



EYES ON THE FOREST

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Eyes on the Forest to Asia Pulp & Paper: Cease all destruction of one of the world's largest tropical peatland forests – Kampar peninsula in Riau, Sumatra, Indonesia

Investigative Report

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Eyes on the Forest (EoF) is a coalition of environmental NGOs in Riau, Sumatra: Friends of the Earth Riau Office, Jikalahari "Riau Forest Rescue Network" and WWF-Indonesia, Riau Program. EoF monitors the status of the remaining natural forests in Sumatra's Province of Riau and disseminates the information worldwide.

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Eyes on the Forest

March 2008

Eyes on the Forest (EoF) and many national and international NGOs have long been calling for Asia Pulp & Paper (APP) to stop further natural forest clearance in Riau and Jambi Provinces in central Sumatra. Investigations by EoF found that a new APP-supported logging highway is cutting into the heart of Sumatra's largest peatland forest, a rare hydrological ecosystem that acts as one of the planet's biggest carbon stores.

Today, EoF is particularly concerned that APP and affiliated companies could restart clearance of natural forest and destruction of deep peat soil any time this year in a globally recognized key conservation area -- one of the world's largest contiguous tropical peat swamp forest blocks, with more carbon per hectare than any other ecosystem on Earth. The area is called Kampar peninsula in Riau.

The area is considered one of the last havens for the critically endangered Sumatran tiger, whose wild population is estimated to be down to just 400-500. An EoF investigation in February 2008 found footprints of tigers on a just-constructed logging highway that APP built in Kampar (Photo 1).

Eyes on the Forest demands that APP immediately halt all activities that are destructive, strongly indicated as illegal, and legally questionable in the landscape.



Photo 1. Tiger footprint found on the logging highway constructed recently by APP/SMG in Kampar (GPS location 3 in Map 4). Will they survive?

APP continues to drive deforestation in central Sumatra

APP is currently threatening at least four forest blocks in central Sumatra: 1. Kampar peninsula as detailed in this report, 2. Bukit Tigapuluh dry lowland forest block, as WARSI, Program Konservasi Harimau Sumatera/PKHS, Frankfurt Zoological Society, Zoological Society of London and WWF-Indonesia jointly reported on APP's illegal, legally questionable, and destructive activities recently (see their joint investigative report¹ and press release²), 3. Senepis (see, for example, WWF-Indonesia's APP monitoring report from October 2006³) and 4. Kerumutan peatland forests.

Kampar peninsula, key conservation area

Kampar peninsula is a contiguous peat soil area of around 700,000 hectares. By 2002, it was still fully covered by natural forest, but only around 400,000 of that remained in 2007. Most of the lost forest was cleared to supply natural forest wood to pulp mills run by APP and its competitor, Asia Pacific Resources International Holding (APRIL), and then planted in acacia plantations. A small part has been converted into oil palm plantations or wastelands.

Kampar peninsula is considered a key conservation site by many NGOs and the Government of Indonesia:

- Local NGO network Jikalauhari has formally proposed that the Ministry of Forestry protect the natural forest of Kampar⁴. Jikalauhari also jointly signed an MoU with Siak and Pelalawan District Administrations at a side event of Bali COP last year⁵.
- WWF included these forests in the *Sundaland Rivers and Swamps* ecosystem of its Global 200 priority ecoregions⁶ and proposed to the Ministry of Forestry to protect Kampar.
- Kampar peninsula is a "Regional Priority Tiger Conservation Landscape" for the critically endangered Sumatran tiger whose wild population is estimated to be down to just 400-500⁷.
- A rapid tiger survey conducted in Kampar⁸ concluded that the rate of photo-capture by camera traps was the highest achieved by any published study on Sumatran tigers in Indonesia. A preliminary estimate by WWF-Indonesia shows that a well-managed Kampar peninsula could contain as many as 60 tigers.
- Wetlands International identified Kampar as one of the highest priority areas for inclusion in the protected area network⁹.
- Conservation International's Sundaland Biodiversity Hotspot includes Kampar¹⁰.
- BirdLife International has designated it as an "Important Bird Area"¹¹.

