



APRIL/RGE continues deforestation

PT. RAPP operations violate government regulations and its own sustainability policy in Pulau Padang, Riau, Sumatra



**Investigative Report
Eyes on the Forest
Grievance submitted to APRIL Stakeholder Advisory Committee
on 20 November 2014**

Eyes on the Forest (EoF) is a coalition of environmental NGOs in Riau, Sumatra: Friends of the Earth "Walhi" 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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1. Introduction: Business as usual deforestation and peat destruction by APRIL continues

In 1996, the Royal Golden Eagle Group's (RGE) APRIL (Asia Pacific Resources International Ltd.), headquartered in Singapore began operating its PT. Riau Andalan Pulp & Paper's pulp mill in Riau province of Sumatra. Environmental NGOs have been criticizing the mill's reliance on mixed tropical hardwood (MTH) from clearing High Conservation Value Forests (HCVF) ¹ and on draining and deforesting of Indonesia's carbon-rich peatlands. Equally strong critique has been voiced about repeated conflicts with local communities whose lands APRIL's wood suppliers developed under licenses issued by government.

Despite APRIL's initial public commitment to HCVF protection in 2005², the company has continued indiscriminate large scale deforestation as a result of flawed HCVF identification and its failure to protect HCVF once delineated. Local NGOs have repeatedly criticized these failures³ and the Rainforest Alliance cancelled APRIL's interim FSC Chain of Custody certificate in 2010 because of them⁴. UPM-Kymmene⁵ and Fuji Xerox⁶ had been some of the company's most prominent customers before they cancelled their contracts.

On 28 January 2014, APRIL announced a Sustainable Forest Management Policy (SFMP)^{7, 8}. The SFMP fell well short of many NGOs' recommendations, especially that RGE should "*immediately start a moratorium on all forest and land clearance and peatland development activities in all supplier concessions, until independent High Conservation Value (HCV) as well as High Carbon Stock (HCS) assessments are finalized*" and apply this for all RGE companies, not only APRIL ⁹.

In the SFMP, APRIL committed, among others, to the following (underline by EoF):

- Commitment I.a. APRIL sources fibre from non High Conservation Value Forest ("HCVF") areas that have been identified through independent HCV assessments, based on Indonesian HCV toolkit and peer-reviewed by HCV Resource Network;*
- Commitment I.b. From 28th January 2014, APRIL declares a moratorium in concession areas throughout APRIL's fibre supply chain where HCV assessments have not been completed;*
- Commitment III.a. APRIL and its fibre suppliers protect and manage forested peatland areas identified as HCVF;*
- Commitment III.b. APRIL declares a moratorium on forested peatland areas, including canals and other infrastructure activities, until independent HCV assessments have been completed,*
- Commitment IV.a. APRIL reaffirms its commitment to comply with all prevailing laws and regulations, and requires all its fibre suppliers to do so;*

However, NGOs have since reported that APRIL wood suppliers continued natural forest clearance and development of carbon rich peatlands in Riau^{10, 11, 12} and East Kalimantan provinces^{13, 14} in violation of these commitments. For this report, Eyes on the Forest (EoF) investigated continued natural forest clearance and peat canal excavation by PT. Riau Andalan Pulp & Paper (RAPP) of the APRIL/RGE group inside it's concession on Pulau Padang ("pulau" means "island" in Bahasa Indonesia).

Cover photos: Top – piles of Mixed Tropical Hardwood in Padang Island felled by PT Riau Andalan Pulp & Paper (RAPP), an APRIL/RGE company, waiting to be transported along peat canals to its pulp mill in Pangkalan Kerinci, Pelalawan, Riau. Photo taken by EoF at N1°1'42.51", E102°19'41.92" on 10 June 2014. Below - excavator clearing a logged area in the PT RAPP concession. Photo taken by EoF at N1°1'44.23", E102°19'22.03" on 10 June 2014.

