



WWF Monitoring Brief October 2006: Asia Pulp & Paper (APP)

Hiding Destruction behind False Advertisements: *APP continues to ignore calls for conservation beyond “legal compliance”, and even fails on the latter.*

WWF Indonesia

WWF Indonesia has been working in Riau Province, Sumatra since 1999, aiming to preserve central Sumatra's biodiversity in fully functional ecosystems that allow continued co-existence of man and wildlife and provide all the environmental functions for a developing human population. WWF supports the Government of Indonesia's policy of a country-wide moratorium on the conversion of natural forests, and the recent Decree by the Minister of Forestry to establish Riau as a centre for elephant conservation, including a stop to the conversion of natural forest for any purpose¹. WWF asks all actors to support these policies: Indonesian Government agencies at all levels, companies and community groups involved in forest clearing, companies using or buying products sourced from Riau's pulp and palm oil mills.

To achieve its vision for Riau, WWF believes that no new forest conversion licenses should be issued in Riau and no forests should be cleared under existing licenses without prior assessment of High Conservation Values in and around the forest to identify the measures needed to maintain and enhance such values. Such assessments should apply the *High Conservation Value Forest (HCVF) Toolkit for Indonesia*², which recognises crucial forest values - biodiversity, habitat for key endangered species, environmental services for cities and villages, and cultural and economic importance for local communities.

WWF and local NGO partners, through the [Eyes on the Forest](#) project, are monitoring the environmental performance of [Asia Pulp & Paper Co. Ltd. \(APP\)](#) and [Asia Pacific Resources International Holdings, Ltd. \(APRIL\)](#), two driving forces behind forest loss in Riau Province. WWF Indonesia issues periodic “Monitoring Briefs” on the activities of the two companies, including their contribution to the protection or loss of forest conservation values in Riau. Monitoring Briefs and a related background paper “[The Eleventh Hour for Riau's Forests – Two pulp and paper companies will decide their fate](#)³” are posted on [WWF Indonesia's website](#)⁴.

The truth behind APP's full page advertisements: APP continues its destruction of High Conservation Value Forests



On 7 August, APP placed a full page advertisement “APP's Commitment: Conservation beyond Compliance” in the New York and London Times⁵. On 15 August, APP published a “Stakeholder Update” distributed to hundreds of its customers. APP portrayed itself as a forest and wildlife protecting company. **However, in reality, APP's performance does not match its claims. APP refuses to commit to “conservation beyond compliance” and continues to destroy High Conservation Value Forests (HCVFs) and threatens the Sumatran tigers, elephants and other wildlife that rely on them.**

In this Monitoring Brief, WWF reveals some of the false statements in the APP advertisements and explains the links between APP operations and natural forest loss in the Province of Riau.

While this brief focuses on APP's operations in the Province of Riau, where WWF and other NGO have dozens of observers on the ground, readers should keep in mind that APP not only destroys Riau's forests but also those in other provinces in Indonesia. One such province is Jambi where APP has been producing pulp for many years and is currently acquiring large additional concessions. Other potential areas of destruction are the provinces of South Sumatra, West Kalimantan and East Kalimantan, as well as other countries where APP is sourcing wood chips. Many forests earmarked for clearing and destruction by APP have high conservation values.

APP's "legal compliance" continues to destroy High Conservation Value Forests

APP's advertisement in the New York and London Times:

A Asia Pulp & Paper and Sinarmas Forestry (APP) are committed to protecting high conservation value forests. It's a commitment that is a core value of our Sustainable Forest Management Program. And it's why APP engages and works closely with a variety of key stakeholders, such as the national government and credible conservation organizations, on the identification, verification, and management of conservation areas — so that we can ensure the sustainability of forest areas of high conservation value for future generations.

FACT 1: APP continues large scale clearing of High Conservation Value Forests, defined by the Forest Stewardship Council (FSC) as “forests of outstanding and critical importance due to their environmental, socio-economic, cultural, biodiversity and landscape values”. WWF recommends that all Indonesian forests earmarked for clearing are first assessed by using the *HCVF Toolkit for Indonesia*⁶ to ensure all HCV areas are identified and protected. APP initially adopted this process for four of its many Forest Management Units (FMUs), but abandoned it in June 2006⁷. APP now claims it assesses and protects “high conservation value forests” in other FMUs according to Indonesian laws and regulations. However, in practice, APP does “business as usual”, destroying forests important for the survival of Sumatran elephants, tigers and many other endangered species, pretending to apply Indonesian laws and regulations, which are poorly enforced and open to varying interpretations.

The concept of HCVF was first developed by [the Forest Stewardship Council \(FSC\)](#)⁸ in 1999 as their "[Principle 9: Maintenance of High Conservation Value Forests](#)"⁹. 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.*”¹⁰ In practice this means that no conversion licenses should be issued and 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.

APP has been conducting large scale clearing of natural forests in Riau without any proper prior assessment of High Conservation Values. Since 2001, WWF and key APP customers in several countries have called on APP to identify, manage and monitor HCVFs following the *High Conservation Value Forest (HCVF) Toolkit for Indonesia*¹¹, which was developed by practitioner communities in Indonesia as a consistent and practical guide for identifying, managing and monitoring HCVFs.

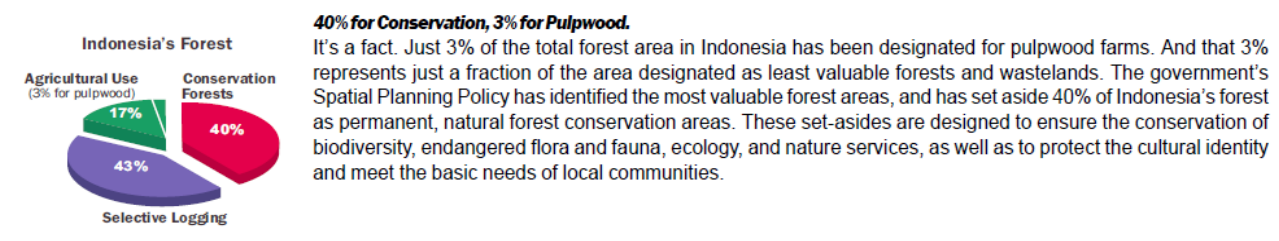
The *HCVF Toolkit for Indonesia* recognises six types of High Conservation Values in forests including their biodiversity, their function as habitat for key endangered species, their environmental services for downstream cities and villages, and their cultural and economic importance for local communities. The *HCVF Toolkit for Indonesia* requires HCVFs to be identified through a multi-stakeholder, consensus-based approach, such that the results have buy-in, acceptance and credibility. The process requires a wide range of expertise - from biology to social science, from forest management to GIS. It relies on scientific research to identify biologically important forest stands and those critical for maintaining ecosystem functions and populations of endangered species and it requires consultation with local communities to identify forests that serve community needs and help maintain their cultural identity.

In 2004, APP agreed to adopt the HCVF concept to protect HCVFs according to the *HCVF Toolkit for Indonesia* in four of its dozens of Forest Management Units (FMUs) and hired the [Rainforest Alliance's SmartWood Program](#) to monitor the company's performance in managing around 120,000 hectares of HCVFs. In October 2005, SmartWood conducted the first audit and the audit reports¹², available upon request, reported mismanagement of the HCVF forests that the company had promised to protect (see FACTS 6 and 8). During a meeting with WWF on 20 June 2006, APP refused to make a commitment to protect any further forests based on HCVF assessments using the *HCVF Toolkit for Indonesia*.

APP continues to selectively advertise positive aspects of its “collaboration” with SmartWood on the HCVF protection in the four FMUs, without mentioning the negative findings in SmartWood's first monitoring audit. For FMUs not monitored by Smartwood, APP is touting a new theme: “high conservation value forest protection based on legal compliance”. APP continues to use the phrase “high conservation value forests”, however, APP's “hcvf” protection can be best described as “business as usual” hiding behind “legal

compliance”. Legal compliance in the Indonesian context has very little meaning for conservation. Laws are open to wide interpretation and there is little if any enforcement or punishment for violations. APP’s “legal compliance” has allowed the company to clear 825,000 hectares of natural forests between 1988 and 2005 and will continue to allow APP to clear more forests (see FACT 2). APP says it “*engages and works closely with a variety of key stakeholders... on the identification, verification and management of conservation areas*”, however, apart from the four FMUs mentioned above where proper HCVF assessments were conducted by independent professional entities, WWF found no evidence that the assessments APP refers to in its campaign actually exist (FACT 5).

APP’s newspaper advertisement in the New York and London Times:



FACT 2: APP’s uses national statistics because they present a more favourable picture than the equivalent statistics for the provinces in which APP operates. While overall 38.8% of Indonesia’s forests may be protected (on paper if not in practice), the Ministry of Forestry reported that only 14.4% of the forests that remained in Riau as of 2002-2003 were protected¹³. The only Sumatran provinces in which APP operates its pulp mills, Riau and Jambi, together accounted for 37.1% of the forests lost on the island of Sumatra between the mid 1980’s and early 2000’s according to Government figures. In Riau, APP has been responsible for the loss of 29% of the province’s forest cover (825,000 hectares) in 17 years of operation up to 2005.

One of the impacts of this rapid forest loss is the dramatic decline of Riau’s Sumatra elephant population. Elephant numbers were estimated at 1067-1617 in eleven ranges in 1985¹⁴, 709 in 16 ranges in 1999¹⁵, and 353-431 in 15 ranges in 2003^{16 17}. In addition, WWF estimates that APP is on track to destroy at least 18% of the natural forests remaining in Riau as of 2005 before the company could possibly (against all historical and current evidence) become a 100% plantation wood based company.

APP does not provide the source of the data it quotes. However, publicly available information from the Ministry of Forestry on forest cover based on Landsat images during 2002 and 2003¹⁸ shows that there was 93.9 million hectares of “forestsⁱ” in Indonesia. The Ministry of Forestry data defines “Conservation Forests” as “forests” inside Protected Forests and Nature Reserves & Wildlife Sanctuaries (based on National Forest Land Use Consensus Plan, TGHK). Based on this definition, 38.8% of “forests” remaining in Indonesia and 47.8% of “forests” remaining on the island of Sumatraⁱⁱ were designated for conservation.

However, Sumatra’s provinces differ widely in the percentage of forests designated for conservation. The Ministry of Forestry’s data for Sumatra (Table 1, columns E to I) show that in dramatic contrast to all other provinces, Riau Province, where APP has its main pulp mill, only 14.4% was declared as “Conservation Forests”, lowest portion among the Sumatra provinces (column I). Comparing this data with the forest cover data produced by RePPPProTⁱⁱⁱ for the mid 1980’s (Table 1, columns B to D), we can conclude that Riau and Jambi, together accounted for 37.1% (3.3 million hectares) of the forests lost on the island of Sumatra between the mid 1980s and mid 2000s (column K. Riau and Jambi are highlighted in yellow).

Riau’s relatively large forest cover and small portion of conservation forests for official conservation are the reason why both WWF and APP have been focusing their efforts on the province’s forests. Riau’s forests are

ⁱ Under the Ministry of Forestry definition, “Forest” in this case includes primary natural forest (Hutan Primer), secondary natural forest (Hutan Sekunder) and plantation (Hutan tanaman).