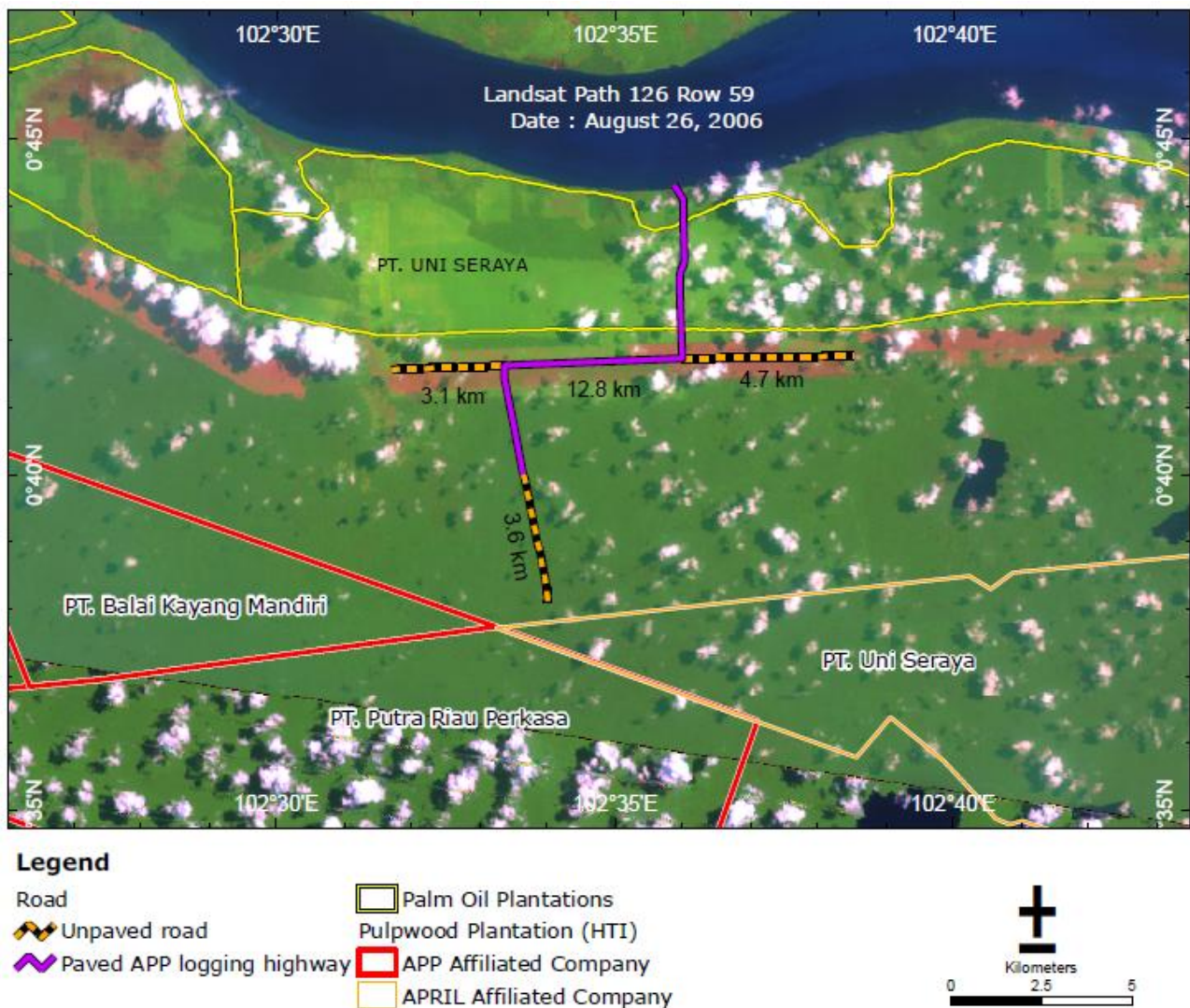
APP in Kampar peninsula – investigation findings

Kampar peninsula's natural forests are one of the many areas APP is relying on for raw material for its pulp & paper products. By 2004, APP-affiliated companies had cleared around 13,000 hectares of natural forest in the northwestern and southeastern corners of the Kampar peninsula (Siak and Serapung concessions). Conservationists are concerned that the poor hydrological management in these concessions could affect the whole peatland ecosystem of Kampar. Each year, fire hotspots are observed in these concessions (see EoF Interactive Map¹²).

