

## *Pulling the wool over the public's eyes:*

# Asia Pulp & Paper deceives public over “Kampar Carbon Reserve” project

### *Executive summary*

*In its press release of 4 October 2010, Asia Pulp & Paper (APP), member of Sinar Mas Group, employed a strategy of half-truths and outright lies in an attempt to dupe the public into believing that the company is “going green.”*

*APP, which has lodged an application through its subsidiary PT PUTRA RLAU PERKASA to develop what is described as a “Carbon Reserve” on the Kampar Peninsula on Sumatra Island, claims that the reserve will be developed on land that has been earmarked for pulpwood plantations.*

*This assertion is only half true. While officially the land in question may have been earmarked by the Ministry of Forestry for pulpwood plantations based on the original forestry plantation license granted by the Regent of Pelalawan to PT PUTRA RLAU PERKASA in 2002, PT PUTRA RLAU PERKASA’s own micro-delineation report (prepared in 2008) found that none of the 15,640 hectares of land covered by the concession was suitable for development as pulpwood plantations. This was because the land satisfied all of the legal requirements for designation as a protected zone, with 12,799 hectares consisting of deep peat, 1,429 hectares being rich in biodiversity, and 1,270 hectares satisfying the criteria for protection as a nature reserve.*

*This finding by APP’s own consultants contradicts the 2005 findings of a Ministry of Forestry Verification Team established to check whether the original forestry plantation license issued by the Regent of Pelalawan fulfilled the requirements for renewal under forestry legislation. Greenomics believes that APP’s consultant findings on the ground must be considered as more ‘reliable’ than those of a team of Ministry officials on a quick visit from Jakarta.*

*Furthermore, PT PUTRA RLAU PERKASA’s feasibility study, which concluded that the land was suitable for development as pulpwood plantations and was employed by the Regent of Pelalawan as one of the grounds for issuing his original license in 2002, is at odds with the findings of PT PUTRA RLAU PERKASA’s own 2008 micro-delineation report, namely, that the entire 15,640 hectares of the concession should be preserved. So, obviously, someone, somewhere along the line has been less than honest.*

*Given that the micro-delineation found that none of the land covered by PT PUTRA RLAU PERKASA’s concession was legally capable of being developed as pulpwood plantations, how can APP brazenly claim that it is voluntarily forgoing the economic benefits to be gained from such plantations in favor of this so-called “world’s first privately funded project turning pulpwood plantation concessions into a carbon reserve?”*

*Even if the concession land was capable of being developed as pulpwood plantations, which it is not, PT PUTRA RLAU PERKASA would be required to seek a forestry sector environmental-benefits license or otherwise find itself in breach of forestry law. PT PUTRA RLAU PERKASA has never applied for such a license.*

*By deliberately misleading the public in this way, APP is doing nothing more than attempting to establish its “green credentials” in the face of mounting international criticism of the Sinar Mas Group’s notorious forestry practices, which continue to destroy Indonesia’s forests at an alarming rate. This entire project amounts to nothing more than a deliberately concocted scheme designed to pull the wool over the public’s eyes.*



## Misleading press release

Asia Pulp & Paper (APP), a member of the Sinar Mas Group, has attempted to deceive the public through its press release of 4 October 2010. Also implicated in this attempt to mislead the public is Carbon Conservation, APP's partner in developing a carbon reserve project on the Kampar Peninsula, Sumatra Island, Indonesia. The said press release contained the following misrepresentations:

- a) *“Indonesia will become home of the world’s first privately funded project turning pulpwood plantation concessions into a carbon reserve.”*

This assertion constitutes a substantive misrepresentation by APP as PT PUTRA RIAU PERKASA does not have the right to convert any of its forestry plantation concession into a carbon reserve. The fact is that the micro-delineation of PT PUTRA RIAU PERKASA's forestry plantation concession revealed that none of it was suitable for being developed as forestry plantations. In other words, the entire area covered by PT PUTRA RIAU PERKASA's forestry plantation concession is incapable of being developed for the purpose of forestry plantations. Consequently, the use of the phrase “turning pulpwood plantation concessions into a carbon reserve” constitutes a substantive effort to deceive the public and could give rise to legal consequences.