ⁱⁱ Excludes Bangka Belitung.

ⁱⁱⁱ Regional Physical Planning Programme for Transmigration Project, the UK government-funded nationwide mapping exercise undertaken as part of the Government of Indonesia’s transmigration program.

among the *Sumatran Island Lowland and Montane Forests* which WWF has designated as one of the Global 200 Ecoregions¹⁹ because their biodiversity is among the highest in the world, they are critical habitat for Sumatra's severely endangered tigers and elephants, however, these forests are highly threatened by the pulp & paper industry. APP is clearing these forests because there is nowhere else in the world where they can get so much natural forest wood cheaply and easily. Access to natural forest timber is critical to APP, especially now that it is becoming clear that its efforts at building renewable plantations have not been successful.

Province	RePPProT (mid 1980's) ¹			MoF (2002-2003) ²					Forest Loss		
	Total Land Area (ha)	Forest Area (ha)	%	Total Land Area (ha)	Forest Area (ha)	% Forest Cover	"Conser- vation Forest" (ha)	% Protec- tion	Forest Loss (ha)	% Total Loss in Sumatra	% Total Loss in Indonesia
A	B	C	D	E	F	G	H	I	J	K	L
Aceh	5,674,800	3,882,300	68.4%	5,628,730	3,112,370	55.3%	2,304,470	74.0%	769,930	8.6%	3.0%
N. Sumatra	7,250,100	2,812,000	38.8%	7,137,480	1,984,060	27.8%	962,730	48.5%	827,940	9.3%	3.2%
W. Sumatra	4,169,000	2,590,400	62.1%	4,178,830	1,861,320	44.5%	1,165,330	62.6%	729,080	8.2%	2.8%
Riau	9,859,700	5,936,500	60.2%	9,696,430	4,013,330	41.4%	579,410	14.4%	1,923,170	21.6%	7.5%
Jambi	4,873,900	2,765,800	56.7%	4,813,720	1,379,560	28.7%	539,930	39.1%	1,386,240	15.5%	5.4%
S. Sumatra	10,226,300	3,562,100	34.8%	8,652,970	1,055,470	12.2%	577,730	54.7%	2,506,630	28.1%	9.7%
Bengkulu	2,090,400	1,126,600	53.9%	2,013,800	785,890	39.0%	573,390	73.0%	340,710	3.8%	1.3%
Lampung	3,386,700	647,800	19.1%	3,345,470	209,590	6.3%	185,070	88.3%	438,210	4.9%	1.7%
SUMATRA	47,530,900	23,323,500	49.1%	45,467,430	14,401,590	31.7%	6,888,060	47.8%	8,921,910	100.0%	34.6%
INDONESIA	190,905,100	119,700,500	62.7%	187,913,000	93,924,330	50.0%	36,466,750	38.8%	25,776,170		100.0%
Data source:											
1. Regional Physical Planning Programme for Transmigration (RePPProT) (1990) The Land Resources of Indonesia: A National Overview. Jakarta, Indonesia. Land Resources Department of the Overseas Development Administration, Government of UK, and Ministry of Transmigration, Government of Indonesia., quoted by World Bank (February 2001) Indonesia Environment and Natural Resource Management in a Time of Transition.											
2. The Ministry of Forestry Republic of Indonesia (September 2005) Forestry Statistics of Indonesia 2004. http://www.dephut.go.id/content.php?id=162&lev=1&optlang=en											

Table 1.-- Forest Cover Change in Sumatra Provinces and Indonesia between mid 1980's and 2002-2003.

APP's influence on natural forests in Riau is enormous. Rough estimates show that APP was responsible for 29% (about 825,000 hectares)²⁰ of total natural forest loss in Riau between 1988 and 2005 (Figure 1). So desperate has the company been for wood that even protected forests have not been safe. In Riau, WWF's recent investigations confirmed that APP is definitely associated with 38 concession blocks and very likely associated with seven more. Some of the 45 concessions overlap with Protected Areas (Kawasan Lindung) designated in Riau's 1994 Provincial Land Use Plan (RTRWP 1994). 37,349 hectares of protected natural forests were destroyed in these areas between 1996 and 2005, despite their legal protection (see also FACT 11 and Map 5).

APP's impact on Riau will continue until it can source all its raw materials from plantations. APP say they target close to 100% sustainable plantation fiber supply by end of 2007, or at a minimum APP would abide by the Indonesian Government's Acceleration of Plantation Development Program that states 2009 as the target for the entire Indonesian pulp and paper industry²¹. However, WWF sees little evidence that APP can implement these commitments. APP began pulp production in March 1984²² in Riau, but only began plantation development around 1990. The company's plantation management has been very poor since then, and WWF sees very little hope for improvement. WWF fears that APP will continue sourcing from natural forests until there is no more natural wood to be had. Even on the most optimistic assumptions²³, WWF estimates that APP would need to clear an additional half a million hectares²⁴ of natural forest in Riau until it could fully rely on plantation fiber. APP would thus pulp 18% of the 2.7 million hectares of forest left in Riau in 2005²⁵. However, these very conservative assumptions disregard APP's poor past record in meeting its plantation targets. Any increase of pulp production capacity, any further collapse of plantations will require the conversion of even more forests.

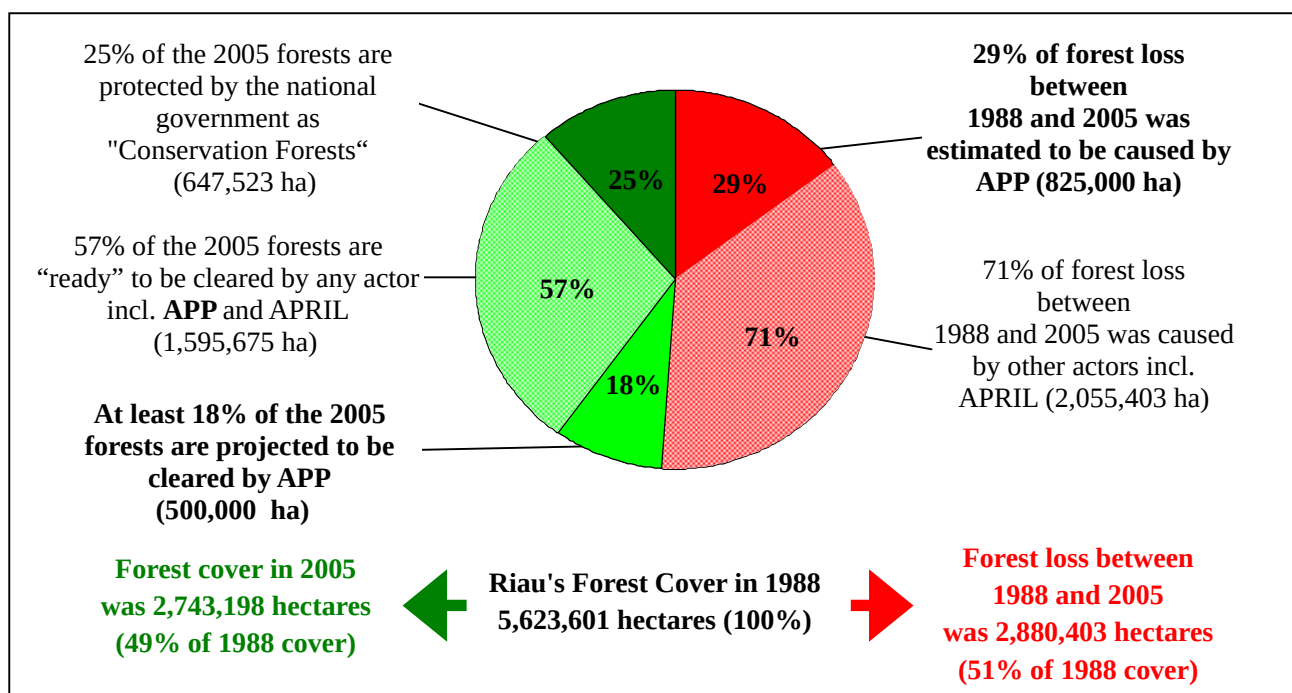
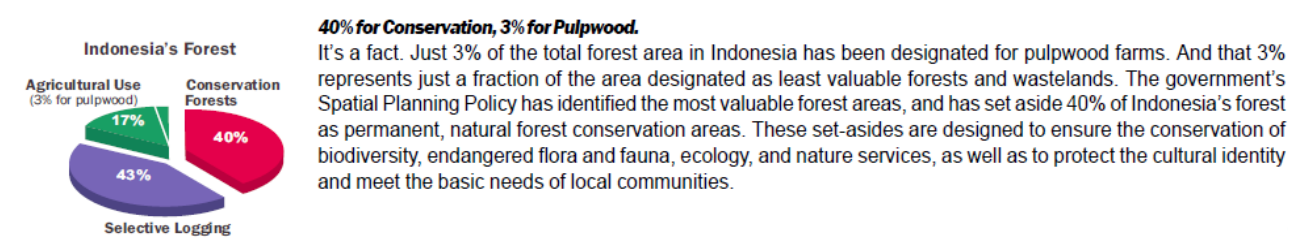


Figure 1.-- Forest loss caused by APP in Riau. (Forest Cover 1988: Indonesian Ministry of Forestry, Forest Cover 2005: WWF interpretation of Landsat images).

APP's newspaper advertisement in the New York and London Times:



FACT 3: APP has been converting "valuable forests" rather than the "least valuable forests and wastelands" it states the Indonesian Government allows companies to convert into plantations.

As APP states, the Indonesian Government policy allows the establishment of timber plantations only on barren land, grasslands, bush, degraded forest or "least valuable forests and wastelands". Companies are requested to micro-delineate and maintain healthy productive forests and forests with conservation values before establishing timber plantations. However, inspections of APP's operations on the ground and interpretation of satellite images clearly show that this has not occurred. Two concessions associated with APP in the Giam Siak Kecil (GSK) block in northern Riau are a clear example. In 1995 (Figure 2), though some logging roads and drainage canals are visible, the two would-be timber plantation concessions associated with APP (blue boundary) were fully covered by natural forests of the same quality as the Bukit Batu Wildlife Sanctuary (green boundary) that lies between them.

