

LEGALITY AND SUSTAINABILITY CHALLENGES IN THE WOOD PRODUCT SUPPLY CHAIN FROM INDONESIA TO JAPAN

— A Case Study from Central Kalimantan —

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Executive Summary

Indonesia is one of the country with the largest tree cover after Congo and Brazil. Forests across Indonesia are home to a wide variety of endemic plants and animals, serve as conservation areas that protect ecosystems, provide sources of medicinal materials and ritual goods, and support the daily economic livelihoods of both forest-dependent and non–forest-dependent communities. One of these functions is the utilization of timber for international trade.

Indonesian timber products are exported to many countries worldwide, including Japan. In 2023, the total export value to Japan reached USD 1.24 billion, making it the third-largest export destination after China (USD 3.36 billion) and the United States (USD 1.64 billion), and significantly surpassing other markets such as India, South Korea, and Vietnam. These timber products are exported in the form of wood panels (particle boards, plywood), paper, pulp, wooden furniture, processed wood products (woodworking), veneer, handicrafts, prefabricated buildings, and wood chips for biomass feedstock.

To prevent the entry of illegal timber products, in 2006 the Japanese government revised the basic policy of the "Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities," commonly known as the Green Purchasing Act, mandating the use of timber and timber products with verified legality in public procurement. In addition, Japan enacted the Clean Wood Act in 2016, which requires business entities, including timber importers, to conduct legality due diligence by collecting information on timber species, origin, and legal documentation, and retain these records for five years. As comparison, the Government of Indonesia issues Minister of Forestry Regulation No. P.38/Menhut-II/2009, which established the Timber Legality and Sustainability Verification System (SVLK). This system mandates that all timber exports comply with legality standards and ensures that the timber originates from forests managed legally and sustainably.

However, these regulations have not been sufficient to stop illegal logging and timber trade. Monitoring efforts that began by tracing the supply chains of timber entering Japan revealed that a portion of the timber products exported to Japan originates from unclear or opaque supply chains. The monitoring started by examining companies located in Central Kalimantan Province, specifically PT Korindo Ariabima Sari and continued by assessing the supply chains of local concession holders, namely the Natural Forest PBPH of PT Amprah Mitra Jaya, the Plantation Forest PBPH of PT Korintiga Hutani, and PBPHH PT Korintiga Hutani.

This report presents findings showing that the timber shipped to Japan is not free from widespread deforestation practices, the exchange or misuse of export legality certificates, and other irregularities. These issues are exacerbated by weak field supervision and enforcement. Ultimately, such practices do not contribute to promoting sustainable forest management; instead, they drive increasingly severe loss of forest cover.

This publication was prepared by the Independent Forest Monitoring Fund (IFM Fund), with the support and collaboration of Friends of the Earth (FoE) Japan, as part of efforts to strengthen independent monitoring of the timber supply chain.

Introduction

As a country with a total forest area of approximately 120.7 million hectares, Indonesia is one of the countries with the largest tree cover in the world, following Congo in Africa and Brazil in South America. Forests in Indonesia serve multiple functions: they act as conservation areas that protect ecosystems, provide sources of medicinal plants and ritual materials, and support the daily economic livelihoods of both forest-dependent and non–forest-dependent communities.

Among these many functions, one resource that has long been utilized and traded—and has attracted significant international market interest is high-quality timber species such as ebony, rosewood (*sonokeling*), mahogany, merbau, ironwood (*ulin*), agarwood (*gaharu*), sandalwood, *bengkirai*, *meranti*, *ramin*, and others. This global demand is reflected in Indonesia's export performance, in 2023, Indonesia exported 17 million tons of wood-based products with a total value of USD 12 billion. These products were exported in the form of paper (33.82%), pulp (27.05%), panels (17.29%), wooden furniture (11.70%), woodworking products (7.06%), chipwood (1.29%), veneer (1.04%), handicrafts (0.73%), and prefabricated buildings (0.02%).[1]

One of the major export destinations for Indonesian timber products is Japan. In 2023, the total export value to Japan reached USD 1.24 billion, making it the third-largest export destination after China (USD 3.36 billion) and the United States (USD 1.64 billion), while significantly surpassing other markets such as India, South Korea, and Vietnam (***Figure 1***). Japan holds a strategic position in the global trade of forest-based products, and demand in the Japanese furniture market is projected to continue growing at an annual rate of 3.0% until 2026.

Japan's main import from Indonesia is wood panels, with a total value of USD 513.67 million in 2023, followed by paper at USD 403.23 million and wooden furniture at USD 117.32 million (***Table 1***).

