



# More peatland fire disasters for Indonesia?

Pulp companies and Government not transparent with restoration plans for fire-prone peatlands

February 2019

Koalisi Anti Mafia Hutan



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## Pulp companies and Government not transparent with restoration plans for fire-prone peatlands

Following **catastrophic fires** in 2015 that burnt **2.6 million hectares** (ha) and caused losses for Indonesia of **US\$ 16.1 billion**, the Government of Indonesia prioritized the protection and restoration of carbon-rich peatlands. In 2016, the **Peatland Restoration Agency** was established, and regulation **PP 57/2016** imposed new requirements for the protection and management of peatlands. Following up, the Ministry of Environment and Forestry issued **implementing regulations** that included a map of peat hydrological units covering 24.7 million ha – half of which the Ministry designated for cultivation (12.3 million ha) and the other half for protection (12.4 million ha).

The peat protection zones include large areas in Sumatra and Kalimantan that had been **drained** for industrial pulpwood plantations (*hutan tanaman industri*, HTI) and palm oil estates over many years. Therefore, the Ministry of Environment and Forestry **required forestry license holders** with working areas in the protection zones to revise their long-term management plans (*rencana kerja umum*, RKU) and annual work plans (*rencana kerja tahunan*, RKT).

Media reports indicate that **45 HTI companies** had submitted revised work plans to the Ministry, as of 2 February 2018. Over one year later, however, neither the list of companies nor details of the changes to the work plans, has been released for public review. Auriga Nusantara, as part of the Koalisi Anti Mafia Hutan, wrote to the Ministry of Environment and Forestry in October 2018 to obtain the revised RKU and RKT documents as a step toward greater transparency. As of 7 February, 2019, this request has not been fulfilled. The lack of transparency prevents the public from being able to monitor the restoration of peat ecosystems in HTI concession areas.

This report presents an analysis of the map of peat functions contained in **Ministerial Decree 130 of 2017** (hereafter SK 130) on the Delineation of an Ecosystem Function Map for Peatlands to determine the restoration obligations of Indonesia's two largest pulp producers, Asia Pulp & Paper (APP) and Asia Pacific Resources International Limited (APRIL). The Ministry's peat function map was overlaid with the HTI pulpwood concessions reportedly supplying wood to APP and APRIL.

In the case of wood suppliers for APP and APRIL, the Ministry's peat function map indicates that over 12,000 square kilometers of HTI concessions – an area over 16 times the size of Singapore – are now to be protected and restored. Within the peat protection zones, no new development is allowed, and areas already developed **must not be replanted and instead be restored**.

