



EYES ON THE FOREST

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Peat swamp forest and community livelihoods threatened by planned natural forest clearing by PT Lestari Unggul Makmur, a pulpwood plantation company, associated to Asian Pacific Resources International Holdings Limited (APRIL) and Raja Garuda Mas (RMG), in Pulau Tebing Tinggi, Riau of central Sumatra



Picture 1. Banner reading refusal by community of Sungai Tohor village against planned natural forest conversion by PT Lestari Unggul Makmur, a pulpwood company. Photo by EoF, 2009.

Investigative Report Eyes on the Forest

**September – Oktober 2009 Investigation
Published in February 2010**

Eyes on the Forest (EoF) is a coalition of environmental NGOs in Riau, Sumatra: Friends of the Earth Riau Office, Jikalauhari "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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February 2010

Executive Summary

PT Lestari Unggul Makmur (LUM) is a pulpwood plantation company associated to Asian Pacific Resources International Holding Limited (APRIL). Investigators team of Eyes on the Forest (EoF) have found PT LUM digging canals over 10 kilometers length, 12 meter width and 5 meter depth (see pic. 1).

During the investigation within September – October 2009, the team did not find any forest clearing in the concession as the residents informed that up to now PT LUM had not obtained operational license, eventhough they gained forest clearing or Annual Work Plan (RKT) by the Ministry of Forestry.

Pulpwood plantation permit of PT LUM was issued on 31 May 2007 based on Minister of Forestry Decree number 217/Menhut-II/2007 with total size of 10,390 hectares in Bengkalis District (currently part of expanded Kepulauan Meranti District), Riau Province. In 2009, PT LUM in Riau Province obtained natural forest clearing permit or officially called Annual Work Plan (RKT) based upon Decree of Forest Plantation Management Director number 13/BPHT-3/2009 dated 13 April 2009, in size of 2,832 hectares and clearing target of 262,837 cubic meter of natural forest's wood.

APRIL's associated company PT LUM had already dig peat canals and had not started natural forest clearing, however, the company's activity had

incited fierce social conflict, where community of all villages in Tebing Tinggi subdistrict rejected the pulpwood plantation development by PT LUM. Community worryingly consider negative social and ecological impact caused by the company's activity such as community's sago palm plantation extinction, the loss and sinking of strategically outer island Pulau Tebing Tinggi as well as ecological catastrophe for the lost of village's buffer forest as well as peat subsidence.

Majority area of PT LUM concession is peat forest in depth of 2-4 meter that should be protected based on regulations issued by the Government of Indonesia. Therefore, the plan of natural forest clearing as well as canals digging that conducted by PT LUM could allegedly breach the Laws.

The pulpwood plantation expansion by PT LUM is also destroying community's economy which dependantly rely upon livelihood in sago palm, coconut, and areca palm plantation in Tebing Tinggi sub-district. The economic loss brought by the demise of agricultural production is estimated Rp1.6 billion per month (source: Riau Pesisir daily, 14 August 2009).

The main livelihood of Pulau Tebing Tinggi community sources from sago palm plantation (*see pic. 5 and 6*). Nearly all families have planted sago palm for some generations as they rely on this livelihood. Therefore, the pulpwood expansion by PT LUM will directly strike the community's economy significantly.

EoF coalition calls on the Government to review license for APRIL's PT LUM pulpwood development and urges the company to stop its operation and rehabilitate drained peat canals they damaged. It's not late to verify this license to help prevent further social conflict involving community and the company as well as take consideration into ecological damage and increasing carbon emission due to peat swamp forest destruction.

EoF Investigation Findings in Pulau Tebing Tinggi

License for PT LUM's pulpwood development is issued on 31 May 2007 referring to The Minister of Forestry Decree number 217/Menhut-II/2007 in total size of 10,390 hectares in Bengkalis District (currently included to expanded Kepulauan Meranti District), Riau Province. PT LUM concession is located in Tebing Tinggi island, an outer isle on East Sumatra coast. Expansion by PT LUM in Pulau Tebing Tinggi situated in former HPH selective logging concession belonged to PT Uniseraya Unit II. Pulau Tebing Tinggi, where PT LUM concession exists, accross from Pulau Rangsang island, as its sister company, PT Sumatera Riang Lestari blok Pulau

Rangsang is located (www.walhi.or.id). It means that the outer island straight bordered to Malaysia as the Indonesia's defence and security would be at peril if its peat forest destroyed.

