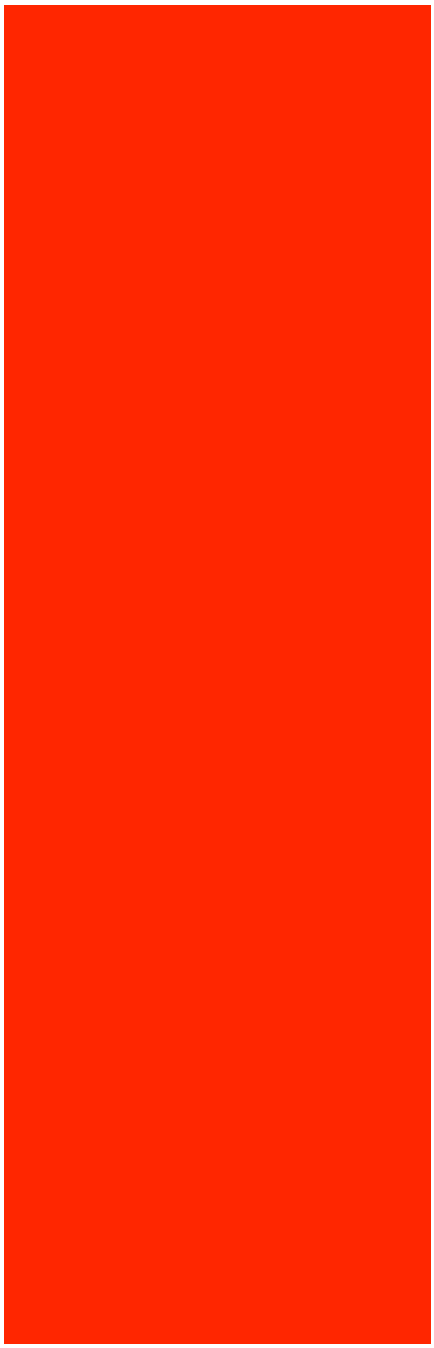
Greenomics Indonesia
www.greenomics.org

APP's artful deception

After pulping its remaining forests, APP positions itself as a conservation leader with new policy

APP customers should not claim that their decisions to start doing business again with APP are part of an effort to save the natural forests and forested peatlands of Sumatra that are located in the concessions of APP's suppliers through the New APP Forest Conservation Policy.

18 March 2013



Perhaps there are APP customers who would now like to reengage with the company following the adoption of the New APP Forest Conservation Policy in the hope that APP can save natural forests or forested peatlands in the concessions of APP suppliers on the island of Sumatra, it is clear that this hope is without basis.

This report has been prepared using technical input from the Directorate General of Forestry Business Management, the relevant unit of the Ministry of Forestry. **Mr. Bambang Hendroyono, the Director General of Forestry Business Management**, facilitated a series of Greenomics Indonesia presentations on this report at the offices of his Directorate, and subsequent discussions to which representatives of Indonesian forestry business associations were invited to attend.

The accuracy of the data contained in the report is closely related to the outcomes of those presentations and discussions, including the updating of the data contained in the report. During a number of discussions with Mr. Bambang Hendroyono, we saw that the Director General believed there to be a need for policy validation exercises, as conducted by Greenomics Indonesia through this report, in respect of the new APP forest conservation policy so that business players and the public at large could see for themselves how the new APP policy was being developed and applied on the ground.

Greenomics Indonesia are very grateful to Mr. Bambang Hendroyono for his response, and his view that the Greenomics Indonesia report could be considered to be a policy validation exercise in respect of the new APP forest conservation policy.

BACKGROUND

On 5 June 2012, APP (**Asia Pulp and Paper/Sinarmas Forestry)** announced the "APP Sustainability Roadmap 2020 and beyond," which once again reiterated APP's earlier announcement on 14 May 2012, of its suspension of natural forest clearance in Indonesia starting 1 June 2012. The said announcement only referred to APP-owned pulpwood suppliers.

On 5 September 2012, APP published its First Quarterly Progress Report to explain how the implementation of the "APP Sustainability Roadmap" was progressing. In the report, APP announced that an additional two independent APP pulpwood suppliers operating in Jambi Province would adhere to the moratorium on natural forest clearance.

After studying all three of the above announcements, Greenomics Indonesia requested the Indonesian Ministry of Forestry to facilitate the clarifying of the APP policy through a tripartite process involving APP, Greenomics Indonesia and the Ministry of Forestry (through the Directorate General of Forestry Business Management).

The main agenda of this process was to clarify the extent of the natural forest located within the concession areas of APP-owned companies, as well as the two independent suppliers of APP that have suspended their clearing of natural forest.

The Ministry of Forestry responded positively to the request by Greenomics Indonesia, stating that it would be willing to facilitate the clarification process.

A series of discussions and technical presentations were then facilitated on a regular basis by the Ministry of Forestry.

At the end of the facilitation process and after receiving a variety of technical and policy explanations from APP – it was found that the actual extent of the natural forest to be covered by the suspension of natural forest clearance in the 9 APP-owned concessions and the 2 concessions of APP's independent suppliers in Jambi was very surprising.

In fact, it was revealed that almost no natural forest or conflict-free areas were involved. In concrete terms, the area of natural forest that would benefit from the moratorium only amounted to some 200 hectares out of the more than 1.15 million hectares included within the relevant concessions.

On 22 October 2012, Greenomics Indonesia revealed its findings in a report entitled ***"Why the Indonesian Ministry of Forestry recommends that ASIA PULP & PAPER revise its APP Sustainability Roadmap 2020 and beyond"*** (available for download at www.greenomics.org).

On 5 February 2013, APP published its Second Quarterly Progress Report, and announced that the "New APP Forest Conservation Policy" covered more than 2.5 million hectares of land across the concessions of APP's suppliers.

At the very least, there are four main things that are of particular concern to Greenomics Indonesia as regards APP's new policy, namely:

- *From 1 February 2013 all natural forest clearance has been suspended whilst HCVF and HCS assessments are completed.*
- *APP has prioritised HCS/HCV assessments in those concessions that up to now have been supplying the company with natural forest fibre.*
- *Ensuring that forested peatland will be protected as part of its commitment to High Conservation Value Forest and High Carbon Stock.*
- *Any existing natural forest logs within APP's supply chain cut before 1 February 2013, such as stocks in log yards, will be utilized by its mills. Any fibre cleared from land which is not forest, such as scrub land, will also be utilized by its pulp mills.*

Greenomics Indonesia feels it has no option but to reveal how little natural forest and forested peatland will be saved by the New APP Forest Conservation Policy.

In this report, we discuss the impact of the New APP Forest Conservation Policy on the saving of natural forest and forested peatland in the pulpwood plantation concessions that have not been developed to supply raw materials to APP in the Provinces of Riau, Jambi and South Sumatra, which are the three key provinces in APP's operations on Sumatra island.

This report also discusses the relationship between the decline in raw material supplies of natural forest fiber to APP, and the extent of the remaining natural forest and forested peatland in the pulpwood plantation concessions of the suppliers of the said natural forest fiber.

The report then discusses the extent of this relationship and its implications for the effort to save natural forest and forested peatland through the New APP Forest Conservation Policy.

This Greenomics Indonesia report will subsequently be followed by a further report that will specifically address the area of natural forest and forested peatland located within the concessions of APP suppliers on the island of Borneo (Kalimantan) that can be saved through the New APP Forest Conservation Policy.

METHODOLOGY

The report uses a methodology that is able to demonstrate the operation of upstream-downstream linkages in APP's operations in Sumatra. This achieved by bring together the spatial facts and legal/official data on the volume of natural forest fiber that has been supplied to APP based on data from the Ministry of Forestry.

The analysis of upstream-downstream linkages has been conducted to show the extent of the relationship between the spatial facts in the form of natural forest and forested peatland cover at any given time (upstream) and the legal/official data in the form of the volume of natural forest fiber that was supplied to meet APP's raw material needs during 2009-2012 (downstream) - in this case, the PT Indah Kiat Pulp and Paper (IKPP) and PT Lontar Papyrus Pulp and Paper Industries (LPPPI) plants, which are located respectively in the Provinces of Riau and Jambi.

Given that this report is primarily focused on identifying the extent of the natural forest and forested peatland that remains in the APP concession areas, we have only used volume data for the natural forest fiber supplied as raw material to IKPP and LPPPI over the last 4 years (2009-2012), together with data on the planned supply of natural forest fiber in 2013 by several APP suppliers.

In the case of Riau and South Sumatra Provinces, the concession areas of pulpwood suppliers that are discussed in this report are those concession areas that still intend to supply natural forest fiber in 2013.

APP SUPPLIERS IN RIAU PROVINCE THAT STILL PLAN TO SUPPLY NATURAL FOREST FIBER IN 2013

PT Suntara Gajapati (SGP)

Minister of Forestry granted a pulpwood plantation development license for an area of 34,792 hectares to SGP on 15 March 2001. SGP is an important supplier of natural forest fiber to IKPP.

In fact, during 2009-2012 alone, SGP supplied more than 1.4 million m3 of natural forest fiber to IKPP from forested peatlands.

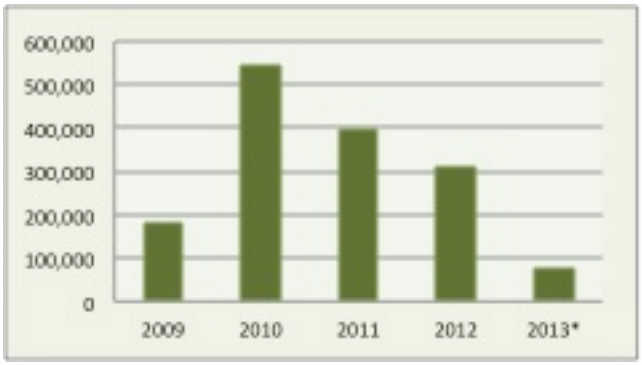
However, in 2013, SGP only plans to supply slightly more than 70,000 m3 of natural forest fiber to IKPP.

Most of the natural forest fiber that it is planned to be supplied to IKPP is actually already available in SGP's log yards, and was obtained from the clearing forested peatlands between April 2012 and 31 January 2013. SGP's 2012 annual work plan commenced in April 2012.

Meanwhile, 31 January 2013, is the deadline for the clearing of natural forest and forested peatland based on the New APP Forest Conservation Policy.

This is in accordance with the "rules of the game" under the New APP Forest Conservation Policy, which state that **"any existing natural forest logs within APP's supply chain cut before 1 February 2013, such as stocks in log yards, will be utilized by APP mills."**

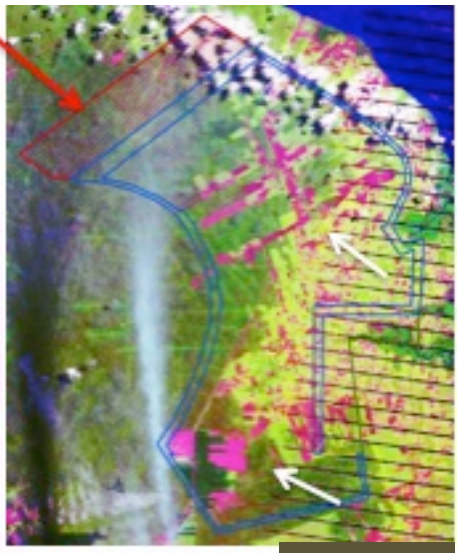
The following graph shows the volume of natural forest fiber (m3) supplied by SGP to IKPP during 2009-2012 period, and the figures for the planned supply of natural forest fiber by SGP to IKPP in 2013.



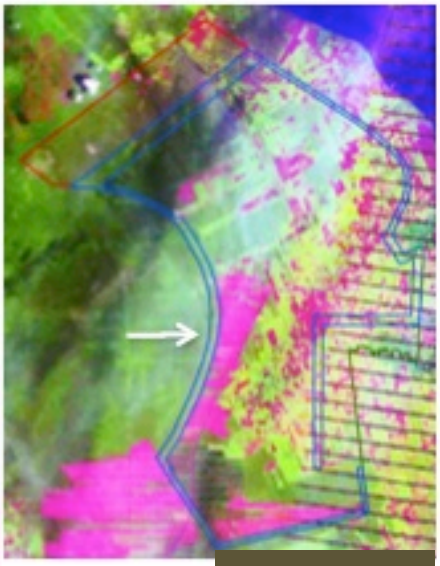
Based on this graph, we can attempt to estimate what is causing the decline in the supply of natural forest fiber by SGP to IKPP. Is it in anticipation of the New APP Forest Conservation Policy, which came into effect on 1 February 2013, in order that some of the forested peatlands in the concession area of SGP can be saved, or is it because the forested peatlands in the concession are already on the verge of being exhausted?

