



MAFF
Ministry of Agriculture,
Forestry and Fisheries



MoF INDONESIA – MAFF JAPAN - ITTO

ITTO PD 928/22 Rev 1 (I)

Development of Sustainable Domestic Market for Wood Products



Presented by:

Dr. Rina Kristanti

Project Coordinator ITTO PD 928/22 Rev.1(I)

On:

The 60th ITTC, Yokohama, December 2nd, 2024

Project Profile



Executing Agency

Directorate of
Forest Product Processing
and Marketing, MoF

Locus

West Java, East Java,
and Central Java
Province (additional
Banten Province),
Indonesia

Objective

To promote a strong
and resilient
domestic
consumption of
wood products

Duration

18 months
July 2023 –
December 2024
(proposed to be
extended to
February 2025)

Budgets

- ITTO: \$ 261,811
- Budget expenses as per
2nd Dec 2024 \$178,000
- The remaining budget
can be retracted \$69,051

Project Progress



Output/Activity	Output per Activity	Progress
Output 1: <u>Increased capacity of the domestic market to satisfy consumers' need for wood product</u>		
Activity 1.1: To conduct a preliminary study on the consumption of wood products	<ul style="list-style-type: none"> • 1 report • 3 FGD 	100%
Activity 1.2: To examine salient features of substitute products	<ul style="list-style-type: none"> • 1 report • 3 FGD 	100%
Activity 1.3: To enrich the assortment of wood products sold in the domestic market	<ul style="list-style-type: none"> • 9 innovative products • 3 seminars • 1 report 	100%
Activity 1.4: To develop a mid-term national strategy for domestic market for wood product	1 draft of mid-term national strategy development	100%
Activity 1.5: To educate consumers on the advantages of using wood products	<ul style="list-style-type: none"> • 9 public education • 1 report 	100%

Project Progress



Output/Activity	Output per Activity	Progress
Output 2: <u>Enhanced institutional arrangements for steadily rising domestic consumption of wood products</u>		
2.1: To establish a national council for the promotion of a sustainable and resilient domestic market for wood products	<ul style="list-style-type: none">Establishment of the National Council1 activity report	70%
2.2: To introduce policy interventions on use of wooden materials in construction sectors	1 draft policy paper	100%
2.3: To promote policy incentives for investment in collective facilities for wood processing	1 draft policy paper	100%
2.4: To share information and experience in development of domestic consumption of wood products with the assistance of ITTO Secretariat	1 activity report	70%

Project Areas



36.7 million (50% young generations); GDP/capita: US\$25.4 million; Area: 32.801 km²; Forest Area: 1.3 million Ha; The 5th biggest timber producer; Wood facility: 2,000 units; **The 3rd biggest wood product exporter (US\$1.91 billion or 14% of export) of P&P, pulp, panel, furniture, veneer, woodworking, woodcraft and woodchip.**

40.7 million (48% young generations); GDP/capita US\$43.5 million; Area: 47.800 km²; Forest Area: 2.042.511 Ha; The 4th biggest timber producer; Wood facility: 10,120 units; **The 2nd wood product exporter (US\$868.74 million or 18% of export) consisting of paper, P&P, furniture, woodworking, veneer, woodcraft and woodchip.**

Banten
Province

West Java
Province

Central Java
Province

East Java
Province

Additional locus

49.9 million (50% young generations); GDP/capita US\$38.6 million; Area 35.378 km²; Forest Area: 776.830,83 Ha; Wood facility: 1,323 units; **The biggest wood products exporter (US\$426 million/3.41% of export) of P&P, panel, furniture, veneer, woodworking, woodcraft & woodchip.**

Output 1:

**INCREASED CAPACITY OF DOMESTIC MARKET
TO SATISFY CONSUMERS' NEED FOR WOOD PRODUCT**

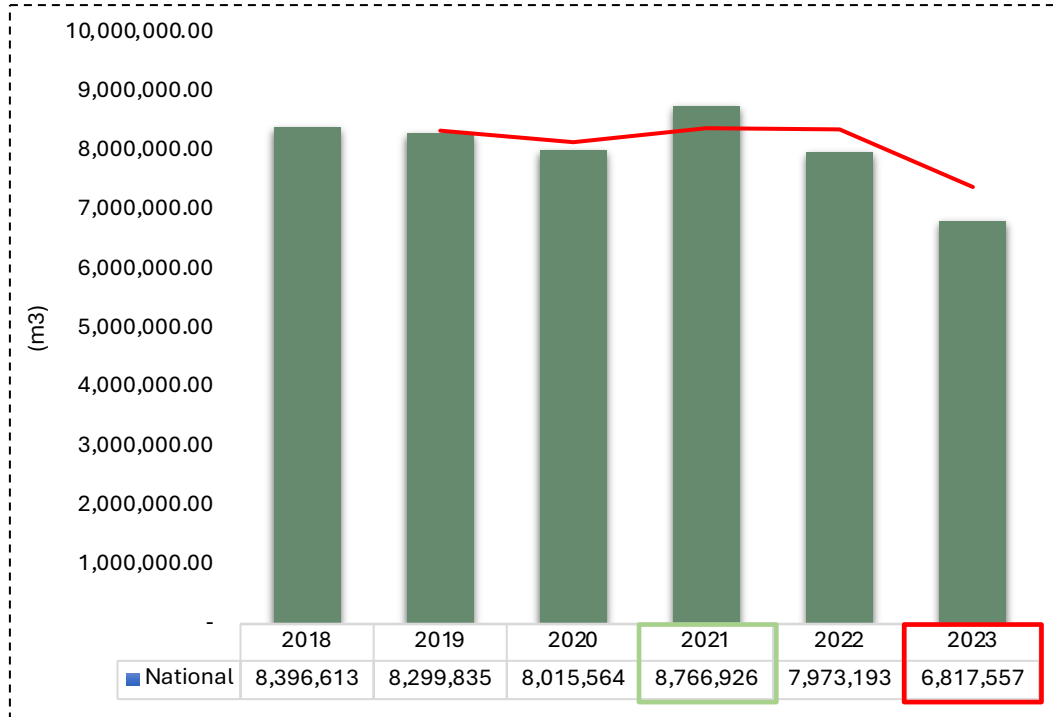
1.1: Study on Consumption of Wood Products