In 2009, PT LUM in Riau Province gained natural forest clearing permit or dubbed as Annual Work Plan (RKT) through Decree of Industrial Timber Plantation Development Director number 13/BPHT-3/2009 on 13 April 2009, in total size of 2,832 hectares and target of clearing by 262,837 cubic meter of natural forest logs.



Picture 2. Peat canal drained by APRIL's PT LUM in its concession in Pulau Tebing Tinggi as noted at N. 00 49 25,5. E. 102 55 57,6. –Photo EoF 2009

EoF investigators team found PT LUM had dig canals with length of 10 kilomete, width 12 meter and depth 5 meter (*see pic.2*). The EoF investigation did not find natural forest clearing as residents informed that PT LUM had not obtain the operational permit despite the pulpwood company was granted with RKT issued by The Ministry of Forestry .

EoF investigators team also gathered information and data from residents related to pulpwood expansion by PT LUM. There are seven villages adjacent to PT LUM concession: Tanjung Sari, Sungai Tohor, Nipah Sendanu, Teluk Buntal, Tanjung Gadai, Lukun and Kepau Baru.

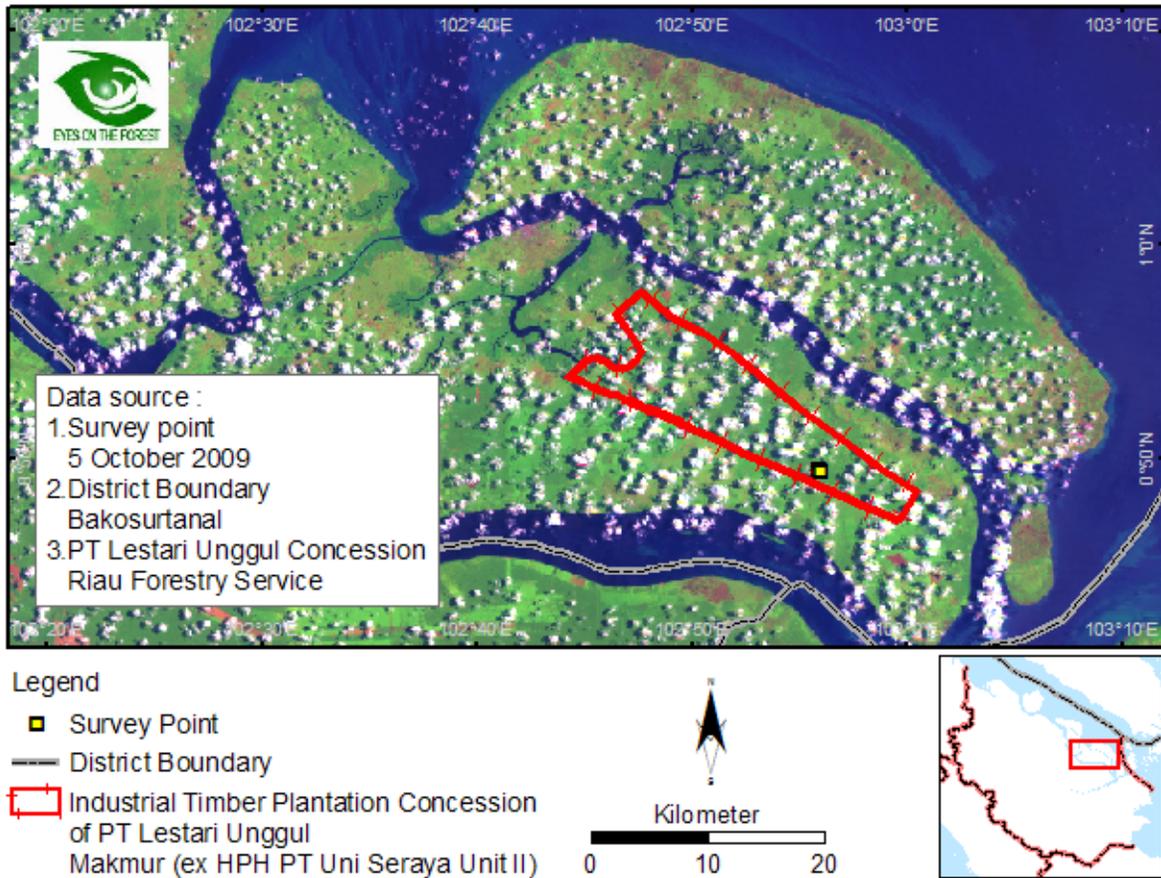
A. Natural forest clearing by PT Lestari Unggul Makmur in Pulau Tebing Tinggi is legally questionable for allegedly breaching the laws