- b) *“The Kampar Carbon Reserve, located in Riau Province in Sumatra, is being established on land previously approved for pulpwood plantation in a unique public-private partnership announced in Jakarta today.”*

This statement by APP is deliberately framed so as to highlight that the “Kampar Carbon Reserve” is to be located on a forestry plantation concession of PT PUTRA RIAU PERKASA which has been approved for forestry-plantation development by the Ministry of Forestry. By stressing this, APP is clearly attempting to demonstrate its “green credentials” to the public by purporting to forgo the opportunity to develop forestry plantations on the concession, as approved by the government, and to instead develop the concession as a carbon reserve. Thus, the use of the phrase “established on land previously approved for pulpwood plantation” constitutes a substantive effort to mislead the public and could give rise to legal consequences.

- c) *“The pair worked with the Indonesian Ministry of Forestry, land concession holder PT. Putra Riau Perkasa (PRP), and local stakeholders to re-allocate more than 15,000 hectares of deep peat carbon sink from concessions allocated for pulpwood plantation to conservation land in an effort to open the door to this world-first pilot project.”*

In making this statement, APP is attempting to convince the public that PT PUTRA RIAU PERKASA, due to its “commitment to the environment”, has reallocated concession land that had already been approved for the development of forestry plantations as part of the “Kampar Carbon Reserve” development project, touted as the first such project in the world. The facts, however, are very different. It needs to be stressed once again that based on a micro-delineation of PT PUTRA RIAU PERKASA's concession, all of the concession land falls within the protected category – which, under Indonesian law, must be preserved and may not be used for the development of forestry plantations. Thus, the term “... to reallocate” constitutes a deliberate attempt to deceive the public.

In the light of the above description, it will be clear that APP through its press release has made manifest misrepresentations and has engaged in a deliberate attempt to deceive the global public by disseminating the said misleading press release and ensuring its publication in local, domestic and international media outlets.

### **Why do we believe APP is guilty of attempting to deceive the public?**

In addressing this question, we will first need to consider the licensing background and relevant statutory provisions;

- a) The conducting of a micro-delineation is a standard operation designed to accelerate the development of forestry plantations. The resulting report must be complied with as it provides detailed information on three key zones, namely, natural forest which by law must be protected and retained, natural forest that may be subjected to selective cutting, and natural forest that may be fully converted or cleared for the purpose of developing forestry plantations.
- b) Under the legislation pertaining to forestry-plantation concessions, natural forest that is zoned as protected must be retained by the concession holder as a protected zone.
- c) The micro-delineation report prepared by PT PUTRA RIAU PERKASA's consultant stated that the entire concession granted to the company had to be protected and retained as required by law.
- d) Given that not one hectare of the PT PUTRA RIAU PERKASA concession satisfies the legal criteria for forestry-plantation development, as stated in PT PUTRA RIAU PERKASA's own micro-delineation report, the company should immediately surrender its forestry-plantation license to the Minister of Forestry.
- e) By contrast, however, what APP – which controls PT PUTRA RIAU PERKASA – has tried to do is to hide the true facts by not only attempting to deceive the public but also by disregarding legal documents that have been approved by the Indonesian government, such as the feasibility study (proposed by PT PUTRA RIAU PERKASA itself), and the environmental impact analysis (EIA).
- f) APP has also attempted to sidestep the micro-delineation document, despite an integrity pact being signed in respect of the report by PT PUTRA RIAU PERKASA.
- g) Furthermore, APP has undermined the credibility of the forestry-plantation license issued by the Minister of Forestry to PT PUTRA RIAU PERKASA, which license renewed the original license issued by the Regent of Pelalawan.
- h) APP has attempted to deceive the public and state through the feasibility study that was submitted by PT PUTRA RIAU PERKASA to the Regent of Pelalawan.
- i) In addition, in the light of all that has transpired, there are also good grounds for suspecting that the EIA submitted by PT PUTRA RIAU PERKASA to the Regent of Pelalawan was itself also problematic.