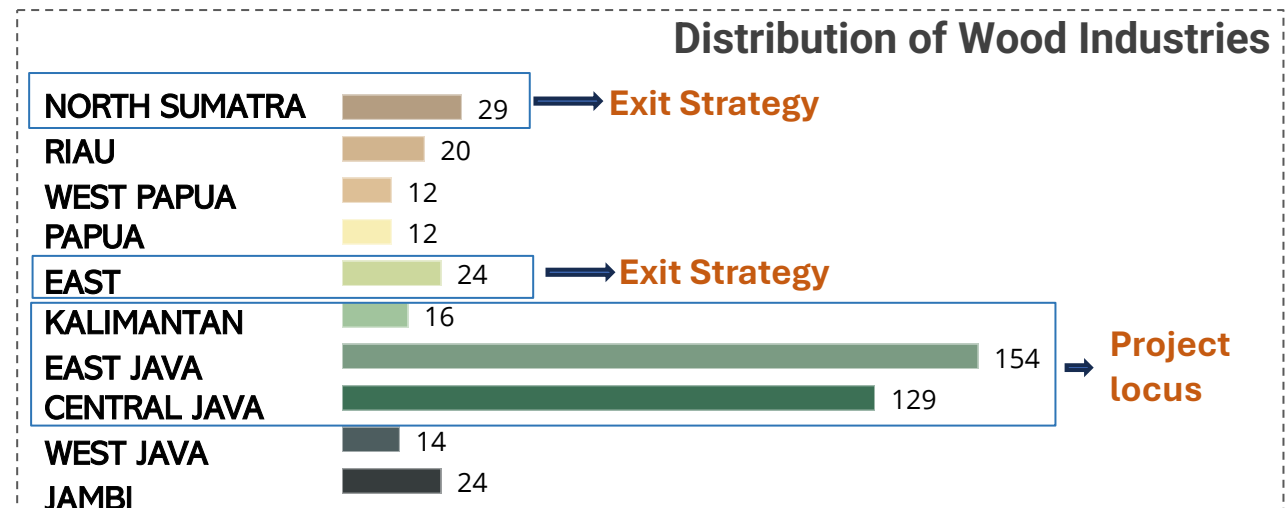
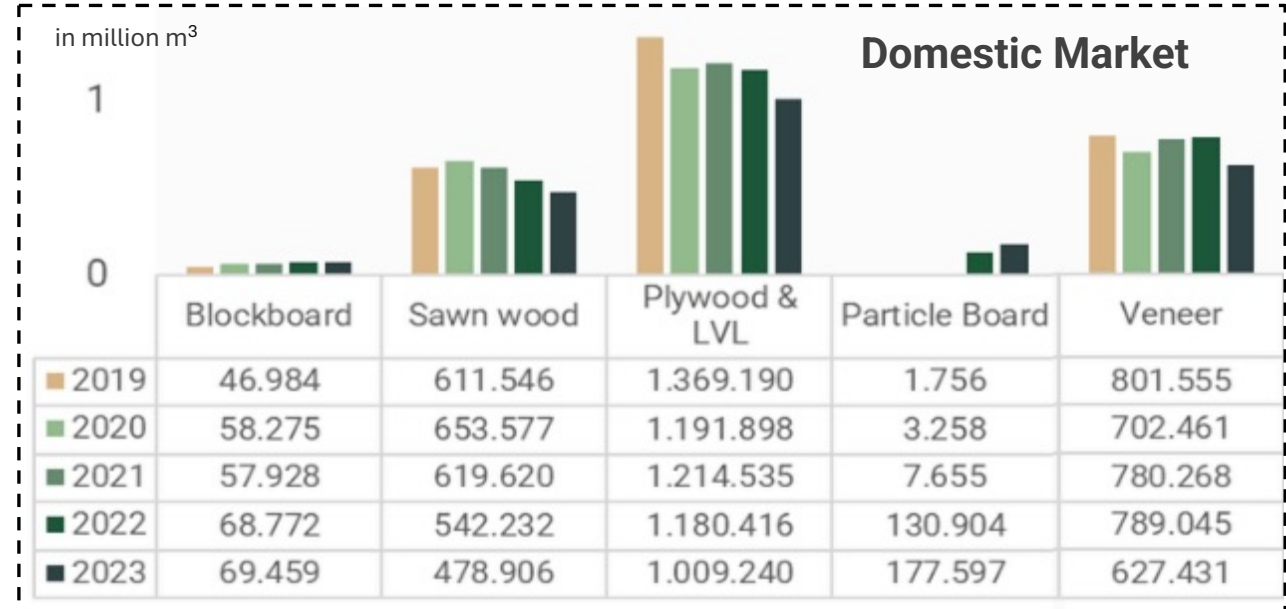
1.1: Study on Consumption of Wood Products



