Energy Plantation Forests, the Future of Indonesia’s Biomass Energy

A law passed in 2007 mandated that by the year 2025, 23 percent of Indonesia’s energy should come from new and renewable sources. As of this year, renewable sources only contribute up to 9.1 percent.

Forestry resources, through the Energy Plantation Forest (HTE), can contribute to increasing the use of biomass energy in the country, whether in the form of wood pellets, wood chips or sawdust, according to the chairman Indonesian Forest Entrepreneurs Association (APHI) Indroyono Soesilo during a meeting on October 16, in Depok, West Java, discussing Cofiring Biomass.

According to Indroyono, at least 34 members of the association are ready to invest in the implementation of biomass energies, and at least 10 companies have already included it into their business work plan.

"Energy Plantation Forest is the future of Indonesia’s biomass energy, because it is designated to become a source of sustainable biomass energy raw material for its own power plants, supplying excess electrical energy to PLN and exporting it," he said.

Perum Perhutani, a member of APHI, is planning to conduct a trial of a cofiring program, which combines coal supply and biomass resources, for a Steam Power Plant (PLTU) in Paton, East Java and in the near future will also be tested at PLTU Cikarang Listrindo, West Java.

Indroyono also stated that APHI is ready to support the de-dieselization program for power plants that still use diesel oil, especially in eastern Indonesia, and replace them with biofuel, which costs less than the price of diesel oil.

"We are currently conducting an assessment to test the use of biomass energy for the de-dieselization program for power plants on Bawean Island, East Java," said Indroyono.

Climate change is already happening and it is too late to reverse it, but utilizing biofuel and bio-energy is one way to soften the blow. In 2030, Japan and Korea have targeted to replace the Coal Fired Power Plant into a Biomass Energy PLTU. Demand for wood pellets, wood chips and charcoal briquettes from Indonesia continues to increase, even though the export value of Indonesia’s biomass energy abroad has only reached US $ 50 million.

Indonesia needs to convert to using renewable energies in order to reduce its dependence on fossil fuels. Meanwhile, the forestry industries are encouraged to transform into integrated industries, so that the forest business can quickly recover and gain momentum.

"With the use of 100% biomass energy in Indonesia and efforts to plant, maintain and harvest Energy Plantation Forests as a sustainable program, it is hoped that Indonesia will become the center of the world’s biomass energy, attracting investment and creating wide employment opportunities, in accordance with the mandate of the Cipta Kerja Law “ concluded Indroyono. (*)
Looking to increase the number of professionals in the forestry industry, the Indonesian Engineers Association, or PII is working together with the Association of Indonesian Forest Concessionaires, or APHI, to organize and establish a Professional Engineer Program.

A Memorandum of Understanding, between the Head of the Vocational Forestry Engineering Agency-Indonesian Engineers Association (BKTK-PII) and the Chairman of APHI was signed in Jakarta on August 19.

The signing of the MoU was witnessed by the Minister of Environment and Forestry, Siti Nurabaya, and the Chairman of the Indonesian Engineers Association, Heru Dewanto, during the inauguration of 520 Professional Engineers of Forestry Engineering.

In her speech, Siti Nurbaya stated how important well-educated human resources are in supporting national development, especially natural resource management.

“I hope with the inauguration of these forestry engineers, we can further bolster the forest engineer program and become more competitive in the global market,” Siti said, while adding that this program is also an effort to anticipate and protect local workers from global competition.

“Forestry practitioners within the scope of APHI must be encouraged to obtain Engineer registration, so that forests are managed professionally, sustainably and fairly and maintain sustainable use for future generations,” said Siti.

APHI Chairman Indroyono Soesilo stated that his association fully supports efforts to increase professionalism through the Professional Engineer program in the forestry sector, especially for practitioners. He added that later about 520 candidates will be confirmed as engineering professionals as a first step.

"The work of forestry practitioners, especially in the field, is full of risks and challenges, and therefore, the forestry engineer profession should be a starting point for obtaining appropriate awards for career paths and for facing competition in an open market," said Indroyono.

APHI will facilitate the acceleration of the Forest Engineer professional program for forestry practitioners who work within forest use permit holders. "As a follow-up to the Memorandum of Understanding with BKTK, APHI will immediately design a special program to adopt this Forest Engineer professional program," concluded Indroyono.
The increase in exports of the forestry business sector will certainly play an important role in the recovery of the national economy after COVID-19, and for this, the Indonesian Embassy in Tokyo is ready to partner to support the increase in exports of Indonesian processed wood products, especially plywood to Japan through improved technology and product diversification.