As shown by Landsat 2007 satellite image (map 1) in the concession of PT LUM, there is natural forest in good condition in April 2007 or a month prior to the license for PT LUM is issued by the Government. Concerning to Government of Indonesia Regulation Number 6 Year 2007 on Forest Administration and Forest Management Designation Plan, And Forest Utilization, Article 38 item (3) stipulates *"Timber forest utilization in HTI (industrial timber plantation) is conducted in forest production which is unproductive."* Previously, the Government of Indonesia Regulation Number 34 Year 2002 also stipulates that HTI development is not allowed in areas of forest in good condition, but only permitted in barren land, grassland, and/or in shrubs inside forest production. EoF finding as shown by picture 2 also depicts that there is natural forest in good condition stay in concession of PT LUM.

Majority of PT LUM concession (map 2) lies on peat forest with depth of 2-4 meters ([Wetlands International & Canadian International Development Agency 2003](#): Map of Area of Peatland Distribution and Carbon Content 2002 Riau Province); Concerning to the Presidential Decree Number 32/1990, natural forest in peat of 3 meter depth or over, which situated in river's upstream or swamp should be protected.

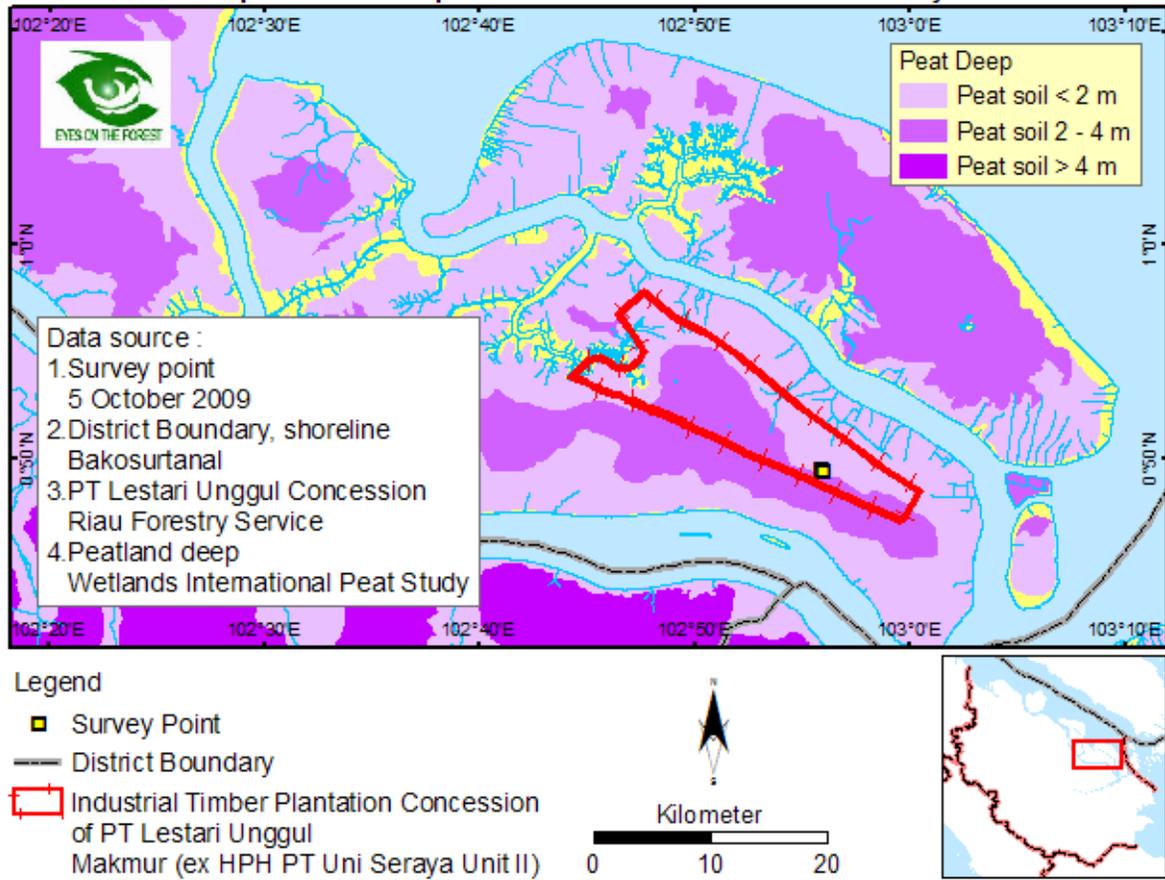
As stipulated by National Land Use Plan that issued by the Ministry of Public Works year 2008 (*map 3*), concession of PT LUM is situated inside the National Protected Area (Kawasan Lindung Nasional). This is caused by the depth of peat is over 3 meter. As stipulated by the Government Regulation number 26 year 2008, the peat areas that sit inside the National Protected Area including the criterium of peat forest with 3 meter depth or over which situated in river upstream or in swamp. It is also supported by the Presidential Decree Number 32/1990 says the natural forest inside peat of 3 meter depth or over which located in river upstream and swamp that should be protected. Therefore, based upon such regulations, the forest clearing plan and peat canal draining conducted by PT LUM is indicated to breach the laws.