### **Issuance of license at local level**

PT PUTRA RIAU PERKASA—a company controlled by APP—was issued a Forestry Plantation Concession License (IUPHHK-HT) for 21,650 hectares in Pelalawan Regency, Riau Province, by the Regent of Pelalawan by virtue of his Decree No. 522.21/IUPHHK-HT/V/2002/002, dated 8 May 2002.

It needs to be stressed that in issuing this license, the Regent of Pelalawan was required to consider the following:

- a) The in-principle IUPHHK-HT approval in the name of PT PUTRA RIAU PERKASA, Number 522.1/DISHUT/2002/125 dated 25 January 2002;

- b) The approval for the IUPHHK-HT Feasibility Study issued to PT. PUTRA RIAU PERKASA, Number 522.1/PR/IV/2002/210 dated 15 April 2002;
- c) The approval for the IUPHHK-HT Environmental Impact Analysis granted to PT. PUTRA RIAU PERKASA, Number 660.1/BAPEDALDA//IV/2002/002 dated 16 April 2002:
- d) The approval for the IUPHHK-HT Work Area Map (PDAK) issued to PT. PUTRA RIAU PERKASA, Number 522.1/PR/IV/2002/250 dated 20 April 2002.

For the purpose of ensuring legal certainty and that forest exploitation is carried out in compliance with the prevailing statutory provisions, article 2 of Minister of Forestry Decree No. P.03/Menhut-II/2005, in conjunction with Minister of Forestry Decree Number P.05/Menhut-II/2006 requires the conducting of verification in respect of IUPHHK-HA and IUPHHK-HT concessions issued by governors or regents/mayors. These provisions obviously also apply to the IUPHHK-HT concession granted to PT PUTRA RIAU PERKASA.

A Ministry of Forestry Verification Team was duly set up by the Director General of Forestry Production Development by virtue of his Decision No. SK.14/VI-SET/2005, dated 18 March 2005, which team recommended that the PT PUTRA RIAU PERKASA concession be recognized by the Ministry of Forestry.

Based on the results of the calculations conducted by the Ministry of Forestry Planology Bureau (as set out in Document Number S.210/VII-SET/RHS/2005 dated 22 November 2005), the PT PUTRA RIAU PERKASA concession should extend to only 15,640 hectares. The difference between the area stated in the regent's decree and that stipulated by the Ministry of Forestry was due to the redelineation of the boundary.

Article 8(3)(a) of Minister of Forestry Regulation Number P.03/Menhut-II/2005, in conjunction with Minister of Forestry Regulation Number P.05/Menhut-II/2006, provides that should an IUPHHK-HA or IUPHHK-HT that is issued by a governor or regent/mayor satisfy the requirements set out in article 5 or article 6 of the regulation, then the Minister of Forestry shall issue a decree renewing the IUPHHK-HA or IUPHHK-HT issued by a governor or regent/mayor.

On this basis, the Minister of Forestry issued Decree No. SK.104/Menhut-II/2006 on the renewal of the IUPHHK-HT of PT PUTRA RIAU PERKASA for a concession area of 15,640 hectares.

### **Micro-delineation report**

Based on the PT PUTRA RIAU PERKASA IUPHHK-HT micro-delineation report – which was prepared having regard to Minister of Forestry Regulation No. P.3/Menhut-II/2008 on the delineation of IUPHHK-HT concessions (in respect of which an integrity pact was signed by the President Director of PT PUTRA RIAU PERKASA in May 2008), it was concluded that based on holistic considerations the entire work area of 15,640 hectares of natural forest had to be conserved as protected areas.

