

17 February 2011

## An Open Letter to TFT and Greenpeace to Query Their Stances on GAR Companies' Forestry Violations

Dear TFT and Greenpeace,

Responding to the signing of the agreement between The Forest Trust (TFT) and Golden Agri-Resources Ltd (GAR), the palm-oil business of the Sinar Mas Group, in Jakarta on 9 February 2011, which agreement envisages the adoption of "the Nestle responsible sourcing guidelines" for its palm-oil suppliers as new standards for conserving forests and reducing emissions, Greenpeace welcomed the said agreement by declaring that it is "Time for Government to back efforts like these." In the light of this, Greenomics Indonesia would like to address a number of questions through this open letter to TFT and Greenpeace in respect of the forestry violations caused by the operations of GAR companies, as referred to in the Greenpeace reports. More specifically,

1. Based on observations conducted by Greenomics Indonesia in respect of data on the issuance of licenses for the relinquishment of forest areas for oil palm plantations by the Ministry of Forestry (per December 2010), **nine out of ten GAR companies** do not appear on the list of companies that have obtained such licenses in Central Kalimantan province. According to the report of an audit conducted by the State Audit Board (BPK) in February 2009, palm plantation companies that do not possess forest relinquishment licenses are acting in contravention of the forestry legislation and regulations, particularly Government Regulation No. 44 of 2004 on forestry-sector planning.

The said BPK audit report also stated that the palm plantation companies operating in Central Kalimantan province that did not possess forest relinquishment licenses were violating Central Kalimantan gubernatorial Decree No. 522.11/089/Ek, dated 3 July 2007, which was aimed at regents and mayors throughout the province of Central Kalimantan and which stated that for the purpose of ensuring orderly land/forestry administration, and legal and business certainty, oil palm plantation licenses granted for operations in production development zones (KPP) and settlement and other zones (KPPL) based on the Provincial Spatial Plan (RTRWP) for the 12 September 2000 to 11 September 2006 period must be accompanied by relinquishment of forest area licenses issued by the Minister of Forestry.

In the light of sampling results in two regencies in Central Kalimantan province, the BPK recommended that the Minister of Forestry direct the relevant regents to halt plantation operations in forest areas so as to avoid even greater environmental damage and losses to the state.



On 1 February 2011, the Minister of Forestry and the Legal Mafia Eradication Taskforce have both acknowledged that only 67 of the hundreds of oil palm plantations in Central Kalimantan have secured forest area relinquishment licenses. They estimated that the losses accruing to the state due to illegal forest use in Central Kalimantan province as a result of oil palm plantation and mining operations amounted to some USD15 billion.

Greenomics Indonesia would like to question TFT as to the position under the agreement that was signed of the nine GAR companies that do not possess Forest Area Relinquishment Licenses, and to query what the formulation of the Responsible Sourcing Guidelines is in respect of these nine companies? As regards Greenpeace, Greenomics Indonesia would like to ask Greenpeace how it views this legal fact, and whether it will urge TFT to exclude the said nine companies from the implementation of the TFT-GAR agreement until such time as they secure Forest Area Relinquishment Licenses?

2. In response to reports from Greenpeace and various campaigns waged by it, a number of multinational CPO purchasers, including Nestle, stopped buying CPO from GAR companies. A December 2009 Greenpeace report stated that a number of Sinar Mas (GAR) companies were operating without IPK (Timber Cutting Permit) and had engaged in land clearance without having first prepared environmental impact analyses (AMDAL). According to a March 2010 Greenpeace report, "the Sinar Mas companies have persistently broken Indonesian forestry laws and regulations when clearing forest land for a number of oil palm plantations."

Greenomics Indonesia would like to ask TFT as to the current legal-status of the forestry violations committed by GAR companies, as referred to in the Greenpeace reports, and whether TFT will facilitate legal enforcement in respect of these cases? Further, is TFT prepared to postpone the implementation of the said agreement until such time as the GAR companies comply with the law?

As regards Greenpeace, Greenomics Indonesia would like to query its "cautiously supportive" stance on the question of the forestry violations committed by GAR companies, as described in the Greenpeace reports -- bearing in mind that Greenpeace in its press release said that it was "Time for Government to back efforts like these," referring to the TFT-GAR agreement. Further, is Greenpeace prepared to urge TFT to refrain from implementing the TFT-GAR agreement in respect of those GAR companies that have been shown to be in breach of the Indonesian forestry laws and regulations?

This concludes our open letter. We would like to thank TFT and Greenpeace in advance for any explanations that may be forthcoming.

Sincerely,



**Elfian Effendi**  
*Executive Director*