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I N D O N E S I A

Plundering Indonesia's Rainforests

by Peter Halesworth

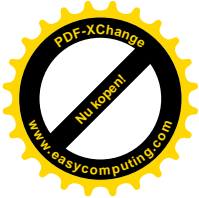
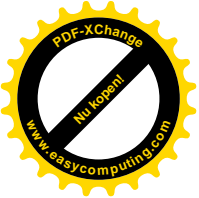
A new sense of urgency is emerging about Indonesia's seemingly inexhaustible rainforests. Dubbed the Amazon of Southeast Asia, Indonesia is second only to Brazil in its holdings of tropical forests; ten percent of the world's total rainforest grows on the Indonesian archipelago of 13,667 islands that stretch across the equator from southern Vietnam to Australia. But years of uncontrolled logging are taking their toll and today the country's once abundant rainforests are rapidly being destroyed.

Each year, approximately 1.3 million hectares of Indonesia's tropical rainforest are destroyed, according to a United Nations/Government of Indonesia forestry study. The deforestation rate has quadrupled since 1970, and some species of hardwood trees are being "logged out" entirely.

In addition to the acres lost directly to logging, thousands of hectares of trees are damaged by logging operations. And still more acreage is lost because logging roads open previously inaccessible forests to roving slash and burn farmers, who exacerbate the damage done by the loggers. The unlikely partners of greed and poverty are destroying an enormous economic and biological resource.

Indonesia's tropical forests are the most biologically diverse in Southeast Asia, and their destruction threatens many species of natural life. Considered the richest genetic storehouse in the world, Indonesia is home to over 40,000 plant species, about 5,000 tree species, 1,500 bird species, almost 500 species of mammals, 7,000 species of fish and 1,000 species of reptiles and amphibians. Although the country occupies only 1.3 percent of the earth's land surface, it houses 10 percent of the world's plant species, 12 percent of the mammal species, 16 percent of the reptile and amphibian species and 17 percent of the bird species. The loss of habitat through deforestation has been catastrophic for many forms of life. Indonesia's list of endangered species is longer than Brazil's and includes 126 birds, 63 mammals, and 21 reptiles.

So far, efforts to slow deforestation remain relatively timid.



Protecting logging concessionaires, often well-connected retired Indonesian government officials and military officers, and attracting foreign companies are still the highest priorities of the country's government. Above all, says Agus Purnomo, former executive director of the Indonesian Environmental Forum, known as WALHI, "The ministers need to show they have made revenues for the country." Timber's commercial value is enticing to a nation burdened with a foreign debt of \$55 billion, plagued with massive unemployment and eager for economic development. Indonesia, an oil exporter, was hard hit by the 1986 fall in world oil prices and has come to depend upon timber as a major foreign currency earner.

Indonesia produces about 70 percent of the world's hardwood supply, earning it the nickname the "Plywood King." Indonesia's share of world timber exports rose from 1 percent in 1966 to a peak of 31 percent in 1979-81, when timber was the country's second largest export in gross receipts; it has remained relatively stable since.

Wood-based industries brought in more than \$2.4 billion to the nation's economy in the first three quarters of 1989. They accounted for 4 percent of Indonesia's gross domestic product and almost one-quarter of its non-oil and gas export revenues. About 38 percent of the country's annual earnings go toward the repayment of its massive foreign debt, the third largest in the world.

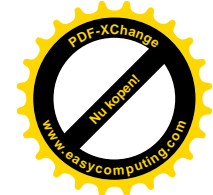
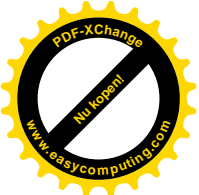
The forest industry employs about 300,000 workers directly, and an estimated 700,000 workers indirectly.

Logging and the loggers

Logging on the Indonesian Outer Islands (those other than Java) began in 1967. Fuelled by foreign investment, timber exploitation rates skyrocketed, remaining high throughout the seventies. Japanese investment poured in, initiating Kalimantan (Indonesian Borneo)'s timber boom. Two U.S. companies, Weyerhaeuser and Georgia Pacific, also obtained large concessions in East Kalimantan. Weyerhaeuser invested \$32 million in a 600 square kilometer area and Georgia Pacific \$8 million in a 3,200 square kilometer concession, according to SKEPHI, the Network for Conservation in Indonesia.

