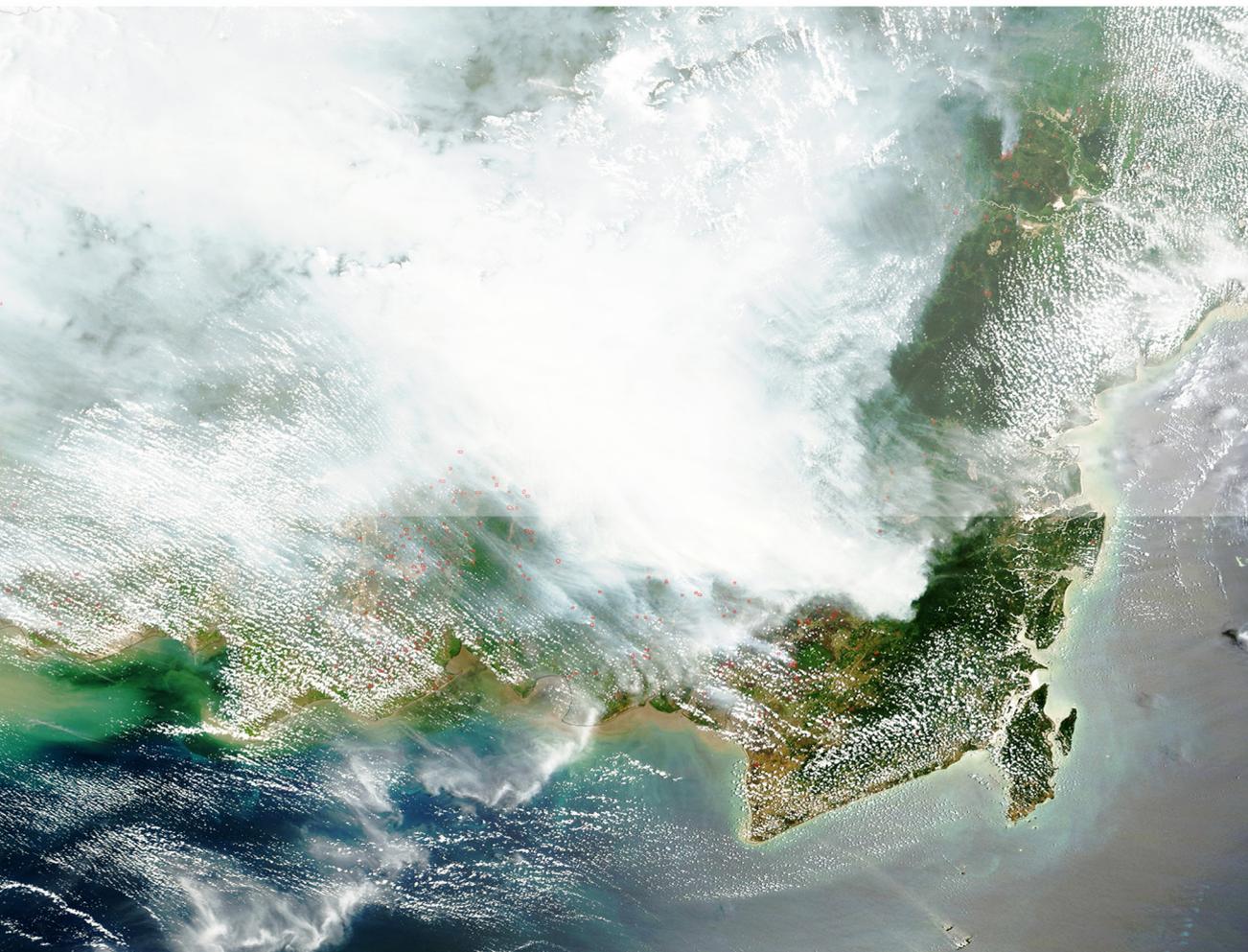


Issue 5 / November 2015

Thinking **ASEAN**

From Southeast Asia **On Southeast Asia**



Thinking ASEAN

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A note from the editor

Dear readers:

Welcome to the November 2015 issue of the monthly *Thinking ASEAN*!

This year, transboundary haze, which started occurring yearly in the 1990s, became a problem for the majority of ASEAN member countries for the first time. Six Southeast Asian countries—Brunei Darussalam, Indonesia, Malaysia, Singapore, Thailand, and the Philippines—now have to contend with the yearly emergency.

Before, haze from forest fires on Sumatra and Kalimantan only impacted the populations of those Indonesian islands, Malaysia, and Singapore. Starting this year, if the situation continues to worsen, the environmental disaster and its attendant health problems will likely reach deeper into southern Thailand and the Philippines.

With this pressing issue in mind, this issue of *Thinking ASEAN* presents three articles that examine the problem and an infographic that looks at the numbers behind the annual phenomenon.

An opinion piece by Jonatan Lassa, Research Fellow with the Centre for Non-Traditional Security (NTS), Rajaratnam School of International Studies at Singapore's Nanyang Technological University, opens this month's issue. In it, Lassa explores the Indonesian debates on the forest burnings and the resultant haze.

Lee Chen Chen and Lau Xin Yi, Director (Policy Programs) and Executive (Sustainability Program), respectively, at the Singapore Institute of International Affairs, follow with an exposition on mass efforts in the Southeast Asian countries most affected to fight the haze.

Khor Yu Leng, economist specializing in palm oil and sustainable supply chains, and colleagues round out this month's issue with a look at palm oil smallholders' policy issues. Their policy challenges include boycotts and exclusion of produce from haze-producing areas; and the need for expanded rural development agencies, extended services for smallholders, and appropriate peatland development policies.

Please do not hesitate to drop me a line at thinkingasean@habibiecenter.or.id if you have comments, suggestions or prospective submissions.

Happy reading!