According to EoF investigations in December 2006¹³, March-April-June 2007¹⁴ and February 2008, an APP-affiliated company, Arara Abadi, started to build a new logging highway in 2005 from the northern coast of Kampar to the south.

The logging highway is around 25 meters wide, with draining canals of around 5 meters' width on both sides. As shown in Map 1, a section about 13 kilometers long is already paved and reaches towards the heart of the Kampar peat dome. It continues as an unpaved road that seems to have already reached a boundary of PT. Uni Seraya's pulpwood plantation concession (an

APRIL-affiliated company), which touches two new pulpwood concessions of APP-affiliated companies: PT. Balai Kayang Mandiri and PT. Putra Riau Perkasa (see Maps 3 and 4).



Map 1. Paved logging highway (purple line) and unpaved roads (dotted yellow lines) constructed by an APP-affiliated company. The Landsat image of 26 August 2006 in the background shows ca. 1000-meter-wide strip, with cleared areas in pink.

With this infrastructure in place, EoF expects APP to begin logging in the two new concessions associated with APP as soon as ongoing police investigations into widespread illegal logging by the pulp & paper industry in Riau stops and the de-facto moratorium on clearing natural forest is lifted.

However, EoF investigations confirm that the logging highway and other road construction and natural forest clearance operations in this area by APP-affiliated companies are strongly indicated as illegal. They also do not provide any benefit for the local communities. In addition, these operations would contribute not only to the local extinction of Sumatran tigers, but also significantly to global climate change.

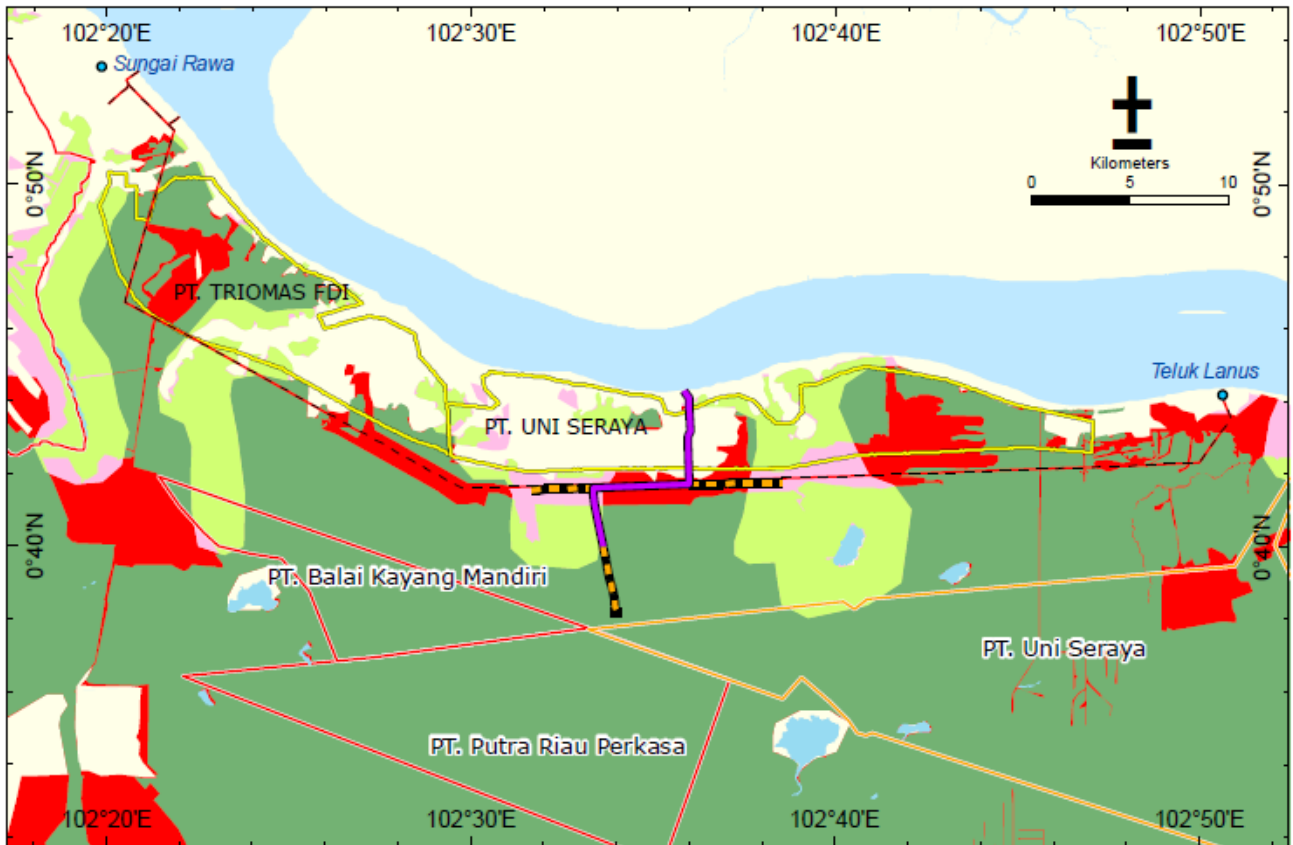
1. Strongly indicated as illegal and legally questionable operations by APP