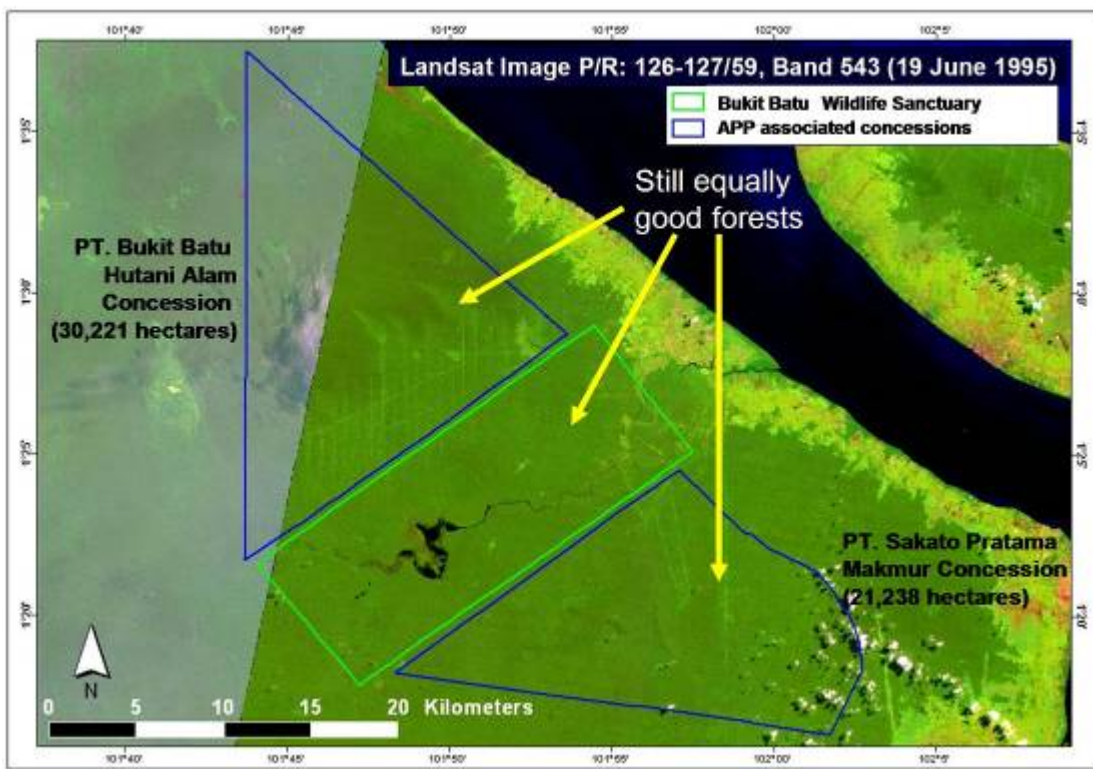


Figure 2.-- Landsat image on 19 June 1995 of the Giam Siak Kecil forest block.

On 22 July 1999, the Ministry of Forestry issued principal licenses for these two concessions^{iv}. (A principal license does not allow a company to clearcut forest immediately). However, Landsat images of 2000 (Figure 3) and 2002 (Figure 4) show large clearcuts (pink areas) in both concessions. This clearcutting can be categorized as illegal, under the conditions of a principal license.

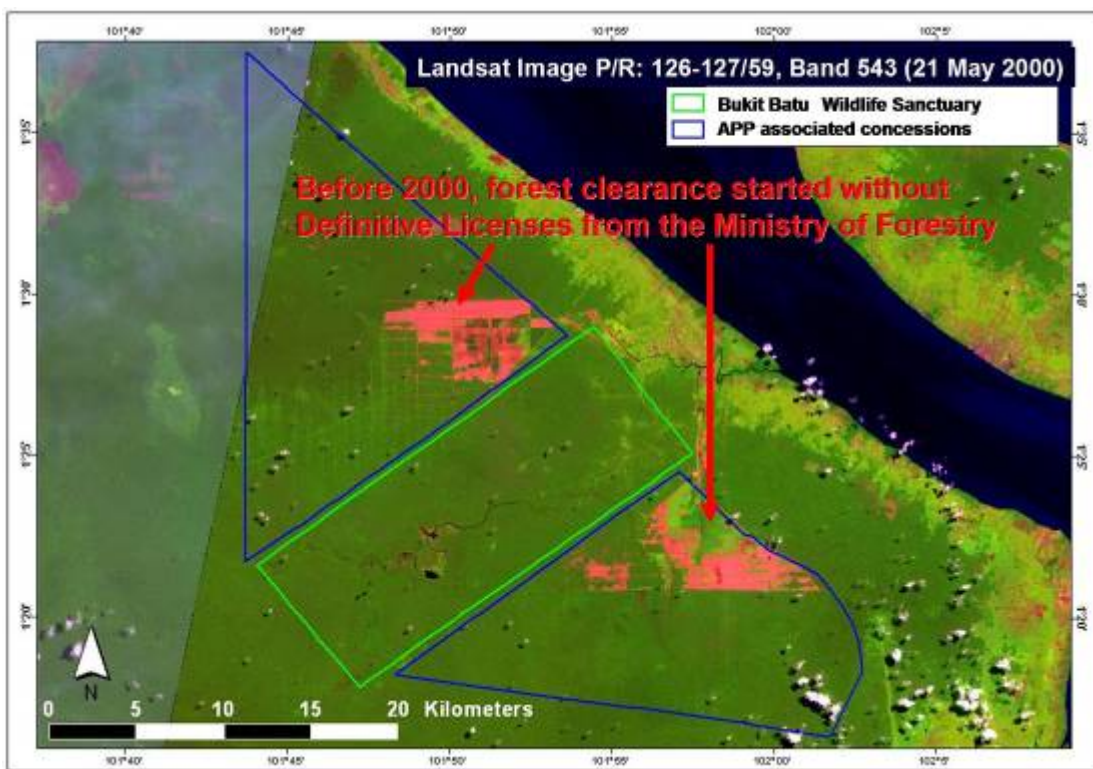


Figure 3.-- Landsat image on 21 May 2000 of the Giam Siak Kecil forest block.

^{iv} 804/Menhutbun-VI/1999 and 805/Menhutbun-VI/1999

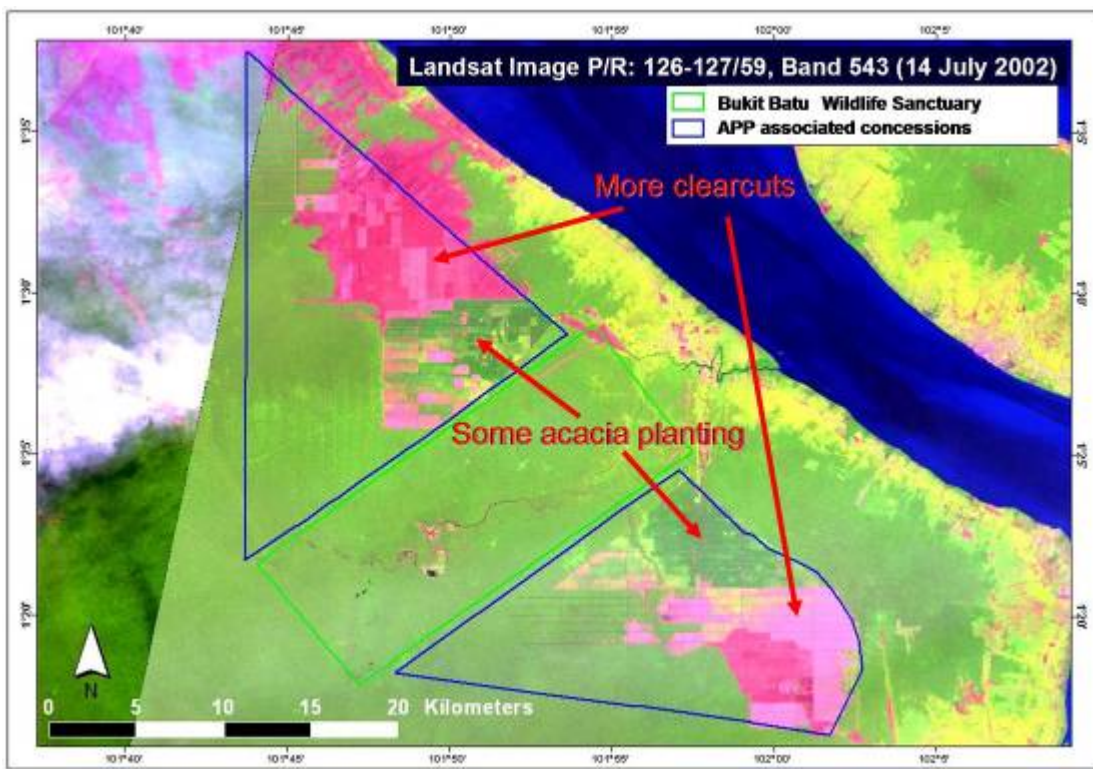


Figure 4.-- Landsat image on 14 July 2002 of the Giam Siak Kecil forest block.

It wasn't until 30 October 2003, that the Ministry of Forestry gave definitive licenses (365 and 366/Kpts-II/2003) thus allowing the company to clearcut some of these forests. By 2004, almost all the natural forests in the two concessions had already been clearcut and some of them already planted with acacia, leaving only 3,564 hectares (12% of the concession area) and 4,385 hectares (21%) of natural forests in the PT Bukit Batu Hutani Alam and the PT Sakato Pratama Makmur concessions, respectively (Figure 5). APP was thus responsible for the illegal destruction, which occurred before 30 October 2003, of highly sensitive peatland forest with potentially high conservation values.

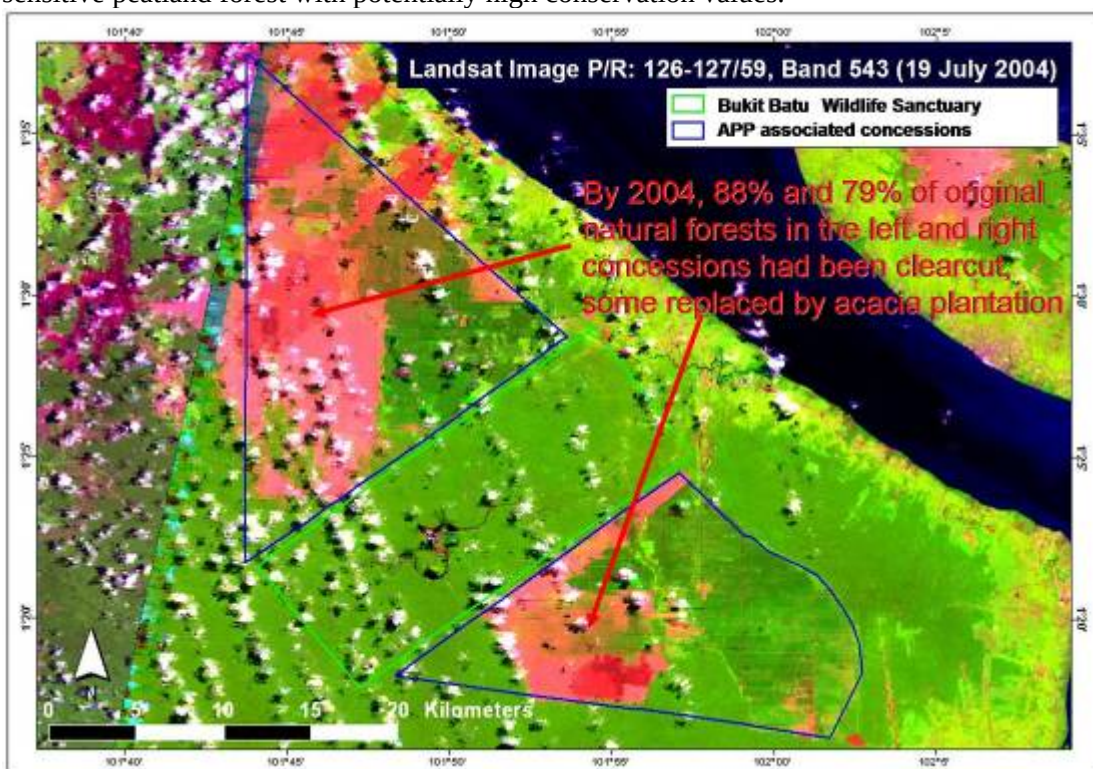


Figure 5.-- Landsat image on 19 July 2004 of the Giam Siak Kecil forest block.