National Production



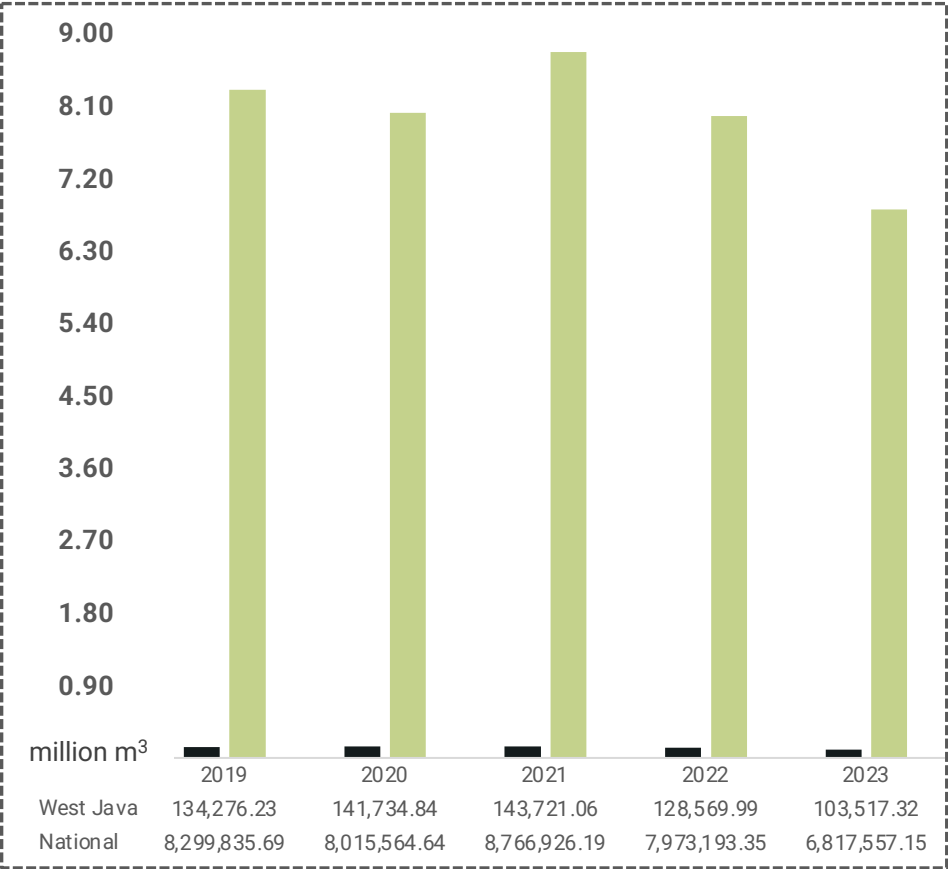
In 2023, total production was 6.8 million m³ with a domestic market of 2.4 million m³ (35%)



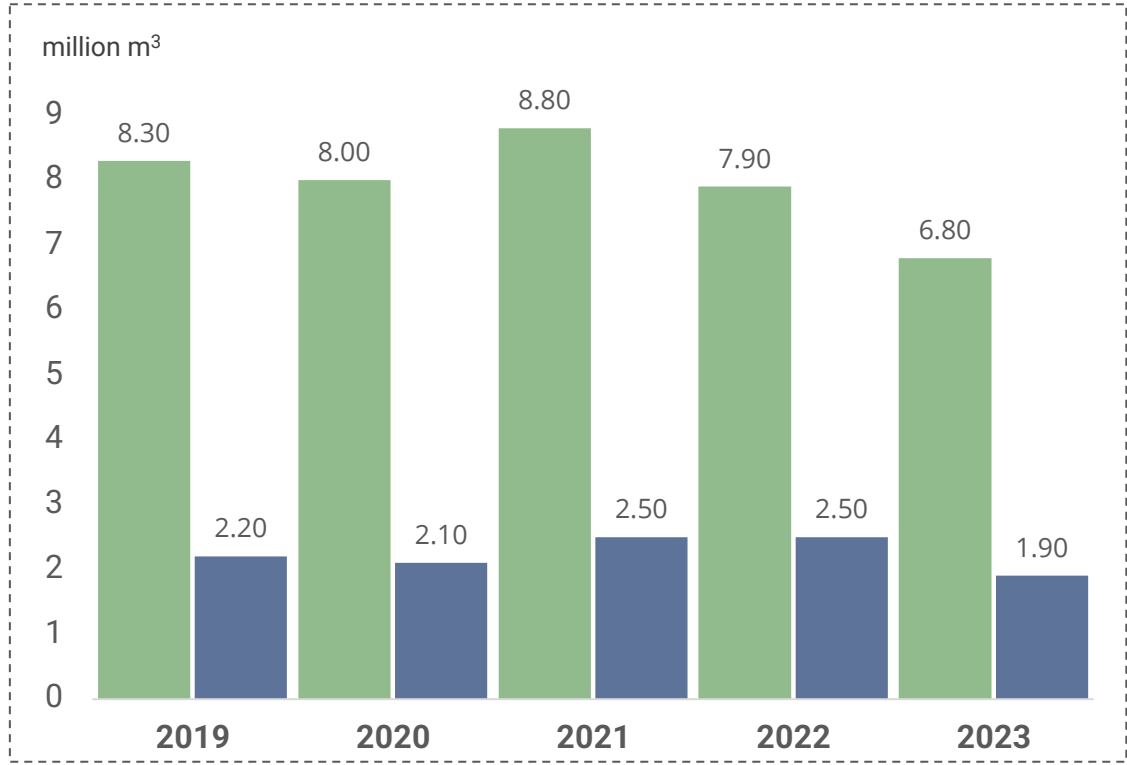
1.1: Study on Consumption of Wood Products



