

DON'T BAG

INDONESIA'S RAINFORESTS



Fashion companies are inadvertently helping to destroy some of the most important rainforests on Earth

Indonesia's rainforests are some of the most incredible places on earth – and among the most biologically and culturally important. They're also quickly disappearing as unscrupulous companies cut down forests to provide cheap paper and other commodities that could be sourced in a more responsible manner.

Many luxury brands and fashion leaders in the U.S. and Europe are unknowingly contributing to this tragic pattern of destruction. Research shows that almost 100 fashion and luxury products companies buy their custom packaging products from Pak 2000, an affiliate of Sinar Mas Group's Asia Pulp & Paper (APP). The Sinar Mas group is perhaps Indonesia's biggest forest destroyer, with APP alone responsible for clearing more natural forest in Sumatra

than any other company. Aggressive logging practices and continued conversion of standing forests to plantations is devastating local communities and threatening elephant, tiger, and orangutan populations.

As if this weren't enough, APP's forest destruction practices are a major source of climate changing emissions. As world leaders prepare to meet in December 2009 to agree on a treaty to address climate change, Indonesia stands out as the world's third largest greenhouse gas emitter, after China and the U.S., due to its massive emissions from tropical deforestation. This wanton destruction is driven by demand from developed countries for cheap throw-away commodities like paper.

WHY IS SAVING FORESTS IN INDONESIA IMPORTANT?

- **Indonesia's forests are critical to stopping climate change.** About 20 percent of global greenhouse gas emissions – roughly the same as global emissions from all the world's cars, trucks planes and ships combined – come from tropical deforestation and degradation. This means that saving rainforests is a key part of stopping climate change. Indonesia has some of the largest stands of tropical rainforests left in the world, but they are being rapidly logged, cleared and burned, producing huge emissions.
- **Indonesia is a biological treasure trove.** Only slightly more than 1 percent of the Earth's land area, Indonesia's archipelago contains a staggering portion of the world's plant and animal species – including 10 percent of the world's flowering plant species, 12 percent of all mammal species, 17 percent of all reptile and amphibian species, and 17 percent of all bird species. This diversity includes some of the world's most endangered species including orangutans, Sumatran tigers, Sumatran rhinoceroses and Asian elephants.¹

- **Indonesia's forests are the backbone of a unique cultural heritage.** Millions of people depend on Indonesia's forests for their livelihoods and cultural identity. In 2000, Indonesia's forestry ministry stated that 30 million people rely directly on the forest for their livelihood. The economic benefits of intact forests to these people are unquantifiable, but likely to total billions of dollars in food, jobs and other cultural benefits.²

The problem with peat. Experts believe that the sustainability of APP's pulp- and paper-making is highly questionable due to low productivity of pulpwood plantations and its high dependence on peatlands.³ In order to create pulpwood plantations, oil palm plantations and other developments on peatlands, the water must first be drained. This causes the dried peat to decompose, burn and subside to a level that plantation management is no longer possible after a few rotations, and the land then becomes waterlogged. Drained peat releases massive amounts of greenhouse gases into the atmosphere. In fact, the draining of peatlands and the drying of peat soils by the plantation industry have been the drivers that made Indonesia the third largest emitter of CO₂ in the world.⁴

WHO ARE SINAR MAS GROUP, APP, AND PAK 2000?

- **Indonesia's largest paper company.** Asia Pulp & Paper is one of the world's largest pulp & paper companies and the largest pulp & paper company in Indonesia, with an annual combined pulp, packaging, and converting capacity of over 15 million tons a year.⁵ The company markets products in more than 65 countries, including copy paper, toilet tissue, printing paper, shopping bags, stationery and paper cup stock.⁶ APP amassed in excess of US \$3.2 billion in sales in 2005.⁷
- **Part of a family of destruction.** APP is part of privately owned Sinar Mas Group, which includes vertically integrated pulp & paper companies, palm oil, insurance and banking companies.⁸ In June 2009, Eka Tjipta Widjaja, the founder of the Sinar Mas Group was listed by Globe Asia magazine as the second wealthiest Indonesian with a net worth of US \$3.2 billion.⁹ Sinar Mas is widely considered to be one of the worst environmental and human rights offenders in the forest sector.

- **Unaccountable to the public.** APP produces mainly in Indonesia and China.¹⁰ In the early 2000s, APP defaulted on \$13.9 billion in loans and was delisted from the New York and Singapore stock exchanges.¹¹ More recently, APP lost a related major federal court case against the U.S. Export-Import Bank in New York and was ordered to pay back more than \$100 million.¹²
- **Destroying some of the most valuable habitats on Earth.** The bulk of APP's pulp production in Indonesia is based in Riau and Jambi Province in central Sumatra,¹³ one of the last refuges for the critically endangered Sumatran elephant and Sumatran tiger.¹⁴ Jambi also is a home to the only successful reintroduction program for Sumatran orangutans which are now threatened by APP expansion.¹⁵
- **Direct ties to your paper supplier.** APP holds a majority ownership stake in Pak 2000. Pak 2000 proclaims itself the industry leader in high quality packaging products, annually grossing \$60 million worldwide and making about 300 million custom shopping bags each year. Largely relying on cheap paper stocks from Indonesian forests and plantations, PAK 2000 expects to reach \$100 million in gross sales within the next four years.¹⁶

- **They don't want you to find out.** A 2001 Friend of the Earth Report revealed that APP has a "covert" market strategy designed to bring paper to markets without indentifying APP as the source. APP is flooding markets with cheap un-branded and re-branded paper products. APP has glossed over and launched public relations initiatives to cover up the environmental and social impacts of its operations. It has developed an environmental e-newsletter for customers in which it

misleadingly refers to ISO and PEFC Chain of Custody certification. It references its plantation-based forestry, obscuring the fact that it continues to source raw materials by clear cutting natural rainforests. Additionally, the company fails to disclose that many of its existing plantations are on drained peatlands, a major source of greenhouse gas emissions.¹⁷

WHY HAVE SOME PAPER BUYERS AND OTHER ORGANIZATIONS CUT TIES WITH APP?

