



Business as Usual in Riau, Sumatra: Pulp Industry Continues Clearance of Natural Forest

In 2009 Global Paper Giants APP and APRIL
set out to pulp 5% of Riau's remaining tropical rainforest
erased identified High Conservation Value Forests
deforested and drained legally protected deep peat
cleared internationally recognized priority Sumatran tiger conservation forests

It is the United Nation's Year of Biodiversity
It is the Chinese Year of the Tiger
Yet Asia Pulp & Paper's clearing of tiger forests
in Indonesia's GSK UNESCO Biosphere Reserve continues

**Investigative Report
Eyes on the Forest
May 2010**

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Eyes on the Forest (EoF) is a coalition of environmental NGOs in Riau, Sumatra: Friends of the Earth Riau Office, Jikalahari "Riau Forest Rescue Network" and WWF-Indonesia, Riau Program. EoF monitors the status of the remaining natural forests in Sumatra's Province of Riau and disseminates the information worldwide. More news on Eyes on the Forest, go to:

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Overview

On 26 May 2010, Indonesia and Norway signed a Letter of Intent to form a partnership "to contribute to significant reductions in greenhouse gas emissions from deforestation, forest degradation and peatland conversion". Norway committed to support these efforts with one billion USD.

At the same time, APP and APRIL continue conversion of natural forest and deep peat in Riau province, already Indonesia's province with the highest GHG emissions, and one of the candidates to become a REDD+ pilot province under the Indonesia-Norway agreement.

Riau has become a global epicenter of deforestation and global pulp and palm oil production, driven by the who-is-who of the country's palm oil producers, and two pulp & paper giants: the Sinar Mas Group's Asia Pulp & Paper (APP) headquartered in Shanghai, China and the Raja Garuda Mas Group's Asia Pacific Resources International Holdings (APRIL) headquartered in Singapore. Much of the deforestation is "planned", based on permits solicited by the pulp & paper industry.

This Eyes on the Forest report focuses on large scale deforestation by APP and APRIL against their own published sustainability policies and commitments to buyers, investors and the general public to protect High Conservation Value Forests, critical species habitats and the climate. Their actions challenge our President's commitment to reduce the country's carbon emissions. They undermine Indonesia's commitment to ensure the survival of the critically endangered tiger.

In its [December 2009 Investigative Report](#)¹, Eyes on the Forest reported on the background of a two year moratorium of all natural forest sourcing by APP and APRIL in Riau between 2007 and 2008 because of a large-scale investigation by police and anti-corruption authorities into illegal operations. The investigation was suddenly cancelled amid questionable circumstances and resulted only in the prosecution of an ex local government official.

As a result of the police investigation, the Riau Forestry Service refused to issue permits to APP and APRIL wood suppliers even to restart natural forest clearance in 2009. However, after changing regulations on the clearing of natural forest by the pulp & paper industry, the previous Minister of Forestry rushed to issue the permits himself, ahead of a new Government, and a new Minister of Forestry coming into power in late 2009.

By legalizing the clearance of natural forest by 25 companies affiliated with APP and APRIL, this has allowed the large scale pulping of the province's remaining forests to restart with dramatic consequences:

- Clearing of 5% of the natural forest remaining in Riau in 2008/9, an area twice the size of Indonesia's metropolis Jakarta.
- Clearing of large areas of natural forest after draining of peat with >3 meters depth in violation of existing law, including the globally recognized Kampar peninsula, considered to be the largest bio-carbon reserve in the region.
- Undermining of the President's global commitment to reduce the country's mostly peat drainage related GHG emissions by up to 41%.

- Clearing of High Conservation Value Forest identified through the multi-stakeholder endorsed Indonesia HCV Toolkit in direct violation of the APRIL company's commitment to its buyers to protect them and as a result losing its interim FSC Controlled Wood certificate.
- Clearing of natural forest inside the recently established UNESCO Giam Siak Kecil-Bukit Batu Biosphere Reserve, advertised globally by APP in its long-running promotion campaign on CNN.
- Clearing of natural forest in the internationally recognized important tiger conservation landscapes Bukit Tigapuluh, Kampar, Kerumutan and Senepis-Buluhala.
- Clearing of natural forests while issues of legality and corruption regarding permits issued to companies affiliated with them in Riau continue to be investigated by government agencies.
- Clearing of natural forest on three, low lying small islands with strategic importance off the east Sumatran coast: Pulau Rangsang, Pulau Rupert and Pulau Tebing Tinggi.

The continued pulping of Riau's natural forest is in direct violation of public commitments made by APP and APRIL to ensure global paper buyers of the sustainability of the Indonesian paper industry. For many years, the companies quoted the Ministry's 2004 decree to no longer allow the conversion of natural forest by 2009 and advertised their corporate policy to no longer pulp natural forest by 2007 (APP) and 2009 (APRIL). Assuming pulp production according to APP's and APRIL's legally installed capacity of about 2 million tons each in their Riau mills, the 2009 permits to clear natural forest in Riau would represent 40% of the APP and 84% of the APRIL mill's raw material needs.

The companies have been unable and unwilling to establish professional sustainable plantation forest operations that do not rely on the clearance of natural forests and draining of peat soils for their ever expanding mills. Apparently, there is no end in sight for the continued reliance of their mills on Sumatra's last remaining natural forests. On 2 July 2010, Media Indonesia reported that the Ministry of Forestry issued 17 new licenses to cut natural forest in Riau. This will undermine commitment of the president to reduce green house gas emissions by up to 41%, and Indonesia's commitments made in the recent agreement with Norway.

Paper Giants APP and APRIL Cleared >130,000 hectares of Mostly Peat Forest

Eyes on the Forest analyzed Annual Work Plan permits (RKT), so-called “annual cutting licenses”, issued by the previous Indonesian Ministry of Forestry to 25 companies licensed to operate industrial timber plantations (HTI) in Riau province in 2009 (Map 1 and Table 1).

The RKTs allow the companies to drain peat soils and clear natural forest in the concessions. The cleared timber, mixed tropical hardwood (MTH) is used to produce pulp for paper.

Thirteen companies are affiliated with the Sinar Mas Group’s (SMG) Asia Pulp & Paper (APP) and 12 are affiliated with the Raja Garuda Mas Group’s (RGM) Asia Pacific Holdings Limited (APRIL). APP and APRIL are complex, nested webs of companies involved in the pulp & paper businesses of the SMG and RGM groups, headquartered in Shanghai, China and Singapore, respectively.

Combined, these RKTs allowed 130,758 hectares of natural forest to be cleared in Riau Province to generate 13.4 million m³ of mixed tropical hardwood (MTH) timber (Map 1 and Table 1). Most of the RKTs were issued to clear forest standing on peat soil (Map 1).

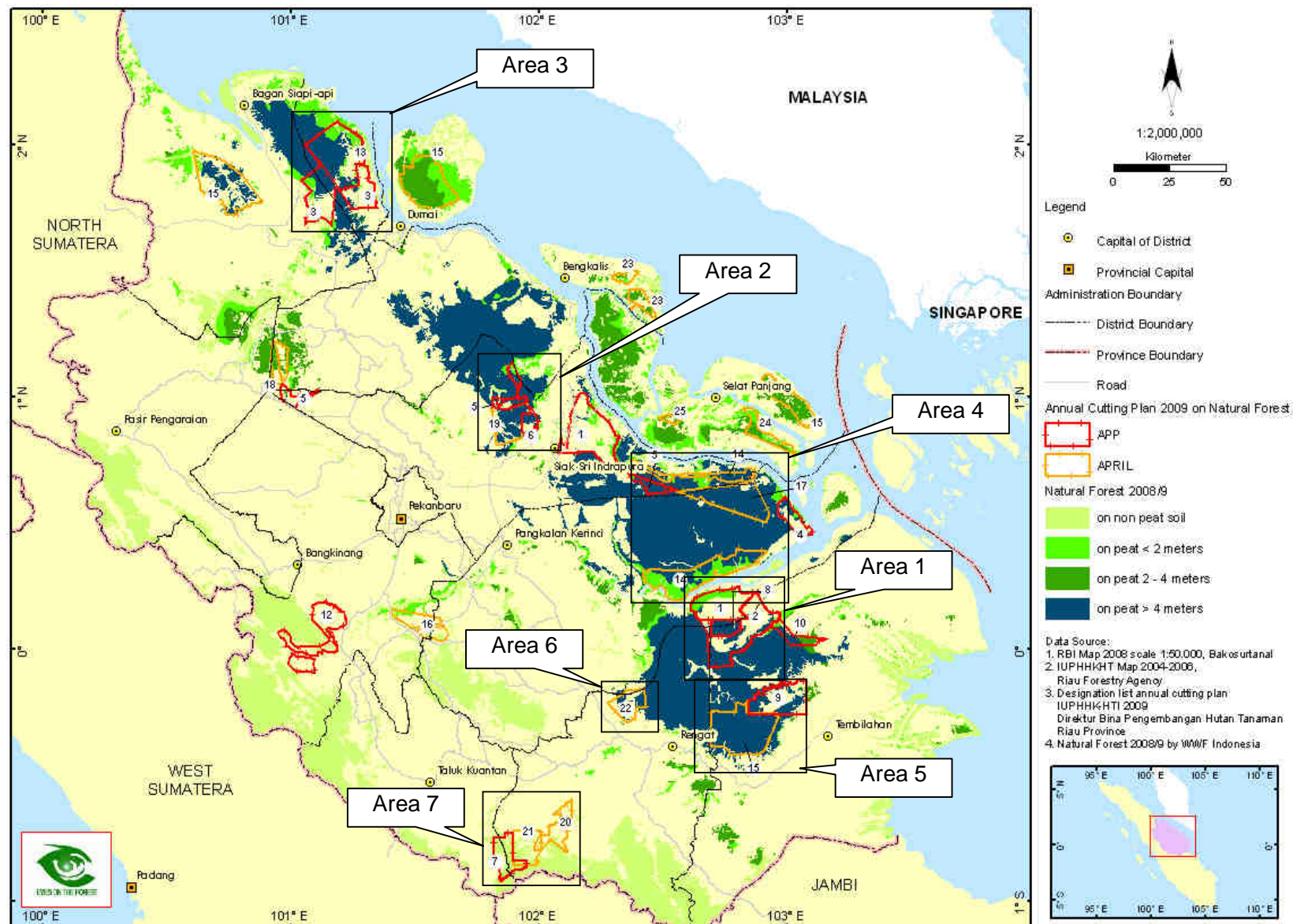
RKTs estimate mixed tropical hardwood “production targets” from natural forest clearance in three log sizes (Table 1): big log (KB = Kayu Bulat Besar), medium log (KBS = Kayu Bulat Sedang) and small log (KBK = Kayu Bulat Kecil). KB is used for plywood or sawn wood production. KBS and KBK are used for pulp production. APP affiliated companies were allowed to clear 56,659 ha to supply 4,091,041 m³ of medium and small logs to APP’s pulp mill.

