



Giam Siak Kecil ecosystem is threatened by PT Rimba Mandau Lestari, a company affiliated to Asia Pulp & Paper (APP) / Sinar Mas Group (SMG), which still clearcuts the peat forest in transition zone of UNESCO Giam Siak Kecil – Bukit Batu Biosphere Reserve, in Riau Province, Sumatera



**Investigative Report
Eyes on the Forest
Investigation 2010
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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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Executive Summary

Eyes on the Forest's (EoF) series of investigation conducted from the end of 2009 to 2010 has confirmed that an Industrial Timber Plantation company affiliated to Asia Pulp & Paper (APP) of Sinar Mas Group (SMG), PT Rimba Lestari Mandau (RML), continued clearcutting of natural forests and deep peat canal drainage in the Giam Siak Kecil forest block or in transition zone of UNESCO GSK-BB Biosphere Reserve. Natural forest clearance by PT RML remains highly questionable to its legality of the operation. At least 1500 hectares of natural forest on peat ecosystem of Giam Siak Kecil is cleared by PT Rimba Mandau Lestari as EoF investigation confirmed.

While UNESCO Giam Siak Kecil-Bukit Batu Biosphere Reserve declared in May 2009, simultaneously PT Rimba Mandau Lestari, Industrial Timber Plantation developer (HTI) affiliated to Asia Pulp & Paper (APP) was clearcutting remaining natural forest in Giam Siak Kecil block, or inside transition zone of the GSK-BB Biosphere Reserve. As a matter of fact, logging site of PT RML concession sits inside the transition zone of the GSK-BB Biosphere Reserve where the initiative claimed by APP/Sinar Mas. The remaining natural forest in the transition zone should be preserved to enhance ecosystem function of GSK-BB Biosphere Reserve and as a consistent effort in protecting GSK-BB ecosystem from further damage.



Photo: devastated peat forest in Giam Siak Kecil block as cleared by PT Rimba Mandau Lestari, an APP/SMG timber supplier in Riau.

EoF team found more than 1500 hectares of natural forest in the area have been felled by PT RML. Based on Annual Work Plan (RKT) or a cutting license that issued by the Ministry of Forestry in May 2009, the company chopped down the remaining natural forest in transition zone of UNESCO Giam Siak Kecil - Bukit Batu Biosphere Reserve.

EoF Investigation confirmed that natural forest logging operation by PT RML, an affiliated company to APP/SMG, is highly questionable of its legality. There are some questions of the operation by PT RML as follows:

- a. PT RML clearcuts remaining natural forest in good condition that is not allowed to be converted into plantations,
- b. PT RML clearcut natural forest on peat soil with a depth of more than 4 meters, which is not allowed to be converted into plantations,
- c. Most of the concessions overlap with the National Kawasan Lindung (Protected Area), and

d. Some part of the concession overlaps with the provincial Protected Area.

PT RML is one of 14 companies that investigated by police in 2007-2008 over alleged involvement in large-scale illegal logging by the pulp and paper industry in Riau and the cases were closed abruptly prior to prosecution in December 2008. In November 2007 an inter-departmental team established by President Susilo Bambang Yudhoyono recommended that 14 companies suspected of illegal logging and forest crime should be processed legally. However, in December 2008, 13 of the 14 cases, including PT RML's, were suddenly closed by the police as the dossiers rejected repeatedly by the Riau Attorney Office. The only case that recommended by police to be proceeded for prosecution was PT RUJ's (APP/SMG), however it acquitted finally in June 2009 which sparked controversies again.

Acquitted from forest crime allegations along with other 13 companies, which ended controversially in 2008, then PT RML saved by RKT issuance that published by the Ministry of Forestry. The company resume clearcutting of natural forest in rich-peat Giam Siak Kecil block. Riau Forestry Service which used to have authority to issue RKTs, then refused to release RKTs for natural forest to dozens of HTI companies including PT RML.

Riau Forestry Service said they had no courage on issuing the RKT in natural forests for a number of companies operating in peatlands (including PT RML) despite of being pressured to fulfill 5-million-hectare target set by the Government for pulpwood plantation development in 2009 (*Riau Forestry Service does not have a courage to sign the RKTs in natural forest*, Media Indonesia, 14 May 2009,). Eventually, RKT permit for PT Rimba Mandau Lestari was issued by the Ministry of Forestry in May 2009 as part of the 14 RKTs that had been no longer issued by the Riau Forestry Service covering a

total size of 147,000 hectares. A huge question is raised to this issue, why does Riau Forestry Department have no authority to recommend or to sign the RKTs meaning the authority was taken over by the Ministry of Forestry.