Best regards from Jakarta,

Ray Hervandi

Managing Editor

From Southeast Asia On Southeast Asia

Thinking ASEAN is a monthly publication that aims to provide insightful, cogent and engaging perspectives on issues central to contemporary Southeast Asia and the ASEAN member states. It is a product of The Habibie Center, with the generous support of the Republic of Korea's Mission to ASEAN.

The content of *Thinking ASEAN* does not reflect the official opinion of The Habibie Center or institutions related to the publication. The Habibie Center was founded by Indonesian President Bacharuddin Jusuf Habibie in 1999 as an independent, non-governmental and non-profit organization to promote the democratization and modernization of the country.

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Air pollution (smog) from vehicles is one of the environmental problems posed by motorized transport; It is more and more common in large cities of Asia and Southeast Asia.

Photo Credit: Creative Commons Attribution.

Toward Sustainably Clear Skies in Southeast Asia

Jonatan A. Lassa, *Research Fellow with the Centre for Non-Traditional Security (NTS) Studies at the Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU), Singapore. He researches on food and environmental security issues.*

While the sky in Southeast Asia is finally clearing up, the debate on the recurrent transboundary haze is far from over. In fact, a debate has just begun on long-term solutions to the problem of forest-burning practices, the resulting haze, and beyond.

This debate has three facets. First, it must look into the long-term impact the haze inflicts on the health of people who have been exposed to it. In many cases, the exposure of to the dangerous haze can persist over a 30- to 60-day period. Human-centric solutions to the problem is, thus, key.

Second, the debate must yield answers for systematic efforts in preventing and mitigating the forest fires, on top of fire-mitigation and firefighting strategies. The social, legal, economic, and political dimensions of the forest fires and the haze resist easy resolution. Moreover, technical solutions to the burnings and uncontrolled fire that President Joko Widodo's government has proposed face constant challenges by experts on the ground. Those experts often say the president's advisors seem to have ill-informed their boss, or at least receive only certain types of input themselves.

Third, the ongoing debate needs to lead to the establishment of local crisis-response strategies and unified command systems. The local leaders' incredible impassivity cannot always explain away the collective failure of hundreds of districts in stopping recurrent forest fires.

As Indonesia and neighboring countries calculate the total monetary and societal loss that resulted from the peatland fires and the transboundary haze, over 40 million have suffered from the haze in Indonesia alone. More than half a million Indonesians have contracted respiratory illnesses from the heavily polluted air in the last two to four months. Business disruptions have been catastrophic to many small- and medium-sized enterprises and adversely impacted large companies. Short-term monetary loss can reach US\$14 billion in total, while long-term damage in terms of health costs will have to await further estimations. In 2015, Indonesia, thanks to burned peatlands, is likely to be the largest contributor of CO₂ emission, ahead of the United States and China.

Who should be responsible?

Franz Magnis-Suseno, noted Indonesian sociopolitical analyst and philosopher, has called for the government to sack all district heads and mayors in Sumatra and Kalimantan. These local leaders failed to prevent the peatland fires that caused Southeast Asia's worst transboundary haze between July and October 2015. Magnis-Suseno put the responsibility of the prevention squarely on the district heads and mayors.

But this seemingly commonsensical response to the disaster is insufficient. How can one account for the collective failure in 211 districts and cities in Sumatra and Kalimantan? How could those districts and cities all fail to prevent and mitigate the fires and haze?

Such official impassivity begs further interrogation. One possible answer points to a systematic failure of the Indonesian government on all levels.

Understanding the Root Causes

The total area set aside for palm oil plantations in Indonesia increased from eight million hectares in 2009 to eleven million hectares in 2014. In 2015, a further 600,000 hectares of forest land were cleared for palm oil cultivation. According to Indonesia's Central Statistics Bureau, in 2013, plantations accounted for 51.4 percent, or 5.4 million hectares, while small holders cultivated 41.6 percent, or 4.4 million hectares, of palm oil-producing land.

These figures suggest that both firms and small holders are equally responsible for the expansion and land clearance. Most likely, both parties only considered short-term gains when clearing their lands by burning them. In the process, they externalized the costs in the form of haze to over 50 million people in Southeast Asia. Without question, governments have the imperative to reduce the haze and control the burning of peatlands.

In recent weeks, police in Indonesia have interrogated individuals, including some from plantation companies. However, the table was soon turned on the interrogating officers as representatives from the plantations asked simple questions: How is burning one's own land illegal? Which laws have been violated?

Clearing one's land by fire is a common practice in many agricultural settings. Furthermore, burning forest land to make way for plantations, whether palm oil, rubber, or others, is not illegal in Indonesia. This suggests a fundamental fact: the government lacks the means, legal or otherwise, to pursue progressive punishment on the culprits. As is usual for Indonesia, the regulation for burning contains ample room for flexibility for both perpetrators and law enforcers.

But it took a confluence of factors to make injudicious practices into an environmental catastrophe. The Indonesian government's late response to the forest fires exacerbated the aggressive burnings, already vulnerable peatlands, and long dry spells.

As a result of this year's transboundary haze, the Indonesian government will review the law that allows small-time farmers to slash and burn their two hectares of peatland for cultivation. While this revision will help curb the burning in the future, more questions arise regarding what monitoring mechanisms will be put in place at the district level.

What Indonesia should do?

There is no doubt that President Joko Widodo is committed in solving the haze problem in three years. The first thing that he has promised to do is a comprehensive review of regulatory gaps that enable slash-and-burn practices in land clearing for plantations.

However, in my view, the president can do better. First, the ratified haze agreement, as expressed in Law No. 26/2014 regarding the Ratification of the ASEAN Agreement on Transboundary Haze Pollution, needs further support in the form of a government regulation (or decree) that details the responsibilities of local governments in compliance with the law. Such regulations should enable local governments to limit burning practices, provide for mechanisms to control and monitor forest fires, and allocate resources to fire prevention, mitigation, and fighting. Well-considered guidelines will also include provisions to anticipate the effects of El Nino.

