



COOPERATION AGREEMENT
BETWEEN
THE DIRECTORATE GENERAL OF NATIONAL EXPORT DEVELOPMENT
THE MINISTRY OF TRADE OF THE REPUBLIC OF INDONESIA
AND
IMPORT PROMOTION DESK
ON
PROMOTING LIGHTWEIGHT TIMBER SECTOR IN INDONESIA

The Directorate of National Export Development of the Ministry of Trade of the Republic of Indonesia (DGNED) and Import Promotion Desk (IPD), hereinafter singly referred to as the “Party” and collectively referred to as “The Parties”

BACKGROUND

Based on the Statements of Cooperation signed by IPD and DGNED in 2018 and 2019 and resulting in the successful participation of 3 Indonesian exporters as exhibitors in an IPD/DGNED-sponsored Indonesian pavilion at Interzum 2019, a buying mission in October 2018 and a virtual b2b event in March 2021. The cooperation has been based on a jointly developed strategy for the promotion of the Indonesian lightweight timber sector which comprises different activities to be realized in close cooperation by The Parties and Indonesian trade representatives in Germany (ITPC Hamburg and Trade Attache in Berlin).

Relevance of the Indonesian Lightweight Timber Sector

The Indonesian Lightweight Timber Sector covers promising product groups that are specifically worth supporting because of following aspects:

- The market demand in Europe (and other regions) for lightweight timber products and solutions is constantly increasing
- Lightweight timber products are an important trend in different industries (e.g. kitchen industry, automotive industry, caravan industry)





- Classical commodities are losing importance while the importance of added value, sustainable products has been increasing
- Small-scale farmers (which grow much of the material used by the industry) and their families in rural areas benefit from a strengthening of the sector
- The lightweight timber sector offers an excellent chance to change the still widespread image of Indonesia as a supplier of tropical hardwood products (outdoor furniture, decking, etc.) into the image of a provider of innovative and sustainable timber product solutions

MEDIUM-TERM ACTIVITIES

In order to foster the above-mentioned development, four joint medium-term activities of the Parties are planned.

1) 1 Sourcing Mission in 2023, Indonesia

In order to increase the number of lightwood (and related plantation timber such as coconut wood, rubberwood) exporters that participate in the different IPD – DGNED – ITPC activities and to continue support to exporters that have already participated in activities (trade fair and/or buying mission), IPD and DGNED shall jointly plan and implement 1 sourcing mission.

Modalities of Cooperation – responsibilities of each party

A) IPD

- Do the missions with one IPD representative and one external IPD expert
- Provide mission report

B) DGNED

- Promotion of the lightwood programme and identification of potentially suited exporters (in close cooperation with IPD)
- Coordinate logistics of the sourcing mission (transport and accommodation) and organize / schedule visits of exporters
- Accompany the visits with at least one representative

2) Pre-fair Workshop Interzum 2023, May 08th, 2023, Germany

With support from IPD, organizes a Pre-fair Workshop in Cologne, Germany on the day prior to the opening of Interzum 2023.



The aim of the workshop is to prepare the co-exhibitors at the Indonesian pavilion at interzum in terms of sales approach, market information and their responsibility in making the participation a success.

Modalities of Cooperation – responsibilities of each party

A) IPD

- i. Sharing of relevant manuals, templates, materials, presentations etc. with DGNED
- ii. Hiring one external IPD expert for the market insights
- iii. Renting a workshop room for 20-25 people

B) DGNED

- i. Design of the workshop agenda
- ii. Create the workshop material and give the general presentations to Indonesian pavilion participating companies
- iii. Establish an attendee list with signatures to be shared with IPD

3) Interzum 2023, May 09th to 12th 2023, Germany

Interzum in Cologne, Germany, is the world's leading trade fair for furniture production and interior design and takes place from May 09th to 12th, 2023. Following up on the joint IPD-DGNED Indonesian pavilion at Interzum 2019 (hosting 3 Indonesian exporters), the continued presence of Indonesia shall consolidate and increase the position of Indonesian lightweight timber and other timber products in Europe. The pavilion shall accommodate 6 to 8 Indonesian exporters.

