implement Indonesia’s development priorities which are Pro-poor, Pro-Job, Pro-Growth, and Pro-environment.

The current challenge of the global timber trade is not only to see the quality of the product and the price level, but rather the trade that supports sustainable economy, more competitive pricing, and competitive products.

The Ministry of Trade upholds Ministry Regulation No. 44/M-DAG/PER/7/2012 or the export ban for forest logs, as a measure to reduce illegal logging and illegal trade. Through this Regulation No. 44/2012, logs cannot be exported therefore the natural resources can be managed and controlled.

On the other side, the Ministry of Trade has also issued Regulation No. 89/M-DAG/PER/2015 on Export of Forestry Industry Products, where this provision is the official government measure for deregulation and de-bureaucratization of policies that will help businesses to increase exports of forest industry products. By this regulation it is mandated to obtain SVLK certification of raw materials only for upstream industry, which is the wood processing industry that uses large amounts of raw materials such as the pulp and paper sector, while small industries or wood-based downstream industries as users of raw materials are already legal.

The Ministry of Trade expects that global markets for wood products will be increasingly selective as we can see in Japan through the Goho Wood system, United States' Lacey Act, also with the European Union through the European Union Timber Regulation (EUTR), Australia with Illegal Logging Prohibition Act (ILPA).

The biggest trading countries for timber and timber products from Indonesia are China, Japan, the United States and the European Union. The market share of China is 20%, followed at a distance by Japan (13%) and the United States (12%). While the European Union is ranked fourth with total exports in the period January-October 2015 reached US $ 823.5 million, or approximately 9% of the total exports of timber and timber products from Indonesia.

The Indonesian government along with stakeholders will strive to continue to increase market share in the country's main export destination. Therefore, the role of SVLK in enhancing of market acceptance becomes very important. The government expects that export volume can be increased with the achievement of SVLK by Indonesian producers.

Lastly, there is great confidence that a sustainable stream of revenue for the national economy will be ensured based on the proper and legal management of Indonesia’s forest resources.
Award ceremony (The Borneo Initiative)
The forest concessions which achieved FSC-certification in 2015 were presented with a wooden FSC sculpture: PT Bina Ovivipari Semesta, PT Kandelia Alam, PT Bintuni Utama Murni Wood Industries and PT Gunung Gajah Abadi.

Next in the program, was a session with presentations on market perspectives, moderated by Wim Ellenbroek, TBI Program Director.

Opportunities for (Indonesian) tropical hardwood products in North-America
Mr Joe O’Donnell gave a presentation on behalf of IWPA about “The US Wood Products Market – Focus on Indonesia”. He summarised the functions of the IWPA organisation and the various services provided to the timber trade, including political lobby, assistance and training e.g. in due diligence as linked the Lacey Act, and promotion. Seminar participants were welcomed to the IWPA general assembly April 6-8 in Houston to meet all leading wood traders in the USA.

The economy in the US is recovering from its recession, albeit still slowly. Housing sales show continued improvement, consumer confidence is on a rising trend. The US dollar is gaining in strength which fuels imports, also of tropical hardwood products. After a precipitous drop in demand for wood products in 2008 and 2009, the economy has improved, US imports have grown strongly which has resulted in an increased trade deficit in forest products. Export opportunities for Indonesian wood products exporters are also stimulated by the revised import duties regulations (General System of Preferences) as well as the Trans-Pacific Partnership (TPP).

But to enter the US market, exporters need to be aware of the various stringent measures and regulations as regards for instance formaldehyde emissions (CARB), the upcoming EPA standard, the US Consumer Product Safety Commission, and legal origin.
Trends and issues in forest production in Indonesia

Mr David, representing APHI, gave a presentation on “Trends and issues in Indonesian timber business”.

Forest production is mainly in the form of natural forest concessions, plantation forests, community forests or from forest conversion. Production from natural forest concessions is on a downward trend: there were still 304 logging concessions in year 2010, but only 273 remained in 2014. Of these, only 167 units are under active operations with 13.2 million ha. Actual log output is 4.6 million cu.m. or only 0.35 cu.m./ha. This is 56% of the target output. Due to artificial pricing (log export ban), natural production forest concessions operate under a small profit margin.

