

## APRIL Group Keeps Destroying Peatlands and Natural Rainforests Amid Covid-19

October 2020





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## Introduction

Asia Pacific Resources International Holdings Limited (APRIL) is Indonesia's second largest pulp and paper producer. It develops and operates pulpwood plantations and it is the owner of one of the world's largest pulp and paper mills. In the last three decades, APRIL has expanded its business at the cost of Indonesian rainforests.<sup>1</sup> The conversion of natural rainforests into tree plantations inevitably reduces the habitat of threatened species, such as Sumatran tigers and elephants, driving them towards extinction.

In June 2015, APRIL announced a Sustainable Forest Management Policy version 2.0 (SFMP 2.0). The policy includes a commitment to zero deforestation, to protect natural forests and peatlands, and to respect local communities' rights.<sup>2</sup> This development was the result of years of campaigning by environmental groups to stop deforestation by APRIL, which led many international brands to pull out of rainforests destruction and avoid APRIL's products.

Up until now, however, APRIL has failed to keep its promises and properly implement its SFMP 2.0 policy.

Despite its commitment to avoid sourcing from companies involved in deforestation, APRIL has kept doing exactly what it promised not to do. For instance, in August 2018, NGOs exposed APRIL's sourcing by plantation companies involved in deforestation.<sup>3</sup> APRIL did not even admit its wrongdoings. In November 2018, APRIL supplier PT Tanjung Redeb Hutani (TRH) was found clearing the equivalent of 190,000 football fields of rainforest to expand its pulpwood plantations in the East Kalimantan province, Indonesia.<sup>4</sup>

Also of great concern is that little has advanced in terms of resolving and avoiding social conflicts. A joint report by the Environmental Paper Network (EPN) and a coalition of Indonesian NGOs published in late 2019, shows the company's involvement in numerous social conflicts. The report identified more than one hundred land conflicts by APRIL fibre suppliers concessions, and that this company has failed to involve affected communities and other key stakeholders in the identification, analysis and resolution of these conflicts.<sup>5</sup> At least 101 villages or communities are in active conflict with affiliates of APRIL, or its suppliers, while 529 villages may have been impacted by their forestry operations, involving an area larger than one million ha. This is equivalent to a financial risk assessed between USD 0.5 and 4.3 billion in social compensation.<sup>6</sup>

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<sup>1</sup> See APRIL's company profile on the EPN website for more information: <https://environmentalpaper.org/april/>

<sup>2</sup> APRIL Group's Sustainable Forest Management Policy 2.0, 3 June 2015, <https://www.aprilasia.com/en/sustainability/sustainability-policy>

<sup>3</sup> Mongabay, Report finds APP and APRIL violating zero-deforestation policies with wood purchases from Djarum Group concessions in East Kalimantan, August 2018, <https://news.mongabay.com/2018/08/report-finds-app-and-april-violating-zero-deforestation-policies-with-wood-purchases-from-djarum-group-concessions-in-east-kalimantan/>

<sup>4</sup> ForestHints, APRIL supply chain still tied to HCS forest clearing, November 2018, <https://www.foresthints.news/april-supply-chain-still-tied-to-hcs-forest-clearing/>

<sup>5</sup> EPN, Conflict Plantations chapter II, November 2019, <https://environmentalpaper.org/2019/11/new-study-reveals-asia-pacific-resources-international-limited-april-involved-in-hundreds-of-conflicts-with-local-communities-in-indonesia/>

<sup>6</sup> EPN, Defaulting on Social Conflict Resolution, Indonesian Pulp & Paper Industry May Be Exposed to USD 1-10 Billion In Social Compensation Risk, May 2020, <https://environmentalpaper.org/wp-content/uploads/2020/04/20200504-Indonesian-Pulp-Paper-Industry-Exposed.pdf>

APRIL has also failed to carry out its commitment to peatlands protection. According to a scientific field study based on APRIL's concessions in Indonesia, the release of CO<sub>2</sub> from an acacia plantation on peat has been identified as around 80 tonnes per year per hectare.<sup>7</sup> Plantations of APRIL's suppliers established on peat cover more than 265,000 ha. As a result, APRIL's plantations emit 19.4 million tonnes of GHG annually, nearly as much as the whole of Slovenia, and as much as 24 low emitting countries combined.<sup>8</sup> In 2017, the company has been repeatedly sanctioned for violations to Indonesia's recent peat legislation.<sup>9</sup> APRIL has been repeatedly involved in forest fires as well.<sup>10</sup>

