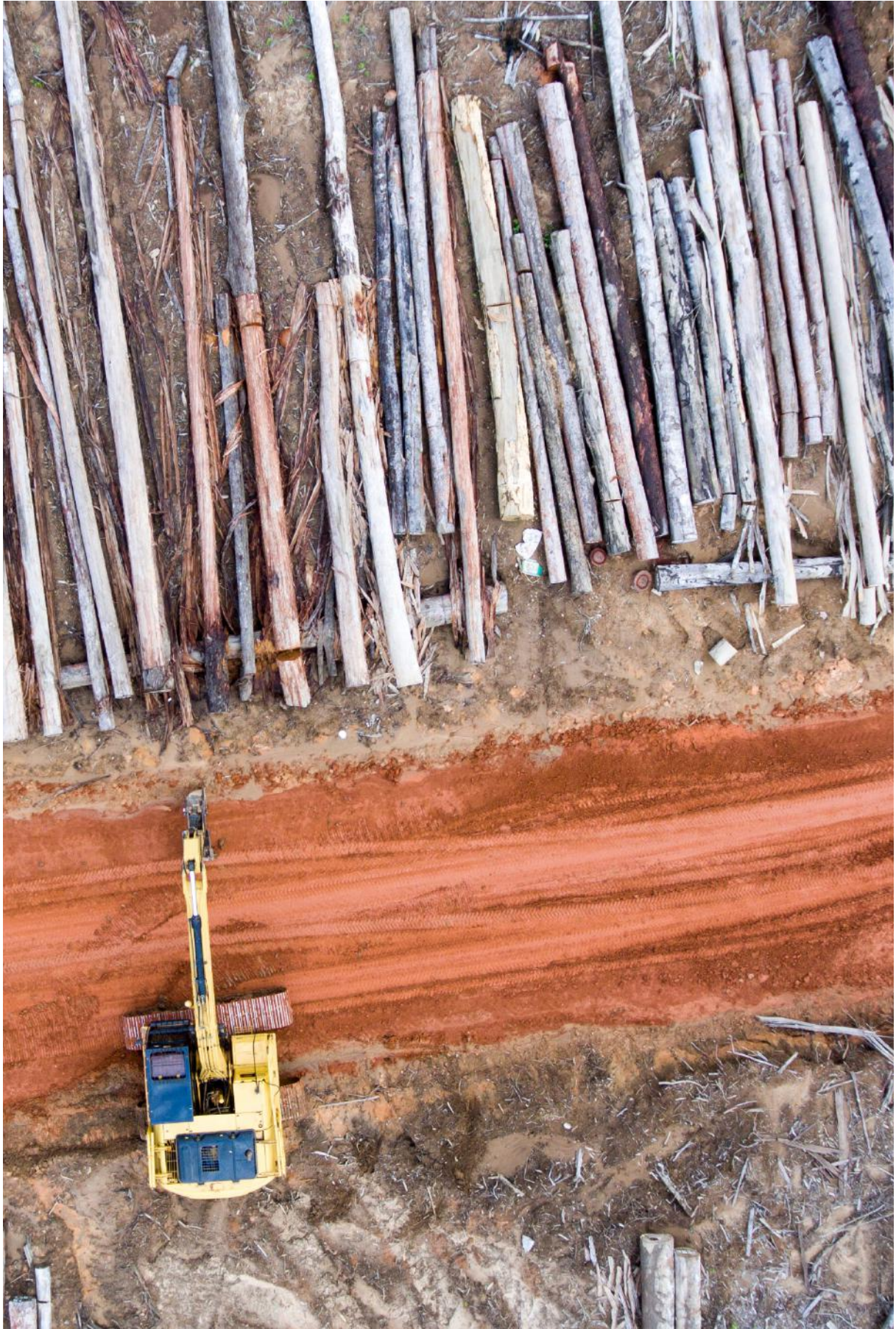


DOES SPRING COME TO STOLEN FORESTS

Report on the current state of the palm oil industry in Indonesia,
human rights violations and South Korean corporations

Deforestation for palm oil plantations in Papua, Indonesia, PT. INOCIN SELECTION ©Mighty Earth



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Preface

The Korean Federation for Environmental Movements (KFEM) and Advocates for Public Interest Law (APIL) visited Sembuluh village in Central Kalimantan, Indonesia in December 2018. Villagers in Sembuluh have lived off the forest and lake for a long time. The elderly in the village shared that the lush forest and lake were like a common kitchen for the villagers. The villagers were not rich, but they had enjoyed abundance in their lives because what they got from the forest and the lake was enough for their families - fruit gathered from the forest, crops that they grew and a variety of fish from the lake.

One day a company came to the village and started to take the land of the villagers promising in return free electricity, drinking water, education, health care and jobs at the plantation. When villagers were not willing to hand over their land, the company used whatever means necessary to obtain the land. Land rights related conflict between the company and the local community escalated.

It has been 10 years since the company first entered Sembuluh village, but villagers have not yet received what they were promised. Instead their right to life is being threatened. Polluted lake water is killing the fish and the villagers are no longer able to drink the lake water. Villagers are suffering from new types of diseases, such as lung ailments, asthma and cardiovascular disease. Villagers have no doubt that the cause of these diseases is the black smoke emitting all day long from the crude palm oil mill. Some people have been forced to leave for other islands or other countries in order to make a living, as they cannot obtain work at the plantation.

Sadly the story of Sembuluh is not a unique one. It is a story common to all palm oil plantations in Indonesia, and the story of Sembuluh does not end in Indonesia. South Korean corporations began operating in Indonesia in 2009, developing and expanding palm oil plantations across Indonesia to secure food resources and bioenergy. Palm oil plantations are expanding only because the demand for palm oil is increasing. Low cost palm oil and its byproducts are being more and more widely used. It is in the noodles, snacks and cosmetics that we find at the local grocery store, and even in biodiesel - supposedly clean energy.

This report, *Does Spring Come To Stolen Forests*¹, highlights the people who have been deprived of their forests and livelihoods, like the villagers of Sembuluh, and shows that South Korean

corporations have taken part in these acts of deprivation. It also explains how much palm oil we use in our everyday life, in the snacks we eat, the cosmetics we wear and the cars we drive. The villagers of Indonesia deprived of their forests, the South Korean corporations taking away the forests and the Korean people using imported palm oil in their everyday life are all part of the same story.

I recall seeing children playing in the lake at sunset. Although they itched all over because of the polluted water they were having a fun time oblivious to their parents' concerns. This report is dedicated to those who are striving to take their forests back, in the hopes that someday they will not need to worry when they hear their children playing in the lake.

May 2019

Shin Young Chung

Director

Advocates for Public Interest Law (APIL)

2018. 12. 02 Children playing at Lake Sembuluh in the sunset © KFEM



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Cover photograph 2016. 6. 4 latitude -6.7623, longitude 140.7996 PT. Papua Agro Lestari ©Mighty Earth

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I. What is palm oil?

