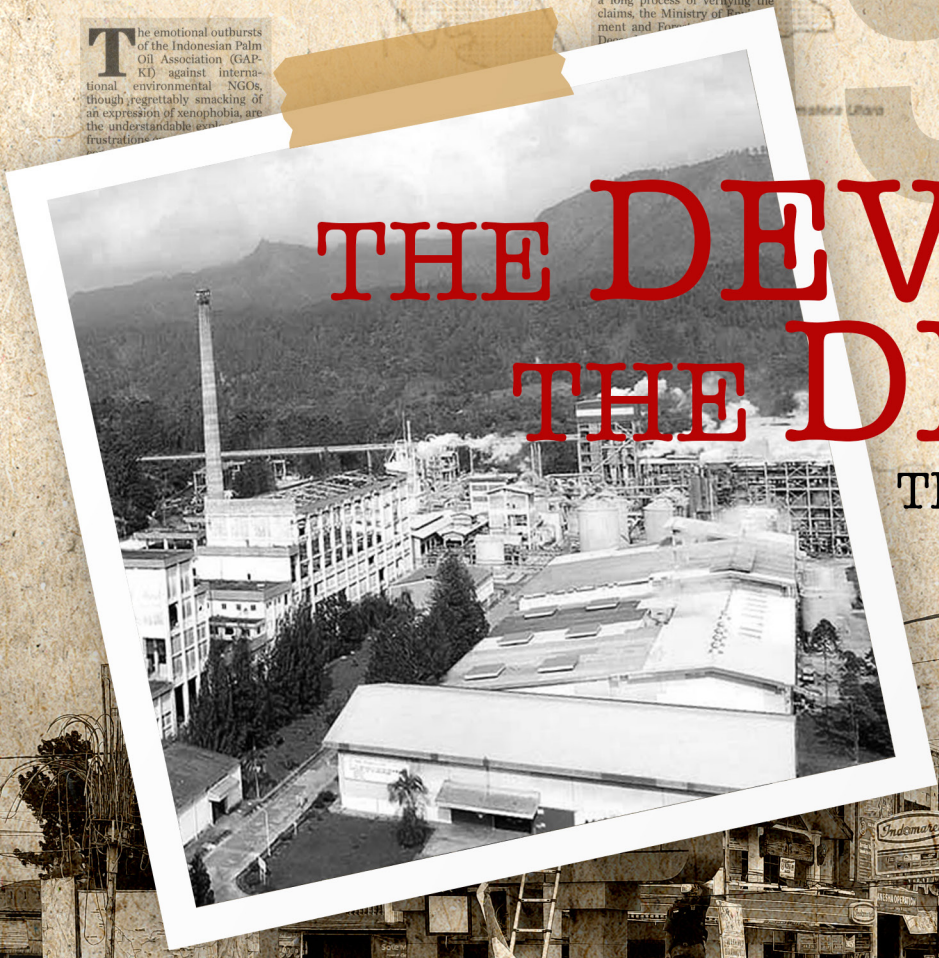


1984

The emotional outbursts of the Indonesian Palm Oil Association (GAPKI) against international environmental NGOs, though, regrettably smacking of an expression of xenophobia, are the understandable expression of frustrations

produces dissolving pulp. In North Sumatra, received 11 claims from local communities for plots of land inside its concession. After a long process of verifying the claims, the Ministry of Environment and Forestry