APRIL affiliated companies were allowed to clear 74,099 hectares to supply 8,531,579 m³ of medium and small logs to APRIL’s pulp mill.



Natural forest cleared under one RKT issued inside the UNESCO Giam Siak Kecil Biosphere Reserve (N 0°54'13.2" E 101°).

Additional photographic evidence is available at the EoF website.



Map 1. HTI concessions for which RKT 2009 were issued with natural forest remaining in 2008/9 on non peat soil or peat soil of less than 2 meters, 2 - 4 meters or more than 4 meters depth. The locations of Areas 1 to 7 are marked by black squares.

Table 1. RKT 2009 issued for APP and APRIL affiliated companies in natural forest remaining in 2008/9 in Riau Province by the Ministry of Forestry's Director of Forest Plantation Development.

No. on Map 1.	Company name	Number and date of decree letter on RKT Legalization	Production target					High lighted area
			Natural forest allowed to be cleared according to RKTs					
			Area (Ha)	Log (M3)			Total	
KB (>50 cm)	KBS (30-49 cm)	KBK						
A. APP affiliated companies								
1	PT. Arara Abadi	SK.20/BPHT-3/2009. 14 May 2009	3,306	21,298	37,423	134,179	192,900	1 - peat
2	PT. Satria Perkasa Agung	SK.17/BPHT-3/2009. 12 May 2009	3,558	13,852	43,802	158,796	216,450	1 – peat
3	PT. Ruas Utama Jaya	SK.19/BPHT-3/2009. 13 May 2009	9,977	76,048	172,309	510,343	758,700	3 – peat
4	PT. SPA Unit Serapung	SK. 10/BPHT-3/2009. 02 April 2009	1,822	10,369	29,937	91,803	132,109	
5	PT. Balai Kayang Mandiri	SK. 16/BPHT-3/2009. 8 May 2009 jo, SK.36/BPHT-3/2009, 18-11-2009 jo, SK.40/BPHT-3/2009, 21-12-2009	7,359	31,926	91,945	331,429	455,300	2 – peat
6	PT. Rimba Mandau Lestari	SK. 09/BPHT-3/2009. 02 April 2009 jo, SK.37/BPHT-3/2009, 18-11-2009 jo, SK.01/BPHT-3/2010, 6-1-2010	2,469	12,807	74,589	222,552	309,948	2 – peat
7	PT. Artelindo Wiratama	SK. 15/BPHT-3/2009, 15 April 2009	4,940	67,280	85,880	212,340	365,500	7
8	PT. SPA KTH Merawang	SK. 06/BPHT-3/2009, 02 April 2009	2,680	17,143	107,000	284,014	408,159	1 – peat
9	PT. Bina Duta Laksana	SK. 04/BPHT-3/2009, 27 March 2009	4,150	40,902	82,356	240,031	363,291	5 - peat
10	PT. Riau Indo Agropalma	SK. 08/BPHT-3/2009, 02 April 2009	2,915	11,263	60,336	150,720	222,320	
11	PT. Bina Daya Bentala	SK. 11/BPHT-3/2009, 30 April 2009	8,138	148,567	174,088	464,142	786,798	
12	PT. Perawang Sukses Perkasa Ind	SK.18/BPHT-3/2009, 12 May 2009	1,182	3,161	6,369	26,960	36,490	
13	PT. Suntara Gaja Pati	SK.03/BPHT-3/2009, 27 March 2009 jo, SK.29/BPHT-3/2009, 7-9-2009	4,163	72,057	92,897	204,796	369,750	3 - peat
APP TOTAL			56,659	526,675	1,058,933	3,032,107	4,617,716	

No in the maps	Company name	Number and date of Decree Letter on RKT Legalization	Production target					
			Natural forest allowed to be cleared according to RKTs					
			Area (Ha)	Log (M3)			Total	
KB (>50 cm)	KBS (30-49 cm)	KBK						
B. APRIL affiliated companies								
14	PT. Riau Andalan Pulp and Paper	SK. 19/BPHT-3/2009, 07 Sept 2009	19,286	38,018	206,287	1,963,313	2,207,618	4 - peat
15	PT. Sumatra Riang Lestari	SK. 02/BPHT-3/2009, 23 March 2009, jo SK. 06/BPHT-3/2010, 5 Feb 2010	20,107	121,290	881,815	1,579,919	2,583,024	5 - peat
16	PT.Siak Raya Timber	SK.20/BPHT-3/2009. 19 June 2009	350	560	5,160	23,250	28,970	
17	PT. Uniseraya	SK. 24/BPHT-3/2009. 17 June 2009	6,165	18,550	64,400	629,450	712,400	4 - peat
18	PT. Bina Daya Bintara	SK. 22/BPHT-3/2009. 26 May 2009	1,710	5,200	45,200	267,400	317,800	
19	PT.Seraya Sumber Lestari	SK. 23/BPHT-3/2009. 3 June 2009	6,461	29,700	145,400	884,900	1,060,000	2 - peat
20	PT.Bukit Betabuh Sei Indah	SK. 27/BPHT-3/2009, 18 August 2009	2,984	1,040	14,136	130,994	146,170	7
21	PT.Citra Sumber Sejahtera	SK. 05/BPHT-3/2009, 31 March 2009 jo, SK.38/BPHT-3/2009	4,536	4,640	63,034	568,136	635,810	7
22	PT.Mitra Kembang Seiaras	SK. 07/BPHT-3/2009, 02 April 2009	3,420	4,919	47,939	312,991	365,849	6 - peat
23	PT.Rimba Rokan Lestari	SK.35/BPHT-3/2009, 30 October 2009	3,711	460	28,750	279,490	308,700	
24	PT.Lestari Unggul Makmur	SK.13/BPHT-3/2009, 13 April 2009	2,899	5,152	42,346	215,339	262,837	
25	PT.Perkasa Baru	SK.34/BPHT-3/2009, 30 October 2009	2,470	0	23,000	108,930	131,930	
APRIL TOTAL			74,099	229,529	1,567,467	6,964,112	8,761,108	
APP AND APRIL TOTAL			130,758	756,204	2,626,400	9,996,219	13,378,824	

APP and APRIL Drained Deep Peat and Cleared High Conservation Value Forests, a UNESCO Biosphere Reserve, Tiger and Elephant Habitat

Eyes on the Forest analyzed seven forest areas in Riau (Areas 1 to 7) for which some of these RKTs were issued to evaluate the impact of forest clearance on several current issues:

- Since 2005, APRIL has committed to its buyers, investors and the general public to protect High Conservation Value Forests (HCVF) professionally and independently identified following the stakeholder driven HCVF Toolkit for Indonesia ([APRIL's Fact Sheet available online](#)²).
- In 2008, APRIL had signed a contract with the Rainforest Alliance to not clear any natural forests for which no professional HCVF assessments had been done and for which the company's HCVF delineation was disputed by stakeholders³. In 2010, the Rainforest Alliance suspended an interim FSC Controlled Wood certificate which it had issued to APRIL's Riau Andalan Pulp & Paper's Forestry Division (SW-CW/FM-003712)⁴.
- Since 2009, APP has been running a very high profile global advertising campaign on CNN⁵ and other media highlighting the UNESCO Giam Siak Kecil-Bukit Batu Man and Biosphere Reserve and the Senepis – Buluhala Tiger Sanctuary as two of its biggest conservation achievements. As late as February of this Year of the Tiger, APP highlighted its contribution to tiger conservation in both areas⁶. In reality, the company continues to clear tiger forest increasing the often deadly conflicts between people and tigers who lose their home in the process⁷.
- In 2009, the Government of Indonesia published reports identifying the draining of peat and clearing of peat forest as the country's biggest contributor to Green House Gas emissions⁸.
- The Government of Indonesia is committed to reduce its Green House Gas emissions by up to 41% relative to business as usual levels by 2020 with focus on reducing emissions from deforestation and degradation of forests and tropical peat land⁹.
- In this Year of the Tiger, the Government of Indonesia is committed to save the Sumatran tiger and its habitat.

Eyes on the Forest analysis concludes:

- 20 out of 25 RKTs issued in 2009 upon applications by APP and APRIL were allocated on deep peat of more than 3 meters (Map 1). These RKTs should not have been issued as natural forest on such peat is protected by Presidential Decree Number 32/1990 and Government Regulation Number 26/2008.
- APP and APRIL affiliated companies cleared these peat forests in violation of existing decrees and regulations. Their draining of peatlands and clearing of natural forests causes serious greenhouse gas emissions and are undermining our President's commitment to reduce carbon emissions by up to 41%.
- APP and APRIL affiliated companies drained peat soils and cleared forests inside the globally recognized Kampar Peninsula (Area 4) and Kerumutan peatland forests (Areas 1, 5 and 6) considered to hold Indonesia's highest carbon stocks. Their draining will lead to the extinction of these peat lands after all carbon stocks have been emitted into the atmosphere.

