



RPHK

(Relawan Pemantau Hutan Kalimantan)

**INVESTIGATIVE
REPORT
DECEMBER
2013**

APP Moratorium: Deforestation Continued



RPHK (Relawan Pemantau Hutan Kalimantan)
is a consortium of environmental NGOs,
monitoring deforestation in Borneo, Indonesia,
that consists of: AKAR, Link-AR Borneo, SAMPAN,
TITIAN and WWF Indonesia
Visit www.rphkalimantan.org
Contact : rph.kalimantan@gmail.com

APP's forest conservation policy and deforestation

Asia Pulp & Paper's (APP) Indonesia operations have long focused on the island of Sumatra where it operates two large pulp mills and has most of its plantation operations. But over the past 10 years, APP has slowly been expanding its fiber supplier base into Kalimantan, the Indonesian part of Borneo island. Earlier this year, APP disclosed ten supplier companies in Kalimantan, six in East Kalimantanⁱ and four in West Kalimantan provinceⁱⁱ.

In February 2013, the company announced a new "forest conservation" policy (FCP)^{iii iv}, promising a halt to deforestation and peat degradation. APP has been globally advertising the great benefits the FCP had for Indonesia's forests. Yet shortly after the announcement Greenomics^{v vi} and Eyes on the Forest (EoF)^{vii}, respectively presented analyses showing how little natural forest APP's new forest policy actually saved in Sumatra.

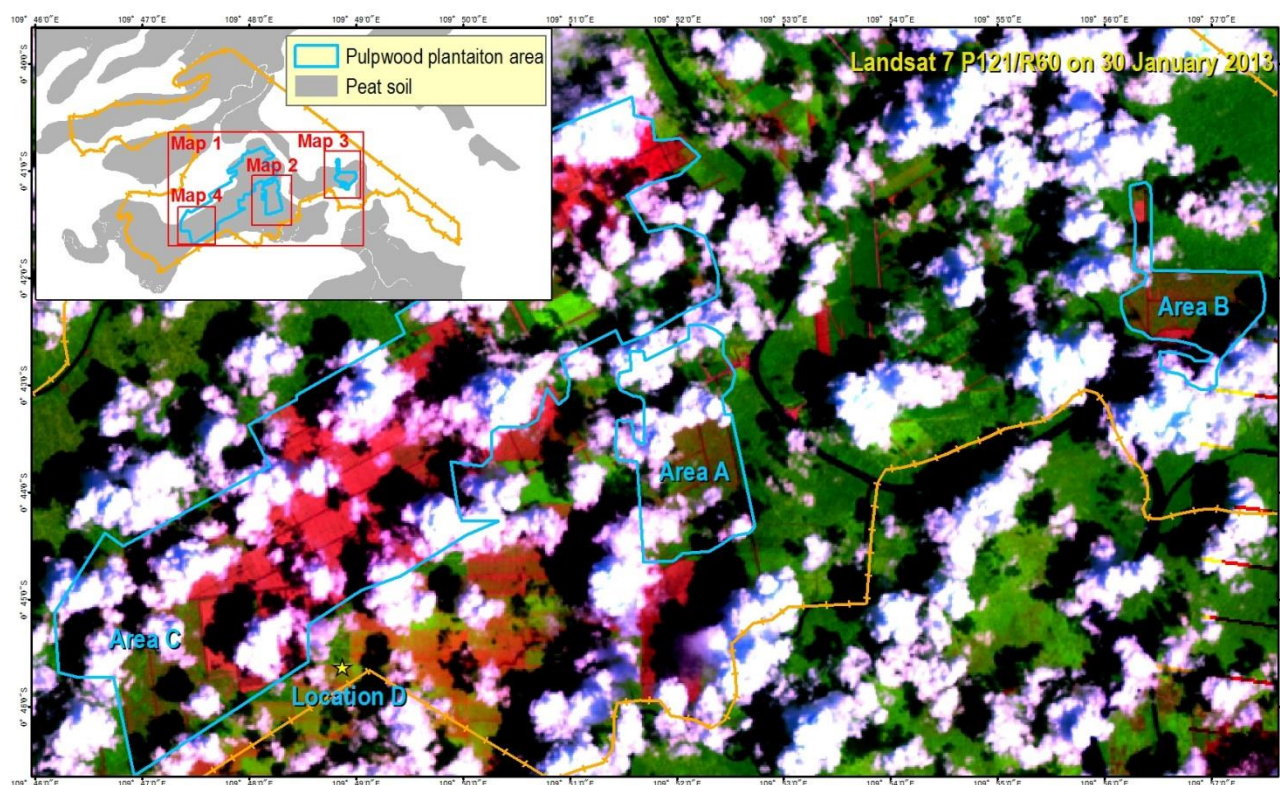
Much more natural forest apparently could have been saved had the company not initiated a last minute rush to clear natural forest before the moratorium deadline. In September 2013, the company revealed that 15 suppliers cleared much more tropical forest wood than APP's pulp mills used. APP reported that only 56% of the natural forest wood cleared before the moratorium (899,663 m³ out of the 1,606,098 m³) had been received by its mills by the self-set deadline of August 31, 2013^{viii}. It appears that the mills did not need the wood left behind in the concessions. They represent forest that the company could have saved had it truly been committed to forest conservation.