What rights do small holders have to burn their lands? Can the government apply stricter conditions for burning? Transparency in concessions should be encouraged but that will require local governments to operate in transparency as well as monitor the technology and database systems. All this will require fundamental change in the way local governments work in the sector.

At the same time, legal arrangements, such as government use of satellites and remote sensing data in gathering evidence of violations of laws and regulations, need advancing. The legal system cannot just penalize the culprits but it must also recognize the good players. Among the many priorities the government faces in this regard, the sustainable solution must start with the people who bear the health risks from exposure to the haze.



**Forest fire.**

Photo Credit: Cameron Strandberg.

Mobilizing Mass Efforts to Fight the Haze in Southeast Asia

Lee Chen Chen and Lau XinYi, *Director (Policy Programs) and Executive (Sustainability Program), respectively, at the Singapore Institute of International Affairs.*

The recent haze crisis has set a few new records in the region. Given the massive human and environmental costs, it will go down in history as one of the worst environmental disasters in Southeast Asia. The Indonesian Meteorology, Climatology, and Geophysics Agency (BMKG) has labelled it “a crime against humanity.” The carbon emissions from the forest fires are said to have exceeded those produced by the United States since early September. President Joko Widodo’s government has also estimated that this episode of haze will cost the country as much as US\$33.5 billion, or Rp475 trillion—a staggering amount compared to the estimated US\$9 billion bill incurred in 1997, when the first incidence of severe transboundary haze pollution occurred.

Besides the high costs, another less mentioned effect of the haze has been the blossoming of a genuine civil-society movement in the region against transboundary haze pollution. From humanitarian relief to advocacy, civic groups in countries that are most affected by the smog, such as Indonesia, Malaysia, and Singapore, are taking a stand against the haze and making their voices heard. Last month, Indonesian actresses Alya Rohali and Zaskia Sungkar, and singer Yuni Shara were among the Indonesian celebrities who supported the “Movement for a Million Oxygen Tanks,” a collaborative project with non-profit foundation Rumah Pandai Indonesia. Centered on the haze victims on Sumatra and Kalimantan, which is Indonesian Borneo, the project aims to distribute pure oxygen tanks, face masks, eyedrops and a supply of milk for children. Humanitarian organization, Indonesian Red Cross (PMI) is now into its second emergency response operation following efforts first launched right after the haze began. With the help of the International Red Cross and Red Crescent, the US Red Cross as well as the Australian Red Cross, the operations target the seven worst-hit provinces in Indonesia, including South Sumatra, Jambi, Riau and various parts of Kalimantan. In addition to several ambulances, mobile clinics, blood donation units and emergency posts, the PMI will also offer specialized medical treatment for vulnerable groups.

Besides direct humanitarian relief, Indonesian non-governmental organizations (NGOs) are leveraging on their proximity to the ground and their extensive networks to provide a system of checks and balances. This could help prevent government agencies and large companies from abusing their power and influence, or shirking their responsibility.

One example is Eyes on the Forest (EoF), a coalition of three local environmental organizations in Riau Province on Sumatra. Comprising Jikalauhari ("Forest Rescue Network Riau"), WALHI ("Friends of the Earth Indonesia") and the World Wide Fund for Nature (WWF) Indonesia's Tesso Nilo Program, the coalition works to investigate the state of Riau's forests and its influential players.

To allow for easier monitoring of fires in concession areas, EoF has made fire hotspots data and satellite images available on its interactive map. In September 2015, Indonesia's largest pulp and paper company, Asia Pulp and Paper (APP), claimed that more than 90 percent of fires were started outside its supplier concessions. EoF has challenged this position, at least for some concessions, as its satellite imagery identified fires in and around concessions of four APP suppliers. Moreover, for one concession, EoF observed fires spreading from inside APP supplier's concession to the outside. This raises doubts on APP's zero-burning commitment and its legal compliance in terms of fire prevention.

The scope for civil society intervention, however, is not confined to groups based only in Indonesia. Neighboring countries have also witnessed efforts by their own domestic NGOs to combat the extra-territorial fires and haze.

Last month, several Malaysian Malay-Muslim NGOs expressed their intent to file a class action lawsuit against companies that are responsible for the fires in Indonesia. The eventual number of non-governmental organizations involved in the lawsuit could reach as high as 250, representing an estimated one million consumers. While the groups are at the "fact-finding" stage, their announcement shows that ordinary citizens now see themselves as empowered and entitled to a solution for the haze problem. They have become less willing to simply rely on government intervention to address the crisis and injustice.

Many Singaporeans are also turning their frustration and dissatisfaction with the existing situation into a force for change. With a common goal to tackle the perceived gaps in the current system, some civil society groups have undertaken initiatives of varying forms and scope with the private sector forming an inescapable part of the solution.

In Indonesia, large companies and small-scale farmers alike are often blamed for fires on peatlands that result in dense and acrid smoke. Despite being nationally outlawed, fires are often favored as a means to clear land and make way for plantations because they are fast and cheap. But the significant environmental costs and backlash from some NGOs have seen a rising number of large plantation companies establishing a zero-burning policy to protect their reputations.

Yet, this has not entirely shielded large plantation companies from scrutiny. Apart from allegations of hotspots in some

concession areas such as those raised by EoF, Singapore's authorities are also looking into some companies suspected to be behind Indonesia's forest fires, including the APP.

Although investigations are still pending, some civil society groups such as the Singapore Environment Council (SEC) have used their influence and resources to implement punitive measures. A Singapore-based NGO focusing on sustainable urbanization, the SEC has temporarily suspended APP's exclusive distributor Universal Sovereign Trading's use of their green label. The Singapore Green Label endorses products that are environmentally friendly. Following this, supermarket chains NTUC Fairprice, Sheng Siong and Prime Supermarket have all pulled APP products from their shelves.