Modalities of Cooperation – responsibilities of each party

IPD

- i. Selection of up to 5 exporters (in coordination with DGNED)
- ii. Preparation of exporters in cooperation with DGNED (e.g. regarding choice of products, product innovations, brochures, product presentation)
- iii. Support to DGNED & ITPC in planning of the pavilion and of the logistics
- iv. Support to DGNED in organizing a prefair workshop in Germany (provision of short term expert / trainer)
- v. Presence of 1 IPD representative and 1 IPD expert at the booth during the entire fair
- vi. Invite relevant German/European importers
- vii. Individual matchmaking with importers



- viii. Communication with relevant press
- ix. Creation of a trade fair brochure presenting Indonesian lightwood companies and DGNED (in cooperation with DGNED)
- x. Do a post-fair report and share with DGNED
- xi. Follow-Up of interzum leads (via IPD expert / coordination with exporters and importers) for 12 months after interzum, in order to increase the chance of contracts

A) DGNED

- i. Registration of pavilion space, catalogue entry and press compartment
- ii. Facilitation of pavilion space/rent and additional costs related to the trade fair such as trade fair catalogue entry, press compartment, electricity, water etc.
- iii. Coordinate with ITPCs and Trade Attaches in Europe for mailing to European importers in order to attract them to the booth
- iv. Presence of at least one representative at the booth during the entire fair
- v. Organize a Networking Event / Stand Party at the pavilion
- vi. Coordination with Ministry of Industry
- vii. Coordination with Ministry of Environment and Forestry
- viii. Do a post-fair report and share with IPD
- ix. Follow-Up of Interzum leads for 12 months after interzum, in order to increase the chance of contracts

4) 1 Webinar on the new EU Deforestation Free Regulation (once the regulation will be finalized)

By promoting the consumption of 'deforestation-free' products and reducing the EU's impact on global deforestation and forest degradation, the new rules are expected to bring down greenhouse gas emissions and biodiversity loss.

On 17 November 2021, the Commission proposed a Regulation to curb EU-driven deforestation and forest degradation. The main driver of these processes is the expansion of agricultural land that is linked to the production of commodities such as palm oil, cattle, soy, coffee, cocoa, timber and rubber.

A political agreement was reached on a joint proposal in December 2022. It will repeal the EU Timber Regulation. Once adopted and applied, the new law will ensure that a set of key goods placed on the EU market will no longer contribute to deforestation and forest degradation in the EU and elsewhere in the world. Since the





EU is a major economy and consumer of these commodities, this step will help stop a significant share of global deforestation and forest degradation, in turn reducing greenhouse gas emissions and biodiversity loss.

When the new rules enter into force, all relevant companies will have to conduct strict due diligence if they place on the EU market, or export from it: palm oil, cattle, soy, coffee, cocoa, timber and rubber as well as derived products (such as beef, furniture, or chocolate). These commodities have been chosen on the basis of a thorough impact assessment identifying them as the main driver of deforestation due to agricultural expansion.

Modalities of Cooperation – responsibilities of each party

A) IPD

- i. Hiring of an expert competent in this topic
- ii. Preparation of presentation and material to conduct a webinar and share with DGNED
- iii. Have the contracted expert do the main intervention at the webinar

B) DGNED

- i. Organize a webinar (identification and invitation of participants, logistics / set-up)
- ii. Use the material provided by the IPD expert to create presentation and material in DGNED format (to be used in similar webinars)
- iii. Establish an attendee list with signatures to be shared with IPD

ENTRY INTO FORCE, DURATION, AND TERMINATION

This Statements of Cooperation shall enter into force on the date of its signature and shall remain in force until May 30th, 2024. Any activities conducted by the Parties since the beginning of January 2023 are part of the implementation of this Cooperation Agreement.

The Cooperation Agreement can be extended upon written agreement between the Parties.

Either Party shall have the right to terminate this Cooperation Agreement at any time by giving written notification to the other Party at least 3 (three) months prior to the intended date of termination.





The termination of this Cooperation Agreement shall not affect the validity and duration of ongoing projects undertaken under this Cooperation Agreement until the completion of such Projects, unless otherwise decided by the Parties.

MONITORING AND EVALUATION

The Parties will jointly monitor and evaluate the medium-term activities to ensure the positive results. The results and findings from this activity will be shared within DGNED, IPD, and Indonesia Trade Representative in Germany for consultation, as appropriate.

On behalf of DGNED, Director of Manufactured Products Export Development, shall be responsible for the implementation of this Cooperation Agreement. On behalf of IPD, Head of Import Promotion Desk, shall be responsible.

Done in duplicate in Cologne, Germany on May 9th, 2023 in Indonesian and English languages, both texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

**FOR THE DIRECTORATE GENERAL
OF NATIONAL EXPORT
DEVELOPMENT (DGNED)**

Ganef Judawati

(Act.) Director of Manufactured
Products Export Development

**FOR THE IMPORT PROMOTION
DESK (IPD)**

Julia Bellinghausen

Head of Import Promotion Desk