It is clear that APRIL has substantially failed to implement its commitment on peatlands, and continues to do so. Even in the summer of 2020, right when the Covid-19 pandemic was hitting Indonesia hard, APRIL's core subsidiary Riau Andalan Pulp & Paper (PT RAPP) was found destroying peatlands and clearing natural forest, as well as the gardens of local communities. The investigation of this case is described in the next section.

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<sup>7</sup> Jauhiainen, Carbon dioxide emissions from an Acacia plantation on peatland in Sumatra, Indonesia, February 2012, [https://helda.helsinki.fi/bitstream/handle/10138/34598/Jauhiainen\\_%20etal\\_2012\\_bg\\_9\\_617\\_2012.pdf](https://helda.helsinki.fi/bitstream/handle/10138/34598/Jauhiainen_%20etal_2012_bg_9_617_2012.pdf)

<sup>8</sup> EPN, Too Much Hot Air, The failure of the Indonesian pulp and paper industry to reform its management of peatlands, April 2017, <https://environmentalpaper.org/wp-content/uploads/2019/02/20170412-Too-much-hot-air-discussion-paper-draft-1.pdf>

<sup>9</sup> EPN, see footnote 8

<sup>10</sup> Koalisi Anti Mafia Hutan, Perpetual Haze, November 2019, <https://environmentalpaper.org/wp-content/uploads/2019/11/Perpetual-Haze.pdf>