The wide range of Indonesian panel products, ranging from particle boards to plywood, makes them a primary choice for Japan's construction and furniture industries. In addition to wood panels, other major exported products include paper, wooden furniture, processed wood products (woodworking), and wood chips (chipwood), which are also utilized as biomass feedstock.[2]

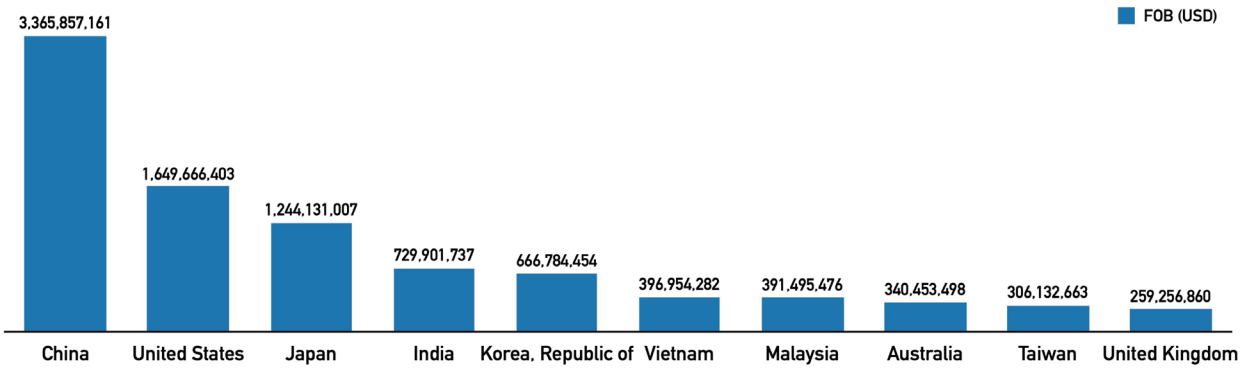


Figure 1: Indonesia's export value of timber products in 2023 (Source: Satu Data Ditjen PHL)

1 Satu Data Ditjen PHL https://phl.kehutanan.go.id/infografis

2 Business Intelligence Information Report, 2019 (ITPC Osaka)

Table 1: Indonesia's Timber Export Data to Japan in 2023 (Source: Satu Data Ditjen PHL)

Product	Panel	Paper	Furniture	Woodworking	Woodchip
Value (USD)	513,673,995	403,231,655	117,324,590	90,066,895	88,764,335
Net Weight (Ton)	402,601	346,969	49,950	77,783	961,220

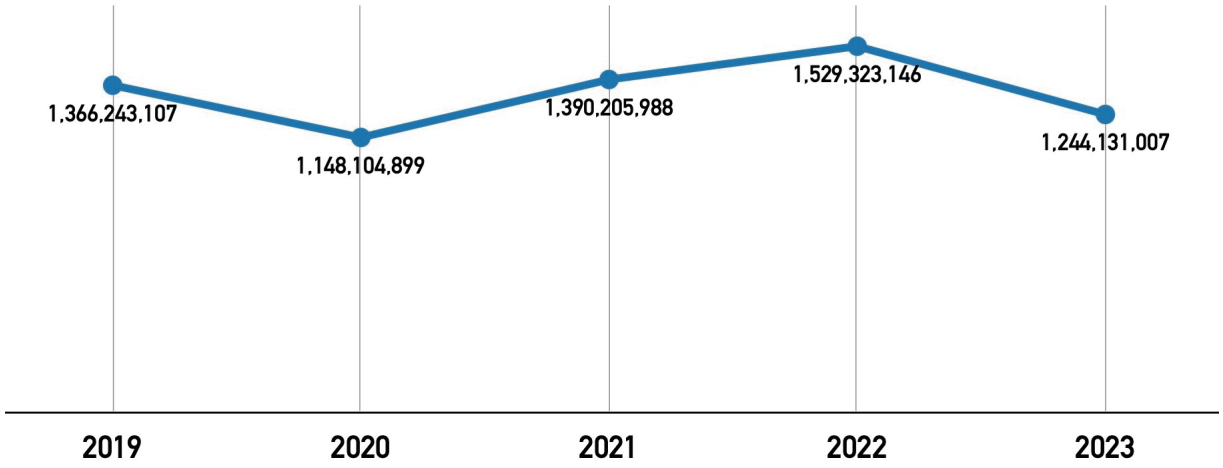


Figure 2: Export Value of Indonesian Timber Products to Japan in 2019-2023 (Source: Satu Data Ditjen PHL)

Between 2019 and 2023, the value of Indonesia's timber product exports to Japan experienced fluctuations. As shown in ***Figure 2***, a sharp decline occurred between 2019 and 2020, dropping from USD 1.36 billion to USD 1.14 billion. A similar decrease was observed between 2022 and 2023, falling from USD 1.52 billion to USD 1.24 billion.