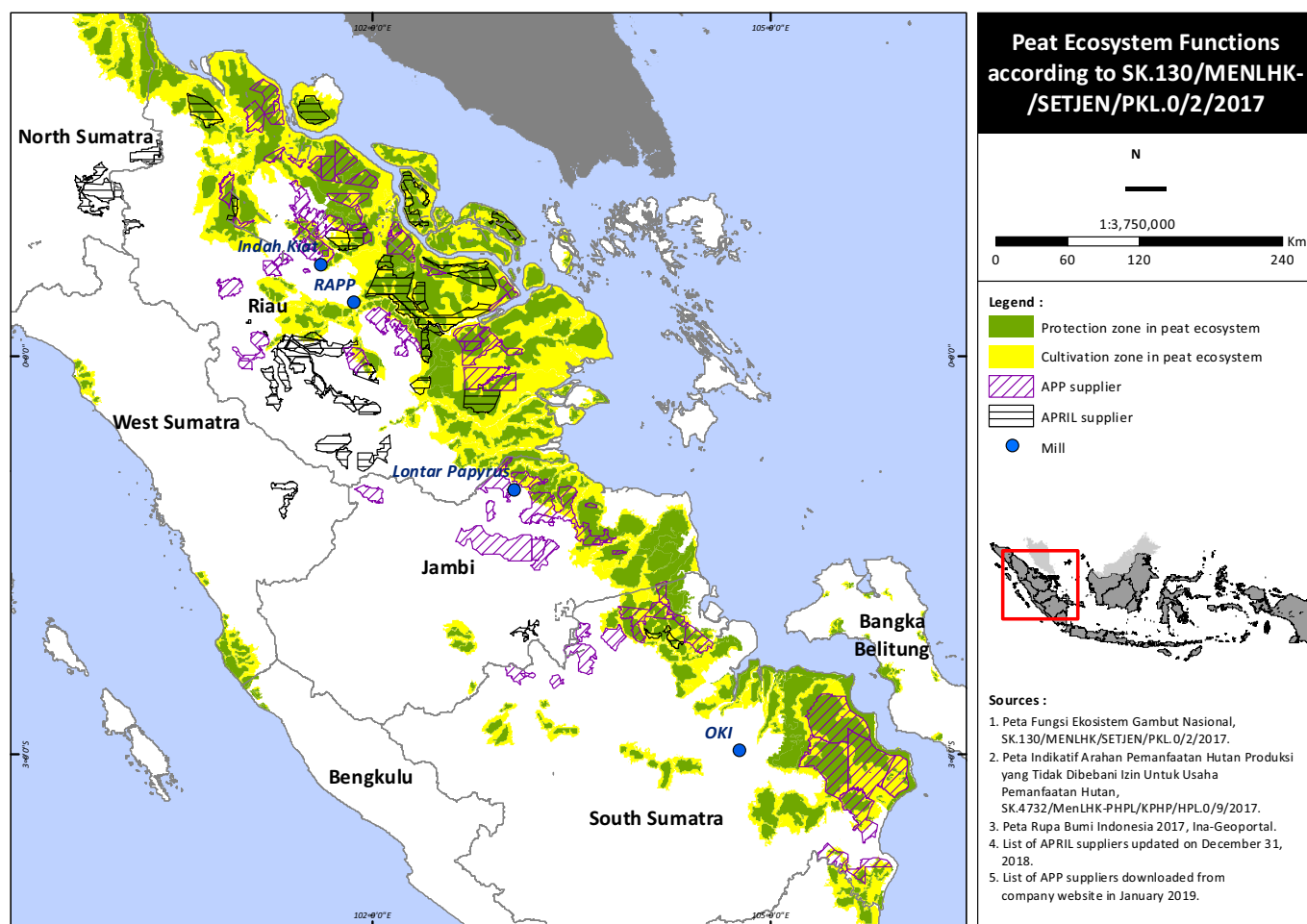
For **APP's suppliers**<sup>1</sup>, 793,293 ha of HTI concession areas are within the peat protection zones (see Maps 1 and 2). This area represents 30% of APP suppliers' total concession area of 2,624,209 ha. APP's suppliers support the group's three pulp mills: Indah Kiat pulp mill in Riau province, Lontar Papyrus pulp mill in Jambi province, and OKI pulp mill in South Sumatra province.

The largest areas that overlap with the peat protection zones are in South Sumatra, surrounding **PT OKI Pulp & Paper Mills**, APP's newest production facility (see Map 3). Within APP supplier concessions in that province, 323,581 ha are located inside the peat protection zones, comprising nearly one-half of the land that had been

