

SOLUTIONS

Indonesia's future and international trade need not depend on deforestation. The Sinar Mas Group is the largest player in both Indonesia's pulp and palm oil sectors, and it could lead low-carbon growth by setting the bar for industry best practice. However, while the palm oil division (Golden Agri Resources, GAR) is showing corporate leadership, the pulp division (Asia Pulp & Paper, APP) remains stuck in a deforestation-dependent economic growth model. To secure Indonesia's shift to a low-carbon development pathway, the government must stop making forested land available for expansion.

- Corporate consumers can drive low-carbon development by implementing policies to clean up their production and supply chains. This rewards responsible producers, by not unfairly subsidising environmentally irresponsible companies.
- The Sinar Mas Group – Indonesia's leading player in both the pulp and palm oil sectors – can drive low-carbon development by adopting the palm oil division's new business development policy based on no deforestation or peatland development. Claims made by the pulp division of Sinar Mas indicate that substantial increases in plantation pulpwood yields can be made, resulting in little or no further land conversion being necessary to meet national production targets; despite this potential, the division continues to rely on deforestation.
- Government can drive low-carbon development by rewarding companies whose business models are based on forest conservation policies and high-efficiency yields. At the same time, companies that pursue illegal or destructive operations must be penalised through strong law enforcement.

CORPORATE CONSUMERS MUST CLEAN UP THEIR SUPPLY CHAINS

Corporate consumers can support low-carbon development by implementing policies to clean up their production and supply chains.

Progressive companies are implementing policies to achieve a zero-deforestation footprint. This includes a set of requirements that suppliers must meet for all commodities linked to deforestation and peatland destruction.

A growing number of corporate consumers who were buying products produced by APP, many identified in Greenpeace investigations, have now introduced policies that will eliminate products from companies linked to deforestation in their supply chains. These companies include Kraft, Nestlé, Unilever, Carrefour, Tesco, Auchan, LeClerc, Corporate Express and Adidas.¹

Core actions

Stop the destruction/Support zero deforestation

Implement policies to ensure supply chain is free from companies linked to deforestation.

Specifically, ensure APP is excluded from the supply chain.

Clean up production

Introduce strong supply chain sustainability policies, addressing issues of energy, chemical and natural resource use.

Use less packaging, and use recycled packaging.



SINAR MAS COULD LEAD LOW-CARBON GROWTH IN INDONESIA

The Sinar Mas Group – Indonesia’s leading player in both the pulp and palm oil sectors – could drive low-carbon development by establishing industry best practice standards.

Industry statements supported by government policy documents indicate that – with increased yields as a primary objective – no additional allocation of land area to the pulp or palm oil sectors is necessary to achieve government production targets.² Historically, the Ministry of Forestry and other ministries have allocated vast areas of land to the pulp and palm oil sectors, which have been deforested but left unplanted or poorly managed. APP’s approach to economic growth in Indonesia, which is based on such deforestation-dependent expansion, is in direct contrast with the principles that underlie low-carbon development.

Figures used consistently within Ministry of Forestry and other government documents show that existing industry-held landbanks could accommodate a fourfold increase in pulpwood plantation yields and a doubling in palm oil yields.³

This demonstrates that, appropriately supported through government policy and regulation, an economically prosperous low-carbon development path for Indonesia does not need to come at the expense of its natural forests and peatlands.

What is missing is the political will within key ministries, notably the Ministry of Forestry, to bring about change and to stop making forested land available for expansion.

Both the pulp and palm oil sectors need to take some initiative to make the radical shift away from deforestation-dependent expansion. Signs of corporate leadership are being seen within the Sinar Mas Group, where the palm oil division, GAR, has set the bar for a progressive forest conservation policy ‘to ensure that its palm oil operations have no deforestation footprint. Core to this is [...] no development on peat lands’.⁴

Other players within Indonesia’s pulp and palm oil sectors need to support low-carbon growth by following GAR’s lead. GAR’s sister company in the Sinar Mas Group, APP, has yet to have the business foresight to adopt such policies.⁵

Core actions

Stop the destruction/Support zero deforestation

Follow the example of Sinar Mas/GAR by introducing a new forest conservation policy ensuring that company operations have no deforestation footprint and ending development on peatlands.

Clean up production

Improve yields on land that is already cleared.

Shift towards clean energy.

THE CASE FOR A ‘NEW DEVELOPMENT PATHWAY’ FOR INDONESIA

Indonesia’s President’s vision for low-carbon development is being undermined by a weak, partial moratorium⁶ on the allocation of new business concessions in areas of primary forest and peatland. This does not provide adequate scope to stem the conversion of rainforests and peatlands important to wildlife and climate stability: existing concession areas are not covered by the moratorium, and millions of hectares of rainforest are being rebranded as ‘degraded lands’ available for development.

The following elements are key to setting Indonesia on a truly low-carbon development pathway: (a) a clear vision of what development is necessary and desired; (b) a policy to

GREENPEACE

make this a cross-cutting priority, integrating climate change, biodiversity protection and the economy; (c) respect for indigenous peoples and a commitment to ensure their rights are protected; (d) strong governance to ensure implementation of the new policies; (e) industry leadership and initiative to achieve world-class production standards; and (f) international financial support for forest protection and clean development.

As a first step, the government must support companies whose business models are based on forest conservation policies and high-efficiency yields. At the same time, companies that pursue illegal or destructive operations must be penalised through strong law enforcement. Ultimately, key ministries – notably the Ministry of Forestry – must find the political will to stop making forested land and peatlands available for expansion.

A strong moratorium is a critical step towards implementing a meaningful low-carbon development plan. The government needs to extend the moratorium to ensure the protection of all peatlands and a temporary halt on all further natural forest clearance, not only in new areas, as currently planned, but also in existing concession areas. This should be followed by a review of existing concessions to establish whether they were granted in compliance with Indonesian law. These actions would provide the Indonesian government with the necessary opening to overhaul the land allocation process to ensure protection of ecological, biodiversity, social, legal and economic values.

It would indeed be ‘a new development pathway’.⁷

Core actions

Stop the destruction/Support zero deforestation

STRENGTHEN THE CURRENT MORATORIUM: Halt all forest clearance, including within existing concessions, and ensure immediate protection of all peatlands.

ENACT A ZERO-DEFORESTATION POLICY: Permanently protect natural forests and peatlands.

PROMOTE GOOD GOVERNANCE: Implement effective measures to tackle corruption, control industry and protect forests and the national interest.

Support low-carbon development

ESTABLISH A NEW NATIONAL LAND-USE PLAN: Plan a genuine low-carbon development pathway.

PROMOTE INDUSTRY LEADERSHIP: Incentivise industry to support clean, low-carbon development, including yield improvement.

PROMOTE TRANSPARENCY: Utilise and surpass the Brazilian model for monitoring and making available data on deforestation rates relative to a clear baseline.⁸

¹ Company correspondence with Greenpeace 2010–2011

² see Greenpeace (2010c): 43 for full figures

³ see Greenpeace (2010c): 43 for full figures

⁴ GAR (2011): 4

⁵ eg Greenbury (2011)

⁶ Government of Indonesia (2011)

⁷ DNPI/East Kalimantan govt. (2010): 8

⁸ see eg Greenpeace (2010): 6, 51

GREENPEACE

Full presentation of this briefing is available at www.greenpeace.org/app-toying-with-extinction

June 2011

Published by Greenpeace International
Ottho Heldringstraat 5
1066 AZ Amsterdam
The Netherlands
enquiries@greenpeace.org