



DTE

No. 75 November 2007

Down to Earth International Campaign for Ecological Justice in Indonesia

The Indonesian translation of FPP's June 2007 report on 'Avoided Deforestation' is now available from:

<http://www.forestpeoples.org>

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Oil palm plantations? Carbon credits? Papua's forests targeted

Large areas of Papua's rich and diverse forests are being targeted by Indonesian and overseas investors for conversion into oil palm plantations. At the same time, discussions are in progress to reserve large areas of Papua's forest to generate carbon credits for trade on international markets. Decisions about these developments will very probably be made over the heads of the people who will be most directly affected by them: the indigenous Papuan communities whose livelihoods largely depend on the resources in their forests.

Indigenous Papuans have borne the negative impacts of top-down development for decades - from Indonesia's disastrous transmigration scheme, in which indigenous forest land was taken for agricultural schemes involving imported Javanese labour¹, to the giant Freeport/Rio Tinto gold and copper mine. Since the 1970s the Freeport mine has carved up Papua's mountains to get at the valuable minerals, and has dumped billions of tonnes of mining waste downstream. 'Development' has also meant dividing up Papua's indigenous-owned forests for logging and for oil and gas exploration. Though it attempts to present a community-friendly face, the BP-operated Tangguh gas project in Bintuni Bay shares with all these projects the fact that it is large-scale, decided and directed by non-Papuans and is largely aimed at benefiting outsiders². Underlying all of these imposed projects, is the stark fact that Papua's political status is an imposition in itself, as Papua's 1969's 'Act of Free Choice' - on whether or not to be part of Indonesia - has been shown to be a total sham. This means that any opposition to such schemes from local people is open to interpretation by Jakarta as security problem to be countered with military force.

Given this historical mix of imposition, export-orientated resource exploitation and military enforcement, it is

not surprising that poverty levels among the indigenous population remain high - despite the fact that Papua's income has risen steeply after the introduction of regional autonomy revenue-sharing rules. Since 'special autonomy' for Papua was Indonesia's means of undermining calls for independence, the fact that poverty levels remain so high is troubling the Jakarta government. Earlier this year, president SBY issued a decree aimed at speeding up development in Papua. But, as yet another top-down initiative, this is unlikely to bring positive results while more fundamental problems are left untouched³.

The latest schemes being talked about for Papua are a major expansion in oil palm plantations and setting aside forests for international carbon markets. The first of these appears to be very much in the mould of previous schemes (top-down, export-orientated, involves overseas companies, takes over indigenous-owned lands and is being promoted by Jakarta). The second is different in two main ways: it aims to create income by protecting a resource, rather than directly exploiting (and exhausting) it, and it is being promoted not by Jakarta, but by Papua's governor, Barnabas Suebu. From a purely environmental perspective, the idea of protecting forests for carbon credits may be attractive, but there are serious questions over how effectively such schemes will

protect the forests at all, and what implications they will have for local forest-dependent communities whose forests are targeted (see also DTE 74:1).

Oil Palm Plantations

Exactly how much Papuan land is being set aside for oil palm plantations is not clear, but recent announcements range from one million hectares to be developed very soon, to four or even five million hectares in the next ten years⁴. According to Indonesia's Investment Coordinating Board (BKPM) there are over two million hectares of land in Papua available for oil palm development. Most of this (1.935 million ha) is spread through nine districts in Papua province, with the remaining 150,000 ha in the recently renamed 'West Papua' province⁵. BKPM

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classifies this land as 'state and customary/collective land' (*Tanah Negara & Ulayat*)⁶.

The BKPM data states that land already taken for oil palm schemes covers around 90,000 hectares in Papua, and around 30,000 in West Papua. According to Department of Agriculture data, Papua has three oil palm production units with a processing capacity of 120 tonnes of fresh palm oil fruits per hour⁷.

Sawit Watch, the Indonesian NGO network working on oil palm issues, puts oil palm expansion plans for Papua at the higher figure of 3 million hectares, but has lower estimates for existing plantation cover at 40,889 hectares. According to these figures, Papua's expansion plans are second only to West Kalimantan (5 million hectares) and are the same as those of Riau province in Sumatra⁸.

A much higher figure for land available for biofuel development (oil palm, plus other biofuel crops) is given by Indonesia's National Team on Biofuel Development, which puts land available in Papua at a staggering 9,262,130 hectares, at least three times higher than in any other province⁹.

The Jakarta government says that biofuel development will only go ahead on non-productive forest land, but in Papua, as elsewhere, it is clear that timber-rich forests are being set aside for such schemes.

Using just the lower estimates for land targeted for oil palm, this means that between one fifth and one third of Papua's 9.3 million hectares of 'conversion' forests are likely to be targeted for oil palm under government plans. Papua is estimated to have around 17.9 million hectares of intact forests of a total official forest zone of 39.7 million ha¹⁰, but these are diminishing fast as destructive logging by legal and illegal operations takes its toll¹¹.

Some of the plans for Papua are well-advanced. In April, governor Suebu said that he had agreed to release a million hectares of indigenous land for oil palm investment, at the request of three investors alone. Two of these are Indonesian (Sinar Mas Group, Medco Group) and the other is Malaysian (Felda). The focus would be biodiesel markets, he said, and would make Papua a source of energy for countries starting to run short of fossil fuels. "Now is the era of green energy, no longer fossil energy", he said¹².

Sinar Mas, the huge pulp and paper conglomerate whose interests include south-east Asia's biggest paper pulp plant, has plans for oil palm mostly in the southern part of Papua, in the districts of Mappi, Boven Digul and Merauke. This company, which is in a joint venture with China's CNOOC (China National Offshore Oil Corporation), has signed memorandums of understanding for

Palm oil in Papua

District	Used for oil palm (ha)	Available for oil palm (ha)	Status of land
Boven Digul	-	300,000	State and community
Jayapura	51,589	90,000	State and community
Keerom	6,000	100,000	State and community
Mappi	-	800,000	State and community
Merauke	500	400,000	State and community
Nabire	-	35,000	State and community
Paniai	-	60,000	State and community
Puncakjaya	-	100,000	State and community
Sarmi	31,738	-	State and community
Waropen	-	50,000	State and community
TOTAL	89, 827	1, 935, 000	

Source: BKPM website accessed 27/Oct/2007; data updated Jan 2007; <http://regionalinvestment.com/sipid/id/commodityarea.php?ic=2&ia=91>

Note: some of these figures may conflict with other sources: eg in the ICG report which states that in Boven Digul district, Korindo has cleared around 4,000 ha of a 7,000 ha oil palm block in the southern part of the district. See *Indonesian Papua: A Local Perspective on the Conflict*, Crisis Group Asia Briefing No 66, July 2007, p.7)

200,000 hectares in each district¹³. (CNOOC is also a shareholder in the BP-operated Tangguh gas project in Bintuni Bay, West Papua.)

But, according to a document seen by the *Straits Times*, Sinar Mas' 'wish-list' plans are much more ambitious, covering a massive 2.8 million hectares: 603,000 ha in Merauke, 637,000 ha in Mappi and 914,000 ha in Boven Digul plus large areas in three other districts north of the central highlands: Sarmi (313,000ha), Keerom (186,000ha) and Jayapura (163,000ha)¹⁴. In all cases, except Mappi district, these figures exceed the official figure for land available for oil palm development as set out by Indonesia's Investment Coordinating Board (BKPM)¹⁵.

Other investors interested in buying into Papua's oil palm for biofuel rush are reported to include:

- ♦ Malaysia's Genting Bhd, through its Singapore-based company, Genting Biofuels Asia Pte Ltd: US\$3 billion for a 400,000 ha palm oil plantation for biofuels;
- ♦ Indonesia's Muting Mekar Hijau: 540,000 hectares of palm oil and sugar;
- ♦ Indonesia's Rajawali Corp (Keerom district);
- ♦ Indomal: 300,000 ha of oil palm in Merauke and Sula (North Maluku) districts.