Plantation forests are developing slowly. There are 277 license holders. From a license area of 10.5 million ha, only 2.1 million ha has been developed, just 20%. Production in 2014 was 21.3 million cu.m. or 10.1 cu.m./ha.

As regards sustainability of forest management, 110 out of 167 active natural production forest concessions passed the mandatory PHPL certification audit for sustainable forest management, with 24 rejections. Additionally, 16 units have the VLK certificate for chain of custody only. Besides the mandatory certificate, there are 18 units with voluntary certification as well (FSC). In plantation forest concessions, 46 units passed PHPL certification with 24 rejections. Another 42 hold the VLK certificate.

Forest industry is based on sawing of logs (moulding, wood-working), peeling (plywood) or chipping (pulp, particle board, OSB, MDF). Production is by far dominated by pulp exports that show year-on-year growth, followed by plywood exports. Still, plywood production has to face price competition from China, while wood-working is hampered by strict export regulations.

Main conclusions:

- Forest management certification is steadily expanding, ensuring that forest operations are in accordance with the principles of sustainable forest management.
- Lift the export ban for round timber exports from natural forests selectively for license holders who already have certification of SFM, FSC and SVLK
- Accelerate and support the expansion of industrial timber estates (IUPHHK-HT)
- Same, for community forests
- Periodically evaluate the effectiveness of the regulations or policies as issued by the Ministry of Environment and Forestry, Ministry of Industry and the Ministry of Trade.
- Ensure that primary industries export sawn timber of a certain quality only
- Align different cross-sectional regulations for secondary industries as regards export of wood working products
Opportunities for Indonesian tropical hardwood products in Japan

Mr. Hiromitsu Samejima of the Institute for Global Environmental Strategies gave a presentation on the “Opportunities for Indonesian tropical hardwood products and market developments in Japan”.

Plywood is the main wood product from Indonesia in terms of USD value, with Japan as its largest market (closely followed by China, and with equal lesser shares for Taiwan, Korea and USA). Indonesian wood producers and exporters therefore need to understand what is happening in the Japanese wood market.

Japan has a very high forest cover of no less than 68% of its land surface, of which 50% is natural forest, and 70% is privately owned. Even so, the domestic forestry and timber industries lost the national market to imported logs and timber. While Indonesia and Malaysia (Sarawak, mostly) were the main suppliers of imported plywood in 2003, especially Indonesia lost market share to Chinese plywood exports to Japan. China (and Vietnam) established large-scale plantations of poplar and eucalypts since the 1970s. China became a net exporter of plywood since 2001.

The basic policy of the Japanese government is to rebuild the domestic forestry and timber industries, not to support foreign industries. Housing companies appeal that their timber is from domestic sources, and many local government agencies subsidize housing to use local timber products from local industries. Same, FSC-Japan is mainly supported by domestic planted forest companies and paper companies to whom the promotion of FSC-certified timber from foreign countries is not a priority.

As a result, there is in Japan an increased use of domestic plywood. The domestic plywood industries through innovations can now offer a wider range of products.

Six major trading companies of plywood. Next to domestic plywood, they predominantly import from Indonesia and Malaysia. FSC certified plywood is used under their original brands with plywood from plantation forests. FSC plywood is ordered either for its environmental aspects (e.g. housing sector) or for its quality aspects (construction, furniture). Potentially, this offers opportunities for the drastically increased number of FSC certified natural forest concessions in Indonesia. However, the recognition rate of the FSC brand in Japan is still very weak (11%). Additionally, exporters to Japan must also have JAS quality certification.
Future potential to promote FSC certification in Japan:

- Tokyo Olympics 2020: domestic timber will be used for the stadium and other buildings. Certification will be required and this will enhance the general recognition and acceptance too of FSC.
- The domestic forest companies aim for exports due to decreasing population and related housing development. They are adopting PEFC and FSC certification, again, enhancing the general recognition of forest certification in the Japanese market.
- The GoHo Wood system (preceding Lacey Act or EUTR) is to be replaced by new legislation on legality of timber imports.

