



Civil Society Joint Letter on Carbon Trading

BOYCOTT!

CARBON TRADING, STOP THE RELEASE AND DISMANTLING OF EMISSIONS, AND ACCELERATE THE RECOGNITION OF CUSTOMARY AREAS AND COMMUNITY-BASED AREA MANAGEMENT

Jakarta, 18 September 2023



“Boycott Carbon Trading, Stop the Release and Dismantling of Emissions, and Accelerate the Recognition of Customary Areas and Community-based Area Management!”

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Through this open letter, we, Indonesian citizens who gathered in various mass organizations, emphasize that we reject carbon trading as a path taken by the Indonesian government to overcome the climate crisis. Carbon trading is just a way to secure the extractive industrial regime and the financialization of nature, which in fact has been the main cause of the climate crisis and human rights violations. The main spirit of carbon trading is “balancing” or “offset”. Where, a corporation or Annex I countries can still release emissions from extraction and industrialization activities, even exceeding the emissions cap as long as they carry out carbon offsets by purchasing carbon in the carbon market.

The solution should focus on reducing emissions to ensure global temperatures are below 1.5 degrees Celsius, so that there is no other way to overcome the climate crisis other than immediately and massively reducing fossil fuel emissions, not replacing them with technocratic solutions of just planting trees. Protecting forests and restoring natural ecosystems is critical for biodiversity and the climate, but we must do so by reducing emissions directly, not as a substitution.

However, since carbon trading and offset are seen as fast and affordable solution by companies and the Government, many carbon offset projects are running with dubious, even false claims, replacing them with narratives of mere technical problem of balancing carbon (net zero or carbon neutral) in the atmosphere is a lie that is dangerous for the future of planet Earth.

To put it in simple terms, carbon trading is merely a permission to keep releasing emissions, and permission to keep violating human rights. Several bases of our position are as follow:

Extractive Industry as The Root of Climate Crisis

An extractive regime is defined as its dependence on the extraction of various natural resources in the formation of an economic and political order that is also supported by global and regional powers (Gellert; 2010). Globally, underground fossil extraction for energy needs (electricity, heating and transportation) contributes 73% of Global Greenhouse Gas (GHG) Emissions. The second largest sector, namely agriculture, forestry and land use, contributed 18%, as well as direct industrial processes 5% and waste 3%.

Throughout 2000 to 2020, Indonesia released 24.7 million gigatons of emissions into the atmosphere. The two sectors that are the largest emitters are the energy sector and the forestry and land use sector (FOLU). The energy sector contributes 38% or 9 million gigatons of Indonesia's total emissions. The energy sector relatively consistently releases large amounts of emissions each year, in fact in the future the number will continue to increase in line with increasing energy consumption and carbon trading policies that allow coal-fired power plants to continue operating as long as they carry out carbon offsets. Co-firing policy in steam power plants, by mixing 5% biomass with raw materials originating from energy plantation forests and waste and 95% coal.

This situation will be further exacerbated by the Indonesian government's program which is also being encouraged by the international community to build an electric vehicle ecosystem that will extract nickel on a large scale. Currently, the nickel mining concession area has reached 1 million hectares, 700 thousand hectares of which are in forest areas. Other large-scale power plants such as geothermal, hydropower, which are claimed to be clean energy also continue to operate on a wide and large scale.

The forestry and land use/FOLU sector is also a large emitter of GHG. Even though the FOLU sector tends to fluctuate, from 2000 to 2020 this sector released 4.7 million tonnes GHG emissions. However, this sector experienced a surge of up to 10 million gigatons (42%), mostly due to emissions from large peat fires in 2015 and 2019. These forest and peat land fires were driven by the massive permits issuance for timber plantations (Industrial Plantation Forests) and oil palm plantations on peat and forest ecosystems. WALHI recorded that there are 969 companies located in this peat and forest ecosystem area.