- APP and APRIL pulped 5% of all forest remaining in Riau (2.6 million hectares in 2008/9)¹⁰. Natural forest cleared by APRIL and APP affiliated companies had an average official timber yield of 118 m³/ha and 82 m³/ha, respectively (Table 1). These were thus good natural forests with great potential to store and sequester CO₂. The emissions generated by their clearance undermine our President's commitment to reduce Indonesia's carbon emissions by up to 41%.
- APP and APRIL affiliated companies cleared High Conservation Value Forests independently delineated based on the multi-stakeholder-adopted Indonesia HCVF Toolkit¹¹ in violation of their own public commitments to protect them (Areas 1, 2, 4 and 6).
- APP and APRIL affiliated companies cleared forests that were habitat of the critically endangered Sumatran tiger including Bukit Tigapuluh (Area 7), Kerumutan (Areas 1, 5, 6) and Kampar (Area 4) which Indonesian and international scientists have identified as priority Tiger Conservation Landscapes¹².
- APP affiliated companies drained peat soils and cleared forests inside the UNESCO Giam Siak Kecil-Bukit Batu Man and Biosphere Reserve (Area 2) and Senepis peat forest block with its Tiger Reserve (Area 3), while APP ran a global advertising campaign applauding itself for the conservation of these areas.
- APRIL affiliated companies drained peat soils and cleared forests on three, low lying small islands off the east Sumatran coast: Pulau Rangsang, Pulau Rupat and Pulau Tebing Tinggi. Conflicts are emerging as villagers' lands are taken away and communities are concerned that the sinking of the peat as it is being drained for plantations and rising water levels from global warming will lead to the flooding of their crops ([Walhi Riau Press Release 22 December 2010](#)¹³).

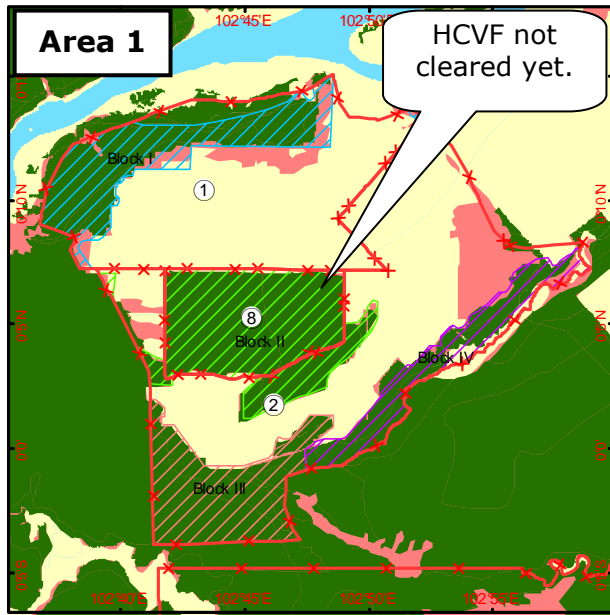
Eyes on the Forest produced four maps for each of the seven Areas to illustrate the evidence of the above issues caused by APP and APRIL affiliated companies listed in Table 1:

- Maps A show natural forest cover in 2008/9 in green and natural forest lost since 2004 in pink.
- Maps B show original satellite images from mid 2008 to indicate the areas' "before RKT 2009" status. Natural forests show as green, recently cleared areas show as pink.
- Maps C show original satellite images from 2010 to indicate the areas' "after RKT 2009" status. Natural forests show as green, recently cleared areas without major vegetation show as pink. Pink areas that show on Map C but not on Maps A or B indicate clearance of forest since mid 2008.
- Maps D show depth of the concessions' peat soils under natural forest cover in 2008/9.
- Peat depths were mapped by Wetlands International.

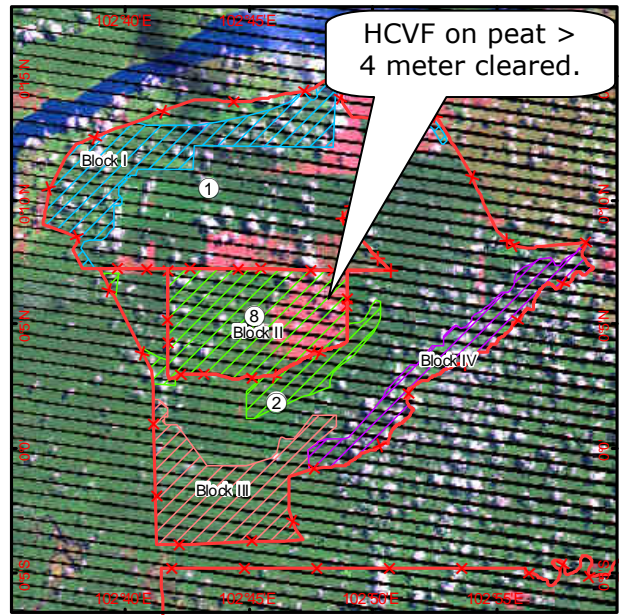
Photographic evidence of natural forest clearance is available on the Eyes on the Forest website (APP [collections 1](#)¹⁴ and [2](#)¹⁵, APRIL [collections 1](#)¹⁶ and [2](#)¹⁷).

Area 1: PT. Arara Abadi (#1, APP sister company), PT. Satria Perkasa Agung (#2, APP affiliated) and PT. SPA KTH Merawang (#8, APP affiliated) concessions in Kerumutan deep peat forest landscape

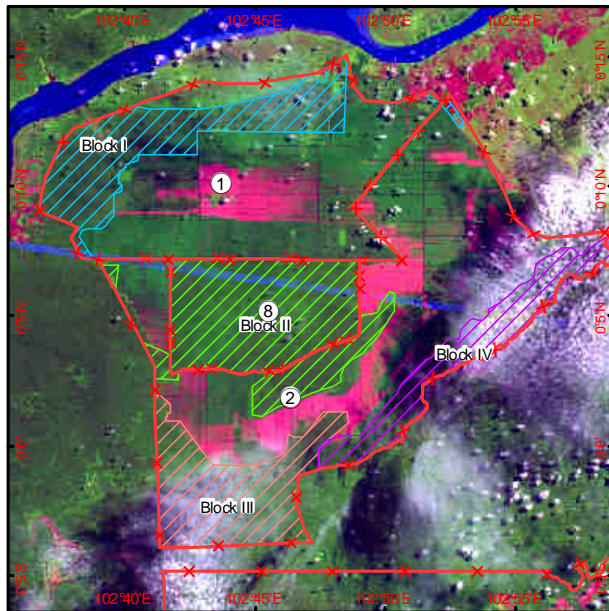
The concessions and all cleared forests are located on >4 meter deep peat (Map D) in an internationally recognized tiger priority landscape close to the Kerumutan Wildlife Reserve. The Rainforest Alliance's SmartWood Program, commissioned by APP, delineated HCVF blocks I to IV in 2004 and APP committed to protect them¹⁸ (Map A). By 2008, some of the HCVF in blocks I and IV had been cleared (Map A). HCVF Block II was still natural forest with dense canopy on 22 July 2008 (Map A, B, D), but by 1 May 2010 a large section of this HCVF block had been cleared (Map C).



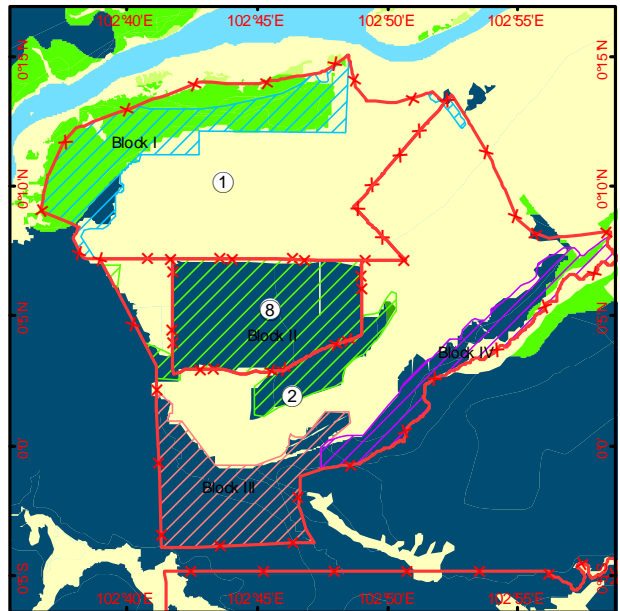
A. Indicative HCVF boundary by SmartWood