A company called Trans Pacific, a joint venture between Indonesian,

Singaporean and Chinese investors, is also reported to be interested in developing biofuel from sago¹⁶.

For Indonesia as a whole, according to Business Watch Indonesia, by early 2007 as many as sixty agreements on biofuel development projects, including 14 foreign investors, had been signed¹⁷.

Oil palm's murky record

Based on past experience, such large-scale projects bring potential for conflict, human rights abuses and marginalisation of people at the local level.

A report by ICG, published in July this year, reveals chronic problems with existing plantations developed by Korean investor Korindo in Boven Digul district, in the southern part of Papua. These problems relate to land rights, access to resources and the influx of non-Papuan workers. ICG estimates that if Sinar Mas goes ahead with its projects in southern Papua (200,000 hectares in three districts), each project would require 60,000 workers, meaning in Boven Digul's case, "an influx of 42,000 non-Papuans - a number larger than the entire district's current population."¹⁸

Recent reports from the Institute for Papuan Advocacy and Human Rights indicate how such explosive situations can turn violent. In July the group reported that a West Papuan man was dying in hospital after being tortured by members of the military at a military base at Asiki, near the Korindo concession. The following month, the group reported the death of a non-Papuan Korindo employee in a clash between company



Districts indicating planned and/or existing oil palm plantations in 'West Papua' (left) and 'Papua' (right) provinces, according to Indonesia's Investment Coordinating Board (BKPM).

The districts in West Papua with existing plantations are: Kaimana, and Telukbintuni (neither of which have more land available). The totals for West Papua are: 30,171 ha of land already used, and 150,000 for land still available for oil palm.

For more information on Papua, see Table, page 2.

(Source BKPM website, accessed November 2007, Links from <http://regionalinvestment.com/sipid/id/commodity.php?ic=2>)

workers and indigenous Muyu. Local people had previously reported the death of at least one Papuan killed by the military. "The recent violence ...appears to be as a result of longstanding dispute[s] over land rights between Korindo and local indigenous traditional landowners," said Matthew Jamieson of IPAHR. "Ultimately the conflict over the expansion of oil palms is driven by international demand for bio-fuel. This will involve the destruction of millions of hectares of rainforest and with it the indigenous populations who have lived in and managed these forests for thousands of years", said Jamieson¹⁹.

Impunity

The fact that the military and police are at hand to protect the company's interests is in itself a reminder of Papua's long record of human rights atrocities committed by the armed forces, and the history of impunity. The military presence is also more entrenched. With the creation of more districts in Papua, more district military and police command posts have been established, ensuring a tighter military mesh. This puts further pressure on local natural resources, since a large part of the military budget is made up from external businesses. Personnel often turn to resource-based projects to generate income - either legally or illegally - but both in ways that push aside the interests of local people.

Papuans have little recourse to the law due to the continuing low status of indigenous rights under Indonesian law. This means indigenous groups have almost no effective protection from competing land use rights awarded by district, provincial or central authorities. Despite a general provision for respecting customary rights under Papua's Special Autonomy law, their legal status has still not been clarified. A required special regional regulation (*Perdatus*) on land rights and forestry which was drafted in 2006 (see *DTE* 69:11) has not yet been debated by the provincial parliament²⁰.

Elsewhere in Indonesia, palm oil plantations are associated with pollution problems and pesticide use, which have a disproportionate impact on women's health (see *DTE* 66:9). It is reasonable to expect that these problems will also exist in current and future plantations in Papua.

One fundamental problem, long associated with oil palm schemes throughout Indonesia is the use of oil palm projects as a front for gaining access to valuable timber. Regional governments have often complained about the 'cut and run' tactics of companies who commit to providing jobs and creating income for the local economy by developing large-scale plantations (not just oil palm, but pulpwood and other cash crops), but which are only really interested in selling off the hardwood from the natural forests in their concessions. Now that oil palm prices have

skyrocketed, with the new demand for biofuels, there is more of an incentive for companies to actually develop the plantations after logging the timber. However, with a company like Sinar Mas, which owns pulp mills whose capacity for processing timber far outstrips the legal supply, accessing Papua's forests is likely to still be a major motivation for investment (for more background on Sinar Mas-APP's pulp project see *DTE* 52:14, 56:4 and 61:16).

Doubts?

Governor Bas Suebu has portrayed himself as an enthusiastic supporter of oil palm expansion in Papua. A *Bisnis Indonesia* report in April this year quoted the governor's calculations that 2 million hectares of plantations developed over the next 10-15 years, would provide work and prosperity for some 250,000 families²¹. He is also quoted by ICG as describing the oil palm development programme as "waking the sleeping giant" of Papua's economic potential²². However, he has also warned potential investors that they must be committed to the developments, and not just take the timber and disappear.

The ICG report also notes a cautious approach towards Sinar Mas investments in the three southern Papuan districts: "Although district governments have signed memorandums of understanding with a dozen prospective plantation investors, no formal permission has yet been granted. The

provincial government is in the process of developing strategies to minimise social disruption before opening up more land, including a stipulation that indigenous Papuans must be given priority for labour and work contracts." The group notes that Sinar Mas itself may be judged incapable of managing 600,000 ha because it has planted only 12,000 ha of 40,000 ha of land it was granted as long ago as 1992²³.

Indonesian MPs have also raised suspicions about the motive of large companies making biofuel investments in Papua. Ishartanto, for example, member of a national parliamentary commission on forests and plantations, said the programme was over-ambitious. Providing enough seedlings for just one million hectares would be problematic, let alone finding enough workers and managers. He estimated that developing 300,000 hectares alone could take 12 years - and that would be in an area with good infrastructure, unlike Papua. He said such investors were interested in the timber, using land to raise capital and, while incapable of developing the land themselves, wanted to prevent access by others²⁴.

Forest protection for carbon credits

It is interesting that the *Bisnis Indonesia* report in which Suebu promotes the benefits of oil palm development came out just one day before a very different message was put out and widely reported by the international press. This was his joint statement with fellow governors of West Papua and Aceh pledging to "implement environmentally friendly policies, sustainable development and the reduction of greenhouse gas emissions"²⁵. The international message on forest protection was later firmed up by Suebu, when he claimed in an interview with the *Wall Street Journal* to be resisting pressure from Jakarta to develop oil palm plantations²⁶. The article says that Suebu wants to protect more than half of the land targeted for development. The protected forest would then be used to earn carbon credits. Forest protection, or 'avoided deforestation' - is expected to be accepted as an official means of generating carbon credits at December's Bali climate change summit (see DTE 74:1 for more background on this issue).

This stance appears to have assisted the governor's nomination for an environmental award from *Time Magazine*, in October 2007. The governor told *Time*, "Pressure on our forests is coming from the forestry department because they are still operating with an old mindset... They need to realize that there is a new paradigm now and we are not going to repeat the mistakes of the past"²⁷.

It is quite possible, of course, that Suebu believes that it is possible both to develop oil palm plantations as well as forest protection for carbon credits as ways of earning income for Papua.

But even the supposedly 'green' approach of avoided deforestation does not bear too close an examination. According to the *Wall Street Journal*, a 30-year-old Australian millionaire, Dorjee Sun, has been instrumental in persuading Barnabas Suebu to take up avoided deforestation so enthusiastically.

After the governors' joint statement on forest protection in April, Mr Sun bought a controlling stake in the Carbon Pool Pty. Ltd., a small Australian company. In 2006, this company bought farmers' rights to over 12,000 hectares in Queensland and sold the resulting carbon credits to Anglo-Australian mining multinational, Rio Tinto in one of the world's first avoided-deforestation trades. According to WSJ, Sun wants to interest Rio Tinto in carbon schemes in Papua and Aceh and the company itself is "keen to look at other opportunities".

It really would be some dreadful irony if Rio Tinto - a major investor in the highly destructive Freeport mine in Papua, set about offsetting its carbon emissions (or continuing to pollute) by buying credits generated by Papua's forests.