Logging dropped off in 1979 and the early 1980s, as the Indonesian government nurtured the development of a domestic logging industry. The government implemented a log export tax in 1979, and began phasing in a ban on raw timber exports in the early 1980s. By 1985, the export of unprocessed timber was banned entirely.

Indonesian companies, with significant financial support from



japanese interests, responded to the opportunity provided by the government's protectionism. The number of wood processing mills grew from 16 in 1977 to 60 in 1982, with 46 more under construction and 32 others licensed, SKEPHI reports. Logging rates increased as well, returning to the level of the 1970s by the mid-1980s. Foreign corporations remain an important force in the timber industry, but they are required to work in joint ventures with domestic companies.

Currently, about 60 million hectares of Indonesia's forest, an area the size of Japan and Great Britain combined, are leased to private and state-owned logging concessions. Known as production forests, these represent the core of the forestry industry in the country. Most logging concessions — about 290 — are in Kalimantan, the island with the most forest. About 160 are in Sumatra, the third most forested, and only 12 in relatively untouched Irian Jaya. There are plans to double the forestry industry's capacity during the 1990s, according to Robert Repetto, a director at the World Resources Institute (WRI).

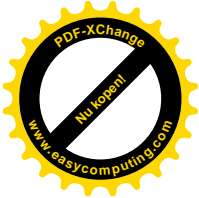
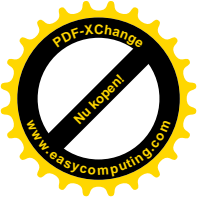
Concessionaires operate very profitable ventures. Taxes and royalties are only casually levied on loggers in the state-owned forests. Between 1979 and 1984, 125 million hectares were harvested in Indonesia, but the government collected taxes and royalties on only 86 million of them, Repetto says. SKEPHI estimates that logging companies have received tax breaks worth \$2 billion.

A lack of enforcement of basic logging regulations makes the concessions even more lucrative and destructive.

About 405,000 hectares of production forest, roughly 1 percent of its total, are lost each year because of wasteful logging practices or fire. Damage to residual trees effectively kills more trees than are logged as timber. Estimates vary, but many environmentalists say that at least 40 percent of each acre logged is damaged when as few as five trees are removed from a forest.

Almost all loggers ignore logging regulations. Minister of Forestry Hasjrul Harahap told Environmental Forum that only 4 percent of the concessionaires obey regulations. The rest are "contributing to the irreversible destruction of Indonesia's forests," Harahap said.

The concession system makes enforcement almost impossible. One man, reportedly very close to Indonesian President Suharto, towers over the timber industry: Muhammed "Bob" Hasan, general chairman of all the important timber industry associations in Indonesia and the country's twelfth highest taxpayer, according to Survival International, a London-based human rights group. Many of the rest of the nation's 544 concession holders are retired officials



from the military or government. They are able to put pressure on forestry officials, half of whom work in the urban capital of Jakarta hundreds of miles from logging sites, and to halt investigations into abuse. Local officials are often low-ranking in the status-minded and authoritarian government. And when Jakarta officials venture to sites, they go as guests of loggers.

High profits and the lack of enforcement also tempt loggers into protected forests. Logging concessions already overlap with protected forest lands because of alleged bureaucratic mixups, and the trend may increase as production forests shrink.

Transmigration and slash and burn

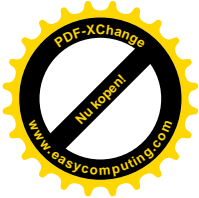
The damage done by loggers is compounded by slash and burn farmers, who use roads opened by the loggers to reach previously inaccessible forests. These farmers clear fields, use them for a couple of years and, when the fields' nutrients have been depleted, move on to new sites. This farming strategy, which was sustainable when practiced by sparse indigenous populations, contributes significantly to deforestation when practiced by populations suddenly enlarged by the government's resettlement program, known as transmigration (see "Uprooting People, Destroying Cultures: Indonesia's Transmigration Program").

The controversial transmigration plan, funded in part by \$500 million in loans from the World Bank, has already relocated more than one million families from the country's overcrowded islands. Families resettled on the country's remote unpopulated islands are promised a plot of land on which they can farm, but they often find the plot too small or too infertile to provide a subsistence living. They are then forced to slash and burn vast tracts of the rainforest in order to survive.

Slash and burn fires are suspected of causing a 1983 blaze in Kalimantan, which has been called the worst fire ever recorded anywhere in the world. It destroyed an estimated 3.6 million hectares of forest, an area approximately equal in size to Massachusetts, Connecticut and Rhode Island combined.

