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To Whom It May Concern

This letter addresses the 3 July 2004 response by Asia Pulp and Paper Co. Ltd. (APP) to two reports recently published by WWF Indonesia.

WWF concluded that APP's operation in Indonesia is not always in accordance with Indonesian laws and regulations. In its reports, **WWF provided irrefutable evidence that the Asia Pulp and Paper Co. Ltd. (APP) bought pulp wood illegally cut in the proposed Tesso Nilo National Park.** Recent satellite images provide evidence of the devastation these forest clearing activities have caused in the Tesso Nilo forest, one of the most diverse on earth.

APP's response to WWF is a carefully crafted document filled with misinformation. WWF has corrected some of these pieces of misinformation in Appendix 1: Analysis of APP Response to WWF Indonesia's Reports on the Company's Involvement in Illegal Logging.

Here are some highlights from that Appendix:

1. When **WWF concluded that APP purchased illegal logs harvested inside the proposed Tesso Nilo National Park in April 2004**, APP agreed that the alleged logging truck 'BM 8885 AT' picked up illegal wood and delivered wood to the APP mill, but claimed that the truck delivered the illegal wood to "*some third party*", picked up a legal load elsewhere, and eventually delivered the legal load to the APP mill.

Actually, WWF Indonesia's Forest Crime Unit had physically followed the truck all the way from the proposed national park to the APP mill. The truck was never unloaded until it entered the APP mill (see point 5 in Appendix 1 for more details).

2. When **WWF concluded that APP's wood supplier Mapala Rabda had illegally logged inside the Bukit Batu Wildlife Sanctuary**, APP informed its readers that an independent "*multi-stakeholder team*" had found that the company had logged outside the reconstructed boundaries of the Bukit Batu Wildlife Reserve.

Actually, APP did not inform its readers that the company *never gave* the multi-stakeholder team the official maps that the Indonesian Ministry of Forestry had produced in 1999 and 2003. APP gave the team only an unofficial "*reconstructed*

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map" that the company had produced in 1998. According to official government maps, APP's suppliers illegally cleared the natural forest inside the Bukit Batu Wildlife Reserve (see point 1 in Appendix 1 for more details).

3. APP writes that it is disappointed that WWF is unwilling to maintain a constructive working relationship.

Actually, against the advice of many other organizations, **WWF gave APP the benefit of the doubt, and negotiated with the company in good faith for several years to produce and implement a Sustainability Action Plan.** Throughout these negotiations APP kept clearing Sumatra's natural forests at great speed. When the company, with great delay finally produced an Action Plan it fell far short of the terms agreed upon between the two parties in a Letter of Intent. When subsequent negotiations on an update to the Action Plan failed, WWF decided to stop all negotiations with the company. WWF has difficulties to trust this company. WWF is no longer able to give APP the benefit of the doubt or negotiate in good faith.

It was the kind of misinformation listed above and the quality of the so-called Sustainability Action Plan that led WWF to produce a position statement on APP (Appendix 2) that spells out in detail how the organization believes this company operates. The statement also suggests how entities dealing with APP could contribute to the protection of some of the world's most valuable forests despite the activities of the company.

Throughout its negotiations with APP, WWF had encouraged the company's buyers to honour their contracts with the company and to advise APP that today's international pulp and paper market requires suppliers to be environmentally conscious. WWF is no longer able to recommend this path of action. **Today, WWF calls on all business partners of APP to immediately review their relationship with the company.**

Then as now, **WWF advises all business partners of APP to carefully distinguish APP from the Indonesian wood products industry in general.** Latter's business practices have greatly damaged the reputation of the whole Indonesian wood products industry. Those companies willing to contribute to the protection of the country's forests and willing to obey the country's laws, rules and regulations should be given a chance to sell to the international market place.

WWF is not alone in its frustrations about the operations of the Asia Pulp and Paper Co. Ltd. On 28 and 29 June 2004, Indonesian newspapers Kompas and Riau Pos reported that the **Government of Riau is preparing to sue four companies closely associated with Asia Pulp and Paper Co. Ltd. and its parent company, the Sinar Mas Group, for clearing their concessions by burning.** This is prohibited by law. The companies named in the law suit are considered responsible for creating the haze that covered



South East Asia in mid 2003 and cost Indonesia and its neighbours untold millions in health care costs (Appendix 3).

Sincerely,

Nazir Foad
Director, Species Program
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Attachments

- Appendix 1: Analysis of APP Response to WWF Indonesia's Reports on the Company's Involvement in Illegal Logging.
- Appendix 2: WWF Concerns over the Origin of Fiber for the Mills of the Asia Pulp and Paper Company in Sumatra, Indonesia.
- Appendix 3: Government Plans to Sue Asia Pulp and Paper Over Forest Fires.