Since the Freeport mining operations have destroyed large areas of forest, some might say that this would be paying something back to Papua and Papuans, but at what price? If Papua's forests are to be traded for carbon credits - who will decide which forests should be set aside? Who will benefit? How much will go to Jakarta? How much will go to Papua? And how much, if anything, will go to indigenous Papuans whose forests are to remain protected?

According to Papuan commentator Neles Tebay: "If the government is really committed to accelerating development in Papua, then President Yudhoyono should pursue a more dialogical method based on three fundamental principles: peace, democracy and dignity, as proposed by the president himself in December 2005."²⁸

This should apply to governor Barnabas Suebu as well as the Indonesian president, when planning large-scale oil palm developments and setting aside forests for carbon trading. If the principles of human rights and free, prior and informed consent continue to be ignored, these schemes will more than likely fail to improve the lives of Papuans. Instead, there is a risk that they will sustain the current cycle of conflict over resources, military aggression and human rights abuses suffered by Papuans for so long.

Notes:

1. See DTE's report on transmigration at <http://dte.gn.apc.org/ctrans.htm>
2. For more on Tangguh see DTE 73:4 or <http://dte.gn.apc.org/73tan.htm>
3. For details and opinion on the decree, see Jakarta Post 30/Aug/07
4. The higher figure comes from Governor Barnabas Suebu, as quoted in *Bisnis Indonesia* 25/Apr/07.
5. Papua's split into two provinces was imposed by Jakarta against local opposition. The new 'Irian Jaya Barat' province was renamed 'Papua Barat' (West Papua - the name commonly used by supporters of self-determination or independence). It means that Papua's provinces are now 'West Papua' and 'Papua'.
6. See <http://regionalinvestment.com/sipid/id/commodityarea.php?ia=91&ic=2> for a breakdown of land already used and available for oil palm in ten of Papua's districts (accessed 23/Oct/07). For the whole of Indonesia land available for oil palm amounts to: 2,967,194 ha, while land already developed is: 3,955,070 ha. See: <http://regionalinvestment.com/sipid/id/commodity.php?ic=2> (Accessed 30/Oct/07). These figures conflict with information from the Department of Agriculture that Indonesia has 6 million hectares of oil palm plantation and plans at provincial level that may add up to as much as another 20 million ha.
7. Quoted in *Bisnis Indonesia* 25/Apr/07
8. See *Promised Land: Palm Oil and Land Acquisition in Indonesia - Implications for Local Communities and Indigenous Peoples* by Marcus Colchester, Norman Jiwon, Andiko, Martua Sirait, Asep Yunan Firdaus, A. Surambo and Herbert Pane (2006) Forest Peoples Programme, Sawit Watch, HuMA and ICRAF, Bogor (also available in Bahasa Indonesia). Can be downloaded from www.sawitwatch.or.id or www.forestpeoples.org
9. Figures quoted in Business Watch Indonesia, *Biofuel Industry in Indonesia: some critical issues*.
10. See DTE 69:11 for more Papuan forest figures from various sources, including Forests Watch Indonesia.
11. See DTE 69:11 and Greenpeace SEAsia press release 21/Aug/07.
12. *Bisnis Indonesia* 25/Apr/07
13. *Indonesian Papua: A Local Perspective on the Conflict*, Crisis Group Asia Briefing No.66, 19/Jul/07
14. *Straits Times* 23/Aug/07
15. According to head of Papua's chamber of commerce and industry, John M Kabey, speaking in April 2007, Sinar Mas will open plantations in five districts - Boven Digul, Mappi, Merauke, Sarmi and Jayapura, covering a total 1 million hectares and costing between Rp21.6 and 24.6 trillion. This, he said, would produce more than 130,000 barrels of biofuel per day. The target was for the five districts to become fuel self-sufficient by the sixth year of investment,

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palm oil

Palm oil industry launches PR campaign

Evidence from local and international NGOs about the impacts of large-scale oil palm plantations on the environment and communities has made some buyers and parliamentarians in Europe realise that palm oil is not the 'green', sustainable product the industry claims. Now Indonesia and Malaysia have launched a public relations offensive in Britain and the Netherlands to try to secure markets for the millions of tonnes of palm oil that they produce.

Indonesia and Malaysia signed a Memorandum of Understanding on Bilateral Co-operation in Commodities in May 2006¹. This included co-operation on the production, processing and marketing palm oil. While some feared this would create a monopoly, the two countries described it as a strategic alliance with Malaysia offering capital investment and technical skills and Indonesia providing land and labour. Ensuring high demand for Indonesian and Malaysian palm oil was an important part of this strategy.

Malaysia has taken an aggressive stance - particularly towards wildlife campaigners who argue that the palm oil industry kills orangutans by clearing forests - claiming this is an attempt by the North to undermine competition on the global market for edible oils and fats. "When Malaysians get angry, they fight. And I guarantee you we will win," said Energy, Water and Communications Minister Lim Keng Yaik last year². The head of the Malaysian Palm Oil Council said about 500,000 tonnes of potential palm oil sales had been lost in 2006 because of buyers' concerns about environmental issues³. Unilever alone uses over 1Mt of palm oil every year, most of which comes from Indonesia and Malaysia⁴. So, Indonesia and Malaysia agreed to allocate 500,000 Euros to run a pro-palm oil counter campaign⁵.

Lobbying in Europe

Both countries have sent high-powered delegations of government and industry representatives to Europe to promote 'sustainable palm oil'. Indonesian agriculture minister, Anton Apriyantono, made a three-day visit to London in early October. Before



Biofuelwatch protest, Newark, UK, 18 October 2007. See also caption, next page.
(Source: <http://www.indymedia.org.uk/en/2007/10/383921.html>)

leaving Indonesia, the minister told the Indonesian press that he would be meeting European NGOs to correct their 'misunderstandings' about oil palm plantations, forest destruction and endangered species⁶. In fact, no NGOs were invited. The mission's main purpose was to address British palm oil buyers, processors, agrofuel companies and other elements of the business community.

Apriyantono also met with British government representatives, including DEFRA Secretary of State, Hilary Benn, to convince them that Indonesia is in the process of producing and promoting sustainable palm oil. Benn was reported in the Indonesian press as welcoming the pro-oil palm delegation's

"balancing message"⁷. He has not yet responded to Down to Earth's enquiry, accompanied by an English translation of the press release, about whether this was indeed his position.

The delegation went on to hold similar meetings in the Netherlands, which is a major market for Indonesian palm oil. They also went to Brussels, where they lobbied EU officials and MEPs to adopt a more positive attitude toward Indonesian palm oil. European NGOs, including Friends of the Earth, Biofuelwatch and many others, are campaigning for the EU to scrap its target for agrofuels for transport⁸.

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and ready to export biofuel in the seventh year (*Investor Daily* 24/Apr/07 via Watch! Indonesia)
16. http://www.papua.go.id/berita_det.php/en/1241, accessed 22/Oct/07; additional sources: Minister of Energy and Mineral Resources, Indonesia's Experience on Biofuels Development, Power point presentation to International Biofuel Conference 5/Jul/07, http://ec.europa.eu/external_relations/energy/

biofuels/sessions/s1_02_yusgiantoro.pdf accessed 27 Oct 2007
17. Figures quoted in Business Watch Indonesia, *Biofuel Industry in Indonesia: some critical issues*.
18. Crisis Group Asia Briefing No.66, p5.
19. Media Release, IAPHR 24/Aug/07
20. Crisis Group Asia Briefing No.66, p5.
21. *Bisnis Indonesia* 25/Apr/07
22. Crisis Group Asia Briefing No.66, p5.
23. Crisis Group Asia Briefing No.66, p5.
24. *Investor Daily* 24/Apr/07; *Kompas Cybermedia* 20/Apr/07, 'Papua akan buka lahan sawit tiga

juta hektar', <http://64.203.71.11/ver1/Nusantara/0704/20/124808.htm>
25. *Reuters* 26/Apr/07
26. *Wall Street Journal* 10/Aug/07
28. *Time Magazine* 29/Oct/07
29. Pastor Neles Tebay writing in *Jakarta Post* 30/Aug/07

Thanks to Watch Indonesia! for contributions to this article ♦

European Heads of State agreed in March this year to a target that 10 percent of transport fuels should be supplied by agrofuels by 2020. This target is, however, conditional on agrofuels being produced sustainably and also on the successful commercial development of so-called 'second generation fuels', which are produced by converting biomass to liquid⁹. The Biofuel Directive will not be published until early 2008 and it will take over a year to complete the legislative process. In the meantime, however, an even higher de-facto biofuel target could be agreed as part of the new Fuel Quality Directive. This could be voted on as early as January, after the certification system for 'sustainable palm oil' proposed by the Roundtable on Sustainable Palm Oil (RSPO) has been approved by its membership at the 5th Roundtable meeting in Kuala Lumpur November 19-21.