Besides boycotts, some civil society groups are also directing more efforts towards greening the supply chains of companies. The SEC and the Consumers Association of Singapore (CASE) for instance, have reached out to over 3,000 companies to have them commit and declare that they source their wood, paper and/or pulp inputs sustainably. As of the end of October, 110 companies became signatories to the declaration.

While some NGOs leverage on media and public pressure to drive commitment on green procurement, others focus on establishing an economic case. A case in point is the recent haze campaign, "We breathe what we buy," which was jointly launched by World Wide Fund for Nature (WWF) Singapore, PM.Haze and the Singapore Institute of International Affairs (SIIA). Started this July, the campaign aims to educate Singaporeans on sustainable practices in palm oil production and aims to gather 50,000 pledges over the next few months. The public pledges, meant to reflect domestic demand for sustainable palm oil, will then be used as a basis for future corporate engagements to encourage the adoption and use of Certified Sustainable Palm Oil (CSPO).

Achieving consensus among companies to be more discerning in how they procure their inputs will be central to combating the use of fires. But larger structural problems will also have to be dealt with, or the burning of forests and peatlands will not go away. This includes the persistent land disputes, conflicting rules as well as widespread corruption.

Therefore, public dialogue and long-term policy advocacy are necessary to ensure the haze crisis remains on the top of the agenda. One may be inclined to ignore or dismiss the transboundary haze pollution as a fleeting environmental problem once the sky clears, but doing so will only risk another haze episode in the future, and the potentially severe and widespread damage it might bring.

At the same time, civil society is not a silver bullet by itself and cooperation with other stakeholders is key. Since 1997, the SIIA has been bringing together civil society, policy makers, and corporations to work together to stop the haze. Organized by the SIIA, the annual Singapore Dialogue on Sustainable World Resources (SDSWR) for instance, serves as a platform to share best practices, announce new commitments, recognize remaining challenges and encourage closer cooperation in broader issues of resource management in the region.

The second SDSWR in May 2015 provided a platform for Arief Yuwono, former Indonesian deputy minister for environmental degradation control and climate change to share news about the extension of the country's moratorium on the clearing of primary forests and peatland on the day of its expiration.

The SDSWR is further complemented by smaller-scale events such as the SIIA's haze roundtable. This year's roundtable, organized in May 2015, explored the role and effectiveness of current innovations and technologies such as drones and forest monitoring and alert systems. Collectively, the SDSWR and haze roundtable play a different role from other ground efforts, as they are one of the few and key initiatives aimed at fostering cooperation between NGOs and civil society across borders.

While seemingly disparate and often small in scale, efforts to tackle the haze and its ill effects by civil society groups in the region deserve credit, particularly in cases where the authorities or companies may be slow or unwilling to act.

As the haze crisis continue testing the limits of Indonesia's political leadership and its ability to stop the burning, it may well be left to civil society groups to deliver on the critical needs of the people and to fight the fires on the ground.

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Deforestation in Riau province, Sumatra, to make way for an oil palm plantation.

Photo Credit: Hayden - Oil Palm Concession.

Haze Control through the Sustenance of Indonesian Oil Palm Smallholders

Khor Yu Leng, Johan Saravanamuttu and Deborah Augustin. *Khor is an economist specializing in palm oil and sustainable supply chains. Saravanamuttu is an independent scholar and a former professor of political science at the Universiti Sains Malaysia at Penang. Augustin is a US based analyst with a recent focus on palm-oil and energy issues. The opinions expressed in this article are personal to the writers.*

Southeast Asia has arguably seen the worst-ever, certainly the longest, peat-driven haze-smoke pollution between September and November 2015.¹ Some 43 million Indonesians were exposed continuously to toxic smog in Kalimantan and Sumatra. In neighboring Singapore and Malaysia, unhealthy to hazardous levels of haze-smoke were recorded causing the closing of schools and great consternation among the public. A number of Singaporean supermarkets stopped the sale of some products of alleged haze-causing companies.²

This decades-old haze problem first erupted in August 1997 when some eight million hectares of forest were razed by slash-and-burn land clearing, presumably for oil palm crops³ and other cash crops. The 1997 episode led the Association of South East Asian Nations (ASEAN) to sign the 2002 Transboundary Haze Pollution Agreement, which Indonesia ratified only last year.⁴ Despite these measures, haze pollution has continued on a yearly basis since 1997, due primarily to the burning on peatlands in Sumatra and Kalimantan. In 2015, fires have burned some two million hectares of land and over 100,000 fires have occurred.⁵ While El Nino climatic conditions exacerbate the situation, scientists consider it no longer a controlling factor, given the regularity of the problem.⁶

Palm oil and concerns about “haze-free” products

The dominant narrative of the peat fire and the resulting haze is the role of oil palm expansion into peat zones as the agricultural land frontier closes. Oil palm is a profitable commercial crop established as tolerating peat's wet and acidic conditions. Its large-scale development on (relatively uninhabited) peat is eased by a lack of native land right claimants.⁷ Big companies are often targeted as the culprits behind the land-clearing involving fire, whether they are directly involved in these activities or not.⁸ In the past, NGO analysts have placed up to 80 percent of the responsibility for fires on the corporate players, and only 20 percent on small farmers. The 1997/98 peat fire

and haze season gave rise to the Europe-led NGO movement for sustainable palm oil. As environmental concerns and the imperative for growing palm oil under Roundtable on Sustainable Palm Oil (RSPO) and other certifications⁹ increases, and Indonesian courts have imposed fines and jail terms for poor fire control within concessions, the immediate fire blame is shifting to independent farmers and smallholders.