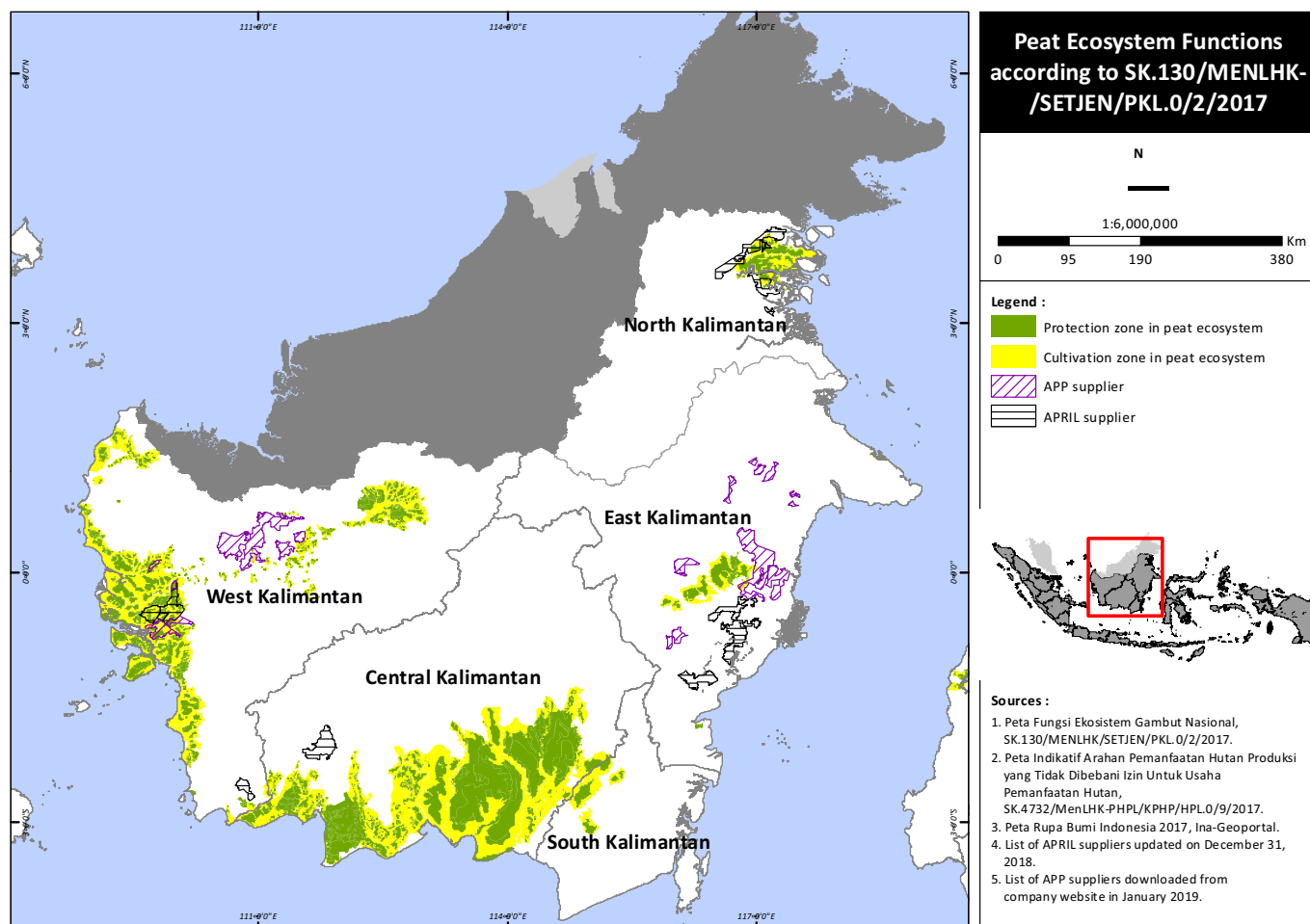
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<sup>1</sup> Based on APP's list of "continuous approved suppliers", downloaded from the company's sustainability website on January 22, 2019. The analysis does not include community suppliers, of which there were three as of May 2018, according to the APP website. Nor does the analysis include 17 "approved one-time suppliers", many of which are wood chip supply companies located outside of Indonesia, or two other "continuous approved suppliers", which are wood chip mills located outside of Indonesia.