THE DEVIL IS IN THE DETAIL

The Scent of Anomaly in the Licenses of Toba Pulp Lestari



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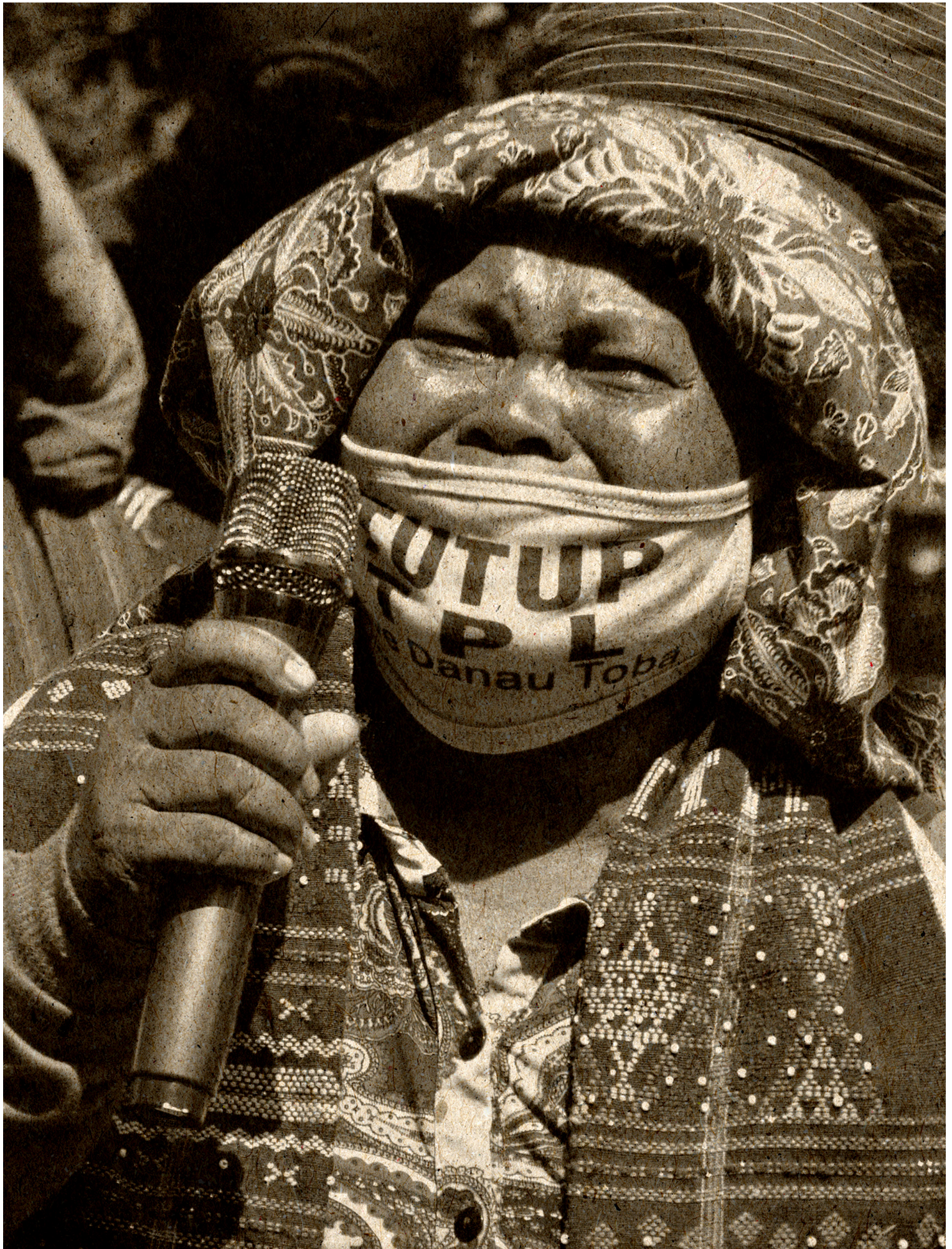


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THE DEVIL IS IN THE DETAIL

The Scent of Anomaly
in the Licenses of
Toba Pulp Lestari

KOALISI INDONESIA MEMANTAU



I. Introduction

Indorayon to Toba Pulp Lestari – New Name, Same Old Behaviour



Figure 1. PT Toba Pulp Lestari's pulp mill in Porsea Subdistrict, Toba Regency, North Sumatra

PHOTO: YUDI NOFIANDI/AURIGA

TOBA Pulp Lestari (TPL) is not a new forestry company on the block. It should be seen from its long history since appearing in 1984 under the name Inti Indorayon Utama (IIU). The company's name may have changed, but its ownership remains the same and under the control of Sukanto Tanoto.

Following waves of public protests, on 19 March 1999, the BJ Habibie administration shut down Indorayon. A year later, using the excuse of foreign investment and facing the threat of being brought to the International Court of Arbitration, in a cabinet meeting on 10 May 2000, the Megawati Government decided to allow the company to resume operations. TPL itself did not stay silent, but pledged to turn over a new leaf, as stated in Deed 54 dated 29 January 2003.

As it transpired, upheavals over the company's presence appeared not only in media reports, but also with its concession areas. At least nine license revisions occurred, impacting the area of its concessions, which grew from 150,000 hectares in 1984 to 167,912 hectares in 2020.

Were these changes in area only as simple as adding thousands of hectares? This short publication discusses this, and at the same time shows that over time the company's concessions have expanded to 269,060 hectares. When all the concession revisions are overlaid, the resulting total area of the company's concessions covers 291,263 hectares. Checks using satellite imagery also show company crops outside state forest and/or outside production forest estate..



II. Methodology

Concession overlays vs land cover dynamics

THE FINDINGS in this publication were generated by overlaying all TPL license areas, including those when the company was still called Indorayon, on related satellite imagery and analysing their land cover dynamics. Concession area maps were obtained from decrees issued by the Ministry of Environment and Forestry (KLHK) and its previous incarnation, the Ministry of Forestry. Maps obtained in non-digital form were digitized to allow further analysis using geographic information system (GIS) software. All concession regions were merged to identify the total area of past and present concessions the government has granted or is granting to TPL.

In addition to using Indonesia Topographical Maps or *Peta Rupa Bumi* Indonesia, all of these concession areas were also overlaid with the Ministry of Forestry 2014 North Sumatra Forest Estate Designation Map to establish which TPL concession areas have now become other land use areas or *Areal Penggunaan Lain* (APL). Overlaying using Timber Plantation Cover Dynamics 2000–2019 produced by Auriga Nusantara and Treemap generated information on timber plantation cover in TPL concession areas, including outside the forest estate, and by forest estate category. With these overlaying processes, it was also possible to identify timber plantations in these regions located outside areas in TPL's most recent concession license.

III. Findings

#1. From selective logging to timber plantation: Incentives for natural forest destroyers

LOOKING at current literature and discourse, little or none of it seems aware that the company’s licenses used to be HPH forest concession rights, i.e., licenses to carry out selective logging of mature trees in natural forest landscapes. Decree SK 203/Kpts-IV/84, which was issued by the Minister of Forestry on 23 October 1984, granted a HPH concession license to PT Inti Indorayon Utama (IIU) for an area of 150,000 hectares in North Sumatra. Equipped with this license, IIU proceeded to cut down natural forest in the area. It should be emphasized that HPH owners were only allowed to cut down trees with stem diameters in excess of 50 cm, commonly called *pohon masak tebang*. Further, HPH owners were also obligated to replant areas where they had extracted such trees. All HPH management techniques were regulated through a concept known as the Indonesia selective cutting and planting system or *Tebang Pilih Tanam Indonesia* (TPTI).