To answer these questions, changes in forested peatland cover in the SGP concession area can be tracked by having regard to the spatial facts.

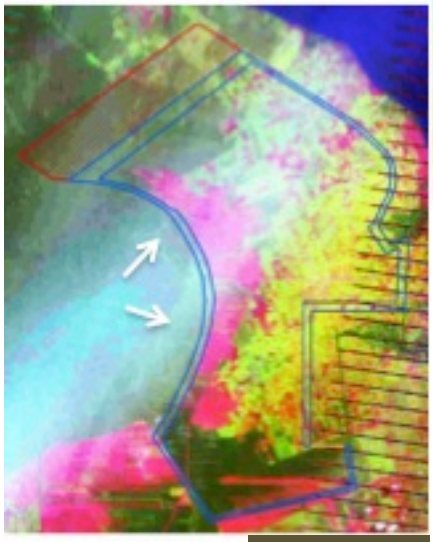
The large block represents a protection zone that must be retained by SGP as a Sumatran tiger conservation reserve, as designated by the Ministry of Forestry long before the New APP Forest Conservation Policy was launched. Even without the New APP Forest Conservation Policy, this area would still need to have been retained in accordance with the map approved by the Ministry of Forestry.



24 July 2009



15 October 2010



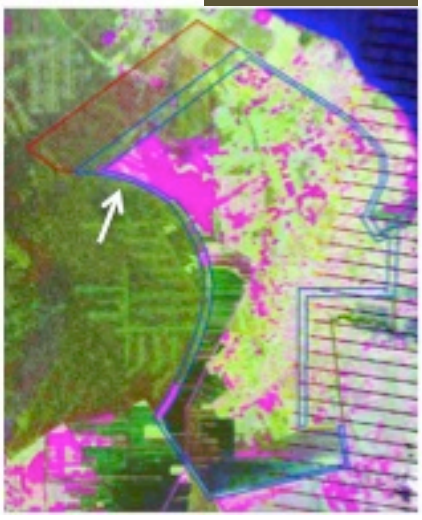
11 May 2011

In February 2012, SGP proposed changes to its business plan, and these were approved by the Ministry of Forestry in April 2012. As a result of these changes, the natural forest located within blocks allocated for local high-yielding crop ***(shown in blue)*** *based on SGP's previous business plan (2008) was originally not to be cleared.*

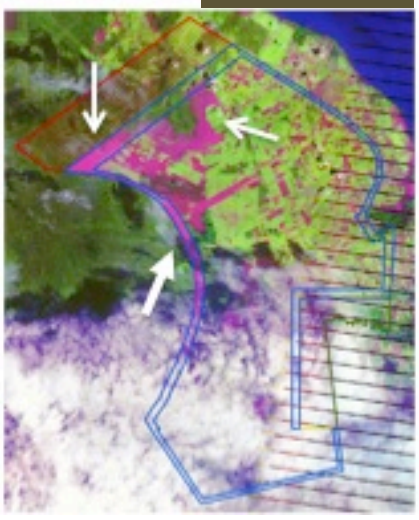
Under the revised business plan, these areas were incorporated into the area to be developed as pulpwood plantations. These areas of natural forest were then cleared, and the resulting natural forest fiber supplied to IKPP in 2012 as raw material.

This shows that ahead of the launch of the new APP Forest Conservation Policy, the natural forest and forested peatland in the concession area of SGP had already been exhausted to supply natural forest fiber to IKPP.

14 June 2012



9 February 2013



Based on such changes in forested peatland cover, it is clear that almost no forested peatland has been saved in the SGP concession by the New APP Forest Conservation Policy.

This shows that ahead of the launch of the new APP Forest Conservation Policy, the natural forest and forested peatland in the concession area of SGP had already been exhausted to supply natural forest fiber to IKPP.

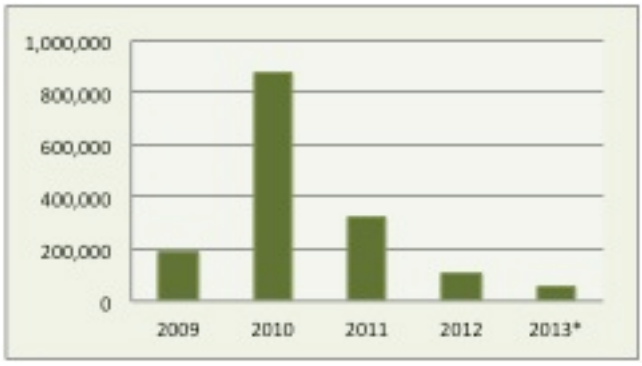
PT Ruas Utama Jaya (RUJ)

On 6 March 2006, RUJ was granted a license to develop a pulpwood plantation covering 34,000 hectares by the Minister of Forestry. The concession was subsequently expanded to 44,330 hectares, and this was then renewed by the Minister of Forestry on 5 January 2007.

During 2009-2012, IKPP reported receiving a supply of natural forest fiber from RUJ amounting to 1.5 million m3, which was sourced from the clearing of forested peatland. In 2013, RUJ plans to supply 50,000 m3 of natural forest fiber to IKPP.

Most of the 2013 target can actually be met by RUJ from the natural forest fiber produced by the clearing of forested peatland between April 2012 and 31 January 2013, the deadline for the clearing of natural forest and forested peatland under the New APP Forest Conservation Policy. The timber in question is still stacked in RUJ's log yards. This is permitted by the New APP Forest Conservation Policy rules.

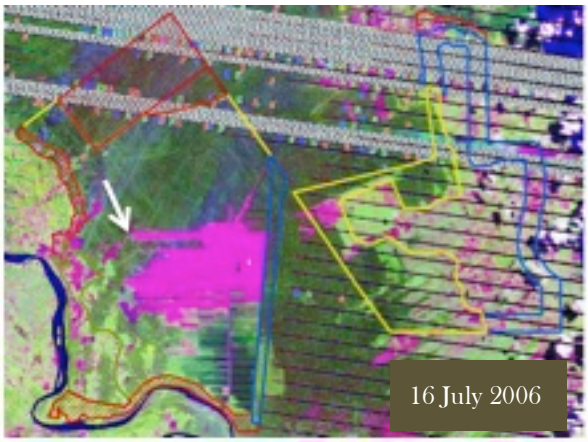
The following graph shows the supply of natural forest fiber (m3) by RUJ to IKPP during the 2009-2012 period, and the planned natural forest fiber supply by RUJ to IKPP in 2013.

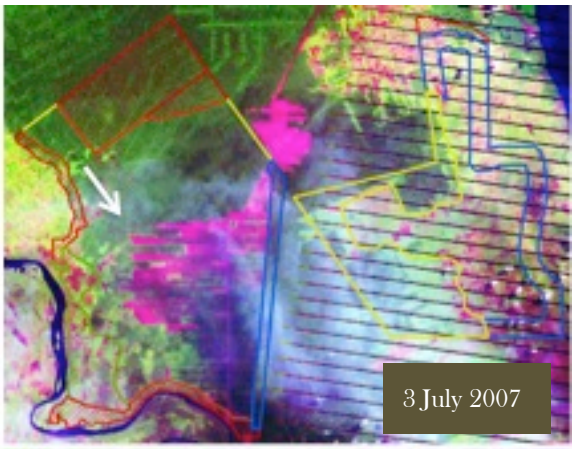


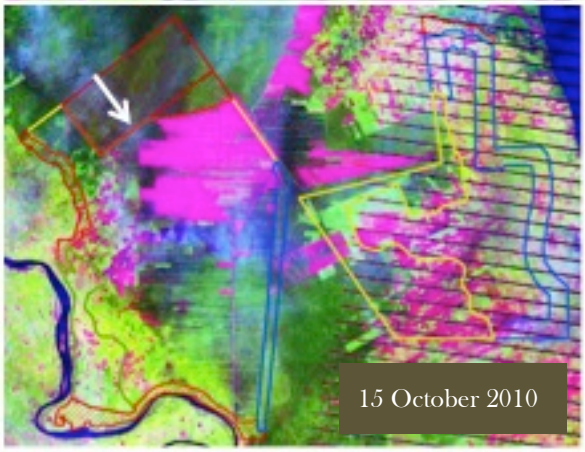
The important question that needs to be raised is the planned supply of natural forest fiber from RUJ to IKPP so small in 2013 compared with the 2009-2012 period.

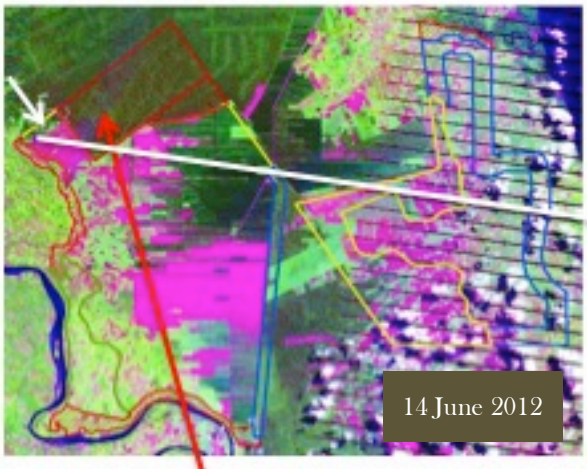
Is there any relationship between this and the implementation of the new APP policy to save forested peatlands in the RUJ concession area? **The answer is clearly no!**

The following images show the extent of the forested peatland cleared by RUJ to supply natural forest fiber to IKPP. From the images, we have strong grounds for concluding that almost no forested peatland has been saved by the New APP Forest Conservation Policy, except for small remaining areas left by the land-clearing operations. It would be totally disingenuous to point to these as evidence of APP's commitment to the New Forest Conservation Policy.

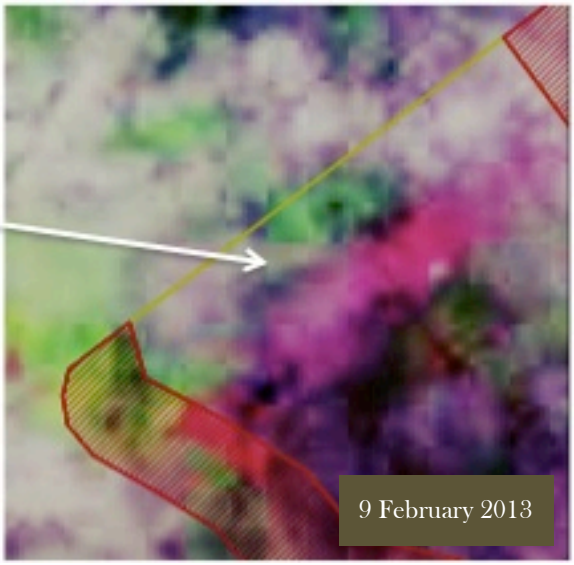








This block is a protection zone that must be retained for the protection of Sumatran tiger habitat, whose range has already been significantly reduced by RUJ.



Certainly, APP cannot claim the protection zone blocks within the RUJ concession as forested peatland that was saved because of the new APP policy as in reality these protection zones must be retained based on forestry regulations, and were established prior to the adoption of the New APP Forest Conservation Policy.

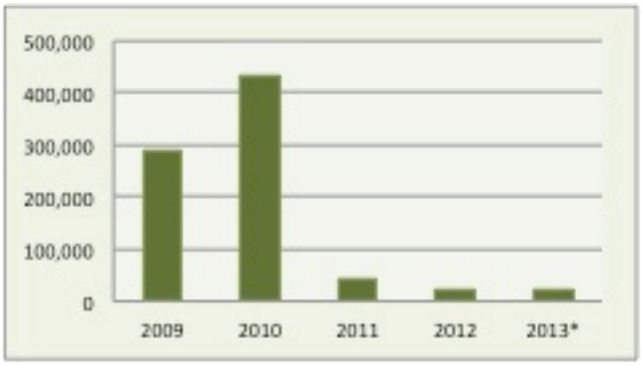
PT Bina Duta Laksana (BDL)

On 13 June 2002, BDL obtained its pulpwood plantation license for the development of 30,405 hectares from the Regent of Indragiri Hilir. Then, on 8 June 2006, the Minister of Forestry renewed the license on the grounds that it had been granted in accordance with the forestry legislation. The renewed license covered an area of 28,890 hectares.