The Indonesian lobby tour in Europe followed a similar Malaysian 'PR offensive' in June. Plantation Industries and Commodities Minister Datuk Peter Chin Fah Kui said he would explain the reality to British MPs in London and members of the European Parliament in Brussels about "our efforts to conserve the environment and biodiversity while we develop our palm oil industry....The Cabinet wants to counter European anti-palm oil activists on their own home ground"¹⁰.

The Malaysian and Indonesian pro-oil palm campaign has failed to convince decision-makers in the Netherlands. The Dutch government recently announced that it will exclude palm oil from 'green energy' subsidies as growing evidence suggests that palm oil is often less sustainable than advertised. Research by Dutch-based consultancy Delft Hydraulics and Wetlands International that showed the climate impact of the conversion of carbon-rich peatlands for oil palm plantations was highly influential in this decision¹¹ (see also separate article, page 10).

Stage-managed

Indonesia sent a second delegation to Europe in late October to promote its 'sustainable palm oil'. This time NGOs were invited to meetings in London and the Hague to listen to presentations made by a panel selected by the department of agriculture and the Indonesian Palm Oil Board.

Senior representatives of PT London Sumatra, Asian Agri, PT SMART (Sinar Mas) and Jardine Matheson Holdings (Astra Agro Lestari) described how their companies' operations in Indonesia were making efforts towards 'sustainable palm oil', while Jan Kees Vis of Unilever, who is current president of the RSPO, gave an update on the status of the RSPO. The agriculture minister did not come to London; his speech was read by the Director General of Agricultural Product

Processing and Marketing (Prof Djoko Said Damarjati) who did not participate further. The meeting was chaired by Derom Bangun who is chair of the Indonesian Palm Oil Association (GAPKI).

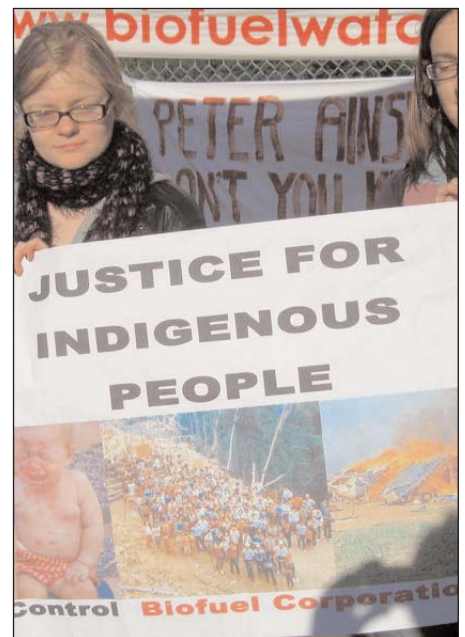
These meetings were carefully stage-managed by the Indonesian palm oil industry to showcase examples of 'best practice'. European NGOs' attempts to negotiate a more open agenda were ignored and, in the end, only limited questioning of the panel was permitted. Over lunch, Indonesian Palm Oil Commission members harangued British and Dutch NGOs for "presenting lies and only focusing on the bad news".

This arrangement allowed the palm oil industry to present some highly selective data and to make unsubstantiated claims. These included the rejection of evidence that Indonesia was the world's third largest contributor to carbon emissions and numerous examples of how the companies represented on the panel had played a key role in local development and increasing local incomes. There were repeated denials that the companies present were involved in any forest conversion or burning to clear forests. Any examples cited by NGOs were dismissed as past mistakes or the work of rogue elements.

No government representative was on the panel, so there was no response to points about the need for integration of Indonesian policy on land use planning, oil palm plantations and agrofuels across government departments or to answer questions about how Indonesia would be able to comply with RSPO standards unless land reform was implemented and indigenous rights recognised.

The glossy press pack contained more misinformation, including that oil palm plantations were more effective at reducing greenhouse gas emissions than tropical rainforests. (see box, next page).

Apriyantono claimed in his statement to the palm oil business community in London that "over 80% of palm plantations in Indonesia are in compliance with High Conservation Value Forest (HCVF) criteria"¹². The panel members were also keen to promote their environmental credentials, with various examples of HCVF protection of within oil palm concessions and co-operation with wildlife organisations like WWF Indonesia. However, the Zoological Society of London (ZSL) used the London palm oil meeting to challenge Indonesian government policy of allowing oil palm plantations to be planted on former logging concessions. A ZSL study shows that even logged-over forest can be vitally important to endangered wildlife, including the Sumatran tiger. Yet large tracts of such forest land are being cleared for plantations without any assessment for its value to conservation or to local communities¹³.



Over 40 environmentalists protested outside a 'Biodiesel Expo' on 17th October, at Newark, UK, to raise awareness of the damage that massive and rapid biofuels development is having on the climate, people, food security and forests.

The protest was held on the day after World Food Day, when the UN Food and Agriculture Organisation (FAO) highlighted the impacts of biofuels of food security around the world. The United Nations Special Rapporteur on the Right to Food, Jean Ziegler, has warned that rapid biofuel development is disastrous for those who are starving. He will call for an international five-year ban on producing biofuels to combat soaring food prices.

(Source: Biofuelwatch press release at <http://www.indymedia.org.uk/en/2007/10/383921.html>)

While the company representatives and GAPKI promoted their commitment to corporate social responsibility as shown through their community development programmes, the only presentation from the panel which focused on the social problems of Indonesia's rapidly expanding palm oil sector came from Sawit Watch. The Indonesian NGO's director, Rudy Lumuru, talked about the need to find mechanisms to resolve conflicts between communities, oil palm companies, their contractors and local governments. Sawit Watch recorded over 500 such conflicts in 2006. The group warned in a public statement earlier this year that European agrofuel targets were driving up international demand for palm oil, thus fuelling social and land conflicts¹⁴.

Notes:

1. http://www.kppk.gov.my/index.php?option=com_content&task=view&id=275&Itemid=29

(continued next page)

Oil palm is better for planet than forests, says industry

Indonesian government and palm oil industry representatives are claiming - in public meetings and publicity materials - that converting forests to oil palm plantations is a good way to tackle climate change. A glossy booklet produced by the Indonesian Palm Oil Commission, much quoted by panel speakers at the London and The Hague meetings, claims that "Compared to tropical forest, oil palm plantations possess several environmental advantages. It consumes more carbon dioxide and releases more oxygen".

This is bad science because it confuses carbon flows with carbon storage. When any tree grows, it takes in more carbon than it loses by respiration, because carbon is one of the building blocks of the tissues in the roots, branches and leaves which are all increasing in size and number. So rapidly growing trees - whether pulpwood or oil palms take in relatively large amounts of carbon over short time scales. In contrast, in a mature forest, the amounts of carbon taken up by replacing fallen trees or leaves is more or less balanced by the carbon

released by decomposing materials on the forest floor.

Primary tropical forests 'lock away' huge amounts of carbon over long time periods. On the other hand, most of this is released when the forest is cut down and burned or timber is pulped into paper which ends up rotting in landfill sites. Oil palm plantations do not store as much carbon because the trees are not so large and the ecosystem is much simpler. Moreover, oil palms are cut down and replaced every twenty or so years. If plantations are established on peat soils, the carbon losses are even greater (see page 10).