This was conveyed by the Chargé d'Affaires of the Indonesian Embassy in Tokyo, Tri Purnajaya, in his opening speech for the Indonesia - Japan Virtual Forum On Wood Products discussion "Meet The Demand and Supply of Plywood Products" on Thursday, September 10.

Purnajaya said that the total exports of Indonesian forestry commodities to Japan in 2019 reached US $ 1.55 billion, where Indonesia is one of the top 5 largest wood suppliers to Japan, especially for HS 44 (wood and wood processing commodities) with a market share of 8.21%.

However, the COVID-19 pandemic currently sweeping the world has undeniably hit world trade and presents its own challenges. It is recorded that the import of wood and processed commodities from Indonesia to Japan as of Semester I 2020 has decreased by -4.34% or reached US $ 20.38 million.

Purnajaya remains optimistic that demand in Japan is still high for wood and processed products, and the value of Indonesian and Japanese timber trade can increase again in the future.

APHI Chairman Indroyono Soesilo emphasized Purnajaya's statement, saying that exports of Indonesian forestry products to Japan have indeed decreased.

Makoto Daimon from the Japanese Ministry of Agriculture, Forestry and Fisheries stated that the export of Indonesian forestry products to Japan is still open with the application of the Japanese Timber Law known as the Clean Wood Act.

Handjaja from APKINDO said that our plywood has a special place in the Japanese market, considering that our plywood meets the required quality (JAS Factory), besides that our plywood has more value because it has a timber legality certificate (SVLK) where the raw material comes from managed forests sustainably.

According to Kiyotaka Okada, Executive Director of the Japan Timber Importers Association (JLIA), there is an opportunity for Indonesia to be here considering that plywood exports from Malaysia and the Philippines to Japan tend to decline because these countries have difficulty in raw materials. In this case, Indonesian plywood entrepreneurs hope that the new machinery import policy for the plywood industry, which is currently being prepared by the Government, can be issued soon so that it can reverse the export of Indonesian plywood products in a positive direction.

The Indonesian Embassy in Tokyo's Forestry Attache Riva Rovani said there was great potential to increase the value of plywood exports to Japan again, but further strategies were needed. In the long term, there are a number of certain plywood products whose demand is increasing in Japan, such as thin plywood, measuring 2.4 mm thick, which is known as Usumono plywood. In addition, there is export potential for non-plywood products, namely wood chips, wood parquet flooring and wood charcoal which are very much needed by Japanese consumers today.
Boosting the Performance of Innovation-Based Natural Forest Management

Innovation, productivity and efficiency are key words, especially in the utilization of timber forest products from natural forests, which currently support the supply of Indonesia's leading processed wood industry.

This was conveyed by Plt. Director General of Sustainable Production Forest Management (PHPL) Bambang Hendroyono at the opening of the National Discussion "Innovative Practices for Increasing Productivity and Efficiency of Natural Forest Management" which was held online on September 4.

The national discussion organized by the Ministry of Environment and Forestry, the Association of Indonesian Forest Concessionaires (APHI) and the Forestry Engineering Vocational Agency, the Indonesian Engineers Association (BKTK-PII) invited speakers Muhammad Jasin from PT. Wijaya Sentosa (Sinar Wijaya Group), Untung Agus Pramono from PT. Sarmiento Parakantja Timber (Kayu Lapis Indonesia Group), Sudarmadji from PT. Bina Utama Murni Wood Industries and Lasman from PT. Dwima Jaya Utama Lasmani, with discussants from the Main Expert Researcher of the Ministry of Environment and Forestry Research and Innovation, Dr. Haruni Krisnawati and Professor of the UGM Faculty of Forestry, Prof. Mohammad Na'iem.

The Director General of PHPL revealed that the Ministry of Environment and Forestry has issued several policies related to production forest management, especially for natural forest permit holders, so that natural forest can be maintained and its potential increased. Sustainable natural forest management, said Bambang, is an important pillar in mitigating greenhouse gas (GHG) emission reduction actions.

"Productivity and efficiency are directed through the application of silvicultural techniques, environmentally friendly logging (Reduced Impact Logging / RIL), sustainable management of mangrove forests and optimizing the use of commercial timber species with high value, such as Merbau," said Bambang.

Bambang explained that the implementation of Silin had a positive impact in increasing the cover of natural production forests and encouraging an increase in log production, PNBP, labor absorption, forestry sector investment, exports of processed wood products and reduced carbon emissions.

Meanwhile, the implementation of RIL has been shown to reduce the damage to standing stands and soil by 50% and reduce logging waste by 30%. In addition, logging is more efficient and increases production volume by up to 10%. On another aspect, mangrove forest management and utilization of high value commercial species, such as Merbau, need to be supported by intensive research so that their use can be sustainable.