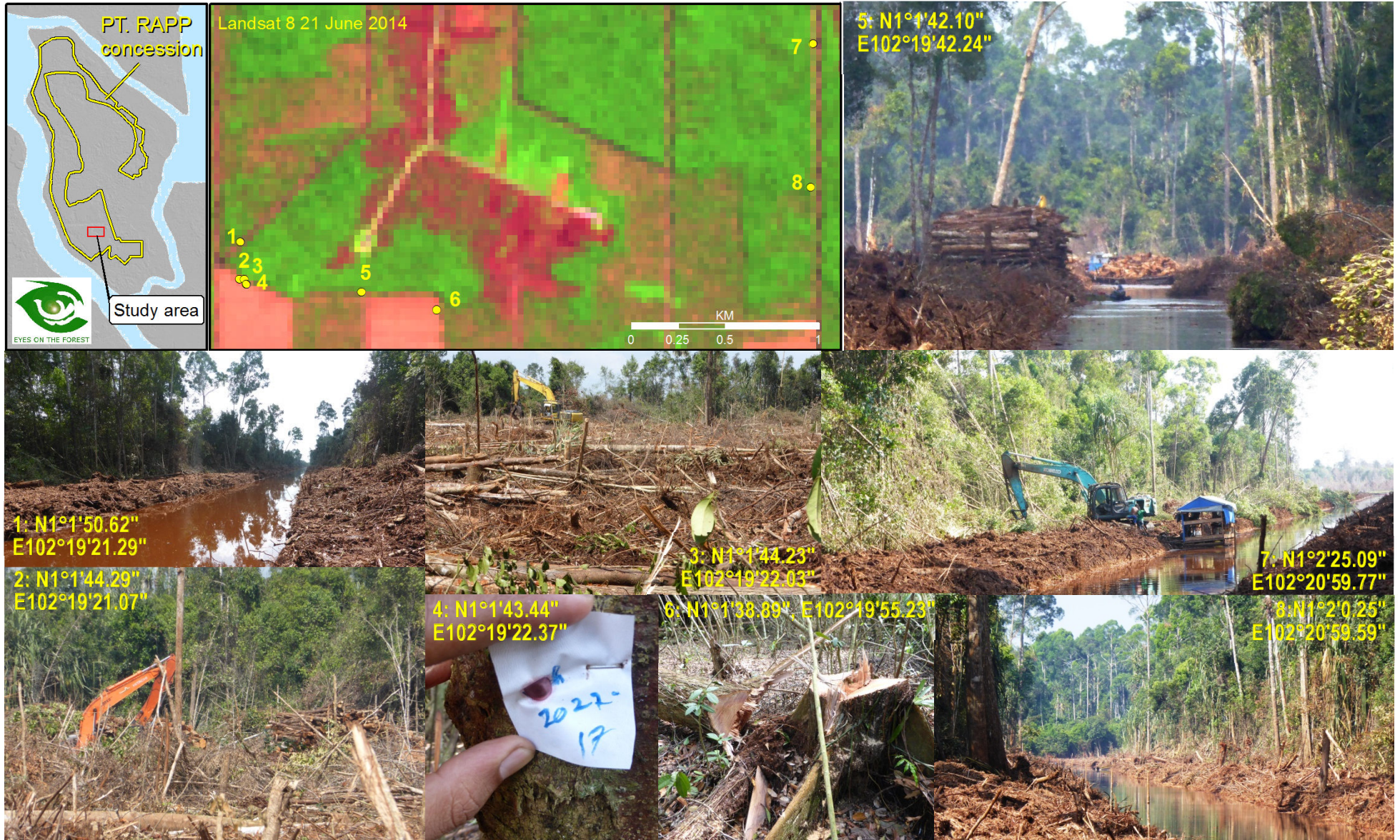
2. Investigation Findings

PT. RAPP's concession on Pulau Padang is around 34,000 hectares, occupying about a third of the 110,000 ha island. Based on our analysis of historical Landsat images to detect deforestation in relation to applicable government regulations, **EoF concludes that almost all of the natural forest clearance by PT. RAPP in Pulau Padang is in violation of one or more of the following government regulations, thus in violation of the SFMP commitment "IV.a. APRIL reaffirms its commitment to comply with all prevailing laws and regulations, and requires all its fibre suppliers to do so"**. When PT. RAPP started to operate this concession in 2011, the concession was almost fully covered by natural forests and most of the natural forests were protected by the following regulations:

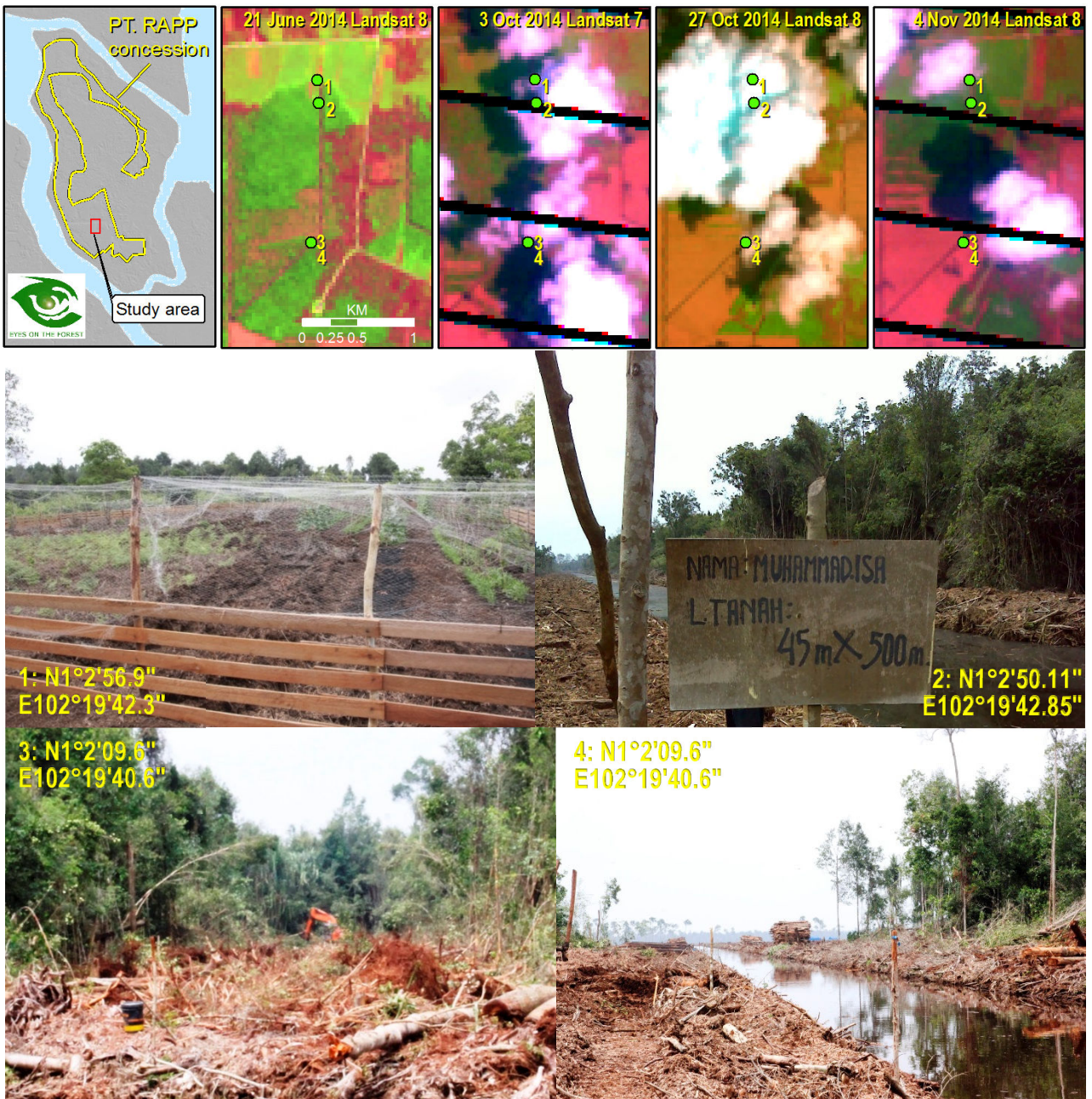
- "Limited Production Forest" according to 1986 "Consensus of Forest Land Use" (TGHK, Ministry of Forestry Decree No 173/Kpts-II/1986).
- "Protection Area" according to 1994 "Riau Spatial Planning" (RTRWP 1994).
- "Protection Area" and areas with peat of potentially 3 meters, according to Indonesian Government Regulation PP No. 26 Year 2008 on National Spatial Planning¹⁵.
- 500 meter buffer zone around the Tasik Tanjung Padang Wildlife Sanctuary¹⁶.

In June and October 2014, EoF visited the southern part of the concession and observed the company clearing forest, stacking newly cut natural forest logs and constructing canals to drain the peat for plantation development and to transport the natural forest logs to APRIL's pulp mill in Pangkalan Kerinci (Map 1 and 2). A Landsat image of 28 January 2014 shows that PT. RAPP started peat canal development and natural forest clearance in this area about the same day APRIL published its SFMP (see Map 3).