Although export values rose significantly from 2020 to 2022, the decline in 2023 caused the figures to remain below the 2019 level. Nevertheless, the 2023 export value is still relatively high, and Japan continues to rank among the largest markets for Indonesian timber products.

However, behind the high value of timber product exports, there lies a fundamental issue that is often overlooked: not all timber products entering Japan is originate from sustainable managed sources. High export demand often creates opportunities for problematic timber to be absorbed into formal supply chains. Field supervision is also frequently inadequate, allowing timber circulation that does not comply with applicable regulations. In response to this situation, the Japanese government tightened regulations on imported timber through the Clean Wood Act (2016), which was revised in 2023 and the amended provisions have been fully enforced since April 2025. This regulation requires timber-importing companies to conduct legality due diligence, or legal verification, by collecting data on species, origin, and legal documentation of the timber. Importers are required to conduct due diligence and are expected to avoid procuring timber that poses a high risk of originating from illegal logging. Through this regulation, Japan reaffirms its commitment to closing loopholes in the illegal timber trade while increasing pressure on timber-producing countries to meet these standards.

Likewise, since 2009, the Government of Indonesia has established the Timber Legality Verification System (SVLK) through Minister of Forestry Regulation No. P.38/Menhut-II/2009, which requires timber exports to meet legality standards and ensures that timber originates from legally managed forests. The provisions governing SVLK have undergone several revisions and are currently updated through the Minister of Environment and Forestry Regulation No. 8 of 2021, which also changes the nomenclature of SVLK from the Timber Legality Verification System to the Timber Legality and Sustainability Verification System.

Field Findings

The existence of regulations on both sides does not in itself guarantee clean trade practices. Environmental crimes continue to occur. This report presents monitoring findings indicating that some timber products entering Japan are suspected of originating from unsustainable supply chains. Timber shipped to Japan has not been free from massive deforestation practices, a situation further exacerbated by weak field-level supervision and control. Ultimately, these conditions have not led to the promotion of sustainable forest management, as often promoted by governments to the global audience, but instead have contributed to increasingly widespread forest cover loss.

This research began by tracing timber suppliers to Japan linked to a company based in Central Kalimantan Province, namely PT Korindo Ariabima Sari, and concluded by monitoring the supply chains of local companies supplying this firm. In 2021, the company was indicated to have shipped approximately 97,860 kg of timber products in the form of plywood, veneer panels, and laminated wood through the importer CJ Logistics, under HS Code 4412.31. The shipments were transported via the Port of Surabaya to Naha City, Okinawa Prefecture (***Table 2***). Subsequently, the company exported 2,712,049 m³ of timber products in 2022 and 2,304,823 m³ in 2023.[3]

In essence, the company's raw material supply is very large, as reflected in the data from the Industrial Raw Material Fulfillment Plan (RPBBI). In 2021, the realization of raw material procurement reached 101,276.17 m³ from roundwood, 39,203.14 m³ from semi-processed wood, and 3,755.38 m³ from wood waste. The most dominant raw material was *Meranti* timber, amounting to 61,786.60 m³. Timber supplies to meet the company's export targets were sourced from various regions across Indonesia through local companies holding licenses for IUPHHK-HA (Natural Forest)[4], community forests, and other IPHHK[5] permits (see ***Table 3***).

On the other hand, in 2021, the Forest Stewardship Council (FSC) certification held by the Korindo Group was revoked due to violations involving the export of illegal timber used for construction related to the Tokyo 2020 Olympic Games.[6] In its official announcement regarding the disassociation with Forest Stewardship Council, it was stated that Korindo Group had engaged in deforestation, destruction of High Conservation Value (HCV) areas, and violations of the rights of Indigenous Peoples and human rights.[7] Despite the revocation of its certification, Korindo Group continues to export timber products to Japan, as it still holds the Sustainable Forest Management Certification (S-PHL), which is a prerequisite for the issuance of V-Legal documents under Indonesia's Timber Legality Assurance System (SVLK).

Table 2: Exports of PT Korindo Ariabima Sari to Japan (Source: data.cic-tp.com)

Date	HS Code	Importer	Exporter	Product Description	Country Of Origin	Destination Country	Port Of Loading	Port Of Discharge
10/08/2021	4412.31	CJ Logistics Indonesia	PT Korindo Ariabima Sari	Plywood, Veneered Panel, Laminate, With At Least One Outer Ply Of Tropical Wood Specified In Subheading Note 2 To This Chapter	Indonesia	Japan	Surabaya	Naha, Okinawa

3 Ditjen PPID, KLHK; Request for Data and Information, 2024

4 IUPHHK–Natural Forest, previously known as *Hak Pengusahaan Hutan (HPH)*, is an official license granted by the government to business entities to utilize timber forest products in production forests through logging and forest management activities conducted legally.