Eyes on the Forest investigations have not found any proper permits for the operations by APP-affiliated companies in this area.

- The areas APP-affiliated companies have already converted or planted with acacia plantations

overlap with a still-valid selective logging concession of PT. Triomas FDI. The official database of pulpwood plantation (HTI) concessions by Riau Province Forestry Service for 2006 does not list any license granted for a HTI concession in this area; therefore, natural forest clearance and plantation development are not allowed. However, the acacia plantation observed on both side of the road is already 1 to 2 years old, meaning that the plantation development started without having proper licenses (See map 2).

- In its response to EoF's investigative report¹⁵, APP claimed that "a 68-kilometer road and community development (were approved) by the Government of Siak Regency connecting the villages of Sei Rawa and Teluk Lanus." (The road plan and location of these villages are shown in Map 2.) APP also claimed that "an environmental impact study has been done by the District Government in relation to the development plan. Arara Abadi has been invited by the Government of Siak to assist in the establishment of pulpwood plantation within 500 meters wide on both sides of the road." However, APP failed to show any proper permits nor AMDAL report (Environmental Impact Assessment) for any of the activities.
- Some of the cleared forests had good canopy cover on top of peat soil with a depth of more than 4 meters (see Map 2). Conversion of such natural forest, particularly on peat soil of more than 3 meters' depth, is not allowed by law.
- The two new concessions affiliated with APP (PT. Balai Kayang Mandiri and PT. Putra Riau Perkasa) are both based on licenses issued by District heads, who are not supposed to issue such licenses. The Ministry of Forestry has issued definitive licenses to the two concessions. However, clearance of natural forest in these concessions would not be allowed by law regarding the requirement for HTI development, as explained in the point above (namely deep peat soil, good status of natural forest. See article 4 and 6 Permenhut.03/ Menhut-II/2005).
- The license for the latter (Putra Riau Perkasa/PRP) was issued by the Pelalawan District head, Azmun Jaafar, who is now detained by the Corruption Eradication Commission (KPK) due to allegations of issuing logging licenses against existing laws. The license issued for PRP was one of 15 licenses investigated by the KPK.¹⁶



Legend

Forest Cover 2007 on:

- peat soil > 4m
- peat soil < 2m

Deforested since 2004-2007 on:

- peat soil > 4m
- peat soil < 2m

● Village

■ Water Bodies

Road

▬ Unpaved road

▬ Paved APP logging highway

▬ Road Planned by the Siak Government

▭ Palm Oil Plantations

▭ Pulpwood Plantation (HTI)

▭ APP Affiliated Company

▭ APRIL Affiliated Company

Map 2. Road originally planned by the Siak District Administration (red dotted line) to connect the two villages mentioned by APP, in relation to the actual road constructed by an APP-affiliated company and the two villages mentioned by APP.



Photo 2. PT. Arara Abadi HTI billboard and acacia around 2 years old already (GPS location 1 in Map 4).

2. Community development?

APP also claims: “The development of roads to reach isolated villages is one of the many prioritized developments mandated for the Regency’s strategic plan to bring economic development to these impoverished areas, and enhance the welfare of local communities¹⁷.”