The Kalimantan forest monitoring NGO consortium "Relawan Pemantau Hutan Kalimantan" (RPHK), has been analyzing the impact APP's new conservation policy had on Borneo's forests. Here it reports how one of APP's largest suppliers continued deforestation and peat degradation until long after the moratorium deadline, despite the company already having announced that it had a large oversupply of logs in its concessions' wood depots, and asking civil society to help it find solutions for what to do with all the rotting wood.

APP supplier cleared peatland forest until long after the moratorium deadline

PT. Daya Tani Kalbar (DTK) in West Kalimantan is one of 15 suppliers listed by APP as having cleared natural forest right up to the “forest clearance moratorium” deadline of 31 January 2013^{ix}. APP disclosed that the last minute natural forest clearance rush by its 15 suppliers generated much more tropical forest wood than APP’s pulp mills needed to pulp. Only 56% of the natural forest wood harvested before the onset of the moratorium (899,663 m³ out of the 1,606,098 m³) had been received by APP’s mills by the August 31, 2013, the deadline the company had set to mark the end of natural forest wood supply to its mills^x.

Apparently, this surplus of wood meant little for APP and DTK, the one with the largest natural forest cover remaining out of 10 APP suppliers in Kalimantan according to a RPHK analysis of recent satellite images. Historical satellite images prove DTK continued clearing natural forest standing on peat soil long after the moratorium deadline in three separate areas (Map 1 - 4).



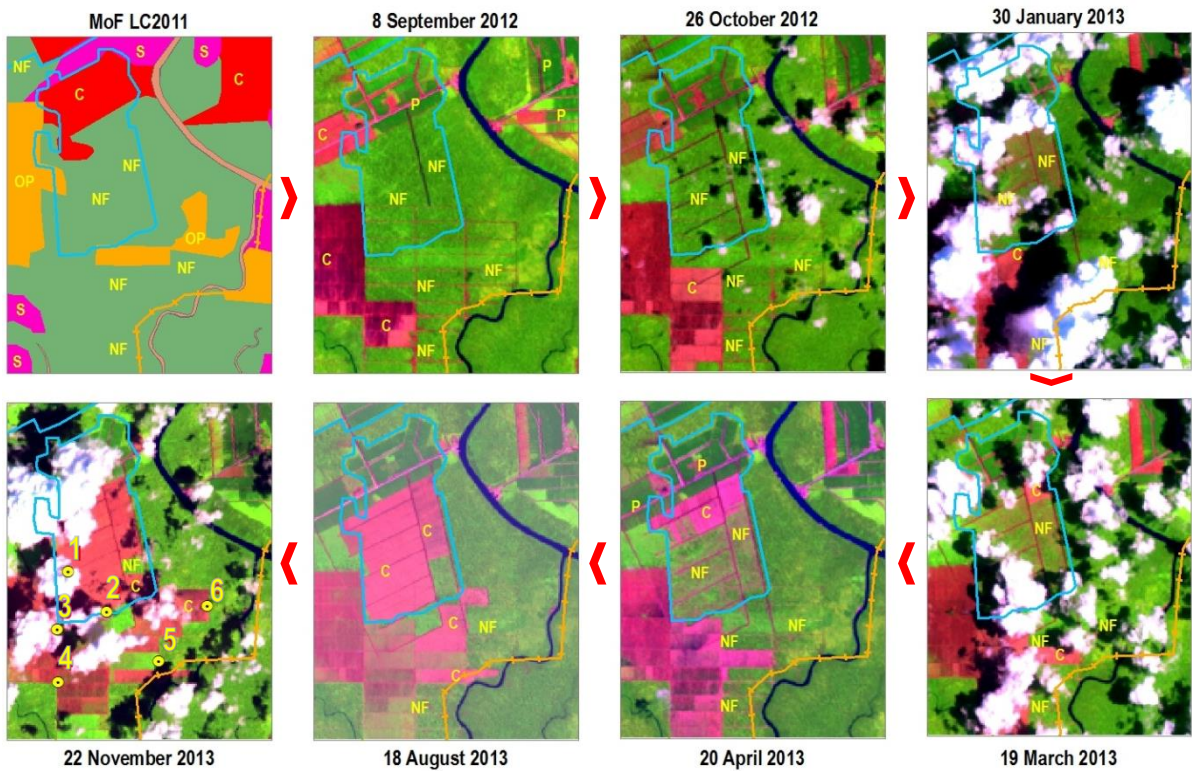
Map 1. PT. Daya Tani Kalbar concession (orange boundary) and the three investigated areas A, B and C (blue boundary, hand delineated from APP’s “moratorium map” published on APP’s “dashboard”) and Landsat image of 30 January 2013, a day before the moratorium deadline. RPHK had previously reported observing clearance of natural forest at location D (S0°45'37.80" E109°48'52.21") on 18 March 2013.