West Java



Central Java



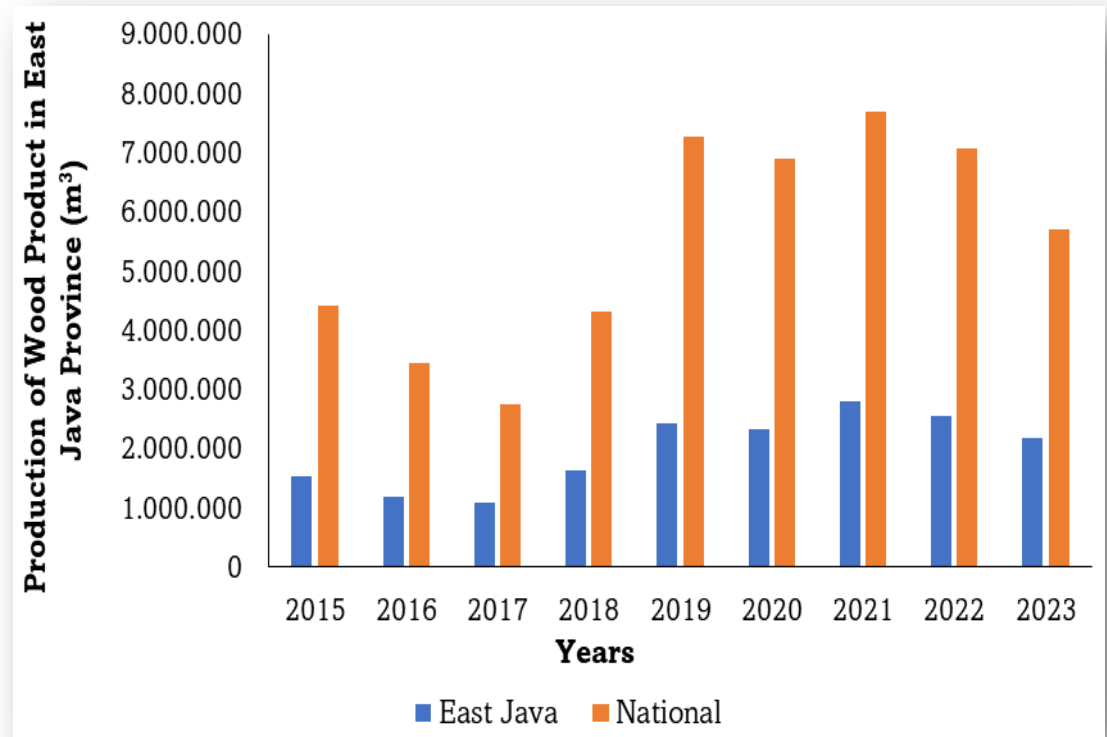
In 2023, total production was 0.08 million m³ with a domestic market of 0.017 million m³ (21%)

In 2023, total production was 1.9 million m³ with a domestic market of 0.8 million m³ (42%)

1.1: Study on Consumption of Wood Products

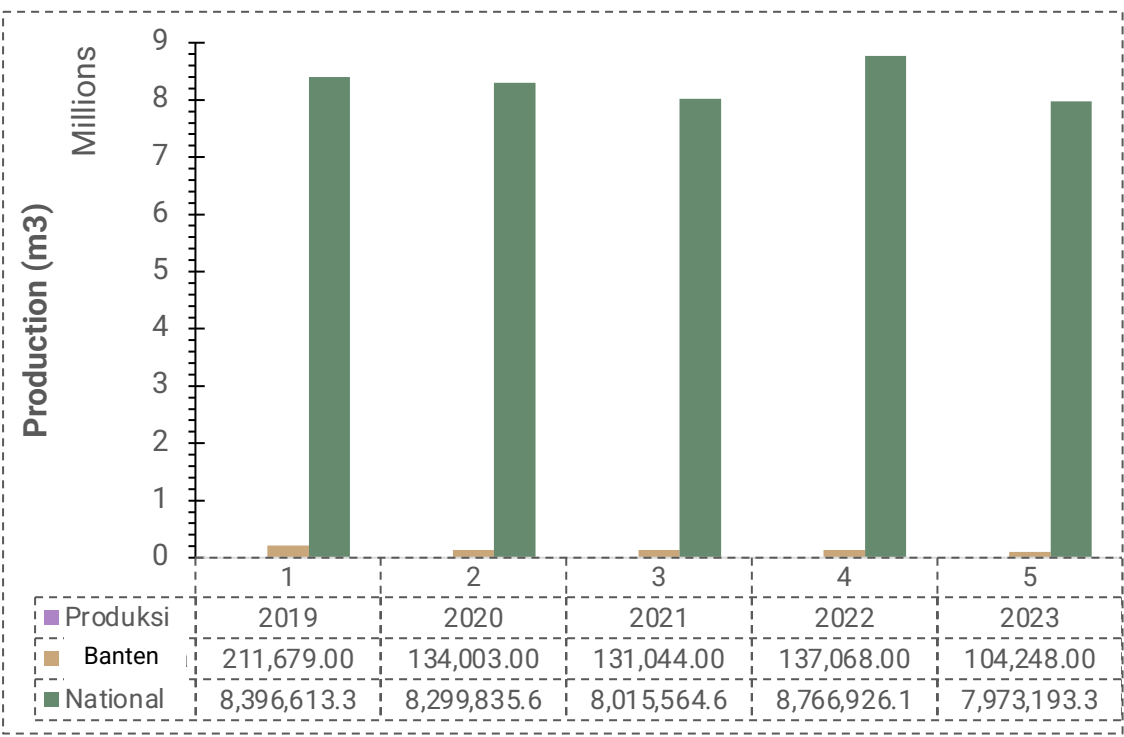


East Java



In 2023, total production was 2,3 million m³ with **domestic market of 1 million m³ (47%)**

Banten



In 2023, total production was 0.2 million m³ with **a domestic market of 0.09 million m³ (42%)**