The integrity pact that was signed by the President Director of PT PUTRA RIAU PERKASA stated that the company, in the context of “accelerating forestry plantation development,” was willing and fully committed to professionally implementing the micro-delineation results in their entirety, and that it would deploy all of its resources so as to ensure that this was the case.

The said integrity pact also stated that should any breaches of the pact occur, those concerned would willingly accept the sanctions prescribed by law.

It needs to be stressed that the integrity pact stated that the IUPHHK-HT micro-delineation was “for the purpose of accelerating forestry plantation development.” However, the results of the micro-delineation revealed that the entire area of the PT PUTRA RIAU PERKASA IUPHHK-HT

concession needed to be protected, with 12,799 hectares consisting of deep peat, 1,429 hectares being rich in biodiversity, and 1,270 hectares satisfying the criteria for protection as a nature reserve.

It needs to be highlighted at this juncture that the aforesaid Minister of Forestry Decree stated that PT PUTRA RIAU PERKASA, as the holder of the IUPHHK-HT, had been appraised by the Minister of Forestry – through the Ministry of Forestry Verification Team – as having the right to conduct the activities described in the license set out in the Minister of Forestry Decree, and to derive commercial benefit from such activities, including:

- a) Implementing the forestry plantation silviculture system based on the locations and types of trees planted;
- b) Supplying timber raw materials to primary forestry industries;
- c) Engaging in activities designed to facilitate its forestry plantation operations based on the use of its own resources, including land preparation.

### **Inconsistencies between feasibility study and micro-delineation reports**

PT PUTRA RIAU PERKASA must be able justify the contents of the Feasibility Study used to support the application for an IUPHHK-HT that it submitted to the Regent of Pelalawan, which study, we can be sure, concluded that the area covered by the study was suitable for the development of forestry plantations.

This Feasibility Study – which received approval on 15 April 2002 – was one of the documents considered by the Regent of Pelalawan in decided to grant an IUPHHK-HT to PT PUTRA RIAU PERKASA.

In May 2008, PT PUTRA RIAU PERKASA issued its micro-delineation report on the concession area, which concluded that no part of the concession was suitable for forestry plantation development. This is obviously at odds with the conclusions of the Feasibility Study.

### **Inconsistencies between Ministry of Forestry verification and micro-delineation results**

There were also clear contradictions between the results of the IUPHHK-HT verification conducted by the Ministry of Forestry and the results of PT PUTRA RIAU PERKASA's micro-delineation of the IUPHHK-HT area of 15,640 hectares. These fatal contradictions were as follows:

- a) In Minister of Forestry Decree No. 104/Menhut-II/2006 on the renewal of the IUPHHK-HT of PT PUTRA RIAU PERKASA for a production forest area of 15,640 hectares, it is stated in the considerations section that for the purpose of ensuring legal certainty and that forest exploitation is carried out in compliance with the prevailing statutory provisions, a Ministry of Forestry team shall conduct verification of licenses that have been issued by governors and mayors/regents.

The two key terms here are (1) “for the purpose of ensuring legal certainty,” and (b) “(for the purpose of ensuring) that forest exploitation is carried out in compliance with the prevailing statutory provisions.” Having regard to these key stipulations, the Ministry of Forestry Verification Team reported that PT PUTRA RIAU PERKASA's IUPHHK-HT fulfilled the statutory requirements. Accordingly, the Minister of Forestry issued a Decree renewing the IUPHHK-HT of PT PUTRA RIAU PERKASA.

- b) The micro-delineation report on the IUPHHK-HT of PT PUTRA RIAU PERKASA concluded that none of the land forming part of PT PUTRA RIAU PERKASA's concession could be developed for plantation forestry. This conclusion was based on an appraisal

conducted in accordance with the 11 criteria set out in Minister of Forestry Regulation No. P.3/Menhut-II/2008.