APP published a "moratorium map" for DTK dated "Jan 31st, 2013" on its “dashboard” (<https://tft.chainfood.com/>). It shows three "pulpwood plantation areas", A, B & C (Map 1 - 4)^{xi}, implying these areas had already lost natural forest. RPHK analysed historical satellite images (Maps 2 - 4) and conducted a field investigation in November 2013 (Figure 1 & 2). RPHK found that "pulpwood plantation areas" A, B and C identified on APP’s “moratorium map” still had blocks of natural forest remaining on the day before the moratorium deadline of 31 January 2013^{xii}. These blocks had disappeared by November 2013.

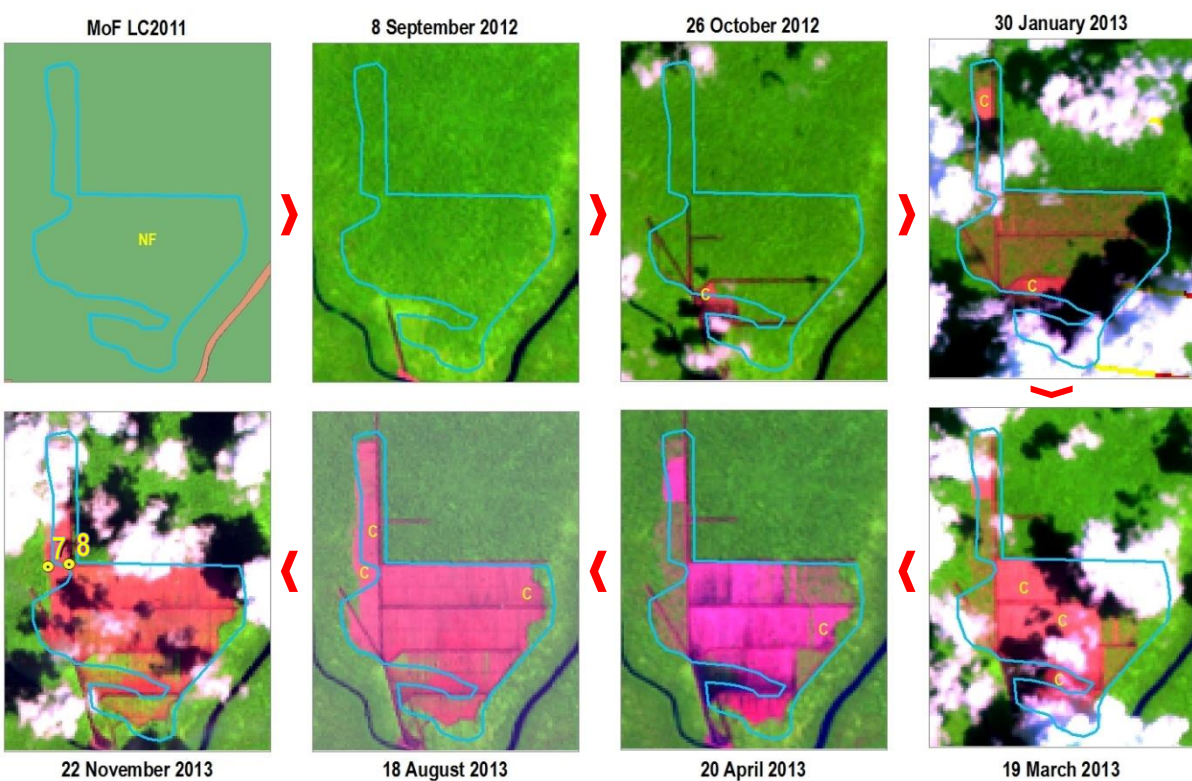
DTK deforested up to 1,400 ha of natural forest in and around areas A, B and C without completed High Conservation Value, High Carbon Stock, or peat expert studies after 31 January 2013 in clear violation of APP’s moratorium and forest conservation policy (see Box 1).