Chairman of APHI, Indroyono Soesilo said that efforts to increase productivity and efficiency in the use of natural forests, supported by policy incentives, are important aspects to boost processed wood exports in the second semester of 2020, because natural wood is the main raw material for Indonesia’s superior processed wood industry, namely plywood, veneer and wood working.

Indroyono expressed his appreciation for the various policy incentives currently being pursued by the Ministry of Environment and Forestry to encourage improvements in natural forest-based upstream and downstream performance. Some of them include relief of DR, PSDH, PBB payments, reduced veneer export taxes, expansion of processed wood sections for export, and ease of importing plywood machines that are not new to conditions.

In an effort to increase exports, the forestry association continues to work together to strengthen market intelligence and digital marketing / E-commerce, as well as to establish intensive dialogue with the Indonesian Embassy (KBRU) in Indonesia’s main export destination countries.

"In parallel with efforts to boost exports, the use of timber and its processing for domestic needs to be encouraged. It is proposed, among others, through a procurement policy for the use of natural wood based on the Timber Legality Assurance System (SVLK)," said Indroyono.

Underlining these efforts, Indroyono emphasized the urgency of innovation so that natural wood and its processed products can compete. "In simple terms, it can be formulated that innovation is a function of invention (research and new discoveries) and economic values (through added value, optimization of local content and technological applications) of natural forest management and processing practices," said Indroyono. *)
UK Minister of State for Pacific and the Environment Lord Zac Goldsmith in a statement during a webinar said that the commitment and legal standards of Indonesian wood producers have made it easier for British importers to source sustainable wood, on September 23.

Lord Goldsmith continued, "Indonesia's leadership in encouraging the export of legal and sustainable timber through the national implementation of the Timber Legality Assurance System (SVLK) should be emulated by other timber exporting countries."

Deputy Minister of Environment and Forestry (LHK) of Indonesia, Dr. Alue Dohong in his speech emphasized "The SVLK system guarantees timber legality and forest sustainability in order to win trust and convince the international market that Indonesian wood products come from legal and sustainable sources."

The webinar was organized by the Indonesian Embassy in London in collaboration with the Foreign Commonwealth and Development Office along with the Association of Indonesian Forest Concessionaires, the Timber Trade Federation, and the British Retail Consortium.

Guided by Dr. Ida Bagus Putera Parthama, webinar panelists representing timber business associations and entrepreneurs from Indonesia-UK, namely Indroyono Soesilo (Chair of the Indonesian Forestry Community Communication Forum), David Hopkins (Managing Director, Timber Trade Federation), Leah Riley Brown (Sustainability Policy Advisor), British Retail Consortium), as well as entrepreneurs Budi Hermawan (Marketing Director, PT Kayu Lapis Indonesia), and Shaun Hanan (Sales Director, Pacific Rim).

The Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (FLEGT-VPA) scheme guarantees that Indonesian wood products entering Europe have been verified to be free from illegal logging. Since 2002, Indonesia and the UK have collaborated in handling illegal logging, starting with the signing of the MoU on Addressing Illegal Logging, then followed up by the collaboration of the Multistakeholder Forestry Program (MFP) which helped formulate the formation of the SVLK. Along with Britain leaving the European Union, Indonesia and the UK signed a bilateral agreement on the implementation of FLEGT through the Indonesian-UK VPA in March 2019.

In the discussion session, the Chairperson of APHI Indroyono Soesilo stated that Indonesia's timber exports to the UK decreased by 24% to $144 million during the January-August 2020 period compared to the same period in the previous year. A similar downward trend also occurred in almost all regions of Europe, which was largely due to the Covid-19 pandemic. However, in general, since the implementation of the SVLK, Indonesia’s timber exports have increased, especially in the UK.

FLEG T is also an important framework for retailers in the UK because it emphasizes transparency. More and more British consumers are adopting "ethical purchasing," that is, expecting legality in wood products, ensuring the source of the product, and ensuring that the products purchased do not cause deforestation. British consumers are even willing to buy certified sustainable products at a premium price. With this change in behavior, importers hope that the British Government can provide incentives for the use of sustainable wood by the UK timber industry, as has been applied in other sectors related to the environment, namely electric vehicles.

From the supply side, exporters appreciate the commitment of the Indonesian government through the implementation of SVLK in the export of Indonesian wood products. The SVLK audit process not only makes it easier for exporters to meet the criteria of legal and sustainable transparency required in the timber business, but at the same time also makes it easier for exporters to convince and reach consumers abroad.