If we accept the findings of the micro-delineation report on PT PUTRA RIAU PERKASA's IUPHHK-HT, we may conclude that the results of the verification process carried out by the Ministry of Forestry team were inaccurate as they are at odds with the conclusion of the micro-delineation report carried out by PT PUTRA RIAU PERKASA in collaboration with consultants PT AYAMARU BAKTI PERTIWI. This is despite the fact that the objective of establishing the verification team in the first place was to produce technical recommendations for use by the Minister of Forestry for the purpose of “ensuring legal certainty and that forest exploitation is carried out in compliance with the prevailing statutory provisions” in the case of IUPHHK-HA and IUPHHK-HT issued by governors and regents/mayors.

Thus, it is the conclusions of the micro-delineation on the IUPHHK-HT of PT PUTRA RIAU PERKASA that provide clear directions so as to ensure legal certainty and that forest exploitation is carried out in compliance with the prevailing statutory provisions.

Based on the recommendations of the Ministry of Forestry Verification Team, the IUPHHK-HT of PT PUTRA RIAU PERKASA was renewed by the Minister of Forestry by virtue of Decree No. 014/Menhut-II/2006, which IUPHHK-HT covered a production forest area extending to 15,640 hectares.

Although the IUPHHK-HT was renewed by the Minister of Forestry, if we accept the results of the micro-delineation on PT PUTRA RIAU PERKASA's IUPHHK-HT, this would mean that the integrity pact signed by the President Director of PT PUTRA RIAU PERKASA was breached bearing in mind that the pact was signed for the purpose of “accelerating forestry plantation development,” while the facts on the ground were that none of the land covered by PT PUTRA RIAU PERKASA's IUPHHK-HT concession was suitable for development as forestry plantations.

### **Legal basis without legal basis**

PT PUTRA RIAU PERKASA sent a letter (Number 01/PRP-JKT/2010) on 6 January 2010 to the Director General of Forestry Production Development (Ministry of Forestry) seeking advice on how to go about submitting an application for the development of a carbon reserve within its concession.

In his response (dated 10 August 2010), the Director General of Forestry Production Development stated that in principle PT PUTRA RIAU PERKASA as the IUPHHK-HT concession holder could submit an application for the development of a carbon reserve project contingent on the fulfillment of all of the requirements set out in Minister of Forestry Regulation No. P.36/Menhut-II/2009 (on procedures for the licensing of carbon absorption and/or storage projects in production and protection forests).

It should be noted that the following considerations are given as the reasons for the issuance of Minister of Forestry Regulation No. P.36/Menhut-II/2009:

- a) That one form of environmental services benefit in production or protection forests arises from the absorption or storage of carbon – as provided for by article 33(1) of Government Regulation No. 6 of 2007, in conjunction with Government Regulation No. 3 of 2008 (on Forest Management, Forest Management Plans and Forest Exploitation).
- b) The exploitation of environmental services in production or protection forests shall be based on Environmental Services Exploitation Licenses (IUPJL) – as provided for by article 19(b) of Government Regulation No. 6 of 2007, in conjunction with Government Regulation No. 3 of 2008.

In the light of the above description, it is clear that the exploitation of environmental services in production and protection forests requires an environment-services-exploitation license (IUPJL).

Accordingly, the application for the development of a carbon reserve project, as submitted by PT PUTRA RIAU PERKASA, does not constitute an application for a license for the absorption and/or storage of carbon in production and protection forests.

It should be noted that article 48(1) of Government Regulation Number 6 of 2007, in conjunction with Government Regulation No. 3 of 2008, provides that every exploitative activity conducted in a production forest must be accompanied by an exploitation license. There are two important aspects that need to be stressed in this regard: a) that the provision is aimed at all forest exploitation activities undertaken in production forests; and b) that the relevant licenses must be obtained for such activities.

Thus, the development of a “carbon absorption and/or storage project” represents a form of production forest exploitation and so requires a license. Should such a license not be obtained, then all of the activities undertaken will have the potential to give rise to sanctions under the penal provisions of forestry law.