EoF coalition urged PT RML and APP / SMG to immediately stop all natural forest clearance in the concession due to its questionable legality of their operation, potential High Conservation Values, as well as the potentially negative impact to global climate. In addition, EoF coalition urged the company to halt peat canal drainages, roads and other infrastructures construction in order to prevent illegal loggers and poachers who intend to enter the heartland of Giam Siak Kecil - Bukit Batu and take other preventive actions to protect the forests and peatlands.

EoF urged the Indonesian government to protect natural forests and peatlands by reviewing all forestry and plantation permits granted to companies including PT RML in the Giam Siak Kecil block.



EoF Investigation findings and evidence of forest destruction at Giam Siak Kecil – Bukit Batu Biosphere Reserve

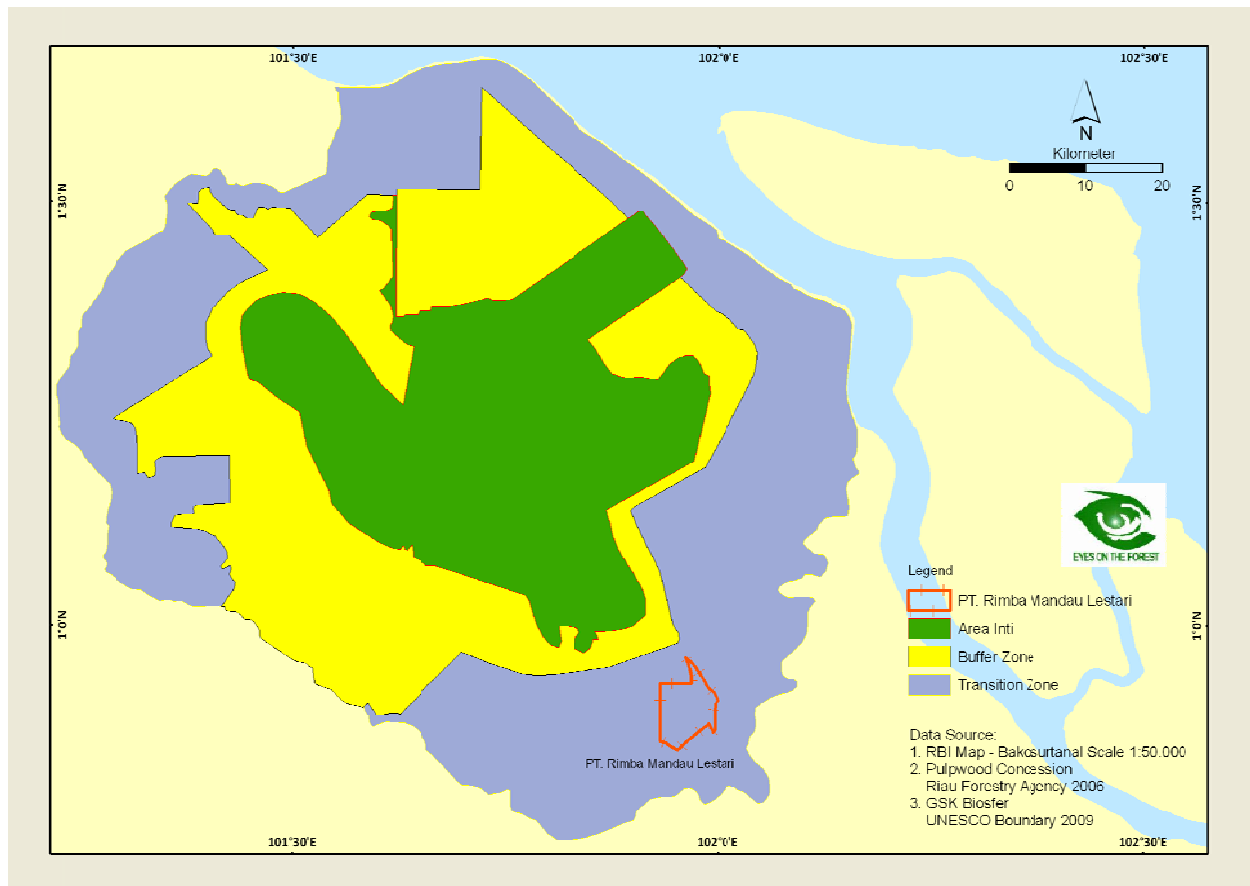
While UNESCO endorsed Biosphere Reserve at Giam Siak Kecil- Bukit Batu in the mid of 2009, in the meantime PT Rimba Mandau Lestari, a company of Industrial Timber Plantation (HTI), affiliated to Asia Pulp & Paper (APP), continue clearcutting of remaining natural forest in Giam Siak Kecil block or in the ecosystem of UNESCO Giam Siak Kecil-Bukit Batu Biosphere Reserve. In its claims and advertisements, APP/SMG highlighted GSK-BB Biosphere Reserve as one of its triumphs, on other hand, the forest in this reserve's zone is still clearcut.