To seize market opportunities in Japan, Indonesian exporters are advised to:

- Counter the negative image of tropical wood from the past (over-harvesting, social conflict, illegal logging)
- Communicate better the huge efforts towards sustainable forest management
- Active promotion in Japan itself

V. Business fair

An exposition hall was created in the hotel, where 26 industries were given free booths (4 sq.m.) to put up a display of their products. The visiting industries could walk around, accompanied by translators if needed, to get introduced to the present Indonesian industries and get acquainted to their products and discuss future business opportunities.
VI. Visits to Industries

On January 26th, 2016, the TBI team together with FSC Netherlands escorted a group of European importers and the USA representative of IWPA to visit PT IFURA and Sumber Mas Indah industries in the vicinity of Surabaya. These two factories were selected based on the main interests of the attendees to our trade mission, i.e., moulding products and plywood. Departure was at 8:30 a.m. and we returned 19:30 p.m.

The first visit was to PT IFURA. Pak Idrus received our group in the main office and after a quick introduction to the company we went first to their plywood plant. At the plywood mill we could see an operation totally focused on mixed species for the core and a standard product with Australia as main destination. PT IFURA is not CARB 2 nor CE certified and this reduced commercial interest from the side of the importers as regards to their plywood.

The second part of the visit to PT IFURA’s moulding facility raised much stronger interest. The visitors could see a well structured mill completely focused on high-end mouldings and with a wide variety of products such as S4S, E4E decking, reeded profile decking, T&G decking, beans, poles, wooden tiles, TG4 flooring unfinished and prefinished, finger joint products, scantlings and door frames. One of the importers stayed behind to discuss business possibilities with Pak Idrus.

The second company visited was PT Sumber Mas Indah at 15 p.m. Ivan and Hans Hartono gave a tour of the mill, from their warehouse and have gone through the whole process back till the stock of logs. Pak Ivan has explained they consume 15,000 m3 of logs per month and they keep, as a safety measure, two months in stock, i.e. 30,000 m3. Ivan Hartono introduced the audience to their wide variety of products such as ordinary plywood, heavy plywood, truck flooring wings, bending plywood, polyester plywood and light plywood. Being full Carb 2 and CE certified, we also got an explanation about different types of glue and how they do the control and traceability on gas emission per product. All importers agreed that Sumber Mas runs an impressive operation and deserves further promotion among FSC clients.

VII. Feedback and recommendations

We circulated a concise exit-survey to 19 overseas buyers and 28 Indonesian wood industries asking for their opinion and feedback on the event program. We received 10 responses:

- All participants were satisfied with the program and indicated that they would participate in a next event.
- 70% of participants succeeded making business deals already during the event or indicated that they expected to find new business opportunities as a result of our seminar.

After our previous event in November 2014, the following recommendations were made and taken into consideration in the organisation of this year’s seminar:

- Shorter program, 1 day is enough
- Keep the event location in Surabaya, considering practicality visiting wood factories.
- Give it larger scale, invite more importers (Asia, Australia, and New Zealand, European) as well as more suppliers/producers/manufacturer/companies
- Organise this event regularly, even though not all the visiting buyers will attend every time
Recommendations we received this year were:

- To let more factory/producers talk during the seminar, instead of NGOs
- To limit the time per speaker, with a limited number of presentation sheets
- The suppliers to be more open during the Business-to-Business round table discussion to create a stronger dialogue
- To encourage more Timber companies to join the Business-to-Business round table discussion and maybe increase the discussion time
- More guidance/explanation during the factory visits
- It was a good opportunity to get to know Indonesian companies working in Papua
- To have a more extensive business fair to facilitate new trade contract or purchase orders

