

SPEECH BY

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**PRESIDENT OF THE REPUBLIC OF
INDONESIA**

AT THE OPENING OF

INTERNATIONAL WORKSHOP ON

**“TROPICAL FOREST ALLIANCE 2020:
PROMOTING SUSTAINABILITY AND
PRODUCTIVITY IN THE PALM OIL AND PULP
AND PAPER SECTORS”**

JAKARTA, 27 JUNE 2013

***Bismillahirrahmanirrahim,
Assalamu'alaikum warahmatullahi wabarakatuh,
May peace be upon us all.***

Honorable Ministers,

Dr. Kuntoro Mangkusubroto, Head of the Presidential Unit for Development Monitoring and Control,

Mr. Paul Polman, Director at the Board of the Consumer Goods Forum,

Distinguished Guests,

Ladies and Gentlemen,

Let me begin by welcoming all of you to Jakarta—the capital city which just celebrated its 486th anniversary a few days ago. I hope in the midst of your busy schedule, you will find time to explore the city during this period of festivity.

I commend the Office of the Presidential Unit for Development Monitoring and Control—the UKP4 and the Consumer Goods Forum for their collaboration to hold this international workshop. At the same time, I would also like to commend the Tropical Forest Alliance 2020 for its initiative in convening this workshop, as the first in a series of workshops.

It is a privilege for Indonesia to host this important workshop. And I welcome the choice of *Promoting Sustainability and Productivity in the Palm Oil and Pulp and Paper Sectors*” as its theme. In my view, the theme is timely. It is also relevant to Indonesia, as one of the countries with the largest tropical rain forest in the world, and world’s largest palm oil producers.

**Excellencies,
Ladies and Gentlemen,**

For all countries in the world, achieving economic growth is a vital interest. And central to this endeavor is productivity. Naturally, we can expect that greater national productivity will lead to greater economic growth. And this economic growth is essential to the sustained efforts in increasing people's welfare.

For countries that have abundant natural resources like Indonesia, these resources are critical to their economy. Generally, the production activities of the natural resources serve dual purposes—meeting domestic consumption and the demand of the international market.

In the case of Indonesia, these natural resources include not only mining products such as gold, copper, oil, tin and coal, but also a number of forest and land-based, such as timber and palm oil. While the economic role of oil and other mining products tend to decline, contribution of forestry and agriculture sectors to our national economy is increasing.

In the past five years, forest-based manufacturing industry, including plywood and pulp and paper productions, has contributed approximately 3.5 percent of the national economy. This represents 21 billion US dollars to Indonesia's GDP. Wood products and pulp, and paper manufacturing contribute to 8.3 percent of manufacturing value added. Indonesia is one of the top producers of pulp and paper in the world, reaching about 8

million tonnes of pulp and 13 million tonnes of paper last year. The industry also provides employment for around 3.76 million people.

Indonesia is also the world's largest palm oil producer with about 26 million tonnes production last year. And we are also one of the world's largest palm oil consumers. Together with Malaysia, we make up roughly 85 percent of the world's palm oil production.

With the growing contribution of the forest and agriculture industry to the national economy, there is one question in mind.

How long can we rely on these sectors to boost economic prosperity and progress?

I am fully aware that similarly to oil and other mining products, forests could shrink, or even disappear through deforestation. I also learn from our own experiences and other countries, that productivity alone in boosting growth is not enough. Excessive use of the natural resources with growth as the ultimate objective, has often led to environmental destruction.

Therefore, while striving for growth is our priority, I have also given particular emphasis on the protection of the environment. I balance the pro-growth strategy with the pro-environment strategy. This is the essence of sustainable development. It is the development that upholds the optimum balance between economic growth, social equity and environmental sustainability. And it is the development that meets the needs of the

present, without compromising the ability of future generations to meet their own needs.

And these pro-growth and pro-environment strategies are also essential parts of the “4 Track Strategy,” which also includes pro-poor and pro-job strategies.

As part of the commitment to sustainable development, I have pronounced a number of policies and directives, and taken a number of measures. I am pleased to share with you some of them.

First, in 2009, I made a bold commitment to reduce the country’s greenhouse gas emissions by 26 percent from Business As Usual emission projection by 2020, using our own domestic

resources. With international support, we are committed to reducing our emissions by a total of 41 percent.

Second, in the same year, I launched the One Billion Indonesia Trees for the World (OBIT) program. I am very pleased with the progress of this program, for we—in the past three year—have successfully planted some 4.4 billion trees.

In some areas, along with this program, we also give economic empowerment program to farming families who planted productive crops such as vegetables in the degraded parts of the forests. Through this program, many of them were able to get good alternative income and stop converting forests.

I also welcome active participation by business community, civil society groups, philanthropic organizations, and other stakeholders in the tree adoption program. Their active participation has contributed further to the deforestation program.

Third, in 2010, I established the Indonesian Task Force for Reducing Emissions from Deforestation and Forest Degradation (REDD+), in partnership with the Government of Norway. The Task Force's mission is to prepare relevant institutions for REDD+ implementation and to improve forest and peatland governance in Indonesia.

We will soon have an independent REDD+ Agency equipped with a robust measurement,

reporting and verification (MRV) system, and an internationally credible funding instrument.

Fourth, in the same year, I also made a directive on the creation of integrated “One Forest Map” that will help create certainty in licensing and land tenure. This includes access to more than 30 million hectares of degraded land. I hope this will accommodate sustainable growth with equity in agricultural sector.