5 IPHHK (Primary Forest Timber Product Industry) refers to a business activity that processes roundwood into semi-finished or finished products through timber processing operations.

6 https://www.ran.org/the-understory/forest-giant-korindo-caught-in-the-act/

7 https://connect.fsc.org/current-cases/policy-association-cases/korindo-group

Timber supplies to PT Korindo Ariabima Sari are indicated to originate from unsustainable sources. Companies supplying timber to this firm have continued to engage in deforestation and have been involved in conflicts with local communities in harvesting areas. One such supplier is PT Amprah Mitra Jaya, located in Central Kalimantan. Between 2019 and 2021, tree cover loss of approximately 815 hectares occurred within this company's concession area.[8] In addition to these suppliers, in 2022, PT Korindo Ariabima Sari also received supplies of *Meranti* timber and mixed tropical hardwoods (*Rimba Campuran*) originating from land clearing activities conducted by PT Indosubur Sukses Makmur in East Kalimantan. During the same period, the company also sourced timber from the industrial plantation forest of PT Korintiga Hutani in Central Kalimantan. At present, PT Korintiga Hutani is known to have committed to developing Energy Plantation Forests (Hutan Tanaman Energi, HTE). According to data from the Directorate of Production Forest Enterprises, Korintiga Hutani has an allocated area of 50,628 hectares for energy crop plantations.[9]

Table 3: Origin of Raw Material Sources of PT Korindo Ariabima Sari (Data based on RPBBI 2021)

Company Name		Realized Volume (m^3)
IUPHHK-HA (Natural Forest)		
	PT Amprah Mitra Jaya – Central Kalimantan	1,208.63
	PT Austral Byna – Central Kalimantan	7,282.47
	PT Balikpapan Wana Lestari (D/H PT. BFI) – East Kalimantan	1,760.00
	PT Central Kalimantan Abadi – Central Kalimantan	440.72
	PT Daisy Timber – East Kalimantan	3,592.58
	PT Erythrina Nugraha Megah - Central Kalimantan	3,340.94
	PT Hutanindo Lestari Raya Timber - Central Kalimantan	7,230.03
	PT Karda Traders - Central Kalimantan	5,775.05
	PT Karya Jaya Parakawan – East Kalimantan	490.68
	PT Mohtra Agung Persada – North Maluku	6,179.54
	PD Panca Karya - Maluku	3,806.67
	PT Rimba Makmur Sentosa – East Kalimantan	3,503.85
	PT Teluk Nauli – North Sumatera	4,506.03
	PT Trisetia Intiga – Central Kalimantan	9,358.13
IUPHHK-HT (Industrial Plantation Forest)		
	PT Korintiga Hutani – Central Kalimantan	1,384.61
Community Forest		
	Ketapang – West Kalimantan	68.79
	Kotawaringin Barat – Central Kalimantan	3,493.98
	Kotawaringin Timur – Central Kalimantan	5,192.12
	Lamandau – Central Kalimantan	1,722.84
	Seruyan – Central Kalimantan	3,720.90
	Sukamara – Central Kalimantan	940.23
Other IPHHK		
	PT Balikpapan Forest Industries – East Kalimantan	3.58
	PT Korindo Abadi - Papua	659.71
	PT Wana Cahaya Nugraha – East Java	2,259.43

8 Global Forest Watch (GFW)

9 Trend Asia Report: "The Profit Beneficiaries of the Energy Transition"; 2024

1. Raw Material Supplier – PT Amprah Mitra Jaya (PBPH-HA License Holder)

PT Amprah Mitra Jaya holds a Business License for Forest Utilization (PBPH-HA (Natural Forest))[10], operating over an area of 52,190 hectares under Decree SK.96/Menhut-II/2014. Officially, the company is located in Lamandau Regency, Central Kalimantan. It obtained a Sustainable Forest Management Certification (S-PHL) from the certification body PT Rensa Global Trust, with certificate number 04/REV-S.PHPL-RGT/2021, which expired on 21 January 2023.

Timber shipments from this company to PT Korindo Ariabima Sari were indicated by the presence of log stockpiles at an industrial site in Mendawai, Arut Selatan Subdistrict (Lat: −2.685477°, Long: 111.612234°). At this location, piles of *Meranti* logs measuring approximately 12–18 meters in length were observed, with a total estimated volume of around 6,000 m³. The stockpiles included timber originating from PT Balikpapan Wana Lestari, PT Amprah Mitra Jaya, and PT Hutanindo Lestari Raya Timber. The log storage site is located within a river area, facilitating transportation access to the processing company. In January 2022, PT Amprah Mitra Jaya shipped 7,026.92 m³ of timber to PT Korindo Ariabima Sari.