In addition, fertilisers used on plantations, plus the fuel burnt for processing and transport, cause more emissions of greenhouse gases. The result is that palm oil used as an agrofuel in Europe may cause carbon emissions 2-8 times higher than the fossil fuels they were intended to replace. Only where oil palm plantations are established on sparse grassland with low fertiliser and transport inputs do the figures on carbon emissions even begin to add up¹⁵.

(continued from page 9)

1982 and 2001. It is not known how much of this was directly related to plans to establish oil palm plantations. Some companies, for example PT Mandum Paya Tamita (North Aceh), Simeulue District-Owned Company (PDKS) and Ubertraco (Singkil), are alleged to have been involved in illegal logging and burning forest land.

- ♦ Use of hazardous chemicals is widespread on oil palm plantations, including Gramoxone and Roundup.
- ♦ Flooding due to changes in land use to large-scale oil palm plantations - Tamiang December 2006.

The report concludes that "Aceh is at a critical crossroads - the wildlife, the people's way of life, the forest cover and the unique biodiversity found there could be destroyed by the palm oil industry." (p28). Eye on Aceh recommends that oil palm companies operating in Aceh, including new ventures, should become RSPO members and abide by the organisation's Principles and Criteria. Furthermore, all companies should respect customary rights and implement the practice of free prior and informed consent during land acquisition and plantation management.

Notes:

1. The body of this article draws from *The Golden Crop?*, September 2007, by Eye on Aceh, available at www.aceh-eye.org
2. rakyataceh.com 22/Sept/07, quoted on Roel's blog <http://syahrul.web.id/wordpress/?m=20070922>
3. *Media Indonesia* 19/Sept/2007
4. *Kompas Interaktif* 24/Nov/06 <http://www.kompas.com/kompas-cetak/0611/24/daerah/3119315.htm>
5. [http://www.rspo.org/PDF/RT4/Proceedings/PanEco%20\(posters\).pdf](http://www.rspo.org/PDF/RT4/Proceedings/PanEco%20(posters).pdf)
6. According to RePProT (1990)
7. http://www.dephut.go.id/INFORMASI/STATISTIK/StatBaplan_03/IV1102.pdf

Thanks to Eye on Aceh and Sawit Watch for assistance with this article. ♦

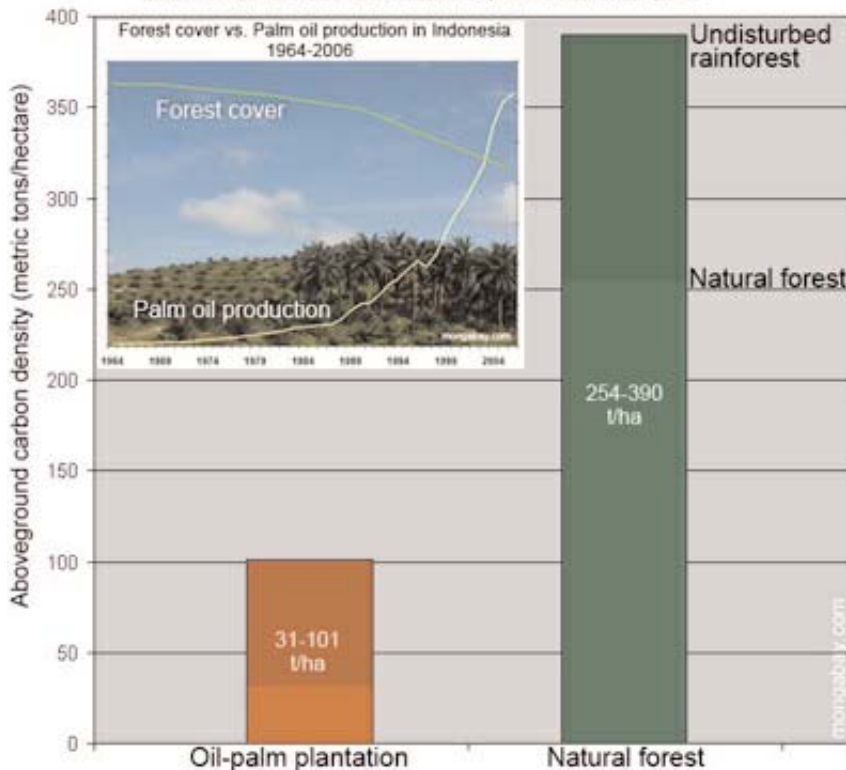
9. http://www.foeeurope.org/press/2007/Sept11_AB_OECD_Agrofuels.htm
10. *Nation*, 20/May/07
11. <http://news.mongabay.com/2007/1031-dutch.html>
12. http://www.indonesianembassy.org.uk/news_2007_10_01mentan02_1.html accessed 31/Oct/07
13. Critical wildlife havens at risk, ZSL press release, 31/Oct/07, www.zsl.org
14. <http://tech.groups.yahoo.com/group/biofuelwatch/message/245>
15. For more detailed discussion see http://news.mongabay.com/2007/1108-palm_oil.html

Thanks to Biofuelwatch for contributions ♦

Natural forest stores more carbon than oil palm plantations in Indonesia

Aboveground carbon density (metric tons/hectare)

sources: Sitompul 2000, Lasco 2002, Hainah 2001, Tjitrosentilo 2000, Noordwijk 2000



Source: Mongabay 8/Nov/07

(continued from previous page)

2. *AFP* 16/May/2007
3. *AP* 25/May/2007
4. *Cooking the Climate*, Greenpeace, Nov 2007, p40

5. *Jakarta Post* 19/Jul/06
6. *Pontianak Post* 29/Sept/07
7. *RRI Online* 3/Oct/07
8. <http://www.biofuelwatch.org.uk/2007Jan31-openletterbiofuels.pdf>

oil palm / Aceh

Aceh's golden crop?

Aceh's new government is promoting the expansion of oil palm plantations in the province as 'in the interests of the people', but it is by no means clear that local communities will be the main beneficiaries.

A report by the independent research organisation Eye on Aceh examines the growth of oil palm plantations in Aceh and the social, environmental and economic costs of this agribusiness. *The Golden Crop? Palm Oil in Post-Tsunami Aceh*¹ points out that "as the province enjoys its new-found peace, and with it a flush of reconstruction and post-conflict related funding from donors and central government, growth of the plantation sector has become one of the government's priority drivers of economic development." However, it concludes that the local government and companies should learn from mistakes made in other parts of Indonesia and only develop plantations which "employ sustainable, equitable and environmentally sound practices".

Plantations during decades of conflict

The palm oil sector has developed more slowly in Aceh than in the rest of Indonesia, even though the high rainfall and fertile soils offer ideal growing conditions. According to official data, there were 214,847 hectares of oil palm plantations in 1999 but this had only expanded to 257,970 ha by 2006 in the province. Production is focused in the north and west in the coastal parts of North Aceh, East Aceh, Aceh Tamiang, Nagan Raya and Singkil districts. Nearly half the oil palm plantations are smallholder schemes (86,065 ha).

The Golden Crop describes how thirty years of bloody conflict discouraged investors and many companies and smallholders abandoned their plantations. However, oil palm plantations helped to finance both the Indonesian military and the separatist Free Aceh Movement. Control over these resources was also a source of conflict, for example, in East Aceh in November 2004 when the Indonesian army and paramilitary police (*Brimob*) engaged in a deadly feud. Downsizing the military is part of the peace process in Aceh, although the military is still involved in legal and illegal businesses there - including palm oil.

Aceh's new incentives

Aceh's governor Irwandi Yusuf, democratically elected in late 2006, has imposed a moratorium on commercial logging and is keen to support efforts to protect remaining

forests under Avoided Deforestation initiatives (see *DTE* 74:3 and *DTE* 74:7). However, he and his colleagues are also keen to promote oil palm as part of official policy to alleviate rural poverty in Aceh. The booming global market in palm oil presents local governments with a lucrative opportunity to increase revenues.