# INVESTIGATION MAP OF LAND OPENING AND OF NEW CANAL DIGGING IN THE AREA OF PT. RAPP SIAK PELWAN SECTOR

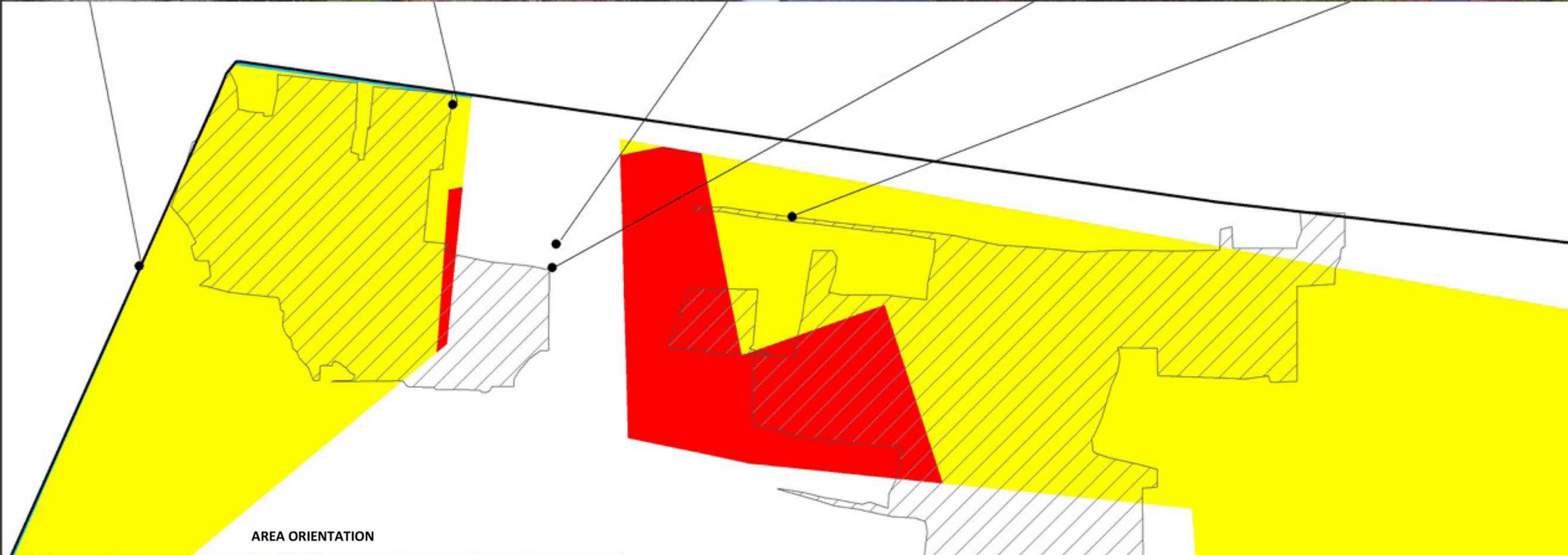
New canal made by PT. RAPP

Land clearing carried out by PT. RAPP

Excavator working at the canal

Peat swamp forest after deforestation

New canal made by PT. RAPP



AREA ORIENTATION



**Legend**

- GPS points
- District boundaries
- Bodies of water
- PT. RAPP concession t

**Restoration Indicative Priorities**

- Post-Fire Priorities 2015-2017
- Priority protection of peat with c
- Priority protection of peat witho
- Cultivation peat priority

## The investigation by Jikalahari

In June 2020, the Indonesian NGO network Jikalahari<sup>11</sup> conducted an investigation to verify information of a plan by APRIL to clear natural forests near the Dayun Village, Kabupaten Siak & Palalawan, province of Riau, Sumatra.

The field inspection organised by Jikalahari documented a number of violations by APRIL's subsidiaries and suppliers which were published in an investigation report.<sup>12</sup> These include:

- natural forest clearing;
- clearing of local community gardens;
- digging of new canals in deep peat;
- planting acacia in area burned in 2015 – 2017;
- planting acacia in red zone priority for peat restoration areas;
- further deforestation of peat-swamp forest via a dubious "local community forestry" scheme.

## Deforestation

According to the investigation, APRIL's subsidiary PT RAPP is clearing an area of swamp-forest on thick peat (depth of more than 3 metres) on areas customarily belonging to local communities. The company cleared both community-owned oil palm plantations and young forest stands, over an area of 675 ha.

Despite the cleared forest being relatively young, it is a dense natural forest with trees over 50 meters tall and very tight. In the area, the Jikalahari investigation team found traces of tigers, bears and pigs, indicating that the forest is a habitat for wildlife.

According to the local community, the clearing operations started in May 2020. The investigative Jikalahari team found that they are still ongoing, with part of the area already planted with acacia. The team also noted the presence of heavy equipment still operating to clear the deep peat.

An analysis of the areas planted with acacia by PT RAPP compared with the satellite maps of fires<sup>13</sup> reveal that these areas had been burned during the seasons of 2015-2017. The associated area is classified as a red zone for Peat Agency (BRG) work priority which means those areas need to be restored either naturally or by human intervention.<sup>14</sup> Satellite images of field findings revealed that PT RAPP is violating Indonesian regulations by planting acacia inside the red priority zone identified by the national peat restoration agency (BRG).<sup>15</sup>

<sup>11</sup> Jikalahari, Jikalahari members, <https://jikalahari.or.id/tentang-kami/anggota-jikalahari/>

<sup>12</sup> Jikalahari, APRIL Grup Hendak Menebang Hutan Alam, Merusak Gambut Bekas Terbakar, August 2020, <http://jikalahari.or.id/wp-content/uploads/2020/08/2608-Brief-PT-RAPP-Hendak-Tebang-Hutan-Alam.pdf>

<sup>13</sup> Terra Aqua Modis Satellite identified 250 hotspots, 76 of them with a confidence of more than 70 percent. The highest number of casualties occurred in 2015.

<sup>14</sup> SK.16/BRG/KPTS/2018

<sup>15</sup> Regulation No. P.16 / MENLHK / SETJEN / KUM.1 / 2/2017 concerning Technical Guidelines for Ecosystem Function Restoration of Peat Article 6, paragraph 2, states the person in charge of a business and / or activity is obliged to restore the function of the peat ecosystem damaged by fire. In Article 13 paragraph 1 this regulation also explains the same thing as Article 30 paragraph 3 PP 57/2016 specifies the duty of peat restoration.