The Scott Paper episode

International activists working to preserve Indonesia's forests have so far had few successes. One apparent victory was achieved last year, in a high-profile showdown which pitted environmentalists against Scott Paper and Indonesian officials in a battle over Scott's proposed pulp plant in Irian Jaya. Scott withdrew from the project, halting it at least temporarily, but Indonesian business leaders and officials have vowed to find another partner. Many Indonesian environmental groups fear that a new partner maybe even less



sensitive than Scott to environmental concerns.

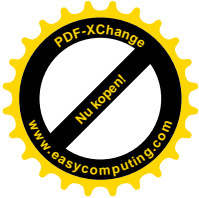
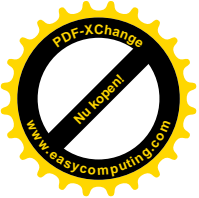
Scott Paper originally proposed a \$650 million wood chip and pulp mill on the remote island of Irian Jaya under a joint venture with Indonesian conglomerate P.T. Astra. Scott planned to clearcut 167,000 hectares of forest in southeastern Irian Jaya and to plant eucalyptus trees that would be harvested for the mill.

Environmentalists disputed Scott's claim that it would deforest only one-third of its 500,000 hectare concession. They argued that in addition to the eucalyptus plantations, road building and other infrastructure support would destroy a significant proportion of the forest. SKEPHI and other environmental groups called on Scott to plant in areas that had already been logged.

Scott's plans sparked an international campaign led by environmentalists and human rights organizations such as Survival International, which focused on the proposed project's effects on the 15,000 indigenous people in the region. In October 1989, Scott withdrew from the project, leaving P.T. Astra groping for a new foreign partner.

Edward S. Soeryadjaya, one of Indonesia's most successful businesspeople and a member of P.T. Astra's board of directors, has promised that the company will soon find a new foreign partner for the project. Soeryadjaya's determination worries Environmental Forum's Purnomo. Scott was somewhat receptive to Environmental Forum's suggestions to mitigate damage to Irian Jaya's dense tropical forests, although the company never promised an environmental impact study that would include local participation. Purnomo fears that a Japanese, Korean or Taiwanese partner will be even less sensitive to the environmental dangers than Scott. International activists acknowledge the validity of Purnomo's concern, but argue that efforts to save the rainforest must proceed one step at a time. They add that Japanese corporations are not immune to pressure and express confidence that, if another partner is found, it will be forced to adhere to the same standards Scott would have met.

The Scott campaign illustrates how domestic and international environmental groups have divided responsibility for lobbying to protect Indonesia's rainforests. Outside groups "have a better position to act, to take a stronger stand," Purnomo says. "We have no problem with this division of labor." He adds, "In our polite culture, if you confront the government you are called a radical, and you lose all bargaining power for future change. It's something we as Indonesians are always aware of." The memories of the 1965 slaughter of between a half and one million progressive Indonesian citizens, carried out in association with the military coup which brought Suharto to power, also restrains domestic environmental



groups' criticisms of government policies.

Irian Jaya: the last frontier

Whether or not the Scott project is resurrected, Irian Jaya, which is still 82 percent forested and contains Indonesia's last preserve of vast tracts of forest, remains in great danger. One-fifth of Irian Jaya's 33.6 million hectares of forest is in nature reserves. But logging concessions overlap with these forests and environmentalists say the government has been more than willing to approve mining and logging operations in these forests. "It looks like they're going to go in these places anyway," says Yanca deFreites, a conservation officer for the World Wildlife Fund in Irian Jaya.

The Lorentz National Park in central Irian Jaya, for example, covers 1.4 million hectares, the largest preserve in Southeast Asia. The Freeport Minerals Company mining operation borders the park, and the company is allegedly logging within the park on about eight concessions and preparing to mine in the area, deFreites says.

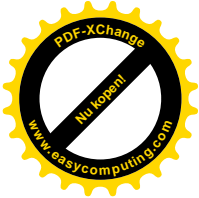
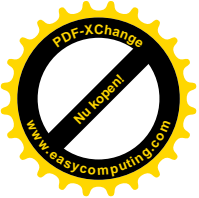
The forests of Irian Jaya are less dense than those in Kalimantan, and increased logging will be much more devastating. In Irian Jaya, if you want to cut a [given] number of logs, you need to cut more of an area, and the trees are mostly smaller, so they'll need to log more," de Freites says.