Palm oil is a vegetable oil produced from the fruit of palm trees and used as an ingredient in various products from processed foods, including noodles, ice cream and chocolate to consumer goods, such as detergents, toothpastes and cosmetics. About half of the consumer products we use contain palm oil. Palm fruit grow in clusters. When palm fruit is cut in half, orange-colored flesh surrounding a white seed is exposed. The oil produced when the flesh is squeezed at a high temperature is crude palm oil (CPO) and the oil extracted from the seed is palm kernel oil (PKO). After being refined CPO and PKO can be eaten or processed, and byproducts are used as bioenergy for industrial purposes. Although palm trees are originally thought to be from West Africa, they are grown in tropical areas with high annual precipitation and temperatures all over the world. Palm trees bear fruit two to three years after the seeds are sown and they produce fruit for about 25 years. Productivity per unit amounts to 4,000 to 5,000 kilograms per hectare, which is much higher than that of rapeseed (1,000 kg/ha), sunflower seeds (800 kg/ha) and soybeans (375 kg/ha).² Palm oil obtained a bad reputation for being high in saturated fat, but it also has high oxidative stability. Consumption of palm oil increased five times from 14.6 million tons in 1995³ to 69 million tons in 2016.⁴ According to estimates in a recent study, the total global consumption of palm oil will reach 101 million tons by 2022.⁵ Palm oil from Indonesia and Malaysia accounts for 85 percent of the world's palm oil production. Indonesian palm oil production makes up half of the total global production with annual exports of 27 million tons worth 18.6 million USD.⁵ In October 2017, the Indonesian Palm Oil Association, Gabungan Pengusaha Sawit Indonesia (GAPKI) announced that it aims to produce palm oil amounting to 42 million tons annually by 2020.

Cross-section of a palm fruit ©Nanang Sujana/CIFOR



Uses of the different parts of palm fruit⁷

| Uses of the different parts of palm fruit | | | | | | | |
|---|-------------|------------------|--------|------------------|---------------------------------|-------------------------------|-----------------------|
| Oil Palm | | | | | | | |
| Fruit | | | Nut | | | | Trunk |
| Crude palm oil | Fiber | Sludge | Kernel | Kernel meal | Shell | Empty bunch | |
| Food, Soap detergent, Fuel | Pulp, Paper | Fertilizer, Feed | Food | Fertilizer, Feed | Active coal, Furniture, Plywood | Pulp, Paper, Fertilizer, Fuel | Furniture, Feed, Fuel |





2016. 6. 4 PT. Papua Agro Lestari, latitude -6.7619, longitude 140.8079 ©Mighty Earth



II. Environmental, social and labor impacts of palm oil

Increasing demand for palm oil triggered the rapid expansion of palm oil plantations. This resulted in environmental issues, violation of local residents' rights and exploitation of plantation workers. This report highlights the infringement of environmental and human rights and is written based on secondary research and interviews with stakeholders by KFEM and APIL in Sembuluh, Kalimantan in December 2018.

1. Environmental issues

1) Deforestation

It is widely known that rainforest equivalent to the area of 300 soccer stadiums disappears every hour due to the development of palm oil plantations.⁸ Indonesia, the world's number one palm oil producer, had palm oil plantations amounting to an area of 11 million hectares (1ha=10,000m²) in 2016. The Indonesian Ministry of Agriculture announced that it would expand this up to 13 million hectares by 2020. This means that the size of a forest larger than the Republic of Korea is disappearing. These figures announced by the Indonesian Ministry of Agriculture are a conservative estimate, because the size of plantations run by companies without a permit from the Government of Indonesia are not included.



2) Carbon emissions

Rainforests, the so-called lungs of the planet, store about 25 percent of the world's carbon dioxide. The plantation development process generally causes destruction of rainforest, which means losing the carbon sink equivalent of about 15 percent of greenhouse gas emissions (GHG).⁹ This is higher than the global total GHG emissions from all kinds of transport including automobiles and airplanes.¹⁰ This becomes worse in the case of peat land. Peat land is wetland made of an accumulation of decayed vegetation and organic matter and can hold carbon amounting to 18 to 28 times that of the forest.¹¹ Indonesia has the world's fourth largest area of peat land, which stores carbon equivalent to 60 trillion tons.¹²

Destruction of rainforest and peat land that function as huge

carbon tanks leads to enormous emissions of carbon dioxide. Worse still, fire is routinely used in the process of clearing land for cultivation, because it is the cheapest and easiest way to clear vegetation. In 2015 large-scale fires occurred across Indonesia, and many of them were from the sites of palm oil companies.¹³ Forest fire causes serious air pollution. The haze from fires in Indonesia in 2015 spread to Malaysia, Singapore and Thailand, resulting in 19 deaths, and 500,000 people suffered from respiratory diseases.¹⁴ In October 2015, GHG emissions due to forest fires in Indonesia exceeded that of United States GHG emissions due to economic activities (about 16 million tons of GHG emissions a day).¹⁵

2015. 10. 14 Soldiers and firefighters suppress a fire that broke out on peat land in Karaya, Kalimantan ©Aulia Erlangga/CIFOR



2018. 12. 5 The orangutan reserve in Kalimantan operated by Borneo Orangutan Survival Foundation (BOSF) ©KFEM



3) Loss of biodiversity

Logging and fires in the course of transforming a huge forest into plantations leads to a loss of biodiversity. The main cause of biodiversity loss used to be logging to gain timber, but now it is the development of plantations for palm oil production. Over the past 16 years 100,000 orangutans have disappeared from

Borneo, Indonesia; 69 percent of elephant habitats have been destroyed in a generation; and less than 100 rhinoceros are left in the wild.¹⁶ Two hundred species of mammals and five hundred types of birds including endangered species such as orangutans, elephants, rhinoceros and tigers live in Borneo and Sumatra, Indonesia, two locations where biodiversity is being threatened because of large-scale plantations.¹⁷

2. Social issues

1) Land conflicts

Land conflicts between large-scale plantations and local communities are common. The root cause is the transfer to the government and corporations of land in which local residents have customary rights, the rights granted to indigenous people who have lived in a particular area for a long time. According to the Indonesian National Land Office, in 2013 over 3,000 conflicts occurred between palm oil companies and local communities.¹⁸

“This was the land we inherited from our ancestors under customary law. It is the place where we are planting, farming and harvesting for our future. However, the presence of PT. Salonok Ladang Mas and other companies changed our community entirely. The companies have grabbed our common land. My father’s garden, reserved areas and customary lands have been exploited by the companies. In my opinion they have violated the Pancasila and the 1945 Constitution.”¹⁹

Wardian, a local resident of Sembuluh, Seruyan, Kalimantan ©KFEM





The seeds of land-related conflicts planted by forestry governance

The Indonesian Government has acknowledged the customary rights of indigenous people under the Constitution. However, in 1967 when ex-president Suharto took power, the customary land rights were disregarded and the Indonesian Forestry Law was enacted to nationalize forests across the nation. Under the Forestry Law indigenous people were driven away from the forests where they had lived for generations. The central government monopolized all power, from forest planning to the issuance of permits and resource management.²⁰ The Suharto regime recklessly issued permits to foreign investors, and black money was injected into the political circle. Transparency International noted in their 2004 Global Corruption Report that President Suharto was “one of the most corrupt leaders” of the twentieth century and estimated

the money he pocketed to reach between 15 billion and 30 billion Korean Won (KRW).²¹

President Suharto’s 32-year dictatorship ended when he stepped down amid protests for democracy. Although considerable authority over land and resource has been transferred to local governments since then, the situation has been aggravated. Bupati (elected local leaders) over issued permits after taking bribes from corporations for businesses that had not gone through legitimate procedures. Bupati granted rights for resource development to companies and took bribes in return to bear the huge cost of election campaigns.²² Indonesia’s Corruption Eradication Commission, Komisi Pemberantasan Korupsi (KPK) arrested 18 local public servants for bribes and corruption. This was the highest number since the KPK was established in 2003.²³ Stringent law enforcement with improved transparency has not taken place in regard to the issuance of permits, and corporate land monopoly has increased.