C. Landsat images 2010 (126/60 of 18 June 2010)



B. Landsat images 2008 (126/60 of 22 July 2008)



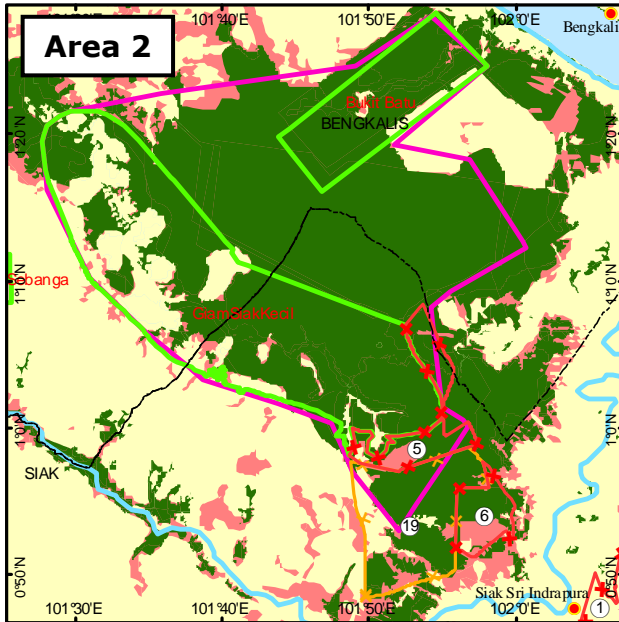
D. Natural forest 2008/9 and peat depth

Legend

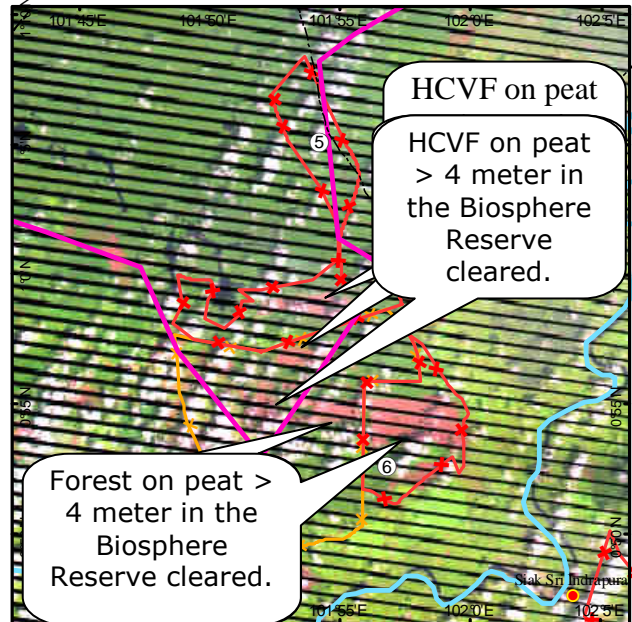
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|-----------------------------|-----------------------------------|-----------------|-------------------------|
| ● Capital of District | □ Pulpwood Concession | □ HCVF Boundary | □ Natural Forest 2008/9 |
| ■ Provincial Capital | □ APP | □ Block I | □ on non peat soil |
| --- Administration Boundary | □ APRIL | □ Block II | □ on peat < 2 meters |
| --- District Boundary | ■ Natural Forest 2008/9 | □ Block III | □ on peat 2 - 4 meters |
| --- Province Boundary | ■ Natural Forest Loss 2004-2008/9 | □ Block IV | ■ on peat > 4 meters |

Area 2: PT. Balai Kayang Mandiri (#5, APP affiliated), PT Rimba Mandau Lestari (#6, APP affiliated) and PT. Seraya Sumber Lestari (#19, APRIL affiliated) concessions inside the UNESCO Giam Siak Kecil-Bukit Batu Biosphere Reserve

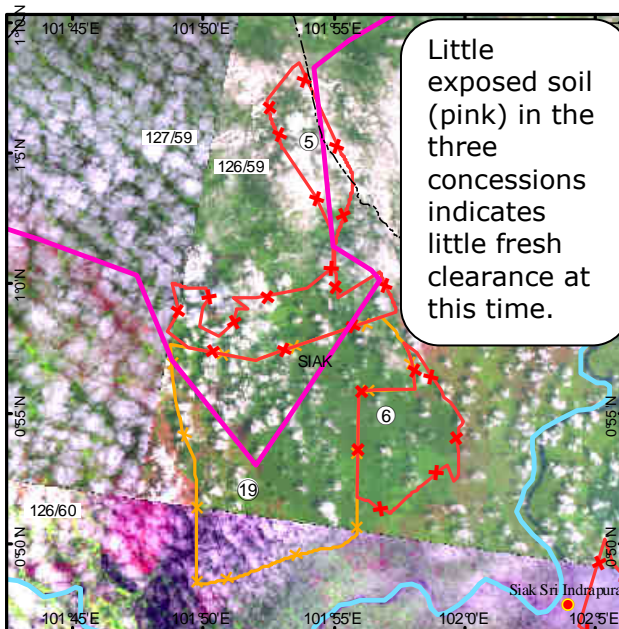
The concessions and all cleared forests are on >4m deep peat (Map D) in the UNESCO GSK Man and Biosphere Reserve (Map A)¹⁹ for which a landscape level HCVF assessment was done in 2003²⁰ (Map A). In 2009, APP and APRIL affiliates cleared natural forest inside the biosphere reserve and inside delineated HCVF, all on >4m deep peat (Map A, B and C).



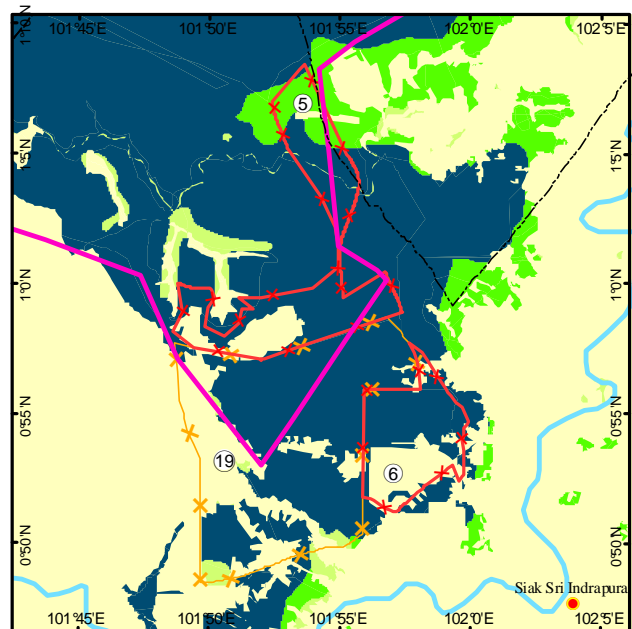
A. Approximate landscape level HCVF boundary by Jarvie et al. (2003) and UNESCO Biosphere Reserve boundary



C. Landsat images 2010 (126/59 of 09 January 2010)



B. Landsat images 2008 (126/59 of 10 May 2008, 126/60 of 22 July 2008 & 127/59 of 14 August 2008)

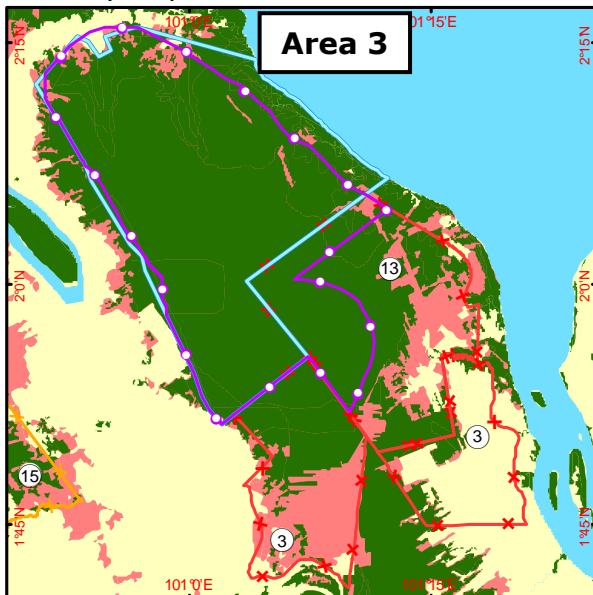


D. Natural forest 2008/9 and peat depth

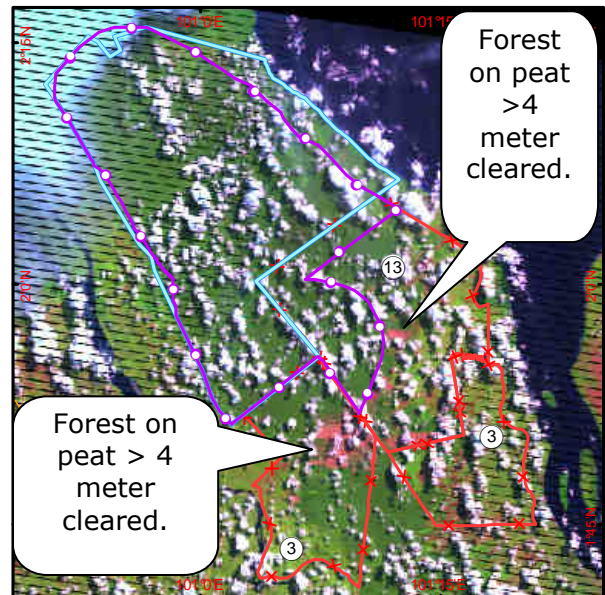
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|--|---|---|---|
| <ul style="list-style-type: none"> ● Capital of District ■ Provincial Capital — Administration Boundary - - - District Boundary - - - Province Boundary | <ul style="list-style-type: none"> □ Pulpwood Concession □ APP □ APRIL □ Protected Area | <ul style="list-style-type: none"> □ HCVF Boundary □ UNESCO Biosphere Reserve ■ Natural Forest 2008/9 ■ Natural Forest Loss 2004-2008/9 | <ul style="list-style-type: none"> ■ Natural Forest 2008/9 ■ on non peat soil ■ on peat < 2 meters ■ on peat 2 - 4 meters ■ on peat > 4 meters |
|--|---|---|---|

Area 3: PT. Ruas Utama Jaya (#3, two blocks, APP affiliated) and PT. Suntura Gaja Pati (#13, APP affiliated) concessions in Senepis

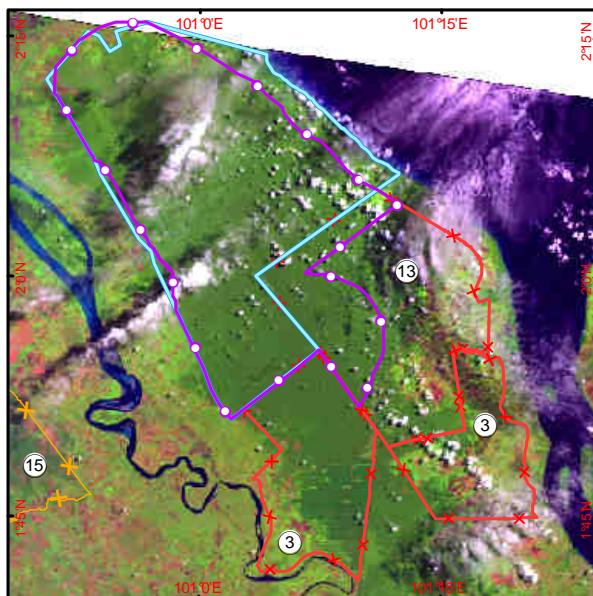
The concessions and all cleared forests are in important Sumatra tiger habitat on >4m deep peat (Map D) in and around the "Senepis – Buluhala Tiger Sanctuary" (Map A) for which APP continues to applaud its own contribution of 106,000 hectares²¹. In reality, most of the sanctuary is located in an unrelated company's FSC certified selective logging concession (PT. Diamond Raya Timber) while APP continues to clear the contiguous tiger forest from the south²² (Map B and C). >60% of all 245 human-tiger conflicts in Riau between 1997 and 2009 occurred in this area, they resulted in 27 human and 8 tiger deaths²³, indicating the importance of this area for tigers and APP's deadly impacts.