Palm oil was high on the agenda when Irwandi headed an Acehnese delegation to Malaysia earlier this year to discuss the potential for increased trade links. The delegation met with the Federal Land Development Authority (FELDA), which has set up smallholder oil palm schemes covering hundreds of thousands of hectares for settlers in peninsular Malaysia since the 1960s. One outcome of the meeting is FELDA's assistance in creating the Aceh Plantation Development Authority (APDA). The Malaysians will provide technical advice on plantations and on running the new authority. FELDA advised on drafting the concept and the local legislation (*qanun*) currently going through the Aceh parliament. The Islamic Economy Development Foundation of Malaysia (IYEFIM), a Malaysian federal government foundation, will help to oversee the APDA.

Details of exactly how the APDA will work are still unclear. The initial plans are to open up 185,000 ha of smallholder oil palm plantations in 17 districts. Over 11,000 orphans and 35,000 poor families will be given

access to 4 hectares each. The scheme will cost US\$540 million and there are plans to fund this through an Islamic Development Bank loan.

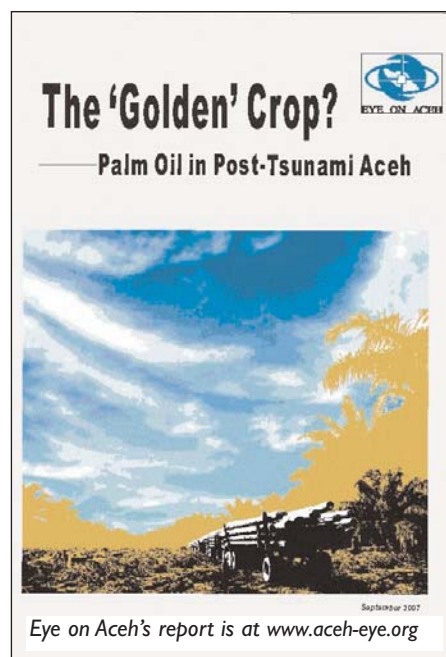
Malaysia badly wants to expand its palm oil industry, but the shortage of land - especially in peninsular Malaysia - is a serious limiting factor. Access to considerable areas of relatively cheap 'undeveloped land', plus the lower wage costs and lax controls on compliance with legislation on land and the environment in Indonesia make neighbouring Aceh a particularly attractive prospect to FELDA and other state and private sector palm oil producers in Malaysia. Malaysian companies including PT Ubertraco and the Guthrie group have been operating in Aceh for some time. Eye on Aceh also reports "several tentative discussions" between various districts and the provincial government in Aceh and the governments of Johor and Selangor states, in addition to the FELDA negotiations described above.

Eye on Aceh points out that, although the Malaysian palm oil industry is very successful at self-promotion, there have been some high environmental and social costs and warns the Acehnese authorities against being seduced by the Malaysian model of development. Farmers who sold their land for a quick profit without understanding the long-term implications have been left landless and poor. Flooding and landslides have increased due to deforestation. "Large companies, often linked to Malaysian elites, have been the prime beneficiaries while claims by the government that palm oil has helped alleviate poverty are only partially true." (*The Golden Crop*, p26)

Jakarta's plans

Central government is also keen to promote the palm oil sector in Aceh. The agriculture ministry stated in a 2005 document that 454,468 ha of land is available for new oil palm developments in Aceh. On the other hand, head of Aceh's plantations office Fakhruddin, told Eye on Aceh that "It would be unwise to use 400,000 ha of land in Aceh only for palm oil. There are many other commodities that must also be accommodated in our plans, such as cocoa, rubber and others. Moreover, there is land in Aceh that is just not suitable for palm oil." (p12).

The division of responsibility for plantation planning is far from clear since the



Soros interest

International financier George Soros is reported to be interested in investing in Aceh's oil palm and banking sectors. According to deputy governor Muhammad Nasir, Aceh could make 200,000 ha available to Soros. Soros is said to be interested in an initial 20,000 ha nucleus-smallholder development, although there is no indication of when the start up will be. He is sending a team to investigate potential areas².

Forests, peatlands in danger

Aceh's deputy governor is reported as saying that "Almost all parts of Aceh are suitable for oil palm"³. This ignores the fact that extensive areas of Aceh are still covered with forest, including central highlands, and that mountainous areas are not suitable for oil palm. Also, many parts have poor roads which present real problems for transporting palm fruits for processing.

Even protected forests are not safe from oil palm companies. Police took action against Medan-owned PT Putri Hijau and PT Rapala in late 2006 for planting oil palm within the Gunung Leuser National Park. Around 300 ha of forest in the sub-district of Besitang had been illegally cleared⁴.

Aceh's peat swamps are also at risk from oil palm development. The three main areas - Tripa (on the borders of Nagan Raya and Aceh Barat Daya), Kluet (Aceh Selatan-Singkil) and Singkil swamps cover an area of 170,000 hectares on the coast at the margins of the Leuser Ecosystem. To date, 11 companies have officially been granted concessions covering 70,000 ha of peat swamp but large tracts have been abandoned during the decades of conflict.

Now the Swiss-based NGO Pan Eco, which has worked for 30 years on forest protection in northern Sumatra, is trying to protect some of the last of Aceh's peat swamp forests by relocating the oil palm concessions to areas designated 'fallow land'. It is working with the local authorities and has sought RSPO sponsorship for a pilot project⁵.

devolution of power from Jakarta to Aceh. The Law on Governing Aceh (LOGA) was passed in July 2006, but the all-important government regulations required for its implementation are still drafts subject to discussion at central government level. The February 2007 draft is reported to state that Jakarta will be responsible for establishing policy and guidelines, while management of plantation land will be under the control of

national, provincial and district level government.

The Directorate General of Plantations launched a five-year national 'Plantation Revitalisation' programme in late 2006, with Aceh included among the target provinces. Intended to boost production of cocoa and rubber, in addition to palm oil, this will be implemented in 12 of Aceh's 23 districts. The provincial plantations office intends to facilitate the development of 40,000 ha of new oil palm plantations and the rehabilitation of another 4,775 ha. Cheap credit is available to plantation companies involved in the programme.

This programme is intended to help smallholders, but relies heavily on the nucleus estate model. It also aims to attract skilled transmigrants who fled plantations during the conflict to return to Aceh. Companies will acquire land and allocate small plots to local communities, transmigrants and settlers from within Aceh to run as co-operatives with loans from Indonesian banks. 'The Golden Crop' report draws attention to the danger that appropriation of large tracts of land can destroy independent and sustainable livelihoods. "Limited choice of employment often leaves the workforce vulnerable to low-paid jobs and poor health and safety standards....Even those smallholders who own their land are left vulnerable, as most processing plants belong to large plantation companies" (p12).

Post-tsunami funding

The peace agreement and the massive influx of international funding over the past two years has revived the Palm Plantation Agri-Business Development Area policy for Aceh. This programme, intended to promote the expansion of smallholder schemes, was in place pre-tsunami but came to nothing due to lack of funds and the problems of operating during a civil war.

The Rehabilitation and Reconstruction Agency (BRR) had planned to develop 3,500 smallholder plantations in Nagan Raya, West Aceh, Aceh Jaya and Bireun in 2006, with funding from the ADB's Earthquake and Tsunami Support programme and central government. Problems with land procurement and weak local authorities were blamed for this project's lack of success. Nevertheless, in 2007, the BRR is supposed to be implementing a plantation development project worth Rp44.8 bn (US\$4.9 million) in other districts, including another 4,000 ha of new oil palm plantations in tsunami-affected areas of Aceh. Meanwhile, the ADB is going ahead with a Rp12 bn (US\$1.3 million) programme to reopen and establish new plantations in Nagan Raya, West Aceh and Aceh Raya this year.