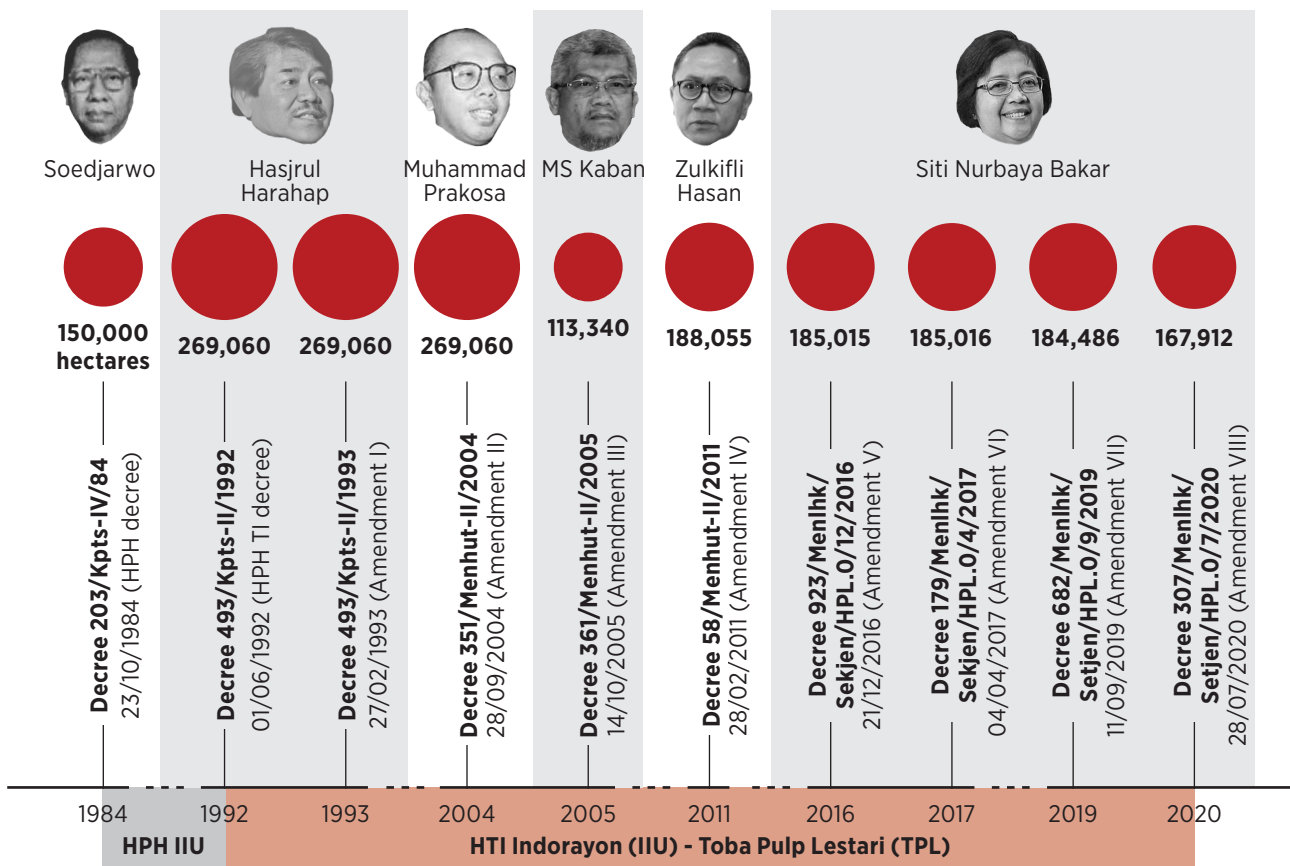


Figure 2. TPL licensed area dynamics by forestry and environment and forestry ministerial period of office. Statistically speaking, since being established as an industrial plantation forest (HTI) company, the total license area appears to have shrunk. However, when overlaid on maps there are new areas included in revised licenses, so when TPL licenses are aggregated they reach a total of 291,263 hectares. MS Kaban reduced the company’s concession area drastically, making it smaller even than under its original license. However, Zulkifli Hasan later expanded TPL’s licensed area. Siti Nurbaya revised TPL’s licenses most frequently, but statistically they did not change significantly.