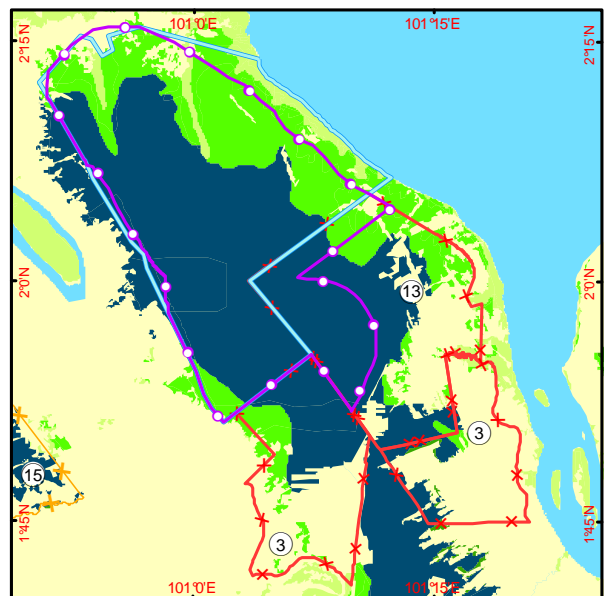
A. Senepis - Buluhala Tiger Sanctuary, PT Diamond Raya Timber concession and APP affiliated concessions



C. Landsat images 2010 (127/59 of 24 May 2010)



B. Landsat images 2008 (127/59 of 14 August 2008)



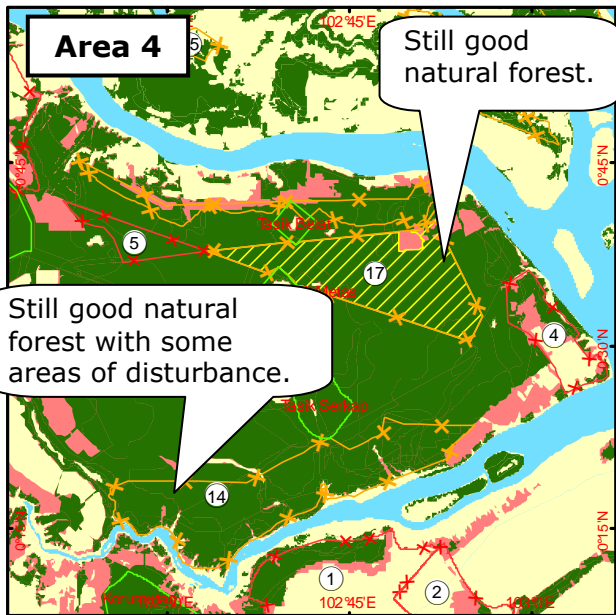
D. Natural forest 2008/9 and peat depth

Legend

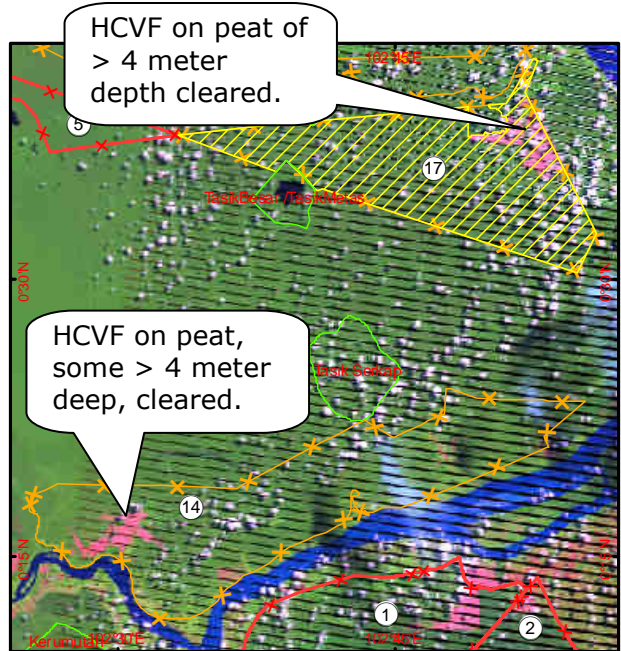
- | | | | |
|---------------------------|-----------------------------------|-------------------------|--------------------------------------|
| ● Capital of District | ✂ Pulpwood Concession | ■ Natural Forest 2008/9 | □ PT. Diamond Raya Timber |
| ■ Provincial Capital | ✂ APP | ■ on non peat soil | □ Senepis - Buluhala Tiger Sanctuary |
| — Administration Boundary | ✂ APRIL | ■ on peat < 2 meters | □ Protected Area |
| --- District Boundary | ■ Natural Forest 2008/9 | ■ on peat 2 - 4 meters | |
| --- Province Boundary | ■ Natural Forest Loss 2004-2008/9 | ■ on peat > 4 meters | |

Area 4: PT. Uniseraya (#17, APRIL affiliated) and PT. Riau Andalan Pulp and Paper (#14, APRIL subsidiary) concessions in Kampar Peninsula

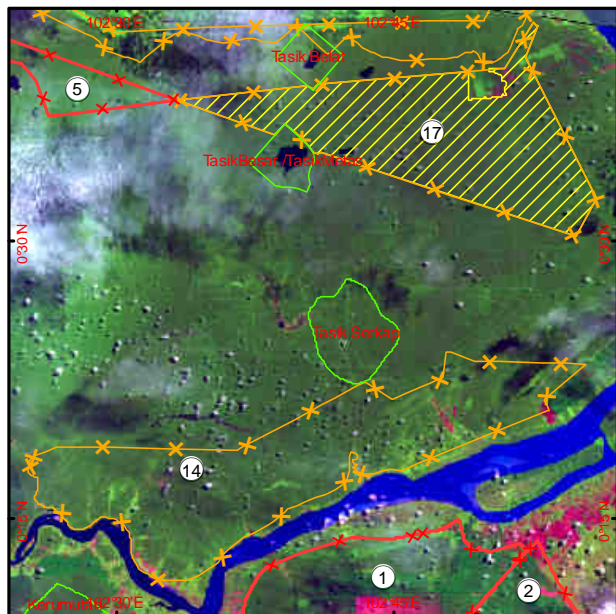
The concessions and all cleared forests are located on >4 meter deep peat (Map D) in an internationally recognized tiger priority landscape on the famous Kampar Peninsula that many local and global NGOs have been asking governments and companies to fully protect. In 2007, WWF Indonesia identified all natural forest in PT. Uniseraya as HCVF²⁴ and called on APRIL to not clear it (Map A). Tropenbos, contracted by APRIL to conduct HCV assessments, stated at a public consultation in May 2010 that all natural forest in Kampar is HCVF²⁵. The APRIL affiliates cleared these forests in 2009 (Map A, B and C).



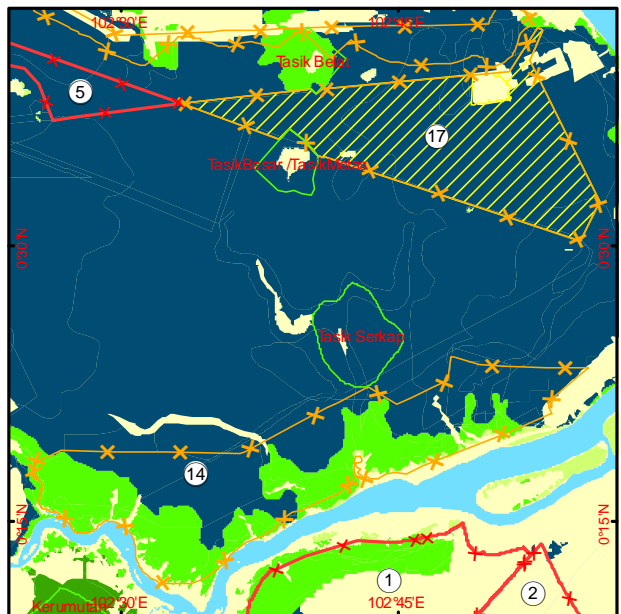
A. HCVF boundary by WWF Indonesia in PT Uniseraya (2007). Tropenbos concludes all natural forest remaining in Kampar is HCVF.