1. N0°39'17.80" E102°12'37.01"

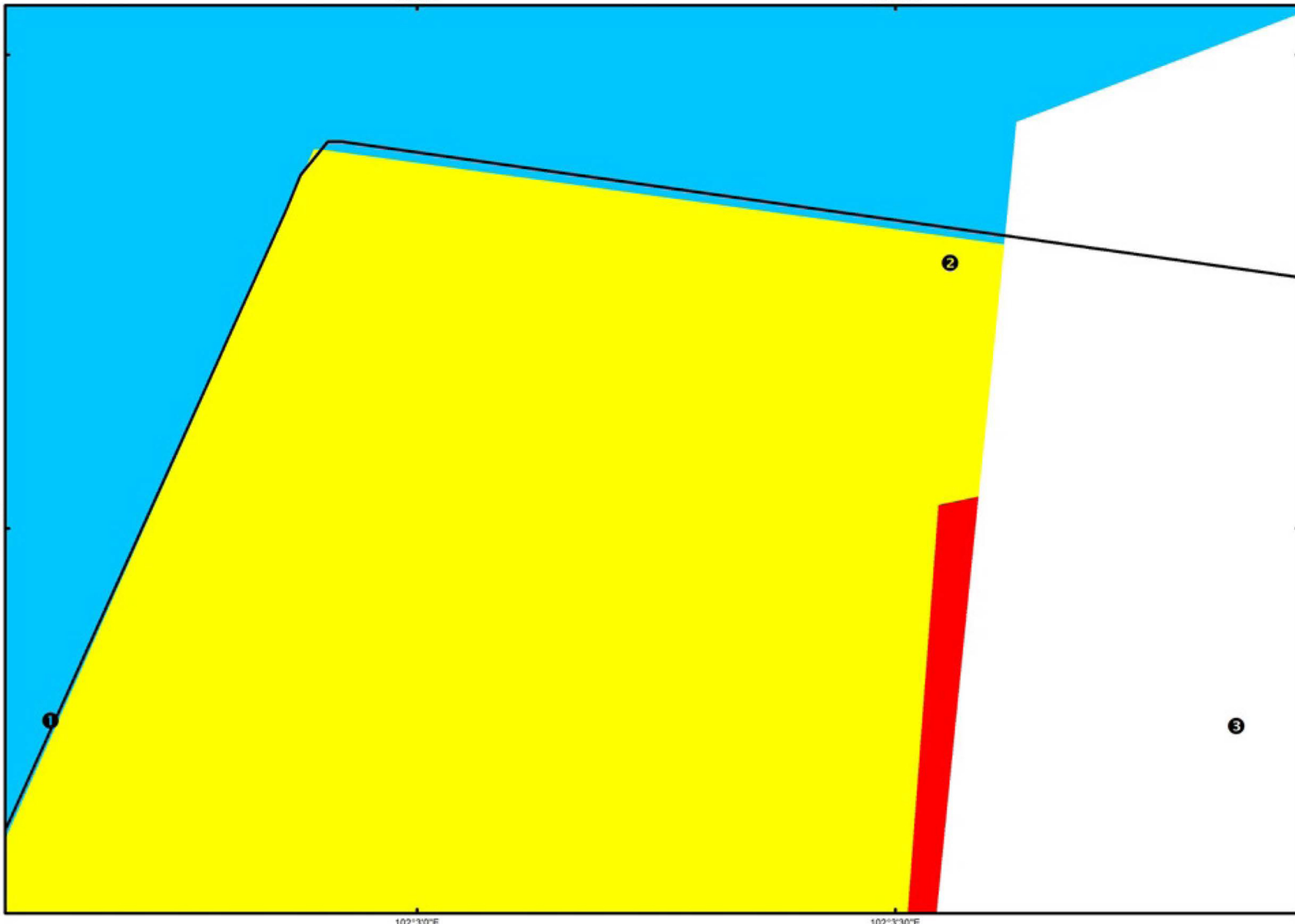
2. N0°39'46.83" E102°3'33.42"