Article 50(1)(f) of Government Regulation No. 6 of 2007, in conjunction with Government Regulation No. 3 of 2008, states that IUPJL licenses for the absorption and/or storage of carbon in production forests may be granted for up to a maximum period of 30 years and for a land area that accords with the needs of the investment. Meanwhile, article 61(1) of Government Regulation Number 6 of 2007, in conjunction with Government Regulation Number 3 of 2008, stipulates that an IUPJL may be granted by:

- a) The regent or mayor within whose jurisdiction the forest area is located, with copies of the license to be forwarded to the minister, governor and head of the KPH (Forestry Management Unit);
- b) The governor in a case where the forest area straddles the boundaries of two or more regencies/municipalities within his jurisdiction, with copies of the license to be forwarded to the minister, regent(s)/mayor(s) and head of the KPH;
- c) The minister in a case where the forest area straddles the boundaries of two or more provinces, with copies of the license to be forwarded to the governor(s) regent(s)/mayor(s) and head of the KPH;
- d) The minister in a situation where the area in question is covered by an IUPHHK for the restoration of the natural-forest ecosystem within a production forest where full restoration has yet to take place, with copies of the license to be forwarded to the governor(s) regent(s)/mayor(s) and head of the KPH;

Article 61(3) of Government Regulation No. 6 of 2007, in conjunction with Government Regulation No. 3 of 2008, states that the provisions governing guidelines, criteria, and standards for the granting of IUPJL shall be provided for by Minister of Forestry Regulation.

In this regard, it is clear that the Minister of Forestry does not have the power to provide for any matters other than “guidelines, criteria and standards for the granting of IUPJL.”

This means that the “developer of a carbon absorption and/or carbon storage project” does not come within the regulatory ambit of the Minister of Forestry as there is no legal basis providing for this.

Article 70(1) of Government Regulation No. 6 of 2007, in conjunction with Government Regulation No. 3 of 2008, states that every forest-exploitation license holder has the right to carry out exploitation activities and derive gain there from in accordance with the license that has been granted.

This means that the “developer of a carbon absorption and/or carbon storage project” which is also an IUPHHK-HA or IUPHHK-HT holder does not have the right to benefit from the absorption and/or storage of carbon as such activities do not come within the scope of the license, bearing in mind that term “developer” does not necessarily mean the party that is entitled to derive benefit under a government-issued license.

With regard to the issuance of IUPJL for land in respect of which another license has already been issued, article 70(2) of Government Regulation No. 6 of 2007, in conjunction with Government Regulation No. 3 of 2008, provides that the holder of an IUPHHK-HA or IUPHHK-HT may be granted an IUPJL for the concession areas.

However, the commentary on article 70(2) stresses that an IUPHHK-HA or IUPHHK-HT holder that obtains an IUPJL must adhere to the terms set out in the IUPJL. This means that projects to absorb and/or store carbon in production forests areas in respect of which an IUPHHK-HA or IUPHHK-HT has been issued must be carried out in accordance with the terms set out in the IUPJL or be categorized as illegal.

In the light of the above analysis, it may be concluded that Minister of Forestry Regulation No. P.36/Menhut-II/2009 is not in line with article 28(1) and (2) of the Forestry Act 1999, in conjunction with Act No. 19 of 2004, articles 33(1) and 19(b) of Government Regulation No. 6 of 2007, and Government Regulation No. 3 of 2008.

This means that the in-principle approval letter issued by the Director General of Forestry Production Development (Ministry of Forestry to PT PUTRA RIAU PERKASA as the “developer of the carbon reserve project” in its concession is legally flawed.