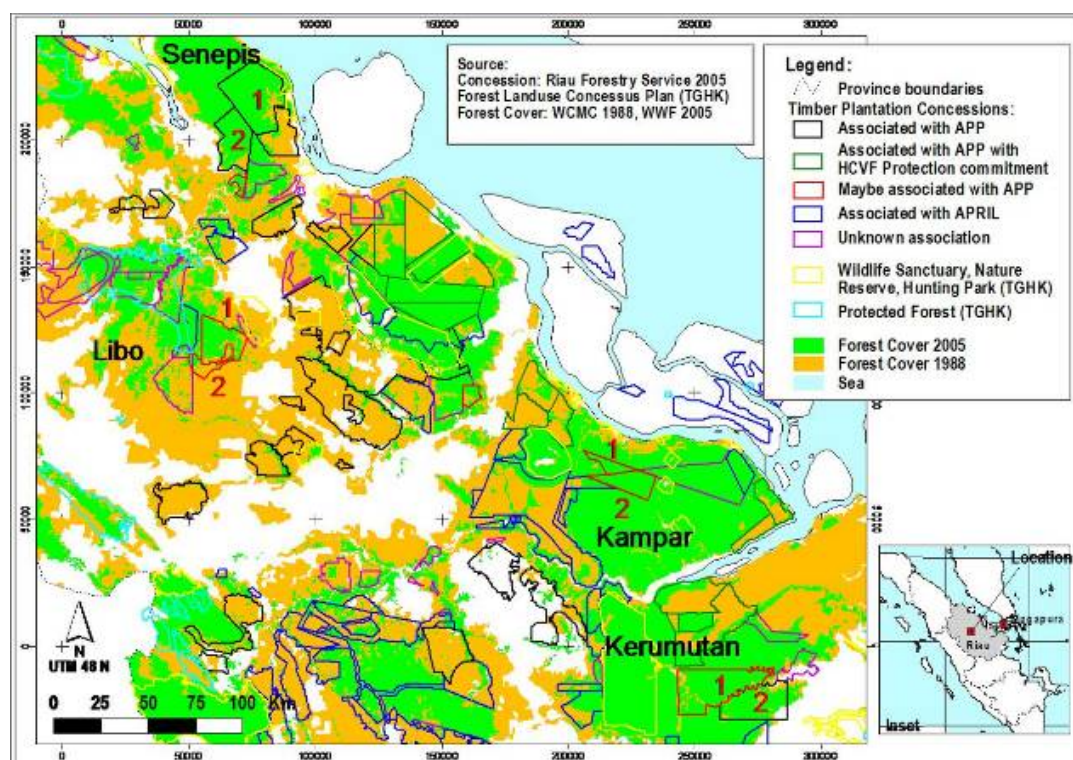
APP's failure in "legal compliance" destroys natural forests

APP's newspaper advertisement in the New York and London Times:

There's more. The 3% of the forest that is designated to become pulpwood farms is further subjected to a number of rigorous biodiversity assessments. This process identifies and sets aside at least 30% of the pulpwood land as high conservation value forests, community forests, local species development forests, and related infrastructures. In addition, APP conducts a high-conservation-value assessment prior to making a final determination of the areas that will be used for pulpwood farms and those that will be conservation set-asides.

FACT 4: Professional HCVF assessments based on the *HCVF Toolkit for Indonesia* may delineate anywhere between 0 and 100% of a given forest area as HCVF. APP's reliance on the "at least 30% of the pulpwood land (gross concession area) to be set aside" rule is not enough to ensure the protection of HCVFs within their associated concessions^v. Further, Landsat images of many concessions associated with APP show much less than 30% natural forest cover in 2005: proof that APP has failed in "legal compliance" to set aside areas and has therefore illegally cleared forest in these concessions.

The forty-five concessions definitely and likely associated with APP today cover 878,109 hectares. In 2005, 348,693 hectares of natural forests remained. (Appendix 1 lists all of these concessions and the last column shows what percentage of each concession was covered by natural forest in 2005.) All of the 23 concessions, except one, in which APP had finished all or most of its forest clearing operations, had less than 23% of the concession area covered by natural forests (highlighted in yellow in Appendix 1). Sixteen of them had only less than 10% forest cover. Even some of the concessions in the four Forest Management Units (FMUs) for which APP had accepted independent HCVF assessments based on *the HCVF Toolkit for Indonesia* had less than 30% forest remaining (green boundary in Map 1 and highlighted in green in Appendix 1). This is not because less than 30% of the concession area had HCVFs, it is because by the time the assessments were conducted, most of the natural forests in these FMUs had been clearcut. Only new concessions in which APP had yet to begin or had only just begun logging operations still had a relatively high percentage of natural forest coverage in 2005 (highlighted in red), however, WWF is highly concerned about the fate of these forests.



Map 1.-- Concessions definitely or maybe associated with APP in Riau. New concessions in critical natural forest areas are numbered. Green areas indicate 2005 natural forest cover, brown areas 1988 natural forest cover.

^v The process APP relies on in fact does not require all of the 30% gross concession area to be delineated as natural forests set asides, but 5% is to be delineated as plantation development related infrastructures, such as roads.

Map 1 shows the locations of the 45 concessions in Appendix 1. Many of the new concessions are located in ecologically very critical areas. In some cases, WWF believes that an HCVF assessment based on *the HCVF Toolkit for Indonesia* may recommend near total protection of all natural forests inside them: two concessions in the Senepis forest block are part of a large and deep peatland forest ecosystem and important habitat for Sumatran tigers (see FACT 7), two concessions in the Libo forest block are important habitat for Sumatran elephants (see reports collected on WWF Indonesia's website²⁶), two concessions in the Kampar forest block are part of a large and deep peatland forest ecosystem and important habitat for Sumatran tigers, two concessions in the Kerumutan forest block are part of a large and deep peatland forest ecosystem.

APP's newspaper advertisement in the New York and London Times:

There's more. The 3% of the forest that is designated to become pulpwood farms is further subjected to a number of rigorous biodiversity assessments. This process identifies and sets aside at least 30% of the pulpwood land as high conservation value forests, community forests, local species development forests, and related infrastructures. In addition, APP conducts a high-conservation-value assessment prior to making a final determination of the areas that will be used for pulpwood farms and those that will be conservation set-asides.

FACT 5: APP's statements that forest designated for conversion is "subjected to a number of rigorous biodiversity assessments" and that "APP conducts a [prior] high-conservation-value assessment" are inaccurate. Apart from the HCVF assessments based on the *HCVF Toolkit for Indonesia* conducted by WWF's consultants and Rainforest Alliance's SmartWood Program in four of its many Forest Management Units in Riau between 2003 and 2005, WWF is not aware of APP conducting any professional, transparent, independent assessments that follow accepted conservation toolkits.

The *HCVF Toolkit for Indonesia* assesses forests against the following values - biodiversity, habitat for key endangered species, environmental services for downstream cities and villages, and cultural and economic importance for local communities. The HCVF assessments need to be conducted by well trained and qualified multidisciplinary teams in a transparent manner through stakeholder consultations. Such HCVF assessments have been completed in only four Forest Management Units associated with APP by WWF consultants (Jarvie *et al.* 2003)²⁷ and SmartWood²⁸. They confirmed the presence of around 120,000 hectares of HCVFs. APP pledged to protect them, and even commissioned SmartWood to conduct regular audits to monitor the company's performance in managing these HCVFs²⁹. However, SmartWood's first audit showed that the company had failed to effectively manage and protect the identified HCVFs (audit reports are available from SmartWood upon request) (see also FACTS 6 and 8).

Under Indonesia's laws and regulations, delineation of natural forests for protection within concessions is based on a three-step process: an AMDAL assessment (Environmental Impact Assessment), a macro delineation, and a micro delineation. However, these assessments and delineations are seldom effective in ensuring the protection of High Conservation Values, because they are not conducted in an independent, scientific, transparent or auditable manner. The ongoing devastation of Indonesia's forests is a direct outcome of the feeble efforts of concession companies, including APP, to respect and seriously implement these steps.

APP's refusal to protect HCVFs as identified by the *HCVF Toolkit for Indonesia* means that the around 230,000 hectares of natural forests standing in known APP concessions in 2005 may be destroyed to supply APP's pulp mill, without any independent, scientific and transparent assessment of High Conservation Values and without any measures being taken to protect them. In addition, many more potential HCVFs will be destroyed outside APP's Timber Plantation Concessions as the company continues to source from third parties who operate beyond any control. APP's pulp mill depends on such deliveries as it is running out of wood due in no small part to the company's very poor plantation management.

APP has not protected what it committed to protect

APP's newspaper advertisement in the New York and London Times:

It's important to note that these set-asides will preserve high conservation values only if they are properly managed, and when those management programs are adequately staffed and funded. We take pride that APP's conservation set-aside efforts are built around robust, well-developed management plans, are well-funded, and are implemented by thoroughly trained personnel.

FACT 6: According to APP's auditor, SmartWood, APP is failing to protect the HCVFs that it has committed to conserve.

In 2005, APP contracted an FSC-accredited certifier, the Rainforest Alliance's SmartWood Programme, to monitor the management of HCVFs that APP had pledged to protect for five years³⁰. Public Summary Verification Reports by SmartWood, available upon request, on the first round of monitoring of APP's management of the four identified HCVF blocks concluded that on average 9% of the originally identified HCVFs were lost (Table 2). In total 7,802 hectares of lost HCVF was directly attributable to APP, 2119 hectares indirectly attributable to APP (i.e. negative effects of declining humidity and increased light, wind and temperature extremes at the long forest edges in HCVF areas or at canals through HCVF areas, forest death resulting from poor hydrological practices, etc.) and 1074 hectares by other parties or factors (i.e. illegal logging, conversion to agriculture or forest and land fires which the company failed to control).

In the case of HCVF in the Giam Siak Kecil (GSK) area, APP excluded around 5,000 hectares of the original HCVF area that it had originally committed to protect, even though these forests were delineated as Protected Areas in the Riau Provincial Land Use Plan 1994 (see also FACTS 8, 9 and 11). WWF recommends that interested stakeholders request copies of the full audit reports from SmartWood to verify what is actually written in them, rather than rely on APP's interpretation of the report.

	Giam Siak Kecil	Pulau Muda	Serapung	Siak	Total
HCVF originally identified	70,460	33,530	7,144	6,872	118,006
Assessor	Jarvie <i>et al.</i>	SmartWood	SmartWood	SmartWood	
Report date	Nov-03	Aug-04	Nov-04	Jul-05	
Loss of the original HCVFs directly attributable to APP/Sinar Mas Forestry (includes "Company subtracted HCVF forest")	-7,802	-734	0	-64.5	-7,802
Loss of the original HCVFs indirectly attributable to APP/Sinar Mas Forestry	-956	-124.5	-1,038.4	Not measured	-2,119
Loss of the original HCVFs by other parties or factors	0	-418	-418	-237.5	-1,074
Company added "HCVF"	1,826	173.64	0	0	2,000
October 2005 HCVF Balance	63,528	32,427	5,687	6,570	108,212
Loss %	12.4%	3.8%	20.4%	4.4%	9.3%

Table 2.--Summary of key data from the SmartWood first verification audit reports³¹.

