

## **SINAR MAS: Indonesian Palm oil menace**

One of the growing new threats to Indonesia's forests is the 'gold rush' for new oil palm plantations, driven by the increasing global demand for palm oil for food, soaps, cosmetics and biofuels. Indonesia, the world's largest palm oil producer,<sup>1</sup> has the fastest deforestation rate of any major forested country.<sup>2</sup>

Forest destruction is responsible for about one fifth of global greenhouse gas emissions.<sup>3</sup> The conversion of its forests into plantations is the leading contributor to Indonesia's greenhouse gas emissions, and makes it the third largest greenhouse gas emitter in the world<sup>4</sup>.

### **The Sinar Mas Group**

Sinar Mas Group is Indonesia's largest palm oil company<sup>5</sup> and boasts of 'aggressive plantation expansion'.<sup>6</sup> It has grown its palm oil plantation area by over a third in the last 2 years and has further expansion plans in Kalimantan and the largely untouched provinces of Papua<sup>7</sup>, where it plans to develop a rainforest area of up to 2.8 million hectares.<sup>8</sup> Judging by past operations and known concessions that Sinar Mas holds, the vast majority of future expansion is likely to involve deforestation, some on peatlands and in the habitats of the critically endangered orang-utan.

Sinar Mas is also heavily involved in the pulp and paper industry through its subsidiary, Asia Pulp & Paper (APP). APP has extensive plantation areas on peatlands<sup>9</sup> and in 2007 was found to be buying illegal timber originating from a peatland area in Riau Province, Sumatra.<sup>10</sup> The peat in this area was more than 4 metres deep, which is illegal to develop, clear or drain under Indonesian law.<sup>11</sup> It is also illegal to buy timber from such areas.<sup>12</sup> Investigations by WWF in 2007 uncovered illegal logging by APP in Jambi Province, Sumatra.<sup>13</sup>

Sinar Mas exported over 1 million tonnes of palm oil products in 2007.<sup>14</sup> India and China accounted for nearly half of all exports, while 200,000 tonnes were shipped to Italy, the Netherlands, Germany, Spain and the UK. Sinar Mas supplies Nestlé<sup>15</sup> and Wilmar<sup>16</sup> and, according to data published in November 2007, its customers include Unilever, Proctor & Gamble, Henkel, Pizza Hut, McDonalds, Burger King, Danone, AAK and Cargill<sup>17</sup>.

Sinar Mas is a member of the Round Table on Sustainable Palm Oil (RSPO), a voluntary industry initiative aimed at developing a certification system for the production of sustainable palm oil based on principles and criteria. There has been much criticism of this body and in particular the fact that its members, including Sinar Mas, continue to destroy rainforests and peatlands. Sinar Mas has yet to get any of its plantations certified.

## Ongoing forest destruction:

Recent Greenpeace research shows evidence of Sinar Mas continuing to destroy Indonesia's forest in Papua, Kalimantan and Riau province.

### Papua

During the Greenpeace ship Esperanza's "Forest for Climate" tour of Indonesia in October and November 2008, Greenpeace uncovered fresh evidence of ongoing clearing of forest for oil palm plantations in the Lereh region near Jayapura, the provincial capital of Papua province.

Greenpeace's investigation team also found evidence of land burning to prepare the land for oil palm plantations, which is illegal under Indonesian law.<sup>18</sup>



Excavators clearing sago to prepare for oil palm plantation in Lereh, Jayapura, Papua Province, October 2008  
© Greenpeace/Rante

The forests of the Lereh region contain a wealth of primary sago and nipah plants, daily necessities of life for local communities. Sago is the staple food of Papua's people and is an essential source of daily nutrition, and nipah is used in home building. The destruction of these forests will result in the destruction of the communities that depend on them for their livelihoods.

### Kalimantan



Danau Sentarum National Park, West Kalimantan, Oct. 2008  
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Seven oil palm plantations owned by the Sinar Mas Group, and still largely undeveloped, are located in the immediate vicinity of the Danau Sentarum National Park (West Kalimantan), an International Wetland Site under the Ramsar Convention with an area of 132,000 hectares. Some of the concessions back directly onto the Park's border. Greenpeace's investigation team documented fresh forest clearing within Sinar Mas concessions in

October 2008. When speaking with Greenpeace, the director of the National Park, Mr. Soewigno, raised serious concerns about the development of oil palm plantations by Sinar Mas and other operators, as he fears the clearing and planting is damaging the flora, fauna, and other habitats in the lake area, as well as impacting the livelihood of fishermen. Along with community members, he also worries about the effects of the plantations on the Park's fishery, including the contamination of water sources from the residues on cut timber as it is transported downriver. Fishing is Danau Sentarum's key industry, supplying valuable protein to much of West Kalimantan and providing livelihoods for communities in the National Park.