It will also be disastrous for the indigenous people in the region. Irian Jaya's jungle still harbors some indigenous groups which have had almost no contact with the outside world. Now some are feeling the effects of existing logging operations. Sago palm swamps provide the staple food of the Irianese, but those located in the areas controlled by the logging companies are no longer accessible to local people.

Human rights workers and environmentalists are concerned that the island's natural resources will be exploited only for the benefit of the more developed islands' populations, giving the Irianese little say in the distribution of wealth or power. "The economic expansion is all for the big people in Jakarta," de Freites says. "The money made in Irian Jaya goes to them."

The future

The government has acknowledged the seriousness of the threats to the country's rainforests and the importance of protecting them. "Indonesia's vast tropical forests constitute important lungs for the life of all mankind, not just for our nation," Indonesian President Suharto told an international conference in May 1990. "Together with our long seashores, the rich contents of our seas on the equator, our forests also constitute a source of biological varieties



important for natural life on the earth."

But despite Suharto's pronouncements, prospects for saving Irian Jaya or the country's other rainforests appear bleak.

In addition to the ongoing lax enforcement of logging regulations, the government has not enforced its own replanting scheme. Companies are supposed to pay a fee of \$10 for every cubic meter harvested to a fund to replant trees. But there has been little replanting in Indonesia. SKEPHI claims that replanting fees have traditionally gone unpaid. In any case, argues Pam Wellner, tropical forest campaigner for the San Francisco based Rainforest Action Network, \$10 is not a sufficient sum for replanting.

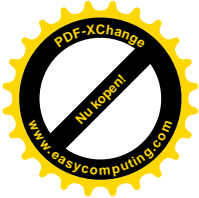
And even if replanting were undertaken, she points out, reforestation does not restore the rainforest. Replanting efforts usually involve the creation of plantations of pine and eucalyptus, rather than the restoration of the ecosystems which relied on the harvested species.

Serious replanting efforts would, however, be a step forward. Without aggressive reforestation, Indonesia's supply of production forest will be nearly exhausted by the early 21st century, creating the likelihood that loggers would then encroach — legally or illegally — on areas which are currently protected. The warning signs are already clear.

"Mills in the once rich production centers of Sumatra and Kalimantan are now experiencing shortages of accessible high-quality timber and are importing logs" from Irian Jaya and the Malaysian provinces Sabah and Sarawak, WRI's Repetto states. That safety net is wearing thin too. Timber harvesting is almost at twice the sustainable level in the Malaysian provinces, Repetto says. This leaves Irian Jaya as the next, and final, source.

The roots of Indonesia's rainforest crisis lie in the country's political structure. Indonesia's political will is expressed by an elite whose fortunes are closely tied to intensive economic growth. Deforestation is merely an unfortunate byproduct. With political reform not yet on the horizon, the only hope for saving the rainforests lies with activist groups both inside and outside of Indonesia.

Indonesia's non-government organizations are advocating a less elite-oriented economic development model that would allow more local participation and mandate environmental impact studies. Activist groups like Environmental Forum harshly criticize the large corporate-oriented logging promoted by the government. "Currently, the interests of the people have been sacrificed in favor of large, profit-driven, capital-intensive logging companies [which] dominate



the industry," says a recent Environmental Forum paper, "Policies and politics have allowed conglomerates, owned by the Indonesian elite, to amass 80 percent of forest concession titles."

Environmental Forum and SKEPHI are urging the government to adopt a people-oriented forest management plan. "Through the community forestry concept, whereby forests are owned by the community," argues a recent SKEPHI report, "the interaction between social and ecological dimensions of forest management can be achieved and therefore forest conservation is secured."

Environmentalists envision communities using the tropical forests as a garden rather than strip-mining them. Economic expansion through renewable non-timber products from the forests like rattan, medicinal herbs, fruits, nuts, oils and other products cultivated by indigenous peoples would be greater than growth through deforestation and would not drain valuable natural resources, they say.

"Everywhere there is this idea it's better for us to be like the United States, that the more industry we have, the better, no matter what happens to the environment," says deFreites of the World Wildlife Fund. "It's stupid to say Indonesia should develop like other countries. We have much more to lose."

For now, Indonesian environmentalists say, government officials, international money lenders and the populace are beginning to acknowledge the problem of deforestation, but action is something else entirely. Dollars and yen for Indonesian timber products still speak loudest.

Peter Halesworth is a freelance writer working in Boston.