Dimas N. Hartono, Director, WALHI,²⁴ Kalimantan ©KFEM



“The area of Central Kalimantan is approximately 15 million hectares, and 70 percent has been taken over by large investment businesses. They operate forestry, plantation and tourism related businesses. Such industries trigger conflicts within the various communities impacted by corporate activities.”²⁵

“Does Spring Come To Stolen Forests?”

Permit procedure for farming²⁶

① Basic consent form for a farm business (Izin Prinsip, IP)

Corporations submit a basic consent form for a farm business to local governments (for business within a district, to a bupati; for business beyond a district, to a provincial governor).

② Location permit (Izin Lokasi, IL)

Corporations then carry out a field investigation, obtain the consent of local residents, and submit the application for a location permit to the relevant government body. The local government reviews the application and issues a permit. Corporations should discuss with local residents about compensation and the size of the “plasma”, the public plantation system being put in place for local residents who lose their means of livelihood because of palm oil plantations. The location permit is only permission from the government or individuals to use the land and is not about ownership.

③ Implementation of environmental impact assessment

(Analisis Mengenai Dampak Lingkungan, AMDAL)

Under the Indonesian Plantation Act an environmental impact assessment is required before the Komisi AMDAL Daerah Commission will issue an environmental permit (Izin Lingkungan) to proceed with a plantation project. Any project without an environmental permit is considered illegal.

④ Permit for a plantation business

(Izin Usaha Perkebunan, IUP)

When a corporation applies for a plantation permit it should enclose the certificate of environmental impact assessment, the proposal for plasma and maps. The corporations should obtain consent from local residents during the process.

The corporation gains the right to operate its business in the permitted area through the permit issued by the local government. The permit is only the right to operate the business, not the right to possess the land. Thus when native people’s land is included in the permitted area, obtaining consent from local residents is compulsory.

⑤ Permit to clear forest (SK Pelepasan Kawasan Hutan)

When forest is included in the business area, a permit to clear the forest is required. Clearing forest without a permit is criminal activity under Indonesia’s Forestry Law.

⑥ Issuance of permit for farming

⑥-(1) Recommendation from Panitia B

The corporation then submits the permit for a plantation business to Panitia B, which is composed of land offices at the provincial and county levels, public servants of the Ministry of Environment and Forestry at the county level, non-governmental organizations and community representatives. Panitia B makes a recommendation about issuing a permit for land use to the National Land Agency (Badan Pertanahan Nasional, BPN) after reviewing all of the documents.

⑥-(2) Issuance of permit for land use by the National Land Agency (Hak Guna Usaha, HGU)

The National Land Agency issues permits for land use based on the recommendation from Panitia B. Permits are valid for 35 years and can be renewed for a further 25 years.

“Palm oil plantations in Indonesia have become more and more immense through monopoly and land grab from local communities.

Palm oil plantations can gain permits to a larger extent by using Hak Guna Usaha (HGU, permission for land use). Companies have gained more power over more land and have deprived people of their rights and destroyed forests and the environment.”²⁷

Kurniawan Sabar, Director, INDIES,²⁸ Jakarta ©KFEM



2) Threat to local livelihood

The livelihood and survival of people who are deprived of the forest on which they have depended since the time of their ancestors is seriously threatened. The forest gave what they needed proportional to their hard work. From safe shelter and daily food to a fertile land for farming and medicine for healing. What the forest gave was regarded as God's gift to people who respected nature. However, the Indonesian Government considered large-scale land with customary rights 'unproductive' and thus handed the land over to corporations.²⁹ The forest where various crops, including cassava, coconut, cabbage, rice and natural rubber, and animals had lived in harmony has been destroyed and turned into a mono crop plantation. In April 2010 the Center for International Forestry Research (CIFOR) conducted interviews with workers, landowners and residents living close to two plantations operated by KORINDO, a Korean-Indonesian company. Since the plantations began to

operate, the revenue gained from forest produce has decreased, and the opportunities to harvest wood for house-use and fuel have declined. The food that can be gained from the forest has also diminished. Local residents who were self-sufficient can no longer sustain their lives without receiving rice rations.³⁰ The government and corporations promote that the palm oil plantations contribute to job creation, revitalize local economies and share their profits with local residents. However, very few people are employed by them and those who are employed are exposed to poor working conditions. The palm oil industry has employed migrant workers due to the low wages, poor labor environment and geographic remoteness.³¹ Corporations that have secured labor force have severely oppressed local residents who claim land ownership. Such local residents are put in the situation of having to ask the company for jobs or move somewhere else.

2018. 12. 2 PT. Salonok Ladang Mas ©KFEM

Local residents used to live happily before the presence of the palm oil plantation. They had land to farm, and could make a livelihood using wood and various crops. We lived peacefully. However, one day PT. Salonok came to our village and we were deprived of our land rights without any consultation. We began to worry about our livelihood.³²

-Wardian, a villager from Seruyan, Central Kalimantan

“The government promised employment creation, and companies promised job opportunities. But in reality the number of jobs has decreased. The communities have never depended on companies before, they used to cultivate their land independently. Only 5 percent of the local residents are employed. Where are the remaining 95 percent? Do those companies want us to disappear? It is worse than terrorism.”³³

- Wardian, a villager from Sembuluh, Seruyan, Central Kalimantan

2019. 1. 13 Villagers in Sembuluh protest, condemning the act of releasing pollutants from the neighboring palm oil plantation and contaminating lakes and rivers, the source of drinking water. ©Dimas/WALHI, Central Kalimantan



2016. 6. 3 The soil exposed after vegetation has been cleared is easily eroded by rainwater, and the subsequent sediment accumulation increases the risk of floods. latitude -6.8083, longitude 140.5699 ©Mighty Earth



“It is a lie! Only 30,000 Rupiah (2,000 KRW) is returned to us. This means only 1,000 Rupiah (70 KRW) a day. It is not even enough to buy a bag of sugar. Is that called prosperity?”³⁵

-Wardian, a villager from Sembuluh, Seruyan, Central Kalimantan

Plasma is the public plantation system being put in place for local residents who lost their means of livelihood because of palm oil plantations. According to the relevant law, companies applying for permits for plantations larger than 250 hectares have to offer at least 20 percent of the permitted area for public plantation for local communities after the permit is granted.³⁴ Public plantations are operated in many different ways. Two examples are, distribution of profits after offering the initial fund to a local cooperative and distribution of profits after commissioning the operation to the company. However, many companies either do not operate plasma, or do not implement them in a proper manner. This triggers further conflict with local residents.