New road in Sinar Mas concession bordering Danau Sentarum National Park, West Kalimantan, Oct. 2008 © Greenpeace/Dithajohn



Destroyed forests in Sinar Mas concession in Danau Sentarum National Park, West Kalimantan, Oct. 2008 © Greenpeace/Dithajohn

## Sumatra (Riau Province)

Greenpeace discovered fresh forest clearances in APP pulpwood concessions in the peatland forests of Riau in November 2008.<sup>19</sup> On the island of Sumatra, millions of hectares of peatland forests have already been cleared, or are earmarked to be converted into oil palm and pulp and paper plantations. APP is the largest holder of concessions in Riau Province, with over 800,000 hectares.<sup>20</sup> Riau's Kampar Peninsular contains some of the largest remaining intact peatland forests in Sumatra, which are currently being drained and cleared for industrial expansion by companies including APP. Kampar consists entirely of a single peat dome, with peat depths mostly over 10 metres -- extremely deep, forming an enormous store of carbon. As the peat is thoroughly waterlogged, with water content up to 90% or more, drainage and plantation development in one area of the landscape will have widespread detrimental impacts on the remaining natural forest.<sup>21</sup>

The development of APP's concessions will lead to huge greenhouse gas emissions through the degradation of the carbon-rich peat, and also to massive biodiversity losses. The Kampar peninsular is home to a rich biodiversity, including the Sumatran elephant, and is a last stronghold of the Sumatran tiger. Many local communities are also threatened through loss of traditional means of food collection and displacement.

**Greenpeace is calling for a moratorium on all further forest and peatland destruction.**

Sinar Mas must commit to no further deforestation for palm oil and pulp and paper and immediately stop further forest destruction.

The Indonesian government must:

- implement an immediate moratorium on further deforestation and peatland clearance
- not allocate any more concessions of forested estate for conversion
- revoke those concessions on forested estate that have been allocated but not yet been cleared.

Companies who use palm oil in their products must stop buying palm oil from companies such as Sinar Mas that are engaged in deforestation and peatland degradation.

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## ENDNOTES

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- <sup>1</sup> Oil World Statistics Update, 14 March 2008, ISTA Mielke GmbH
- <sup>2</sup> FAO. 2006. Global Forest Resources Assessment 2005
- <sup>3</sup> IPCC (Intergovernmental Panel on Climate Change). 2007. Climate Change 2007: Mitigation of Climate Change. Contributing of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA
- <sup>4</sup> WRI 2008. Climate Analysis Indicators Tool (CAIT) Version 6.0 (Washington, DC: World Resources Institute) <http://cait.wri.org>
- <sup>5</sup> Golden Agri-Resources – Interim Performance Presentation (Aug 2008)
- <sup>6</sup> Greenall, M. 2007. 'Golden Agri-Resources' BNP Paribas Corporate & Investment Banking 4 April 2007
- <sup>7</sup> Golden Agri-Resources – Interim Performance Presentation (Aug 2008). Land bank Sinar Mas Group: 200,000ha in Kalimantan (acquired), 100,000ha in Kalimantan (in acquisition), 1,000,000 in Papua (in acquisition)
- <sup>8</sup> Copy held by Greenpeace
- <sup>9</sup> see e.g. Greenpeace. 2008. The Hidden Carbon Liability of Indonesian Palm Oil, May 2008
- <sup>10</sup> Irawan, S. 2007. RAPP, Arara Abadi and IKPP Receive Illegal Timber. Batam Today, 29<sup>th</sup> June 2007, <http://www.batamtoday.com/siteme/index.php?mod=search&artid=8033&cid=&set=publish> ; accessed Nov 14, 2008. Arara Abadi and IKPP are Asia Pulp & Paper (APP). companies.
- <sup>11</sup> President Decree No 32/1990 about Management of Protectect Areas article 10 AND Law No 26/2007 about Spatial Plan article 5(2)
- <sup>12</sup> Law No 41/1999 about forestry article 50 paragraph 3f
- <sup>13</sup> WWF. 2008. Monitoring on Illegal Logging Operation in Jambi. The Finding Report Investigation, 08<sup>th</sup> January 2008 [http://rafflesia.wwf.or.id/library/attachment/pdf/Illegal%20logging\\_Investigation\\_Jan\\_2008%20FINAL.pdf](http://rafflesia.wwf.or.id/library/attachment/pdf/Illegal%20logging_Investigation_Jan_2008%20FINAL.pdf) ; accessed Nov 14, 2008
- <sup>14</sup> Confidential information. Copy held by Greenpeace
- <sup>15</sup> José Lopez, Executive Vice President, letter to Pat Venditti, GPI, 9th October 2008
- <sup>16</sup> Confidential information. Copy held by Greenpeace
- <sup>17</sup> Golden Agri-Resources, 2007. Company Presentation. November 2007
- <sup>18</sup> Government Regulation No 4/2001 about Control of Damage and or Environment Pollution related to Forest and Land fire article 11
- <sup>19</sup> PT Arara Abadi (Siak district) in November 2008.
- <sup>20</sup> Riau Provincial Forestry Office 2008.
- <sup>21</sup> 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 Published by Eyes on the Forest March 2008