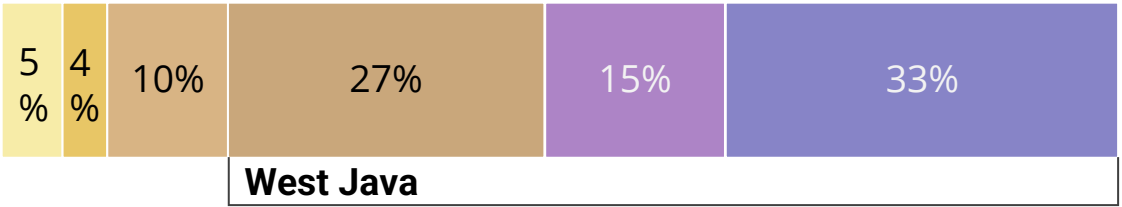
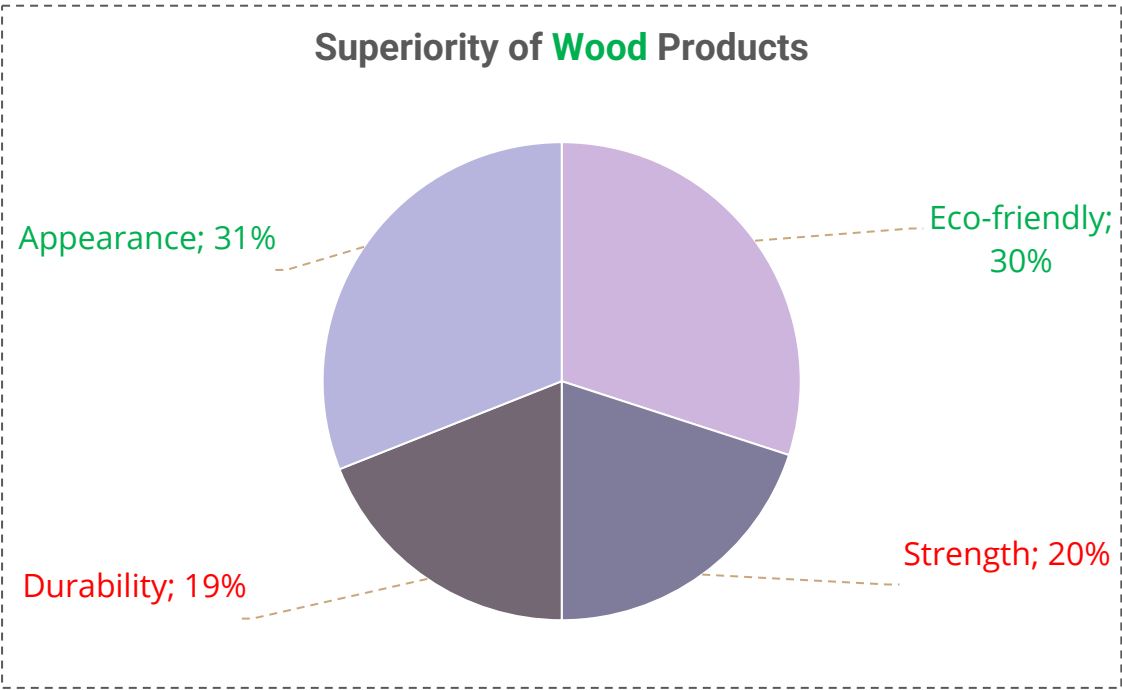
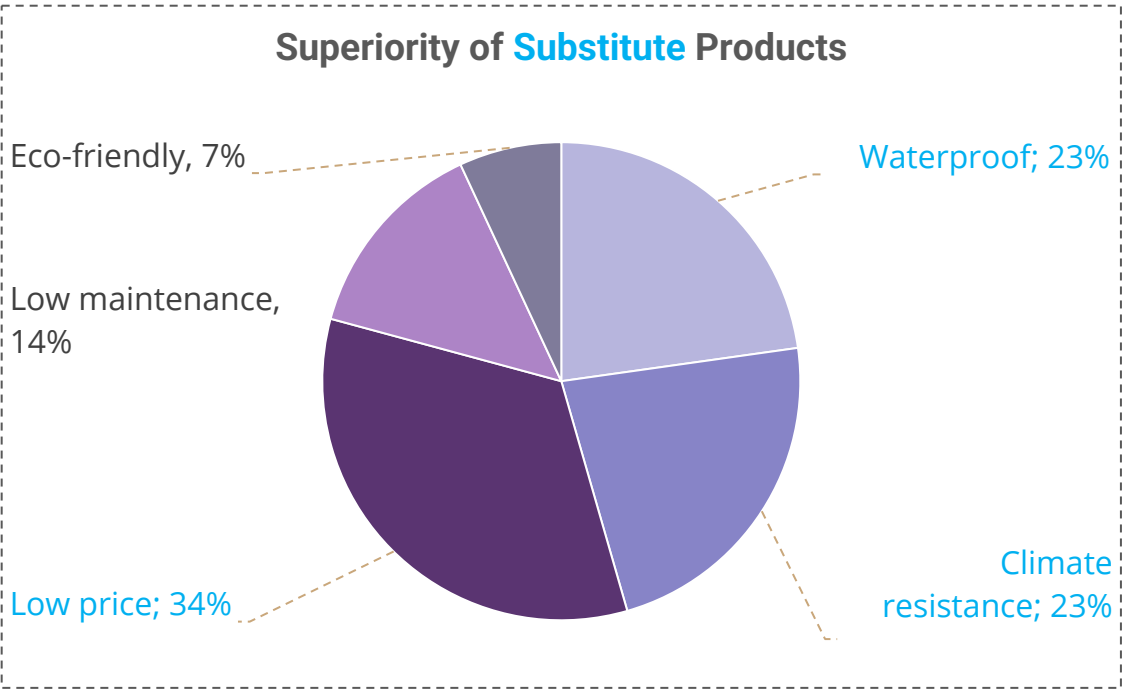
1.2: Study on Salient Features of Substitute Products



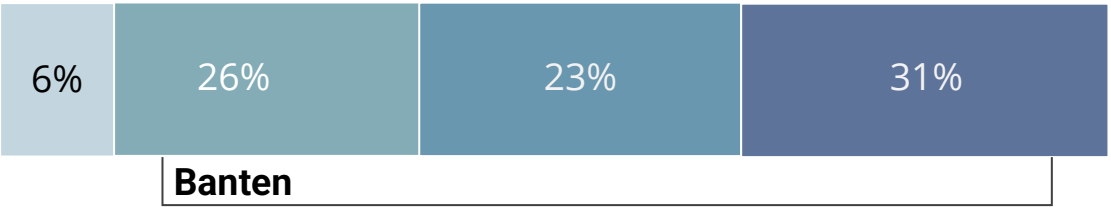
1.2: Study on Salient Features of Substitute Products