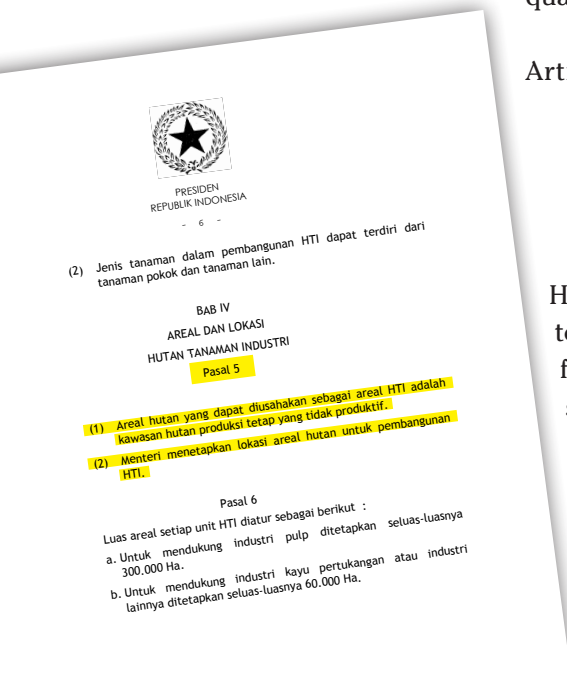
Figure 3. Eucalyptus trees in the PT Toba Pulp Lestari 2019 work area in the Aek Nauli Sector, Simalungun Regency, North Sumatra. These eucalypts grow quickly and establish stands, but are harvested periodically and subsequently replanted. Harvest cycles are usually from 5–7 years. As they are routinely harvested over a relatively short duration, managed intensively, and rarely support non-avian wildlife, it is more appropriate to call such areas timber plantations rather than plantation forests. **PHOTO: YUDI NOFIANDI/AURIGA**

In line with the rising needs of the timber industry, in the 1990s the Government of Indonesia applied its industrial timber plantation or *hutan tanaman industri* (HTI) policy with the promulgation of Government Regulation No. 7/1990 on Industrial Forest Plantation Business Rights. Article 2 of the regulation stipulates that HTIs are intended to support the development of domestic forest product industries to increase added value and foreign exchange; increase land productivity and environmental quality; and create employment and business opportunities.

Article 5 of Government Regulation No. 7/1990 states that:

- (1) Forest estates that can be operated as HTI areas are unproductive permanent production forest estates;
- (2) The Minister shall determine forest area locations for HTI development.

However, the government failed to ensure IIU carried out its obligation to replant its logged areas, and granted the company a business license for industrial timber plantations (HTIs). The Minister of Forestry did so on 1 June 1992 by issuing Decree SK 493/Kpts-II/1992. This decree even expanded the company’s concession area from 150,000 to 269,060 hectares.

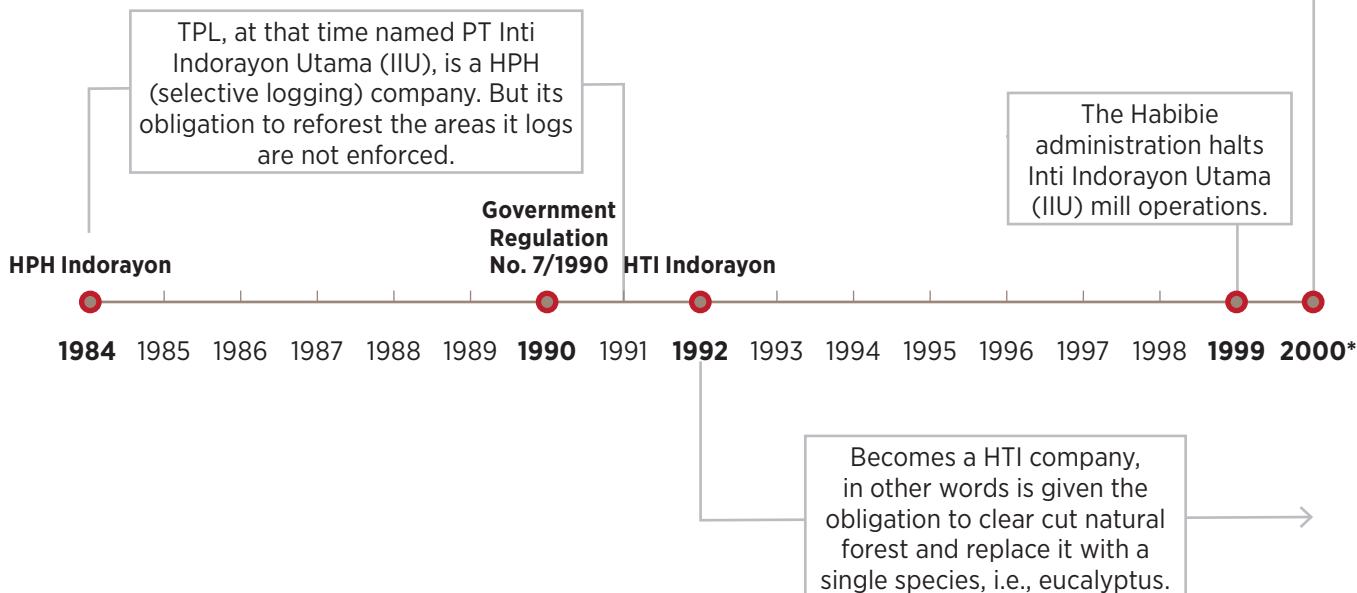


With this HTI license, the company was allowed to clear cut natural forests and replace them with seasonal timber plantations. As a pulp and rayon developer, the company then replaced natural forests with eucalyptus stands.



May:
A cabinet session led by Vice President Megawati reinstates Inti Indorayon Utama's mill operations, but limits the mill to producing pulp.

November:
PT Inti Indorayon Utama changes its name to PT Toba Pulp Lestari.