Eyes on the Forest (EoF) investigation series conducted from December 2009, January to March 2010 have confirmed that an Industrial Timber Plantation company affiliated to Asia Pulp & Paper (APP) of Sinar Mas, PT Rimba Mandau Lestari (RML), resumed natural forest clearance and deep peat canal drainage in the Giam Siak Kecil forest block or in transition zone of UNESCO GSK-BB Biosphere Reserve. The investigation found four units of heavy equipments in the concession clearing the forest and draining the peat. Natural forest clearance by PT RML remains highly questionable of its legality of the operation.

At least 1500 hectares of natural forest on peat ecosystem of Giam Siak Kecil is cleared by PT Rimba Mandau Lestari as EoF investigation confirmed.

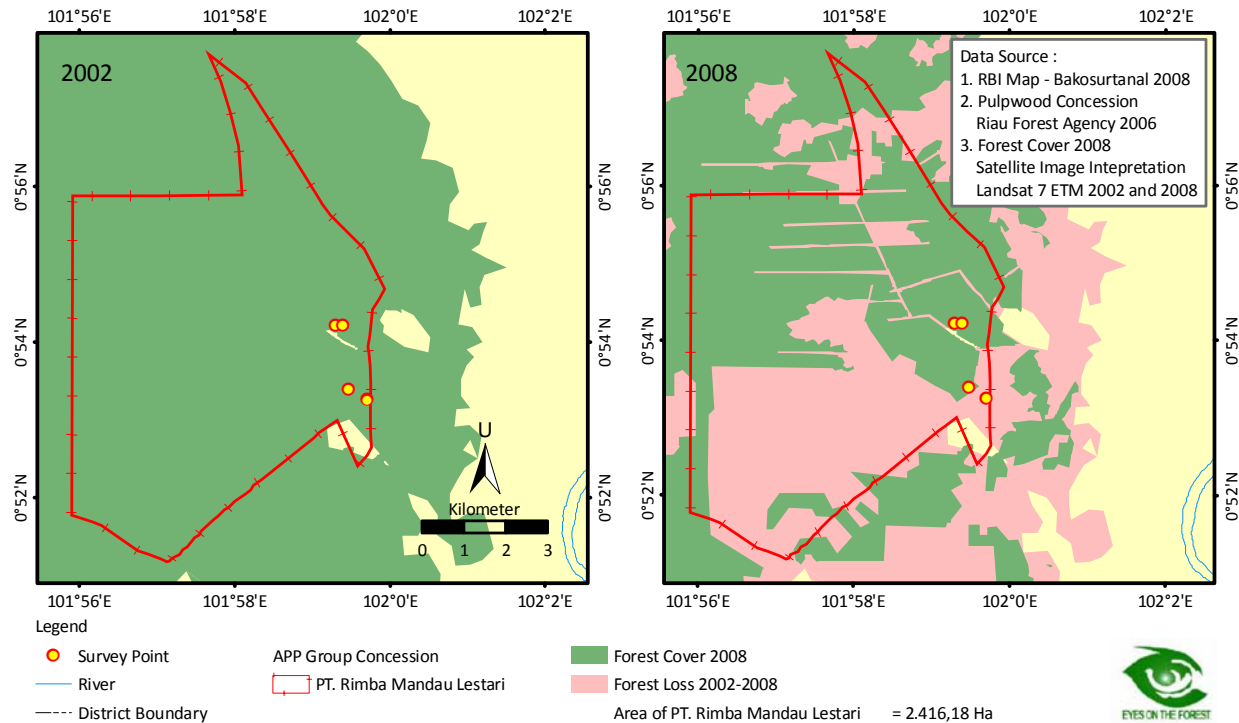
PT Rimba Mandau Lestari concession area of 6400-hectare size based on initial license granted by Siak District Head Number 05/IUPHHK/I/2003, dated 3 February 2003, or one of 37 licenses of industrial timber plantation issued by the Districts throughout Riau province which legally questionable. The Annual Work Plan (RKT) for PT RML is approved by the Director of Development of Industrial Timber Plantation of Forestry Ministry of Republic of Indonesia based on SK 37/BPHT-3/2009 jo 09/BPHT-3/2009 jo SK 01/BPHT-3/2010 covering 2469 hectares with a potential of 309,984 cubic meter of mixed tropical hardwood.