West Java & Banten Province



75%

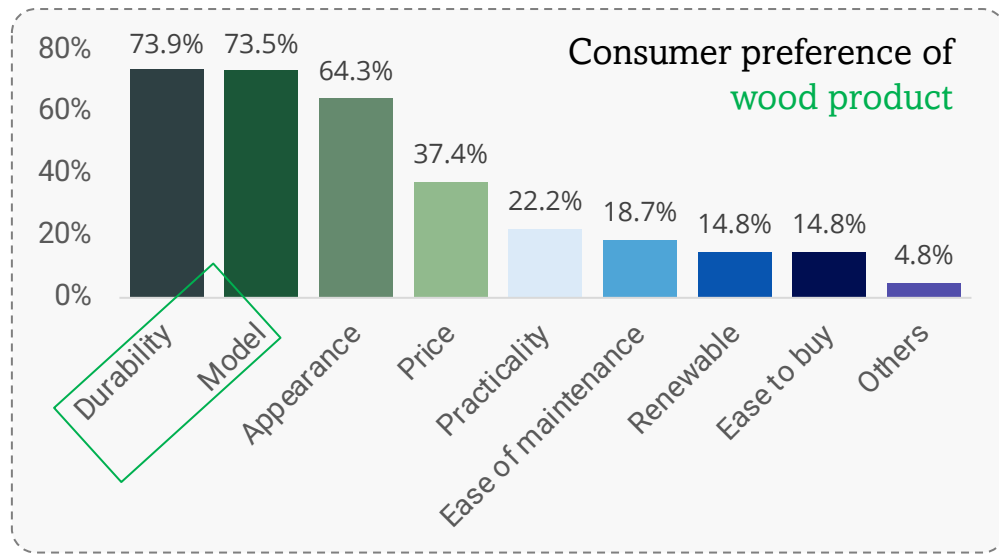
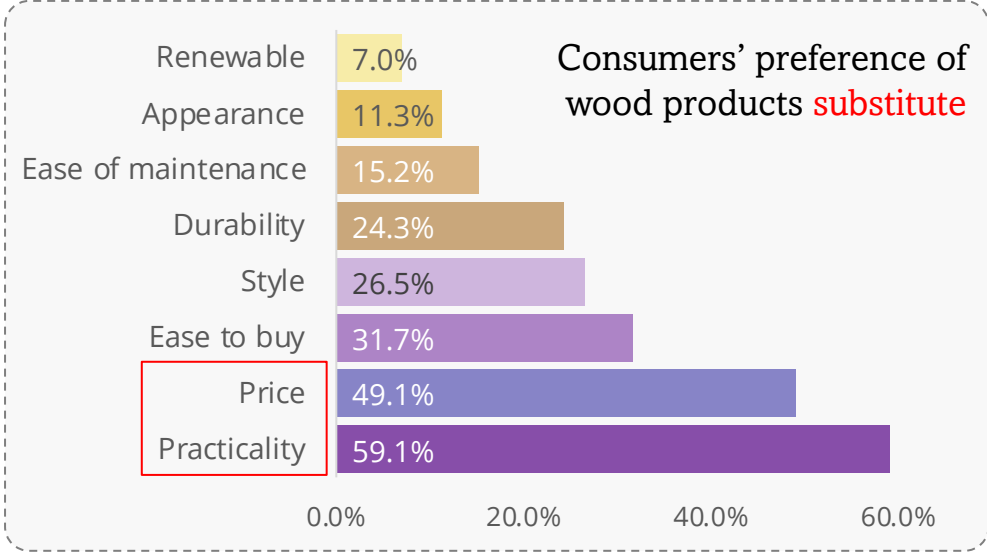


80%

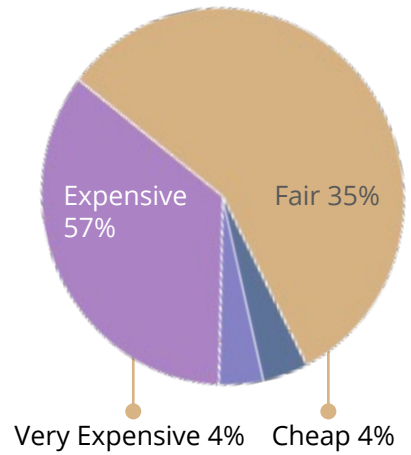
1.2: Study on Salient Features of Substitute Products