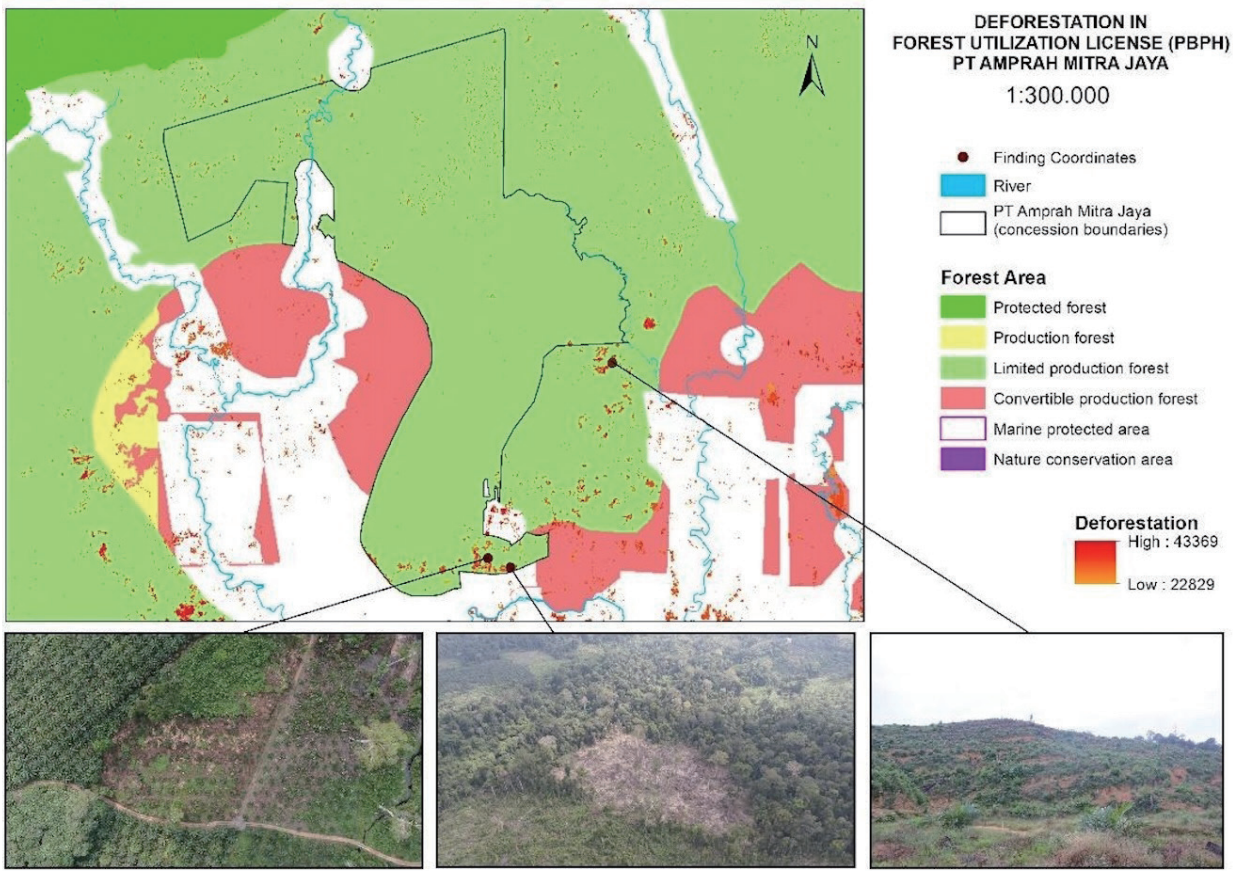


Figure 3: Deforestation within and Surrounding the Concession PT Amprah Mitra Jaya

10 PBPH (Forest Utilization Business License) is a permit granted to business entities to legally manage forest areas for the purpose of carrying out forest utilization activities based on sustainable forest management principles. The term PBPH is a new nomenclature that replaces IUPHHK.

In addition to supplying timber to PT Korindo Ariabima Sari, PT Amprah Mitra Jaya is also indicated to have committed violations related to land clearing for oil palm plantation development, as well as non-compliance concerning timber storage sites that are suspected of operating without official permits.

Land Clearing Activities at PT Amprah Mitra Jaya

Based on an analysis conducted using the Global Forest Watch (GFW) platform, deforestation covering an area of approximately 380 hectares occurred between 2022 and 2024 within the area where this company operates. Field monitoring at Lat: −1.871433°, Long: 111.289031° identified land clearing activities consistent with satellite imagery analysis (***Figure 5***). Deforestation was found not only within the concession area but also in areas surrounding the concession (Lat: −1.872355°, Long: 111.297486°). Both areas are suspected to be earmarked for conversion into oil palm plantations. More concerningly, these plantations are likely to be developed without proper or official permits.