Half the tsunami-affected plantations are reported now to be either

Aceh's Resources

Aceh has a total land area of 5.6 million ha. In the late 1980s, there were 3.9 million ha of forest in the province, of which 260,000 ha were peat swamp forest⁶. By 2000 (the last official statistics available), the total forest area in Aceh had been reduced to 3.3 million ha⁷.

back in full production or well on the way towards this.

Private sector

These plans are all in line with the interests of Indonesia's private sector. GAPKI (Indonesia's Palm Oil Producers' Association) envisages a booming future for palm oil in the province. The agri-business giant, PT Agro Indo Lestari, Indonesia's largest palm oil producer, is reported to be looking for 200,000 ha of land for oil palm plantations and processing plants in Aceh. PT Boswa Megalopolis has returned to 6,000 ha of plantations in Aceh Jaya. It has requested the local authorities for over 2,000 transmigrant families to develop its estates. PT Aceh Sawit Sejahtera has also requested 2,000 transmigrant families for its 7,000 ha estate in Peunaron in East Aceh. (Transmigration, the state programme to move families from overcrowded islands to develop less populated areas, caused enormous social and environmental problems in the past - see DTE's July 2001 report for background). More companies are looking for government assistance to come to Aceh through the Revitalisation programme.

Problems and solutions

Eye on Aceh's fieldwork and interviews revealed a number of problems associated with the palm oil sector in Aceh. These include:

- ♦ Land development without the community's consent - PT Bahari Lestari in Bandar Baru (Tamiang), PT Ubertraco (Singkil). Communities were afraid to protest before the peace agreement demanding compensation.
- ♦ Low prices for independent growers. There are only 21 processing plants in Aceh, all attached to large estates. Smallholders' fruits are not collected and they are forced to accept whatever payment the mill offers.
- ♦ Low wages. 8,000 workers at PT Parasawita's estate in Tamiang protested about non-compliance with Aceh's minimum wage. Nearly 300 workers at PT Delima Makmur (Singkil) filed an official complaint with the Department of Labour for underpaying staff.
- ♦ Land clearance. A total of 265,995 ha of forest were cleared in Aceh between

(continued 3rd column, page 7)

climate change / oil palm

Peatlands and climate change

Indonesia's peatlands have been in the international spotlight in the run-up to the Bali climate change summit. An international symposium and workshop on tropical peatland has highlighted the threat to peatland from large-scale land use change, while a new Greenpeace report warns of devastating climate change impacts if peatlands continue to be converted to oil palm plantations.

Peatlands act as a natural carbon store, and large amounts of CO₂ - a major contributor to global warming - are released when peatland is converted for other uses.

"Inappropriate or poorly managed development of tropical peatlands and fires on them impact on local and regional biodiversity, the natural resource functions of the remaining peat swamp forest, and the livelihoods and health of local people", said Dr Sue Page of the EU-funded CARBOPEAT Project, which organised the symposium, held in Yogyakarta in August 2007¹.

Indonesia has more than 20 million hectares of peatland² - most of the 27.1 million hectares in the Southeast Asian region³. Tropical peatland in the ASEAN region is estimated to represent about 60% of the total tropical peatland carbon store⁴.

According to a report by Wetlands International, each year around 660 million tonnes of carbon is released from peatlands that are drying out and oxidising⁵. Peatland drainage and degradation are also linked to fires that cause the release of an additional 1400 Mt/y of CO₂. Over 90% of these emissions originate from Indonesia. As a result, Indonesia has been placed as the world's third biggest emitter of carbon⁶(see also DTE 74:1), although some oil palm companies and members of the government dispute the figures.

Greenpeace puts the greenhouse gas emissions from Indonesia's peatlands much higher at 1.8 billion tonnes per year, or 4% of the total global emissions. The group says that 10 million of Indonesia's 22.5 million hectares of peatland have already been cleared of forest and drained, resulting in substantial increases in greenhouse gas emissions⁷.

Focusing on one peatland area - Riau - Greenpeace warns that 4 million hectares of peatland in the province store 14.6 billion tonnes of carbon and that if these peatlands were destroyed, the resulting emissions would be equivalent to one year's total global emissions. It found that oil palm concessions held by Duta Palma, one of Indonesia's ten largest oil palm refiners, overlapped with areas of deep peat ranging from 3.5m to more than 8 metres and that the entire concession area should be



Oil palm planted on peatland, South Sumatra

(DTE)

protected under Indonesian law. Instead, extensive drainage and forest clearance is going ahead.

Throughout the Yogyakarta peatland symposium, academics studying peatlands emphasised the relationship between water and peat, and the need to control the water table to prevent subsidence, if peat is to continue its carbon storage function.

A statement adopted by the meeting concluded that there is a need for Indonesia and other ASEAN governments to promote responsible peatland management and prevent greenhouse gas emissions as result of land use change and fire. It said investment was needed in conservation, rehabilitation and restoration of tropical peatland and the "improvement of existing peatland management practices by promoting wise use, including participatory management...in partnerships with local communities."

Peat and oil palm

Each year peatland is destroyed for timber plantations (HTI) and large-scale oil palm plantations, among other uses. According to the Indonesian NGO Sawit Watch, more than 1 million hectares of oil palm plantations have

been developed in peatlands, with the largest areas in Sumatra, Kalimantan and Sulawesi.

This conversion is likely to continue given the Indonesian government's plans to expand oil palm plantations. The expansion is primarily aimed at global markets for palm oil for food, cosmetic and other products as well as, more recently, for biodiesel. The government has allocated 6.1 million hectares for oil palm plantation development for the biodiesel market alone⁸ (see also DTE 74:13 for more on palm oil and biofuels).

Sawit Watch has compiled data showing that regional governments have proposed around 19.84 million hectares for oil palm expansion⁹ - including ambitious plans for Papua (see page 1). It is not clear whether these plans include allocations for plantations to supply the biofuel industry.

The current extent of oil palm plantations in Indonesia is more than 6 million hectares. Adding another 20 million hectares will take a heavy toll on the country's peatlands, and release huge amounts of CO₂ into the atmosphere. As a host to the climate summit this year, Indonesia is in the spotlight. The government must not only deal with being labelled the world's 3rd biggest carbon emitter, but also with the threat of forest fires and drought during the dry season, and large-

scale floods during the rainy season.

WALHI, Indonesia's biggest environmental organisation, has urged its government to issue a regulation prohibiting the conversion of peatland to oil palm plantations¹⁰.

Unless there is a dramatic policy reversal on plantation expansion and a commitment to protect fragile ecosystems and vulnerable communities, peatland destruction and the fires, drought and flooding associated with it, plus the impacts of global warming, will continue to have a disproportionate impact on Indonesia's poor. Their living space and livelihoods are constantly being squeezed by these processes, which are geared toward serving the interests of plantation companies and the international palm oil business.

Among those brands which are 'complicit' in oil palm expansion at the expense of Indonesia's peatlands are, according to Greenpeace, KitKat, Pringles, Philadelphia cream cheese, Cadbury's Flake and leading companies including Gillette, Burger King and McCain.

The Greenpeace report states that members of the Roundtable on Sustainable Palm Oil (RSPO) (see DTE 72), an organisation which is meant to promote sustainable palm oil, "are dependent on suppliers that are actively engaged in deforestation and the conversion of peatlands". Unilever, a member of RSPO, uses around 1.2 million tonnes of palm oil every year, or about 3% of world production. Indonesian RSPO members include Sinar Mas, which is planning massive oil palm plantations in Papua (see also page 1).

Notes:

1. *For Peat's Sake*, press release, University of Leicester, Sept 2007
<http://www.geog.le.ac.uk/carbopeat/pressrel.html>, accessed 5/Nov/07. The symposium was a forum to exchange knowledge, experience and information on peatland-related activities by academics, experts, NGOs and companies. Around 230 people attended, from 60 countries, including Indonesia, the UK, Netherlands, Japan and Malaysia. DTE was among the NGOs attending and gave a presentation on peatlands and oil palm.
2. Salman Darajat, 'Konversi Lahan Gambut dan

Perubahan Iklim', *Republika*, 12 Aug/06.

