



Wetlands  
INTERNATIONAL



RAINFOREST  
ACTION NETWORK



## APP's New Pulp Mill Endangers Indonesia's Climate Change Commitments

*Asia Pulp & Paper's \$3 billion mill locks in high carbon emissions and fire threat for decades. NGOs call on company to stop using drained peatlands for pulpwood plantations and to restore degraded areas.*

*This is a joint statement by Wetlands International, Eyes on the Forest (a coalition including WWF Indonesia, Jikalahari, Walhi Riau and other civil society organizations in Sumatra and Kalimantan), Rainforest Action Network, Hutan Kita Institute, Woods & Wayside International, and Yayasan Auriga.*

On December 23, 2016 Asia Pulp & Paper (APP) announced it had started production at one of the largest pulp and tissue mills in the world. The company promotes the project in Ogan Komering Ilir (OKI), South Sumatra as an engine for Indonesia's economic development and promises it will create thousands of jobs. But the OKI mill comes with high costs for Indonesia and the global environment: the mill's wood supply is grown mostly on drained peatlands, a production system that causes extremely [high carbon emissions](#) and, at times, [catastrophic fires](#).

An estimated three-quarters of the mill's plantation concessions – about 6,000 square kilometers (2,300 square miles), an area seven times the size of Singapore – are on peatlands, according to a [detailed report](#) published last April. When drained for the development of industrial plantations, the peat becomes [vulnerable to fires](#) and releases [very large amounts of carbon dioxide](#). Over time, drained peatlands will subside to levels at which these areas experience [increased flooding and significant declines in productivity](#), which will lead to increased pressures elsewhere.

Before the OKI mill even started production, it had contributed to an environmental disaster and public health emergency. The development of peatlands for industrial forestry and agriculture, including the supply base of the OKI mill, was a major cause of [Indonesia's catastrophic fires in 2015](#). The fires resulted in [\\$16 billion of economic losses](#) in Indonesia alone and [exposed 43 million people](#) to thick haze, causing hundreds of thousands to become sick with respiratory illnesses. In what *The Guardian* called "[the year's worst environmental disaster](#)", the fires released an estimated [1.75 Gigatons of carbon dioxide equivalent](#) in 2015, more than Germany or Japan's total annual emissions.

The massive scale of this tragedy has inspired subsequent efforts to restore Indonesia's drained peatlands. In January 2016, President Joko Widodo [established a Peatland Restoration Agency](#) to coordinate the rewetting of burned and other priority peatlands; and in December, he

announced a [ban on further development of peat domes](#). A month before that, at the COP 22 in Marrakesh, parties to the UN Framework Convention on Climate Change (UNFCCC) made [peatlands restoration a global priority](#). A primary focus of global efforts is to support [Indonesia's commitment to protect and restore almost 13 million hectares of peat areas](#).

These peat restoration efforts have serious implications for APP's wood supply – not just for the new OKI mill, but for its two existing mega-scale pulp mills in Sumatra as well. APP acknowledges that [more than 60% of APP's plantation concessions in Indonesia are on peatlands](#), and, according to a soon-to-be released analysis by [Eyes on the Forest](#), 43% of its concessions are in areas Indonesia's government has marked for restoration. This poses huge challenges for the Government of Indonesia's peat restoration strategy, as well as for APP's efforts to secure wood supplies for OKI and its two existing pulp mills over the long run.

"The government must choose whether it will prioritize supplying wood to APP's pulp mills, or enforce the rewetting and restoration of peatlands," said Woro Supartinah, Coordinator of Jikalahari, a civil society organization in Sumatra and a member of the Eyes on the Forest coalition. "We encourage the government to promote a broader set of interests than ensuring profits for one of Indonesia's richest families. Restoring peatlands will generate economic growth and environmental security over the long-term," said Woro.

If the company continues to grow trees on drained peat, APP is also likely to experience [declining plantation productivity](#) as the drained peat areas subside to flooding levels. And this [could result in fiber shortfalls](#) at APP's Sumatra pulp mills and/or significantly higher costs if the group has to ship in wood from outside Indonesia.

Faced with a heavy reliance on peatlands to feed its current fiber requirements, the company has taken half-measures: APP established a Responsible Peatlands Management [program](#), for instance, but has thus far only begun to restore a [tiny sliver](#) of its concessions on peat. Similarly, [APP has taken steps](#) to improve hydrological management of existing drainage systems through the construction of dams in combination with spillways of 50-70cm drainage depth. Such measures, however, [will not result in the high water levels required to stop peat degradation and fire risk](#), and are unlikely to meet the legal maximum drainage of 40cm.

APP's partial measures are likely to prove inadequate in preventing more devastating fires and massive carbon emissions. "APP needs to acknowledge the severity of the problem and stop draining peatlands to grow trees," said Nyoman Suryadiputra, Indonesia Country Director for Wetlands International. "This starts with a commitment to phase out all drainage-based plantations on peatlands, and a credible plan to rewet and restore those areas," he said.

A credible plan would include creating meaningful buffer zones of restored forest around remaining natural peat forest areas to prevent further loss of biodiversity and carbon storage. And, to ensure sustainable use of peatlands, the plan should also include developing alternative

forestry practices on rewetted peatlands with local tree species adapted to peat swamp conditions.

APP's actions on peatlands will, in part, determine whether it can improve its reputation after decades of destroying the environment and engaging in conflicts with local communities. "Pulp and paper buyers are increasingly concerned about their carbon footprint," said Lafcadio Cortesi, with the Rainforest Action Network. "So for many, buying paper sourced from unsustainable peatland plantations – with an emissions profile tens of times larger than any other paper on the market – just doesn't make sense."