The FOLU sector in Indonesia is dominated by large-scale palm oil monocultures which currently have reached 16 million hectares, most of which are owned by corporations. Moreover, legally, 8 million hectares of forest have been released and 6 million hectares of the released forest is earmarked for palm oil monoculture concessions. Illegally, 3 million hectares of forest have been turned into palm oil monoculture plantations at the moment. Unfortunately, there is no law enforcement that has a deterrent effect on corporations, so forest and land fire crimes continue to reoccur every year.

Slow Recognition of Customary Territories and Community-Based Area Management

The extraction regime is not only the root of the climate crisis, but also the root of inequality in control of agrarian resources in Indonesia. The state's kindness to corporations is demonstrated by handing over 50% (97 million hectares) of Indonesia's land to corporations through various permits in the forestry sector, cultivation rights for large-scale plantations and coal and oil and gas mining and 10% (33 million hectares) of Indonesia's oceans have been plotted for offshore oil and gas mining.

On the other hand, the state's denial of its obligations and responsibilities is demonstrated by the slow recognition of the peoples' rights or their customary territories or management areas. It only takes 14 days for corporations to process cultivation rights, but it takes years for people to get land management rights. Until now, the people only have access rights to 5 million hectares of forest through social forestry and only 108 Customary Forest Decrees with an area of 153,322 hectares, or an average of around 21,903 hectares/year (Ministry of Environment and Forestry, March 2023).

Specifically, the Jokowi regime which led these two periods of administration, achieved social forestry through village forest (HD), community forests (HKm), forestry partnerships (KK), community plantation forests (HTR), social forestry utilization permits (IPPS), and customary forests schemes, comprises only around 3 million hectares or only 21% of the target of 12.7 million hectares promised by Jokowi at the beginning of his presidency.

In the midst of achievements that are far from the target, many community-based management area which are proposed to receive formal recognition from the state, are still hampered. For example, the application for customary forests. The Customary Area Registration Agency (BRWA) noted that 19.5 million hectares of customary forests managed by indigenous communities in Indonesia have not received formal state recognition.

The same thing was experienced by WALHI's application of 1.1 million social forestry and land objects for agrarian reform applications, only 7% or 82 thousands of which had been formally recognized through a Decree. This is contrary to the fact that within the management area there are 150 thousand families whose livelihoods depend on it. Meanwhile, the 46 million hectares of forest that have been burdened with extractive permits and released of forest areas are only enjoyed by the top ten company groups, most of whose owners are the richest people in this country.

Carbon trading based on carbon concessions, whether in the form of Ecosystem Restoration permits or multi-forestry business permits, will further exacerbate inequality in land tenure. In addition, there is no guarantee of priority recognition of the rights of indigenous peoples and local communities in the carbon trading scheme. In fact, the state, through the Presidential Regulation on the Economic Value of Carbon affirms the position of the state's right to control carbon, meaning that even though indigenous peoples and local communities' rights to customary territories or Community-based Area Management have been recognized, they do not automatically have rights to carbon.

Ecological Disaster, Land Grabbing, Criminalization of People

WALHI noted that from 2015 to 2021 there have been 27,660 disaster incidents which continues to increase. 90% of continuous disasters are hydrometeorological disasters or those influenced by climatic conditions, such as floods, landslides, and extreme weather. The disaster events from 2015 to 2021 caused 10,191 deaths and missing. Meanwhile, the number of injured, displaced and affected victims reached 43,302,392 people. WALHI calls this an ecological disaster, namely the accumulation of ecological crises caused by injustice and failed systems that damage ecosystems and people's lives.

Not only does it increase ecological disasters, the current massive issuance of permits for extractive industries alone has confiscated millions of customary lands/territories. The Alliance of Indigenous Peoples of the Archipelago (AMAN) noted that in the last 5 (five) years, there were at least 301 cases involving the confiscation of 8.5 million hectares of customary territory. In general, conflicts that occur in Indigenous Communities include the plantation sector, state forest areas, mining and infrastructure project development.