APP clearcuts Sumatran Tiger habitat

APP's newspaper advertisement in the New York and London Times:

Answering the Call of the Sumatran Tiger.

The Sumatran Tiger is in critical danger. Once lord of the jungle throughout the island of Sumatra in Indonesia, the tiger population has plummeted to about 350, as tiger poaching and trading in tiger parts take their bloody toll.

APP has joined forces with forest concession holders, the Indonesian Ministry of Forestry, local Governments and the Sumatran Tiger Conservation Program to create and help fund the Senepis-Buluhala Tiger Conservation Area. This 100,000 hectare-plus reserve, situated in the Senepis forests of northern Riau, contains one of the highest densities of tigers in Sumatra. Avoiding human-tiger conflict – and saving the lives of both – will be a primary goal of the reserve's collaborative management team.



FACT 7: 86% of the "100,000 hectare-plus reserve" for tiger conservation that APP proudly advertises is actually inside an unrelated company's Selective Logging concession, which has been certified by the

Forest Stewardship Council (FSC) and the Indonesian Ecolabeling Institute (LEI). For this reserve, APP itself offered to provide only 15,597 hectares of natural tiger forests in two of its associated concessions located to the south of the FSC concession. APP fails to say, however, that APP and associated concession holders are set to clearcut up to 48,818 hectares of natural tiger forest inside these two concessions for their pulp production. This includes 31,615 hectares that in 2004 had been proposed as Senepis national park for Sumatran Tiger conservation and 22,245 hectares of natural tiger forest delineated as Protected Area (Kawasan Lindung) in the currently active Riau Land Use Plan 1994 (RTRWP 1994).

Senepis forest block in the north-western tip of Riau is important habitat for Sumatran tigers. Fortunately for the tigers, most of this forest block is inside the Selective Logging Concession of PT Diamond Raya Timber, certified by both Forest Stewardship Council (FSC) and Indonesian Ecolabeling Institute (LEI) (Map 2, red boundary). The remaining tiger forest to the south is licensed to four Timber Plantation concessions, which will be cleared and not selectively logged. At least three of them are confirmed to be associated with APP: one concession of PT Suntura Gajapati and two concessions of Ruas Utama Jaya (Map 2, blue boundary, indicated by blue arrows). These three concessions together contained 68,067 hectares of natural forests in 2005 (light green shaded area), 42,356 hectares of which were inside the PT Suntura Gajapati concession.

Recognizing the importance of these forests for tigers, a tiger conservation area of 60,000 hectares including the whole PT Suntura Gajapati concession had been proposed many times by the Forestry and Plantation Agency, the Mayor of Dumai, the Riau BKSDA^{vi} and the Parliament of Dumai³². On 23 August 2004, the Riau Forestry Agency suggested that the Ministry of Forestry change the land use function of 57,472 hectare of still largely forested area from Permanent Production Forest status to a National Park³³ (Map 2, thick green boundary). The area included all of PT Suntura Gajapati (46,908 hectares, blue boundary) and a small area of PT Diamond Raya Timber concession. This proposal was supported by Riau's Governor on 18 October 2004³⁴. On July 11, 2005, the Indonesian Ministry of Forestry's Director of Protected Areas stated in front of local and national government officials, NGOs and corporations that the Ministry would try to revoke the concession license of PT Suntura Gajapati to ensure the establishment of Senepis-Buluhala National Park.

However, APP and PT Suntura Gajapati disagreed with this proposal. On January 2006, the Minister of Forestry issued two letters, suddenly giving principal approval for a new idea: the establishment of a Sumatra Tiger Conservation Area (not a National Park), of 106,086 hectares (Map 2, pink boundary)³⁵. On 22 June 2006, PT Suntura Gajapati/APP submitted yet another proposal for a Conservation Area of 106,081 hectares with some boundary modifications to the original proposal by the Ministry of Forestry (Map 2, yellow dotted boundary). On first impressions, the fact that the new Tiger Conservation Area is around 40,000 ha larger than the originally proposed Tiger National Park, might sound like good news. However, a deeper examination shows that Sumatran tiger is likely to be worse off :

- 86% of this new Tiger Conservation Area lies within the PT Diamond Raya Timber's Selective Logging concession (88,187 hectares) whose natural forests are not designated for clearcutting. Therefore there is no gain for tigers, a LEI and FSC managed Selective Logging concession is already something like a "Tiger Conservation Area".
- Only 14% lies within APP associated PT Suntura Gajapati and PT Ruas Utama Jaya concessions which would protect 10,741 hectares and 4,856 hectares of natural forest respectively, much less than the originally proposed national park which was supposed to protect all forest in the PT Suntura Gajapati concession (46,908 hectares) and much less than "at least 30% of high conservation value forests" to be set aside in each concession (22.9% and 18.5% respectively) which APP mentions in their newspaper advertisement (FACT 4). APP thus "managed to prevent" around 31,615 hectares of 2005 natural tiger forest cover in the PT Suntura Gajapati concession from being declared a national park and will clear this forest apparently without concern for the tigers that live there. A clear loss for tigers.
- The new boundary proposed by APP would also allow the conversion of 11,129 hectares and 11,116 hectares, respectively of Protected Area (Kawasan Lindung) that the currently active Riau Land Use Plan (RTRWP 1994) had set aside for protection (Map 2, black outline) inside the concessions of PT Suntura Gajapati and PT Ruas Utama Jaya. According to existing regulation, natural forests inside Kawasan Lindung should not be converted.

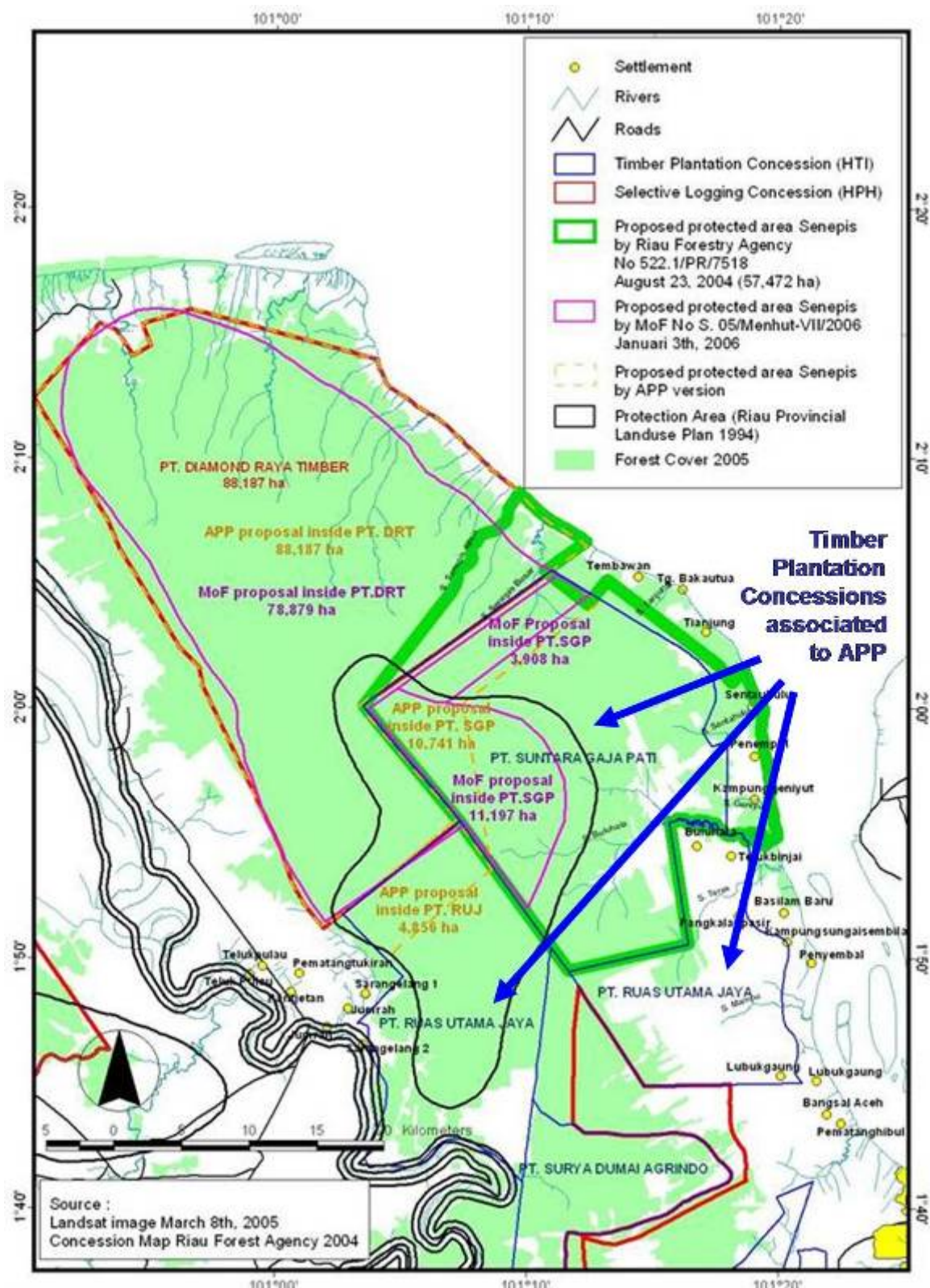
^{vi} Conservation Authority in the Riau Province

- The new Tiger Conservation Area boundary proposed by APP was ratified in an agreement signed on 21 June 2006 by Sinar Mas Forestry (APP), APP's joint venture partners, PT Sutarajaya and PT Ruas Utama Jaya and two NGOs, Sumatran Tiger Conservation Program^{vii}. For unknown reasons, the most important stakeholder in this new APP-driven proposal, PT Diamond Raya Timber, was not included in the agreement despite the fact that they are supposed to provide most of the land for the new conservation area. In an interview on 11 August 2006, PT Diamond Raya Timber management staff told WWF that they did not know that there was a discussion between these parties to sign the agreement. Diamond Raya Timber staff said that in principle, they do not object to the proposal to have their selective logging concession as the core area of Sumatran Tiger Conservation Area. However, they are concerned that this new proposal protects only a small fraction of the natural forests in the concessions of PT Sutarajaya and PT Ruas Utama Jaya, and in practice allows the rest of the remaining natural forests to be clearcut, thus pushing more tigers into their Selective Logging Concession on the north and increase the likelihood of human-tiger encounters and conflicts in the now much smaller habitat.



Figure 6.--Loss of habitat in Riau has resulted in the death and capture of tigers who come into closer contact and thus potential conflicts with people and their livestock. A tiger was found dead with snares on its foot inside APP's Pulau Muda concession on May 9, 2006 (left, WWF-Indonesia/ Tesso Nilo Program) and an injured tiger was captured after a conflict with villagers in Pulau Burung Village, Indragiri Hilir District in May 2005 (right, WWF-Indonesia/Tesso Nilo Program).

