

Indonesian palm oil firm to pay losses in 'historic' ruling

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An excavator clears a peatland forest area for a palm oil plantation in Trumon subdistrict, Aceh province, on Indonesia's Sumatra island on September 7, 2013

An Indonesian court has ordered a palm oil company to pay almost \$30 million to the state for illegally clearing peatland in a "historic" ruling, lawyers said Thursday.

The Meulaboh district court on Sumatra island ruled late Wednesday that

Indonesian company Kallista Alam had illegally burnt vegetation on 1,000 hectares (2,500 acres) of peatland in Aceh province to clear it for a [palm oil](#) plantation.

In the civil case brought by the Ministry of Environment, the court ordered the company to pay 114.3 billion rupiah (\$9.4 million) in losses to the state and 252 billion rupiah to rehabilitate the land it destroyed.

The forest was protected under several laws, including a presidential decree suspending new permits to log peatland and some other types of forests across the country.

Using fire to clear land is also illegal. The practice has sent choking haze across parts of Southeast Asia in recent years.

"This is a historic moment for [law enforcement](#) on environmental issues in Indonesia. We hope it will deter plantation companies from damaging the environment," the environment ministry's lawyer, Syafruddin, told AFP.

The case was seen as a test of the moratorium on logging permits and of reform in the country's notoriously corrupt and mismanaged forestry sector, which has allowed rapid destruction of habitats to plant palm oil and timber.



A worker loads harvested palm oil fruits on a plantation in Blang Tualang village in Aceh province, Sumatra on July 28, 2013

Environmental groups welcomed the decision, saying it was a sign of improved law enforcement and would set a precedent.

"This is a clear message to companies working in Aceh who think they can destroy protected forests and get away with it," Friends of the Earth Indonesia chairman Muhammad Nur said in a statement.

Indonesia is home to one of the world's largest expanses of tropical rainforest but is also the world's biggest palm oil producer.

The company's lawyer, Alfian Sarumaha, said Kallista Alam would likely appeal the ruling.

"The ruling is a threat to the national palm oil business. Indonesia has big

areas of peatland. If they are just left alone, they will lose their economic potential," he said.

Several other civil and criminal cases over the same forest, known as Tripa, have been filed following the Kallista Alam case, with another four companies accused of illegal destruction there.

President Susilo Bambang Yudhoyono declared a moratorium on new logging permits for certain types of forest in 2011, in a \$1 billion conservation deal with Norway that is still in effect.

Indonesia's swathes of peatlands hold huge stocks of carbon, which are emitted into the atmosphere when cleared, and are home to some of the world's rarest species.

The granting of a logging permit to Kallista Alam was widely criticised as proof the moratorium was ineffective.

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