During 2009-2012, BDL supplied natural forest fiber – sourced from the clearing of forested peatland – to IKPP in the amount of nearly 800,000 m3. In 2013, BDL plans to supply more than 20,000 m3 of natural forest fiber to IKPP.

BDL will be able to fulfill the plan to supply natural forest fiber to IKPP as it has sufficient natural forest logs in its logyards from the clearing of forested peatland between late March 2012 and 31 January 2013, the deadline for the halting of natural forest and forested peatland clearance under the New APP Forest Conservation Policy.

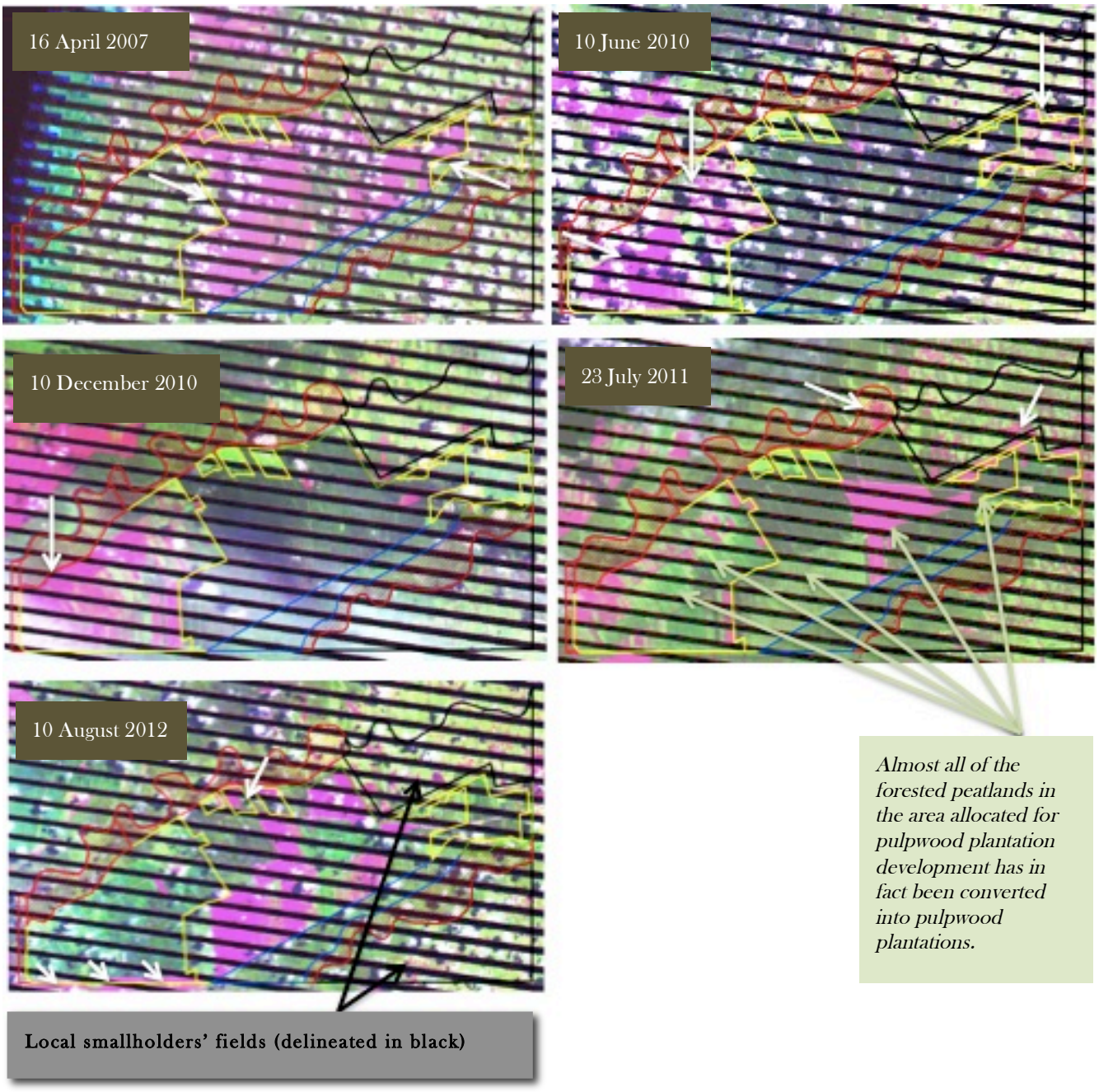
The following graph shows the volume of natural forest fiber (m3) supplied by BDL during 2009-2012 and its plan to supply natural forest fiber in 2013.



The decrease in the supply of natural forest fiber to IKPP by BDL has been caused by the increasing clearance of forested peatland for the development of pulpwood plantations.

The blocks (delineated in red) consist of a protection zone that must be retained by BDL, as approved by the Ministry of Forestry.

Thus, when asked if the New APP Forest Conservation Policy has had an effect on the saving of forested peatland in the BDL concession area, one can definitely say no.



The images show how the New APP Forest Conservation Policy has had no impact on the saving of forested peatland in the BDL concession area.

PT Mutiara Sabuk Khatulistiwa (MSK)

MSK does not have a pulpwood plantation concession, but rather was granted a natural forest concession by the Minister of Forestry on 29 December 2000 covering an area of 44,595 hectares.

In reality, however, MSK has managed its concession in exactly the same way as a pulpwood plantation development concession.

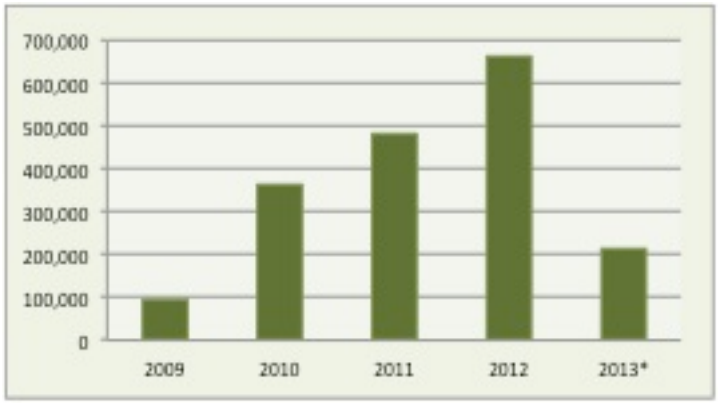
During 2009-2012, MSK supplied up to 1.6 million m3 of natural forest fiber to IKPP, which was, of course, sourced from the clearance of forested peatland. In 2013, MSK plans to supply more than 201,000 m3.

It will not be difficult for MSK to fulfill this plan to supply natural forest fiber as it has sufficient natural forest logs stacked in its log yards from the earlier clearing of forested peatland.

Some of the logs date from the clearing of forested peatland between early December 2011 and early December 2012.

This was then followed by further clearing between early December 2012 and 31 January 2013, the deadline for the moratorium on the clearing of natural forest and forested peatland under the New APP Forest Conservation Policy.

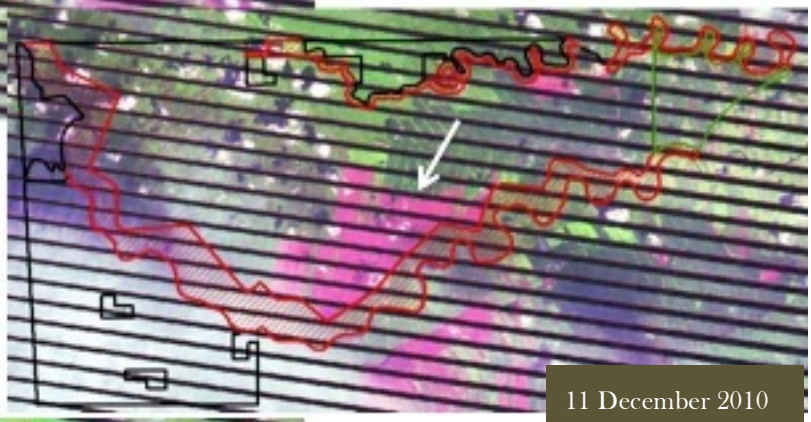
This graph shows the supply of natural forest fiber (m3) by MSK to IKPP during 2009-2012 and its plan to supply natural forest fiber to IKPP in 2013.



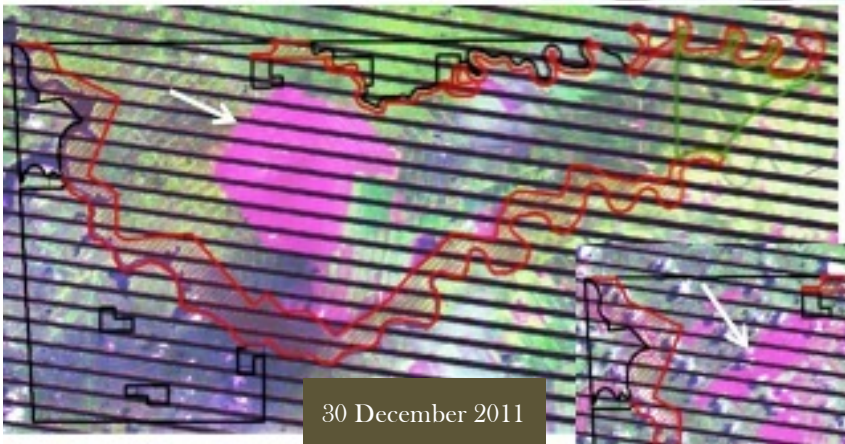
The spatial facts in the MSK concession show that almost the entire area allocated for pulpwood plantation development has been completely cleared. This reality is clearly shown by these images.

6 March 2007

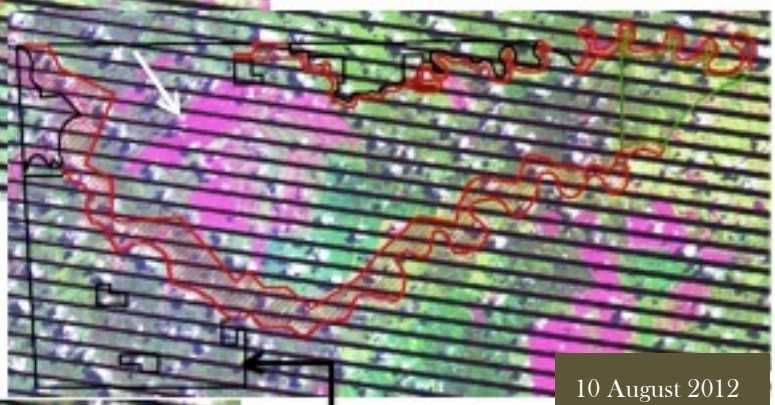
The New APP Forest Conservation Policy also cannot be claimed to have saved forested peatland in the blocks (delineated in red) as these blocks are protection zones that must be retained as agreed by the Ministry of Forestry.



11 December 2010



30 December 2011



10 August 2012

It should be noted that this block covering 11,450 hectares most certainly cannot be claimed to be the result of the New APP Forest Conservation Policy as this block had to be maintained intact as agreed by the Ministry of Forestry, although it was not designated as a protection zone.

2 February 2013

Technically it can be argued that no forested peatland was saved by the New APP Forest Conservation Policy in MSK's concession.