- **APP refuses to negotiate.** Respected environmental non-profit, the World Wildlife Fund (WWF), has tried and failed to get APP to change its ways. Starting in 2001, WWF has been seeking to help the company achieve long-term sustainability.¹⁸ In 2004, after the company had repeatedly failed to make good on its promised commitments to change, WWF concluded the collaboration was a failure and cut off all ties.¹⁹ WWF tried to re-engage with APP again in 2006; however, there was no change in the company's philosophy and practices.²⁰

- **They've been dumped by reputable certification bodies.** In 2007, well-regarded third party certification body, the Forest Stewardship Council "dissociated" itself from APP, citing "substantial publicly available information that suggests that APP, a Sinar Mas subsidiary, is associated with destructive forestry practices."²¹ Rainforest Alliance, which had been auditing some APP operations, also dissociated itself from APP, citing stakeholder criticisms of the company's continued conversion of high conservation value forests in Indonesia.²²

- **Too risky to associate with.** Large paper consumers around the world have determined that buying paper from APP incurs too much brand risk. In January 2008, Staples Inc., the largest U.S. office supply chain, joined a growing number of paper buyers that have ended their relationships with APP, saying that remaining a customer of APP was "at great peril to (its) brand."²³ Office Depot, Woolworths Ltd. (Australia), Fuji Xerox, Ricoh, Corporate Express, Metro Group, and Idisa Papel have likewise all stopped doing business with APP.²⁴



PHOTO: GREENPEACE

WHAT ARE THE CONCERNS ABOUT PAK 2000/APP?

- **The leader in forest destruction.** APP is responsible for more deforestation in Sumatra than any other company. Since it began operations in 1984, APP is estimated to have pulped more than 2.5 million acres of natural forests in Riau and Jambi provinces in Sumatra alone.²⁵

- Deforestation in Riau has been driving both Sumatran elephants and tigers to local extinction: in 2007, Sumatran elephant and tiger populations in Riau have declined to as few as 210 and 192 individuals. If forest clearing isn't halted, both may become locally extinct in a few years' time.

- Deforestation, forest degradation and associated decomposition and burning of peat soil caused Riau alone to emit more CO2 emissions in one year than all of the Netherlands.

- APP, as top forest converter in Riau, has had massive impact on the global climate according to a study of deforestation in Riau Province by WWF and world-renowned peat scientists.²⁶ Much of APP's future forest clearance is planned in areas with deep peat which will cause its stored carbon to be released further dramatically increasing APP's already substantial contribution to global climate change.

- **Threatening people and animals.** There have been many reports by NGOs and the media of APP committing human rights abuses in Riau and Jambi provinces, seizing land claimed by local communities, intimidating villagers, and prohibiting villagers' access to previously public areas.²⁷

- In August 2008, the Indonesian National Commission on Human Rights investigated claims human rights abuses in the prolonged land dispute between the Sakai tribe and an APP subsidiary and supplier, and finding that the rights of the Sakai people had been violated because of the company's continual intimidation.²⁸

- In December 2008, Riau police destroyed approximately 500 homes and evicted residents in an area where APP's subsidiary company had been in a land dispute with the community. One child died during the conflict, homes were firebombed from helicopters and 70 villagers arrested.²⁹

- In 2007, villagers in Jambi burned APP logging equipment as revenge for the company's destruction of their oil palm plantations.³⁰

- APP's past 12 years of deforestation has directly driven escalating conflicts and resulting fatalities of people and tigers as the company destroyed the species' forest habitat.³¹

- **A lack of sustainable business model.** APP produces around 3 million tons of pulp annually in Indonesia.³² Despite more than 20 years of pulp production and forestry operations, it has never put great emphasis into developing a sustainable plantation base and continues to rely on large-scale clearance of natural forest for pulp production. In 2006, APP it is estimated that the company sourced around 70 percent of the wood for its pulp production from natural forests rather than from plantations.³³

- **No scientific or environmental assessments have been conducted.** APP continues to clear forests without any independently verified scientific assessment of conservation values or environmental impacts.³⁴

- **And they're still expanding.** APP has proposed, and earlier this year the government licensed, the clearing and conversion of natural forests in the Bukit Tigapuluh forest landscape in Jambi Province. Operations could begin in 2010 and would destroy up to 200,000 ha (480,000 acres) of natural forest around Bukit Tigapuluh National Park. Forest clearance would include the site of the only successful reintroduction program for Sumatran orangutans. The forest is also home to two communities, who will have nowhere to go if their forest is cleared.³⁵ Other expansion projects are in the works as well – extending from South Sumatra to Papua.³⁶



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