**Map 1. APP and APRIL suppliers' HTI concessions and peat cultivation and protection zones in Sumatra**

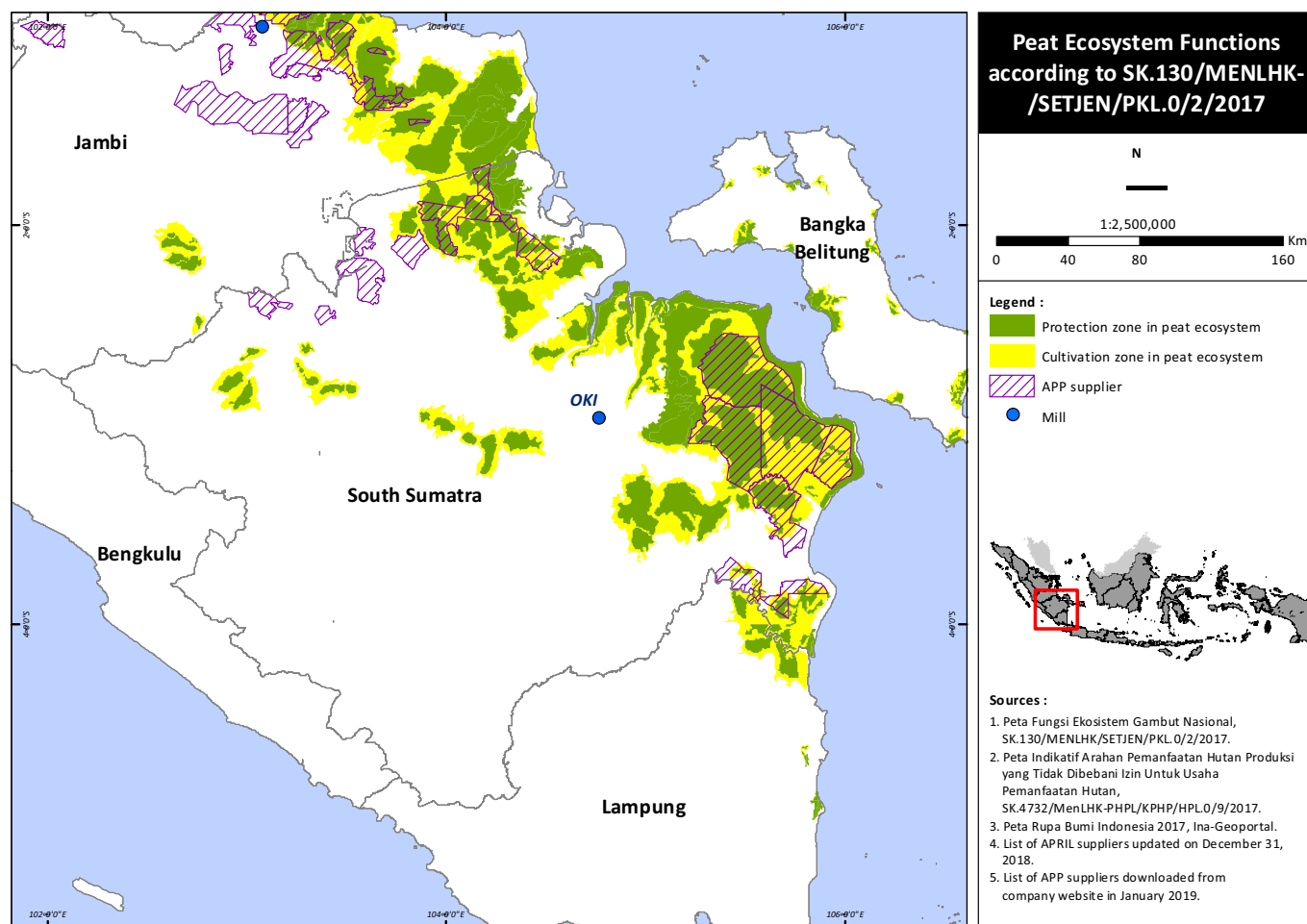


**Map 2. APP and APRIL suppliers' HTI concessions and peat cultivation and protection zones in Kalimantan**

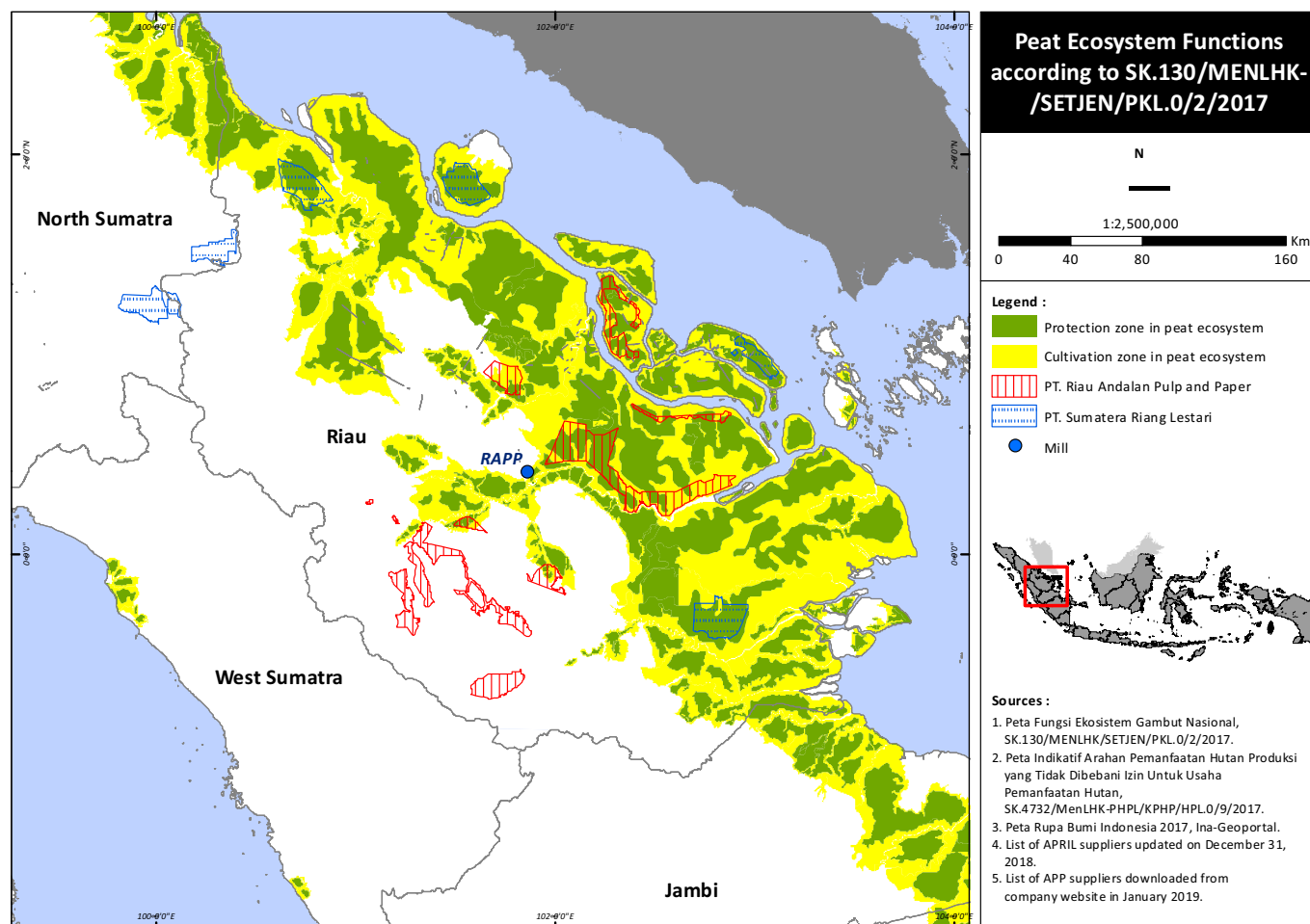




**Map 3. APP suppliers' HTI concessions for PT OKI Pulp & Paper Mills in South Sumatra**



**Map 4. APRIL suppliers' PT Riau Andalan Pulp & Paper and PT Sumatera Riang Lestari HTI concessions in Riau, Sumatra**



planned to serve as the **OKI mill's fiber supply base**. These findings strengthen **previous concerns** of the Koalisi Anti Mafia Hutan regarding the inadequacy of APP suppliers to meet the wood fiber requirements of the group's three mega-scale pulp mills in Sumatra.

For APRIL's suppliers<sup>2</sup>, 418,670 ha of concession areas are within peat protection zones (see Maps 1 and 2). This area represents 25% of the suppliers' 1,501,907 ha of total concession areas. Two concessions – controlled by PT Riau Andalan Pulp & Paper and PT Sumatera Riang Lestari – contain 238,301 ha within the peat protection zone, representing 40% of the combined concession areas (see Map 4). Historically, these two concessions have supplied much of the wood requirement for APRIL's pulp mill in Riau province.

It must be noted that in addition to the land area planted with trees for pulpwood, HTI concessions also include areas dedicated for conservation, nurseries, community agro-forestry, and other uses. Nevertheless, for both APP and APRIL, the loss of gross plantation area in supplier