

Greenpeace Update: Indonesian Pulp and Paper Sector

July 2015

The times they are a-changin'?

The Indonesian pulp and paper sector could well be in transformation: from leading drivers of natural forest loss, APP and APRIL – companies that account for some 80% of Indonesia's pulp and paper trade – have made and are implementing commitments to decouple pulp production from deforestation.

APRIL/RGE has just announced its commitment to end its involvement in deforestation; APP continues implementation of its 2013 Forest Conservation Policy commitments.

Given their market share, APP and APRIL's commitments amount to a de facto sector-wide ban on further forest clearance for pulp production. Done properly, translating these policies into practice will also lead to the development of forest and peatland conservation and restoration initiatives that will help address the companies' legacy of deforestation and make an important contribution to cutting Indonesia's greenhouse gas emissions.

With APP, progress continues despite a number of implementation challenges.

For APRIL/RGE, it is still early days.

The actions of both companies must be understood within the national and global political and corporate context. The 2014 New York Declaration on Forests showed growing acceptance of the need to end the link between commodities such as pulp/paper and palm oil, and deforestation. The declaration also acknowledged the need to find alternative pathways to economic development for local communities, and the need to fund forest restoration. Indonesia is a signatory to the Declaration, as are a number of plantation companies, traders and consumer goods companies.

Greenpeace is calling on all producers, traders and other stakeholders to join forces to transform commodity production, by closing the market to companies that persist in clearing forests and destroying peatlands. It is only by working together that progressive commitments can truly be met.

As has been the case in relation to APP, Greenpeace will continue to provide occasional updates to companies on progress that is being made.

RGE Group: New commitments from APRIL and other pulp sector companies

At the beginning of June APRIL announced [new sustainability commitments](#), including an immediate end to its involvement in deforestation. APRIL's parent company, RGE, also released a set of [new sustainability principles](#) that will be incorporated into the operating practices of all RGE pulp companies (APRIL, Toba Pulp Lestari, Asia Symbol and Sateri).

Along with a number of other NGOs, Greenpeace has welcomed APRIL and RGE's new commitments. Their delivery will require significant resources from all relevant companies in the group, and we will be monitoring progress carefully. We will be paying particular attention to issues such as how APRIL progresses on peatland protection and management, where there has been some controversy in recent years regarding its approach. As with APP, there is a legacy of deforestation and social conflict that the company will also need to work hard to address.

Resuming business with APRIL/RGE

While we believe it is too soon to resume purchasing from APRIL, we have suspended our campaign to give RGE/APRIL time to implement its commitments. Over time these companies will require support from the market as independently verified progress is made. See our

contract recommendations below for companies seeking to resume trade with APP for guidance.

APP progress in implementing its Forest Conservation Policy

Greenpeace suspended its campaign against APP in February 2013, when the company announced its Forest Conservation Policy (FCP). Over the last two and half years, we have been closely monitoring APP's implementation of the FCP and have seen significant progress from the company toward meeting its key policy commitments. In February 2015, following the release of an [independent evaluation](#) by the Rainforest Alliance, [Greenpeace concluded](#) that the company was still on track to deliver its commitments. We also stressed that APP needed to intensify efforts to address the continued deforestation and logging inside its supplier concessions by other parties, along with other areas where progress was still needed. APP acknowledged these challenges in its [FCP Implementation Plan: 2015 & Beyond](#).

In late February 2015, Indra Pelani, a community member of a village adjacent to a plantation controlled by an APP-owned pulpwood supplier PT Wira Karya Sakti (WKS), was found dead following an incident involving staff of the security firm contracted by PT WKS. [Given the serious issues highlighted by this tragedy](#), Greenpeace immediately suspended its involvement with APP on the implementation of its FCP to focus on the specific issues raised by this tragic incident.

APP and WKS have responded quickly and decisively to Indra Pelani's murder. As a result, in early June 2015, Greenpeace sent an [open letter](#) to the Chairman of APP, Mr Teguh Ganda Wijaya, stating that Greenpeace would resume its involvement with APP across all aspects of the FCP. APP has [responded](#) welcoming our continued engagement.

As part of that involvement we expect to see APP make significant additional progress in addressing the social and security issues highlighted by the death of Indra Pelani. In addition, the company needs to make substantial progress in addressing ongoing deforestation by third parties inside its suppliers' concessions and other priorities outlined in its action plan (*'FCP Implementation Plan: 2015 and beyond'*).

Greenpeace will also be engaging with APP on how it responds to the recommendations of its independent Peat Expert Team (PET). As part of this project, APP commissioned the collection of LiDAR remote sensing data designed to quantify the condition of 4.5 million hectares of peatlands that is directly and indirectly affected by APP's suppliers' plantations.

Led by [Deltares](#), the PET is currently analysing the LiDAR data. Over the coming months, Deltares will make a series of important recommendations on how APP can meet its peatland policy commitment. This includes mitigating the impacts of its existing plantations on peatland forests and reducing its greenhouse gas emissions associated with peatland development.

Should companies resume business with APP?

Greenpeace has not advocated that companies boycott APP since February 2013. In line with Greenpeace's long-standing organisational position never to endorse individual companies or their products, we do not advocate buying from any particular company. Our position remains the same as in 2014: if any company chooses to enter into commercial relations with APP it should include specific clauses in contracts to ensure that APP continues to make measurable progress against meeting its FCP commitments. APP is fully aware of this position and is fully supportive of this due diligence approach to contract clauses.

PEFC certification in Indonesia

A final point: companies and consumers should be wary of new certification under the [IFCC/PEFC standards](#). Both APP and APRIL have recently been awarded IFCC/PEFC certification for a number of their plantations in Sumatra.

Greenpeace believes that these standards are much weaker than the zero deforestation policies under implementation by both APP and APRIL, and those of the Forest Stewardship Council (FSC).

The IFCC/PEFC scheme has weak rules which, for example, allow certification of plantation areas converted prior to 2011, and there are no provisions to address previous forest clearance by certified companies. It has no specific provisions prohibiting new plantations on peatland nor addressing the impacts of existing plantations on peat. Furthermore, there are major concerns around the quality of auditing against the IFCC standard.

Greenpeace therefore does not recognise the IFCC/PEFC scheme as an indicator of progress for responsible forest management in Indonesia. Indonesian pulp sector companies should instead be measured against progress in implementing their zero deforestation policies and the policies and standards of the FSC.

Choosing the most responsible paper products

Greenpeace endorses the [Environmental Paper Network's Global Paper Vision](#). As such, we recommend all buyers of pulp and paper to choose recycled and FSC-certified products.

For further information, contact

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