

## Call for Nominations for the “Eye Awards 2009” in Davos GLOBAL CATEGORY

GREENPEACE INTERNATIONAL NOMINATES SINAR MAS GROUP, INDONESIA'S NR.1 FOREST AND CLIMATE CRIMINAL

SINAR MAS IS IMPLICATED IN ONGOING FOREST & CLIMATE DESTRUCTION ACROSS INDONESIA INCLUDING:

- Destruction of carbon-rich peatland forests
- Use of fire to clear forest (illegal in Indonesia)
- Destroying local people's livelihoods
- Deforestation in concessions surrounding a UNESCO World Heritage site

### INDONESIA'S FOREST AND PEATLAND – A TICKING TIME BOMB

Palm oil and pulp & paper expansion is the leading cause of rainforest destruction in Indonesia. This is having a dramatic impact on regional biodiversity and local people as well as on global climate change. The killer fact is this: the destruction of Indonesia's rainforests and peatlands alone accounts for 4% of global human induced greenhouse gas emissions. Deforestation as a whole accounts for about a fifth of global greenhouse gas emissions and because of Indonesia's rapid deforestation it is now the third largest global emitter of greenhouse gases emissions, after China and the US.

The Indonesian Government's own body, the National Council on Climate Change, recently released a report on Indonesia's emissions which points a finger to the drainage of peatland and deforestation as major causes of Indonesia's growing carbon emissions and considerable contribution to global climate change. Indonesia's oil palm and timber plantations, agriculture, and logging activities are identified as responsible for the vast majority of these emissions and the report predicts, unless action is taken, that these emissions will continue to increase.

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### THE SINAR MAS GROUP

The Sinar Mas Group, controlled by the Widjaja family, has interests in:

- agribusiness, where Indonesian palm oil interests are handled by subsidiaries Golden Agri-Resources (GAR) and PT SMART
- forestry, through subsidiary Sinar Mas Forestry
- pulp and paper, through subsidiary Asia Pulp and Paper (APP)
- property (various subsidiaries) and insurance
- finance, through PT Sinar Mas Multiartha<sup>ii</sup>
- energy/coal mining, through the newly established entity Sinar Mas Mining & Energy

**Palm products:** Sinar Mas, through its palm oil subsidiary, PT SMART, is Indonesia's biggest palm oil producer, responsible for 10% of the country's palm oil production. Judging by past and current operations, Sinar Mas' aggressive expansion plans are likely to involve further deforestation, including on peatlands and in critical orang-utan habitats.

The Group produces not only crude palm oil, but also palm kernel oil and a wide range of refined products for both food and industrial purposes. In 2008, Sinar Mas branded itself 'No. 1' in Indonesia for total planted palm plantation area and No. 2 in the world. This empire includes 360,000 ha of established plantations by the end of 2008; some 213,000 ha in Sumatra, 165,000 ha in Kalimantan and 12,700 ha in Papua.<sup>iii</sup> Sinar Mas claims to have 'the largest land bank in the world for new plantations' and has publicly announced plans to expand its holdings by 1.3 million ha (equivalent to a third the size of Switzerland<sup>iv</sup>) in the heavily forested province of Papua and in Kalimantan. Giant multinational companies like Nestle, Unilever, Kraft and Procter & Gamble purchase palm oil from Sinar Mas.

**Pulp:** Sinar Mas's Asia Pulp & Paper (APP) is Indonesia's biggest pulp and paper producer. In 2007, the company was found to be repeatedly buying illegal timber originating from a peat land area in Riau Province, Sumatra.<sup>v</sup> The peat in this area was more than 4 metres deep, which is illegal to develop, clear or drain under Indonesian law.<sup>vi</sup> APP's subsidiary Indah Kiat operates the largest pulp mill in the country, with a capacity of 2 million tonnes of pulp per annum. In 2000, the company was found to have sourced approximately 75% of its logs from clear-cutting natural forests.<sup>vii</sup> By 2005, both APP pulp mills in Indonesia together (Indah Kiat and Lontar Papyrus) sourced 60% of their fibre needs from natural forests, instead of plantations.<sup>viii</sup>

Despite APP's recent attempts to greenwash its image; several large multinational companies have severed ties after the company was unable to address their concerns. Wal-Mart, and Staples amongst many others have cited prolonged environmental damage and the absence of a sustainable forestry protocol as the main reasons for

contract cancellations when speaking to the media.<sup>ix</sup>

## DESTRUCTION BY THE SINAR MAS GROUP IN SUMATRA, KALIMANTAN AND PAPUA.

### RIAU PROVINCE, SUMATRA

In Sumatra, in the Province of Riau, Sinar Mas is under police investigation for burning forests within the concessions of their subsidiary companies PT Arara Abadi (a Sinar Mas Forestry company).<sup>x</sup> Greenpeace has identified hundreds of fires on Sinar Mas concessions over the last four years, based on satellite data<sup>xi</sup> and on the ground observations. Such fires and the wanton destruction of carbon rich peatlands mean Sinar Mas has an enormous carbon footprint. Peatland as it dries, oxidizes and degrades emits carbon over a time span of approximately 150 years<sup>xii</sup>. Therefore, based on Sinar Mas's oil palm and acacia pulpwood plantations in Riau alone, **it is estimated the total projected greenhouse gas emissions over 150 years is the equivalent of 2.3 billion tonnes of CO<sub>2</sub><sup>xiii</sup> - or more than twice the annual emissions from a country like Germany and likely to be amongst the highest of all corporations world-wide.**