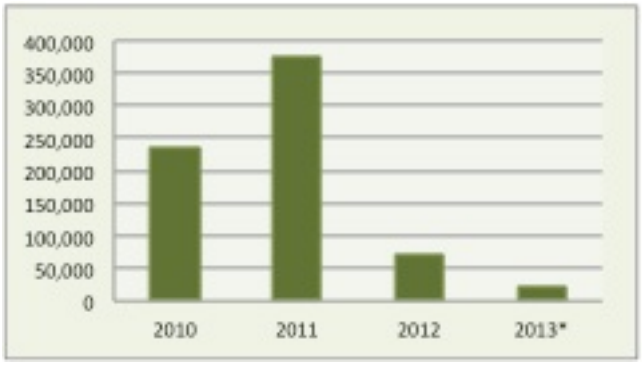
PT Riau Indo Agropalma (RIA)

Originally, the RIA pulpwood plantation concession was granted to the company by the Regent of Indragiri Hilir. It covered an area of 7,820 hectares, and the license was issued on 3 June 2002. The license was renewed based on the requirement that it be brought into line with the forestry legislation. On 22 March 2006, the Minister of Forestry issued RIA with a concession covering 9,570 hectares.

During 2010-2012, RIA supplied natural forest fiber to IKPP in the amount of nearly 700,000 m3. As always, the said natural forest fiber came from the clearing of forested peatland. Under its plan for 2013, RIA is to supply more than 20,000 m3 of natural forest fiber to IKPP.

This target can be largely met from the timber produced by the clearing of forested peatland by RIA between mid-April 2012 and 31 January 2013, the deadline for the halting of natural forest and forested peatland clearance under the New APP Forest Conservation Policy.

The natural forest logs that are in the RIA log yards will most assuredly be used to supply the natural forest fiber required by IKPP. This is permitted under the rules of the New APP Forest Conservation Policy as the natural forest logs in question were felled prior to 1 February 2013.

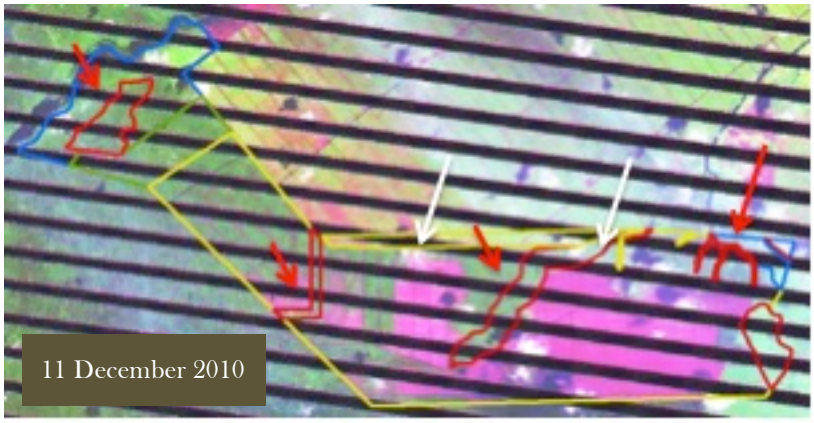


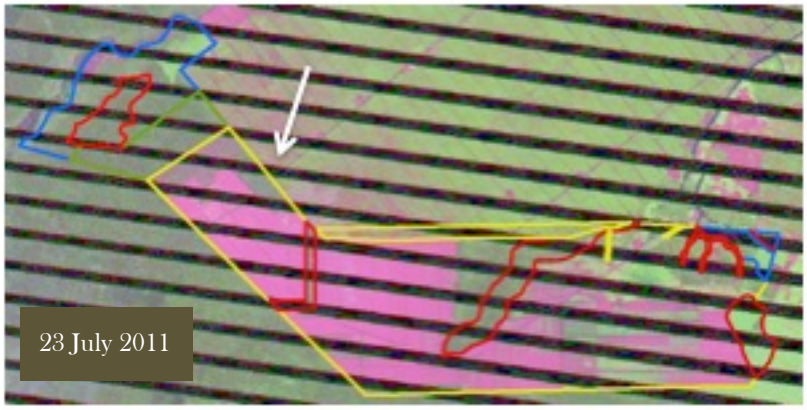
This graph shows the supply of natural forest fiber (m3) by RIA to IKPP during 2010-2012, and its plan to supply natural forest fiber to IKPP in 2013.

*These images show that almost all of the **RIA** concession has been cleared. They also show that **RIA** is clearing blocks of forested peatland located in living crop block (delineated by green borders), which are intended for partnership ventures with local communities.*

The remainder is allocated for the growing of local high-yielding crops (delineated with a blue border), and not for pulpwood plantation development.

The blocks delineated in red are protection zones that must be maintained intact.





The New APP Forest Conservation Policy has not saved forested peatland in the areas allocated for pulpwood plantation development in the RIA concession as all of these areas have been completely cleared.

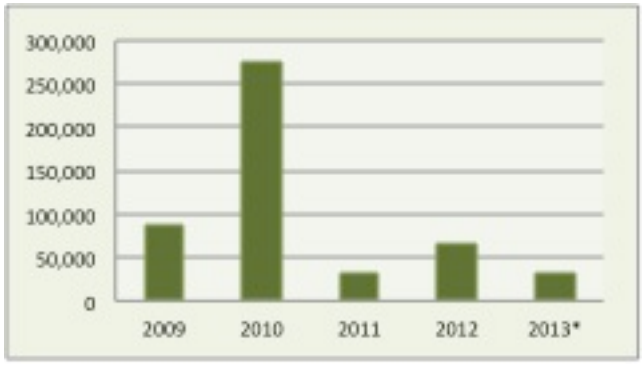
Only small remnants remain after clearing. It would indeed be disingenuous to claim these as being the results of the New APP Forest Conservation Policy.

PT Balai Kayang Mandiri (BKM)

BKM obtained a pulpwood plantation development license on 3 February 2003. The license was issued by the Regent of Siak, and covered 21,450 hectares. On the basis that it be brought into line with the forestry legislation, the said license was renewed for an area of 22,250 hectares by the Minister of Forestry on 5 January 2007.

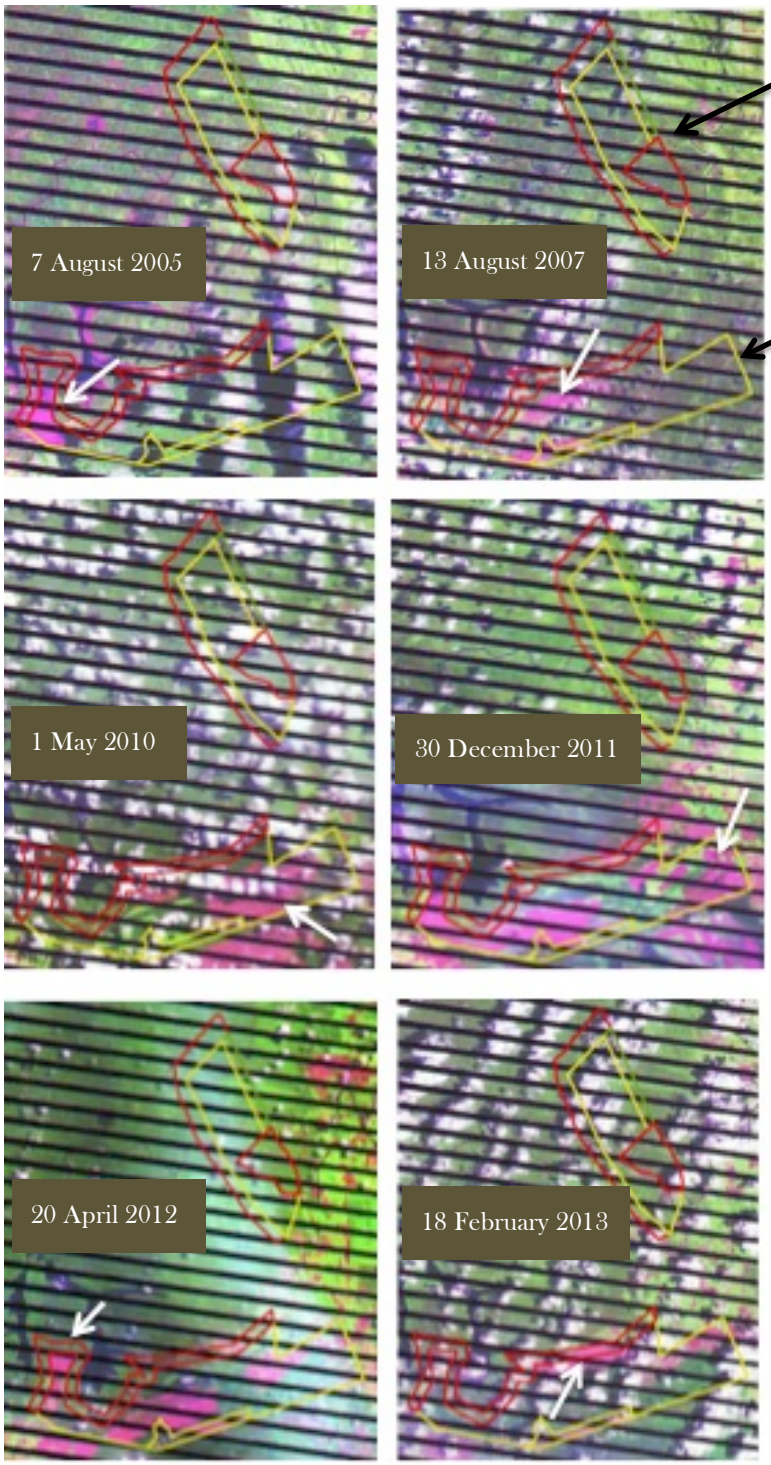
During 2009-2012, BKM supplied natural forest fiber to IKPP in the amount of more than 450,000 m3. In 2013, BKM plans to supply natural forest fiber amounting to more than 30,000 m3 to IKPP.

BKM can supply this small volume of natural forest fiber from the timber that resulted from the clearing of forested peatland from May 2012 until prior to 1 February 2013, the deadline for the clearing of natural forest and forested peatland based on the New APP Forest Conservation Policy.



This graph shows the supply of natural forest fiber (m3) from BKM to IKPP during 2009-2012, and BKM's plan to supply natural forest fiber to IKPP in 2013.

The Minas Blocks



The Minas I Block

The Minas II Block

BKM has four concession blocks. The images show two of the four blocks, namely, the Minas I and Minas II Blocks. It will be seen that the Minas I Block, which covers nearly 2,700 hectares, is relatively still intact, while the Minas II Block, which covers an area of over 5,500 hectares, has been almost entirely cleared.

In the evaluation report on the implementation of the 2011 annual work plan by BKM, it is stated that the Minas I Block cannot be cleared as it lacks road access and it is located within protection zone. Consequently, it is clear that the forested peatland in this block has not been saved by the New APP Forest Conservation Policy.

This image reveals **the integrity of BKM's third concession block**, namely, the Tasik Besar Serkap Block, which covers an area of nearly 7,800 hectares and is located in the Semenanjung Kampar peatland area. The reason for this is that the 2009 BKM's annual work plan was not approved. Meanwhile, the report evaluating the implementation of the annual work plan in 2011 states that the area was not cleared in 2010-2011 due to the sensitivity of clearing peatland areas. Thus, in September 2011, this concession block was converted into a protection zone with the approval of the Ministry of Forestry.