C. Landsat images 2010 (126/60 of 18 June 2010)



B. Landsat images 2008 (126/60 of 22 July 2008)



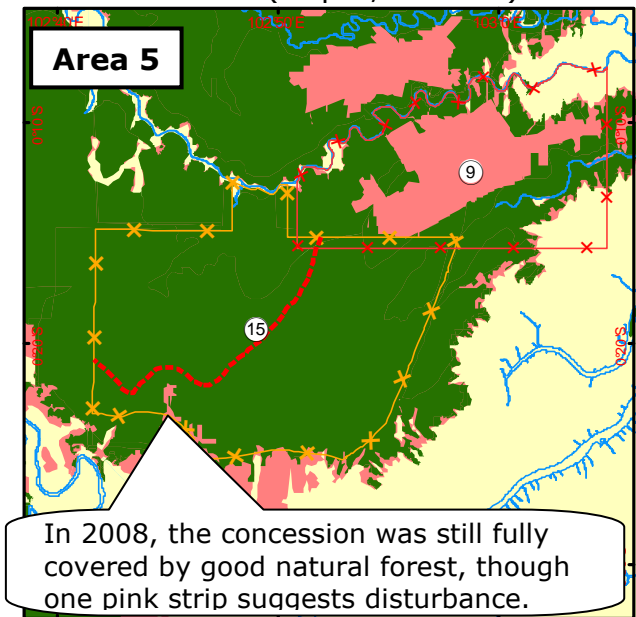
D. Natural forest 2008/9 and peat depth

Legend

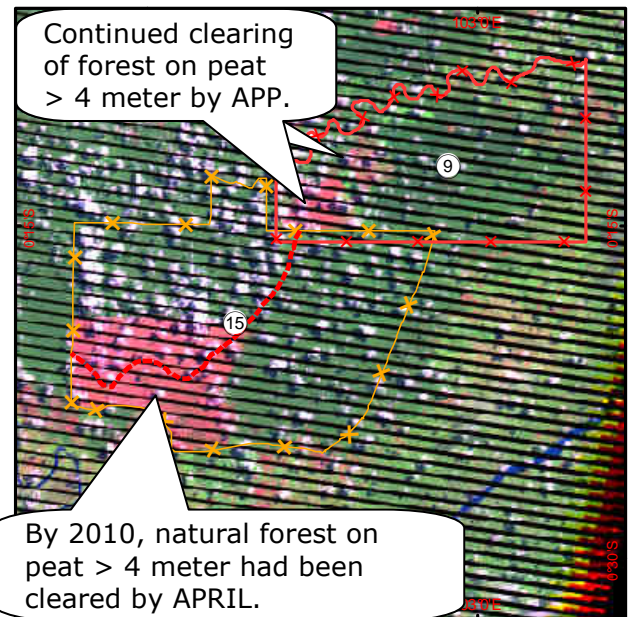
- | | | | |
|---------------------------|-----------------------------------|-------------------------|----------------------|
| ● Capital of District | □ Pulpwood Concession | ■ Natural Forest 2008/9 | ▨ HCVF Review by WWF |
| ■ Provincial Capital | □ APP | ■ on non peat soil | □ Protected Area |
| — Administration Boundary | □ APRIL | ■ on peat < 2 meters | |
| --- District Boundary | ■ Natural Forest 2008/9 | ■ on peat 2 - 4 meters | |
| --- Province Boundary | ■ Natural Forest Loss 2004-2008/9 | ■ on peat > 4 meters | |

Area 5: PT. Bina Duta Laksana (#9, APP affiliated) and PT. Sumatra Riang Lestari (#15, APRIL affiliated) concessions in Kerumutan

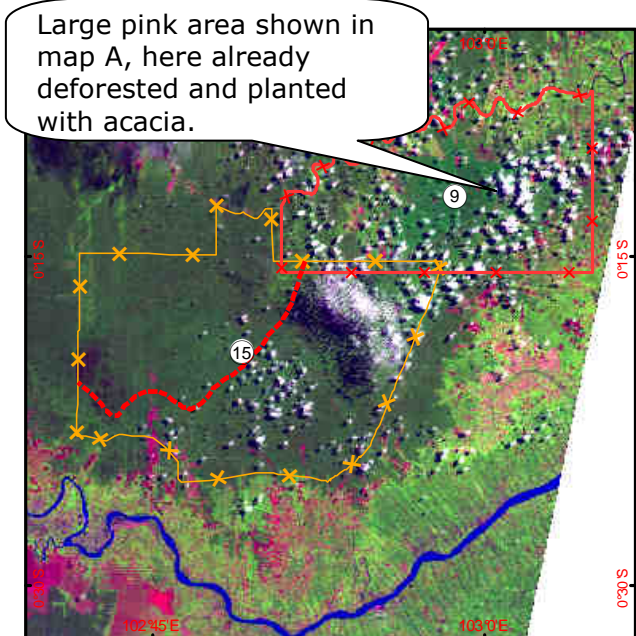
The concessions and all cleared forests are located on >4 meter deep peat (Map D) in an internationally recognized tiger priority landscape next to the Kerumutan Wildlife Reserve. WWF conducted a rapid emergency HCV assessment of the area in 2009 and got a commitment by APRIL to not clear any forest or drain any peat beyond the "watershed line" (Map A). APRIL refused and cleared all forest within the RKT 2009 (pink areas showing on Map C but not on Map A or B). The APP affiliate (#9) continued to clear natural forest on deep peat without any independent, verifiable HCVF assessment (Map A, B and C).



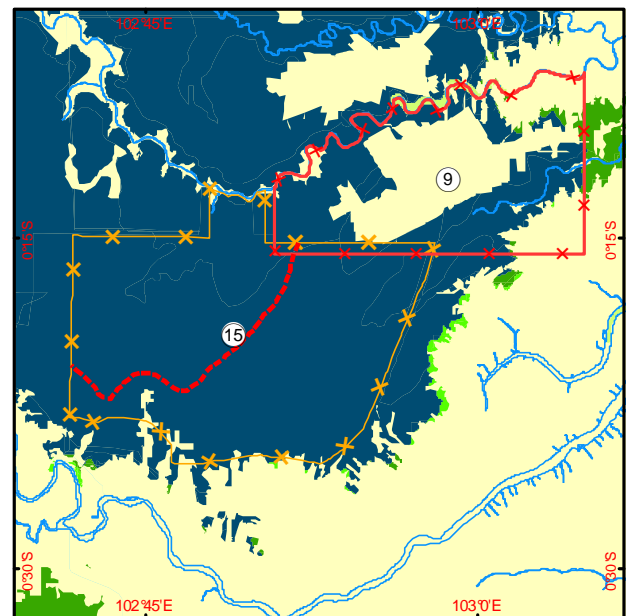
A. Watershed line delineated by WWF (2009)



C. Landsat images 2010 (126/60 of 18 June 2010)



B. Landsat images 2008 (126/60 of 22 July 2008)

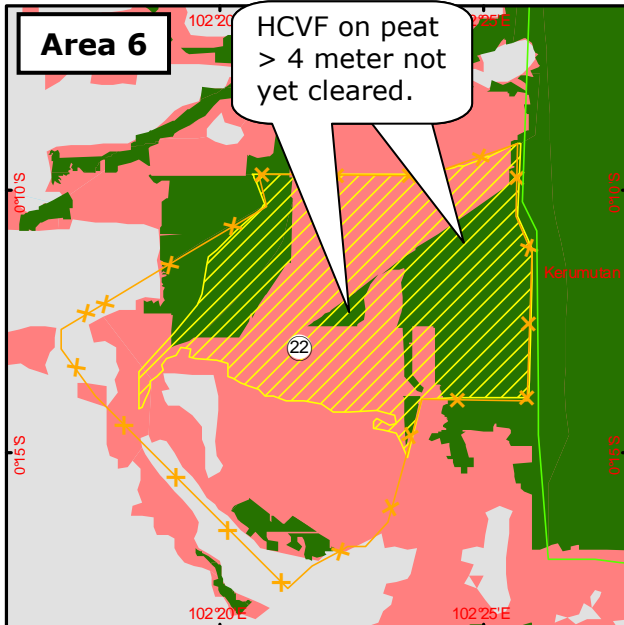


D. Natural forest 2008/9 and peat depth

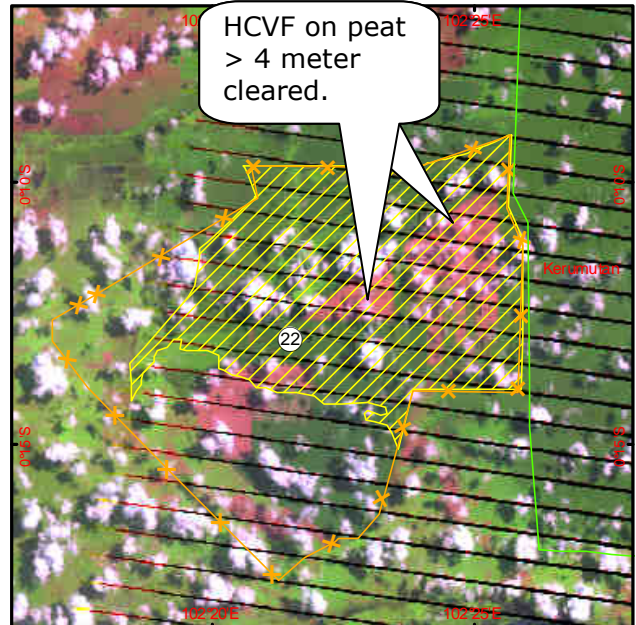
- | | | | |
|-----------------------------|-----------------------------------|-------------------------|--------------------|
| ● Capital of District | ■ Pulpwood Concession | ■ Natural Forest 2008/9 | — River |
| ■ Provincial Capital | □ APP | ■ on non peat soil | --- Watershed Line |
| --- Administration Boundary | □ APRIL | ■ on peat < 2 meters | |
| --- District Boundary | ■ Natural Forest 2008/9 | ■ on peat 2 - 4 meters | |
| --- Province Boundary | ■ Natural Forest Loss 2004-2008/9 | ■ on peat > 4 meters | |

Area 6: PT. Mitra Kembang Selaras (#22, APRIL affiliated) concession in Kerumutan