The panelists agreed that there were still challenges, especially in promoting the export of legal and sustainable timber. Responding to this condition, the panelists agreed on the importance of Indonesia, the UK and business actors in the UK and the European Union to continuously strengthen public communication, promotion and policy framework regarding the positive attributes of FLEGT certified wood products to increase awareness of Indonesia's sustainable wood products in the global market. Furthermore, communication needs to highlight the sustainability aspects of Indonesian wood products, not only legality.

Not stopping there, the panelists also encouraged a close partnership between Indonesian exporters and the downstream side in the UK, including designers and MSMEs, to better understand consumer tastes. Particularly for UK MSMEs, which are often "working under tight budgets" like small construction businesses in the UK, the panelists encouraged the British government to provide incentives to use more sustainable wood products.

In his closing remarks, the Charge d'Affaires of the Indonesian Embassy in London, Ambassador Adam M. Tugio reiterated the legality and sustainability criteria for Indonesian export wood products, making Indonesia a low risk source of tropical timber. He also emphasized the commitment of the Government of Indonesia to support efforts to carry out continuous improvement of the SVLK and promote the SVLK as a norm not only in countries that apply FLEGT as a standard but also in countries where FLEGT has not become the standard norm for timber imports. (*)

Furthermore, British importers represented by the Timber Trade Federation and the British Retail Consortium conveyed the increasing awareness of consumers towards legal and sustainable products. The British market in general likes certified wood because it simplifies the import process and has a story value for consumers, namely Indonesian wood products are environmentally friendly.

Indonesian Wood Exports
Gaining Trust
in UK Market
The Regional Commissariat, or Komda, of the Association of Indonesian Forest Concessionaires Riau in collaboration with PT Mitra Enviro Holistik as a partner, organized the 1st Environmental training for members of the Riau APHI Regional Committee. The training was conducted online on August 29.

Chairperson of the Riau APHI Komda, Muller Tampubolon, stated that the aim of this training was to increase participants' understanding and insight on legal aspects and environmental licensing mechanisms, technical aspects and management aspects in environmental protection and management efforts.

"In the end, through good forest management practices and in accordance with the stipulated regulations, it is hoped that economic, environmental and social benefits can be obtained for the continuity of the company's business and operational activities," he said.

The material in this training includes; 1) Environmental policy regulations related to Amdal / UKL-UPL; 2) Screening of Amdal & UKL-UPL; 3) Procedure for the preparation and assessment of Amdal and UKL-UPL; 4) Mechanism for changing environmental permits; 5) Environmental permit reporting / RKL-RPL Amdal; 6) Electronic environmental reporting information system (Simpel); 7) Enforcement of environmental laws; 8) Discussions and solutions in the field of environmental impact studies (Amdal & UKL-RPL).

Muller stated, in essence, this activity is a crash-course for permit holders to respond to the dynamics of laws and regulations in the field of environmental management and how to comply with these provisions.

APHI Executive Director, Purwadi Soeprihanto, in his remarks representing the APHI Board of Directors conveyed his appreciation and congratulations on the implementation of training in the Environmental Sector which includes Legal and Environmental Permit Mechanisms, Technical Aspects and Management Aspects, which are planned to be implemented in several batches.

"We really appreciate Mr. Muller and the Executive Board of the Riau APHI Regional Committee who are still enthusiastic about increasing the capacity of members in the midst of the Covid-19 pandemic," said Purwadi.

Purwadi reminded that during the Covid-19 pandemic, to keep up with the new normal life order, which includes self discipline to maintain health (wearing masks, washing hands, living healthy) as well as changes in the way of interacting and culture.

"Therefore, this morning's initiative from the Riau Regional Command is a reflection and an inspiration to how we all adapt to continue to carry out activities within the framework of a new normal life order," said Purwadi.

Purwadi stated that the series of training in the field of the Environment held by Komda APHI Riau in series is very important and has fundamental urgency from various perspectives.

"Regulations in the field of the environment are very dynamic and require a comprehensive understanding and update of regulatory developments, so they require continuous refresher and capacity building," said Purwadi.

Furthermore, the commitment of permit holders to fulfill their obligations after the approval of ANDAL, RKL and RPL documents needs to be continuously reminded, because environmental management and monitoring are the main bases of operational activities, as important pillars in sustainable forest management. "This training is expected to become a vehicle for education and a preventive approach, so as to avoid breaking any laws," he added.

It is fully realized that the supervision of the implementation of compliance with environmental management obligations will be tighter in the future. The dynamics of environmental issues and people’s preferences for sustainable forest management are getting stronger. Also against demands for environmentally friendly products.

Therefore, APHI always encourages its members to develop good forest management and practices, not only because of demands to abort obligations (or mandatory), but also to be beyond compliance. (*)