*) Indorayon-Toba Pulp Lestari (TPL): Source of Disaster for Communities around the Toba Caldera (Aliansi Gerak Tutup TPL, 2021)

#2. License aggregate: Five times the area of the Jakarta Special Capital Region

OPERATING for more than 36 years in North Sumatra, PT TPL has experienced nine license revisions. Originally appearing as a HPH license in 1984, it was later changed to a HTI license in 1992. After that, it was revised a further eight times. With each revision the company concession area changed. These changes were not consistent, sometimes the area shrunk, but it would often grow. Even on occasions when it did shrink, new areas would still appear in the license revisions.

When all these licenses are combined, all the TPL concessions cover a total area of 291,263 hectares. This entire area is hereinafter referred to as the license aggregate. This area makes TPL the largest concession owner in North Sumatra, with concessions covering 4% of the province's terrestrial area. The lands it controls are distributed across 12 regencies and municipalities, namely:

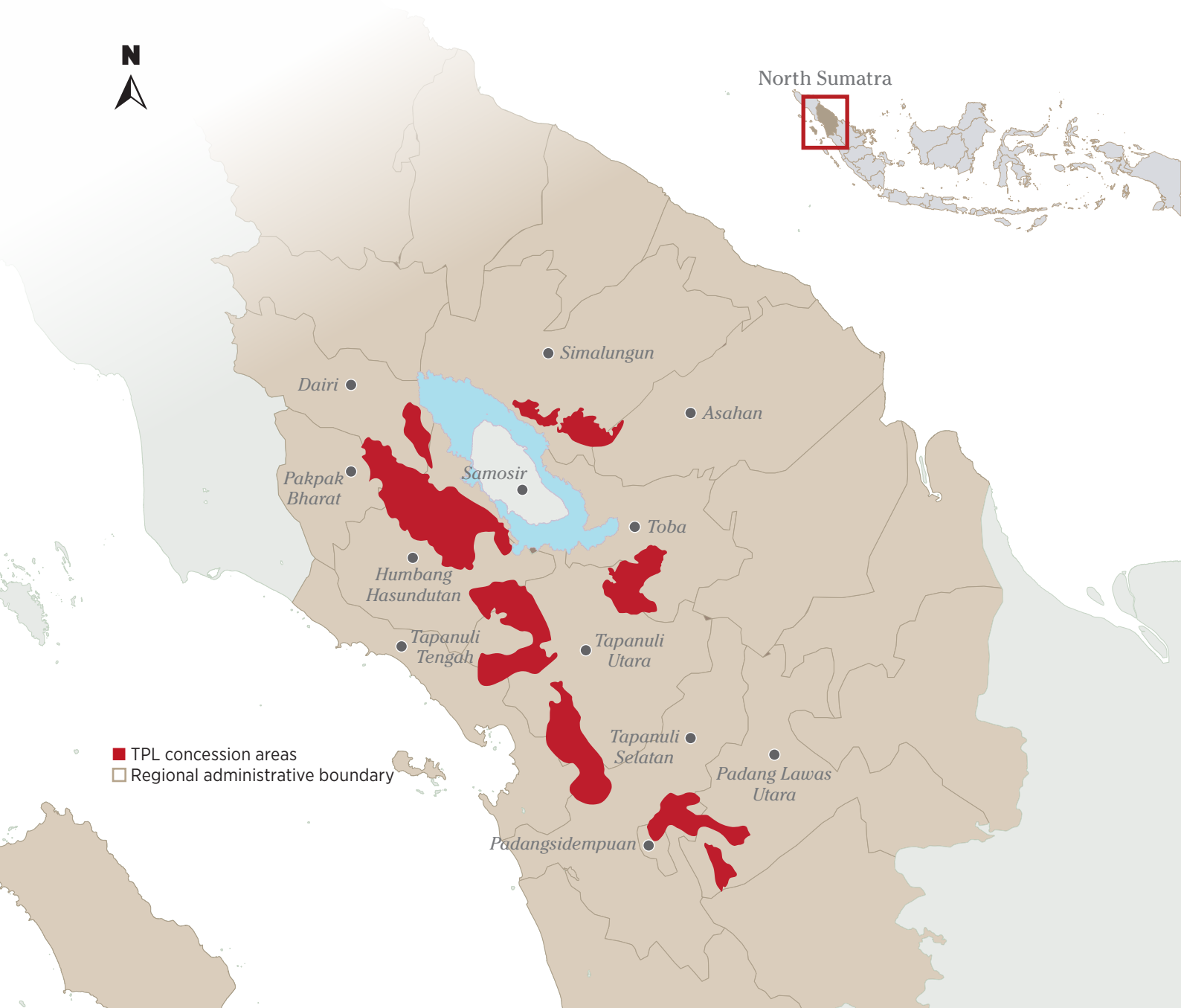
1. Simalungun Regency,
2. Asahan Regency,
3. Toba Regency,
4. Pakpak Bharat Regency,
5. North Tapanuli Regency,
6. South Tapanuli Regency,
7. Central Tapanuli Regency,
8. Humbang Hasundutan Regency,
9. Dairi Regency,
10. Samosir Regency,
11. North Padang Lawas Regency, and
12. Padang Sidempuan Municipality.¹

The company divided these areas into six sectors, namely: Aek Nauli, Aek Raja, Aek Tele, Habinsaran, Sidempuan, and Sarulla. In 2011, the Sarulla Sector was removed with the fifth license revision, so TPL concessions are now located in the five remaining sectors.