Fifth, in 2011, I issued a moratorium on the issuance of new forest and peatland licenses. Last month, I extended this moratorium for another two years. I have also instructed my Ministers to continue improving forest governance that will benefit everyone, including private sector and local communities.

As part of this effort, under a Memorandum of Understanding with some provinces and districts in Indonesia, the UKP4 is mobilizing efforts to resolve the overlapping issuance of plantation and mining permits in those provinces.

And sixth, recently the Indonesian Constitutional Court has decided that customary forest, or *hutan adat*, is not part of the state forest zone. This decision marks an important step towards a full recognition of land and resources rights of *adat* community and forest-dependent communities. This will also enable Indonesia's shift toward sustainable growth with equity in its forests and peatlands sector.

I am personally committed to initiating a process that registers and recognizes the

collective ownership of *adat* territories in Indonesia. This is a critical first step in the implementation process of the Constitutional Court's decision.

Ladies and Gentlemen,

In spite of all of these efforts, we remain conscious of the continuing presence of challenges to sustainable productivity of forest-based industry. One of them is the practice of land clearing that causes the recent problem of haze.

As we are all fully aware, since the past few days we have been experiencing the haze problem in the province of Riau. On the one hand, this problem is triggered by the extreme weather circumstances, in those areas where flameable peatland is in abundance. On the other hand, we

also recognized the unlawfull practice of land clearing.

I recognize that this haze has affected neighboring countries, as well as our own people at the level of dangerous to human health. I have, therefore, send military personnel, police and emergency response task force—equiped with substantial equipments—to combat fires and haze. I have also conveyed my sincere regret to the people and government of the affected countries. Indonesia is taking full responsibility for the efforts to put off those fires, and I am glad that the number of hot spots fires in Riau Province have been reduced significantly.

As anticipation to the incoming dry season—normally peaks on July and August—I have instructed the local governments in the fire prone

area to increase vigilance. They must, at best, avoid peat lands and the underground peat land areas get caught in big fires. We know too well that only big rain that last for several days which can doze the underground-raging peat lands.

I note that at some point, this problem has involved agriculture and forest-based industries. Despite the fact that Indonesia is equipped with an early warning system which is capable of identifying fire hotspots in advance, we are not able to prevent such fires if companies and local communities do not comply with the regulatory framework in Indonesia. Companies have to ensure compliance which is enforced to the lowest level of operations on the ground.

In addition to complying with the regulations, I believe that governments, private sector, and local

communities need to work together to create innovations in forestry and agriculture development. These innovations should be cost-effective, just and environment-sensitive.

Excellencies,

Ladies and Gentlemen,

Ensuring sustainable use of forests is the responsibility of all of us. On the part of the Indonesian Government, I have just outlined what the Indonesian Government has and will continue to do in that regard. I must underline that local governments also have responsibility.

Business sector must also contribute to sustainable forestry. I am fully aware that profit is the drive of every business. Yet, I also believe that while making profits, companies could avoid an

encroachment of natural tropical forests. They could ensure deforestation-free supply chains, and support the livelihoods of indigenous people and forest-dependent communities.

In this regard, I am pleased to observe that some companies have adopted forest conservation policy. I look forward to the implementation of this policy. And I encourage more companies to follow this step.

I also attach particular importance of the role of the civil society groups. These groups could help governments and private sector to identify solutions and assist in delivery on the ground. In my meeting with Mr. Kumi Naidoo, Executive Director of Greenpeace International early this month, I invited Greenpeace to constantly give the Government inputs to strengthen our efforts in

solving environmental problems. I also invited other international and national NGOs.

Indeed, we all have responsibility. But we cannot do it alone. Therefore, in my view, partnership is critical. Governments—national and local, private sector, civil society groups need to join hands to prevent deforestation and promote reforestation.

Still in the spirit of this partnership, I believe that developed countries must take the lead in reducing their greenhouse gasses emissions, while developing countries must do more. This is what I call common and shared responsibility.

Under such a circumstance, we cannot ask one country to maintain its growth in order to support the global economic recovery, while

sanctioning some countries on the allegation of environmental violation. In short, fairness is one of the important principles in building partnership.

Excellencies

Ladies and Gentlemen,

Before I conclude, let me say a few words regarding the importance of sustainable forestry in the context of the Post-2015 Development Agenda.

I am pleased to inform you that the UN High-Level Panel of Eminent Persons on the Post-2015 Development Agenda has completed its Report. I was privileged to serve as one of the Co-Chairs of the Panel. And during my co-chairmanship, I had received support and brilliant inputs from our friend Mr. Paul Polman—an eminent member of the Panel, who is present here among us.

The Report underlines that in addition to restoring soil and managing grasslands, sustainable forestry is critical to the reduction of carbon emissions at very little cost. In one of the illustrative target, the Report gives emphasis to the significance of tackling deforestation and increasing reforestation, with a view to realizing sustainable development.

I encourage this workshop to also consider the insights from the Report in its deliberations. And I look forward to the recommendations from the workshop on the best ways to balance between productivity and sustainability in the palm oil and pulp and paper sectors.

To my Indonesian colleagues, let me emphasize that this workshop should be the beginning of our national multi-stakeholder process to promote sus-

tainability and productivity. I hope at later stage, this process will go beyond palm oil and pulp and paper sectors.

Finally, by saying *Bismillahirrahmanirrahiim*, I declare this International Workshop as officially open.

Thank you.

Wassalamu'alaikum warahmatullahi wabarakatuh,

Jakarta, 27 June 2013

PRESIDENT OF THE REPUBLIC OF INDONESIA

DR. H. SUSILO BAMBANG YUDHOYONO