**Industrial Timber Plantation Concession of PT Lestari Unggul Makmur
(ex HPH PT Uni Seraya Unit II)**



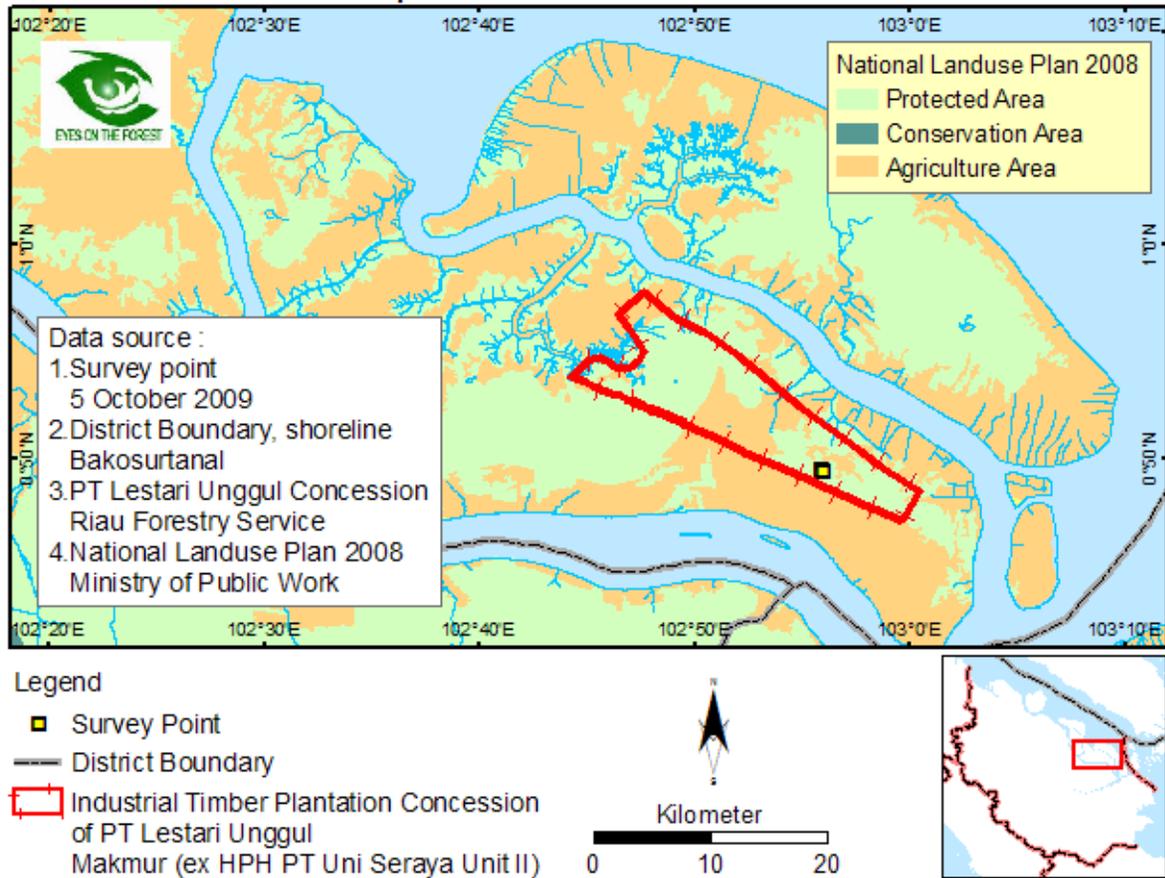
Map 1. Concession of PT Lestari Unggul Makmur that overlaid to Landsat Image TM 5 year 2007