concessions, as documented in this study, is likely to have significant negative impacts on each group's overall wood fiber supply. This creates a risk that the companies will seek new sources of wood from other areas, most likely in Kalimantan and Papua where large areas of natural forest remain.

Both APP and APRIL have made corporate commitments to manage their plantation operations on drained peatland areas responsibly. APP has committed to "**best management practices**" on peatlands within their HTI concessions, which involves a multi-pronged strategy of mapping peatland areas, improving water management, rehabilitating peatlands, and researching the use of alternative species. APRIL has established an **International Peat Working Group** and adopted a "**peatland roadmap**" that aims for science-based understanding, responsible peatland operations, and development of a vision for peatland landscapes.

In terms of corporate sustainability commitments, the companies are saying many of the right things. Yet, operationally, both APP and APRIL have recently opened new mills that put added pressure on drained peatlands. In December 2016, APP **started operating** the OKI mill in South Sumatra, one of the biggest pulp and paper mills in the world (see Figure 1). More than three-quarters of the concessions in South Sumatra supplying wood to the OKI mill are **on peatlands**. APRIL's sister company PT Asia Pacific Rayon **started operating a viscose staple fiber (VSF) mill** at APRIL's Kerinci mill complex in December 2018, and APRIL converted one of its pulp lines for dissolving pulp production, which began in 2016. Therefore, strict Government supervision is required for these two groups to follow through on their commitments and to ensure that the peat protection zones within their licensed areas remain protected.

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2 Based on the "List of APRIL suppliers", updated on December 31, 2018 and downloaded from the company's sustainability website. The analysis does not include the community suppliers included on APRIL's supplier list.



**Figure 1. Asia Pulp & Paper's OKI Mill being built in South Sumatra. It opened as one of the world's largest pulp mills in December 2016 (photo BankTrack.org)**



**Figure 2. APRIL's mill complex in Kerinci, Riau province, where Asia Pacific Rayon's VSF mill is now located (photo Asia Pacific Resources International)**





**Figure 3. Burnt peatlands in acacia plantation (photo Rainforest Action Network)**

In 2017 the Government introduced a “**land swap**” policy to compensate HTI companies managing peatlands for areas that need to be restored, by giving them access to non-peat lands elsewhere in Indonesia. However, Koalisi Anti Mafia Hutan criticized this policy after showing that **40% of the areas** identified for the “land swap” policy are covered by natural forest. Both local communities and companies have voiced concerns about a **high risk of social conflict** if the “land swap” policy is allowed to proceed. The Ministry of Environment and Forestry has told members of this coalition that the policy would not be implemented, but until now it has not been revoked.

