Mining for REDD in Indonesia

In 2009, Rio Tinto, one of the world biggest mining companies, explained how it hoped that it could use REDD, “as an economic tool to offset Rio Tinto’s carbon footprint and to conserve biodiversity”. That, in a nutshell, explains the mining industry’s interest in REDD. Companies hope to continue mining, while investing comparatively small amounts of money in REDD credits to “offset” the destruction.

A look at the involvement of the mining industry in REDD in Indonesia illustrates how the industry is hoping that REDD will allow business as usual to continue.

For example, the Kalimantan Climate and Forest Partnership is a REDD-type project taking place on the Indonesian part of the island of Borneo. BHP Billiton, one of the world’s largest producers and marketers of export thermal coal, was one of thefounding members of the KCFP, together with the governments of Indonesia and Australia. The project has come in for serious criticism from indigenous peoples living in the area. On 8 June 2011, a group of indigenous leaders released a statementexplaining that the project was not respecting their rights and demanding that the project be stopped.

While BHP Billiton is investing in REDD, it is business as usual at the company’s 335,000 hectare coal mining concession in Maruwai, Central Kalimantan. The company is also planning to expand its iron ore mining operations to the tune of A$48 billion. Clearly, it is going to need an awful lot of cheap carbon credits to offset all that pollution.

Shell Canada Energy and Gazprom Marketing and Trading helped to fund studies related to the Rimba Raya conservation project in Central Kalimantan. The project aims to preserve 91,215 hectares of forest, of which 47,006 hectares was threatened with conversion to oil palm plantations. The project hopes to avoid more than 96 million tonnes of carbon dioxide equivalent emissions. The Project Design Document thanks Shell Canada Energy for “generous support and tireless work in developing the peat methodology”. Clearly though, Shell and Gazprom are not only interested in funding REDD studies. Both companies have their eye on REDD credits to offset their polluting operations, such as Shell’s tar sand mining in Canada and Gazprom’s destructive oil and gas operations off the coast of Sakhalin Island in Russia’s Far East.

Mining companies are not only interested in REDD credits. At least one company hopes that its involvement in REDD will increase the chances of new mining projects being approved.

In May 2011, a Canadian mining company called East Asia Minerals Corporation,signed a Memorandum of Understanding to buy 50% of Carbon Conservation, a company set up to profit from trading REDD credits. East Asia Minerals explained that the deal will help develop a “green” brand for one of its existing mines on the Indonesian island of Sumatra and “potentially facilitate a smoother process for approval of, and support for, mining permits”. The company has several mining projects proposed in densely forested areas, including inside the Ulu Masen National Park, which a Carbon Conservation project is supposed to be protecting.

On 19 May 2011, Indonesia's president, Susilo Bambang Yudhoyono, signed a two-year moratorium on new forestry concessions in primary forests and peatlands. This deeply flawed moratorium is part of a Norwegian-funded US$1 billion dollar REDD deal. The day before, President Yudhoyono signed an even more industry-friendly ruling, allowing underground mining in protected forest areas. "Both of these regulations allow business as usual practices," as Avi Mahaningtyas, of the Indonesian NGO Partnerships for Governance Reform pointed out to AlertNet.

The Norwegian government is an enthusiastic proponent of REDD, with US$1 billion offered to Indonesia, US$1 billion to Brazil and US$250 million to Guyana. But Norway does not only invest in schemes that are (at least in theory) supposed to protect forests. As research by the Environmental Investigation Agency shows, Norway's Government Pension Fund Global (the world's biggest sovereign wealth fund) also invests in palm oil companies that are busy converting forest to monocultures. Norway also has more than US$10 million worth of shares in Gunns Ltd, a company responsible for clearcutting vast areas of Tasmanian old-growth forests.

Norway also invests in oil and gas companies and mining companies. While Norway divested its holdings in Rio Tinto in 2008 and Freeport McMoRan in 2006 (because of the companies' involvement in the notorious Grasberg mine in Papua), Norway still has almost US$580 million invested in BHP Billiton, US$1.1 billion in Gazprom OAO and US$3.89 billion in Shell, for example. Meanwhile, earlier this year, Norway's state-owned oil company, Statoil, expanded its operations in Indonesia.

The Norwegian Government is doing the same thing as the mining industry. It's the old magician's trick of distracting the audience. The distraction is REDD, and the trick is continued extraction and burning of fossil fuels.

By Chris Lang, http://chrislang.org