## Conclusions

- a) The granting of an IUPHHK-HT to PT PUTRA RIAU PERKASA – whether the IUPHHK-HT issued by the Regent of Pelalawan or its renewal by the Minister of Finance – sets a bad example as the technical considerations employed were inaccurate. It is an indisputable fact that an IUPHHK-HT was issued to PT PUTRA RIAU PERKASA for areas that should by law be protected (as revealed by the results of the micro-delineation process).
- b) The Environmental Impact Analysis produced by PT PUTRA RIAU PERKASA may be considered legally problematic as it was employed as one of the grounds for the issuance of PT PUTRA RIAU PERKASA’s IUPHHK-HT by the Regent of Pelalawan. The EIA was also used as a reference by the Ministry of Forestry Verification Team prior to recommending that PT PUTRA RIAU PERKASA’s IUPHHK-HT be renewed by the Minister of Forestry.
- c) The facts show that the micro-delineation report on PT PUTRA RIAU PERKASA’s IUPHHK-HT concession has helped save 15,640 hectares of peatland on the Kampar Peninsula as it concluded that the entire concession should be retained as a protected zone as the criteria for such designation had been fulfilled. However, the Minister of Forestry has yet to cancel PT PUTRA RIAU PERKASA’s IUPHHK-HT.
- d) Minister of Forestry Regulation No. P.36/Menhut-II/2009 (on procedures for the licensing of carbon absorption and/or storage projects in production and protection forests) is not in line with the Forestry Act 1999 (No. 41 of 1999), Government Regulation No. 6 of 2007, and Government Regulation No. 3 of 2008.



- e) Minister of Forestry Regulation No. P.36/Menhut-II/2009 cannot be employed as a reference for the granting of the “in-principle” approval by the Director General of Forestry Production Development to PT PUTRA RIAU PERKASA as the developer of a carbon reserve project within its concession.

### **Recommendations**

- a) The Minister of Forestry should revoke PT PUTRA RIAU PERKASA’s IUPHHK-HT based on the results of the micro-delineation carried out by PT PUTRA RIAU PERKASA.
- b) The Minister of Forestry must revoke Minister of Forestry Regulation No. P.36/Menhut-II/2009 (on procedures for the licensing of carbon absorption and/or storage projects in production and protection forests) as it is not in line with the Forestry Act 1999 (No. 41 of 1999), Government Regulation No. 6 of 2007, and Government Regulation No. 3 of 2008.
- c) The Director General of Forestry Production Development (Ministry of Forestry) must revoke the in-principle approval issued to PT PUTRA RIAU PERKASA bearing in mind that Minister of Forestry Regulation No. P.36/Menhut-II/2009 cannot be used as the legal basis for the issuance of the said in-principle approval.
- d) PT PUTRA RIAU PERKASA needs to take the initiative by surrendering its IUPHHK-HT to the Minister of Forestry bearing in mind the results of PT PUTRA RIAU PERKASA’s micro-delineation, which found that none of its concession area was suitable for development as forestry plantations and that the entire concession should be retained as protected zone in accordance with the provisions of the laws and regulations in effect.
- e) PT PUTRA RIAU PERKASA needs to take the initiative by withdrawing its application to the Director General of Forestry Production Development for the development of a carbon reserve within its concession bearing in mind that this would conflict with the Forestry Act 1999 (No. 41 of 1999), Government Regulation No. 6 of 2007, and Government Regulation No. 3 of 2008.
- f) If PT PUTRA RIAU PERKASA wishes to use its concession for the exploitation of environmental services – in this case, the development of a carbon reserve – then, after the surrender of its IUPHHK-HT to the Minister of Forestry, PT PUTRA RIAU PERKASA will need to seek an IUPJL license based on the procedures established by the laws and regulations in effect.
- g) A situation where “license bartering” arises should be avoided, meaning that if PT PUTRA RIAU PERKASA surrenders its IUPHHK-HT to the Minister of Forestry, it should not automatically be entitled to an IUPJL from the Regent of Pelalawan for the development of a carbon reservoir within its concession.

**For further information please contact:**

*Elfian Effendi, the Executive Director of Greenomics Indonesia  
Email: [elfian@greenomics.org](mailto:elfian@greenomics.org)*