Map 2, 3 & 4. MoF land cover map for 2011 and historical satellite images between September 2012 and November 2013 in and around the “pulpwood plantation” areas A, B & C delineated from the “moratorium map as of 31 January 2013” published by APP (light blue polygons) show that **DTK did not complete the originally planned natural forest clearance to develop its plantations by 31 January 2013 and continued to deforest for around half a year beyond the moratorium deadline.** Map legend - C: cleared area, NF: natural forest, OP: oil palm plantation, P: pulpwood plantation, S: shrub area. Photo locations are indicated by yellow dots with yellow numbers in 22 November 2013 Landsat image in each map (see Figures 1 & 2 for the photos).

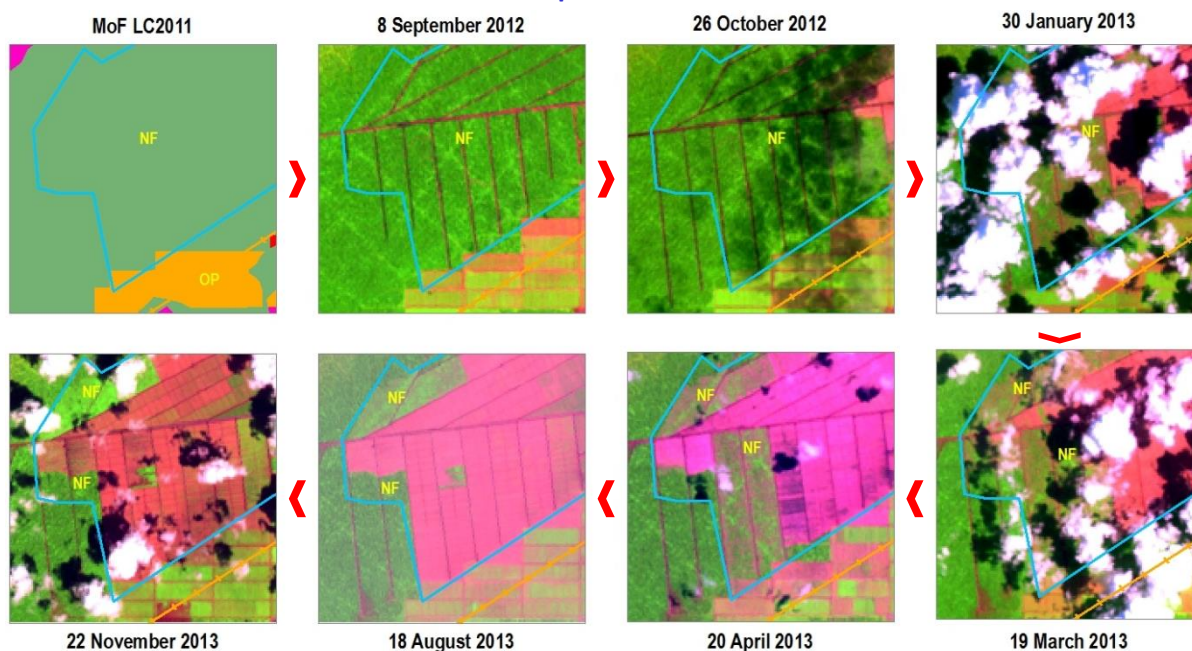
Map 2: Area A



Map 3: Area B



Map 4: Area C



Box 1. APP's policy commitments and "Moratorium Protocol" text.