3) Water scarcity and pollution

According to a report published by the German Development Institute entitled “Expanding Oil Palm Cultivation in Indonesia”, palm oil plantations have a negative impact on local water

resources and increase the risk of droughts and floods. Water scarcity is emerging because palm trees consume a lot of water. Neighboring water resources (wells, ground water, rivers) are drained and there is a shortage of water for living and drinking. The soil exposed after vegetation has been cleared is easily eroded by rainwater, and the subsequent sediment accumulation increases the risk of floods.³⁶

It is unclear whether palm oil plantations have a proper process for conducting environmental impact assessments. In many cases corporations build their plantations adjacent to the source of drinking water for local residents and dump all types of chemicals like herbicides and pesticides into lakes and rivers without putting them through a purification process. The polluted water kills fish and hurts people. Those who drink the water contract serious diseases and those who wash in the water get itchy skin.

2016.11.14. A dried well by a local resident's garden near PT. Inecda ©APIL



2018. 12. 3 Burhan, a villager from Seruyan, Central Kalimantan ©KFEM



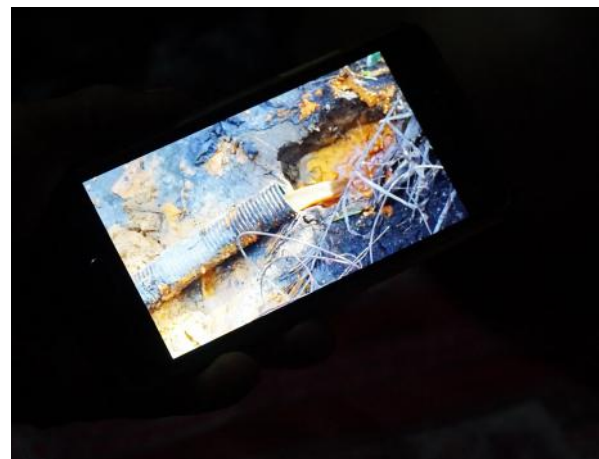
“There are no fish in the net, only waste from a palm oil plantation. We checked the source of the waste and found out that the waste from the plantation flows into the river.”⁵⁸

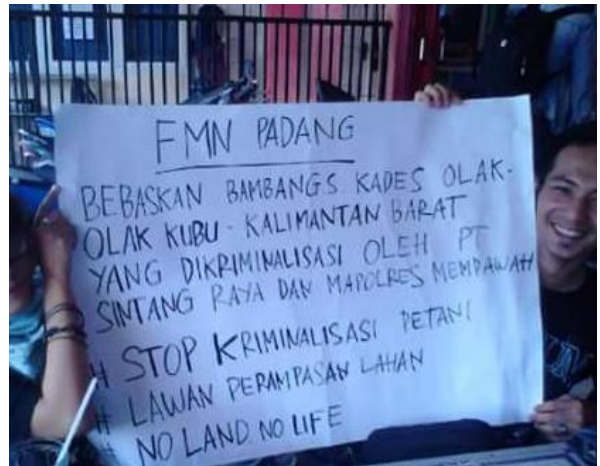
-Burhan, a villager from Seruyan, Central Kalimantan

“A local resident was carried to the hospital after drinking the toxic water. They can't even bathe in the river. POSCO DAEWOO once promised to make a well for clean water, but they never kept their promise.”

-Father Anselmus Amo from a Catholic NGO in the Papua region⁵⁷

2018. 12. 3 Waste from a palm oil plantation released into the river ©KFEM







4) Criminalization of local residents

Local residents whose land has been grabbed for large plantations and mining are fighting fiercely against corporations to regain their land rights. The corporations try to resolve these conflicts by oppressing the people. One of the strategies employed by the corporations is 'criminalization' of local residents.³⁹ Criminalization is defining an ordinary act as criminal activity based on the subjective judgment of a detective, with standards of proof and justice being excluded from the process. Criminalization is used to suppress public resistance against unfair policies.⁴⁰ Some residents receive criminal punishment in addition to being deprived of their land. In 2016 it was reported that 135 farmers and activists were criminalized by being arrested, detained, or labelled criminal suspects.⁴¹ Among these cases of criminalization, the largest scale case is thought to be that of PT. Sintang Raya, a subsidiary of the Korean company Daesang which criminalized farmers of Olak Olak Kubu in 2016.⁴²



"I was accused by PT. Salonok Ladang Mas of stealing palm fruit. The evidence presented in the court was an empty bag without its cover, and no fruit was found. There wasn't any apparatus to pick palm fruit.⁴³ The fruit I allegedly stole was not submitted to the court. I was initially sentenced to 18 months in prison, but this was later reduced to six months. I did not commit a crime."⁴⁴

-Wardian, a villager in Sembuluh, Seruyan, Central Kalimantan



Campaign in relation to the case against Bambang Sudaryanto, a community leader in Olak Olak Kubu village in West Kalimantan, who was sentenced to 14 months imprisonment during the land conflicts with PT. Sintang Raya in May 2016 ©Agra Kalimantan Barat

3. Labor Issues

1) Roles of workers at palm oil plantations

The jobs at palm oil plantations include harvesting palm fruit, palm tree management, transporting palm fruit, working in refineries and acting as guards. Of these jobs, most workers at plantations are engaged in labor-intensive work such as harvesting palm fruit and palm tree management.

Harvesting palm fruit

Harvest workers use long poles with sickles attached to the top to harvest bunches of palm fruit. Mature palm fruit weigh around 25 kilograms, and the volume for a daily harvest is determined and is called a target. The target amount differs depending on the company, but it is an amount that is hard to achieve even when a laborer works hard throughout their working hours. When the target is not met a deduction is made from the worker's wages. When the target is exceeded a bonus is paid. Mainly male workers do this job, picking or collecting palm fruit and carrying bunches of palm fruit to carts.

Palm tree management

Mainly female workers do palm tree management by applying fertilizer, removing weeds and dealing with diseases and pests so that the trees bear fruit. These workers also have a daily target in terms of the amount of fertilizer, herbicide and pesticide that is used. Their jobs are labor-intensive and they handle chemicals that put them at a high risk of being exposed to harmful substances. Despite this, many plantations hire female workers as casual workers who cannot be beneficiaries of the social security system, such as health care or pension, and they are thus forced into an unstable employment situation.⁴⁵

Other jobs

Those in charge of transport take bunches of palm fruit collected by harvest workers to the nearest factory by truck. Guards are on duty at the gate of and inside the plantation and monitor for intrusion or theft. Factory workers work in two or three shifts. Factories are considerably automated, and the employment conditions in factories are more stable with higher salaries.⁴⁶

A harvest worker working at PT. London Sumatra in Deli Serdang, North Sumatra ©Nanang Sujana/RAN/OPPUK



A worker loading fruit onto a truck ©APIL



II. Environmental, social and labor impacts of palm oil

"Does Spring Come To Stolen Forests"

2) Target system exploiting labor force

Harvest workers and palm tree management workers have a daily target to reach each day, and their wages are deducted when they do not meet the target. Workers must work overtime or bring family members to work with them in order to meet their targets because the workload defined by the target is too heavy.

For harvest workers the target weight of bunches of palm fruit is from 850 kilograms⁴⁷ to two tons⁴⁸ a day. Bonuses are paid when the harvest exceeds the target but piece rate pay is applied when the target is not met.⁴⁹ The pay will be the ratio of the actual harvest to the target.