Since becoming an HTI company in 1992, when its total concession area was extended from the earlier 150,000 hectares to become 269,060 hectares, statistically the company area tended to fall, becoming 167,912 hectares in 2020. However, these statistical reductions have not always meant a constriction in license area, as expansions occurred with some revisions or there were new areas included in the revised licenses. Since becoming an HTI, only 154,111 hectares, or 53% of the whole license area (291,263 hectares) has always been inside TPL concession areas.

¹ <https://www.tobapulp.com/tentang-kami/>

Figure 4. Distribution of TPL concessions across 12 regencies and municipalities in North Sumatra



#3. Concession areas with timber plantation cover have been made into APL areas: Land gifted to the company

THERE ARE areas that were removed from TPL concession areas through the license revisions that have been removed from the forest estate, and are now classified as other land use areas or Areal Penggunaan Lain (APL). Overlaying the license aggregate with the North Sumatra Forest Estate Designation (2014) shows as much as 20,803 hectares of the TPL license aggregate has been made into APL areas.

Based on identifications of timber plantation cover, 1,418 hectares of these APL areas constitute timber plantations. Bearing in mind APL areas basically signify the movement of control from the state to the private sector, it can be interpreted that in practical terms, ownership of the land has been handed to TPL.

Table 1. Monoculture timber plantations made into non-forest estate other land use (APL) areas

Sector	Other Land Use Areas	
	Ex concession areas (ha)	Timber plantation area (ha)
Aek Nauli	273	209
Aek Raja	4,999	64
Habinsaran	1,086	565
Padang Sidempuan	2,480	198
Sarulla	3,905	-
Tele	8,060	382
Total	20,803	1,418

Data sources for Table 1, Table 2, Table 3 and Table 4:

1. Indonesia Topographical Map, 2016
2. North Sumatra Province Forestry Data and Information, 2002
3. Webgis - Ministry of Environment and Forestry, 2020
4. Production Forest Utilization Direction Maps, 2014, 2015, 2016, 2019, 2020, 2021
5. North Sumatra Forest Estate Map from Minister of Forestry Decree SK 579/Menhut-II/2014
6. Plantation Forest Dynamics 2000–2019 (Auriga Nusantara and Treemap, 2020)



Figure 5. Frankincense tappers in Huta Tor Nauli forest, Parmonangan Subdistrict, North Tapanuli Regency, North Sumatra. This forest is under threat from TPL timber plantation expansion as the government made a unilateral decision to include it in TPL's license area. **PHOTO: YUDI NOFIANDI/AURIGA**

#4. Timber plantation cover outside the TPL license aggregate

Table 2. Monoculture timber plantations outside the TPL license aggregate

Sector	Protection Forest (ha)	Production Forest (ha)	Other Land Use Area (ha)
Aek Nauli	508	519	604
Aek Raja	-	2	3
Habinsaran	32	107	1,638
Padang Sidempuan	-	19	369
Sarulla	-	-	-
Tele	27	1	161
Total	567	648	2,775
			3,990

BY overlaying timber plantation cover with the TPL license aggregate, a total of 3,990 hectares of timber plantations, either inside forest estate or APL areas, were found to be outside the aggregate. The roughly 1,250 hectares located inside the forest estate consists of 567 hectares inside protection forest and 648 hectares inside production forest.

There has never been any evidence of the Ministry of Forestry (now the Ministry of Environment and Forestry) taking action against this alleged encroachment on forest estates.

#5. Timber plantations inside the forest estate, but outside TPL's most recent license area

ON 28 July 2020, the Ministry of Environment and Forestry issued TPL's most recent license, at the same time reducing its license area to 167,912 hectares. Of the entire area removed from TPL's license, 102,150 hectares remains inside the forest estate; in conservation areas, protection forest or production forest. However, there is timber plantation cover in areas of forest estate that have been removed from this latest TPL license: 1,720 hectares inside protection forest and 3,443 hectares inside production forest.

Table 3. Monoculture timber plantations inside forest estate but outside TPL's most recent license

Sector	Protection Forest		Production Forest	
	Ex concession area (ha)	Timber plantation area (ha)	Ex concession area (ha)	Timber plantation area (ha)
Aek Nauli	525	26	1,004	271
Aek Raja	-	-	3,346	139
Habinsaran	654	7	522	161
Padang Sidempuan	460	-	3,639	63
Sarulla	40,653	-	25	-
Tele	10,299	1,687	40,468	2,808
Total	52,590	1,720	49,004	3,443

The question is, what will happen to these 5,163 hectares in the future? Will they be made into timber plantations that are harvested periodically to supply raw material to the TPL mill, or will they be managed through a different scheme unrelated to supplying timber?

Bearing in mind floodwaters are tending to become higher downstream of TPL concession areas, especially in Simalungun and Asahan regencies, this felling in protection forest should not have been allowed. Meanwhile, for those timber plantations in production forest mentioned above, the government should ideally prioritize their allocation to local communities.



Figure 6. Green natural forest landscape in Simataniari Village, Parlilitan Subdistrict, Humbang Hasundutan Regency, North Sumatra located inside a TPL concession area. Many natural forest landscapes like this are distributed throughout TPL concession areas, and are under threat to meet the needs of the pulp mill that belongs to the Tanoto family.
PHOTO: YUDI NOFIANDI/AURIGA

#6. Protection forest and APL areas inside TPL's most recent license area

BASED ON legislation,² areas allocated for industrial timber plantation are limited production forest and regular production forest estates not subject to licenses or management rights, and located in unproductive forest estate. However, these rules appear not to apply to TPL, as its most recent license issued in 2020 has 33,265 hectares outside production forest estate, namely 22,033 hectares inside APL areas and 11,232 hectares inside protection forest estate.