APP's Forest Conservaiton Policy writes:

"Policy commitment 1: APP and its suppliers will only develop areas that are not forested, as identified through independent HCVF and HCS assessments."

"From 1st February 2013 all natural forest clearance has been suspended whilst HCV and HCS assessments are completed, No further clearance of areas identified as forest will take place."

"no further canal or other infrastructure activities will take place within undeveloped suppliers' concessions on non-forested peatland until independent HCVF assessments including input from peat experts has been completed".

APP's Moratorium Clearance Protocol presented to NGOs in West Kalimantan on 26 February 2013 stated:

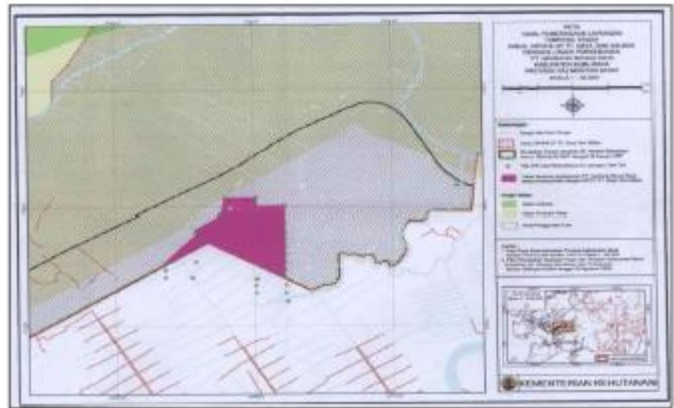
"Logging and land clearing was discontinued after January 31, 2013. Either in areas of natural forest stands, areas of Open Land (LT) and Young Scrub (BM) until there is verification".

"All heavy equipment (A2B) which are used for logging activities, land clearing, road and canal development (corresponding to the list that has been submitted) will be stored in pre-determined areas".

Area A and location D are inside a large overlap area with an oil palm plantation concession of PT. Gerbang Benua Raya (GBR) (Map 5). When RPHK discovered natural forest clearance in DTK after the moratorium around location D in March 2013^{xiii}, APP contractor TFT^{xiv} argued that GBR was responsible for clearing, DTK had not relationship with GBR, and this was not a moratorium violation.

The “Grievance List” posted at APP’s “dashboard” writes that the “moratorium breach in DTK and ATP in West Kalimantan” by RPHK was “Verified – no breach by ATP and DTK” and the status of the grievance is “Completed^{xv}”.

RPHK countered TFT’s explanation saying that “If overlapping allegation in forest clearance is proved true, then it shows failure of PT DTK in fulfilling its legal obligation to prevent illegal logging and illegal land clearing its own concession”^{xvi}.



Map 5. Map published by TFT (April 2013), showing overlap between DTK and GBR licenses.