The Tasik Besar Serkap Block

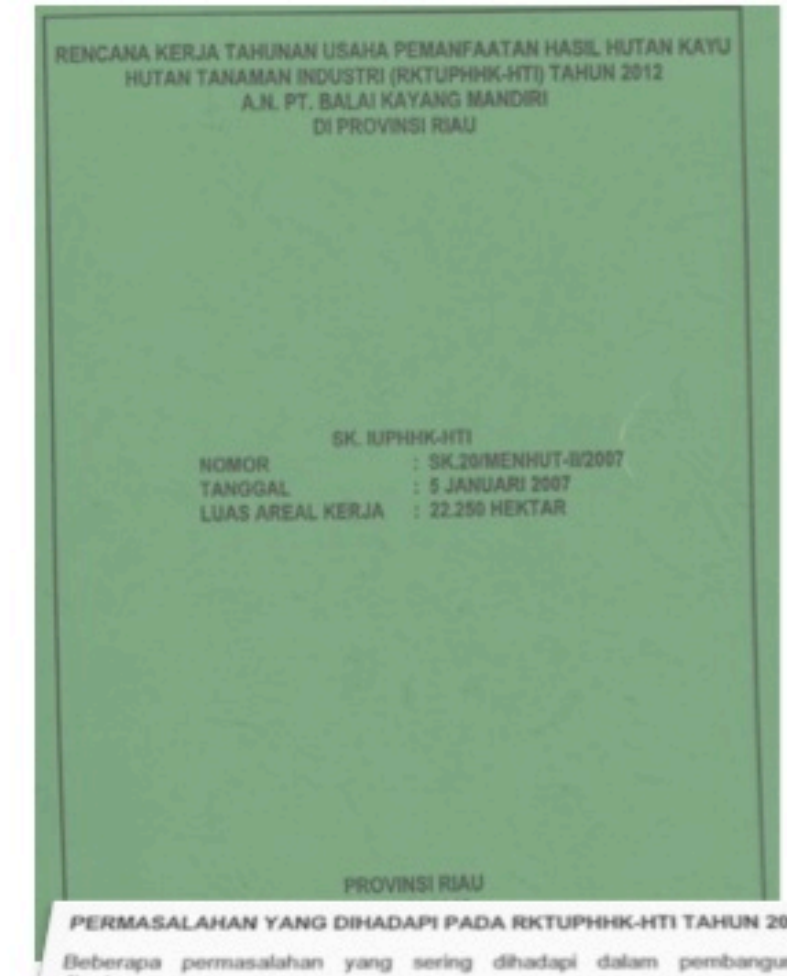
Accordingly, the integrity of this concession block can in no wise be attributed to the New APP Forest Conservation Policy.

The Rangau Block

These images show the fourth block, that is, the Rangau Block, which covers an area of over 6,000 hectares.

According to the report on the implementation of BKM's 2011 annual work plan, this block was confronted by encroachments by local people and the expansion of local village territories in the vicinity of the forest.

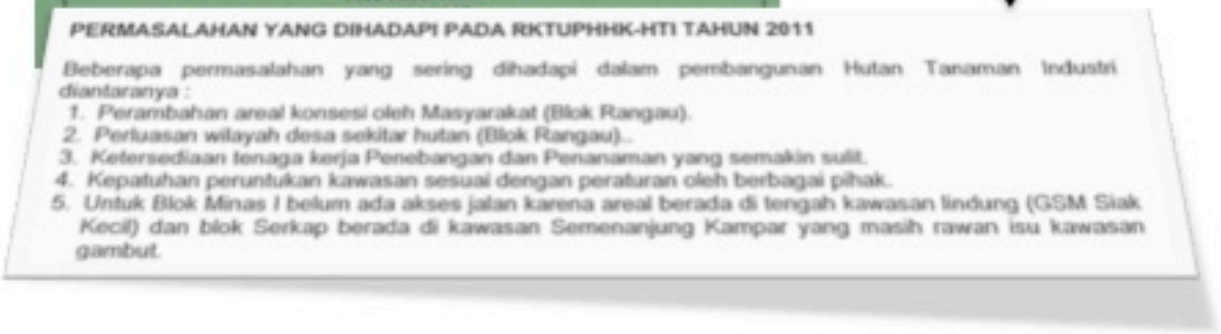
This document evaluates the implementation of the 2011 BKM's annual work plan.



RENCANA KERJA TAHUNAN USAHA PEMANFAATAN HASIL HUTAN KAYU
HUTAN TANAMAN INDUSTRI (RKTUPHHK-HTI) TAHUN 2012
A.N. PT. BALAI KAYANG MANDIRI
DI PROVINSI RIAU

SK. IUPHHK-HTI
NOMOR : SK.20/MENHUT-II/2007
TANGGAL : 5 JANUARI 2007
LUAS AREAL KERJA : 22.250 HEKTAR

PROVINSI RIAU



PERMASALAHAN YANG DIHADAPI PADA RKTUPHHK-HTI TAHUN 2011

Beberapa permasalahan yang sering dihadapi dalam pembangunan Hutan Tanaman Industri diantaranya :

1. *Perambahan areal konsesi oleh Masyarakat (Blok Rangau).*
2. *Perluasan wilayah desa sekitar hutan (Blok Rangau)..*
3. *Ketersediaan tenaga kerja Penebangan dan Penanaman yang semakin sulit.*
4. *Kepatuhan peruntukan kawasan sesuai dengan peraturan oleh berbagai pihak..*
5. *Untuk Blok Minas I belum ada akses jalan karena areal berada di tengah kawasan lindung (GSM Siak Kecil) dan blok Serkap berada di kawasan Semenanjung Kampar yang masih rawan isu kawasan gambut.*

Looking at the above BKM's spatial and legal facts, it is clear that no natural forest or forested peatland was saved by the New APP Forest Conservation Policy.

PT Satria Perkasa Agung (SPA)

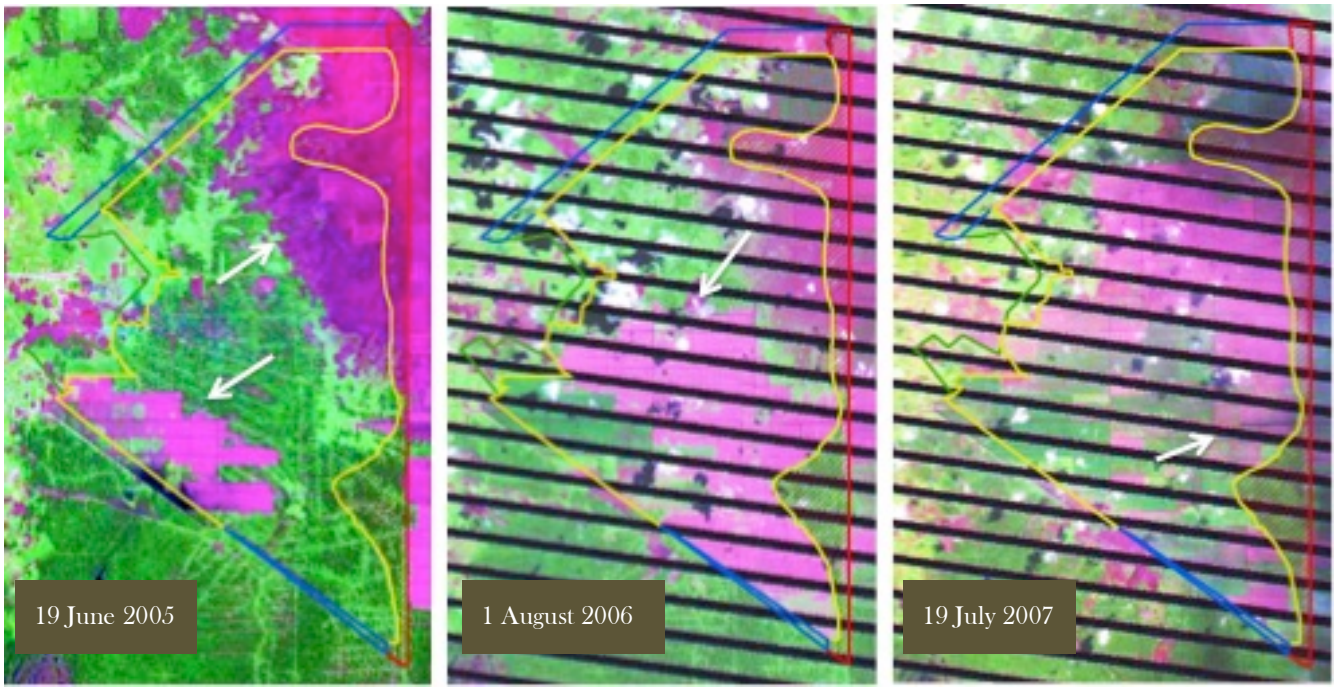
SPA received a pulpwood plantation development license from the Minister of Forestry on 22 August 2000, covering an area of 76,017 hectares. Then, on 7 October 2009, the boundaries of the SPA concession were redefined by the Ministry of Forestry, with the result that the extent of the concession was increased to 77,702 hectares. The SPA concession consists of five concession blocks, namely the Bengkalis, Pelalawan, Indragiri Hulu, Indragiri Hilir and Dexter Blocks.

SPA is stated by APP to be owned by it, and so has been subject to the moratorium on the clearance of natural forest since 1 June 2012.

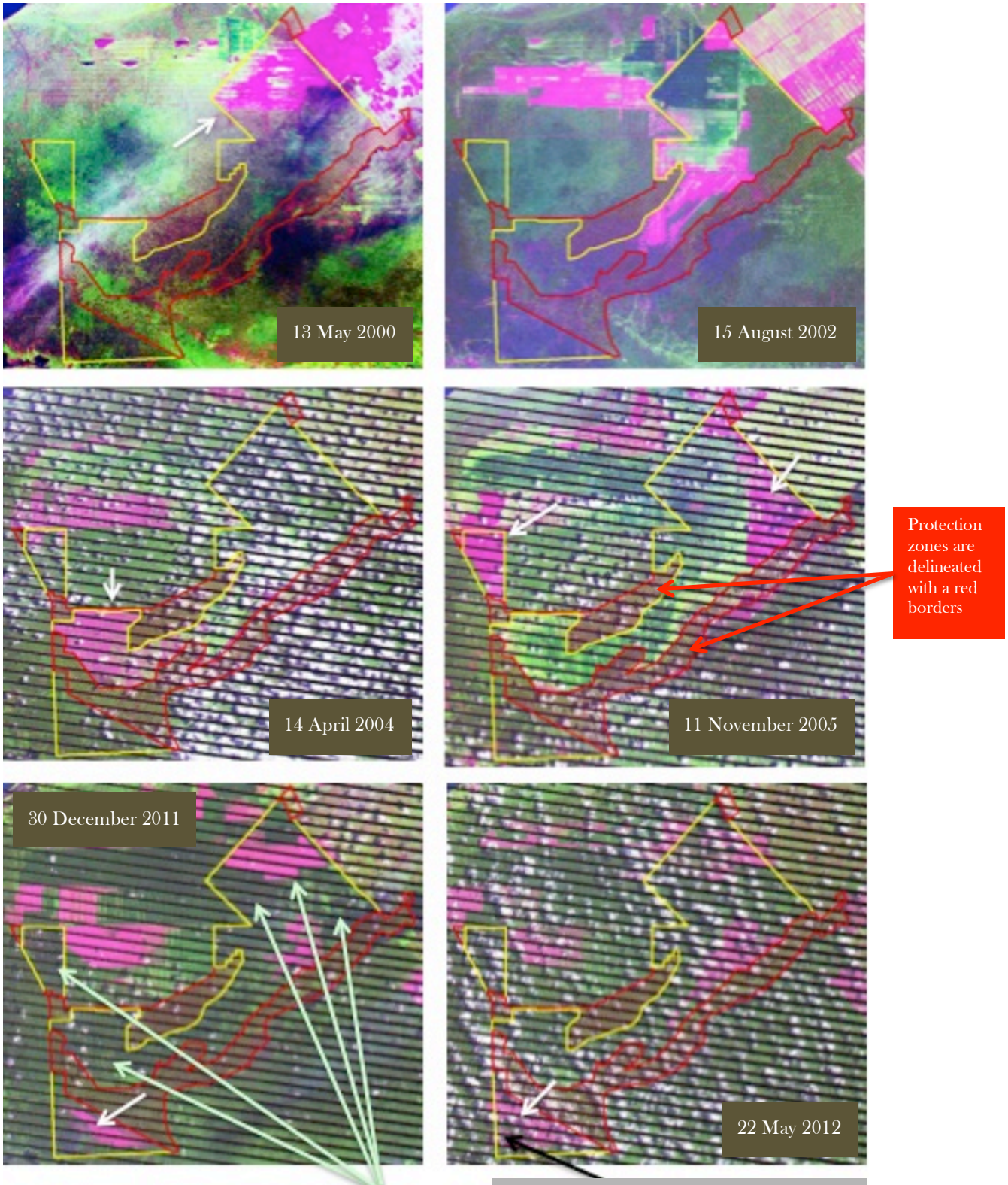
In 2012, SPA supplied natural forest fiber from forested peatland to IKPP in the amount of more than 200,000 m3. The forested peatland that was cleared for the purpose of supplying the natural forest fiber consisted of the remaining blocks in the SPA concession that had yet to be cleared for pulpwood plantation development. In 2013, SPA plans to supply nearly 55,000 m3 of natural forest fiber to IKPP.