^{vii} The program is a collaboration between the Indonesian Department of Forestry, the Sumatran Tiger Trust in the UK and The Tiger Foundation in Canada.



Map 2.--Various proposals for a Sumatra Tiger protected area in Senepis forest block. Senepis-Buluhala Sumatra Tiger National Park proposed by Riau Forestry Service (green boundary), Conservation Area proposed by the Ministry of Forestry (pink boundary) and by APP, associated concessions and two NGOs (yellow dotted line) and concessions of PT Diamond Raya Timber (red boundary on the north), PT Suntara Gajapati and PT Ruas Utama Jaya (RUJ) (blue boundary).

APP continues to threaten peatland forest ecosystems in Riau

APP's newspaper advertisement in the New York and London Times:

Giving the World's Smallest Fish a Fighting Chance.

Conventional wisdom holds that, due to their inhospitable environments, peat swamp forest ecosystems could not possibly harbor many species. In fact, quite the opposite is proving true. Peat swamp forests have high aquatic and terrestrial biodiversity. And APP believes they are worth protecting.



revealed in further studies.

In collaboration with the Riau Forest Department, APP is moving forward with plans to establish the Riau Biosphere Reserve, under the auspices of UNESCO. The proposed reserve will encompass an area of about 800,000 hectares, of which some 172,000 are conservation forests. The Biosphere Reserve will be unique due to the inclusion of a large swath of pristine peat swamp forest, and will have a high level of flora and fauna diversity. Just how high will be

FACT 8: After making global public promises for the protection of peat swamps in Riau in 2004, APP did not move forward with “plans to establish the Riau Biosphere Reserve” and left Giam Siak Kecil’s peat swamp forests to degrade without any conservation management or protection.

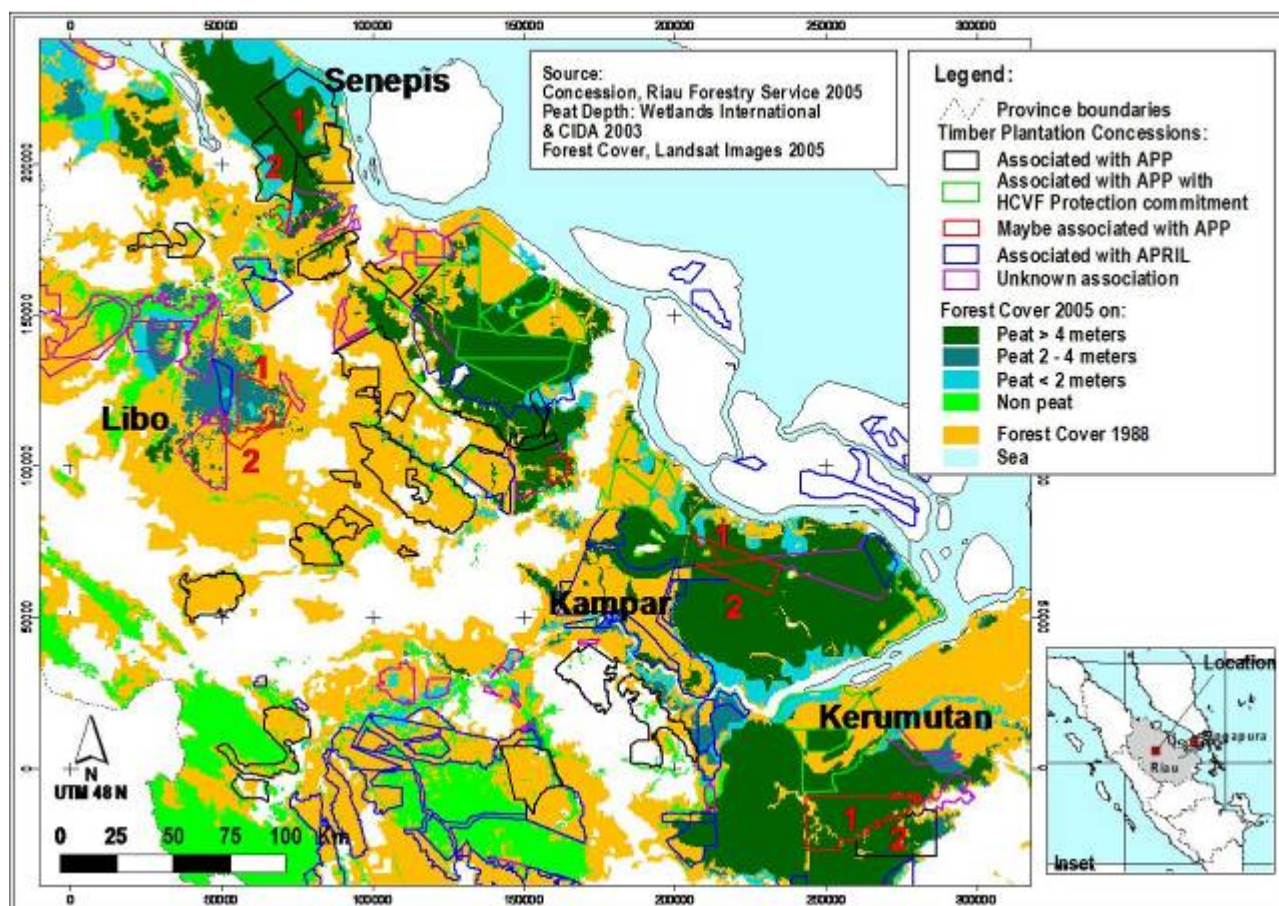
In 2003, a study commissioned by WWF based on the *HCVF Toolkit for Indonesia*, identified approximately 70,000 hectares of HCVFs inside APP’s Forest Management Unit in the Giam Siak Kecil forest block – a large peatland ecosystem³⁶. The study recommended connecting the identified HCVFs with two existing protected areas, Giam Siak Kecil (50,000 ha) and Bukit Batu Wildlife Sanctuaries (21,250 ha) to form one large conservation area. In 2004, APP publicly accepted that challenge and committed to protect and manage the area. However, for the next two years APP did nothing substantial to protect this area. The verification audit report by SmartWood (28 April 2006)³⁷ states: *“To date, the actions taken by the company to manage and conserve HCVF in the concession have been limited to implementation of a no-cut policy...Essentially no stakeholder consultation with local communities has been undertaken to raise awareness about the company’s HCVF management objectives or to explore collaborative management with local communities...There is no approved conservation action plan that provides a long term framework for planning and implementing conservation actions to maintain or enhance the values currently present in HCVF areas.”*

SmartWood’s audit report³⁸ also concludes that 12% of the original HCVF identified by the study had been lost by October 2005, including 7,800 hectares of HCVF loss directly attributed to clearing by APP and a 956 hectares loss indirectly attributed to APP operations. SmartWood also states that forest depletion or degradation in HCVF areas is increasing and attributed this to expanded illegal logging throughout many forests within the HCVF areas, in most cases facilitated by the extensive network of canals dug by APP. In SmartWood’s opinion, the company’s approach of only reporting illegal logging but not taking any other actions *“does not fulfill company obligations and SmartWood believes it should commit sufficient financial and human resources necessary to reduce the intensity and scale of HCVF depletion caused by illegal logging.”*

FACT 9: Giam Siak Kecil is not the only peat swamp forest ecosystem endangered by APP operations.

APP has eight concessions covering large areas of natural forest in four additional peatlands: Senepis, Kampar, Kerumutan and Libo peat swamp forest blocks. A total of 171,555 hectares of natural forests remained in these concessions in 2005, mostly on top of deep peat soil (see red numbered blocks in Map 3 and red highlighted cells in Appendices 1 and 2). These peatland forest ecosystems are as important as the Giam Siak Kecil area APP so proudly advertises. However, APP refuses to protect these forests.

- APP is ready to clear around 49,000 hectares of natural tiger forests in Senepis (see FACT 7).
- APP is getting ready to clear two concessions on the top of the peat dome in Kampar that both Riau’s local NGO network Jikalahari and WWF have proposed as national park.
- APP has been developing concessions in the Libo block that include forests urgently needed by Sumatran Elephants (see reports collected at WWF Indonesia’s website³⁹), and
- APP has been clearing its concessions in the Kerumutan peat forest block.



Map 3.-- Timber Plantation Concessions belonging to or associated with APP and forest cover 2005 colored based on different depth of peat soil. Brown areas used to be covered by natural forests in 1988.

While the dramatic negative effect of APP's operations on Riau's forests, tigers and elephants have been amply documented, concern about APP's impact on global warming is rapidly growing. APP is driving up carbon emissions from Riau's peatland areas through the destruction of their natural forests, their drainage, peat soil subsidence, and frequent forest and land fires. Carbon emissions from the destruction of Indonesia's peatlands are already higher than the country's emissions from fossil fuels. APP is thus a major contributor to the global catastrophe that is global warming. Development of plantation on peatlands is also legally problematic. The government of Indonesia prohibits the clearing of forest above peat with depths of more than three meters^{viii}. As shown by Map 3 and Appendix 3, 73% of 2005's natural forest cover in all APP associated concessions in Riau was on peat deeper than 4 meters (dark green area in Map 3) and therefore should be protected.

Clearance of natural forests on peatlands in Riau involves another legal problem. Peatland forests are good habitat for Ramin trees (*Gonystylus* spp.), which is under Indonesia's decreed moratorium on logging and trade⁴⁰. The FSC/LEI certified logging company, PT Diamond Raya Timber mentioned in FACT 7, is the only company for whom the CITES Management Authority of Indonesia issue export permits for timber and products from ramin from Indonesia⁴¹. A botanical survey in August 2006 showed that Ramin trees occur inside APP associated concessions in Senepis and Kampar forest blocks, with an average of 10-17 trees per hectare⁴². APP's clearance of natural forests in these concessions which involves cutting of ramin trees is legally problematic as it is in breach of Indonesia's decreed moratorium on ramin logging and trade. Another botanical study that was conducted by Forestry Faculty of Lancang Kuning in PT Diamond Raya Timber's concession in Senepis found that the density of ramin in virgin forest and logged over forest to be 16 trees per hectare and 8.5 trees/hectare, respectively⁴³. Comparing the ramin densities found by the two studies, it can be concluded that the forests in the APP associated concessions in Senepis and Kampar are as healthy and productive as the FSC/LEI certified PT Diamond Raya Timber's Selective Logging concession, and

^{viii} Presidential Decree No 32/1990, Ministry of Forestry Decree No. SK.101/Menhut-II/2004.

therefore should not be clearcut. In addition, three endangered species according to the IUCN Red List of Threatened Species⁴⁴, *Shorea teysmanniana* (EN A1cd), *Anisoptera marginata* (EN A1cd+2cd) and *Vatica pauciflora* (EN A1c) were observed in the sample plots and they should not be logged.