The provision of a corporate license in APL areas, moreover when the company is involved in a relatively high number of social conflicts with local communities, makes little sense, particularly as only 11% of these APL areas already have timber plantation cover. Further, TPL's license spans 12 regencies and municipalities in North Sumatra, so the provision of a license for these APL areas has the potential to cause new or additional social conflicts. The government should remove these APL areas from TPL's license, and then grant them to local communities.

Licenses for monocultures should not be granted for protection forest.

² Government Regulation No. 6/2007 on Forest Arrangements, Preparing Forest Management Plans, and Forest Utilization; Minister of Environment and Forestry Regulation No. P.62/2019 on Industrial Forest Plantation Development

Table 4. Areas in TPL’s most recent license (2020) inside protection forest and APL areas

Sector	Protection forest		Other land use area	
	Concession area (ha)	Timber plantation area (ha)	Concession area (ha)	Timber plantation area (ha)
Aek Nauli	1,133	305	99	77
Aek Raja	-	-	8,376	308
Habinsaran	273	50	1,189	751
Padang Sidempuan	706	-	9,599	234
Sarulla	-	-	-	-
Tele	9,121	3,305	2,770	989
Total	11,232	3,660	22,033	2,360

The two are contradictory as protection forests are designated for maintaining hydrological functions, whereas monoculture licenses are for converting existing cover to a single species, thereby reducing these areas’ water catchment effectiveness. The government should correct this mistake and affirm their protection forest status by retracting TPL’s license from them. Any harvesting of timber plantations in these areas should be strictly prohibited.

Figure 7. Map of the TPL license aggregate and eucalyptus timber plantations in and around it.