It will be seen that there has been a drastic decrease in the supply of natural forest fiber compared with 2012. This decline is not caused by the New APP Forest Conservation Policy, but rather by the fact that there are now very few areas of forested peatland available for pulpwood plantation development as everything has technically already been cleared.

The Bengkalis Block



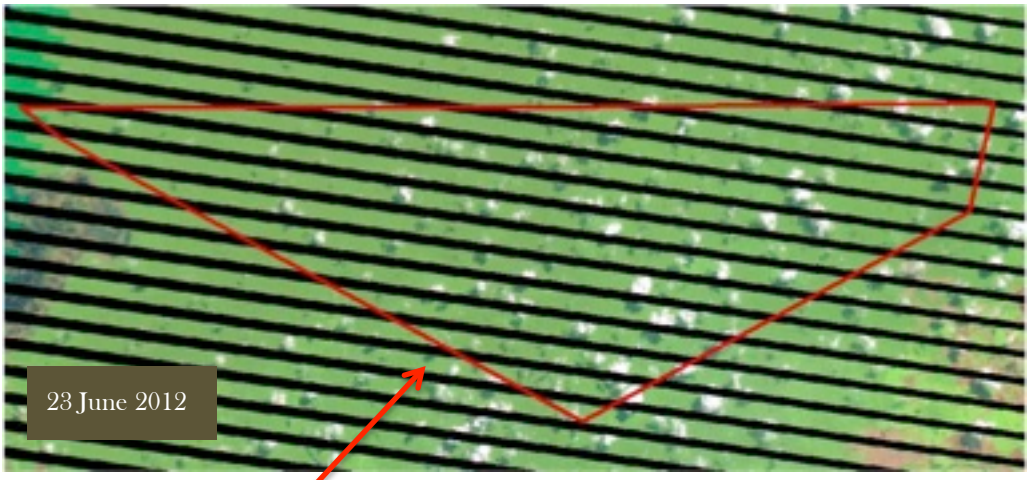
The Pelalawan, Indragiri Hulu and Indragiri Hilir Blocks



Almost all of the forested peatlands in the area allocated for pulpwood plantation development has in fact been converted into pulpwood plantations.

Only a few areas of forested peatland remain at present, the remnants from the land-clearing operations conducted in 2012.

The Dexter Block



This block is protection zone that must be maintained by SPA, as approved by the Ministry of Forestry.

The above images show large blocks of forested peatland *(delineated by red borders)* in the SPA concession blocks that are still relatively intact. In fact, these blocks are protection zones that must be maintained by SPA, as approved by the Ministry of Forestry.

It must once again asserted be emphasized that no blocks of forested peatland are being saved through the implementation of the New APP Forest Conservation Policy in the SPA concession.

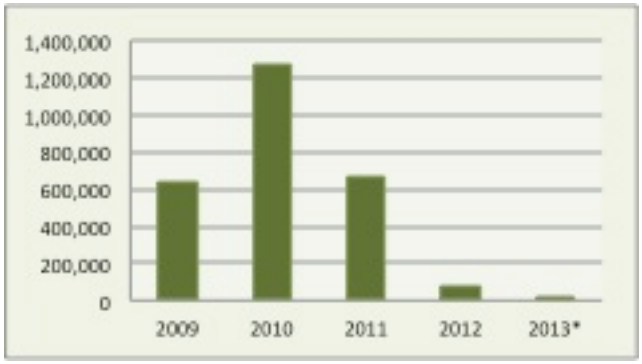
APP SUPPLIERS IN SOUTH SUMATRA PROVINCE THAT PLAN TO CONTINUE SUPPLYING NATURAL FOREST FIBER UP TO 2013

PT Rimba Hutani Mas (RHM)

RHM not only has concession in the Jambi Province, but also in South Sumatra Province. On 22 March 2007, RHM South Sumatra obtained a license from the Minister of Forestry for the development of pulpwood plantations covering 67,100 hectares. The concession consists of two blocks, namely, the Meranti Block covering 11,950 hectares, and the Lalan Block, covering 55,150 hectares.

During 2009-2012, RHM South Sumatra supplied natural forest fiber to IKPP in the amount of almost 2.28 million m3. In fact, in 2011 alone, RHM supplied up to 1.23 million m3 of natural forest fiber to IKPP. RHM also supplied natural forest fiber to LPPPI amounting to nearly 370,000 m3 during 2009-2011. That is, in total, RHM South Sumatra supplied a total of 2.64 million m3 of natural forest fiber during 2009-2012 to the two pulp and paper plants owned by APP.

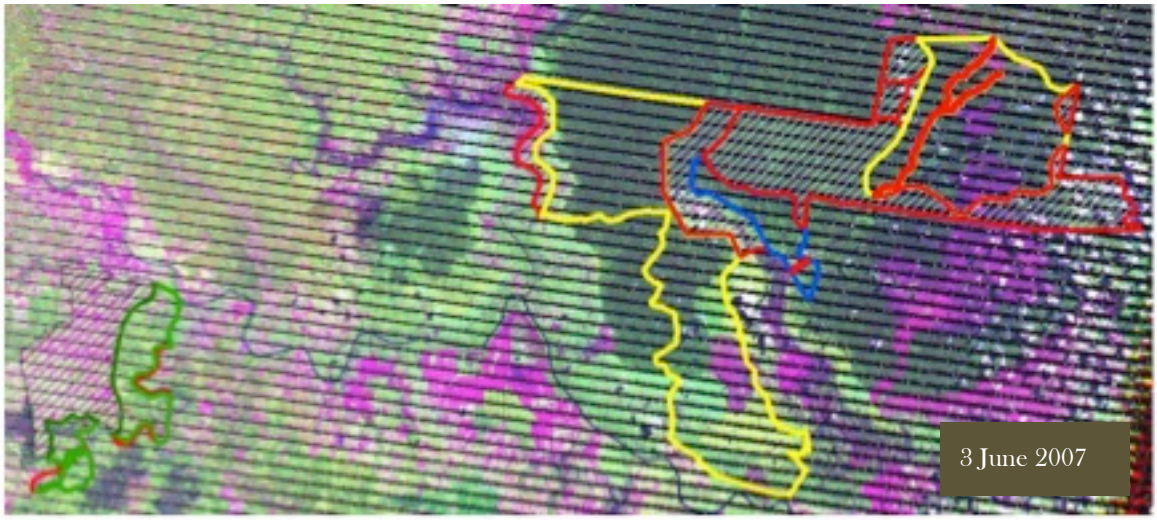
This graph shows the volume of natural forest fiber (m3) supplied by RHM during 2009-2012 and its plan to supply natural forest fiber in 2013. It will be seen that there has been a decline in the volume of natural forest fiber supplied by RHM.

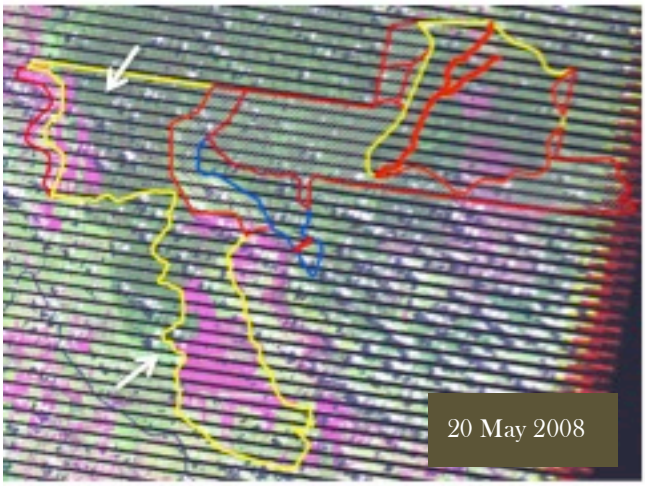


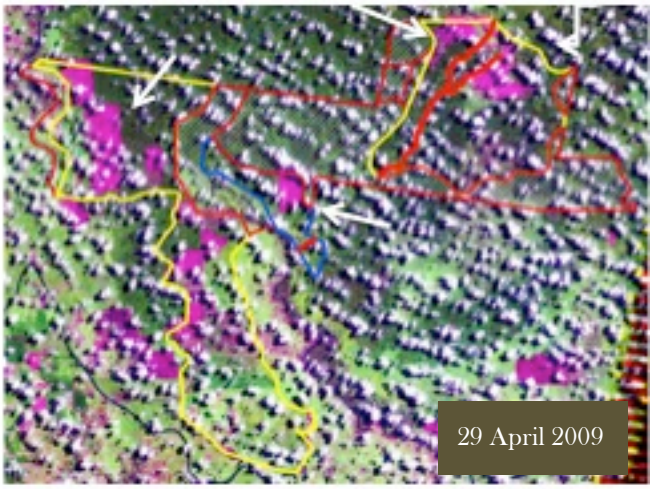
This decrease bears a direct linear respondent with exhaustion of natural forest and forested peatland in the RHM concession. What is left consists only of the remnants left over from land-clearing areas which can still be used to fulfill the plan to supply IKPP in 2013 with more than 4,000 m3.

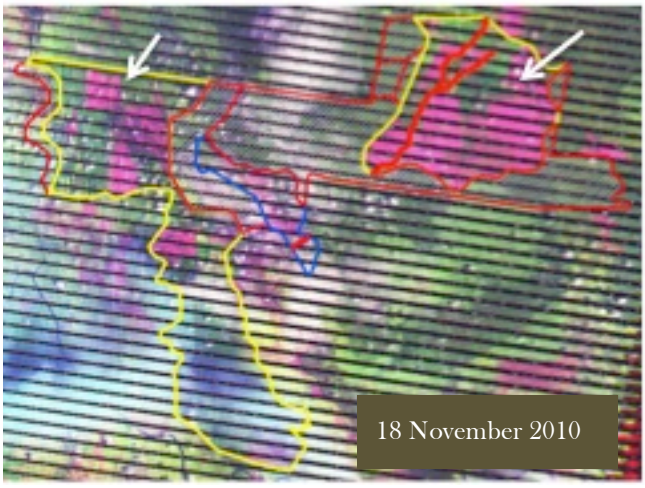
Such a small supply can easily be met by RHM, given the availability of natural forest logs from the clearing operations conducted up until the end of December 2012.

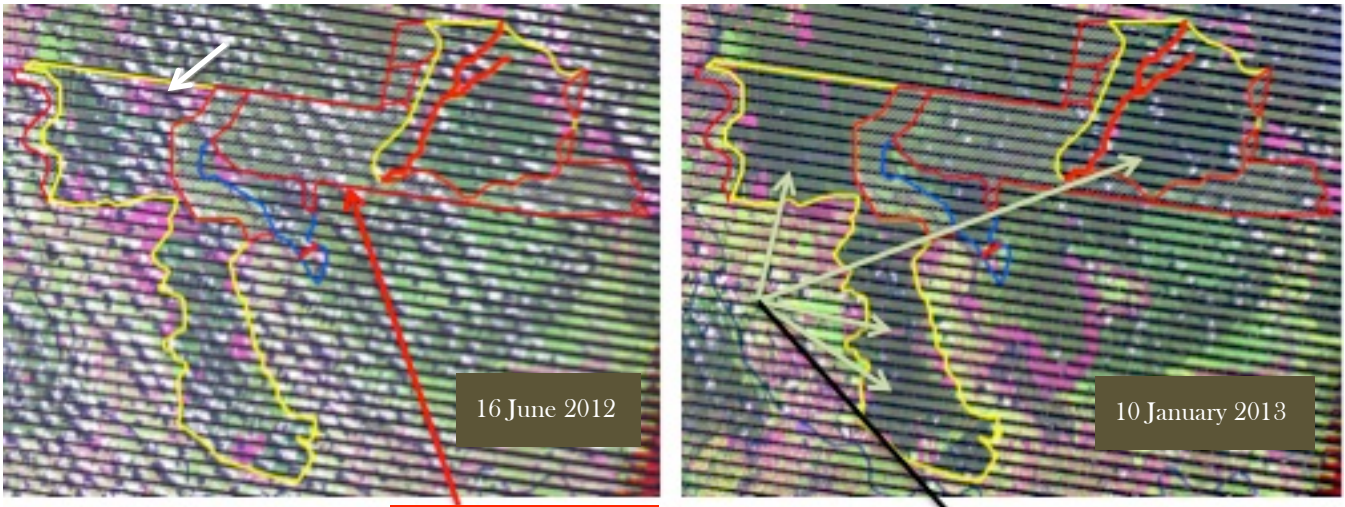
The spatial facts indicate that there is no natural forest or forested peatland remaining in the area allocated for pulpwood plantation development in RHM South Sumatra's concession.