APP has been unable to protect their concessions from forest and land fires

APP's newspaper advertisement in the New York and London Times:

As part of our intensive conservation efforts, APP assesses habitats, biodiversity, and community significance of all of its forest concessions in Indonesia. We also go beyond our legal obligation to suppress fires on our lands, and maintain world-class fire-fighting resources, including fire-fighting helicopters, which are made available to both the government and the communities in times of need. APP has put sophisticated "chain-of-custody" systems in place to ensure that no illegal wood enters our mills, and we have implemented illegal-logging-prevention programs, based on a multi-stakeholder approach, to create public awareness and to provide alternative livelihoods for local communities.

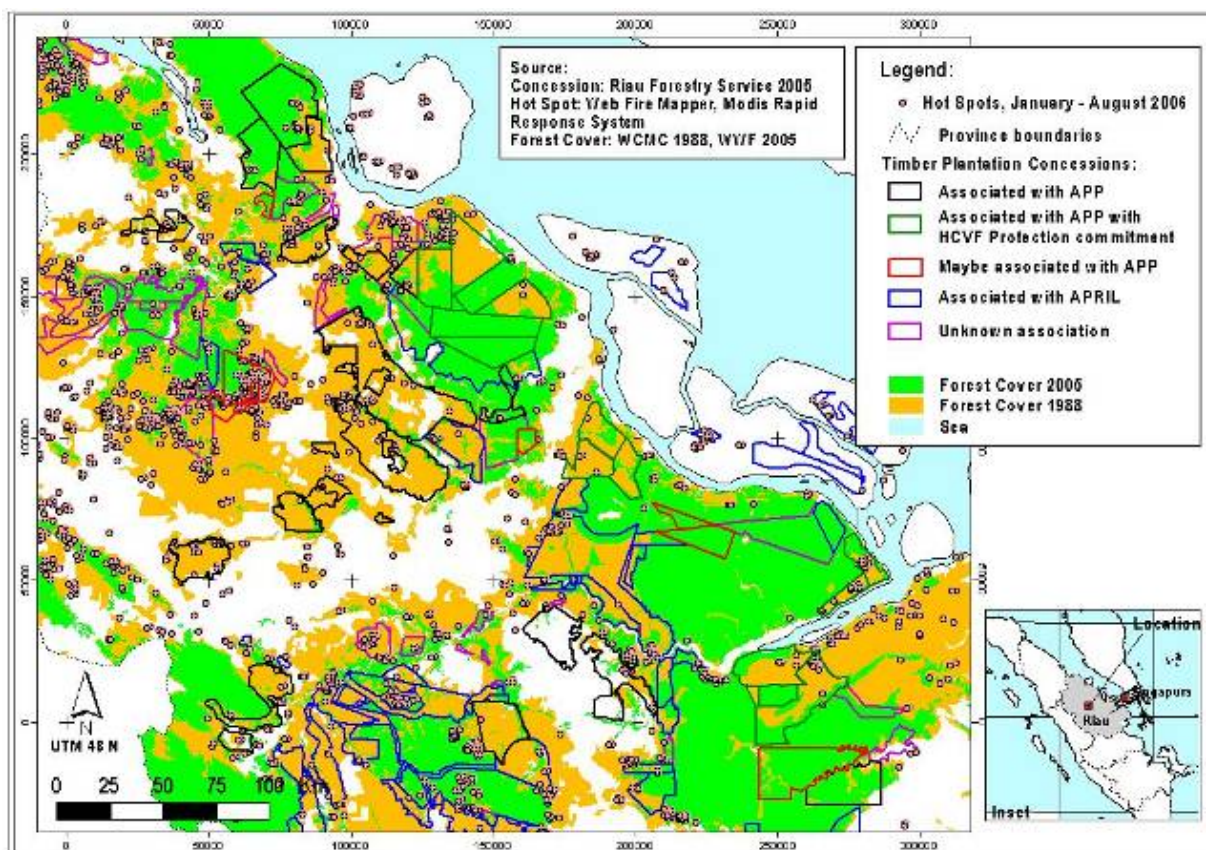
FACT 10: 16.1%, 8.7%, 15.3%, 19.3% and 11.0% of all of Riau's fires in 2002, 2003, 2004, 2005 and between 1 January and 25 August 2006 burnt in Timber Plantation Concessions owned and associated with APP. APP has not been complying with its legal obligation to suppress fires on land under its control.

Based on the [Forest Fire Prevention Management Project 2](#) (a joint project by the Indonesian Ministry of Forestry and JICA)⁴⁵ and [MODIS Web Fire Mapper](#)⁴⁶ many of the APP associated concessions had recurring fire hotspots since 2002 (Appendix 2). Map 4 shows the locations of the hotspots detected between 1 January and 25 August 2006 in Riau. The drama of the burning fires and their direct correlation with clearing of peatlands for plantations prompted WWF, Walhi, Greenpeace Southeast Asia and Jikalahari on 7 August 2006, to jointly call on Government to stop granting concessions for conversion and land clearing on peatlands⁴⁷.

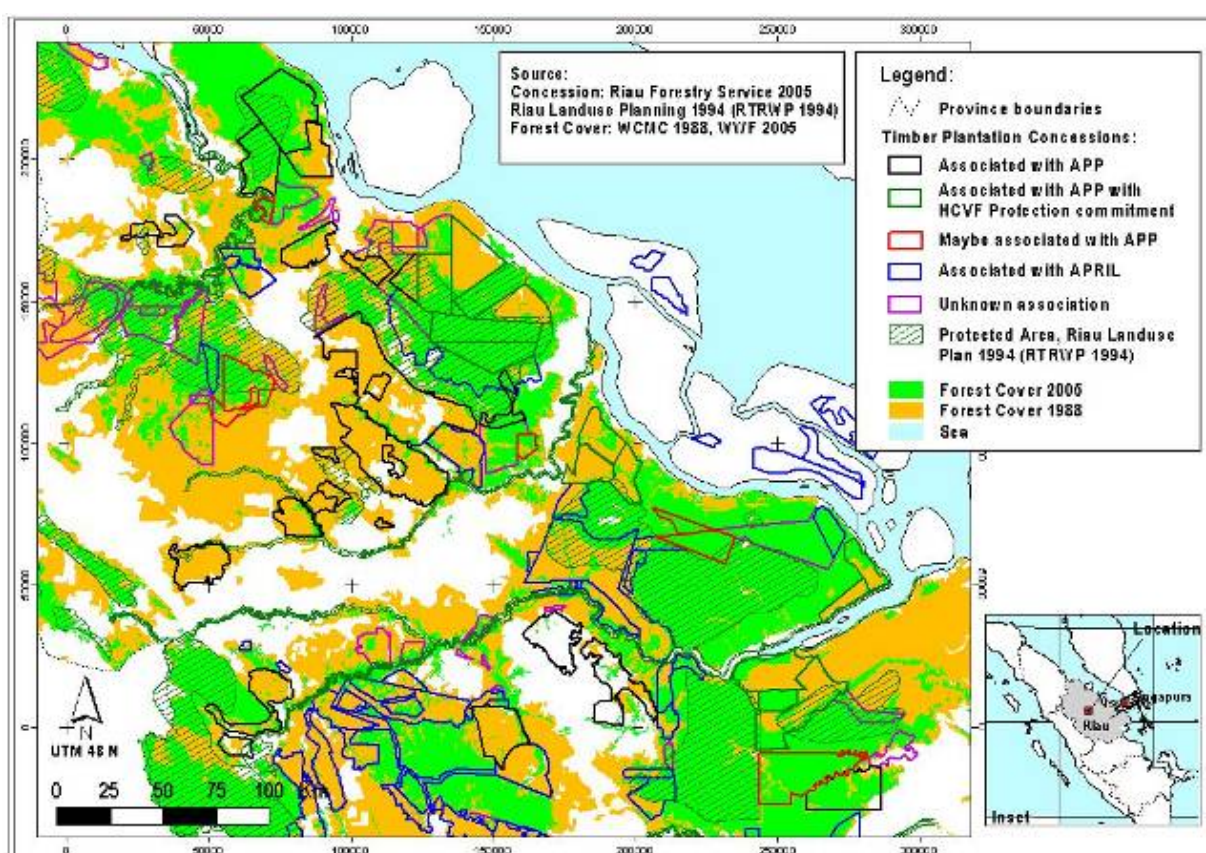
APP's "chain-of-custody" system does not ensure legality

FACT 11: APP states it has put a "chain-of-custody" system in place. APP states that it goes "beyond legal compliance". However, investigations suggest that APP's own forestry operations are not even "in" legal compliance.

APP is continuing to rely on wood from concessions with legally questionable District licenses⁴⁸; on wood deliveries from the clearing of natural forests that occur on peat with more than 3 meters depth or habitat for CITES protected ramin (see FACT 8 and Map 3), as well as clearing of other natural forests that are prohibited from conversion by Government regulations, such as forests which have been designated as Protected Areas (*Kawasan Lindung*) according to the Provincial Land Use Plan 1994 (RTRWP 1994) (Map 5). The "chain-of-custody" system APP employs is blind to these violations, therefore APP customers should not see it as "legality certificate".



Map 4.-- Hotspots between 1 January and 25 August 2006 in relation to APP associated concessions.



Map 5.-- Timber Plantation Concessions belonging to or associated with APP in relation to Kawasan Lindung (provincially Protected Area) according to the Riau Land Use Plan (RTRWP 1994).

CONCLUSION

APP's newspaper advertisement in the New York and London Times:

Why do we do it? APP believes that the protection of endangered species and the conservation of biodiversity are key tenets of responsible forest management. And sustainable, responsible forest management is, simply, good business. As users of the forest, we have an obligation to be good stewards of the forest and all that dwell in it. As an international leader in our sector, we are unique in our ability to call upon the scientific, intellectual, and financial resources necessary to really make a difference. For the Sumatran Tiger. For the White-Winged Duck. For the Sumatran Elephant. And for Indonesia's forests as a whole.

WWF's Conclusion: The facts detailed above clearly show that while APP may state a belief *“that the protection of endangered species and the conservation of diversity are key tenets of responsible forest management”*, its actions speak louder than words. APP does not implement *“responsible forest management”*. APP does not respect its *“obligation to be good stewards of the forest and all that dwell in it”*. APP's future *“sustainable forest management program”* clearly depends on today's destruction of natural forests, including HCVFs as identified by the *HCVF Toolkit for Indonesia*.

Paper buying companies throughout the world can contribute to the conservation of forests in Riau and beyond. They can review their supply chains to ensure they do not include producers who source any of their fiber illegally or by clearing forests likely to contain high conservation values. Where there is a risk of dealing with a producer whose products may contain timber from such "unwanted sources", buyers can request their supplier to verify that **all** of their fiber is from environmentally and socially responsible sources. If suppliers do not provide such assurances, or if such assurances cannot be verified, buyers can direct their business elsewhere. However, if individual suppliers are responsive, e.g. by committing to not clear HCVF throughout their corporate operations, buyers can reward their efforts by offering "preferred supplier" status.

Any company buying products from APP today is contributing to the devastating loss of the last natural forests not only in Riau but in other provinces where APP operates, pushing the wildlife that the forests support ever closer to extinction.



Figure 8. --Wood piles in the log yard and pulp mill of APP in Riau Province, Sumatra, Indonesia. (WWF Indonesia). How much more natural forest should be pulped by this mill?