In October 2015, amidst the haze-smoke crisis, there were sudden and unexpected shifts in Indonesian governance and policy over eco-sustainable palm oil. The mandatory Indonesia Sustainable Palm Oil (a re-regulation drive led by a unit of the Ministry of Agriculture and co-funded by the UNDP and others) had a surprise change in leadership. The big business-led Indonesia Palm Oil Pledge (IPOP) was ordered to dilute its efforts. The industry faces sustainability rollback concerns as the Jokowi administration apparently stepped up concern for smallholder expansion and market access in the face of more restrictive sustainability policies and corporate pledges. Indonesia and Malaysia have also revived palm oil joint-marketing talks.

Consumer concerns are springing up within the region, activated by weeks of haze-smoke disruptions. Medan and Kuala Lumpur, key cities near major palm oil downstream processing and export centers, may join the burgeoning Singapore movement that is now centering on boycotts on pulp and paper and heavy scrutiny of palm oil products. Some regional activists talk about “haze-free” products and this points to a difference between regional and international activists. It appears that the former care a bit less about biodiversity and deforestation or carbon stock agendas, which are prioritized by non-resident international NGOs. “Haze-free” logically points to the rise of jurisdictional-based palm oil marketing efforts as haze-smoke origins are geographically concentrated. This may be at odds with the apparent palm oil “solidarity” reactions of October from national officialdom. Indeed, the 21 October 2015 decision by the Sabah state government in East Malaysia for sustainable palm oil within ten years, may trigger other well-positioned sub-national units to do likewise.¹⁰

Transmigration and small farmers in peat zones

Recent studies have shown that small, independent growers, who have been encroaching on peat lands in Kalimantan and Sumatra, are a major cause of the haze-smoke. Dr. Francis Ng, a botanist who was with the United Nations’ FAO and Centre for International Forestry Research in Bogor, suggested that farmers who settled in Kalimantan through Indonesia’s transmigration program of the 1960s and 1970s may be responsible for peat fires.¹¹ There may be literally millions of impoverished transmigrants, mostly Javanese and also locals including Dayaks, who continue to use fire when growing food like rice paddy, vegetables and fruits, as well as rubber and oil palm. Lesley Potter¹² describes the situation for the transmigrant scheme in Lamunti, Central Kalimantan, and part of the abandoned mega rice project on 1.4 million hectares of peat, as follows:

...a few years later, the rice was constantly failing and in 2006, all the crops failed. To grow fruit, they had first to burn the peat, but if they tried that in the dry season, the fire just spread and could not be contained. Plants that would grow were bananas, pineapple and rubber. One Javanese farmer noted that to succeed with oil palm, he had to use either chicken manure or commercial fertiliser. It was expensive, but as he had no experience with rubber, he preferred to try oil palm. The problems of the transmigrants included the cost of producing crops with limited capital and inconsistent help from district authorities....(they) had been promised they would receive food for five years, but after three years, it ceased. Local Dayaks were still waiting for the outcome of land claims against the government...

A study by environmental scientists¹³ clearly shows that in Sumatra, 59 percent of fire emissions originate from outside timber and oil-palm concession boundaries. While in Kalimantan, non-concession fires play an even bigger role, with fires outside concessions generating 73 percent of all emissions and 76 percent of smoke affecting equatorial Southeast Asia has been frequently cited. In fact, recent data from the Global Forest Watch website for 1 July to 2 November 2015 show that only 10 percent of fire alerts were on oil palm concession areas and 26 percent on pulpwood concession.* Only 103 of 3,215 of such fires were on RSPO certified concessions. It is good, but its limited reach, as RSPO covers 19% of global palm oil and only about half is bought as such. The US\$1-2 per ton basic premium versus its US\$4-12 per tonne cost is disadvantageous, especially for small farmers facing higher costing than large plantations under its system. Such voluntary international standards suffer policy leakage and disintermediation problems. This points to the important role of national mandatory standards such as ISPO.

In view of these findings, this article attempts a new narrative in addressing the yearly recurring haze-smoke problem and argues that it could be controlled to a great extent by addressing the plight and the livelihood of independent oil palm growers and the local peoples supplying produce and casual labour to the plantations. Focussing on the former, these small farmers tend to fall outside the “inti-plasma” (core companies-tied smallholders) management system of the Indonesian palm oil concessions, obvious questions arise. Who drains the peat lands? Why do these farmers still resort to the use of fire after many years of haze-smoke? What are the sources of income? How much income does a two-hectare oil palm plot generate? What role can the middlemen of farmer supply-chains play? In our view, the haze problem has to be approached holistically in terms of the oil palm industry and, most crucially, from the perspective of sustaining livelihoods, small farmers and their supply-chain should be seen as part of the solution. In this light, boycotts or other consumer-led efforts that ultimately reduce small farmer incomes may be counter-productive, if farmers are then pushed to use more (peat)land areas to achieve their needed income.

The prevalence of small farmers in haze zones, as shown by studies, is due in part to transmigration. The practice of moving groups of people in heavily populated areas to less populated areas has intensified during the Suharto years as a means to relieve population density in the inner islands such as Java, Bali, and Madura, alleviate poverty, and spur development in the outer islands.¹⁴ However, a lack of infrastructure, suitable land, and communal tensions has marred the program's overall ability to reach its development goals.