APP also hit the headlines at the end of 2008 as police and company security clashed with villagers when the community was evicted from land claimed by APP subsidiary company PT Arara Abadi. Community members spoke of being subject to excessive violence and photos emerged after the conflict showing security staff and police watching villagers' houses burning. According to newspaper reports at the time, helicopters contracted by Sinar Mas used flame throwers to set fire to houses.<sup>xiv</sup> 75 community members were imprisoned for 10 months for being illegally on APP's land however their lawyers are still trying to appeal the conviction.

### KALIMANTAN

In Kalimantan the Sinar Mas Group owns oil palm concessions covering an area of more than 120,000 ha in the immediate vicinity of the Danau Sentarum National Park (West Kalimantan). This park is an International Wetland Site under the Ramsar Convention with an area of 132,000 ha. Greenpeace has documented the ongoing clearance of carbon-rich peatland occurring throughout these concessions belonging to Sinar Mas. Some of this activity was recorded directly along the park's border, in October 2008 and most recently in August 2009.<sup>xv</sup> Community and park representatives expressed their anxieties to Greenpeace researchers that the destruction of these fragile peat soils will seriously threaten the ecosystem in the national park and the livelihoods of the communities around the National Park.

### PAPUA

In Papua, Greenpeace uncovered fresh evidence of Sinar Mas clearing the rainforest for oil palm plantations in the Lereh region near Jayapura, the provincial capital of the province of Papua. The forests of the Lereh region contain a wealth of primary sago and nipah plants, daily necessities of life for local communities. Sago is in fact Papuan's staple food and an essential source of daily nutrition, while nipah is used in the process of home building. The destruction of these forests will have a devastating impact on food security in the region according to the communities that depend on them for their livelihoods.<sup>xvi</sup>

### SINAR MAS IN CHINA

Sinar Mas's APP is no stranger to illegality outside of Indonesia also. They were sanctioned by China's Forestry Ministry in 2004, after Greenpeace discovered that they were illegally logging natural forest in Yunnan province. China's Forestry Ministry conducted an independent investigation and confirmed the Greenpeace evidence. The Forestry Ministry sent out public statements confirming that APP broke the national forestry law under which it is illegal to log natural forest in China.<sup>xvii</sup>

### SINAR MAS GREEN WASH

Sinar Mas is a member of the Roundtable on Sustainable Palm Oil (RSPO), but continues its business as usual practice of trashing rainforests. It claims to have a zero burning policy, but nevertheless the company is under police investigation for setting forests fires on its estates. Within the RSPO Sinar Mas is clearly the leading company blocking any progress to create a credible standard. During the last RSPO meeting Sinar Mas walked out when there was a proposal to make it mandatory for companies to keep their environmental promises.

After failing to meet the criteria of the Forest Stewardship Council certification scheme (FSC) and following allegations of the company destroying tropical forests in Indonesia, APP was kicked out of the FSC certification system in 2008 and the company's right to use the FSC logo was revoked in November the same year.<sup>xviii</sup>

Greenpeace believe APP's most recent certification by the LEI is new attempt by the company to 'greenwash' its

activities and ongoing conversion of natural forest to plantations. The LEI standard is widely criticised as being weak. For example, LEI's certification only looks at how pulpwood timber estates are managed once operational and do not consider the significant ecological impacts of forest and peatland conversion, which are responsible for massive greenhouse gas emissions in Indonesia.

### **WHY SM SHOULD WIN THIS AWARD**

We are currently facing a climate crisis. Without immediate action, we will see a world with mass extinction, extreme weather events and the displacement of millions, if not billions of people. One of the largest climate criminals on the planet is Sinar Mas. Its business as usual carbon emissions in one province only (Riau) exceed the carbon footprints of two thirds of the world's nations!<sup>xix</sup> This company cannot continue to get away with the trashing of Indonesia's forests, the devastating impact this has on the climate, and the misery it brings to local communities in Indonesia.

### **WHAT GREENPEACE IS CALLING FOR**

Greenpeace is calling for a moratorium on all further forest and peatland destruction. Sinar Mas must commit to no further deforestation for palm oil and pulp and paper and immediately stop further forest destruction.