Landsat satellite image analysis by EoF in 2002 showed the pulpwood plantation concession of PT RML has forest cover in good condition (see Map 1).



Map 1. PT Rimba Mandau Lestari, a pulpwood plantation company affiliated with APP, clearcuts natural forests remaining in the ecosystem of Giam Siak Kecil - Bukit Batu biosphere reserve.

Government Regulation (PP) number 34 Year 2002 and the Minister of Forestry Decree number 10.1/Kpts-II/2000 stipulate the criteria of areas that can be allocated for the industrial timber plantation (HTI) and its allocation is only on barren land, grasslands, or shrubs. But natural forest cover was still in good condition in 2002, but in 2008 around 2416 hectares of it had been cut down (Map 2).



Map 2. Natural forest cover shows PT RML was still in good condition based on Landsat satellite image of 2002 (left Map 2) and the majority of natural forests in PT RML has been made illegal, based on Landsat satellite image of 2008 (right Map 2).

Despite the concession of PT RML sits inside in the transition zone of GSK-BB Biosphere Reserves that established by the Government into the Industrial Timber Plantation development, but the natural forest clearance and conversion into acacia plantation would impact terribly to the ecosystem of deep peat in GSK-BB block. The remaining natural forest in the transition zone should be preserved to enhance the function of GSK-BB Biosphere Reserve ecosystem. Natural forest logging operation in 2009 with the latest RKT permit describes the initiative of UNESCO GSK-BB Biosphere Reserve that claimed by APP/SMG is not quite consistent to protect the ecosystem as logging operation still takes place destroying the remaining natural forests in the GSK-BB Biosphere Reserve which important to help President SBY's commitment to reduce carbon emission.



Photo 1. Natural forest clearance by PT Rimba Mandau Lestari in GSK-BB Biosphere Reserve ecosystem. Photo captured at the coordinate point N.00 53 23.4. E 101 59 28.4

PT RML logging operation is considered as follows: 1. Legally questionable, 2. destroying potential High Conservation Values Forest (HCVF), and 4. resulted in significant CO₂ emission.

1. Natural forest clearance by PT RML in Giam Siak Kecil forest block is highly questionable of its legality

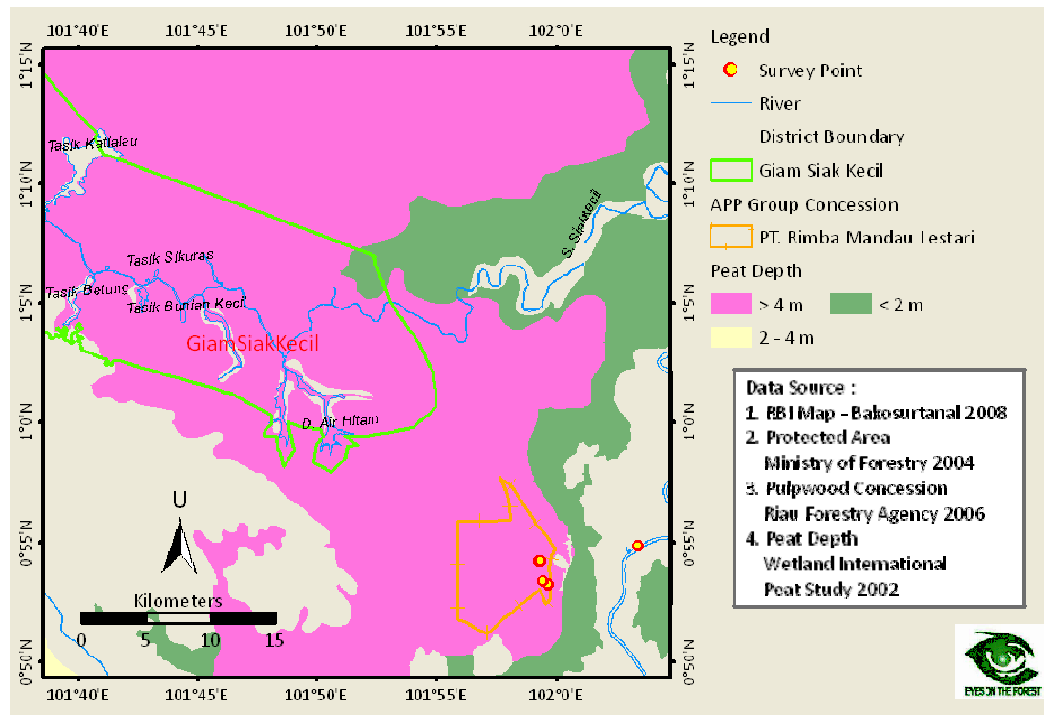
Investigations conducted by EoF coalition reveal that the natural forest logging operation by PT RML, an affiliated company to APP/ Sinar Mas Group, in this concession is questionable in some points as follows:

a. Clearcutting of natural forest in good condition

This historical Landsat satellite images show that the natural forest in the concession is still in good condition, if it is not cleared by the company. Therefore, the natural forest logging by the company allegedly violated the Government Regulation number 34 year 2002, which confirms that the development of timber plantation could not be done in areas where dense natural forest exists and it is in a good condition.

b. Logging of natural forests on deep peat

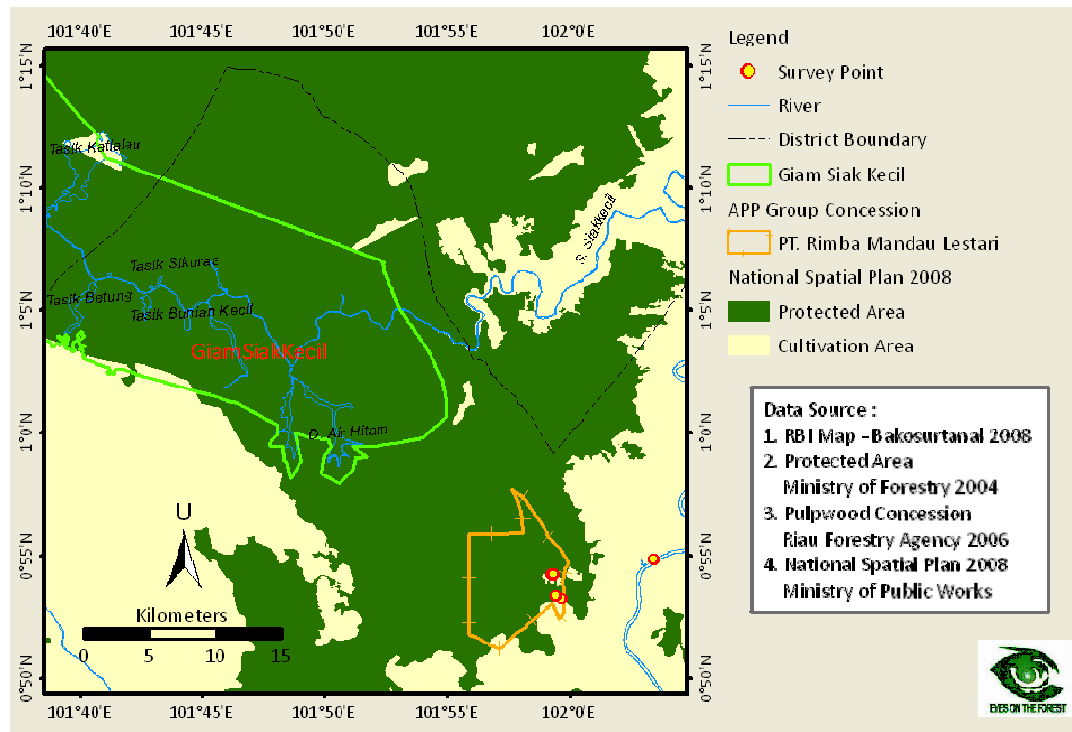
PT RML's overall concession is located in Giam Siak Kecil block which has peat depth of more than 4 meters (Map 3). Hence, all natural forest clearance in this concession has breached Presidential Decree No. 32/1990 which confirms that the natural forests located on peat depth of 3 meters or more in the upstream river or wetlands should be protected. It is also a violation of Presidential Decree No. 80/1999 and Government Regulation No. 26/2008.