3. N0°39'17.46" E102°3'51.35"

3. N0°39'17.52" E102°3'51.37"

### MAP OF LAND CLEARING BY PT. RIAU ANDALAN PULP & PAPER SIAK DISTRICT

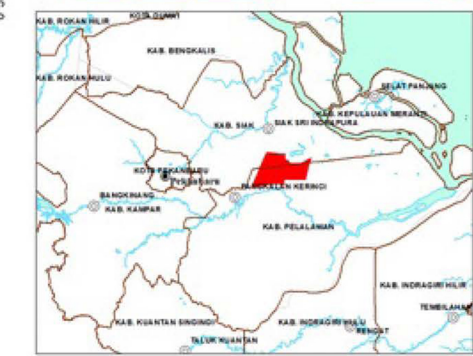
RIAU PROVINCE



#### Legend

- GPS points
  - District boundaries
  - Bodies of water
  - PT. RAPP concession boundaries
- Restoration Indicative Priorities**
- Post-fire peat restoration priorities 2015-2017
  - Priority protection of peat with canals
  - Priority protection of peat without canals
  - Cultivation peat priority

#### AREA ORIENTATION

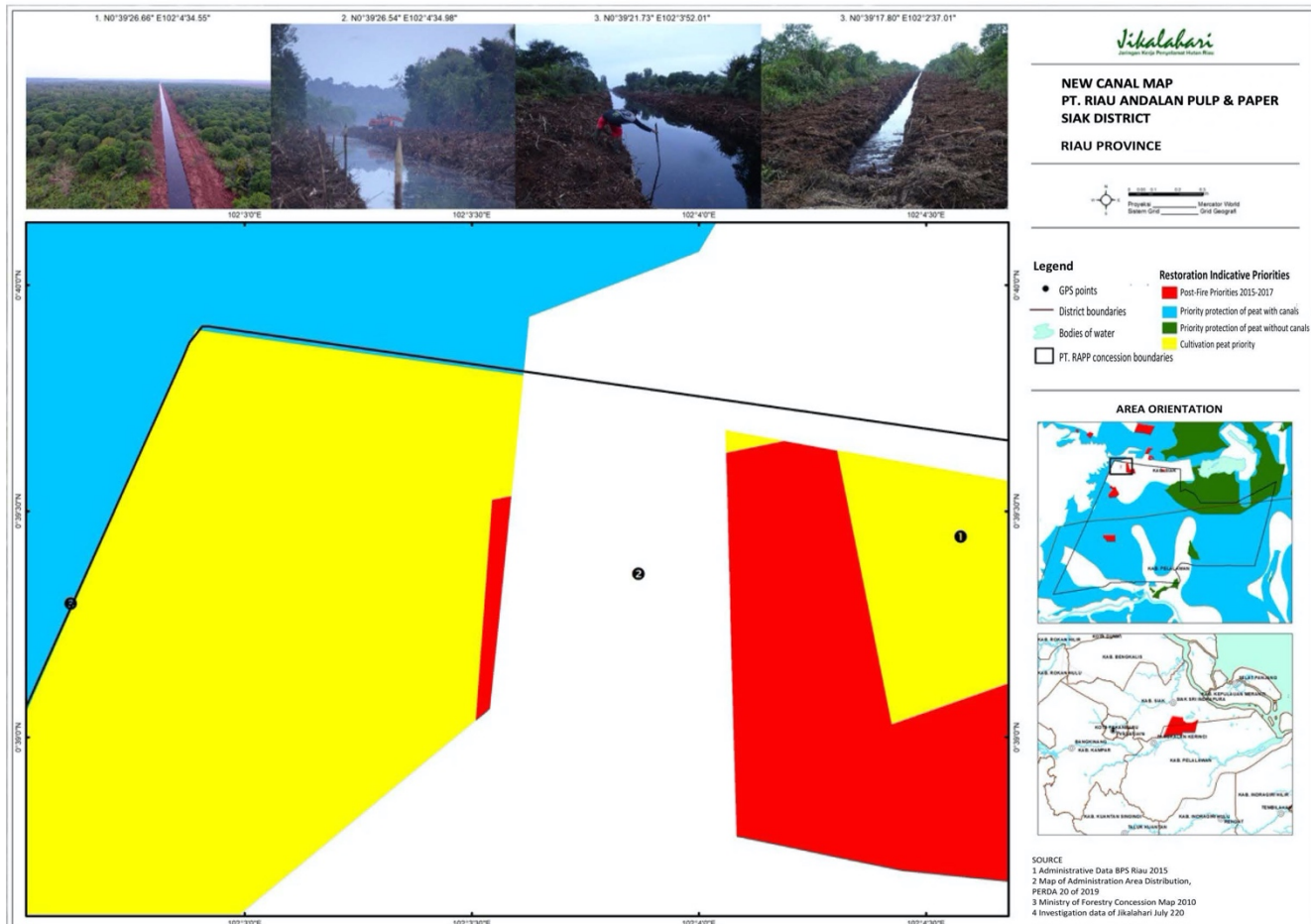


**SOURCE**

- 1 Administrative Data BPS Riau 2015
- 2 Map of Administration Area Distribution, PERDA 20 of 2019
- 3 Ministry of Forestry Concession Map 2010
- 4 Investigation data of Jikalahari July 220

