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Indonesia seeks culprits

By ALFRED ROMANN and HAKY MOON in Hong Kong

Regulators and NGOs work to curb burning while turning up the heat on offenders in remote areas



A government helicopter drops water bombs to put out forest fires in South Sumatra province, Indonesia, on Aug 3. Indonesia has announced a series of plans to curb the illegal burning of forests and reclaim some of the burnt land. (AFP)
 Corruption and illegal burning continue to plague Indonesia's forests and plantations, despite the best efforts of many Southeast Asian governments and some socially responsible multinational corporations (MNCs) to tackle the issue.

The burning of forests and peat lands throughout the country — to clear land for plantations that produce commodities like palm oil — has long been a cause for concern among environmentalists and regulators, not to mention the courts.

The issue was in the global spotlight in 2015, when a record number of hot spots burned for months, much longer than usual due to a long dry season caused by the El Nino weather patterns.

The fires and weather created a large amount of haze that spread across Indonesia and other countries in the region, most notably Singapore but also Thailand and Malaysia.

According to government estimates, the fires cost Indonesia about \$16 billion in lost productivity.

The blazes also caused serious pollution in neighboring countries, especially Singapore, as well as significant side-effects like increases in respiratory disease and higher costs.

Following last year's fires, Indonesia announced a series of plans to curb the illegal burning of forests and reclaim some of the land.

Singapore, for its part, has been trying to take legal action against the companies responsible for the haze.

The problem is not necessarily caused by MNCs, many of which are listed in Singapore and have already come under intense regulatory scrutiny.



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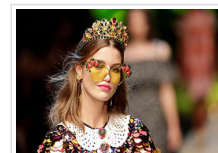
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In August, the Indonesian judiciary imposed record fines of \$81.62 million against a large plantation company, National Sago Prima, for negligence that led to fires that affected 3,000 hectares of concessions in Riau province in Sumatra in 2014.

The Indonesian government has ongoing lawsuits against five other companies.

"The Ministry of Environment and Forestry has been following up cases from last year, and according to the current information there are only nine companies being investigated, whereas there are many more companies (involved)," said Faizal Parish, director at the Global Environment Centre, a Malaysian non-governmental organization (NGO).

"They had sanctions (against) 30 companies," he said, adding that 450 people have been arrested — "a very small number".

Despite, or because of, these fines and other initiatives, many MNCs have been revising their environmental policies, including the adoption of a policy known as 'no deforestation, no peat, no exploitation' (NPED).

However, the more difficult challenge for Indonesian regulators is to deal with smaller companies.

Parish said: "Judging from our work in Indonesia over the last two years, a growing number of small and medium-sized enterprises are working a bit under the radar, doing large-scale (forest) clearings."

"Multinational corporations, because of the international attention last year, have improved significantly, employing clear policies such as the NPED."

Additionally, the Indonesian government has also focused on the root cause of the problem.

Parish noted that the Ministry of Environment and Forestry has been homing in more on fire prevention.

"It has been a good system so far. It's a system that involves joint control with police, environmental activists, NGOs, local governments.

"The president even warned the police chiefs that they will be prosecuted if they don't monitor the local situation."

However, some companies that are not MNCs tend to cause significant environmental problems. These may be either Indonesian or foreign companies that are not so visible due to their small-scale operations.

A case in point is that of Korean-Indonesian conglomerate Korindo, which was founded by South Korean businessman Seung Eun-ho in 1969 as a spinoff from his father's logging business.

The company has 20,000 employees working for subsidiaries involved not only in timber, but also heavy industries, cargo logistics, real estate and finance.

Korindo has been using slash-and-burn techniques since 2013, according to recent findings by Mighty, a new environmental advocacy group launched by the Washington-based Center for International Policy with partners in South Korea and Indonesia.

Mighty's investigation has led to an official investigation of Korindo by the Indonesian government.

"Last fall, 2.5 million hectares of forests burned in Indonesia. And a far greater amount was deforested. This led us to the question of who are the companies still out there driving deforestation and forest fires and resisting the widespread transformation to 'no deforestation, no peat and no exploitation' agriculture," said Deborah Lapidus, a campaigner with Mighty.

"We systematically surveyed the whole industry, and looked at a number of satellite images and the hot-spot data to find out who are the biggest culprits, and Korindo really stood out."

Korindo may have cleared more than 50,000 hectares of tropical lowland forests in the Indonesian provinces of Papua and North Maluku to grow palm, according to Mighty.

Since 2013 alone, Korindo has cleared 30,000 hectares of forests in the two provinces; 12,000 hectares of which were primary forests, the advocacy group said.

"In the last two years, the vast majority of globally traded palm oil has come under 'no deforestation' policies, but in this same time frame, Korindo has been accelerating its deforestation and racing to clear forests as quickly as possible," said Lapidus.

Korindo did not respond to requests for comment.



One of the conglomerate's concessions is in Papua, which is classified as pristine woodland, with over 80 percent of natural forest still intact.

Papua is covered by rainforest and accounts for about half of the biodiversity across the entire Indonesian archipelago. It is also home to more than 300 distinct indigenous tribes, some of whom still do not have any contact with outsiders.

According to various media reports, Korindo has generally failed to recognize the rights of local communities to give or withhold informed consent with regard to any of its developments.

"Korean companies should respect customary rights of local communities and adhere to the environmental laws of the countries in which they are operating," said Choony Kim, international cooperation specialist with the Korean Federation for Environmental Movement, an NGO.

In its investigation, Mighty found that Korindo was a significant contributor to the Southeast Asian haze crisis of 2015, which led to respiratory illness in millions of people and infant deaths across the region. It also cost Indonesia's economy \$16 billion.

Parish at the Malaysian NGO noted that most of the fires in Papua occurred in Korindo's concessions, but the company has been able to avoid scrutiny.

"Korindo is able to get away with it, partly because they're in an extremely remote area of Indonesia, southwest Papua, that's very far away from scrutiny," said Parish.

The company still controls 75,000 hectares of untouched forests.

Lapidus from Mighty said that the director of law enforcement of the forestry minister is reviewing the data and planning to visit Korindo's concessions to investigate.

"Meanwhile, the marketplace is already responding," she said. "Two of Korindo's major palm oil customers, Wilmar and Musim Mas, have stopped buying from Korindo, and dozens of the world's largest brand name companies have told us they are excluding Korindo from their supply chains because it violates their responsible sourcing policies."



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