Map 3. The above map shows the concession of PT RML in GSK forest block entirely contains a peat depth of more than 4 meters (pink).

c. Concession in the National and Provincial Protected Areas

Nearly all of the concession area of PT RML is located inside the National Protected Area according to the Indonesian Government Regulation No. 26 year 2008 concerning to the National Spatial Plan, therefore clearing forest in these areas shall violate these regulations (Map 4).



Map 4. Based on the Indonesian Government Regulation Number 26 year 2008 on National Spatial plan, concession of PT RML is in the National Protected Area (green color).

Republic of Indonesia's Government Regulation Number 26 Year 2007 on Spatial Plan, article 77 subsection (1) states: "As the land use plan is determined, all spatial use that is not aligned to the land use plan should be adjusted to the land use plan" Subsequently Article 37 subsection (6) stipulates, "Permits for spatial uses that are not appropriate due to an adjustment of the regional land use plan can be revoked by the Government and local government by providing fair compensation."

The concession license of PT RML is therefore no longer in line with the national spatial designation, as they sit in a national protected area. Thus, they should be annulled by the Government.

In addition, most of the RML concession is considered as provincial Protected Area (Kawasan Lindung), therefore **forest clearance in this zoning is in breach of the Riau Provincial Spatial Plan 1994** (Map 4).

d. The company's name associated with environmental destruction indictment and forestry corruption in Siak District

PT RML is one of the 14 pulpwood plantation companies that named suspect by the police due to it is allegedly involved in illegal logging and environmental crime accusation in Riau during 2007-2008.

In November 2007, an inter-departmental team was established by President Susilo Bambang Yudhoyono recommending that 14 of the 21 companies that initially investigated should be further legally processed for allegedly committing illegal logging and environmental crimes. However, in December 2008 Riau Police suddenly closed the investigations on 13 out of 14 cases of pulpwood plantation companies including PT RML as the dossiers rejected by the Attorney Office concluding there is no strong evidence to support the allegation. However, this case was closed abruptly in December 2008 by the Riau Provincial Police after as the Attorney Office repeatedly return dossiers to the police and finally it rejected the dossiers.

Acquitted allegation of forest crime along with other 13 timber suppliers which ended controversially in December 2008, PT RML was saved by RKT annual cutting permit issuance that granted by the Ministry of Forestry. PT RML continued clearcutting of natural forest in peat ecosystem of Giam Siak Kecil – Bukit Batu. While, Riau Forestry Service refused to issue RKTs for several pulpwood plantation companies including PT RML.

RML and forestry corruption. Asral Rachman, former Riau Forestry Service Head was found guilty after being prosecuted in Corruption Crime Court di Jakarta in 2010 where he was sentenced to 5-year imprisonment. Asral was accused of receiving bribes when issuing RKT cutting licenses to several companies affiliated to APP/SMG and APRIL during 2002-2005 including **PT Rimba Mandau Lestari (RML)**.

Previously, two years ago, the Corruption Eradication Commission (KPK) had sentenced Pelalawan District Head to 11-year imprisonment over being bribed for issuing illegal logging licenses (RKT) to pulpwood plantation companies affiliated to APP and APRIL in Riau. The commission also continues to probe other two Riau Forestry Service Heads and Siak District Head whom attended trials of corruption cases. In the beginning of September 2009, the Corruption Eradication Commission (KPK) named Arwin As, Siak District Head, suspect and he had been detained since March 2011. Regent Siak, Riau Province, as a suspect. According to the Commission, Arwin detained due to allegedly involved in issuing

pulpwood plantation licenses (IUPHHK-HT) for scores of companies that might breach the existing laws.

Photos 2 and 3 below show what a widespread of newly cleared natural forest as well as piles of mixed tropical hardwood (MTH) also depict that. PT RML clearcuts the natural forests.