VIII. Annexes

a. List of participants

<table>
<thead>
<tr>
<th>Overseas timber trading companies:</th>
<th>Indonesian wood industries:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inter-Continental Hardwoods</td>
<td>1. PT. Karya Guna Ekatama</td>
</tr>
<tr>
<td>2. Lumber Liquidators</td>
<td>2. Perum Perhutani</td>
</tr>
<tr>
<td>3. Dekker Hout Den Haag BV</td>
<td>3. PT. Haswin Hijau Perkasa</td>
</tr>
<tr>
<td>4. Fepco International Europe NV</td>
<td>4. PT. Sumber Mas Indah Plywood</td>
</tr>
<tr>
<td>5. MoCompagnie</td>
<td>5. PT. Jatim Sentra Utama</td>
</tr>
<tr>
<td>6. APP Timber</td>
<td>6. PT. Agung Kharisma Jaya Abadi</td>
</tr>
<tr>
<td>7. Khal International</td>
<td>7. PT. Kayu Multiguna Indonesia</td>
</tr>
<tr>
<td>8. IKEA Indonesia</td>
<td>8. PT. Profilindah Kharisma</td>
</tr>
<tr>
<td>9. Altripan</td>
<td>9. CV. Jati Makmur</td>
</tr>
<tr>
<td>11. Houthandel van den Bosch BV</td>
<td>11. PT. Gresik Prima Utama</td>
</tr>
<tr>
<td>12. Mulder Hout Import BV</td>
<td>12. PT. Sarana Kreasi Lestari</td>
</tr>
<tr>
<td>14. Laschwood International</td>
<td>14. PT. Sinar Wijaya Plywood Industries</td>
</tr>
<tr>
<td>15. Houtwerf BV</td>
<td>15. PT. Indo Furnitama Raya (IFURA)</td>
</tr>
<tr>
<td>16. Timber Trade Connection BV</td>
<td>16. PT. Tulus Tri Tunggal</td>
</tr>
<tr>
<td>17. World Timber Products BV</td>
<td>17. PT. Kharisma Dutu Utama</td>
</tr>
<tr>
<td>18. Blue Roots</td>
<td>18. PT. Sukses Perkasa Forestama</td>
</tr>
<tr>
<td>19. PT Wood United</td>
<td>19. PT. Seng Fong Moulding Perkasa</td>
</tr>
<tr>
<td></td>
<td>20. PT. Kharisma Jaya Gemilang</td>
</tr>
<tr>
<td></td>
<td>21. PT. Intracawood Manufacturing</td>
</tr>
<tr>
<td></td>
<td>22. PT. Kreasi Indah Cemerlang</td>
</tr>
<tr>
<td></td>
<td>23. PT. Interkayu Nusantara</td>
</tr>
<tr>
<td></td>
<td>24. PT. Bina Megah Indowood</td>
</tr>
<tr>
<td></td>
<td>25. PT. Kutai Timber Indonesia</td>
</tr>
<tr>
<td></td>
<td>26. PT. Mandosawu</td>
</tr>
<tr>
<td></td>
<td>27. PT. Bina Megah Indowood</td>
</tr>
<tr>
<td></td>
<td>28. PT. Idec Abadi</td>
</tr>
</tbody>
</table>
b. Program

Program TBI Trade Seminar, Surabaya Jan 25-26 2016

25 January 2016

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30-9:30 h</td>
<td>Registration of participants</td>
</tr>
<tr>
<td>9:30-10:30 h</td>
<td>European-Indonesian business-to-business round table</td>
</tr>
<tr>
<td></td>
<td>Theme: Market perspectives for certified wood products in the</td>
</tr>
<tr>
<td></td>
<td>European market (by invitation only)</td>
</tr>
<tr>
<td>10:30-11:30 h</td>
<td>Word of welcome (The Borneo Initiative)</td>
</tr>
<tr>
<td></td>
<td>- Key-note address from Ministry of Environment and Forestry</td>
</tr>
<tr>
<td></td>
<td>- Key-note address from Ministry of Trade</td>
</tr>
<tr>
<td></td>
<td>- Trends and issues in forest production, presented by APHI</td>
</tr>
<tr>
<td></td>
<td>- Award ceremony (The Borneo Initiative)</td>
</tr>
<tr>
<td>11:30-12:30 h</td>
<td>Opportunities for (Indonesian) tropical hardwood products in</td>
</tr>
<tr>
<td></td>
<td>North-America, presented by IWPA</td>
</tr>
<tr>
<td></td>
<td>- Opportunities for (Indonesian) tropical hardwood products and</td>
</tr>
<tr>
<td></td>
<td>market developments in Japan, presented by the Institute for</td>
</tr>
<tr>
<td></td>
<td>Global Environmental Strategies</td>
</tr>
<tr>
<td>12:30-13:30 h</td>
<td>Lunch buffet</td>
</tr>
<tr>
<td>13:30-18:00 h</td>
<td>Business fair</td>
</tr>
<tr>
<td>18:00-20:00 h</td>
<td>Dinner buffet</td>
</tr>
</tbody>
</table>

