Current Situation of Land Grab in State Forest Area (*Kawasan Hutan*) in Indonesia

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Introduction

What is Land Grab?

- **Land Grab**
  (GRAIN 2008; Anseeuw et al. 2012; White et al. 2012)
  ✓ Large-scale land deals, investments, acquisitions

- **Historical Land Grab**
  ✓ Enclosure in British
  ✓ Dispossession of native people in North America and Australia
  ✓ Occupation by colonial government in many regions of the global South

- **Current Land Grab**
  ✓ The large-scale deals, investments, acquisitions of land/resource or land-related rights by corporate entities (e.g. business, non-profit or public)
  ✓ In the form of long-term concessions or leases rather than outright purchase
  ✓ Triggered by food crisis between 2008 and 2009
What is Land Grab?

Positive viewpoints
(by government and international organization)
✓ Utilized as an opportunity for development

Negative viewpoints
(GRAIN 2008; von Braun and Meinzen-Dick 2009; Anseeuw et al. 2012)
✓ Land grab deprive local people and communities of their rights for lands and resources
✓ Transnational and intra-national capital flows distance land-based production from optimal form
✓ Privatization and accumulation of lands devastate small-scale farming and rural livelihoods
✓ Extensive conversion loses ecosystem services and biodiversity in forests, grass lands, and marshlands

Land Grab in Indonesia

Indonesia
✓ About 70% of national territory is State Forest Area (Kawasan Hutan) (a specific territory determined and/or decided by the government as a permanent forest [Article 1, Law No.41 in 1999 about Forestry])

The second-largest target country in transnational land deals in the world
✓ Those investments come from Thailand, Singapore, Malaysia, India, South Korea, Hong Kong, China, USA, France, Belgium, UK
✓ About 4 million ha, 124 deals

One of countries where land deals are active
5 Research Objective & Method

- **Objective of this study**
  - To clarify current situation around land grab in **State Forest Area (Kawasan Hutan)**

- **Methods**
  - Focusing on "Forest and Wood Products Utilization Licenses" (IUPHHK: Izin Usaha Pemanfaatan Hasil Hutan Kayu)
  - Analyzing related statistics, legal documents (e.g. Law, Forestry Minister's regulations and decisions)

6 Findings

**Forest and Wood Products Utilization Licenses (IUPHHK)**


**Grant Situation of IUPHHK (As of November, 2012)**

- 736 Licenses equal to about 35 million ha
- Number of License: HA (40.2%), HTI (31.8%), HTR (15.2%)

**Area**

- HA (68.6%), HTI (28.0%) (i.e. 96.6%) 96.6%
- Almost all of the licenses were granted to HA and HTI licenses
7

Findings

Changes of the Licenses (HA / HTI) (1993-2011)

<table>
<thead>
<tr>
<th>Year</th>
<th>HA Licenses</th>
<th>HTI Licenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>575</td>
<td>62</td>
</tr>
<tr>
<td>1997</td>
<td>292</td>
<td>23</td>
</tr>
<tr>
<td>2011</td>
<td>249</td>
<td>10</td>
</tr>
</tbody>
</table>

Foreign capital can enter HTI business
(Forestry Minister Regulation No.50 in 2010)

8

Findings

Holding Situation of HA and HTI Licenses

- **Number of License**
  - 79.0% HA, 89.8% HTI are less than 0.1 million ha
  - More than 0.2 million ha are only 7.1% of HA and 3.8% of HTI

- **Area**
  - HA: 7.1% licenses are holding 26.9% of total area (about 6.5 million ha)
  - HTI: 3.8% licenses are holding 25.2% of total area (about 2.5 million ha)

  - Few companies have been holding large-scale forest land
Findings

Holding Situation of HA and HTI Licenses by Company Group
(As of December, 2010)

<table>
<thead>
<tr>
<th>Company Group</th>
<th>No. of Unit</th>
<th>% of Total</th>
<th>Area</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kayu Lapis Indonesia</td>
<td>7</td>
<td>2.3</td>
<td>1,445,300</td>
<td>5.9</td>
</tr>
<tr>
<td>Alas Kusuma</td>
<td>10</td>
<td>3.3</td>
<td>1,157,700</td>
<td>4.7</td>
</tr>
<tr>
<td>Barito Pacific</td>
<td>12</td>
<td>3.9</td>
<td>1,036,032</td>
<td>4.2</td>
</tr>
<tr>
<td>Jati</td>
<td>4</td>
<td>1.3</td>
<td>965,410</td>
<td>3.9</td>
</tr>
<tr>
<td>Korindo</td>
<td>4</td>
<td>1.3</td>
<td>951,120</td>
<td>3.9</td>
</tr>
<tr>
<td>Sumalindo Lestari Jaya</td>
<td>4</td>
<td>1.3</td>
<td>515,000</td>
<td>2.1</td>
</tr>
<tr>
<td>Hanurata</td>
<td>2</td>
<td>0.7</td>
<td>339,600</td>
<td>1.4</td>
</tr>
<tr>
<td>Dwima</td>
<td>4</td>
<td>1.3</td>
<td>290,031</td>
<td>1.2</td>
</tr>
<tr>
<td>Kayu Mas</td>
<td>3</td>
<td>1.0</td>
<td>269,915</td>
<td>1.1</td>
</tr>
<tr>
<td>Mujur</td>
<td>2</td>
<td>0.7</td>
<td>97,110</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>17.1</strong></td>
<td><strong>7,067,218</strong></td>
<td><strong>28.6</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company Group</th>
<th>No. of Unit</th>
<th>% of Total</th>
<th>Area</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinar Mas</td>
<td>35</td>
<td>16.1</td>
<td>2,309,511</td>
<td>25.7</td>
</tr>
<tr>
<td>Riau Pulp</td>
<td>28</td>
<td>12.8</td>
<td>1,192,387</td>
<td>13.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>28.9</strong></td>
<td><strong>3,501,898</strong></td>
<td><strong>39.0</strong></td>
</tr>
</tbody>
</table>

28.6% of total licensed area (about 7 million ha) were accumulated by 10 companies’ groups

39.0% of total licensed area (about 3.5 million ha) were accumulated by 2 companies’ groups

Findings

5 years Strategy Plan of MoF (2010-2014)

Targeted newly establishing 265 million ha of plantation through HTI and HTR

Grant Trend of Licenses of HTI and HTR between 2008 and 2012

Many plantation area were allocated to HTI
Key Findings and Conclusion

(Key Findings)
1. About 70% of Indonesian land is owned by the government as state forest area (Kawasan Hutan).
2. Almost all IUPHHK areas are designated for HA and HTI (i.e., 96.6%).
3. Many HA and HTI areas are held by few companies and further acquired by company groups. IUPHHK areas for HTR, HKm, and HD licenses, which are mainly designated for use by local people and communities, are only 2.7% of the total IUPHHK area.

- What percentage of the state forest area should be allocated for production, conservation, and livelihood?
- Who has responsibility for production and conservation?
  - Equitable and optimal allocation of state forest areas for production, conservation, and livelihood among governments, companies, and local communities remains a big challenge for forest policy in Indonesia.

Thank you very much for your attention

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