For palm tree management workers the target for the amount of fertilizer, herbicide and pesticide used is also determined. The weight of fertilizer differs by brand but the target for nitrogen, phosphorus and potassium (NPK) fertilizer is 12 packs (50 kg/ pack). Fifteen packs (15 kg/unit) of herbicide must be sprayed per day.⁵⁰ Piece rate pay is also applied to palm tree management workers. Full daily wages are paid only when the target is met. When the target is not met, the wages are paid either proportional to the actual amount of herbicide sprayed⁵¹ or with a certain amount deducted.⁵²

Illegal employment to encourage or force the hiring of assistance workers (kernet)

Harvest workers routinely bring assistants, who are not directly employed by the company, to work with them to meet the high targets. These assistants are called kernet. Kernet workers are generally the wives or children of the workers, but sometimes a third party is hired and their wages are paid by the harvest worker. Kernet help harvest workers by collecting fallen fruit and carrying bunches of fruit to handcarts so trucks can pick them up.⁵³

Kernet workers do the same labor as harvest workers, but they work for a miniscule amount of money or for free. They do not receive any social security benefits such as pension or health insurance and are not able to fully utilize the medical services available on the plantation.⁵⁴

"My husband cannot complete his job alone because the target is too high. Why do I do this without being paid? I have no choice. I should help my husband. I can't do anything about the fact I don't get paid."⁵⁵



An unpaid kernet worker helping her husband at PT. London Sumatra in Deli Serdang, North Sumatra ©Nanang Sujana/RAN/OPPUK







Encouragement or neglect of child labor

Children frequently work as kernet workers although they are not directly hired by the company. Harvest workers sometimes hire children for low wages, if it is not their own children who are helping them. This raises many issues. Children are exploited for low wages, exposed to a dangerous working environment and harmful substances and deprived of educational opportunities.

Such child labor is rampant throughout palm oil plantations in Indonesia. An investigation conducted in 2015 at plantations in North Sumatra and Central Kalimantan reported that there were children under the age of 10 working for their parents, and that some children had even quit school.⁵⁶ In 2015 an investigative team that visited palm oil plantations in North Sumatra found that children of ages 13 and 16 were working as kernet workers for Rp 20,000 a day.⁵⁷ A 2016 investigation found middle and high school students working as kernet workers to help their parents.⁵⁸

"Children are easily found where I work. I've seen a child under 10 working. When children are big enough to work, their parents bring them to the plantation. I have a 12 year old son and a nine year old daughter, and they come to help me after one o'clock in the afternoon when school is over. They stay at home when they do not want to work and come to help me when they feel like it. They collect palm fruit from two to five. Then they do homework at home before the light is turned off.

Some children come to help from morning time and don't go to school. The manager said nothing about a 12 year old boy coming to help his father at my workplace. We bring our children because it is too hard to meet the targets. If we could meet the targets by ourselves we would not bring our children."⁵⁹

3) Reduction of production costs through unstable employment and low wages

Workers engaged in palm fruit harvesting and palm tree management, the two most important jobs on palm oil plantations, can be divided into permanent workers, contract workers, casual workers and kernet (assistant) workers. As aforementioned, kernet workers are essential to harvest workers for meeting their targets, although they are not employed by the company. Permanent workers have a stable job situation, but contract, casual and kernet workers are in an unstable employment situation.

Employment conditions differ depending on the region and company, but many plantation workers are employed as casual workers.⁶⁰ Women are employed as casual workers for palm tree management positions and they receive low wages because casual workers can only work less than 21 days a month under Indonesian law. Casual workers are also not eligible for social security such as medical insurance and pension. Table 1 below shows examples of wages and social security benefits by employment type.⁶¹ The possibility of becoming a permanent worker is very low even after working for a long time.⁶²

Low wages

The minimum wage differs by region. The minimum wage in the representative plantation regions is as set out in Table 2. below.⁶³ Despite the labor intensity and risks, the wages are not much higher than the minimum wage. Even permanent workers are not paid the minimum wage.⁶⁵

Despite the low wages, workers' wages are deducted for many different reasons. Thirty-five percent of harvest workers' wages are paid to kernet workers who are employed to meet the target.⁶⁶ Wages are sometimes deducted because of penalty

clauses. However, details of such penalties are not included in workers' pay slips, so workers do not know the reason if there is a deduction.⁶⁷

Examples of penalty clauses

If a worker receives a warning letter, rather than an oral warning, their yearly bonus could be deducted. After a third letter of warning is received, a worker could be transferred to another job or dismissed.⁶⁸

A worker could receive a warning for any of the following:

- Not picking up loose fruit
- Throwing away loose fruit
- Not putting loose fruit in a sack
- Not arranging palm fronds properly
- For taking off their boots when it is hot⁶⁹

Reasons for deductions

- Harvesting fruit that is not yet ripe (deduction of from Rp 2,500⁷⁰ per bunch to Rp 10,000 per bunch⁷¹)
- Not picking up loose fruit kernels (deduction of from Rp 500⁷² to Rp 5,000⁷³)

Mistakes in addition to the above may bring about reductions in rice rations.⁷⁴

"I work as a palm tree management worker at a plantation. I have never signed an employment contract and do not know anyone around me who has signed one. The payslip lists the serial number of the medical insurance card with the amount deducted, but I've never received the insurance card." ⁷⁵

Table 1. Examples of wages and social security by employment type

| Employment Status | Benefit | | | | | |
|-------------------|--------------------|------------|--------------|-------|------------------|-------------------|
| | Wage | Rice | Housing | Bonus | Working days | Medical Insurance |
| Regular Worker | Rp 2,400,000/month | 1.05kg/day | Provided | Yes | 25-26 days/month | Provided |
| Contract Worker | Rp 2,400,000/month | 1.05kg/day | Provided | No | 25-26 days/month | Not Provided |
| Daily-paid Worker | Rp 99,173/day | No | Not Provided | No | 20 days/month | Not Provided |

Table 2. Examples of the minimum wage by region

| Region | IDR/USD (2018) ⁶⁴ | IDR/USD (2017) | IDR/USD (2016) |
|--------------------|------------------------------|------------------|------------------|
| West Kalimantan | 2,046,900/143.28 | 1,882,900/131.80 | 1,739,400/121.76 |
| North Sumatra | 2,132,188/149.25 | 2,132,188/149.25 | 2,132,188/149.25 |
| Central Kalimantan | 2,421,305/169.49 | 2,227,307/155.91 | 2,227,307/155.91 |
| Riau | 2,464,154/172.49 | 2,266,722/158.67 | 2,095,000/146.65 |

A bulletin board informing workers about penalty clauses ©Agra Kalimantan Barat

| Denda Terhadap Kesalahan Pemanen | | | |
|---|--|---------|--------|
| No | Jenis Kesalahan semua Golongan | Satuan | Rupiah |
| 1 | Memotong buah mentah (M) | Janjang | 10,000 |
| 2 | Buah tinggal di pokok (T) | Janjang | 5,000 |
| 3 | Bunga Matahari (P) | Janjang | 500 |
| 4 | Buah tidak di angkut ke TPH | Janjang | 5,000 |
| 5 | Buah tidak disusun rapi di TPH yang telah ditentukan | Janjang | 1,000 |
| 6 | Pelepah sengkleh / Tidak mepet (S) | Pokok | 1,000 |
| 7 | Pelepah tidak disusun rapi/L shape diantara pokok dan tdk dipotong 2 (G) | Pokok | 3,000 |
| | Tangkai panjang dan tidak V-Cut | Janjang | 1,000 |