**Industrial Timber Plantation Concession of PT Lestari Unggul Makmur
(ex HPH PT Uni Seraya Unit II)
Overlaps with Peat Depth of Wetlands International Peat Study 2002**



Map 2. Concession of PT Lestari Unggul Makmur Dominant area of concession situated in peat with depth of 2-4 meter (*purple and deep purple colors*)

**Industrial Timber Plantation Concession of PT Lestari Unggul Makmur
(ex HPH PT Uni Seraya Unit II)
Overlaps with National Land Use Plan 2008**



Map 3. Concession of PT Lestari Unggul Makmur. Concerning to National Land Use Designation issued by Public Works in 2008, majority of area in concession of PT Lestari Unggul Makmur sit inside the National Protected Forest (light green color).

B. Response by Pulau Tebing Tinggi community related to PT LUM pulpwood expansion

According to reliable information from community of Pulau Tebing Tinggi, PT LUM started operation there in May 2009, but the operational plan had been disclosed since 2008. By considering social and ecological impacts, communities in all villages of Tebing Tinggi sub-district of Kepulauan Meranti district, rejected pulpwood expansion by PT LUM. Some reasons why the community rejected the company's presence is due to Pulau Tebing Tinggi is peat swamp forest would be vulnerable to subsidence (decreasing peat surface) if it is massively deforested and would drive peat canal drainage as well as forest and land fires. If this phenomenon occurs,

it will cause bad impact to peat swamp forest ecosystem and community's plantation.

Several efforts are made by community to reject the pulpwood expansion of PT LUM such as displaying protest banner (*picture 3*) and official letter dissemination to several government agencies, particularly to the Minister of Forestry. There are some petitions submitted by communities to the government agencies to protest the presence of PT LUM pulpwood plantations:

a) 30 December 2009

Petition submitted by Forum Masyarakat Peduli Lingkungan Kabupaten Kepulauan Meranti (Kepulauan Meranti Pro-environment Community Forum) to Minister of Forestry on Rejecting pulpwood plantations of PT Sumatera Riau Lestari Blok Pulau Rangsang, PT LUM and PT RAPP in Pulau Padang block in Kepulauan Meranti district.

b) 24 May 2008

Declaration by Forum Komunikasi Kepala Desa se-Kecamatan Tebing Tinggi: Rejecting pulpwood plantation of PT LUM; letter submitted to Bengkalis District Head.

c) 10 April 2008

Letter by Forum Independen Aktivistis Lingkungan Alam dan Peduli Masyarakat Riau (FIALA-PM-RIAU), independent environmental organization, to Bengkalis District Head, in Rejecting permit on Industrial Timber Plantation granted to PT Lestari Unggul Makmur. On the letter, FIALA-PM-Riau declared that PT LUM pulpwood expansion had caused:

- Ecological destruction due to massive forest clearing which brings about deforestation as well as flora and fauna extinction.
- Decline of local community's plantation productivity due to drastically shrinkage of clean water volume has driven significant drainage and deteriorating impact of forest fires as the soil is typical inflammable peat swamp.
- Acacia of pulpwood plantation absorbs water hugely while community's sago palm plantation needs high moisture. Acacia tree also tends to invite new threat for sago palm and coconut plantation, namely beetles.
- Acacia plantation will inevitably be followed by peat canal drainage for "new rivers" or canals for boats that lead to intrusion from sea water that will threaten sago palm plantation.