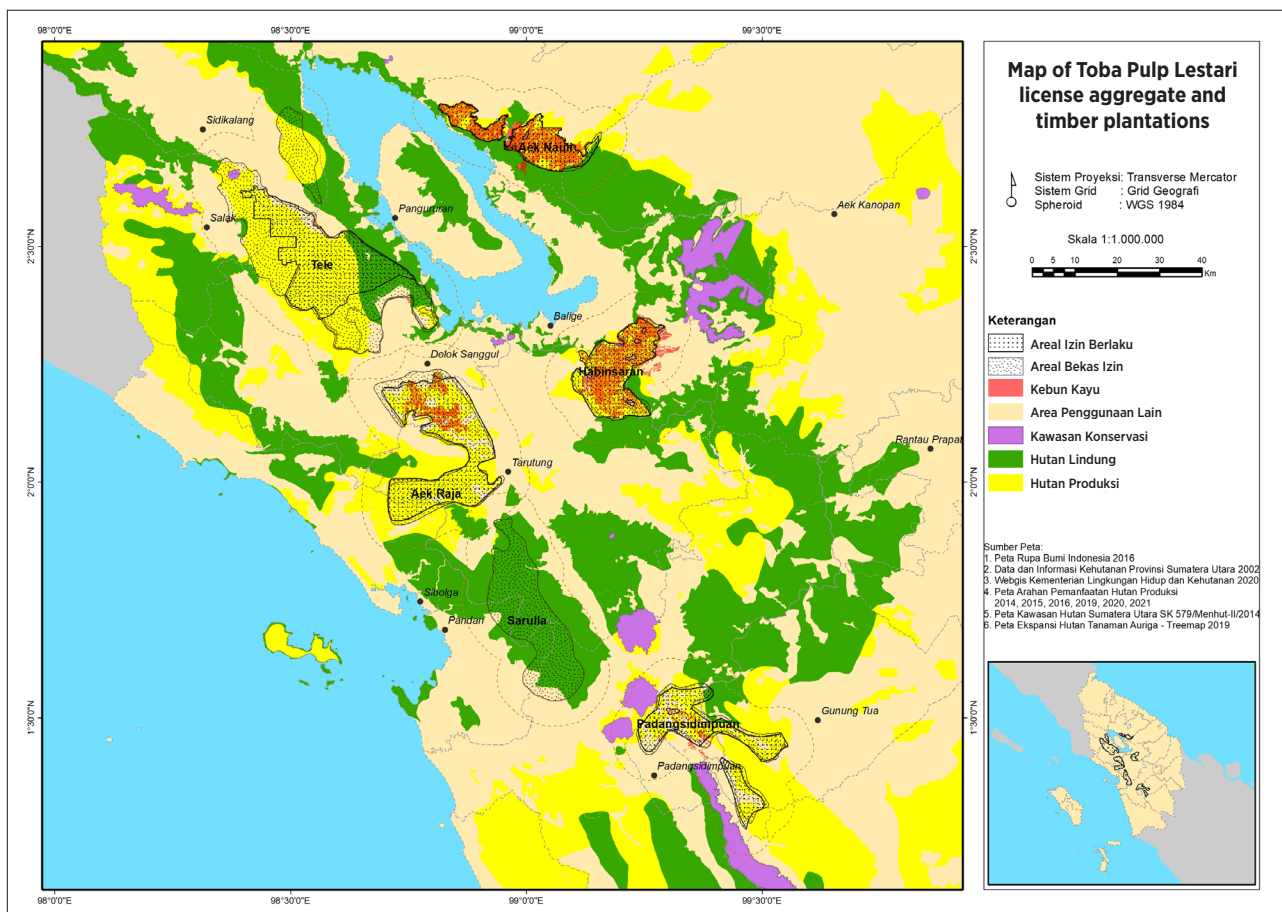




PHOTO: Flora & Fauna International/Kerinci Seblat National Park

IV. Recommendations

NORTH Sumatra, where PT Toba Pulp Lestari timber plantations are located, is one of a number of provinces in Indonesia experiencing high levels of deforestation. In 2000, North Sumatra had 1.96 million hectares of natural forest. This had shrunk to 1.7 million hectares by 2020, meaning an annual deforestation rate of 16,190 hectares in the province. This level of deforestation puts North Sumatra in the top ten most deforested provinces in Indonesia. The development of monoculture commodities, particularly oil palm plantations (48%) and timber plantations (11%), is the main contributor to deforestation in North Sumatra.

These remaining natural forests must be protected. Geographically, Toba Pulp Lestari concession areas are in mountainous regions, so the conversion of any remaining natural forest has the potential to increase flood risk in lower-lying areas like Simalungun and Asahan, which already experience flooding when rivers with sources in Toba Pulp Lestari concession areas burst their banks.

It should be emphasized that protection of remaining natural forests does not exclude them from utilization. But any utilization that is allowed should be limited to non-timber forest products (NTFPs) so their ecological functions can be maintained. This prioritization of NTFPs is in line with local community wisdom, like harvesting frankincense “resin”, so will strengthen local economies.

No less importantly, those remaining forests in North Sumatra are home to an extraordinary wealth of biodiversity, including flagship species like the Tapanuli orangutan, Sumatran orangutan, elephant, and Sumatran tiger. In the Toba Pulp Lestari concessions in Aek Nauli Sector alone, Sumatran tiger, siamang, tapir, pangolin, and others are all present. This rich biodiversity is of course an important asset, including for the interests of education and ecotourism development.

In line with this overview and the findings discussed above, Koalisi Indonesia Memantau submits the following recommendations:

Recommendations for the Government of the Republic of Indonesia, including regional governments in North Sumatra:

- 1. Protect remaining natural forests, including those in North Sumatra.** Perlindungan ini tentu harus dimulai dengan regulasi yang mengatur secara jelas dan tegas bahwa seluruh tutupan hutan alam tersisa, termasuk di Sumatera Utara, dilindungi secara hukum sehingga perusakan terhadapnya adalah perbuatan melanggar hukum.
- 2. Conduct a rearrangement of Toba Pulp Lestari's license,** especially removing any remaining natural forest cover from the company's licensed concession areas. This rearrangement should of course include the resolution of any conflicts surrounding Toba Pulp Lestari's existing timber plantations.
- 3. Take action against any Toba Pulp Lestari timber plantations outside the boundaries of its concession areas.**
- 4. Lead the restoration of areas degraded by timber plantation development.** However, associated restoration costs must be borne by the perpetrator(s) of the degradation and not be charged against the state budget.
- 5. Remove any local customary community land and/or forest from Toba Pulp Lestari's concession license.**
- 6. Conduct comprehensive inventories of non-timber forest product utilization by local communities in and around Toba Pulp Lestari concession areas, and make these inventories the basis for issuing non-timber forest product utilization licenses to local communities.**

Recommendations for PT Toba Pulp Lestari:

- 1. Do not expand existing timber plantations or convert any remaining natural forest inside company concessions.**
- 2. Conduct comprehensive inventories of existing timber plantations to separate those that are ecologically and socially problematic from those that are clean and clear.** For those plantations that are problematic, whether ecologically or socially, the company should be serious in seeking and implementing schemes for their resolution, including by opening room for their remediation.
- 3. In a framework of building long-term investment certainty, the company should adjust the capacity of existing industries to the supply capacity of those clean and clear timber plantations mentioned above.**
- 4. Openly and periodically announce any areas the company will manage to the public.** Such open public announcements should cover, but not be limited to, maps of Annual Work Plan (RKT), high conservation value (HCV) and high carbon stock (HCS) areas.

an expression of xenophobia are the understandable explosion of frustrations over what plantation companies see as a perpetual foreign attack on palm oil, currently one of the largest foreign exchange earners in the country.

The editorial published on the GAPKI website



bursts in Palm (GAPKI), international NGOs, lack of xenophobia, are the explosion of frustrations over what plantation companies see as a perpetual foreign attack on palm oil, currently one of the largest foreign exchange earners in the country.

The editorial published on the GAPKI website on the 72nd independence anniversary last month, which urges the government to free palm oil from "colonial attacks" by international NGOs, reflects the industry's wrath over what they consider to be a complete lack of appreciation for improvements already made in sustainable palm oil management over the past ten years.

Indonesian palm oil and its derivatives have been under the scrutiny of international environmentalists since the early 2000s after the widespread forest fire in 1997 and the astronomical expansion of oil palm plantations since the 1990s, which caused massive deforestation.

Later, several NGOs also have been campaigning to virtually eliminate palm oil as industrial users of

KOALISI INDONESIA MEMANTAU



Koalisi Indonesia Memantau is an Indonesian civil society network dedicated to conserving Indonesia's nature and biodiversity. The coalition is flexible in nature and provides room for each of its publications to be produced by different coalition members.