Denda Kesalahan Pengutip Brondol

A female worker working at PT. Inecda in November 2016 ©APIL



4) Dangerous labor environment

Various kinds of pesticides and herbicides are used to manage the large area of a palm oil plantation and large amounts of chemicals are used to increase productivity. Although there are products including the carcinogen glyphosate, such as the herbicide Roundup, generally there is no safety education or provision of safety equipment.⁷⁶

Use of paraquat, a toxic chemical

Of the chemicals used on palm oil plantations, the deadly toxin paraquat is most problematic. Direct intake of paraquat or indirect intake such as skin contact or inhalation can cause serious medical issues such as lethal lung damage, Parkinson's disease, neurological disorders and cancer.⁷⁷ Sale of paraquat has been banned in the European Union and many other countries. The sale of the herbicide Gramoxone, the main component of which is paraquat, is banned in the Republic of Korea. Despite this, paraquat is widely used on plantations in Indonesia.⁷⁸ The Indonesian Government allows the use of herbicides in a limited manner, and only those who are qualified can use paraquat.⁷⁹ However, palm tree management workers have never been educated on the harmfulness of paraquat and generally spray paraquat without using any protective gear.

"Roundup and Gramoxone have been used as herbicides, but we became aware of the danger by reading the labels on the containers. We were not told by the company. When we spray Gramoxone the odor is strong. Some people who handle Gramoxone with their bare hands have damaged fingernails."⁸⁰

"There are a lot of people suffering from lung diseases, but we continue to work because if we inform the company about the disease they do not let us come to work."⁸¹

Inadequate safety equipment

In many cases protective gear is not offered to palm tree management workers who handle dangerous chemicals. Even when protective clothing, helmets and gloves are supplied, workers do not wear them because wearing it slows down their work and hinders them from meeting their targets.⁸² In many cases fertilizers are sprayed using a bowl and bare hands. Palm tree management and palm fruit harvest are dangerous jobs, but often no protective gear is supplied or there is no supervision of the wearing of safety equipment. Harvest workers in particular are at risk of injuring their hands with knives or being hurt by falling fruit.⁸³ It is extremely dangerous when a tiny particle of fruit, called serbuk enters a worker's eye because the worker could go blind. Despite this most harvest workers do not wear protective gear in order to be able to work fast and meet their targets.⁸⁴

"Safety equipment such as helmets or protective goggles are supplied, but workers do not wear the goggles because they get scratched or fog up. None of the 42 workers under my supervision wear protective goggles and the same goes for other harvest workers. Goggles must be frequently replaced with ones that have no scratches and don't fog up, but they have only been replaced by the company two or three times in nine years."⁸⁵

A female palm tree management worker spraying fertilizer ©RAN/OPPUK



5) Poor housing and living environment

Plantation workers have mostly migrated from Java Island, Sulawesi Island and the Lesser Sunda Islands and they live either inside or near the plantations.⁸⁶ They came to work on the condition that the company provide good housing, but despite the promises made housing quality is poor.

Housing itself is problematic, but what is worse is that chemicals used in the process of growing and refining palm oil pollute rivers and lakes in the surrounding area contaminating the water. People have no choice but to drink polluted water when the facilities for drinking water are inadequate or they cannot afford to buy water.⁸⁷

When the housing facility is located near the CPO mill for refining palm oil, the issues of air pollution and noise are serious. Although CPO mills are operated around the clock and constantly emit black smoke, people have no choice but to stay in the housing provided.⁸⁸

Palm Oil Mill Effluent (POME) is a non-toxic, sludge-like wastewater generated from palm oil mills during the palm oil extraction and purification process. POME is highly polluting to the environment if it is released directly. It is thus treated or purified by being run into effluent ponds. The ground water and soil are then contaminated, there is a foul smell and as the organic POME decomposes methane gas is released into the atmosphere. Generally the ponds are open and there are no safety barriers, only signs saying no trespassing, so accidents can easily occur.⁸⁹

2016. 11. 3. A well ©APIL



"We dug a well for water but it is blocked. We buy water for drinking but carry water for washing from the river, which is contaminated by chemicals. During the dry season the company distributes water that has been stored in water tanks."⁹⁰

2018. 12. 4. Smoke from a CPO mill at a palm oil plantation in Central Kalimantan ©KFEM



III. Investment by South Korean corporations in the palm oil industry

South Korean corporations such as LG Corporation and POSCO DAEWOO Corporation have sold most products to local processors since Samsung C&T took over and began operating a palm plantation in 2008.⁹¹ Daesang Corporation, which produces condiments under the brand name Miwon and food items under the brand name Cheongjungwon, has been operating an 11,310 hectare palm oil plantation since 2009⁹²; and JC Chemical Co., Ltd., a Korean bio-diesel producer has been operating a 10,000 hectare plantation since 2012.⁹³

KORINDO Group, whose Korean-Indonesian CEO ranks 20th in the Indonesian economy, entered the palm oil industry in 1998 and now has business sites over vast areas amounting to 160,000 hectares.

1. KORINDO Group

1) Outline

A. KORINDO

KORINDO, a Korean-Indonesian company with 20,000 employees and annual sales of 1.2 billion USD, was named using the initial letters of the words Korea and Indonesia. KORINDO's main products are palm oil, plywood and timber. The company has also expanded its business to newsprint paper, finance and shipping logistics, and it has over 60 subsidiaries.⁹⁴ Chairman Eunho Seung is the first son of the late Sangbae Seung (1921-2009), the founder of Donghwa Group.

The concession areas - sizes and boundaries - used for this report were derived from maps and forest land release permits from the Government of Indonesia.

B. KORINDO palm oil plantation

KORINDO has plantation business sites totalling 160,000 hectares in eight regions in Papua and North Maluku. Seven areas equivalent to 149,000 hectares are in Papua and the remaining 11,000 hectares are in North Maluku. In January 2019, a precious 75,000 hectares of forest was estimated to remain intact on KORINDO palm oil plantation sites.