However, prominent figures from the Teluk Lanus and Sungai Rawa villages – the villages mentioned by APP as beneficiaries of the road – told EoF they believe the road construction would only benefit APP’s interests, transporting natural forest wood and developing acacia plantation. People in the villages appear to be of the opinion that the road will never reach their settlements and thus villagers cannot take any advantage of the road.

APP also claimed that “Arara Abadi has been invited by the Government of Siak to assist in the establishment of pulpwood plantation within 500 meters wide on both sides of the road to help prevent encroachments, illegal occupation, and to provide buffer to adjacent natural forest habitat. The development of pulpwood plantation is part of the environmental and social management plan to mitigate anticipated adverse impacts.”

However, the area actually has very low human presence due to lack of road and boat access to the area. In reality, APP’s logging highway would invite all the adverse impacts they are supposed to reduce. EoF is concerned that the highway would allow illegal loggers, encroachers and poachers easy access into the natural forest. There is no security today to prevent this. APP claims that these acacia plantations on both sides of the road could prevent such illegal activities in the forest.

3. Impact on the whole Kampar peat ecosystem and global climate

Development of APP’s new road, the canals on both sides, all the natural forest clearance involved and acacia development have already been draining water from the peat soil and causing serious CO₂ emissions. The EoF team has not seen efforts made by APP’s affiliates to minimize the destructive hydrological impacts of their canals. In GPS location 2 of Map 4, the investigators

measured the canal width to be around 6 meters and estimated the depth to be 7 meters. The water surface was around 2 meters from the top of peat banks (Photo 3), suggesting that massive drainage is taking place and potential peat subsiding, or sinking. This could cause enormous CO₂ emissions from decomposition of dried peat.

According to a fly-over survey in November 2007, the two concessions of APP's affiliated companies (PT Balai Kayang Mandiri dan PT Putra Riau Perkasa) together have a total size of around 22,500 ha, which is still fully covered by intact natural forest of rather closed canopy cover on top of very deep peat soil. As soon as the ongoing province-wide logging moratorium is lifted, APP's affiliated companies could restart clearing more natural forests along the highway and even in the two concessions, causing devastating effects on the whole peat dome. Kampar can be considered a single hydro-ecological system, consisting entirely of a single peat dome, with peat depths mostly over 10 meters¹⁸ -- extremely deep, with an enormous store of carbon. The peat is thoroughly waterlogged, with water content to 90% or more. Loss of water, through drainage, leads to peat subsidence and a change in the peat dome's function and shape. Therefore, drainage and plantation development activities in one area of the Landscape can have widespread detrimental impacts on the remaining natural forest within the hydrological unit¹⁹.

Recent report by WWF-Indonesia and peat scientists²⁰ concluded that average annual CO₂ emissions from deforestation, forest degradation and associated peat decomposition and fires in Riau between 1990 and 2007 was equal to 122% of the Netherlands' total CO₂ annual emissions (including emissions/removals from LULUCF, in 2005), 58% that of Australia, 39% that of the UK and 26% that of Germany. Future emissions from Riau until 2015 are expected to increase and could be equal to or even more than a quarter of the collective annual greenhouse gas emissions reduction Kyoto target for the Annex I countries in the first commitment period of 2008-2012, because most of the new deforestation would happen on peat soil, such as Kampar.



Photo 3. Canal next to the APP logging highway at (GPS location 2 in Map 4). In this location, water surface was about 2 meters below the top of the bank.

Eyes on the Forest call to APP and APP stakeholders

EoF calls on Asia Pulp & Paper to stop all further clearance of natural forest in the Kampar peninsula due to its negative impacts on climate change, threat to critically endangered Sumatran tigers and questionable legality of their activities.

Specifically, EoF calls on APP to immediately:

1. dismantle the road to prevent illegal logging, encroachment and poaching from entering the heart of Kampar.
2. dismantle the drainage canals to stop further draining of Kampar peat dome.
3. set aside the two concessions at the centre of Kampar fully for conservation.

EoF also calls on national and global companies to not do any business with a major driver of deforestation in Riau as well as of global climate change: APP.



Map 3. November 2007 fly over photos of the APP paved logging highway. Legally questionable acacia plantation and still good natural forest can be seen.



Map 4. February 2008 field survey photos of the APP paved logging highway.

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