This protection zone block of 14,000 hectares is intended to provide protection for the Sinyulong crocodile (Tomistoma schegelii), while this is a protection zone block that must be retained.

Almost all of the natural forest/forested peatlands in the area allocated for pulpwood plantation development has in fact been converted into pulpwood plantations.

The images show the loss of natural forest cover and forested peatland in the RHM concession, which is the result of the clearing of natural forest to satisfy the natural forest fiber needs of LPPPI and IKPP.

Certainly, APP cannot claim that these protection zone blocks - which have to be maintained by law and the forestry regulations and which have been approved by the Ministry of Forestry as natural forest and forested peatland – have been saved because of the New APP Forest Conservation Policy.

Thus, there is no natural forest or forested peatland that has been saved by the New APP Forest Conservation Policy in RHM's South Sumatra concession.

PT Tri Pupajaya (TPJ)

The Minister of Forestry granted a license to TPJ for the development of a pulpwood plantation covering an area of 21,995 hectares on 2 October 2009.

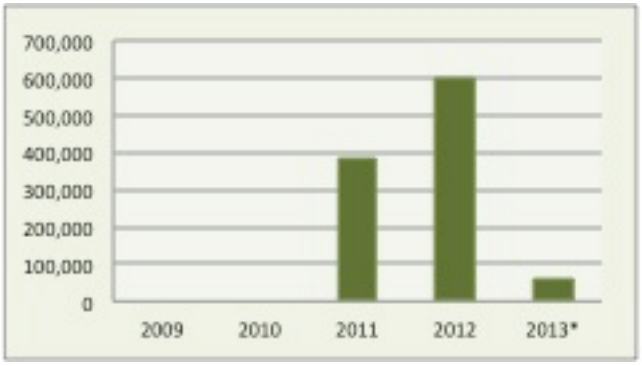
TPJ was an important supplier for IKPP during the 2011-2012 period, a time when natural fiber from Riau was becoming scarcer. Over the course of two years, TPJ supplied more than 950,000 m3 of natural forest fiber to IKPP. TPJ only supplied LPPPI with natural forest fiber in 2011, with the volume involved being approximately 30,000 m3.

In total, TPJ supplied forest natural fiber amounting to almost 1 million m3 during 2011-2012. Almost all of this was supplied to IKPP.

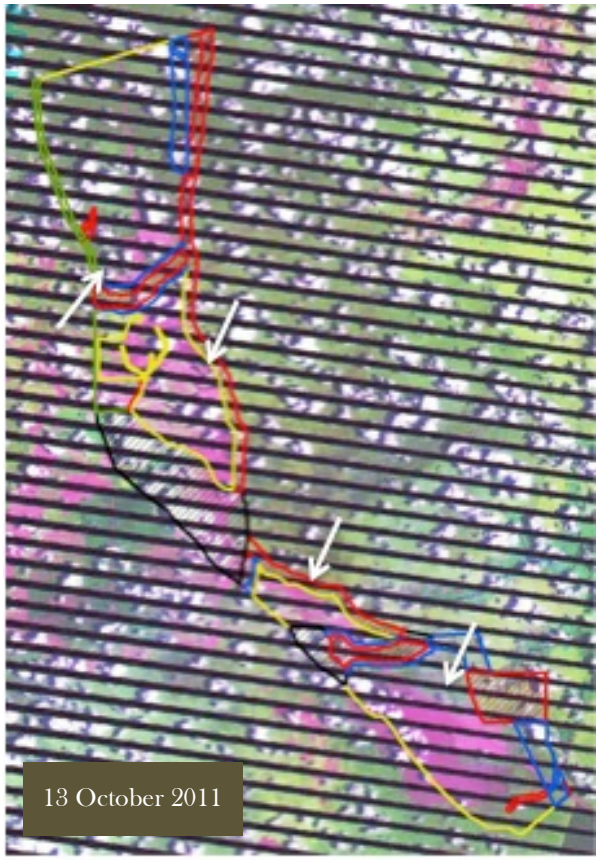
For 2013, TPJ plans to supply natural fiber forest amounting to nearly 63,000 m3.

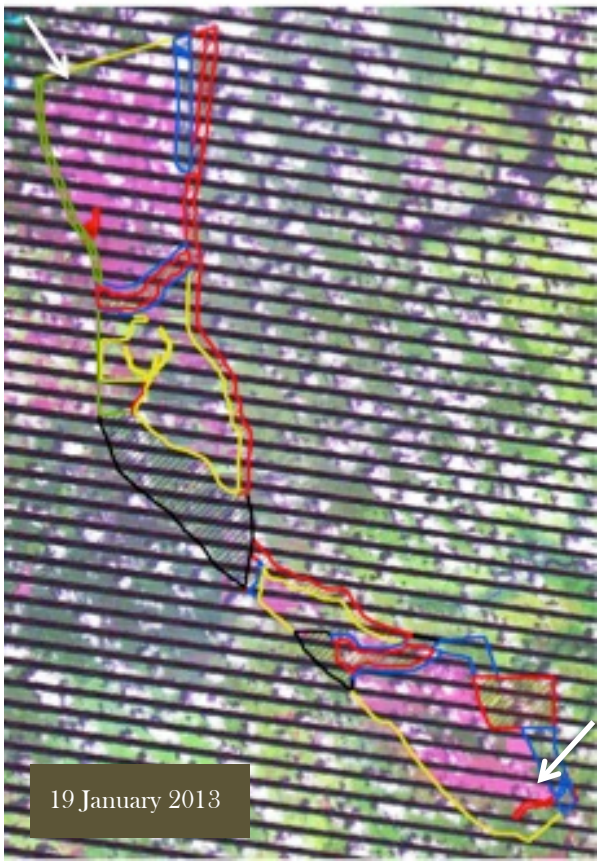
This should pose no problem to IKPP as it still has a large stock of natural forest logs in its log yards from forested peatland clearing operations from the end of 2012 up to 31 January 2013, the deadline for the moratorium on the clearing of natural forest and forested peatland under the New APP Forest Conservation Policy.

This graph shows the volume of natural forest fiber (m3) supplied by TPJ during the 2011-2012 period and its plan to supply natural forest fiber in 2013.



This decline in the supply of natural forest fiber bears a direct linear relationship to the exhaustion of the stock of natural forest and forested peatlands that can be cleared in the blocks allocated to TPJ for pulpwood plantation development.





These images show that natural forest and forested peatland in the TPJ concession area had been almost completely cleared as of the end of January 2013.

This means that at the time when the New APP Forest Conservation Policy became effective, namely, 1 February 2013, only some small scatterings of natural forest and forested peatland were capable of being saved by the New APP Forest Conservation Policy.

Of course, it would be a reason for shame if these areas were to be claimed as having been saved by the new APP policy.

Certainly, the New APP Forest Conservation Policy cannot be used to claim that protection zone blocks within the TPJ concession area have been saved by the New APP Forest Conservation Policy, as these protection zones were determined based on forestry regulations prior to the introduction of the New APP Forest Conservation Policy.

PT Bumi Persada Permai (BPP)

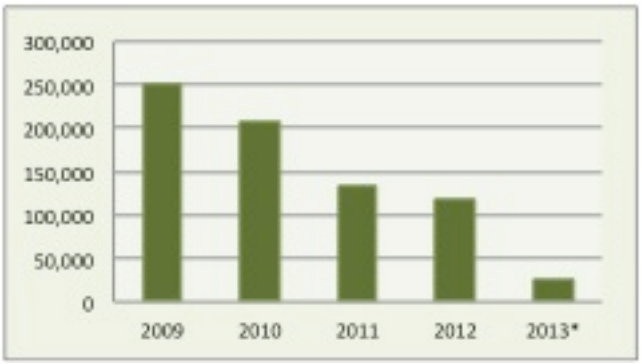
BPP holds two concessions for the development of pulpwood plantations, both of which are in South Sumatra Province. First, BPP obtained a license on 7 September 2004 covering 59,345 hectares, which was subsequently varied on 13 December 2010, with the result that the concession area was expanded to 60,433 hectares.

BPP was granted its second pulpwood plantation development license on 5 March 2009, for an area of 24,050 hectares. For the purposes of this report, we will discuss these two BPP concessions separately, namely, BPP (2004 license) and BPP Bintialo (2009 license).

During 2009-2012, BPP supplied natural forest fiber to IKPP amounting to nearly 620,000 m3. BPP also supplied nearly 90,000 m3 of natural forest fiber to LPPPI during 2009-2011.

Thus, the total amount supplied by BPP to IKPP and LPPPI during 2009-2012 amounted to more than 700,000 m3. In 2013, BPP plans to supply 25,000 m3 to IKPP. BPP can fulfill this plan with natural timber obtained from land clearing operations that began in late 2011 and continued to late 2012.

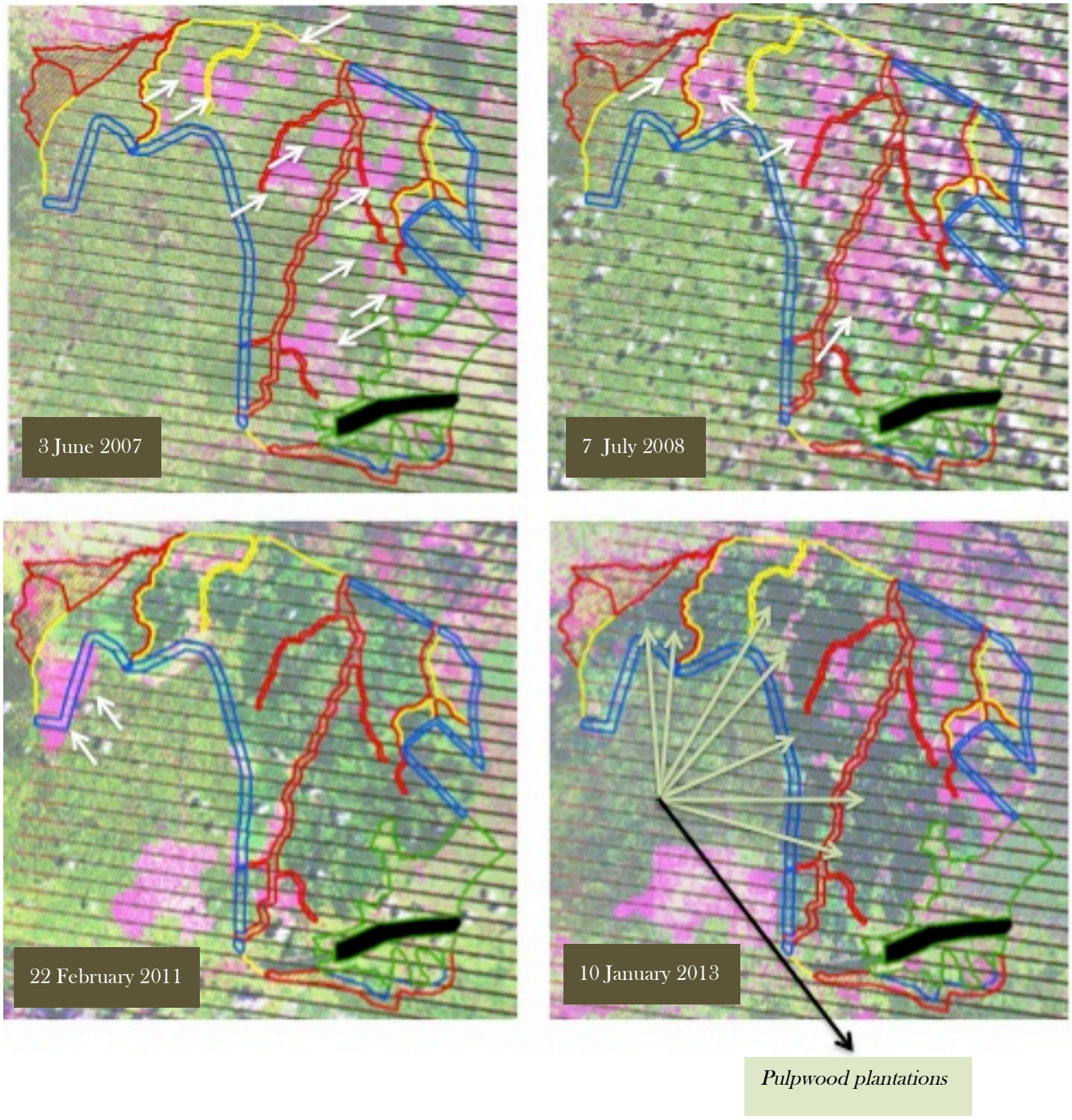
This graph shows the volume of natural forest fiber (m3) supplied by BPP during the 2009-2012 period and its plan to supply natural forest fiber in 2013.