Figure 3. Overview of KORINDO⁹⁵

| | |
|------------------------------------|--|
| KORINDO GROUP | Established monetary enterprise and Indonesian corporation in 1969. Founded KORINDO in 1976. |
| Number of Employees | 22,897 (including 253 Koreans, as of May 2017) |
| Annual Sales | 1.2 billion USD (about 1.35 trillion KRW) |
| Main Business | Plywood, afforestation, palm oil, rubber, real estate, heavy industry, paper manufacturing, construction, logistics, etc. |
| Contribution to Indonesian Economy | Produced 30% of total plywood production Supplied 70% of the total supply of paper for newspaper Accumulatively planted 146,652 million trees (1.15 times the area of Seoul) |

Table 3. The current state of business sites granted forestland release permits⁹⁶

| Name (acronym) | Subsidiaries | Permit No. | Area (ha) |
|----------------|-----------------------------|--|-----------|
| PT TSE 1A | PT Tunas Sawa Erma 1A | 171/KPTS-II/1998 (27 February 1998) | 14,800 |
| PT TSE 1B | PT Tunas Sawa Erma 1B | | 19,500 |
| PT GMM | PT Gelora Mandiri Membangun | SK.22/MENHUT-II/2009 (29 January 2009) | 11,000 |
| PT DP | PT Donghin Prabhawa | SK.623/MENHUT-II/2009 (5 October 2009) | 34,100 |
| PT BCA 1 | PTBerkatCiptaAbadi1 | SK.328/MENHUT-II/2011 (22 June 2011) | 14,500 |
| PT PAL | PT Papua Agro Lestari | SK.52/MENHUT-II/2012 (4 October 2012) | 32,300 |
| PT BCA 2 | PTBerkatCiptaAbadi2 | SK.835/MENHUT-II/2014 (29 September 2014) | 14,400 |
| PT TSE 2 | PT Tunas Sawa Erma 2 | SK.844/Menhut-II/2014 (29 September 2014) | 19,000 |
| Total | | | 159,600 |

KORINDO palm oil plantation sites and ownership ©Mighty Earth



2) Environmental and social issues raised by KORINDO palm oil plantations

Deforestation

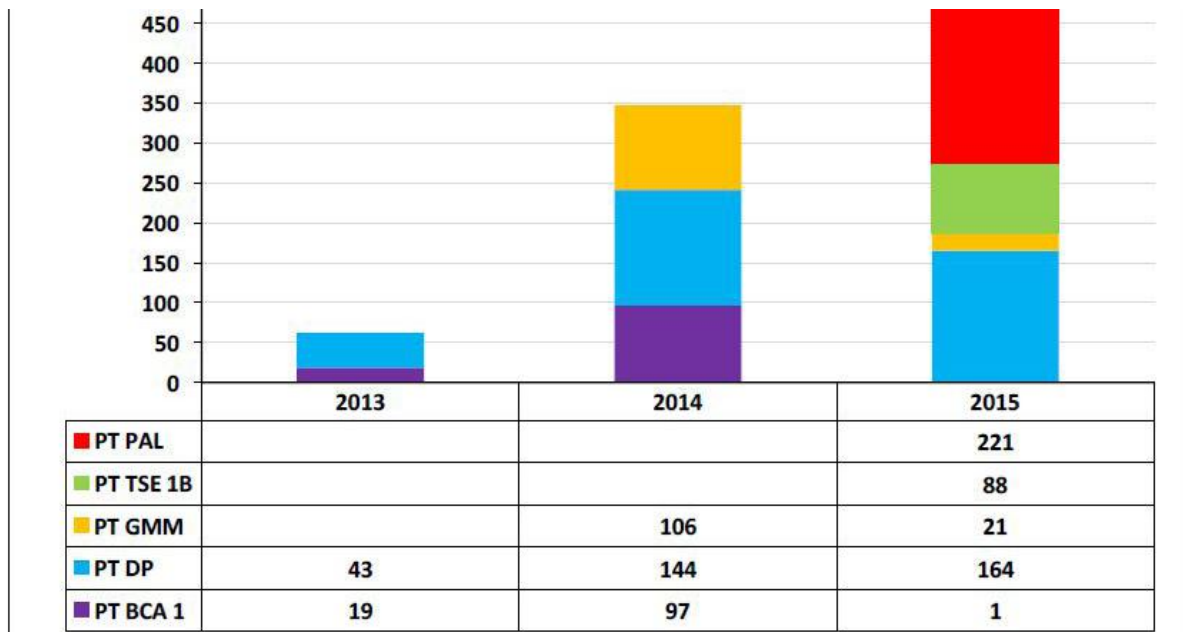
From 1998 to 2016 about 50,000 hectares of forest was destroyed on KORINDO palm oil plantation sites. This is an area equivalent to the size of Seoul City. Between 2013 and 2016 KORINDO aggressively expanded its palm oil plantation business, and a vast area of forest amounting to 30,000 hectares was destroyed in three years. According to information released by the Indonesian Ministry of Environment and Forestry, an area of 11,700 hectares was primary forest and an area of 18,300 hectares was secondary forest.⁹⁷

Fire

In 2016 environmental organizations including Aidenvironment (a non-profit consultancy providing research services on the global environment) and KFEM released a report entitled "Burning Paradise". The suspicion that KORINDO cleared the land using fire was raised in this report. Based on evidence collected through satellite images, aerial photographs and fire information from 2013 to 2015, at least 894 hotspots were found on KORINDO plantation sites.⁹⁸ Fire for the purpose of clearing land is illegal under Indonesia's Law on Environmental Protection and Management.



Table 4. The state of hotspots within KORINDO palm oil plantation sites, 2013-2015⁹⁹



Deprivation of the rights of local communities

Native customary rights land is included in KORINDO's eight palm oil plantation sites. Conflicts continue to arise in the area because the Government of Indonesia issued business permits, and KORINDO pushed ahead with its plantation business without sufficient consultation with the native people.

The PT. GMM site located in Halmahera, North Maluku is particularly problematic. In November 2018 four environmental organizations including the international organization, Rainforest Action Network released a report entitled "Perilous". According to this report, PT. GMM took over native customary rights land without consent from local communities. The report states that PT. GMM failed to execute an environmental impact assessment and to obtain HGU permission for land use, and that it thus began business illegally.¹⁰⁰ The four environmental organizations claim that an overall review of PT. GMM's business permit is required.

"The government said they would protect customary rights land but they handed it over to KORINDO using the excuse of job creation. KORINDO has had a negative impact on our village. The water level of the river has fallen, and the catch of fish has decreased. We can no longer catch fish. The weather gets hotter and hotter due to deforestation, and we often see thunder and lightning which we didn't see before. Please protect our customary rights."¹⁰¹

KFEM obtained a video of native people living near PT. TSE Block E, another KORINDO plantation, appealing against the deprivation of their rights and the environmental damage. The testimony below was excerpted from this video.

Franky Samperante, Secretary General of PUSAKA, an Indonesian human rights organization for indigenous people, testified about the oppression of native anti-land grab activists in December 2018 during an interview with KFEM and APIL.

"Petrus Kinggo is the leader of the Mandobo tribe, a community of native people living in Kalikao village in Bobendigulgunyail, Papua. Petrus became an activist to protect his village when PT. TSE targeted the land of Kalikao village. The residents of Petrusuwa testified that there was no free prior and informed consent between PT. TSE and the local people in the process of acquiring the land. The residents do not want KORINDO to do business on their land and do not want any kind of cooperation. This photo was received in July this year [2018] and was distributed on the KORINDO plantation site and the place where local residents protested. The photo only contained Petrus' face without any description. According to Petrus and local residents, the photo is to discourage their protests and was perhaps distributed by KORINDO. We were not able to find out who distributed the photo."¹⁰²

3) Current state

After KORINDO's deforestation activities became known, its main customers, global palm oil corporations such as Wilmar International Ltd., Musim Mas Holdings Pte. Ltd., Archer Daniels Midland Company (ADM) and IOI Corporation Berhad (IOI) stopped trading with KORINDO. Many global brands also announced that KORINDO had been excluded from their supply chains.¹⁰³ In June 2017, KORINDO signed a comprehensive logistics agreement with Samsung SDS, but a petition by global citizens¹⁰⁴ annulled it.¹⁰⁵ Hyosung, the only Korean company with shares in PT. PAL and PT. GMM (KORINDO subsidiaries), said during a meeting with KFEM in September 2016 that they would check the facts, but to date they have taken no action.