- Pulpwood expansion will clear natural forest and will cause wood from natural forest to extinction locally in Tebing Tinggi sub-district, as the remaining natural forest only exists in concession of PT LUM

d) 18 February 2008

Letter submitted by Forum Komunikasi Kepala Desa se-Kecamatan Tebing Tinggi Kab. Bengkalis Prov Riau (village heads of Tebing Tinggi sub-district) to the Minister of Forestry, concerning to Rejection by community and the village head forum against PT LUM pulpwood expansion.

e) 13 August 2008

Letter by Badan Pembangunan Desa Sungai Tohor ke Bupati Kepulauan Meranti (village development board of Sungai Tohor) on Rejection against PT LUM pulpwood expansion.

In addition to this, there are also media articles covering reports on PT LUM expansion as follows:

-Riau Pesisir daily, **14 August 2009**, reported that PT LUM pulpwood expansion has caused sago farmers threatened and they will lose income amount to Rp1.6 billion monthly. This newspaper calculated the money circulated each month in six villages of east coast Tebing Tinggi along with other traditional plantations such as rubber, coconut and areca palm which reached Rp1.6 billion. According to Abdul Manan Arifin, a resident of Sungai Tohor village: *"If PT LUM still operates here the sago palm producer area will extinct and community will suffer the losses."*

-Dumai Pos, 7 August 2009, reported with headlines *"Peeking at Sago palm's Farmer Anxiety, Conjured to Pulpwood Plantation, Farmers Dissappointed."* *Disulap Jadi HTI Petani Gigi Jari.* This daily reported that villages in Kecamatan Tebing Tinggi is a sago palm producer in Indonesia. Pulpwood expansion by PT LUM will eliminate main economic resource for the communities.

-Riau Pos daily, 19 May 2008, says *"Residents Reject Pulpwood Plantations,"* where Governor of Riau in Riau Pos daily warned that pulpwood plantation development should not ignore the rights of community. District Head of Bengkalis said that community's land should be enclave out of pulpwood plantation. Someone who insistently rejects the pulpwood expansion by PT LUM is Syamsurizal, a villager's head in one of six Tebing Tinggi sub-district villages, who says: *"We reject pulpwood plantation company to stay in our villages because it will cause suffering"*

local communities. All the pulpwood plantation offers to community is only a joke."

-Riau Pos daily, 6 May 2008 has headlines *"Community reject the presence of PT LUM,"* where this newspaper reported there was a tripartite meeting to discuss PT LUM pulpwood plantation that attended by Vice District Head of Bengkalis, Selat Panjang District Forestry Service's Head, Sub-district head of Tebing Tinggi in one side, PT LUM and 12 Village Heads associated to Forum Komunikasi Desa (FKD/Village Communication Forum). This newspaper also reported that FKD of the 12 Village Heads in Tebing Tinggi sub-district firmly rejected the pulpwood expansion by PT LUM.

-Radar weekly newspaper, edition 27 April – 3 May 2008, with headlines says *"Cruelty against Community's Life."* This newspaper reported that pulpwood expansion by PT LUM through Recommendation by Bengkalis District Head : 522.1/PUK/270 dated 11 May 2006 had caused ruthlessness to the living of local communities. Inevitably, through the permit granted to PT LUM, the company will work on residents' sago palm plantation, the main economic resources for villagers. The source for this article is Zainuddin HS. SAg, Chairman of Local Organizing Board of Lembaga Independen Pemberantas Korupsi (IPSP-K3/ Anti-corruption Independent Agency)

C. Pulpwood expansion by PT LUM will destroy community's sago palm plantation in Tebing Tinggi sub-district

According to local informal leaders in Tanjung Sari village of Sungai Tohor and several villages that observed by EoF team, the main economic income for community in Pulau Tebing Tinggi is sago palm plantation (picture 5 and 6). Nearly each family have sago palm plantation which they have been counting on as a livelihood for generations. Therefore, the pulpwood expansion by PT LUM is directly hitting the significant community's economic resources. Tebing Tinggi island villagers fear that the natural forest clearing and canal draining will degrade the quality of peat water table and ease sea water intrusion which affects negatively to sago palm plantation growth. The quality of Tebing Tinggi Island's sago palm is widely well known in Indonesia and famous also at regional level.