Appendix 1. List of Concessions confirmed to be associated or likely associated with APP in Riau and forest cover in 1988 and 2005. Concessions where all or most of natural forest clearance operations ceased before 2005 are highlighted in yellow, concessions in which APP says it is protecting FSC HC VF under SmartWood supervision are highlighted in green. Concessions in which development has just or has not yet started are highlighted in red.

Concession Holder	Association	Concession Area (ha)	Forest Cover 1988 (ha)	Forest Cover 2005 (ha)	% Concession Area Covered by Forest 2005
PT. ARARA ABADI - Beringin	APP	16,624	15,875	2,966	18%
PT. ARARA ABADI - Beringin	APP	9,543	9,485	681	7%
PT. ARARA ABADI - Duri	APP	59,605	52,055	3,792	6%
PT. ARARA ABADI - Duri	APP	90,844	71,815	7,065	8%
PT. ARARA ABADI - Minas	APP	4,355	4,355	-	0%
PT. ARARA ABADI - Minas	APP	14,811	14,811	2,127	14%
PT. ARARA ABADI - Minas	APP	9	9	-	0%
PT. ARARA ABADI - Minas	APP	1,205	1,205	-	0%
PT. ARARA ABADI - Minas	APP	266	266	-	0%
PT. ARARA ABADI - Nilo	APP	26,178	25,320	3,383	13%
PT. ARARA ABADI - Pelalawan	APP	23,524	417	475	2%
PT. ARARA ABADI - Pelalawan	APP	28,993	8,578	2,278	8%
PT. ARARA ABADI - Pelalawan	APP	848	53	35	4%
PT. ARARA ABADI - Sedinginan	APP	7,569	5,156	691	9%
PT. ARARA ABADI - Sedinginan	APP	4,903	4,006	362	7%
PT. PERAWANG SUKSES PERKASA INDUSTRI	APP	22,826	21,433	808	4%
PT. PERAWANG SUKSES PERKASA INDUSTRI	APP	24,540	23,177	5,701	23%
PT. PERAWANG SUKSES PERKASA INDUSTRI	APP	6,848	3,365	958	14%
PT. RIAU ABADI LESTARI	APP	4,472	3,008	338	8%
PT. RIAU ABADI LESTARI	APP	5,703	5,703	84	1%
PT. RIAU ABADI LESTARI	APP	4,858	4,118	-	0%
PT. RUAS UTAMA JAYA	APP	18,410	17,344	3,652	20%
PT. SATRIA PERKASA AGUNG	APP	9,356	9,356	2,850	30%
PT. ARARA ABADI - Pulau Muda	APP	28,218	27,040	8,024	28%
PT. ARARA ABADI - Siak	APP	45,431	45,431	9,438	21%
PT. BUKIT BATU HUTANI ALAM	APP	30,221	28,410	3,564	12%
PT. DEXTER TIMBER PERKASA INDONESIA & KTH WANAJAYA	APP	30,832	30,832	30,365	98%
PT. MITRA HUTANI JAYA	APP	7,492	6,834	823	11%
PT. SAKATO PRATAMA MAKMUR	APP	24,192	24,192	13,009	54%
PT. SAKATO PRATAMA MAKMUR	APP	21,238	20,725	4,385	21%
PT. SATRIA PERKASA AGUNG	APP	24,636	24,636	24,636	100%
PT. SATRIA PERKASA AGUNG - Pulau Muda	APP	40,608	40,608	15,129	37%
PT. SATRIA PERKASA AGUNG - Serapung	APP	11,404	11,270	5,678	50%
PT. SATRIA PERKASA AGUNG & KTH. SINAR MERAWANG - Pulau Muda	APP	9,860	9,860	9,365	95%
PT. BALAI KAYANG MANDIRI	APP	8,686	8,571	8,288	95%
PT. BINA DUTA LAKSANA	APP	31,264	28,527	24,359	78%
PT. RUAS UTAMA JAYA	APP	26,200	25,913	22,059	84%
PT. SUNTARA GAJA PATI	APP	46,908	46,825	42,356	90%
PT. MUTIARA SABUK KHATULISTIWA	Maybe APP	44,866	44,740	40,629	91%
Not Known	Maybe APP	3,135	2,908	2,613	83%
PT. BALAI KAYANG MANDIRI	Maybe APP	6,609	6,609	2,326	35%
PT. BALAI KAYANG MANDIRI	Maybe APP	6,172	6,172	6,172	100%
PT. PUTRA RIAU PERKASA	Maybe APP	16,462	16,462	16,412	100%
PT. RIMBA MANDAU LESTARI	Maybe APP	4,777	4,774	3,576	75%
PT. RIMBA ROKAN PERKASA	Maybe APP	22,610	22,610	17,243	76%
APP total		773,479	680,585	259,723	34%
Maybe APP total		104,630	104,275	88,970	85%
APP + Maybe APP TOTAL		878,109	784,860	348,693	40%

Appendix 2.-- List of Concessions confirmed to be associated or maybe associated with APP in Riau and forest cover 2005, percentage of these forests on peat soil of more than 4 meters of between 2 and 4 meters, forest and land fire hotspots identified since 2002 in each concession. (Hotspots data source: [Forest Fire Prevention Management Project 2⁴⁹](#) for January to July 2004 and [MODIS Web Fire Mapper⁵⁰](#) since August 2004. Concessions highlighted in red in general have very high percentage of forest cover on deep peat.

Concession Holder	Forest Cover 2005 (ha)	Peat Forest 2005 (ha)		Forest and Land Fire Hotspots				
		on peat soil > 4m	on peat soil 2 - 4 m	2002	2003	2004	2005	2006 1 Jan - 25 Aug
PT. ARARA ABADI - Beringin	2,966	98%	2%	103	80	22	304	63
PT. ARARA ABADI - Beringin	681			18	6	6	14	1
PT. ARARA ABADI - Duri	3,792		13%	120	35	86	151	115
PT. ARARA ABADI - Duri	7,065	26%	16%	278	136	188	336	86
PT. ARARA ABADI - Minas	-			2	2			2
PT. ARARA ABADI - Minas	2,127		0%	10	8	104	8	7
PT. ARARA ABADI - Minas	-							
PT. ARARA ABADI - Minas	-				4		19	
PT. ARARA ABADI - Minas	-							
PT. ARARA ABADI - Nilo	3,383		40%	5	2	2	4	6
PT. ARARA ABADI - Pelalawan	475			5	6	3		
PT. ARARA ABADI - Pelalawan	2,278		20%	26	10	3		9
PT. ARARA ABADI - Pelalawan	35							
PT. ARARA ABADI - Sedinginan	691			3	2	17	2	6
PT. ARARA ABADI - Sedinginan	362		1%	8		13	3	
PT. PERAWANG SUKSES PERKASA INDUSTRI	808			3	34	57	27	113
PT. PERAWANG SUKSES PERKASA INDUSTRI	5,701			7	26	4	1	3
PT. PERAWANG SUKSES PERKASA INDUSTRI	958			2				5
PT. RIAU ABADI LESTARI	338		1%	4	4		18	7
PT. RIAU ABADI LESTARI	84			8	5	2	6	2
PT. RIAU ABADI LESTARI	-			5	1	2	6	
PT. RUAS UTAMA JAYA	3,652	69%	10%	112	19	15	185	20
PT. Satria PERKASA AGUNG	2,850	95%	4%	26	37	54	96	19
PT. ARARA ABADI - Pulau Muda	8,024	5%	1%	13	1		98	19
PT. ARARA ABADI - Siak	9,438	28%	2%	142		84	95	6
PT. BUKIT BATU HUTANI ALAM	3,564	91%	9%	575	4	58	665	15
PT. DEXTER TIMBER PERKASA INDONESIA & KTH WANAJAYA	30,365	100%		11		22		
PT. MITRA HUTANI JAYA	823	72%		5	2		33	40
PT. SAKATO PRATAMA MAKMUR	13,009	95%		9	61	169	589	
PT. SAKATO PRATAMA MAKMUR	4,385	100%		90	1	74	9	2
PT. Satria PERKASA AGUNG	24,636	100%			1			
PT. Satria PERKASA AGUNG - Pulau Muda	15,129	92%	1%	20	1		62	14
PT. Satria PERKASA AGUNG - Serapung	5,678	80%		11		3	95	50
PT. Satria PERKASA AGUNG & KTH. SINAR MERAWANG - Pulau Muda	9,365	100%			1		8	
PT. BALAI KAYANG MANDIRI	8,288	83%			1			17
PT. BINA DUTA LAKSANA	24,359	94%	4%	1	3	2		
PT. RUAS UTAMA JAYA	22,059	60%		3	3	34	13	8
PT. SUNTARA GAJA PATI	42,356	69%		22	4	5	35	24
PT. MUTIARA SABUK KHATULISTIWA	40,629	100%	0%			1	1	
Not Known	2,613							
PT. BALAI KAYANG MANDIRI	2,326	2%	90%	11	7	21	39	55
PT. BALAI KAYANG MANDIRI	6,172	91%						
PT. PUTRA RIAU PERKASA	16,412	100%						
PT. RIMBA MANDAU LESTARI	3,576	100%						
PT. RIMBA ROKAN PERKASA	17,243		92%	4	17	46	58	261
APP total	259,723	73%	2%	1,647	500	1,029	2,882	659
Maybe APP total	88,970	74%	20%	15	24	68	98	316
APP + Maybe APP TOTAL	348,693	73%	7%	1,662	524	1,097	2,980	975
Riau Total	2,743,198			10,305	6,039	7,189	15,476	8,840
APP %	12.7%			16.1%	8.7%	15.3%	19.3%	11.0%

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- ²⁰ CIFOR estimated that between 1988 and 1999, APP was responsible for over 278,000 hectares of natural forest destruction in Riau (Barr, C. 30 November 2000. Profits on Paper: The Political-Economy of Fiber, Finance, and Debt in Indonesia's Pulp and Paper Industries.). For the period of between 2000 and 2005, WWF assumed that APP on average produced 2 million tones of pulp per year using 80% of the total wood supply by natural forest wood. Using forest to pulp conversion based on AMEC data, total natural forest loss was calculated as follows: 2 million tons of total pulp production per year on average for 2000-2005 x 4.5 (wood to pulp ratio) x 1.13 (wood ton to m³ ratio) x 1.235 (adding 23.5% harvest & transport yield losses) / 110 (average timber standing volume per hectare of natural forest) x 80% (average share of MTH among the total wood supply for 2000-2005) = 548,071 hectares. Therefore, APP's contribution to the 1988 – 2005 forest loss could be estimated as 278,000 hectares + 548,071 hectares = 826,071 hectares
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- ²⁴ 1. existing plantations would continue to supply 30% of the annual mill raw material requirement, 2. new plantations able to supply 70% of the company's annual mill raw material requirement could be established every year for seven years, and 3. no increase in the Riau mill's pulp production capacity.
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to m³ ratio) x 70% (share of MTH among the total wood supply) x 1.235 (adding 23.5% harvest & transport yield losses) / 110 (average timber standing volume per hectare of natural forest) x 7 years (plantation rotation) = 559,489 hectares.

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