Non-Compliance of Timber Storage Facilities (TPK) of PT Amprah Mitra Jaya

The Log Timber Storage Facilities (TPK-KB) of PT Amprah Mitra Jaya are located at two sites. The first TPK-KB, owned by PT Amprah Mitra Jaya, is situated in Lamandau Regency and is shared with several other timber companies, namely PT Trisetia Intiga and PT Hutanindo. The second location is situated in Belantikan Village, Lamandau Regency.



Figure 4: Log Stockpiles at the Factory Site of PT Korindo Ariabima Sari



Figure 5: Land Clearing for Oil Palm Plantations Within the Concession of PT Amprah Mitra Jaya

Several indications of non-compliance include:

● Unclear location permit status for the Log Timber Storage Facility (TPK-KB)

The Log Timber Storage Facility (TPK-KB) of PT Amprah Mitra Jaya is indicated to lack a clear location permit. This is evidenced by the absence of an official signboard at the TPK-KB site (Lat: −1.971898°, Long: 111.416672°) displaying valid permits or legal authorization for its operation. The presence of an official permit signboard is crucial to ensure that activities conducted at the TPK-KB are lawful and compliant with Minister of Environment and Forestry Regulation No. 8 of 2021. In addition, the signboard support traceability verification by clearly identifying the legal status, permit holder, and operational area of the TPK-KB. If such information is not available, it may complicate the process of verifying the timber source and assessing whether the raw materials handled originate from authorized and legally permitted sources.



Figure 6: TPT- KB Facility of PT Amprah Mitra Jaya



Figure 7: TPT-KB Facility, which is co-located with PT Trisetia Intiga dan PT Hutanindo.

● Reversed and Missing Timber Barcode

At the Log Timber Storage Facility (TPK-KB) of PT Amprah Mitra Jaya, numerous stacks of *Meranti* timber were found with barcodes attached face down, and some logs were observed without barcodes. This indicates insufficient compliance with procedures for meeting forest product legality standards. The installation of barcodes on timber is essential to facilitate traceability (log tracking) of the woods and support proper administrative and inventory management. Therefore, the absence of barcodes will make it difficult to verify the origin of the timber.



Figure 8: Barcodes Belonging to PT Amprah Mitra Jaya Installed Face Down



Figure 9: Stacks of Timber Belonging to PT Amprah Mitra Jaya Without Barcode Identification

2. Raw Material Supplier – PT Korintiga Hutani (PBPH-HT License Holder)

PT Korintiga Hutani holds a Business License for Forest Utilization for Industrial Plantation Forests (PBPH-HT). The company's concession areas are located in West Kotawaringin Regency and Lamandau Regency, Central Kalimantan. Within its concession, PT Korintiga Hutani manages various plantation species, including Acacia, Eucalyptus, Sengon, and Jabon. The company is officially registered under Decree No. SK.717/MENLHK/SETJEN/HPL.0/9/2021, with a total concession area of 94,384 hectares.

PT Korintiga Hutani has obtained a Sustainable Forest Management (PHL) Certificate, valid from 5 May 2019 to 4 May 2025. The certificate, numbered LPVI-008/MUTU/FM-013, was issued by PT Mutuagung Lestari Tbk. This certification confirms that the company has met sustainable forest management standards. To date, the company processes timber products in various forms, including wood chips, sawn timber, veneer, and wood pellets. In 2022, PT Korintiga Hutani supplied 896.54 m³ of plantation timber to PT Korindo Ariabima Sari.