In October 2014, EoF investigators recorded the interface of cultivation of traditional crops by a local community who claims this land as theirs (see Chapter 3 on social conflict) and the continuing peat development and forest clearance by PT. RAPP (Map 2).



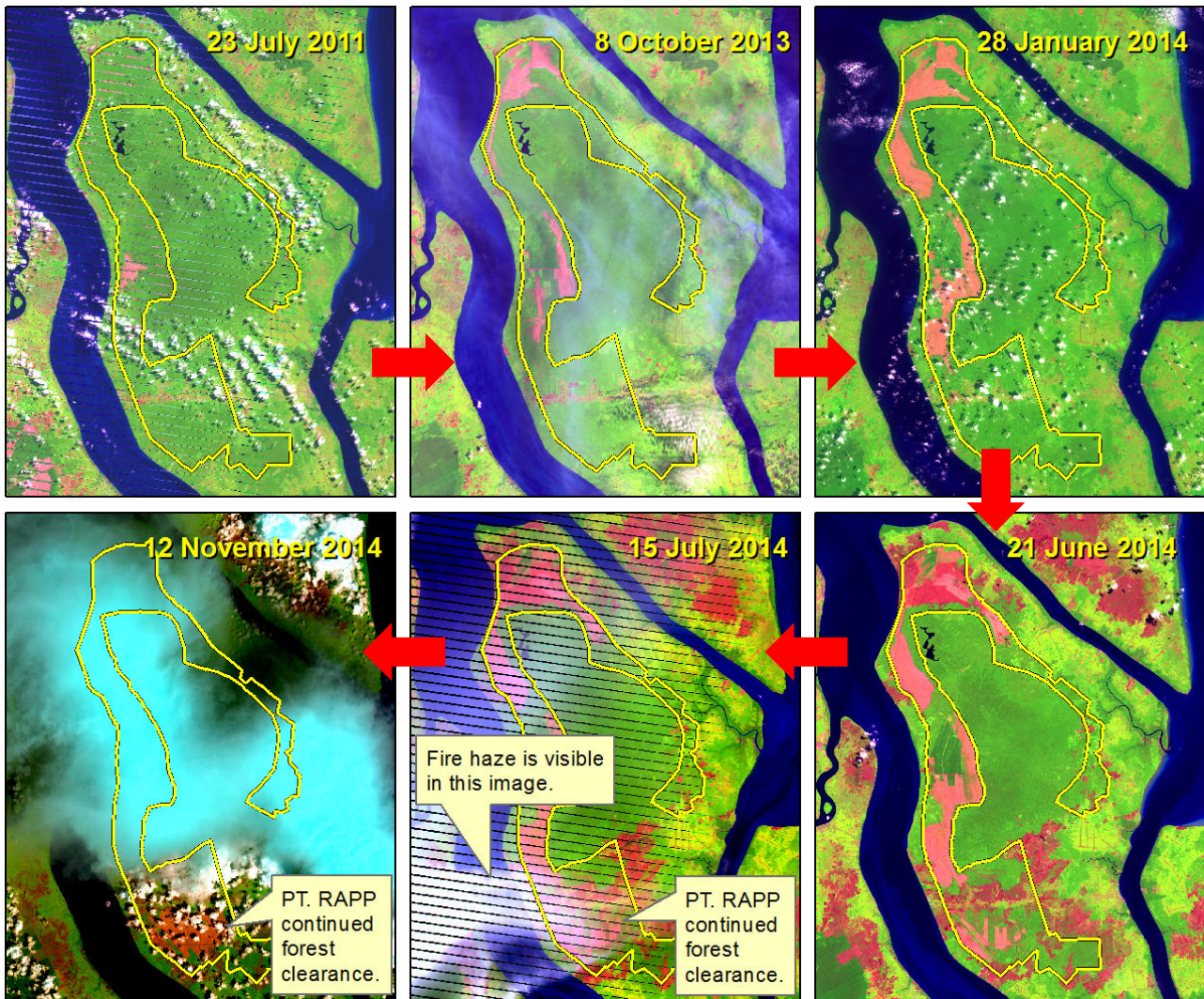
Map 1.—EoF found large deforested areas and deep peat canals. Some excavators were felling natural forest trees and digging canals in peat. Some trees were marked for cutting (4) or already cut (6). Photos taken by EoF on 10 June (1-6) or 11 June 2014 (7, 8).