## Canal digging

In addition to constructing new canals on peatlands, PT RAPP has also dredged and widened old canals. In order to drain the recently cleared areas, PT RAPP dug a new canal in areas where the peat is thicker than 3 metres, once again in violation of Indonesian regulations.<sup>16</sup> The canal is 3 metres deep and 6 metres wide.



**The opening of the canal in the priority area for peat restoration**

<sup>16</sup> Digging new canals, clearing peatlands and planting acacia by PT RAPP violates PP 57/2016 on Amendments to PP 71/2014 concerning Protection and Management of Peat Ecosystems Minister of Environment and Forestry Regulation No P.16 / MENLHK / SETJEN / KUM.1 / 2 / 2017 Regarding Technical Guidelines for Restoring the Function of Peatland Ecosystems, PermenLHK P.77 / Menlhk-Setjen / 2015, Circular from the Head of BRG Number SE.02 / KB / 11/2016 concerning Directions for Pre-Arrangement of Peat Land Activities in the Area of Forest Product Utilization Business Permits in Production Forest and Instruction Letter of the MenLHK No S.495 / 2015 dated 5 November 2015 concerning Instruction for Peatland Management.

**2015-2017 FIRE HOTSPOT SPREAD MAP  
 PT. RIAU ANDALAN PULP & PAPER  
 SIAK DISTRICT**

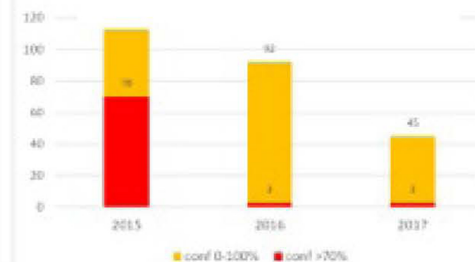
**RIAU PROVINCE**



**Legend**

- Hotspot confidence 0-100%
- Hotspot confidence > 70%
- District boundaries
- Bodies of water
- PT. RAPP concession boundaries