These problems have not gone unnoticed by the Indonesian government, and a policy shift has occurred. In the new transmigration effort, the Ministry introduced the concept of Kota Terpadu Mandiri (KTM), or integrated self-sufficient cities, to serve rural economic hinterlands. The new policy targets three types of districts: backward areas; districts close to international borders; and strategic, fast-growing districts of high potential. The "backward" areas and Central Kalimantan saw the largest numbers of fast-growing settlement sites followed by South Sumatra.¹⁵ "The majority of the hinterlands of these planned new towns will be covered with oil palm plantations (Kep 293/ MEN/IX/2009). The aim is to largely use independent transmigrants as a labour force for growing the towns. The payment for KTM developments is supposed to be 30% by the central government, 30% by the district governments concerned and 40% by investors... to eventually create 186 KTMs and resettle 25,000 transmigrant families (100,000 additional workers) per year."¹⁶

However, surveys show that transmigrants in several new and earlier sites in Kalimantan still face significant difficulties once relocated. Many transmigrants may be relegated to peat zones with no experience or capital to farm on peat with proper development and methods. In Sumatra's peat zones, similar issues are faced by many of its small farmers. Thus, it can be hypothesized that transmigrants who often have little infrastructure support and poor income turn to unsustainable agricultural practices on peat land.

It is evident that increased support for transmigrants and rural communities in general, in the form of extension services is crucial to preventing further use of fire in peat zones. An example of extensive support offered to resettled rural communities exists in Malaysia, where landless settlers were administered by the Federal Land Development Authority (FELDA) in schemes with new rural towns not dissimilar to the KTM concept. Settlers in the early FELDA schemes faced similar problems as their Indonesian counterparts in terms of lack of infrastructure and insufficient incomes. Initially, FELDA settlers were given a house lot and 4 hectares to grow rubber, and eventually oil palm for targeted minimum family income. By 1990, settlers were allocated seven hectares. However, the average FELDA family of five, would likely need ten hectares today. In 1986 costing terms, FELDA spent some US\$2.3 billion on settling 120,000 families. Each settlement of 300-500 people had the services of 25-35 onsite staff, mostly agricultural extension services, and one-third on community development.¹⁷

Given the yearly haze-smoke problem, there is no escaping question of the need for expanded rural development agencies and extension services for Indonesia's peat zone smallholders and appropriate peat development policies. We have to assume there would not be large-scale relocation (evacuation) of peat zone smallholders and farmers. Adjoining Kalimantan, Sarawak's peat development practices—involving among others, a compaction of porous peat with the benefit of higher yield and incomes—has reportedly resulted in reduced fire outcomes in recent years.

Indonesia's current rapid smallholder development phase has largely been under a corporate neoliberal framework in which there is a positive role for supply chain middlemen; oil palm fresh fruit bunch (FFB) traders, independent mills and other concession-linked mills. They are integral in buying small farmer oil palm FFB (which needs to be taken to mill within 24 hours for a better quality palm oil). This is not an unsophisticated sector and it can play role as agent of change in promoting decent incomes and better (non-fire) practices by oil palm smallholders and associated rural peoples (supplying labour and food).

Thinking out of the box?

Going beyond reactive policies vis-à-vis the haze such as: (i) boycotts (possibly counter-productive), (ii) buying sustainably certified products (of rather limited reach and expected to create multi-tier prices, suppressing prices for its less desired peat zones) and (iii) suing and penalizing companies; we suggest several policy measures which would address a longer-term solution to the problem. In October, Indonesia's attention rightly turned to the interests and prospects of its oil palm smallholders. At bottom line, what is required to handle the peat haze-smoke problem are proactive solutions, that is, understanding and improving farmer economic outcomes and service delivery and proper peat zone development for sustainable agriculture. For implementation, this will have to be mediated by business-political networks at national and sub-national level within Indonesia's decentralized political economy.

How to pay for it? Welfare economist Ng Yew Kwang asks, "How much compensation would make me indifferent to the (haze) situation?" He postulates that Singaporeans might be willing to forgo 10-15 percent of their annual salary to make the haze problem go away.¹⁸ It is intriguing to consider how much Southeast Asian urbanites might be willing to contribute to really resolve the peat haze-smoke problem at source.

* The previous version of this article stated fire alerts on pulpwood plantations should be 26%, and not 10% oil palm concessions.

Notes

1. There was already great concern in 2013 when the seasonal haze-smoke saw PSI readings in Singapore peaking at 226. See