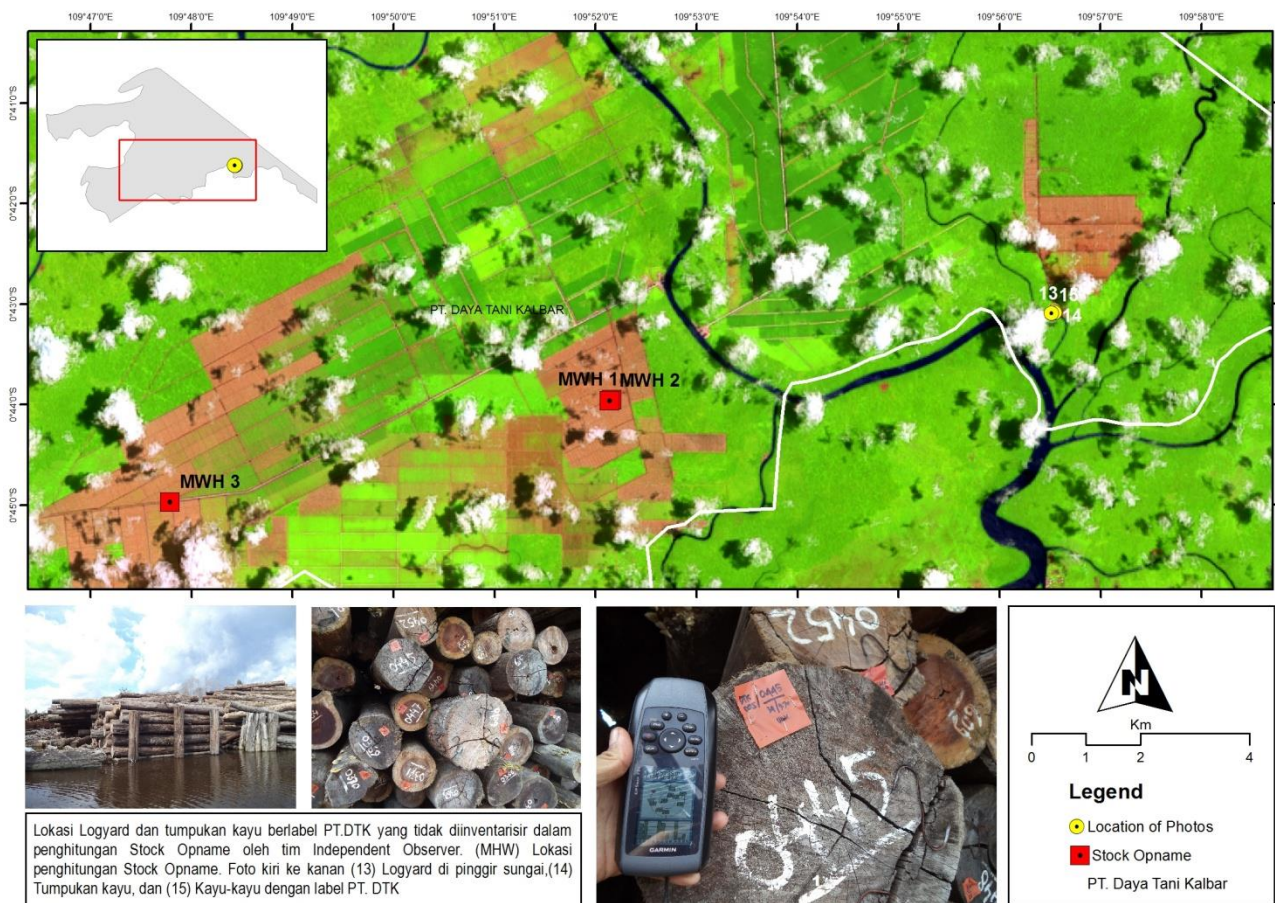
RPHK’s November investigation showed that the overlap issue with GBR seems to still be unresolved by government and the two companies. Satellite images show that deforestation of APP’s “moratorium area” continues in the area below marker A on the Map 2. Field observations show that some of the area was planted with oil palm seedlings but most of it was not planted at all.

In September 2013, APP/TFT conducted a field survey of the DTK concession with NGOs, Greenpeace and JPIK Focal Point West Kalimantan in attendance. They checked stock inventories of harvested natural forest timber in three locations (MHW 1, 2 and 3 on Map 6), two of them inside Area A. However, APP/TFT did not report on the continuing forest clearance operations in areas A, B or C. APP/TFT also did not explain that the wood piles observed may have included natural forest timber cleared after the moratorium deadline.

RPHK’s November field investigation found new log piles in Area B (Map 6, locations 13, 14 and 15 where three photos were taken), which were not recorded in the timber stock inventory by APP, TFT, GP and JPIK Focal Point West Kalimantan in September, despite the fact that the September site visit was supposed to check all log yards.

APP/TFT’s “FCP Implementation Team” reported 167.25 ha of FCP and moratorium breaches in its September report. Surprisingly, the 1,400 ha breach by APP supplier DTK was not mentioned^{xvii xviii}. The team only wrote that it:

- “identified moratorium breaches totaling an area of 69.45 ha of HCS forest”^{xxix} within concessions of PT. Bumi Mekar Hijau, PT. Bumi Andalas Permai and PT. SBA (South Sumatra province)
- “confirmed the clearance of 70 ha of natural forest”^{xxx} in PT. Riau Indo Agropalma in Riau province, a moratorium breach first reported by a local NGO coalition, Eyes on the Forest^{xxxi}.
- “confirmed [...] new peatland development had occurred”^{xxxi} and that 27.8 hectares was cleared on peatland, because “HCS and HCV assessments are ongoing in this area”^{xxxi} in PT. Bina Duta Laksana concession in Riau province.



Map 6. Location of three log yards of DTK, inventoried by APP, TFT, Greenpeace and JPIK Focal Point West Kalimantan in September 2013 in Area A and C (MWH 1, 2, 3) and a new log yard found by RPHK in November 2013 in Area B (13, 14 & 15), which was not inventoried during the September audit.