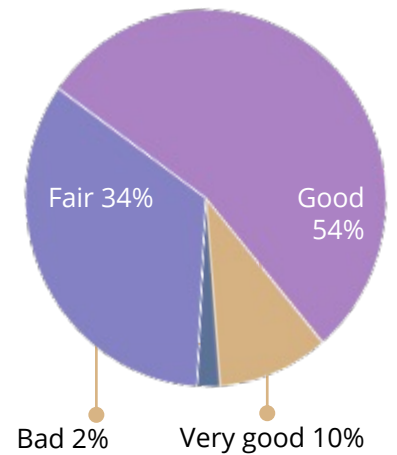
Central Java



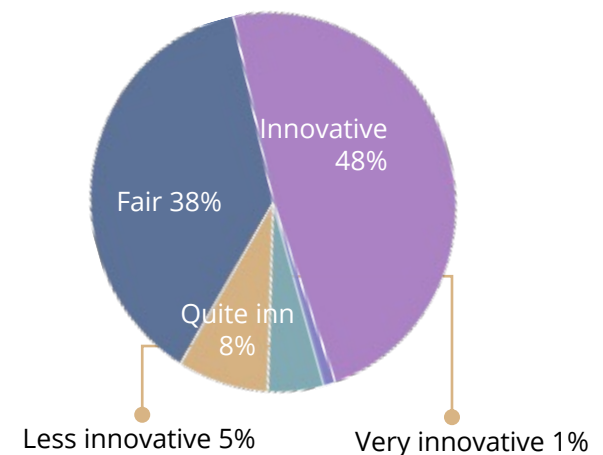
East Java



Furniture Prices

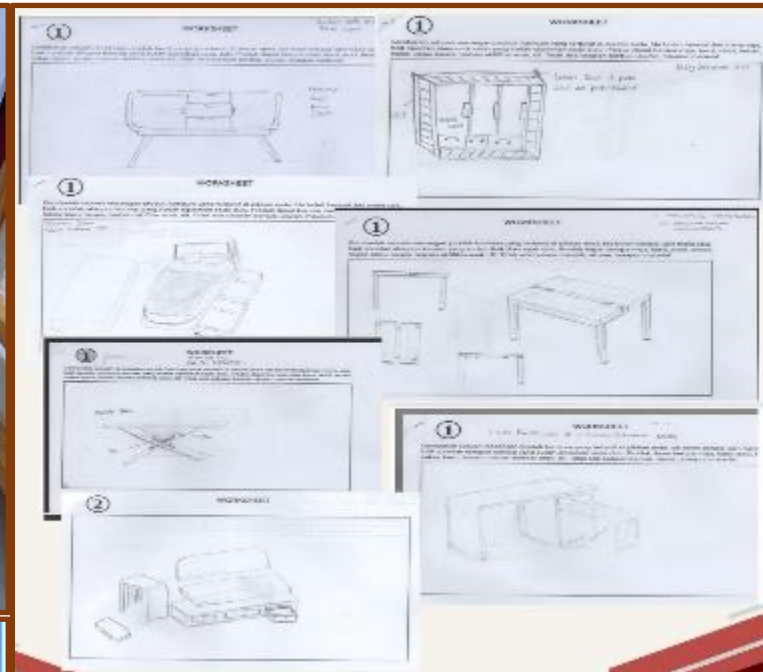


Wooden Furniture Quality



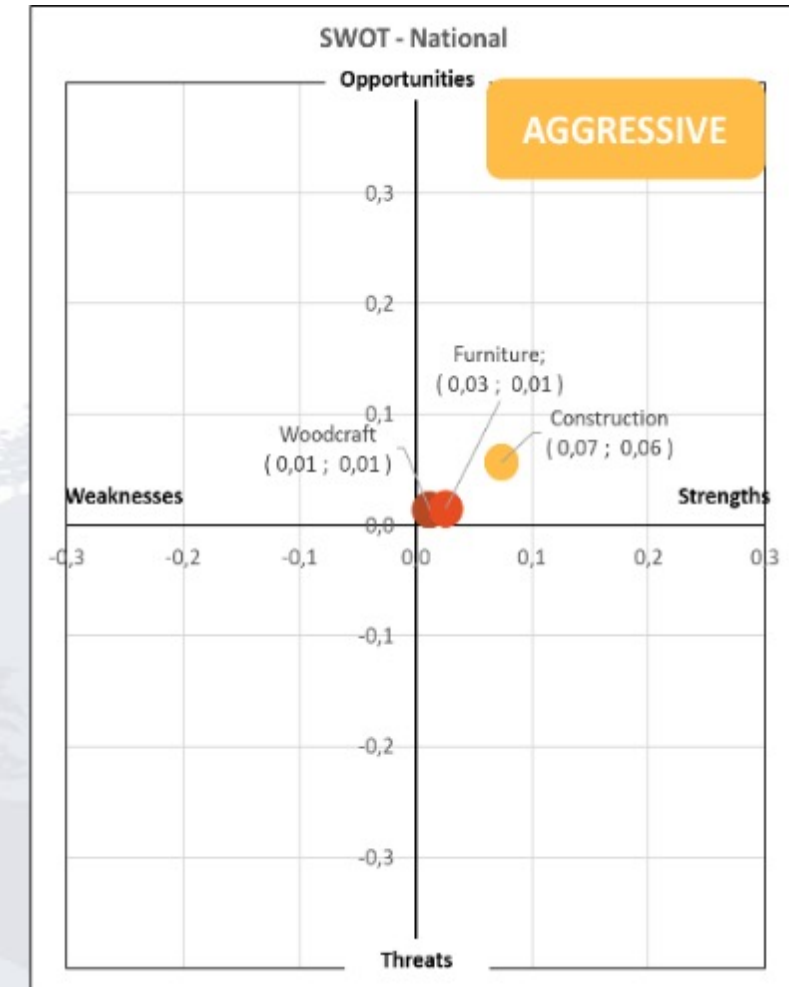
Wooden Furniture Innovation

1.3: Enriched Assortment of Wood Products in Domestic Market



1.4: Mid-Term Strategy for Enhanced Domestic Market for Wood Products

Strategy for Wood Industry Readiness



Output 2:

**ENHANCED INSTITUTIONAL ARRANGEMENTS
FOR STEADILY RISING DOMESTIC
CONSUMPTION OF WOOD PRODUCTS**

2.1: Establishment of a National Council for the promotion of sustainable & resilient domestic market for wood products



2.2: Development of Policy Interventions on the Use of Wooden Materials in Construction Sectors



Policy Optimization:



Optimal dissemination of regulations and strengthening of knowledge capacity related to environmental sustainability in the construction sector



Encourage regulations incentive requiring SVLK for the domestic market and formation of an aggregator for SME wood producers for government procurement



Careful Tightening Implementation of Green Building Criteria:

- Only applicable to government building construction;
- Encourage the use of bio-based materials;
- Provide incentives for the use of ecolabel-certified biomaterials;
- The proposed regulation has an alternative clause that provides dispensation until the institutional architecture at the subnational level is ready.



Synchronize policies and instruments related to mainstreaming the use of bio-based materials, e.g.:

- Updating outdated standardizations;
- Prepare cross-study/cross-sector regulations to improve the alignment of regulations related to Sustainable Construction Principles & GHG ER targets.



2.3: Promoting Policy Incentives For Investment in Collective Facilities For Wood Processing

Gap Findings



Constraints faced by collective wood processing facilities:

- Budget limitations for implementing educational activities
- Limited wood processing equipment and skilled human resources cause the collective wood processing facilitation function less optimal



Gaps in support for wood processing equipment revitalization efforts:

Subsidies for procuring wood processing equipment for SMEs based on the level of domestic content are only available in the industrial sector.



Limited availability of educational institutional facilities related to woodworking :

The existence of educational institutions related to carpentry is not yet evenly available in wood industry center locations.