- "Khor Reports' Great Haze II- Karmic winds of change," <https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbnxraG9ycmVwb3J0czlwMTF8Z3g6MWJjODhlZjEzNTRkY2ZiZQ> (accessed 5 Nov 2015).
2. "NTUC FairPrice withdraws 18 products sourced from firm suspected of contributing to haze," 7 Oct 2015, <http://news.asiaone.com/news/singapore/ntuc-fairprice-withdraws-18-products-sourced-firm-suspected-contributing-haze> (accessed 30 Oct 2015).
 3. The 1997 Operation Haze saw the involvement of Malaysian and Singapore firefighters on Indonesian soil fighting a desperate battle with the fires raging across Sumatra and Kalimantan over 25 days the numbers of hotspots reaching 37,938 in August 1997 and were it not for monsoon rains, the fires may not have doused. See David Golver and Timothy Jessup, *Indonesia's Fires and Haze: The Cost of Catastrophe* (ISEAS, 1999).
 4. Status of Ratification, http://haze.asean.org/?page_id=187 (accessed 3 Nov 2015)
 5. "Southeast Asia, Choking on Haze, Struggles for a Solution," 8 Oct 2015, http://www.nytimes.com/2015/10/09/world/asia/indonesia-forest-fires-haze-singapore-malaysia.html?_r=0; "Burning shame," 21 Oct 2015, <http://www.businesstimes.com.sg/infographics/burning-shame>; "Rain in Indonesia Dampens Forest Fires That Spread Toxic Haze," 28 Oct 2015, <http://www.nytimes.com/2015/10/29/world/asia/indonesia-forest-fire-toxic-haze.html> (all accessed 3 Nov 2015)
 6. Universiti Malaya's AEI-JPAS-CARUM Roundtable on Transboundary Pollution, 5 Nov 2015.
 7. Universiti Malaya's AEI-JPAS-CARUM Roundtable on Transboundary Pollution, 5 Nov 2015.
 8. See the works of Helena Varkkey, including *The Haze Problem in Southeast: Palm Oil and Patronage* (Routledge, 2015) which provides such a perspective. Varkkey shared her views on the 2015 haze in the following with business radio station, BFM, <http://www.bfm.my/helena-varkey-who-is-profiting-from-the-haze.html> (accessed 3 Nov 2015).
 9. The Roundtable on Sustainable Palm Oil (RSPO), with the participation of the big integrated palm oil groups, was initiated by WWF. It has become the main certification for palm oil (non-fuel use) favoured by buyers in Europe and other developed markets. But it facing intense competition by apparently lower compliance cost "traceability" alternatives.
 10. "Sabah to get CPO certified as sustainable palm oil," 5 Nov 2015, <http://www.theborneopost.com/2015/11/05/sabah-to-get-cpo-certified-as-sustainable-palm-oil/#ixzz3qffHcZnx> (accessed 5 Nov 2015).
 11. "Botanist says squatters in Kalimantan could be smoke culprits," 2 Nov 2015, <http://www.themalaysianinsider.com/malaysia/article/botanist-says-squatters-in-kalimantan-could-be-smoke-culprits> (accessed 3 Nov 2015).
 12. Potter, Lesley. "New Transmigration 'paradigm' in Indonesia: Examples from Kalimantan." *Asia Pacific Viewpoint*, Vol. 53, No. 3, December 2012.
 13. Marlier et al. "Fire emissions and regional air quality impacts from fires in oil palm, timber, and logging concessions in Indonesia," *Environmental Research Letters* 10, IOP Publishing (2015).
 14. Sri Adhiati, M. Adriana. "Indonesia's Transmigration Programme - An Update." Ed. Bobsien, Armin, Jakarta: Down to Earth, 2001. Web. 4 Nov 2015.
 15. "Indonesia's Transmigration Programme Aimed at Border, Outer Island Areas." BBC Monitoring Asia Pacific (1) 13 Mar 2006. ProQuest. Web. 4 Nov 2015.
 16. Potter, Lesley. "New Transmigration 'paradigm' in Indonesia: Examples from Kalimantan." *Asia Pacific Viewpoint*, Vol. 53, No. 3, Dec 2012.
 17. "The Felda Case Study" (a 100-page study, to be published) is written by the three authors of this review for the Sustainable Palm Oil Manifesto group, <http://www.carbonstockstudy.com/home>.
 18. "Singapore's losses to haze underestimated, says Nanyang professor," 6 Jul 2013, <http://www.themalaysianinsider.com/world/article/singapores-losses-to-haze-underestimated-says-nanyang-professor#sthash.B1UjVjef.dpuf> (accessed 20 October 2015).



Southeast Asia's Fire and Haze: Challenges and Complexities

Forest fires and haze seem to be a staple of the region for the past two decades. Throughout the years, countries in the region have implemented a number of initiatives on multiple levels—including through the ASEAN Agreement on Transboundary Haze Pollution (AATHP). However, durable solutions to the problem remain elusive. To better understand the complexities of the issue, this edition of *Thinking ASEAN's* infographic will highlight the political and economic context of the problem.

The story so far...

1. US\$14 billion loss
2. 110,000 estimated deaths per year in the region
3. 500,000 people developed symptoms of respiratory illness
4. Immediate health effects: headaches, dizziness, sleeplessness, confusion, and fatigue

Even with all those economic and social impacts, actors continue to deliberately light the forest on fire. Why?

1. Cheap and effective tool for clearing land for slash-and-burn agriculture.
2. To clear land in oil palm and timber plantations on both peat areas and non-peatlands.
3. As a "weapon" in land tenure conflicts, usually between companies and communities.

Plus... burning is cheaper

US\$7 a hectare to clear land by burning vs US\$150 for mechanized clearing

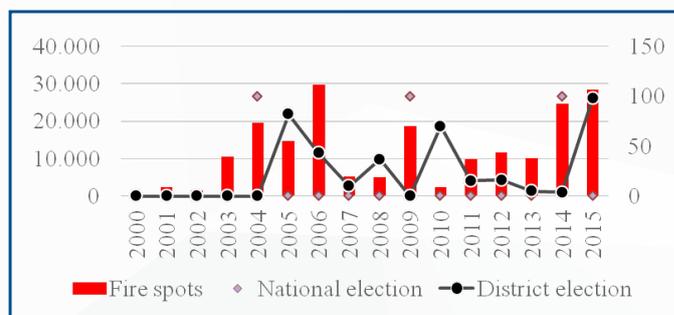
And it benefits many people, too...

Total benefit: **US\$856/ha**

1. Farmer group member, slashing, US\$96 (11%)
2. Farmer group member, tree cutting, US\$77 (9%)
3. Farmer group member, burning, US\$15 (2%)
4. Land claimant, US\$38 (4%)
5. Marketing team, US\$54 (6%)
6. Village head & officers, US\$88 (10%)
7. Farmer group member, cheap/free land, US\$2 (0.2%)
8. Farmer group organizer (elites), US\$486 (57%)

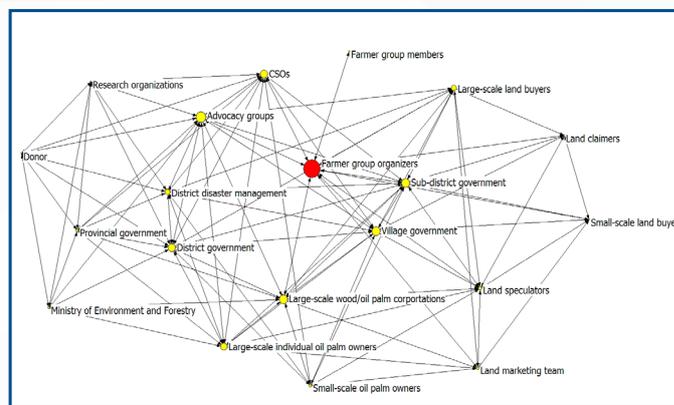
Political motivation?