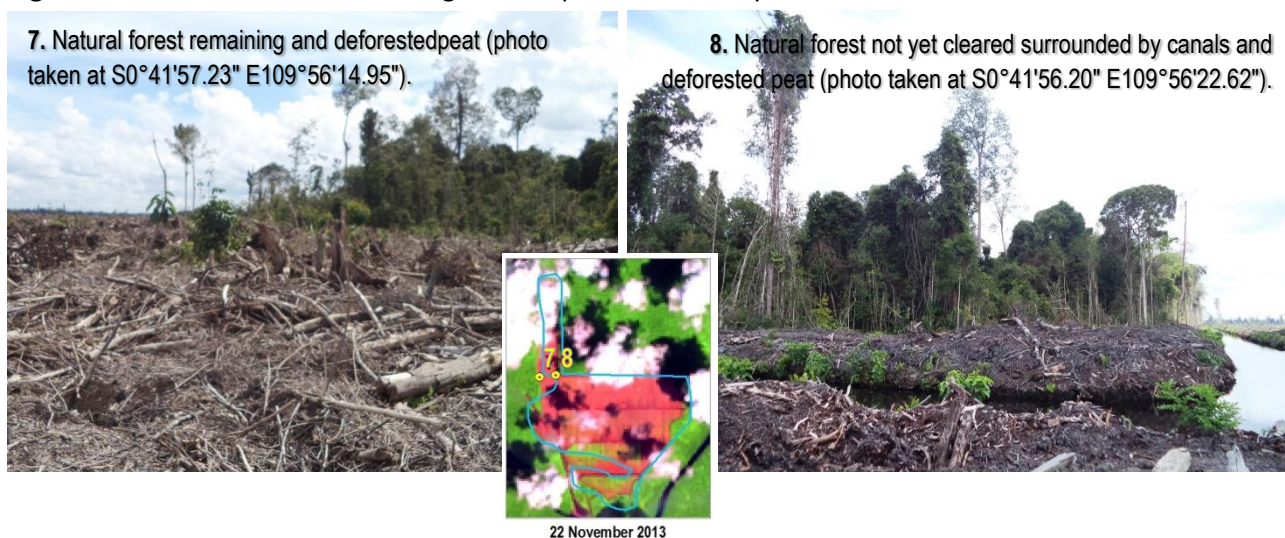
Figure 1. Photos 1 to 6 taken during the independent audit by RPHK in Area A on 23 November 2013.



22 November 2013



Figure 2. Photos 7 and 8 taken during the independent audit by RPHK in Area B on 23 November 2013.