The Government must examine the pulp industry’s wood requirements and ensure that its supply sources respect the peat protection zones and do not destroy remaining natural forest. Minimally, the Government and plantation companies should disclose the following information: (1) location of protection zones within each HTI concession; (2) current planted area in each HTI; and (3) the wood requirements for each pulp mill. These three things – together with guarantees that the protection functions of peat and natural forest ecosystems will not be disrupted – should guide the Ministry’s efforts for revising the companies’ work plans. Unfortunately, until now this process has been conducted in a non-transparent manner, without adequate public consultation.

## **Recommendations**

Based on the explanation above, the Koalisi Anti Mafia Hutan calls on:

1. APP and APRIL and/or the Ministry of Environment and Forestry to immediately release the revised annual work plans (RKT) and five-year work plans (RKU) for all pulpwood suppliers, showing detailed management plans for peat protection and restoration zones that have been approved by the Ministry.
2. The Ministry of Environment and Forestry to revoke the “land swap” policy.
3. APP and APRIL to publish maps of its suppliers’ current planted area in each HTI concession.
4. APP and APRIL to adopt accountable plans to phase out completely their use of wood fiber sourced from drained peatlands and the management of peatlands under their control for commercial plantations.

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## Appendix

**Table 1. APP suppliers' HTI concession area, peat cultivation zones, and peat protection zones**

APP supplier	HTI concession area (ha)	Province	Peat cultivation zones (ha)	Peat protection zones (ha)
PT. Acacia Andalan Utama	61,585	East Kalimantan	—	—
PT. Arara Abadi	299,975	Riau	66,955	84,692
PT. Asia Tani Persada	20,740	West Kalimantan	4,294	5,082
PT. Balai Kayang Mandiri	22,250	Riau	8,782	12,429
PT. Bina Daya Bentala	19,870	Riau	8,816	11,241
PT. Bina Duta Laksana	28,890	Riau	13,447	15,548
PT. Bukit Batu Hutani Alam	33,605	Riau	1,835	30,635
PT. Bumi Andalas Permai	192,700	South Sumatra	72,299	120,966
PT. Bumi Mekar Hijau	250,370	South Sumatra	79,036	135,538
PT. Bumi Persada Permai	83,395	South Sumatra	—	—
PT. Daya Tani Kalbar	56,060	West Kalimantan	25,654	15,760
PT. Finnantara Intiga	299,700	West Kalimantan	2,797	696
PT. Kalimantan Subur Permai	13,270	West Kalimantan	3,791	9,301
PT. Kelawit Hutani Lestari	9,180	East Kalimantan	—	—
PT. Kelawit Wana Lestari	49,755	East Kalimantan	—	—
PT. Mitra Hutani Jaya	9,240	Riau	7,374	2,110
PT. Mutiara Sabuk Khatulistiwa	44,595	Riau	42,737	2,427
PT. Perawang Sukses Perkasa Industri	50,725	Riau	0	—
PT. Riau Abadi Lestari	12,000	Riau	898	573
PT. Riau Indo Agropalma	9,570	Riau	5,245	4,460
PT. Rimba Hutani Mas	118,360	Jambi/South Sumatra	19,342	36,085
PT. Rimba Mandau Lestari	5,630	Riau	196	5,401
PT. Ruas Utama Jaya	44,330	Riau	21,550	23,551
PT. Satria Perkasa Agung	77,000	Riau	36,350	32,502
PT Satria Perkasa Agung Unit Serapung	11,830	Riau	—	10,333
PT. Satria Perkasa Agung (Sinar Merawang)	10,070	Riau	—	1,070
PT. SBA Wood Industries	142,355	South Sumatra	70,238	67,077
PT. Sekato Pratama Makmur	44,735	Riau	1,498	44,448
PT. Sumalindo Hutai Jaya I	10,000	East Kalimantan	—	—
PT. Sumalindo Hutai Jaya II	70,300	East Kalimantan	—	—
PT. Sumber Hijau Permai	30,040	South Sumatra	15,186	13,027
PT. Suntara Gajapati	34,792	Riau	6,613	28,113
PT. Surya Hutani Jaya	183,300	Riau/East Kalimantan	8,191	3,443
PT. Tebo Multi Agro	19,770	Jambi	—	—
PT. Tri Pupajaya	21,995	South Sumatra	8,418	13,240
PT. Wira Karya Sakti	293,812	Jambi	45,664	63,546
<b>Total</b>	<b>2,624,209</b>		<b>577,205</b>	<b>793,293</b>