### **FUTHER READING**

Greenpeace International report, Cooking the Climate:

[www.greenpeace.org/raw/content/international/press/reports/cooking-the-climate-full.pdf](http://www.greenpeace.org/raw/content/international/press/reports/cooking-the-climate-full.pdf)

Greenpeace China, Investigative Report on APP's Forest Destruction in Yunnan,

<http://www.greenpeace.org/china/en/press/reports/investigative-report-on-app-s>

Eyes of the Forest report: Asia Pulp & Paper/Sinar Mas Group Threatens Senepis Forest, Sumatran Tiger Habitat, and Global Climate

- i DNPI (2008) Indonesia GHG abatement cost curve, Media interaction National Climate Change Council (DNPI), 27 August 2009
- ii Sato.Y. 2004. Corporate governance in Indonesia. A study on governance of business groups. In: Yasutami Shimomura. The role of Governance in Indonesia. Institute of Southeast Asian Studies, Nihon Kokusai Mondai Kenkyūjo, ASEAN Foundation
- iii Golden Agri Resources (2009) Our business, web-site, <http://www.goldenagri.com.sg/index.php?page=our-business>, accessed September 17, 2009
- iv [http://www.mongabay.com/igapo/world\\_statistics\\_by\\_area.htm](http://www.mongabay.com/igapo/world_statistics_by_area.htm)
- v Irawan, S. 2007. RAPP, Arara Abadi and IKPP Receive Illegal Timber. Batam Today, 29th June 2007, <http://www.batamtoday.com/siteme/index.php?mod=search&artid=8033&cid=&set=publish> ; accessed Nov 14, 2008. Arara Abadi and IKPP are Asia Pulp & Paper (APP). companies.
- vi President Decree No 32/1990 about Management of Protected Areas article 10 AND Law No 26/2007 about Spatial Plan article 5(2)
- vii Friends of the earth, Ed Matthew (2001) [www.foe.co.uk/resource/reports/paper\\_tiger\\_hidden\\_dragons.pdf](http://www.foe.co.uk/resource/reports/paper_tiger_hidden_dragons.pdf)
- viii APP (2007) 2005-2006 APP Environmental and Social Sustainability Report for Indonesia
- ix BusinessGreen (2008) Wal-Mart to reward green firms as some suppliers lag behind, BusinessGreen Staff, BusinessGreen, 12 Feb 2008 <http://www.businessgreen.com/business-green/news/2209400/wal-mart-reward-green-firms> and WWF press release, Staples Inc. Ends Relationship with Asia Pulp & Paper <http://www.worldwildlife.org/who/media/press/2008/WWFPresitem7631.html>
- x <http://riautekni.com/hukum.php?arr=25627>
- xi NASA/University of Maryland (2002) MODIS Hotspot / Active Fire Detections. Data set. MODIS Rapid Response Project, NASA/GSFC [producer], University of Maryland, Fire Information for Resource Management System <http://maps.geog.umd.edu>; in 2006 and 2007 only Sinar Mas' oil palm concessions in Central Kalimantan had a total of 322 fire hotspots, based on NASA satellite data. In 2008, almost none of the active pulp concessions of Sinar Mas in Sumatra and Kalimantan was without fire hotspots.
- xii Germer J and J Sauerborn (2007) 'Estimation of the impact of oil palm plantation establishment on greenhouse gas balance' Environ Dev Sustain DOI 10.1007/s10668-006-9080-1
- xiii Greenpeace (2008) THE HIDDEN CARBON LIABILITY OF INDONESIAN PALM OIL, Greenpeace International 2008, p51
- xiv Bentrok Fisik, 500 Personil Polisi Usir Paksa Warga Suluk Bongkal, 19 December 2008, <http://www.kompas.com/read/xml/2008/12/19/00365789/bentrok.fisik.500.personil.polisi.usir.paksa.warga.suluk.bongkal>
- xv Greenpeace investigations, various 2008,2009
- xvi Greenpeace field research August 2009
- xvii China's Forestry Ministry's investigation confirmed that APP logged more than 2,700 cum natural forest in Yunnan province, Xinhua Net,[http://www.xinhuanet.com/chinanews/2005-04/07/content\\_4022627.htm](http://www.xinhuanet.com/chinanews/2005-04/07/content_4022627.htm), 7th April 2005
- xviii Footnote: Economic Commission for Food and Agriculture Organisation,2003 [www.unece.org/timber/docs/sem-1/papers/r31A-mariei.pdf](http://www.unece.org/timber/docs/sem-1/papers/r31A-mariei.pdf)
- xix Greenpeace (2008) THE HIDDEN CARBON LIABILITY OF INDONESIAN PALM OIL, Greenpeace International 2008. Total estimated emissions from degradation of peat in Sinar Mas pulp wood and oil palm concessions in Riau are 114 million tonnes of CO2 per year. In 2000, 133 out of 185 countries had total GHG emissions lower than 114 million tonnes of CO2 per year (WRI 2008. Climate Analysis Indicators Tool (CAIT) Version 6.0 (Washington, DC: World Resources Institute) <http://cait.wri.org> .