Map 2.—Peat canal development and forest clearance by PT. RAPP (3, 4) on land claimed by a local community and planted with traditional crops (1, 2). Photos taken by EoF on 18 October 2014.

3. Violations of APRIL SFMP commitments by PT. RAPP in Pulau Padang

Based on an analysis of historical forest cover loss using Landsat images until 12 November 2014 (Map 2), **EoF concludes that all natural forest clearance by PT. RAPP in the fully peat covered Pulau Padang before and after 28 January 2014 was in violation of APRIL's 2005 HCV protection policy and its 2014 SFMP, specifically, the commitments quoted in the introduction (I.a., I.b., III.a., III.b).** Below is the chronological history of APRIL's violation.



Map 3.—Deforestation inside the PT. RAPP concession (yellow border) between 23 July 2011 and 3 October 2014. Pink areas in these Landsat images show exposed soil which is visible after forest clearance. Dark pink areas were often burned.

Mid 2011, PT. RAPP started natural forest clearance in the Pulau Padang concession when it was still fully forested without independent and credible HCV assessment and with only flawed “HCV assessments” by consultants¹⁷, in violation of its own 2005 HCV protection policy. They did not follow the Indonesian HCV Toolkit properly, lacked a proper stakeholder consultation process, and were not peer-reviewed by the HCVRN.

In 2013, APRIL commissioned yet another consultant, PT. Remarks Asia, to conduct a new HCV assessment of the concession while continuing to clear natural forest. **On 22 November 2013**, APRIL presented to WWF a “close to final” map of HCV areas

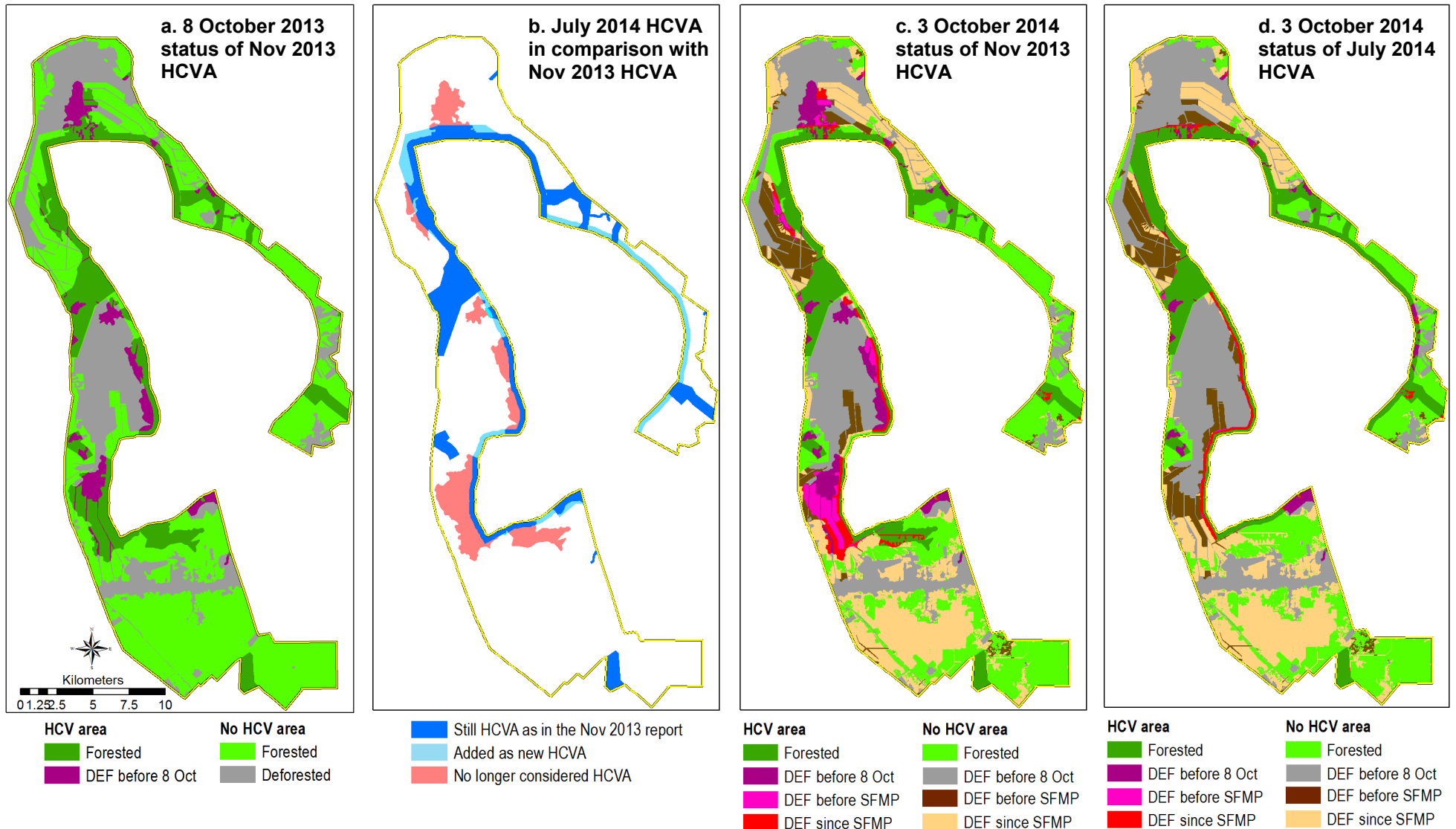
and agreed with WWF that these areas would be protected until proper review by the HCV Resource Network. Interestingly, the identified HCV areas had already lost around 1,600 ha of natural forest by 8 October 2013, even before the assessment report was finished (Map 3, Map 4a).