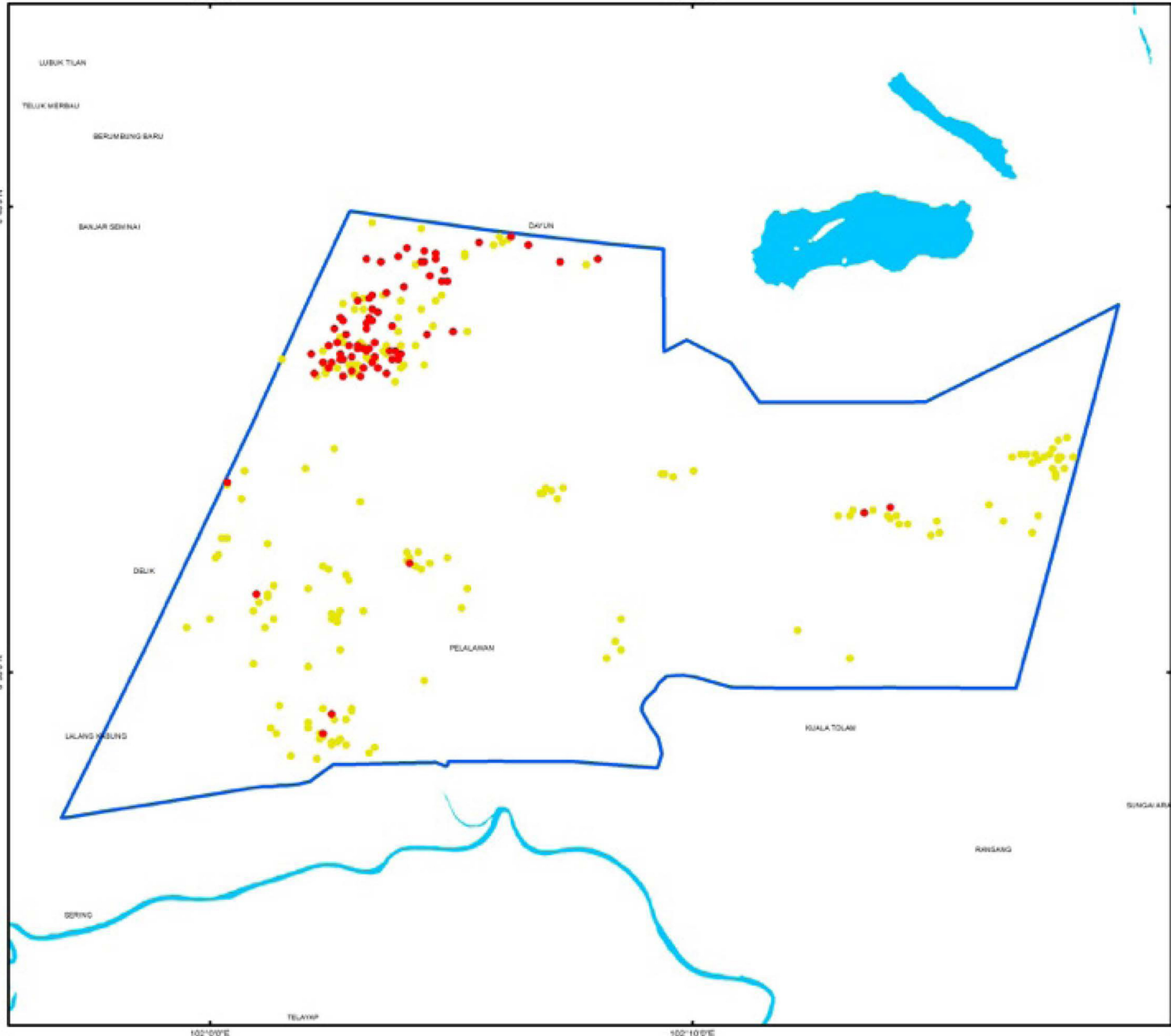
**NUMBER OF AREA HOTSPOTS  
 SECTOR PELALAWAN SIAK 2005 – 2017**



**AREA ORIENTATION**



**SOURCE**  
 1 Administrative Data of BPS Riau 2015  
 2 Map of Administration Area Distribution, PERDA 20 of 2019  
 3 Ministry of Forestry Concession Map 2010  
 4 Investigation data of Jikalahari July 2020  
 5 Terra Aqua Modis Satellite Modis O6 2015-2017



## The *arranged* 'cooperative' and the horizontal conflict

In order to expand the access to land beyond its own concessions, APRIL allegedly resorted to set up a 'cooperative' to access community land and (illegally) clear peat swamp forests.

In 2017, the "community cooperative" *Koto Intuok Cooperative* submitted a request for a permit of community forest management to operate in near the Pulau Padang Village, located in south-west of Riau, Sumatra. The request included a plan to clear-cut natural forest on peatland - an activity which, some time after the submission, became illegal in the targeted areas.<sup>17</sup> Despite this, in 2018 the "cooperative" was granted 1,565 hectares of land. Jikalahari found that the land cover of the area at the time of the project's submission to the Government consisted of 91% forest, 8% shrubs and 1% open land (respectively 1,422 ha of forest, 121 ha of shrubs and 22 ha of open land). The exploitation hasn't started yet, but if it goes ahead, the activity would also affect the ecosystem of the Bukit Rimbang Bukit Baling Wildlife Sanctuary. The planned deforestation would also blatantly violate APRIL's own policy.<sup>18</sup>

Formally the *Koto Intuok Cooperative* consists of individuals from two different villages, Pulau Padang and Muara Lembu. Pulau Padang leaders and the community opposed the environmental recommendation requested by the cooperative to enable them to start the operations, since they understand from the permit application document that the project would clear the forest and grow *Acacia mangium* and *Eucalyptus* sp. In addition, the community believe there is a connection between the cooperative management and the APRIL subsidiary and wood supplier PT Nusa Prima Manunggal (NPM). NPM is the company to be in charge of forest clearing and planting acacia and eucalyptus in Pulau Padang village.<sup>19</sup> The timber sourced would feed APRIL's mill run by its subsidiary PT. RAPP. Although the company has not yet started their operation, this situation has already created distrust and led to horizontal conflict<sup>20</sup> between Pulau Padang community and Koto Intuak Cooperative management, who are suspected to gain financial benefit from the operation.