Sources: Buku Basis Data Spasial Kehutanan 2016; APP supplier list on company sustainability website; Ministerial Decree 130 of 2017.



**Table 2. APRIL suppliers' HTI concession area, peat cultivation zones, and peat protection zones**

<b>APRIL supplier</b>	<b>HTI concession area (ha)</b>	<b>Province</b>	<b>Peat cultivation zones (ha)</b>	<b>Peat protection zones (ha)</b>
PT. Adindo Hutani Lestari	201,821	East Kalimantan	34,767	21,011
PT. Bina Daya Bintara	7,550	Riau	2,286	5,287
PT. Bina Silva Nusa	9,040	West Kalimantan	1	5,744
PT. Bukit Batubuh Sei Indah	13,420	Riau	—	—
PT. Bukit Raya Mudisa	28,617	West Sumatra	—	—
PT. Citra Sumber Sejahtera	15,360	Riau	—	—
PT. Ekawana Lestari Darma	9,300	Riau	927	8,373
PT. Fajar Surya Swadaya	61,470	East Kalimantan	—	—
PT. Harapan Jaya Makmur	4,800	Riau	1,098	3,905
PT. ITCI Hutani Manunggal	161,127	East Kalimantan	—	—
PT. Korintiga Hutani	94,384	Central Kalimantan	—	—
PT. Madukoro	15,000	Riau	2,428	12,392
PT. Mayangkara Tanaman Industri	104,625	West Kalimantan	28,177	32,578
PT. Mitra Kembang Selaras	14,800	Riau	12,087	1,798
PT. Mitra Tani Nusa Sejati	7,480	Riau	2,231	5,372
PT. Nusa Prima Manunggal	4,412	Riau	824	13
PT. Nusa Wana Raya	26,880	Riau	4	—
PT. Nusantara Sentosa Raya	23,030	Riau	2,713	684
PT. Peranap Timber	33,360	Riau	4,855	28,199
PT. Riau Andalan Pulp & Paper	338,536	Riau	95,061	111,809
PT. Rimba Lazuardi	23,340	Riau	—	—
PT. Rimba Mutiara Permai	8,030	Riau	—	8,067
PT. Rimba Penarap Indah	11,620	Riau	—	—
PT. Selaras Abadi Utama	13,600	Riau	9,248	11,145
PT. Seraya Sumber Lestari	19,450	Riau	5,817	14,271
PT. Sinar Belantara Indah	6,200	North Sumatra	—	—
PT. Sumatera Riang Lestari	148,075	Riau	23,285	126,492
PT. Sumatera Silva Lestari	42,530	North Sumatra	—	—
PT. Wahana Lestari Makmur Sukses	14,010	South Sumatra	8,073	5,954
PT. Wana Subur Lestari	40,040	West Kalimantan	—	15,576
PT. Wanakasita Nusantara	9,030	Jambi	—	—
PT. Wananugraha Bima Lestari	7,465	Riau	—	—
<b>Total</b>	<b>1,501,907</b>		<b>233,881</b>	<b>418,670</b>

Sources: Buku Basis Data Spasial Kehutanan 2016; APRIL Supplier List updated December 31, 2018; Ministerial Decree 130 of 2017.

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