- http://www.republika.co.id/koran_detail.asp?id=260495&kat_id=16&kat_id1=&kat_id2=
3. Biofuelwatch Factsheet 1, www.biofuelwatch.org.uk/peatfiresbackground.pdf
 4. *For Peat's Sake*, as above.
 5. <http://www.wetlands.org/peat-co2>
 6. Wetlands International. *Fact Sheet. Tropical peat swamp destruction fuels climate change.* <http://www.wetlands.org/publication.aspx?ID=d67b5c30-2b07-435c-9366-c20aa597839b>
 7. Greenpeace, *How the palm oil industry is cooking the climate*, November 2007, downloadable in English from <http://www.greenpeace.org.uk/media/reports/cooking-the-climate>. See also <http://www.greenpeace.org/seasia/en/news/in-donesian-forest-destruction-for-information-on-greenpeace's-direct-action-in-a-peatland-area-to-stop-drainage-and-deforestation>.
 8. *Bisnis Indonesia*, 23 Apr 2007. 'Sugiharto: Lahan cadangan kelapa sawit 6,1 juta ha'.
 9. Colchester, M. et.al 2006, *Promised Land*. Forest Peoples Programme and Sawit Watch.
 10. *Antara News* 29/Oct/07♦

(continued from page 12)

Kalimantan, Sulawesi, and East and West Nusa Tenggara registered as participants for this first gathering.

Indigenous experiences

Sharing experiences was a major part of the festival, based on the idea that 'experience is the best teacher'. Among the experiences shared were: how to sustain a livelihood when the state imports cheap rice, how to create electricity from alternative means when there is no electricity in the village, or electricity and fuel bills are spiralling upward, and how to profit from non-timber forest products, when a lot of noise is being made about illegal logging.

"We can all live, as long as we know what we have and how we can benefit from it", said Herman from Kiarasari. "We have water and by using it wisely, we have enough electricity, we can irrigate the rice fields and our fishponds don't dry up", he said (Herman's community benefits from a 40 Kwh micro-hydro system).

It is clear that indigenous sustainable practices which protect forest functions can make a contribution to tackling climate change. Despite increasing economic pressures and government policies that disadvantage indigenous peoples, they remain committed to safeguarding their forests.

As reported by Yorri, a participant from Tondano in North Sulawesi, several community members had managed to create fuel (ethanol) from sugar palm (Arenga

Pinata), by reprocessing a palm-derived alcoholic drink called *cap tikus*, a home-produced local speciality.

It is clear how outside pressures are affecting indigenous peoples socially and economically. Laik, a farmer and rattan artisan from Kutai in East Kalimantan, explained how "rattan and Kutai people are inseparable: it grows around our houses and in our gardens". But rattan prices have plummeted to Rp500-1000 per kilo because of a government policy change which considers rattan as a wild plant as opposed to a cultivated one, and is therefore subject to taxes, which make it difficult to sell. This has taken a heavy economic toll on the indigenous community, since rattan is their main product. "Our rattan has stayed in the village because of regulations that don't allow us to sell unprocessed rattan, on top of forestry minister regulations issued in 2006 (no 55 and no 63) which have made rattan much more difficult to distribute", said Ujar Patmawaty, head of the Kutai Rattan Farmers and Artisans Association.

Traditions in Flores have been undermined by an influx of cheap products. Here, the famous woven cloth (*kain tenun*) is under threat from the chemical dyes and commercially-made sarongs brought in from outside. "This cloth is our identity; we can identify each other just by looking at the cloth" said Melania, who was wearing a Flores *kain tenun* that showed she was an unmarried woman. "It makes me very sad that our people can't get the materials to weave cloth because we've been forced out of our forest homes, even though it is part of our identity", she said angrily.

Indigenous peoples are tenacious in the face of threats to their lives and identity, as expressed by Selester from the Mentawai indigenous community: "we, Mentawai people are a communal people used to living together, but the government programme forced us to live in separate houses, so we couldn't live in the way we'd wished." Despite this, he stressed, "Times may change, symbols may change, but we must still safeguard our values." ♦



Indonesia's First Indigenous Forestry Festival

A gathering of indigenous peoples from across Indonesia was organised by the Bogor-based NGO KpSHK in August this year, with the aim of promoting sustainable forest management. This report, compiled from a variety of materials from the Festival, gives some insights into the positive developments and continuing concerns at grassroots level in indigenous forest areas.

The rationale for the first Indonesian Indigenous Forestry Festival was the continuing conflict over Indonesia's forest areas, claimed on the one hand by the state and, on the hand, by indigenous peoples. Most of Indonesia's indigenous peoples live in forest areas and 70% of forests remain under the control of the Forestry Department, so there has been plenty of scope for conflicting claims.

Indonesian law has offered very little protection for indigenous rights over forests - or even recognition of indigenous peoples' existence - while regional autonomy laws introduced in 1999 have driven further unsustainable exploitation. KpSHK - the Consortium for Supporting Community-based Forest Management Systems - believes that legal recognition of indigenous peoples by regional governments is crucial if their rights to manage their customary areas are to be fulfilled.

Community spirit

The problems faced by indigenous peoples in the forests have sometimes had the effect of reducing awareness of their own capacity to manage their areas. Revitalising or returning to a 'community spirit' is a fitting way to fight for recognition of indigenous peoples and their forest management rights, especially for those communities who still depend wholly on forest resources.

To foster this community spirit, KpSHK, supported by many others, organised a gathering on the theme of indigenous peoples and their management of forest areas. The general aim was for communities to find ways of working together to improve forestry conditions in Indonesia. More specifically, the aims of the Festival were to:

UN General Assembly adopts Indigenous Peoples Declaration

After twenty years of negotiations between indigenous peoples and states, the UN General Assembly adopted the United Nations Declaration on the Rights of Indigenous Peoples on September 13th 2007. With 143 countries voting in favour, including Indonesia and the UK, there were only 4 negative votes cast (Canada, Australia, New Zealand, United States), plus 11 abstentions. Indigenous peoples representatives welcomed the historic move.

Les Malezer, Chair of the Global Indigenous Peoples' Caucus said: the declaration combined the interests and views of the United Nations and Indigenous Peoples, and was "a tool for peace and justice, based upon mutual recognition and mutual respect."

(Source: Iwgia website: www.iwgia.org)

- 1) initiate an Indonesian Indigenous Forestry Forum - a forum for communication between indigenous communities in defending their customary areas and forest resources;
- 2) find common strategies for securing indigenous forests;
- 3) share knowledge about exploiting forest products - an exchange of experiences between communities in the development of forest products.
- 4) promoting indigenous peoples' models of traditional knowledge in sustainable forest management.

The Indonesia Indigenous Forest Festival, which took place from August 4-9 in Bogor, was organised into four main events:

- ♦ A workshop on traditional knowledge in forest management: a series of presentations on indigenous traditional knowledge on food security, energy, water, medicine and ritual, managing resources and a discussion on the role of women in natural resources management. The workshop was held in Cirewed, Kiarasari village, in Bogor district.
- ♦ Establishing an Indonesian Indigenous Forestry Forum: preparing a strategy and creating a forum for communication for indigenous communities across Indonesia.
- ♦ Panel discussion, between experts on indigenous law, forestry, ethnology/anthropology, NGOs and indigenous peoples organisations on policy and legal and reforms, to enable indigenous communities to find out directly about developments in Indonesian forest policy.
- ♦ Dialogue between indigenous peoples with the Indonesian Forestry Minister: an exchange of views with the hope of gaining political support from the minister for indigenous peoples and indigenous forest management rights. (Unfortunately this session had to be cancelled because the minister could not attend).

The festival attracted quite a lot of interest from indigenous communities: twenty one communities from Java, Sumatra,

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 registered office: 111 Northwood Road, Thornton Heath, Surrey, CR7 8HW, UK**