Due to the fact that Indonesian regulations currently secure a certain amount of forest for community use, in recent years worries have grown about pulp plantation companies organising 'community forests' projects under the heading of 'community cooperative,' but that the companies actually manage for their own benefit and access to fiber. The companies take on managing bureaucratic matters, providing logistics management, technical personnel,

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<sup>17</sup> Presidential Instruction 5 of 2019, "Instruksi Presiden Republik Indonesia Nomor 5 Tahun 2019 Tentang Penghentian Pemberian Izin Baru Dan Penyempurnaan Tata Kelola Hutan Alam Primer Dan Lahan Gambut", <https://gapki.id/wp-content/uploads/2019/08/Inpres-Nomor-5-Tahun-2019-Salinan.pdf>

<sup>18</sup> "We commit to eliminating deforestation from our supply chain" see, APRIL, footnote 2.

<sup>19</sup> Bertuahpos, Perusahaan Pemasok RAPP Diduga Dalang di Balik Konflik Koperasi Koto Intuak, Berpotensi Babat Hutan Alam, September 2020, <https://bertuahpos.com/lingkungan/perusahaan-pemasok-rapp-diduga-dalang-di-balik-konflik-koperasi-koto-intuak-berpotensi-babat-hutan-alam.html>

<sup>20</sup> "Horizontal conflict" means a conflict inside a community or among individuals of different communities.

heavy machinery etc) and gain access to forest land that they have no rights to. This practice would not only circumvent the law, but would also create conflicts within the communities, or inter-community conflicts between the villagers involved as figureheads and the rest of the community. If the involvement of an APRIL-controlled plantation company in the case of the *Koto Intuok Cooperative* is confirmed, this would reinforce concerns about the development of a new deforestation scheme of dubious legality.

## Recommendations

APRIL failure in implementing its own commitments should alarm the global fashion industry. APRIL's conglomerate, Royal Golden Eagle (RGE) uses large amounts of wood-fibre to supply viscose for textiles used by the fashion industry. APRIL's sister company Sateri is one of the largest producers of the synthetic textile rayon, and its products are said to be found in the supply chain of brands such as EH&M, Marks & Spencer and Tesco along with many other brands that are less transparent.<sup>21</sup>

The EPN encourages buyers and investors to avoid brands and paper products containing APRIL fibre and linked to RGE/Royal Eagle Group and its sister company Toba Pulp Lestari, also controlled by RGE's owner, Mr. Sukanto Tanoto, until a truly independent third-party verification demonstrates significant progress towards remedy and sustainability by APRIL and its related companies, affiliates and global wood supply partners. This progress should be measured against the *Criteria and Indicators for Assessing and Verifying Performance* developed by a broad coalition of Indonesian and international NGOs.<sup>22</sup>

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<sup>21</sup> Dirty Fashion, The journey to responsible viscose production, <https://dirtyfashion.info/brands>

<sup>22</sup> Auriga, Forest Peoples Programme, Hutan Kita Institute, Jikalauhari, KKI Warsi, Rainforest Action Network, Titian, Walhi Riau & Walhi Jambi, Wetlands International, Woods & Wayside International, WWF-Indonesia, Evaluating the Environmental, Social and Corporate Governance Performance of Sinar Mas Group (SMG) and Royal Golden Eagle (RGE) Companies - Criteria and Indicators for Assessing and Verifying Performance, November 2017, [https://environmentalpaper.org/wp-content/uploads/2017/11/Criteria\\_Indicators\\_for\\_Assessing\\_Verifying\\_SMG\\_and\\_RGE\\_Performance\\_15Nov17\\_2.pdf](https://environmentalpaper.org/wp-content/uploads/2017/11/Criteria_Indicators_for_Assessing_Verifying_SMG_and_RGE_Performance_15Nov17_2.pdf)