26 January 2016

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00-9:00 h</td>
<td>Registration of participants and confirmation of appointments</td>
</tr>
<tr>
<td>9:00-12:00 h</td>
<td>Business rally: scheduled factory visits in Surabaya</td>
</tr>
<tr>
<td>12:00-13:00 h</td>
<td>Group lunch buffet</td>
</tr>
<tr>
<td>13:00-17:00 h</td>
<td>Business rally: scheduled factory visits in Surabaya</td>
</tr>
<tr>
<td>17:00-18:00 h</td>
<td>Drinks and closing</td>
</tr>
</tbody>
</table>
c. Press release

PRESS RELEASE Breukelen, 25 February 2016

Business seminar kicks off promotion drive to boost the international trade in certified wood products from Indonesia: “Sustainable. Quality. Guaranteed.”

A two-day trade encounter was facilitated from January 25 to 26 in Hotel Majapahit, Surabaya under the motto: “Indonesian tropical hardwood products: Sustainable. Quality. Guaranteed.” The event was attended by representatives of 19 overseas timber trading companies and 28 Indonesian wood processing industries. The trade encounter on the first day, consisted of a half-day seminar discussing international market perspectives, plus a half-day trade fair, completed, on the second day, with wood factory visits around Surabaya.

The seminar is the third in a row, organized by the Indonesian Association of Forest Concessionaires (APHI) in cooperation with The Borneo Initiative, an international non-profit organization that supports sustainable forest management and the trade in certified wood products from Indonesia. The event was the kick-off for a promotional of Indonesian certified wood products, emphasizing their high environmental and social implicit values under the motto: “Sustainable. Quality. Guaranteed.”

The Indonesian manufacturers present in the trade encounter offered a broad range of wood products including wood panels (plywood), veneer, indoor flooring, outdoor decking, truck flooring, construction wood, doors and window frames, scantlings, and garden furniture. They realize that to grow their market share in the international markets, quality and legal origin are key factors. Therefore, all producers in the business event comply with Indonesia’s mandatory forest certification system (SVLK), while some combine this with voluntary certification from the Forest Stewardship Council (FSC®). The Borneo Initiative offers financial support towards capacity building for certified forest management, and can count on the participation of almost 25% of all active forest concessions. The Indonesian forest sector is therefore taking major steps towards legal and sustainable production. This trade encounter offered a meeting platform between the newly certified suppliers, and leading overseas trading companies who have buying policies dedicated to legal and sustainable origin of wood products.

Lenny Shibley, President of Inter Continental Hardwoods explains: “sustainability, certification and legality are the core values of the tropical timber trade, TBI has facilitated all of the values effectively. The initiative to bring suppliers and customers together in a working format has helped our company to find good suppliers that value all of the same things that we do as responsible buyers”.

“Certification is vital to our company to maintain market share”, explains Henry Kumala Putra and his partner William Goh of PT Jatim Sentra Utama, a manufacturer of hardwood garden products and decking. “Because of the difficult market conditions in the European market these past few years, we receive little price margin only for being certified, however, we managed to attract to new buyers because they gave us preference over others. The share of FSC® certified products was 30% in 2010, and went up to 80% in 2015. We sell mostly to do-it-yourself outlets in the Netherlands, Germany, France, and in other European countries and Australia.”

An exit poll indicated that all respondents made new trade contacts and request a repeat event next year.

Editorial note: For enquiries and/or pictures please contact Ms Rosa Widiyarini (widiyarini@theborneoinitiative.org) or call GGA Office at +62-541-742393

Indonesian Association of Forest Concessionaires (APHI)
APHI is a trade association for forest concessionaires in Indonesia. http://www.rimbawan.com

The Borneo Initiative
The Borneo Initiative is a non-profit organisation that operates close coordination with the Indonesian Association of Forest Concessionaires (APHI). The Borneo Initiative offers grant funding to forest concessions to enhance their capacity for sustainable forest management. In addition, The Borneo Initiative promotes international trade in certified wood products. The Borneo Initiative operates as a platform, support to forest concessions is delivered with assistance from partner organisations as APHI, TFF, GFTN, TPT, TNC, and Wana Aksara.

The Borneo Initiative is registered in the Netherlands, with funding from charities, private sector, and institutional donors including The Sustainable Trade Initiative (IDH) (see below). For more information: www.theborneoinitiative.org