Fire spots increasingly coincide with the district and national elections in Indonesia. There are promises from candidates to grant land in exchange for votes.



Source: Center for International Forestry Research (CIFOR), 2015

Indeed, this issue involves multiple actors with multiple interests, creating a vast and complicated political economic landscape where the problem festers.



Source: Center for International Forestry Research (CIFOR), 2015

ASEAN ROUND-UP

Can Malay Be ASEAN's Lingua Franca? Malaysia's Communications Minister Thinks So

Malay Mail Online – November 3, 2015

A Malaysian minister called today for ASEAN to use Malay as the language of communication although the multiethnic region's official language is English.

Communications and Multimedia Minister Datuk Seri Salleh Said Keruak said there were over 400 million people in ASEAN who can speak Malay, noting that there were about 300 million people in Malaysia and Indonesia alone whose first language is Malay.

Read more: <http://www.themalaymailonline.com/malaysia/article/can-malay-be-aseans-lingua-franca-malaysias-communications-minister-thinks>.

Why it matters: Language barrier is an important hurdle among ASEAN countries. There is no easy way to get around this foot in a region that still relies on English for region-wide communication. It should be noted, however, that English is also widely understood as the *lingua franca* in non-English-speaking ASEAN countries, such as Vietnam or Myanmar.

ASEAN Countries Agree to Set Up Hotline to Deal With Maritime Issues in the Region

International Business Times – November 4, 2015

The 10-member Association of Southeast Asian Nations or ASEAN has proposed to set up a hotline to resolve maritime disputes and to ensure communication lines remain open between member countries during a crisis. The Direct Communications Link proposal was unveiled at the ASEAN defense minister's meeting in Subang, in the outskirts of Malaysia's capital Kuala Lumpur.

The move to finally set up the hotline, a proposal that was first brought up two years ago, comes as defense ministers continue to grapple with differences between member countries over how to tackle the South China Sea maritime and territorial spat with China. Several ASEAN countries are in dispute with China over overlapping claims in the South China Sea.

The US and Japan are keen to see concerns over the South China Sea included in a statement to be issued at the end of the third Asean Defence Ministers Meeting together with their counterparts from the US, China, India, Japan, New Zealand, South Korea, Russia, and Australia. China, which has been flexing its muscle in the South China Sea, and several other ASEAN member-states, however, do not want the issue to be included in the joint declaration.

Read more: <http://www.ibtimes.co.uk/asean-countries-agree-set-hotline-deal-maritime-issues-region-1527071>

Why it matters: Amid continuous disagreement on how ASEAN should handle the dispute in the South China Sea, it is good to know that ASEAN countries are about to establish this hotline. While this goodwill should not go unnoted, a comprehensive solution to the issue seems to be still further away.

Tubbataha Reef Officially Launched as 35th ASEAN Heritage Park

CNN Philippines – November 5, 2015

The Philippines' Tubbataha Reef Natural Park (TRNC) was officially launched as the 35th ASEAN Heritage Park on Thursday (November 5).

"A piece of heaven on Earth" is how the ASEAN Centre for Biodiversity's Executive Director Atty. Roberto Oliva described the Tubbataha Reef Natural Park, which is recognized as having the highest coral diversity in the world.

Read more: <http://cnnphilippines.com/lifestyle/2015/11/05/Palawan-Tubbataha-Reef-35th-ASEAN-Heritage-Park.html>

Why it matters: The ASEAN Centre of Biodiversity is an institution responsible to pick ASEAN Heritage Park Sites. This organization is an important part of the often-sidelined ASEAN sociocultural pillar, and their work is also important in introducing and connecting the peoples of ASEAN to valuable heritage located across the region.

ASEAN Steps Up Efforts to Counter Haze

The Nation – November 3, 2015

ASEAN countries have agreed to draw up a plan to eliminate haze in the region by 2020.

A top official at the Natural Resources and Environment Ministry disclosed the results yesterday of a recent meeting in Hanoi that led to the 11th ASEAN Agreement on Transboundary Haze Pollution. ASEAN countries have agreed to work in both bilateral and multilateral forums to reduce the haze problem as much as possible over the next five years.

Read more: <http://www.nationmultimedia.com/national/Asean-steps-up-efforts-to-counter-haze-30272118.html>

Why it matters: So far, regional efforts to tackle haze in the region have been ineffective. This has to do with the complex political economic landscape where the issue is located. Nevertheless, this progress should be appreciated as the right step forward to address this problem.



The Habibie Center

The Habibie Center was founded by Bacharuddin Jusuf Habibie and family in 1999 as an independent, non-governmental, non-profit organisation. The vision of The Habibie Center is to create a structurally democratic society founded on the morality and integrity of cultural and religious values.

The missions of The Habibie Center are **first**, to establish a structurally and culturally democratic society that recognizes, respects, and promotes human rights by undertaking study and advocacy of issues related to democratization and human rights, and **second**, to increase the effectiveness of the management of human resources and the spread of technology.

NASA image.

Photo Credit: Jeff Schmaltz, MODIS Rapid Response Team.



The ASEAN Studies Program was established on February 24, 2010, to become a center of excellence on ASEAN related issues, which can assist in the development of the ASEAN Community by 2015. The Habibie Center through its ASEAN Studies Program, alongside other institutions working towards the same goal, hopes to contribute to the realization of a more people-oriented ASEAN that puts a high value on democracy and human rights.

The objective of the ASEAN Studies Program is not merely only to conduct research and discussion within academic and government circles, but also to strengthen public awareness by forming a strong network of civil society in the region that will be able to help spread the ASEAN message. With the establishment of ASEAN Studies Program, The Habibie Center aims to play its part within our capabilities to the ASEAN regional development.

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