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The Forestry Ministry has said that it could allocate only 170,000 hectares of the nation's 21 million hectares of peatlands for a carbon trading deal struck recently with Norway.

The preliminary estimate also stated that about 25 million hectares of natural forest could be covered by the two year moratorium on concessions for forest and peatland conversion as stipulated in the Letter of Intent (LoI) signed by Indonesia and Norway.

"We still need to discuss it *the figures* with other departments," director general of forest production development at the Forestry Ministry Hadi Daryanto told reporters.

Environmental NGOs and several experts have said that to make the moratorium on forest concessions meaningful, Indonesia must also cancel all concession permits given to companies that have yet to begin development work on their natural forest concessions.

The government could give the companies compensation in the form of money or alternative land, the experts have said.

They said the moratorium itself would do little to save Indonesia's natural forests, as most had already been leased through concessions.

Hadi, however, dismissed the idea. "There will be no land swap alternative - the moratorium on new permits will take place next year so any business players that have secured permits before the moratorium can still run their business," he said.

Indonesia has around 21 million hectares of peatland. Papua has the most with 8 million hectares of peatland, Sumatra has 7.2 million hectares and Kalimantan has 5.8 million hectares.

The letter of intent laying out the moratorium stipulates conditions on emissions cuts from deforestation and forest degradation. Norway pledged to provide US\$1 billion for each ton of carbon emissions avoided.

The majority of the money Norway would pay would be provided under the "contributions-for-verified emissions reduction" scheme.

The Lol states that Indonesia must enforce a two-year suspension on concessions for conversion of peatlands and natural forests starting January next year.

Environmentalists recently sent letters to President Susilo Bambang Yudhoyono, calling on the government to take immediate and firm action to protect the nation's forests.

Greenpeace Indonesia and the Indonesian Forum on the Environment (Walhi) in separate letters called on the President to issue a decree on a moratorium on forest conversion and full protection of peatlands.

"Existing concessions obtained illegally, or lacking correct or complete paperwork, should also be revoked," Greenpeace said in its letter, which was also sent to Jens Stoltenberg, Prime Minister of Norway.

It said funds from the deal could be used to compensate legally acquired licenses. The government could pay to relocate operations to degraded lands where there was no social conflict, said Greenpeace.