Photos 2 and 3. Logging of natural forests by PT RML on ecosystems Biosphere Reserve GSK-BB on the coordinates of the point N. 00 54 13.02 E. 59 101 23.7

1. Natural Forest in the PT RML concession has the potential high conservation value Forest (HCVF)

PT RML's concession located in the landscape of peat Giam Siak Kecil, the transition zone UNESCO GSK-BB Biosphere Reserve and national and provincial Protected Area as shown above. Parts outside these protected areas are equally important for conservation.

Natural forest in Giam Siak Kecil, including that in the concession is regarded as a landscape of HCVF because the peat swamp ecosystem of Giam Siak Kecil possess a water storage and water regulation function (HCV 4); and provide economic and environmental services for the local community (HCV 5).

Therefore, EoF considers that clearing of natural forests in the two concessions are destroying potential High Conservation Value Forests.

The Forest Stewardship Council (FSC) defines High Conservation Value Forests as “forests of outstanding and critical importance due to their environmental, socio-economic, cultural, biodiversity and landscape values”. The concept of HCVF was first developed by [the Forest Stewardship Council \(FSC\)](#) in 1999 as their ["Principle 9: Maintenance of High Conservation Value Forests"](#). To ensure that High Conservation Values are protected, FSC Principle 9 states that: *“Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.”* In practice this means that no forests should be cleared without prior assessment of High Conservation Values in the forest and its surrounding landscape combined with identification of the measures needed to maintain and enhance such values.

2. Giam Siak Kecil peat ecosystem and global climate

Natural forest clearance and peat draining operations in these concessions contribute significantly to global climate change. The carbon emissions from loss of natural forest and associated peat drainage and burning in Riau, including those happening in PT RML, have helped make Indonesia the world’s third-largest emitter of greenhouse gases behind only the United States and China.

A report by WWF-Indonesia and peat scientistsⁱ 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 Giam Siak Kecil – Bukit Batu.

Giam Siak Kecil peatland forest should be protected, and not converted, to help Indonesia to meet the President's commitment to reduce the country's emissions by 20 or 41 percent. Conversion of natural forest by this concession to supply APP's pulp production goes against the country's own and global aspiration towards mitigation of climate change.

Eyes on the Forest coalition's call on PT RML and APP / SMG

1. Immediately stop all natural forest clearcutting in their concession because of questionable legality of their activities, the High Conservation Value and negative impact to the climate,
2. stop all the peat canal drainages, roads and other infrastructure constructions in order to prevent illegal loggers, encroachers and poachers to enter Giam Siak Kecil forest block,

3. dismantle all the infrastructures constructed to avoid more severe damage to GSK-BB peat forest and impact of CO₂ emissions,
4. abandon the entire concession for the conservation area,
5. management's concern over carbon compensation schemes, and
6. Respecting community's rights and resolve conflicts with local residents.

EoF also urged stakeholders APP/SMG, including national and global companies like financial institutions, for not doing any business with a major driver of deforestation in Riau, APP/SMG. Every company that buys APP's/SMG's products or support its operations have contributed to the destruction of the forests which the operation legality is highly questionable, the loss of natural forests in Riau and its surrounding areas, and contribute to create misery to the locals, or to reduce populations of endangered wildlife and to affect climate change.

EoF urged the Indonesian government to protect natural forests and peatlands by reviewing all forestry and plantation permits granted to companies including PT RML in the Giam Siak Kecil block.

EoF will continue to monitor the field operations of timber suppliers APP/SMG in Sumatra. EoF urges business partners of APP/SMG to continue to check www.eyesontheforest.or.id for news developments, and considering the EoF information in evaluating the environmental and social performances of APP/SMG and their business relationship with such a group.

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¹ Uryu *et al.* 2008. Deforestation, Forest Degradation, Biodiversity Loss and CO2 Emissions in Riau, Sumatra, Indonesia. WWF Indonesia Technical Report, Jakarta, Indonesia. Published at:
<http://www.worldwildlife.org/wildplaces/borneo/updates/disappearingforest.cfm>

¹ Eyes on the Forest (July 2007) EoF Investigative Report March/April/June 2007.
(http://eyesontheforest.or.id/index.php?option=com_docman&task=doc_download&gid=91&Itemid=20&lang=english)

ⁱ WWF (February 2008) Report: Deforestation, Forest Degradation, Biodiversity Loss and CO2 Emissions in Riau, Sumatra, Indonesia. WWF Indonesia Technical Report, Jakarta, Indonesia.
<http://www.worldwildlife.org/who/media/press/2008/WWFBinaryitem7625.pdf>