Throughout 2022, WALHI also encouraged the resolution of agrarian conflicts that have confiscated 171 thousand hectares of people's land, affecting 55,343 families. Meanwhile, the Agrarian Reform Consortium (KPA) recorded that throughout 2022 alone, there were 212 agrarian conflict outbreaks covering an area of up to 1 million hectares with 346,402 families affected.

These conflicts are also accompanied by criminalization and acts of violence carried out by the police, the Indonesian Military, Civil Service Police Units, or company security officers. Of the 73 agrarian conflicts throughout 2022 handled by the KPA, 497 people were criminalized. WALHI also recorded that throughout 2021 there were 58 cases of criminalization which mostly occurred in the mining sector, followed by the forestry and plantation sectors. AMAN also noted that in the past five years, as many as 672 indigenous people were criminalized for defending their customary territories from the threat of extractive industry permits.

The facts of increasing incidents of ecological disasters, land conflict/grabbing and criminalization will become even more massive when the carbon exchange is launched this September. Carbon concessions will displace indigenous peoples and local communities from their territories. Even if they do not displace them, carbon concessions will exclude them, by destroying the sources of life of indigenous peoples and local communities from the areas they have protected so far.

At least, currently there are 16 ecosystem restoration concession permits with an area of 624,012 hectares which will displace and exclude indigenous peoples and local communities. Even with today's multidimensional forestry permit regime, corporations only need to apply for one type of forestry permit, to be able to carry out several types of exploitation activities.

In the end, trading permits to continue releasing emissions (both by extracting underground fossils and using fossil energy) by means of carbon offsets will only continue to exacerbate the climate crisis, ecological disasters, land grabbing, exclusion of Indigenous Peoples and local communities, criminalization, and violence. Meanwhile, those who controls capital are increasingly strengthening their economic and political positions so that they can continue to enrich themselves and control all national and global policies.

From all the explanations above, we urge several actions that should be taken by the Indonesian government or governments of all countries in overcoming the climate crisis:

1. Terminate the Operation of Carbon Trading

Even though the government has issued various regulations regarding carbon trading at the moment, and even plans to launch a carbon exchange in September 2023, we urge the government to stop the operation of these policies, and make corrections to existing natural resource control and management policies. For example, the Job Creation Law and the Coal Mineral Law which accommodate extraction on a large and extensive scale.

Various studies, both global and national, show that the energy sector and FOLU are the biggest sectors contributing to emissions into the atmosphere, causing the climate crisis. If carbon trading continues to provide permission to release emissions (both by extracting underground fossils and using fossil energy) by carrying out carbon offsets, then even if the remaining forests are conserved they will not be able to absorb all existing and future emissions.

The voluntary carbon trading process, as has been the case so far, has failed to protect the remaining forests. An investigation carried out by The Guardian over nine months, proved that 90% of carbon offset projects certified by Verra were “ghost credits” and could worsen global warming. At the locations of these projects, massive deforestation still occurs and human rights violations are found. In Peru, people’s houses were cut down with chainsaws and ropes. They were forcibly evicted for the sake of carbon offset projects. In Indonesia, apart from failing to protect forests from deforestation, REDD and REDD+ projects are taking away customary and management area. For example, the Kalimantan Forest Climate Partnership (KFCP) Project in Central Kalimantan, which is a collaborative project between the Indonesian government and the Australian government, and also the failed REDD project in Ulu Masen, Aceh.

Instead of the government being busy speeding up carbon trading operations, we suggest that the government seriously discuss and immediately pass the Indigenous Peoples Bill proposed by civil society.

2. Accelerate and Expand The Recognition and Protection of Community-based Area Managements And Customary Territories

The failure of various conservation projects which the government claims are climate change mitigation is caused by the government's reluctance to recognize and protect people's rights to their customary or managed areas, as well as respecting the local practices and knowledge of indigenous peoples and local communities in protecting forests and biodiversity. Basically, this is an obligation for the government, because the Constitutional Court has mandated it through Judgment No. 35/2012 for the state to recognize and protect customary territories in state forest areas so that there is no more criminalization of Indigenous Peoples.