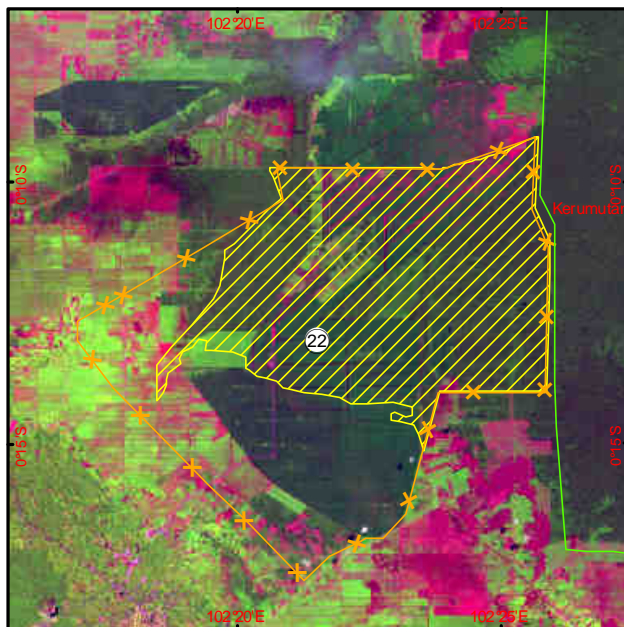
The concession and all cleared forests are located on >4 meter deep peat (Map D) in an internationally recognized tiger priority landscape next to the Kerumutan Wildlife Reserve. WWF identified this concession's HCVF (Map A) in 2005²⁶ and requested APRIL to not clear it. However, the APRIL affiliate had cleared a large area of the HCVF by 1st May 2010 (pink areas showing on Map C but not on Map A or B), leaving little natural forest remaining in this concession.



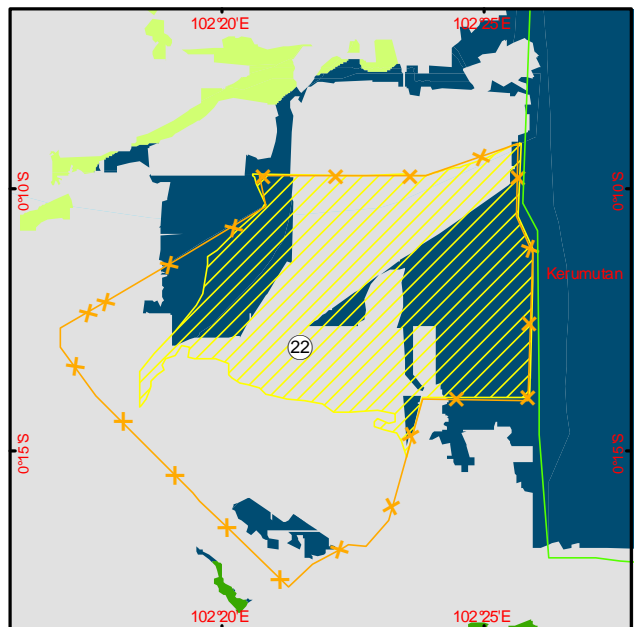
A. HCVF boundary by WWF Indonesia (2005).



C. Landsat images 2010 (126/60 of 01 May 2010)



B. Landsat images 2008 (126/60 of 22 July 2008)

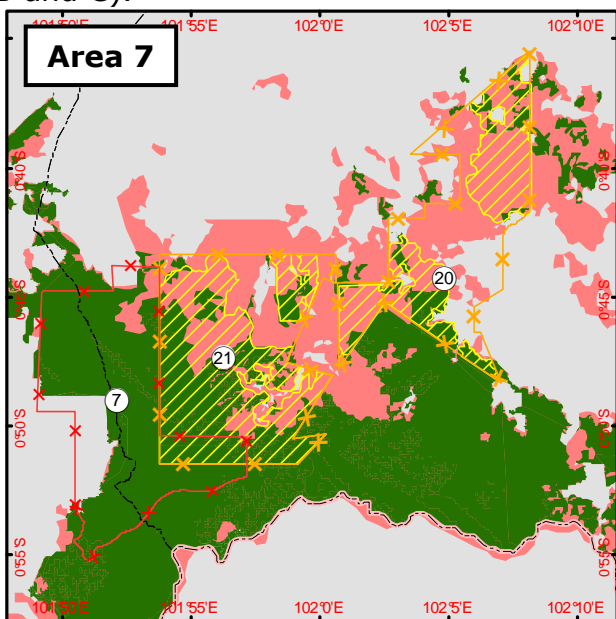


D. Natural forest 2008/9 and peat depth

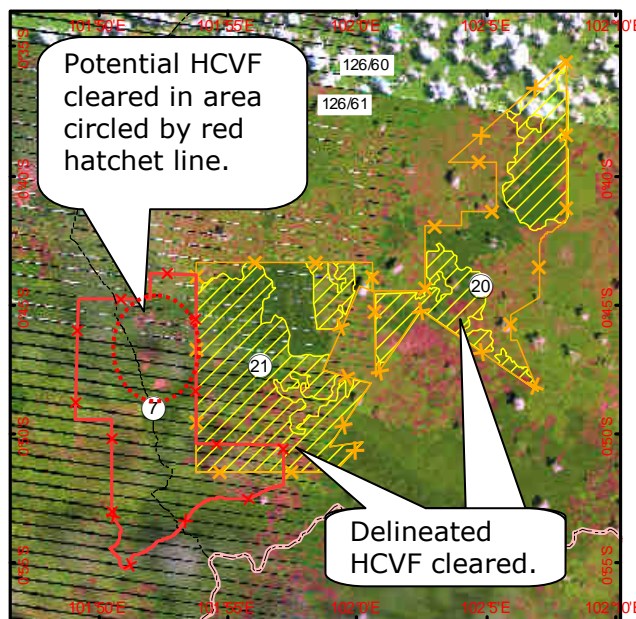
- Legend
- Capital of District
 - Provincial Capital
 - Administration Boundary
 - District Boundary
 - Province Boundary
 - Pulpwood Concession
 - ✕ APP
 - ✕ APRIL
 - Natural Forest 2008/9
 - Natural Forest Loss 2004-2008/9
 - Natural Forest 2008/9 on non peat soil
 - on peat < 2 meters
 - on peat 2 - 4 meters
 - on peat > 4 meters
 - ▨ HCVF Review by WWF
 - ▭ Protected Area

Area 7: PT. Artelindo Wiratama (#7, APP affiliated), PT. Bukit Batabuh Sei Indah (#20, APRIL affiliated) and PT. Citra Sumber Sejahtera (#21, APRIL affiliated) concessions in Bukit Tigapuluh

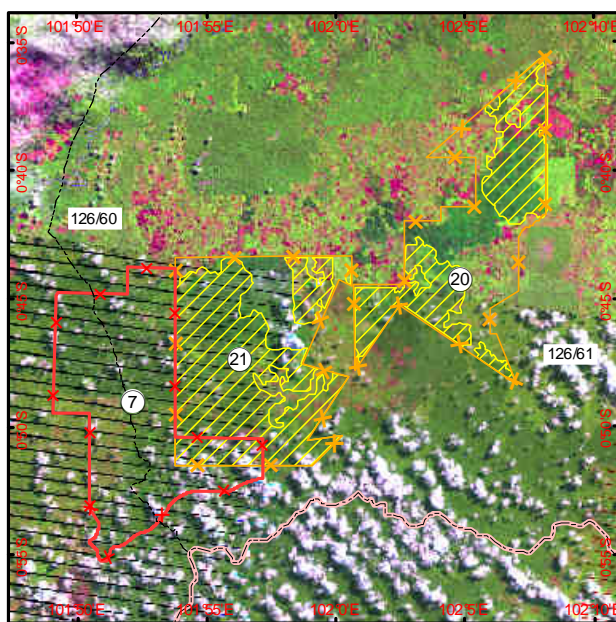
The concessions and all cleared forests are located in a global priority Tiger Conservation Landscape, range of central Sumatra’s largest remaining herd of the endangered Sumatran elephant, and next to the expanding range of the world’s only successfully reintroduced population of orangutans. Two indigenous tribes live in this area. WWF Indonesia delineated HCVF in the two APRIL affiliated companies (Map A) in 2005²⁷ and called on APRIL to not clear these forests. By 2008, the APRIL affiliate had cleared some of these HCVFs (Map A). By late 2009 and early 2010, APRIL had cleared additional forest (pink areas showing on Map C but not on Map A or B). APP has repeatedly stated that it protects its own variety of high conservation value forest. Here, the APP affiliate cleared some of the island’s best remaining natural forest (Map B and C).



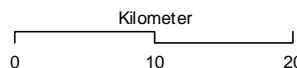
A. HCVF boundary by WWF Indonesia in PT. Bukit Batabuh Sei Indah and PT. Citra Sumber Sejahtera (2005).



C. Landsat images 2010 (126/60 of 01 May 2010 & 126/61 of 22 November 2009)



B. Landsat images 2008 (126/60 of 22 July 2008 & 126/61 of 12 June 2008)



- Legend
- Capital of District
 - Provincial Capital
 - Administration Boundary
 - - - District Boundary
 - - - Province Boundary
 - Pulpwood Concession
 - ✕ APP
 - ✕ APRIL
 - Natural Forest 2008/9
 - Natural Forest Loss 2004-2008/9
 - ▨ HCVF Review by WWF
 - Protected Area

Clearing Natural Forest for Pulp: No End in Sight

Eyes of the Forest's analysis of cutting licenses issued for natural forest clearance in Riau in 2009 revealed: **it is business as usual for paper giants APP and APRIL.**

Riau province had 2.6 million hectares of natural forest remaining in 2008/9²⁸. APP and APRIL pulped 5% of that, an area twice the size of Indonesia's metropolis Jakarta. The forests that were cleared have gone extinct, the peat lands that were drained to cut them and allow acacia to grow will go extinct over the next few decades²⁹ and emit gigatons of CO₂ into the atmosphere^{30, 31}. Every new permit to clear natural forest that APP and APRIL apply for and get approved by the Ministry of Forestry makes it harder for the President of Indonesia to keep his promise of reducing the country's GHG emissions by up to 41%.