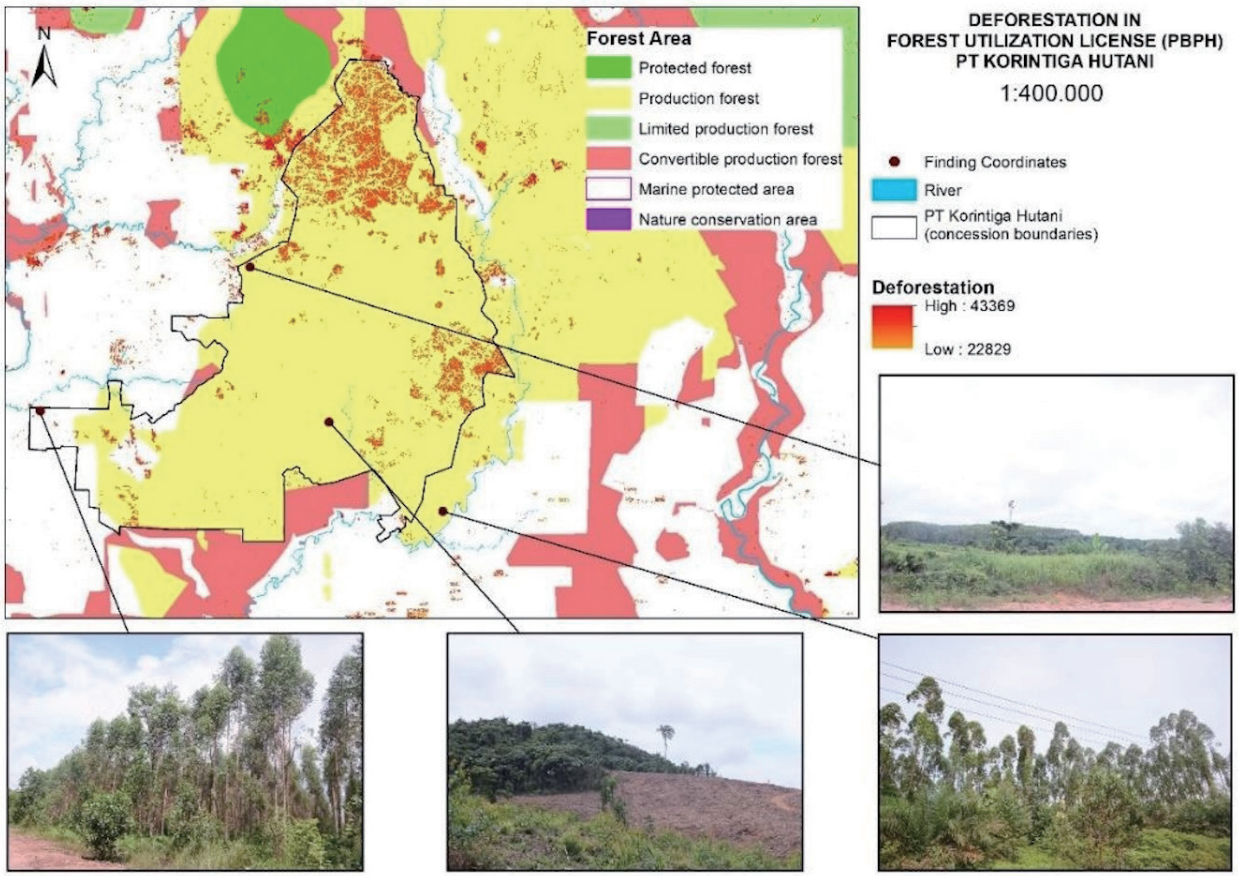


Figure 10: Map of Monitoring Findings in the Concession of PT Korintiga Hutani

Monitoring conducted on PT Korintiga Hutani revealed several indications of non-compliance with its permits, including:

● Plantation Activities Located Within Other Land Use Areas (APL)

Several Eucalyptus plantation sites belonging to PT Korintiga Hutani are located within Other Land Use Areas (Areal Penggunaan Lain, APL), or outside the designated forest zone. One such site is located at Lat: −2.134055°, Long: 111.546571°. The company is planting in areas that should not be used for its plantation activities. In principle, industrial plantation forests are designated to operate within forest areas, not outside the forest estate.



Figure 11: Plantation Location at Other Land Use Areasi

● Plantation Areas Located Outside the Concession of PT Korintiga Hutani

There are indications that plantation activities are occurring outside the concession area of PT Korintiga Hutani. One example is a planted area located at Lat: −2.219116°, Long: 111.889286°. This suggests that the company is conducting planting activities in areas not covered by its concession permit. Plantation activities carried out outside the authorized concession area constitute a serious violation of the permit granted to the company.



Figure 12: Plantations Located Outside the Concession Area of PT Korintiga Hutani

● Natural Forest Clearing

During the period from 23 October 2022 to 24 April 2024, based on data from Global Forest Watch (GFW), deforestation alerts were recorded covering a total area of approximately 1,240 hectares. Given that the company operates as an industrial plantation forest enterprise, it is likely that a significant portion of this deforestation resulted from plantation timber harvesting activities. However, field monitoring indicates that PT Korintiga Hutani has also carried out natural forest clearing at Lat: −2.143594°, Long: 111.792422°. Although this clearing occurred within the company's concession area, it clearly contradicts the deforestation reduction targets set by the Ministry of Environment and Forestry (KLHK)[11]. Natural forest clearing can lead to ecosystem degradation, biodiversity loss, and increased carbon emissions, running counter to forest protection efforts and deforestation reduction goals.



Figure 13: Natural Forest Clearing in Concession Area by PT Korintiga Hutani

● Overlapping Utilization Areas

Another finding indicates a potential overlap between forest utilization areas managed by PT Korintiga Hutani and oil palm plantation areas. This overlap has resulted in land-use conflicts between industrial plantation forests and oil palm plantations. Such conditions may lead to conflicts of interest and create uncertainty in forest resource management.