On 28 January 2014, APRIL published its SFMP. Since that day, PT. RAPP continued to clearcut natural forest in violation of the SFMP commitments I.a. and I.b., without any of their HCV consultants completing an independent, transparent and credible HCV assessment. All lacked strict adherence to the Indonesian HCV Toolkit, the required stakeholder consultation process and committed peer-review by the HCVRN.

In August 2014, APRIL shared with WWF a “final” HCV assessment report by PT. Remarks Asia, dated 14 July 2014. Still without peer-review by the HCVRN, PT. Remarks Asia had updated its November 2013 report by modifying HCV areas. The biggest change in this “final” report was the removal of close to 2,700 ha of the HCV areas delineated in the November 2013 report. These areas in 2013 had been identified as being HCV 4.1 (Map 4b). The only explanation for the change given to WWF by APRIL staff was that the company had decided that only HCVs 1, 2 and 3 are to be protected but HCVs 4, 5 and 6 can be cleared. Interestingly, PT. RAPP had cleared natural forests in most of the HCV 4.1 delineated areas before the “final” report was given to WWF. In addition, the “final” HCV delineation was almost identical with the “conservation area” delineations in the company’s 10 year logging and management plan (RKU). That was legalized by the government on December 17th 2013, seven months before the date of the “final” HCV report. It thus appears that APRIL first got its logging plans approved and then delineated its HCVs accordingly, exactly opposite to what the HCV principle is all about.

By 3 October 2014, the concession had lost around 21,000 ha of natural forest, mostly due to the company’s own operations in violation of various government regulations. The rest was lost due to clearance by local people. Of the total forest loss, 8,000 ha were cleared after the SFMP publication. HCV areas identified by PT. Remark Asia’s November 2013 (Map 4c) and July 2014 HCV reports (Map 4d) lost 3,260 ha and 1,250 ha of natural forests, respectively. Of these total forest losses in the respective HCV areas, around 870 ha and 580 ha were lost after the SFMP publication. Interestingly, APRIL did not even follow its own limited interpretation of the HCV concept and cleared around 440 ha of HCV 1 and/or 3 based on both November 2013 and July 2014 reports.

Landsat images of 27 October, 4 and 12 November also showed continued natural forest clearance in the southern part of the concession.



Map 4.—Status of HCV areas according to two “final” versions by PT. Remarks Asia assessment reports (22 November 2013 and 14 July 2014) and deforestation (DEF) in PT. RAPP Pulau Padang concession during three different periods: before 8 October 2013 (before the first November 2013 HCV assessment report was finalized), before the SFMP publication (between 8 October 2013 and 28 January 2014) and since the SFMP (between 28 January and 3 October 2014).

4. Continuing conflict with the local community

The SFMP also writes that "*APRIL establishes partnerships with local communities as part of its commitment to Corporate Social Responsibility*" (Commitment V). However, the reality on the island is far from this.