There are no credible published data on the actual pulp production volume of the two mills. Assuming pulp production according to APP's and APRIL's legally installed capacity of about 2 million tons each in their Riau mills, the 2009 permits to clear natural forest in Riau would represent 40% of APP's and 84% for APRIL's raw material needs³². But both mills do not only source MTH from Riau but also from other provinces. In addition, APP's pulp mill in neighboring Jambi province also uses natural forest timber to produce its pulp^{33, 34}. Both mills are clearly very much depending on natural timber to run their mills.

The industry confirmed this during and after the 2-year police investigation into allegations of illegal logging when APP and APRIL were frequently quoted as saying that the lack of natural forest wood due to 2 years of a de-fact moratorium on natural forest wood sourcing and non issuance of RKTs to allow natural forest clearance were causing serious wood supply shortages³⁵.

Yet as of 2009, Indonesia's pulp industry was not supposed to be clearing natural forest any more. A 2004 Ministry of Forestry decree stipulated that activities related to the development of pulpwood plantations that provide raw material for the pulp and paper industry, including "land clearing and exploiting timber from the land clearing activity" "[by a license holder] with direct relationship or [who] holds partnership with the existing pulp and paper industry...shall be completed at the latest by the end of 2009³⁶".

APP and APRIL advertised globally that they would be free of natural forest wood and publicly committed that their pulp mills would have a 100% acacia supply by 2007³⁷ and by 2009³⁸, respectively, to woo environmentally conscious customers around the world. In June 2006, the chairman of APKI, the Indonesian Pulp & Paper Association, was quoted in The Jakarta Post saying "If by 2009 the pulp firms have yet to phase out the use of natural-forest timber, we will prevent them from operating"³⁹.

2009 RKTs and Continuing Questions about the Legality of the Original Licenses

As regularly reported by the Indonesian media and Eyes on the Forest (for example, [April 2010 EoF Investigative Report](#)⁴⁰), the Riau Provincial Police with support from the National Police, conducted a province-wide probe on environmental destruction and illegal logging crimes associated with natural forest conversion by 21 APP and APRIL affiliated companies in 2007 and 2008. The investigation was strongly opposed by the Ministry of Forestry. In November 2008, an inter-departmental team set up by

President Yudhoyono recommended that 14 of the 21 companies investigated should be thoroughly processed by the law for their alleged crimes. However, cases against 13 of the 14 companies were abruptly closed by the police in December 2008, and the remaining case was closed in June 2009.

On 22 April 2010, a coalition of Civil Society groups including Jikalauhari, Walhi Riau and Indonesian Corruption Watch reported 12 public officials, including the Riau Governor, four heads of Riau districts, two high-ranking police officials, the by then ex-Minister of Forestry, and four former officials of Riau's Forestry Service to the presidential Judicial Mafia Eradication Task Force for suspected involvement in abruptly terminating the Riau illegal logging investigation. The coalition believes that the decision to stop the investigation is controversial and suspects involvement of the 'forest mafia'. The head of the presidential task force said that it planned to re-open the cases.

As soon as the cases were closed in late 2008, Riau's pulp wood companies applied for new permits to clear natural forest. Nine of the 14 suddenly acquitted companies, four affiliated with APRIL and five with APP, received RKTs from the Ministry of Forestry in 2009 (Table 2).

Table 2. Fourteen pulp wood companies recommended by presidential task force to be thoroughly processed by the law in November 2009. Nine companies which received RKTs in 2009 despite that recommendation are highlighted in italics. (Source: Riau Police Office and EoF Analysis 2007)

APRIL affiliated companies		APP affiliated companies	
1	PT. Madukoro	1	<i>PT. Satria Perkasa Agung</i>
2	<i>PT. RAPP</i>	2	<i>PT. Bina Duta Laksana</i>
3	<i>PT. Bukit Batabuh Sei Indah</i>	3	<i>PT. Arara Abadi</i>
4	PT. Nusa Prima Manuggal	4	<i>PT. Suntara Gajapati</i>
5	<i>PT. Citra Sumber Sejahtera</i>	5	PT. Inhil Hutan Pratama
6	<i>PT. Mitra Kembang Selaras</i>	6	<i>PT. Ruas Utama Jaya</i>
7	PT. Merbau Pelalawan Lestari	7	PT. Anugrah Bumi Sentosa

Despite the police's sudden closure of the cases, Indonesia's Corruption Eradication Commission (KPK) continued to probe graft practices associated with the cases in Pelalawan District and convicted ex-Pelalawan District Head Azmun Jaafar to 11-year imprisonment for corruption for accepting bribes to issue pulp wood licenses to 15 companies associated with APRIL and APP. The KPK argued that this case showed that the issue of pulp wood licenses was closely linked with corruption and was in violation of existing laws. The KPK argued that pulpwood plantation licenses issued by the Pelalawan District head were located in natural forest which Minister of Forestry Regulations suggest not to clear for pulpwood plantation development. The KPK continues investigating three former Riau Forestry Service heads and another District head for similar graft offences.

PT. SPA Unit Serapung (APP affiliated) and PT. Uniseraya (APRIL affiliated), two of the 15 companies who received licenses from the jailed ex Pelalawan District head, received RKTs to clear natural forest.

Forestry Policies Allow Clearance of Natural Forest

Several consecutive changes in Ministry of Forestry policies since 2007 have made it increasingly easier for the pulp industry to clear natural forest instead of focusing on developing sustainable plantation forestry on so-called wastelands.

During the police investigation into alleged illegal logging by the pulp & paper industry between 2007⁴¹ and 2008⁴², the then Minister of Forestry Malam Sambat Kaban issued two new regulations that allowed any natural forest zoned as 'Production Forest' to be eligible for conversion into pulp wood plantations as long as the Minister allowed it.

Even after the end of police investigation, the Riau Forestry Service did not restart issuing RKTs despite strong demands from the companies. Media Indonesia Daily on 14 May 2009 reported that the head of Riau's Forestry Service, Zulkifli Yusuf, did not dare to sign and issue RKTs that would have allowed clearance of natural forest for pulp wood plantation development in 2009. He said that his agency wanted to avoid any more consequences caused by approving RKTs in natural forest ("Ditolak Dishut Riau, RKT Tujuh Perusahaan di Hutan Alam Diteken Menhut," Riau Terkini, 20 April 2009).

In January 2009, the then Minister of Forestry Malam Sambat Kaban even annulled his predecessor's decree to allow the pulp and paper industry to continue clearing natural forest to produce pulp beyond the end of 2009⁴³.

In March 2009, the Ministry of Forestry took more control over forest conversion, issuing a new regulation (Minister of Forestry Regulation Number P. 14/Menhut-II/2009, dated 5 March 2009 concerning the Amendment on Minister of Forestry Regulation Number P.62/Menhut-II/2008⁴⁴) allowing a single Ministry of Forestry official, appointed by the Minister of Forestry, to issue RKTs in addition to the Provincial Forestry Service Head who used to be the only one with this authority. All the 2009 RKTs in Riau were issued after March.

What was the motivation behind now ex Minister of Forestry, MS Kaban's decision to issue these Regulations?

Eyes on the Forest Calls

Considering the Government of Indonesia's strong commitment to reduce forest and peat emissions, today's strong global demand for environmentally and socially sustainable products, and the ever dwindling habitats for critically endangered species in Indonesia:

Eyes on the Forest warmly welcomes President Susilo Bambang Yudhoyono's commitment to institute a two year suspension on all new concessions for conversion of peat and natural forest between 2011 and 2013, as documented in the letter of intent signed with the Norway government in Oslo on 26 May. But EoF asks to expand the moratorium on natural forest conversion and peat drainage to all existing concessions.

Eyes on the Forest applauds the Riau Forestry Service for its concern over further conversion of natural forest and drainage of peat in province and for not issuing RKTs to any companies who requested them to clear natural forest.

Eyes on the Forest calls on both APP and APRIL to:

- Not undermine the reputation of our President and stop business-as-usual.
- Immediately stop using any timber associated with the conversion of tropical rainforest and draining of peatlands.
- Exclusively develop new plantations on so-called "wastelands", long deforested and not commercially used areas, after solving all tenure issues and obtaining clean land titles.
- Stop expanding mills or building new ones until a mature plantation wood supply is ensured for which no tropical forests have been converted and for which no peat soil is drained.

Eyes on the Forest calls on the business partners of APP and APRIL to closely scrutinize their advertisements and not believe their claims of sustainability.

Eyes on the Forest calls on UNESCO to request APP and APRIL to stop conversion of natural forest and peat soil in the Biosphere Reserve and throughout their operations.

Eyes on the Forest calls on the Ministry of Forestry to:

- Support our President and allow him to succeed with his commitment to curb the country's GHG emissions.
- Put on hold all existing licenses and permits and postpone all issuance of new licenses until KPK, police and presidential task forces have finished their investigations into wrong doing by officials in the issuance of license. Any forest loss resulting from the irregular issuance of license is irrevertable and thus has to be avoided.
- Review the legality and sustainability of all licenses and permits granted to all companies affiliated with APP and APRIL and other industrial timber plantation companies.
- Retract its 2007, 2008, and 2009 decrees that have continuously eased the clearance of natural forest and drainage of peat.
- Work with other parts of the government to fast track solving of tenure rights concerns, issuing of licenses, and promotion of the development of so-called "wastelands".

Eyes on the Forest believes that with over 4 million hectare of non forested, non commercially used land existing in Sumatra alone, stopping natural forest conversion and peat drainage does not at all mean a slowing of Indonesia's development. Instead it would mean profits from unused land resources plus profits from the country's emerging new commodity "carbon" generated by letting existing forests sequester carbon and stopping the emissions from drained peat soils.

END

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