Figure 14: Overlapping Land-Use Areas Within the Concession of PT Korintiga Hutani

11 Now the Ministry of Forestry (*Kementerian Kehutanan*), Based on Presiden al Regula on of the Republic of Indonesia Number 139 of 2024

3. Industry - PT Korintiga Hutani (PBPHH[12] License Holder)

In addition to monitoring activities within forest utilization concession areas, monitoring was also conducted at the wood processing industry owned by PT Korintiga Hutani. The company's processing facility is located in Kumai Hulu, Kumai Subdistrict, West Kotawaringin Regency, Central Kalimantan (Lat: −2.611381°, Long: 111.827116°). Beyond processing industrial plantation timber sourced from its own plantations, PT Korintiga Hutani also purchases natural forest timber and rubberwood from local communities at a price of IDR 100,000 equivalent to USD 5.92 per ton at the harvesting site.[13]

At the industrial site of PT Korintiga Hutani, stockpiles of round logs were found that are indicated to be natural forest *Meranti* timber. The presence of this timber indicates non-compliance with the assessment results conducted by the certification body PT Mutuagung Lestari (PT MAL), which issued the company's timber legality certification.

Based on these field findings, Independent Monitors in Central Kalimantan Province submitted a complaint report to the certification body PT Mutuagung Lestari (PT MAL). The complaint report raised concerns regarding non-compliance with the legality of timber received by the industrial facility of PT Korintiga Hutani. PT MAL responded to the complaint by stating that the issues raised by the Independent Monitor had been verified during the fourth surveillance audit conducted in July 2023. Furthermore, LPVI PT Mutuagung Lestari will conduct verification of compliance and fulfillment of the Timber Legality and Sustainability Verification System (VLHHK) standards at PBPHH PT Korintiga Hutani through the fifth surveillance audit in 2024, scheduled for 22–25 July 2024.



Figure 15: PT Korintiga Hutani Industry

12 The Forest Product Processing Business License (PBPHH) is a mandatory permit for business actors engaged in the processing of forest products, both timber and non-timber forest products.

13 Interviews with Company Employees



Figure 16: Stockpiles of Round Logs Indicated as White Meranti Timber

Conclusion

Overall, this report reveals a number of issues within the supply chain of PT Korindo Ariabima Sari, particularly in relation to meeting the demands of the Japanese market. Findings indicating deforestation reflect insufficient compliance with established deforestation reduction targets.

Issues related to permit compliance and timber legality among the two supplier companies have resulted in shortcomings in meeting sustainability requirements under Indonesia's Timber Legality and Sustainability Verification System (SVLK). In addition, inappropriate land use practices by PT Korintiga Hutani, including eucalyptus planting in Other Land Use Areas (APL) and overlapping land use between industrial plantation forests and oil palm plantations, add further complexity to ensuring that permit holders comply with sustainability standards.

These indications of non-compliance demonstrate that the mere existence of regulations in both timber-producing and timber-importing countries does not, in itself, guarantee the cessation of deforestation. Regulations must be accompanied by genuine and consistent commitments from both sides to effectively oversee and control timber flows exported from and imported into their respective countries.

These findings indicate that the existence of regulations in both producing and importing countries does not automatically prevent deforestation, violations of community rights, or human rights abuses. Regulations that have been established must be accompanied by genuine commitment from both Indonesia and Japan to monitor the circulation of timber entering and leaving their respective countries. Stronger and more consistent implementation is required from both Indonesia and Japan.

For Indonesia:

a. Government

The Indonesian government needs to strengthen oversight of permit compliance, ensure stricter law enforcement, and enhance monitoring of deforestation risks within concession areas. In addition, the issuance of new permits must be carried out rigorously and in full alignment with applicable laws and regulations, while taking into account the track record of applicants, including their regulatory compliance and previous management performance.

b. Permit Holders/Companies

Companies are required to fully comply with applicable licensing and land-use regulations and to implement transparent and verifiable traceability systems to minimize the risk of deforestation within their supply chains.

c. Certification Bodies (CBs)

Certification bodies and relevant authorities should improve the quality of traceability verification and strengthen risk-based audits. The implementation of the Sistem Verifikasi Legalitas Kayu (SVLK) should not focus solely on document completeness, but must also be capable of identifying and addressing sustainability risks in practice.

For Japan:

a. Importers/Companies

Timber importers and business actors in Japan should conduct comprehensive due diligence and strengthen traceability verification throughout their supply chains. This includes consulting accredited certification bodies (for example, institutions accredited by Komite Akreditasi Nasional such as PT Mutuagung Lestari), as well as utilizing independent monitoring sources, including NGO reports and open-source platforms such as Global Forest Watch.

b. Government

The Japanese government should strengthen or revise its due diligence standards to ensure that verification processes are not solely document-based. The regulatory framework should integrate a risk-based approach and independent monitoring mechanisms to prevent timber associated with deforestation from entering the Japanese market.

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October 2026

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