Picture 3, banner telling of call by Sungai Tohor village community to save natural forest as well as their traditional plantation. Photo by EoF, September 2009



Picture 4. Villagers demand their Tebing Tinggi sub-district become national pride and asset for sago producer. Photo by EoF 2009.





Picture 5 and 6. Communities rely upon sago palm plantation –Photo by EoF 2009

D. Natural Forest in PT Lestari Unggul Makmur's concession in Pulau Tinggi potentially contains High Conservation Value Area (HCVA)

Concession of PT LUM in Pulau Tebing Tinggi is peat swamp forest ecosystem that functions as water basin and control as well as provide economic and environmental services locally (HCV 4).

Considering the many high conservation values in Pulau Tebing Tinggi island and based on APRIL's corporate commitment, PT LUM or APRIL should have conducted an assessment of High Conservation Values (HCV) before clearing any natural forest or developing any canals or other infrastructures.

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.

Until this report is published, EoF has yet received any data and information on HCV assessment conducted in PT LUM forest management unit, moreover, there is no any discussion or information that the company had obtained approval for HCV assessment by multistakeholders prior to natural forest clearing or draining peat canals and other infrastructures. Therefore, EoF considers that there is not any HCV assessment achieved in this concession and that the natural forest clearing plan as well as canal digging by PT LUM are against the public policy that APRIL pledge for not sourcing timber from high conservation forest areas.

E. Natural peat forest clearing by APRIL’s PT LUM has affected huge impact to global climate

Natural forest conversion and peat canal draining as well as acacia development will obviously dry out peat and cause significant CO₂ emission. Tebing Tinggi island can be considered as ecosystem with single hydroecology, where most of peat depth in the area is relatively 2 - 4 meters, with huge carbon store locked. Entire peatland in the area is rich of water with 90% peat water content or more. Loss of water through drainage canals has caused peat subsidence and function shift as well as peat dome contour. Therefore, drainage and plantation development activities in one area in the Island or the Landscape could be destructive massively in remaining natural forest inside the hydrological unit.

Peat and forestry is biggest source for green house effect in Indonesia. Emission from peatland has reached approximately 45% from total green house gas emission in Indonesia recently. For forestry sector alone, the emission reaches over 35%. Potential to reduce greenhouse gas largely derive from efforts to decrease deforestation and through degraded peat restoration. As long as Indonesia could fully implement potential to reduction action by 2,3 Giga ton of greenhouse gas by year of 2030, therefore the entire efforts are equivalent to 5% of global mitigation attempts that needed to prevent earth heating exceeding two Celcius degree according to IPCC (Intergovernmental Panel on Climate Change).

Eyes on the Forest's call on PT LUM/APRIL and stakeholders

EoF coalition calls on PT LUM/APRIL to:

1. halt immediately all plans to clear natural forest and canal drainage in the concession of PT Lestari Unggul Makmur as its permit tends to be potentially against the law, and will bring about social conflict, will community economy as well as threat to High Conservation Values and will cause negative effect to global climate;
2. dismantle all infrastructures that newly established to avoid deteriorating canal drainage on peat ecosystem of Pulau Tebing Tinggi as well as resultant CO₂ emission;
3. leave all concession area for conservation and limited utilization for boosting community's economy by considering that its management is implemented under fair scheme and mutual benefit for the community.

EoF will keep monitoring on field operations by APRIL in Sumatra. In addition, EoF also calls on APRIL's stakeholders, including national and global companies as well as other financial institutions, to highly consider APRIL's environmental and social performance as documented in this report or in www.eyesontheforest.or.id website, so they are quite wise and well-informed to start doing business or not.

END

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