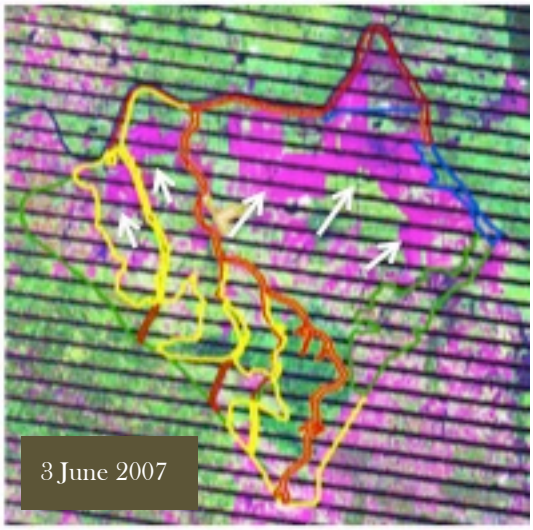
- **BPP (2004 license)**

The BPP concession license acquired in 2004 consists of two concession blocks, namely the Selaro Block and the Mendis Block, which cover an area of 36,878 hectares and 23,555 hectares, respectively.

The Selaro Block



The Mendis Block



Pulpwood plantations

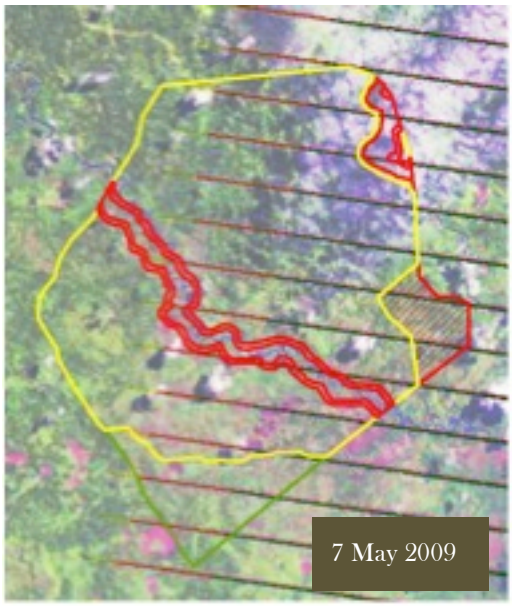
These images (the Selaro and Mendis blocks) show almost the entire area of the BPP concession has been cleared and developed as pulpwood plantations.

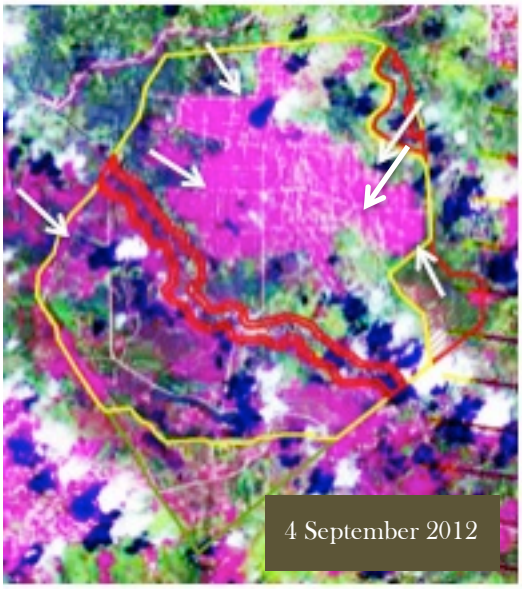
This means that there is no natural forest or forested peatland that can be claimed to have been saved by the New APP Forest Conservation Policy.

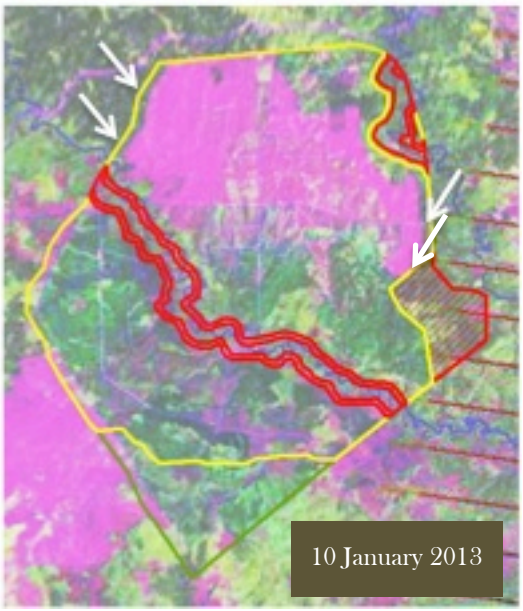
• BPP Bintialo (2009 license)

The BPP Bintialo concession – the license for which was obtained in 2009 – consists of two concession blocks, namely, the Sei Merah Block and the Sei Kapas Block, which cover an area of 6,555 hectares and 17,495 hectares, respectively.

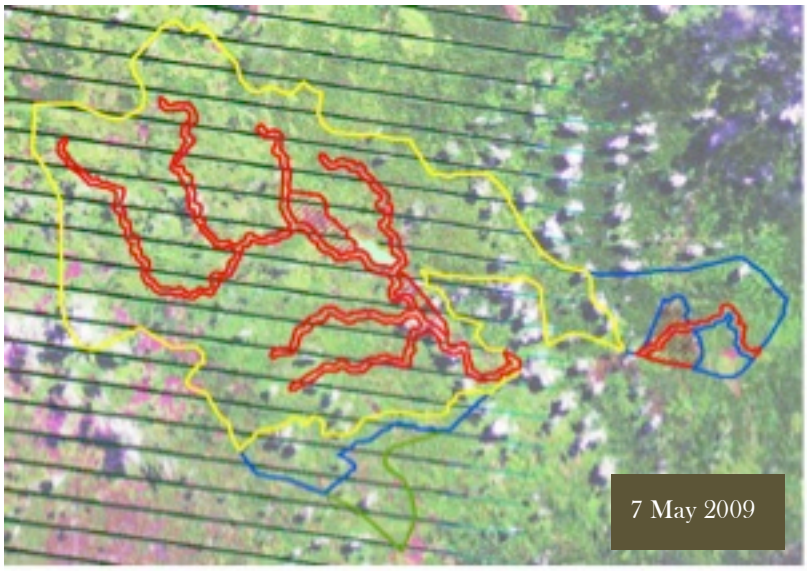
The Sei Merah Block



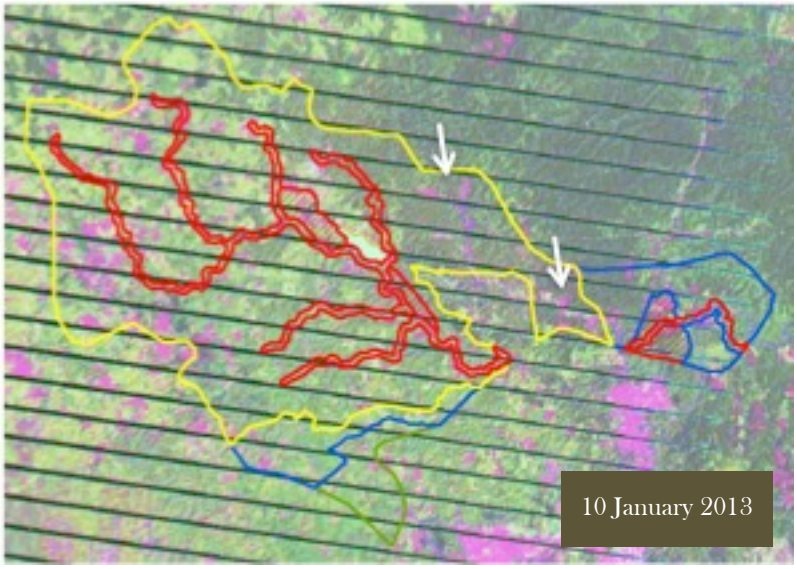




The Sei Kapas Block



The Sei Kapas Block could not be operated as the bulk of it was made up of local smallholders' fields, and transmigration areas/villages. BPP tried to clear an area of 3,359 hectares which had relatively good "old scrublands" cover in the Sei Kapas Block in 2011, but was unsuccessful.



This image shows natural forest blocks that are referred to in the business plan of BPP Bintialo as "old scrublands," which BPP failed to clear in 2011. APP certainly cannot claim that this area has been protected by the moratorium as its current status is, in fact, in conflicts with local communities. This was the reason that it was not cleared, not the New APP Forest Conservation Policy.

In the 2012 BPP Bintialo annual work plan, it is stated that the occupation of large parts of the area by local communities was the principal factor inhibiting the development of pulpwood plantations in the concession.

RENCANA KERJA TAHUNAN
USAHA PEMANFAATAN HASIL HUTAN KAYU
PADA HUTAN TANAMAN INDUSTRI (RKT UPHHK-HTI)
TAHUN 2012
PT. BUMI PERSADA PERMAI
DI PROVINSI SUMATERA SELATAN

bpp

Permasalahan yang dihadapi pada RKT-UPHHK HTI Tahun 2011

- Sebagian areal konsesi PT. Bumi Persada Permai, sebelumnya sudah terdapat areal okupasi, areal transmigrasi dan areal klaim yang dilakukan oleh masyarakat sekitar, merupakan factor dominan penghambat selama proses pembangunan HTI berlangsung.

Berdasarkan Keputusan Menteri Kehutanan
Nomor : SK. 79 / Menhut – II / 2009
Tanggal 5 Maret 2009
Luas : 24.050 Ha

Terhadap lokasi transmigrasi yang berada di dalam areal PT. Bumi Persada Permai (Blok I Hulu Sei Kapas) akan dilakukan usaha penyelesaian sesuai dengan peraturan yang berlaku.

KABUPATEN MUSI BANYUASIN
PROVINSI SUMATERA SELATAN

WHAT CAN BE GLEANED FROM THIS REPORT?

- Technically, we have strong grounds for concluding that there is no natural forest or forested peatland of meaningful extent that has been saved by the New APP Forest Conservation Policy in the concessions of APP's suppliers that have been allocated for the development of pulpwood plantations in Sumatra.

- The natural forest and forested peatland that remains in the concessions of APP's suppliers on the island of Sumatra consist of (i) legally designated protection zones that have been retained with the approval of the Ministry of Forestry, granted long before the launch of the New APP Forest Conservation Policy, (ii) areas affected by conflicts with local communities/third parties, (iii) areas that are inaccessible due to lack of roads, or (iv) areas in respect of which repeated attempts at clearance have been made, but to no avail, such as in the case of anticipated criticism of the clearance of deep forested peatland which was later turned into a protection zone with the approval of the Ministry of Forestry.

- It would appear that commitment to the New APP Forest Conservation Policy was delayed until the clearance of natural forest and forested peatland for the development of pulpwood plantations had been completed. The natural forest fiber resulting from such clearances has come in very useful as a source of raw material for APP operations, particularly for 2013.

- Unfortunately, APP seems to be intent on positioning its New Forest Conservation Policy as "a high profile forest conservation policy on the part of one of the largest pulp and paper producers in the world." The reality is, however, that this is not in accordance with the facts as the New APP Forest Conservation Policy cannot save natural forest and forested peatland in the concessions of APP suppliers that are allocated for pulpwood plantations development on the island of Sumatra.

Greenomics Indonesia feels it has no option but to reveal how little natural forest and forested peatland will be saved by the New APP Forest Conservation Policy.

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