When PT. RAPP started operations on the island in mid 2011, they immediately caused conflicts with the local community. In January 2012, after weeks of protest in Jakarta, Pulau Padang residents from several villages including Bagan Melibur village in Merbau sub-district who had sown their mouths shut in protest against PT. RAPP's operations on their customary land convinced the Ministry of Forestry to temporarily suspend the forest clearance operations¹⁸.

On 21 March 2013, the Ministry of Forestry issued a Decree (No. 180/Menhut-II/2013) to allow PT. RAPP to resume operations after removing three villages (Bagan Melibur, Mengkirau and partly Lukit village) from the concession's operational area. However, conflicts between the company and Bagan Melibur village restarted and continued despite the new SFMP. The villagers argue that the company is still operating in the village's administrative area as shown on the original Bengkalis District village boundary map of 2006¹⁹ (today, Pulau Padang is part of the expanded Kepulauan Meranti district).

Bagan Melibur villagers have repeatedly protested against the company, but it continued its operation. PT RAPP's operators have often been escorted by police because of the tensions. In October 2013, hundreds of people from six villages around the PT. RAPP concession protested against the logging operations²⁰ and requested MoF and company to exclude 25,000 ha of administrative area of ten villages in Merbau sub-district from the concession.

In the middle of September 2014, Bagan Melibur villagers protested against forest clearance by PT. RAPP in their own administrative area²¹. According to Jikalahari this violated an agreement the village had with the company for not operating inside Bagan Melibur territory as long as there is no conflict resolution process and no compromise being agreed.²²

EoF learns that the decision by the Minister of Forestry to remove some areas from PT. RAPP's concession did not reduce the tensions because the addendum of SK 327 of the year 2009 in the form of SK 180 of 2013 cannot answer people's demands about forest and peat land protection as well as other livelihood sources that they have in Padang Island. Traditionally, Riau islands' communities have been cultivating rubber and sago plantations. A senator of the Riau Regional Representative Council says: "The coming of companies will be destructive and threatening to the sustainability of their livelihood and business. Communities who depend for their livelihood on agriculture and farming need lands for their future grand-grandchildren. And also, the natural resources from the forest are used as life support for them, such as timber which is wisely used as materials for their housings. The forest has been well-preserved by them for decades."²³

Peat canal excavation by PT. RAPP is another concern of the community who are worried about a future environmental catastrophe in this small peat island which actually should be protected from massive forest conversion for acacia plantation development for the pulp and paper industry's expansion. Greenomics wrote about APRIL in 2012 "Clearing the majority of natural forest on peat land is clearly nothing close to sustainable, no matter what excuses they're trying to sell. This absolutely will be disastrous if they keep sacrificing natural forest and peat lands in Padang Island just for the sake of RAPP material supply needs"²⁴.

5. EoF recommendations to APRIL/RGE

EoF calls on APRIL/RGE and all of its wood suppliers to:

1. Stop clearing natural forest and developing peat not only in PT. RAPP's Pulau Padang concession block but also in all other suppliers' areas in Indonesia²⁵ to implement its own commitments and respect all government regulations.
2. Commission new independent HCV assessments based on the Indonesia Toolkit of all suppliers' concessions. Have them peer-reviewed by the HCV Resource Network. Conduct a transparent public consultation process.
3. Protect all potential HCS areas until an independent HCS assessment is completed and the results are implemented.
4. Commission an independent and transparent third party audit to evaluate the implementation of the SFMP and additional recommendations by stakeholders.
5. Stop all forest clearance and development activities until the land disputes are resolved.
6. Resolve social conflicts with the community applying the FPIC mechanism involving independent CSO.
7. Support corruption eradication actions by all law enforcement agencies, especially those relating to the company and its suppliers.

6. EoF recommendations to APRIL/RGE buyers and other business partners

Eyes on the Forest recommends companies to avoid risk of being associated with deforestation, not to purchase and invest in the APRIL/RGE group until the group commits to the above recommendations and an independent third party auditor confirms successful implementation.

END

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- ²⁵ According to the 2011 KA ANDAL report by PT. RAPP, "*Partners as timber suppliers consist of companies in the forms of PT (limited company) and CV (limited partnership) amount to 64 firms, with the operation of HTR (hutan tanaman rakyat / community timber estate) in 26 projects, and in KUD cooperatives 1 project.*" However, there is little transparency around these suppliers.