Policy Optimization



Optimization of the roles and responsibilities required by processed wood industry players:

- Providing subsidies for purchasing wood processing equipment for SMEs to support equipment revitalization;
- Increasing capacity for SMEs in the primary wood industry.



Optimizing the role of collective wood processing facilities:

- Budget allocation increasing for training/capacity building.
- Gradual transformation into Provincial Public Service Agency.
- Increasing the number of wood processing machine operators to increase the weight of roles and responsibilities
- Revitalization of existing wood processing machines by adjusting them to the general needs of wood industry business actors.

2.4: Sharing information & experience in the development of domestic consumption of wood products



Indonesia's Rina Kristanti delivers a presentation to the Joint Committees on Economics, Statistics and Markets and Forest Industry on day 3 of the 59th session of the International Tropical Timber Council. Photo: Nonthaphat Saetan/ITTO



Gender & Social Inclusion Mainstreaming



Output/Media Coverage



FGD dan Diseminasi Studi Proyek ITTO

Produk Olahan Kayu Jawa Timur Punya Potensi Untuk Perkuat Pasar Domestik

Reportase | Radika.com | 14 Desember 2023 | 14:07 WIB



Penelitian ITTO dan Diseminasi Studi Proyek ITTO



27 Maret 2024 Berita UB



FGD dan Diseminasi Studi Proyek ITTO



20 Desember 2023 Berita UB



Achmad Fikriyansyah

Jumat, 22 Desember 2023 | 15:26 | 54.31k



Celaran FGD pada East Java Wood Product Fest 2023. (Foto: Humas UB)

TIMESINDONESIA, MALANG – Fakultas Pertanian Universitas Brawijaya menggandeng berbagai pihak berupaya untuk menciptakan industri kayu ramah lingkungan dan berkelanjutan.



by RadarJatim.id — 21 Maret 2024



FGD dan Diseminasi Studi Proyek ITTO Buka Peluang Penggunaan Kayu Lokal

MALANG (RadarJatim.id) Fakultas Pertanian Universitas Brawijaya menyelenggarakan kegiatan Focus Group Discussion (FGD) dan Diseminasi Hasil Studi Proyek ITTO PD 928/22

Resmi dibuka Pameran Furnecraft Expo 2023 di Kota Lama Semarang Ramai Pengunjung dari Berbagai Mancanegara

Penelitian ITTO dan Diseminasi Studi Proyek ITTO



11 April 2023

Furnecraft Expo 2023: Gemerlapnya Pameran Furnitur Berkelanjutan di Kota Lama Semarang, Dibanjiri Pengunjung Internasional

11 April 2023

11 April 2023

11 April 2023

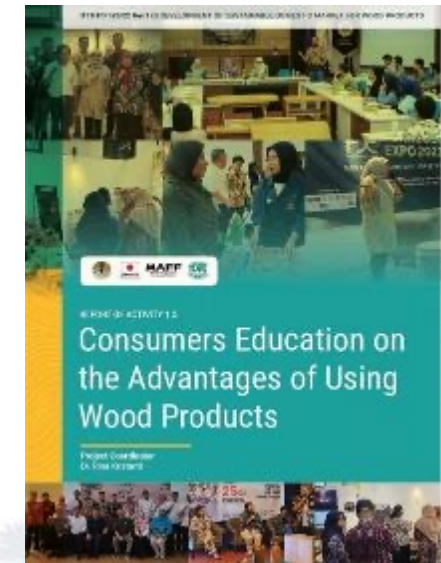
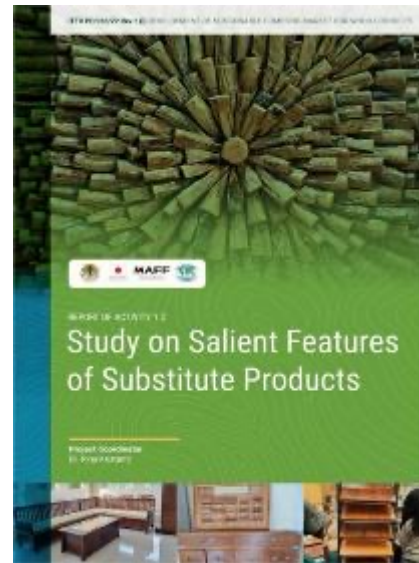
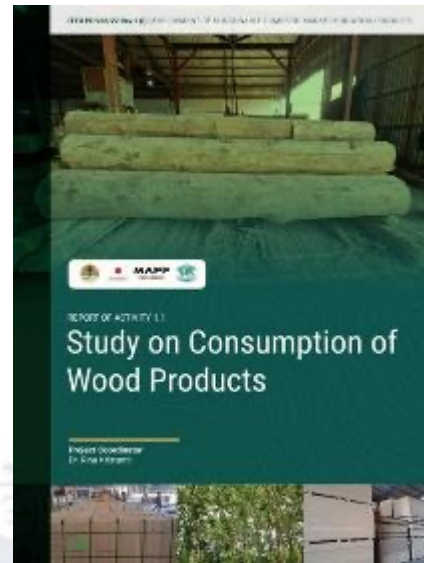
11 April 2023

11 April 2023

11 April 2023



Activity Report



Project Sustainability: What's Next?



Exit Strategy



Develop and extend PD 928/22 Rev. 1 (I) in other regions to develop a comprehensive roadmap for the sustainable domestic market for wood products



Connectivity among upstream, and downstream & markets of the wood industry, SVLK's incentive, global market requirement, NTFP & gender mainstreaming



To boost the existing good collaboration with the **construction sector** (Ministry of Housing, University, associations)

Sinergy with EA

- The new sub-directorate in DG SFM will be in charge of the development of domestic market for wood products
- Development of information system integration to support the development of the domestic market for wood products

The background of the image is a lush, dense tropical forest. The trees are tall and thin, with a variety of green foliage. A semi-transparent white banner is centered horizontally across the middle of the image, containing the text "Thank you!" and "どうもありがとうございました".

Thank you!

どうもありがとうございました