We also believe that the government should admit its failure in protecting forests and overcoming the climate crisis by accelerating and expanding recognition of customary territories and community-based area management. The remaining forests and biodiversity today are proven to be safe because they are in customary area and community-based area management. Not only that, in other places, where forests have been destroyed by timber logging companies and other forest plantations, it is the community who restores the forest ecosystem.

3. Reducing Emissions Immediately and Drastically

The situation on earth today is not the same as the situation on earth ten or twenty years ago. Therefore, the Government should take the action of no longer granting extractive concession permits to corporations. If the issuance of extractive concession permits continues, the dismantling of fossils will continue. Forests will be turned into concessions.

Drastic reduction in emissions can also be done by evaluating and revoking extractive permits in forest, peat and mangrove areas. The government's mismanagement of peat and forest ecosystem areas has been proven to cause forest and peat fires which reoccur every year. These fires have become the largest emitters of emissions.

Currently, 4.5 million hectares of forest and 48 thousand hectares of mangroves have been burdened with mining business permit areas. WALHI noted that total changes in land use due to mining operations are estimated to release emissions of more than 776 million tons of CO₂-e. Viewed from the type of land coverage used by the mining sector, mining operations on forest land coverage are estimated to contribute the largest emissions with a total of more than 536 million tonnes of CO₂-e, while the use of plantation/agricultural land coverage by the mining sector is estimated to contribute emissions of 160 million tons of CO₂-e, followed by the use of shrub land coverage by mining which contributes emissions of 58 million tons of CO₂-e. Meanwhile for the rest, the use of land coverage by mining is estimated to contribute to emissions as follows: Wetland ecosystems 13.8 million tons of CO₂-e, Mangroves 7.5 million tons of CO₂-e, Open land 251 thousand tons, housing/infrastructure 468 thousand tons of CO₂-e, and savanna of 165 thousand tons of CO₂-e.

Therefore, no longer granting production operation permits and seriously revoking existing mining concession permits is a must. Early retirement of fossil-based power plants and the extraction of coal, oil and gas minerals must also be carried out. Only in this way can emissions reductions be truly achieved.

4. Ecological Recovery and Increasing People's Adaptive Capacity

Ecological restoration must be carried out immediately to suppress the rate of damage that is leading to extinction and collapse of biodiversity. The government as the holder of authority and people's mandate must immediately sue corporations connected to oligarchic interests as parties responsible for this damage. This must be in line with just adaptation policies for vulnerable groups who do not have equal access to adapt to the impacts of the climate crisis. If we refer to Article 7 Paragraph 5 of the Paris Agreement which has also been ratified by Indonesia, adaptation must follow an approach that originates from the country itself, is gender responsive, participatory and fully transparent, taking into account vulnerable groups, communities and ecosystems, and needs to be based on and guided by the best available science, as well as, where necessary, traditional knowledge, knowledge of indigenous peoples and local knowledge systems, with a view to integrating such adaptation into relevant socio-economic and environmental policies and actions, where necessary.

This means that the government should learn, respect and adopt adaptations based on traditional knowledge, knowledge of indigenous communities and local knowledge systems to become the mainstream of climate policy and action in Indonesia. Increasing the adaptive capacity of the people must also be carried out by the state by not placing additional burdens on the people through evictions for investment projects under the pretext of national economic interests.

Signatories of Joint-Letter

1. WALHI
2. Aliansi Masyarakat Adat Nusantara (AMAN) - *Indigenous Peoples Alliance of the Archipelago (AMAN)*
3. Jaringan Advokasi Tambang (JATAM) - *Mining Advocacy Network (JATAM)*
4. Yayasan PUSAKA
5. PIKUL
6. Perhimpunan Pembela Masyarakat Adat Nusantara (PPMAN) - *Association of Indigenous Peoples of the Archipelago Defenders (PPMAN)*
7. Sekolah Ekonomi Demokratik (SED) - *School of Democratic Economy (SED)*
8. Greenpeace Indonesia