References

- ⁱ In East Kalimantan, APP disclosed three of their own suppliers, PT. Surya Hutani Jaya located in East Kutai and Central (Kartanegara) Kutai District with a license area of 183,300 ha, PT. Sumalindo Hutani Jaya I in East Kutai District (10,000 ha) and PT. Sumalindo Hutani Jaya II in Central Kutai District (70,300 ha). In addition, they have three “independent” suppliers, namely PT. Acacia Andalan Utama with two licenses, located in Central Kutai District (39,620 ha) and East Kutai District (21,965 ha), PT. Kelawit Hutani Lestari in West Kutai District (9,180 ha) and PT. Kelawit Wana Lestari in West Kutai District (22,065 ha). Based on MoF data, PT. Kelawit Wana Lestari has another permit in East Kutai District with a license area of 27,690 ha, but APP did not disclose this area as their supply area until Greenomics (2 December 2013) reported on it (http://www.greenomics.org/docs/APP%27s_Future_Expansion_HCS%20%28LowRes%29.pdf).
- ⁱⁱ In West Kalimantan, APP disclosed one of their own suppliers, PT. Finantara Intiga, located in Sekadau, Sanggau and Sintang Districts, with an license area of 299,700 ha and three “independent” suppliers, namely PT. Asia Tani Persada (in Kubu Raya District, 20,740ha), PT. Daya Tani Karbar (in Kubu Raya District, 56,060 ha) and PT. Kalimantan Subur Permai (in Landak, Sanggau and Kubu Raya Districts, together 13,270 ha).
- ⁱⁱⁱ Asia Pulp & Paper (1 February 2013) APP’s Forest Conservation Policy. <http://www.asiapulppaper.com/system/files/APP%20Forest%20Conservation%20Policy-ENGLISH.pdf>
- ^{iv} Asia Pulp & Paper (5 February 2013) Asia Pulp & Paper Group (APP) Commits to an Immediate Halt to All Natural Forest Clearance. <http://www.asiapulppaper.com/news-media/press-releases/asia-pulp-paper-group-app-commits-immediate-halt-all-natural-forest>
- ^v Greenomics (18 March 2013) APP’s artful deception. After pulping its remaining forests, APP positions itself as a conservation leader with new policy. http://www.greenomics.org/docs/APP%27s_artful_deception_with_new_policy_201303.pdf
- ^{vi} See also Greenomics (4 November 2013) Zero to Zero: APP’s Zero Deforestation Policy Saves Zero Forested Sumatran Tiger Habitat. http://www.greenomics.org/docs/Zero_to_Zero_APP%27s%20FCP.pdf
- ^{vii} Eyes on the Forest (3 April 2013) Where are the trees? SMG/APP’s new forest policy kicks in only after company has completed its planned deforestation in Riau, Sumatra.
- ^{viii} Asia Pulp & Paper (November 2013) Sustainability Roadmap Vision 2020 fourth update.
- ^{ix} “Figure 5. Natural Forest Wood Monitoring” in Asia Pulp & Paper (June 2013) Sustainability Roadmap Vision 2020.
- ^x Asia Pulp & Paper (November 2013) Sustainability Roadmap Vision 2020 fourth update.
- ^{xi} “Moratorium map” for DTK posted at APP dashboard (<https://tft.chainfood.com/>) on 5 December 2013.
- ^{xii} Available good satellite image close to 31 January 2013 for the area is from 30 January 2013.
- ^{xiii} Kalimantan Forest Monitoring NGOs (25 March 2013) APP suppliers’ continued natural forest clearance and peat canal development shed doubt on APP’s forest conservation commitment. http://www.eyesontheforest.or.id/attach/Joint%20Press%20Release_APP%20FCP%20Violation%20in%20West%20Kalimantan_260313_English_20130326090349.pdf
- ^{xiv} The Forest Trust (4 April 2013) Verification results related to alleged violations of the natural forest clearance moratorium at PT. Asia Tani Persada and PT. Daya Tani Kalbar.
- ^{xv} “Summary of Grievances”, posted at APP dashboard (<https://tft.chainfood.com/>) on 5 December 2013.
- ^{xvi} Kalimantan Forest Monitoring NGOs (9 April 2013) Borneo’s RPHK Consortium Rebuts APP and The Forest Trust’s Verification Report: APP’s Forest Conservation Policy Should Embrace More Relevant Stakeholders and Truly Protect Forest, Peat Lands.

<http://www.wwf.or.id/en/?27920/Borneos-RPHK-consortium-rebuts-APP-and-The-Forest-Trusts-Verification-Report-APPs-Forest-Conservation-Policyshould-embrace-more-relevant-stakeholders-and-truly-protect-forest-peat-lands> See point 4 of the Notes to Editors <https://www.dropbox.com/s/kbfwfi7as75aeop/Notes%20to%20editor-FINAL.pdf>

^{xvii} FCP Implementation Team (11 September 2013a) Verification report related to breaches of APP's natural forest clearance moratorium in PT. Bumi Andalas Permai, PT. Sebangun Bumi Andalas, and PT. Bumi Mekar Hijau, South Sumatra.

^{xviii} FCP Implementation Team (11 September 2013b) Verification report on potential breaches of APP's natural forest clearance moratorium in the concession areas of PT. Sekato Pratama Kakmur and PT. Bina Duta Laksana.

^{xix} FCP Implementation Team (11 September 2013a)

^{xx} FCP Implementation Team (11 September 2013b)

^{xxi} Eyes on the Forest (16 May 2013a) Deforestation continues in SMG/APP supplier concession in Sumatra.

<http://www.eyesontheforest.or.id/attach/EoF%20%2816May13%29%20Deforestation%20continues%20in%20SMGAPP%20supplier%20concession%20FINAL.pdf> Eyes on the Forest (16 May 2013b) Press Release: SMG/APP's broken promise unchecked in Riau, Sumatra. <http://www.eyesontheforest.or.id/?page=news&action=view&id=635>

^{xxii} Asia Pulp & Paper (November 2013)

^{xxiii} FCP Implementation Team (11 September 2013b)