Due to customers quitting and aggravated public sentiment, KORINDO declared a moratorium on development within its plantation sites. In November 2016 the PT. TSE Group (PT. TSE, PT. BCA, PT. DP) announced a moratorium on new development activities until completion of ecological conservation assessments (High Conservation Value, HCV/ High Carbon Stock, HCS) and in December 2016, PT. PAL and PT. GMM made the same announcement.¹⁰⁶ Despite declaring a moratorium, KORINDO has not resolved the conflicts with the local people and has not adopted the No Deforestation, No Peat, No Exploitation (NDPE) policies demanded by the industry at the group level.



The picture of Petrus, leader of the indigenous people residing in KORINDO's plantation, distributed in the area without apparent reason ©Franky Samperante

KFEM's September 2016 campaign against the Korean-owned corporation KORINDO to stop the destruction of rainforest in Indonesia ©KFEM



2. POSCO DAEWOO Corporation

1) Outline

POSCO DAEWOO operates a palm oil plantation called PT. Bio Inti Agrindo (PT. BIA) in Gunullillin, Merauke, Papua. The entire area amounts to 34,195 hectares.¹⁰⁷ The POSCO DAEWOO palm oil plantation is very close to KORINDO's palm plantations, PT. PAL and PT. BCA1 (see picture below). PT. BIA was established in 2006, but POSCO DAEWOO gained management rights by acquiring an 85 percent share of PT. BIA in September 2011. Ownership of the remaining 15 percent belongs to an individual investor.¹⁰⁸

2) Environmental and social issues caused by PT. Bio Inti Agrindo (BIA) deforestation

Deforestation

According to a map provided by the Indonesian Ministry of Environment and Forestry in 2011, an area of about 19,800 hectares of PT. BIA sites is primary forest and 15,900 hectares is secondary forest.¹⁰⁹ The PT. BIA site is divided into western and eastern parts, Block 1 and Block 2. Block 1 was fully cleared, and consequently forest area of 6,800 hectares has disappeared. Block 2 was also cleared as of October 2017, but 7,700 hectares of precious forest is estimated to still remain intact.¹¹⁰

Fire

In March 2015, the ethics committee of Government Pension Fund Global (GPFG), the world's largest sovereign wealth fund, presented evidence that PT. BIA cleared the land using fire.¹¹¹ According to satellite images provided by GPFG, about 260 hotspots were marked from 2011 to 2014 on Block 1 alone in the western part of PT. BIA. POSCO DAEWOO attributed the cause of fire to workers and local residents, but the GPFG ethics committee stated, "Fire cannot break out that often over several years if it has nothing to do with clearing the land."

Deprivation of the rights of local communities

The POSCO DAEWOO plantation site also includes native customary rights land. In August 2017, a weekly magazine called "SisaIN" ran a feature on land disputes and water pollution taking place on the PT. BIA site.¹¹² According to the article, PT. BIA site Block 1 is land where the Mandobo tribe has native customary rights. However, PT. BIA paid money to the Marlin tribe, not the Mandobo tribe, and the land rights were handed over to the company in 2010. Mandobo's rights to the land were acknowledged through a traditional dispute resolution process, but no actual measures have been taken to return their land rights, despite aggravated conflicts. In July 2014, the Mandobo tribe protested demanding that PT. BIA cease business, and that the indigenous people's rights be honored. Residents who took part in the protest testified that a soldier fired at the Indonesian flag the protesters were waving.

Residents also protested about the polluting of the water of the Bian River that has occurred since the plantation was built. The Bian River had been the source of drinking water. In November 2017 KFEM distributed a press release entitled, "POSCO DAEWOO push ahead with palm oil business despite being aware of its negative impact on the environment and local communities".¹¹³ According to this press release, PT. BIA's Environmental Impact Analysis (AMDAL)¹¹⁴ clearly revealed that development of rainforest can have deadly impacts on the environment and local communities. In particular, it was reported that wastewater released into the Bian and Fly Rivers will have a negative impact on the health of the local people who routinely use the river. It clearly indicates that it will cause various diseases such as Malaria, acute respiratory disease (Infeksi Saluran Pernapasan Akut, ISPA) and diarrhea. In December 2018 the weekly magazine "Hankyure 21" ran a field report from PT. BIA.¹¹⁵ It raised the specific issues of the infringement of Mandobo land rights and environmental damage, which were denied by POSCO DAEWOO.

The polluted Bian River after PT. BIA was built ©Mighty Earth



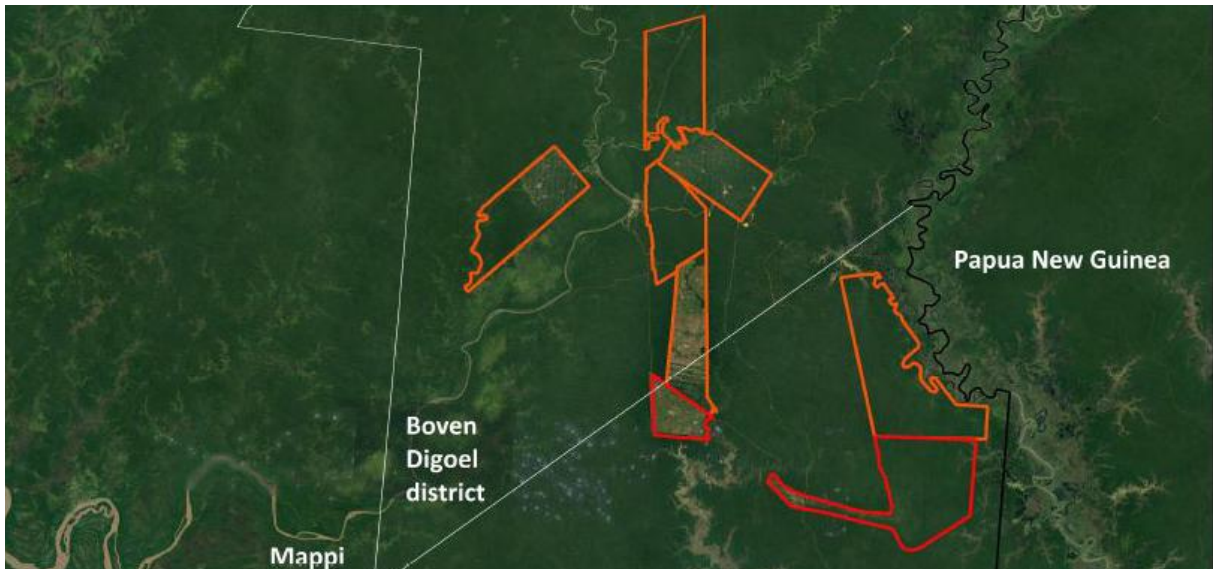
3) Current state

The ethics committee of GPFG released a report in 2015 about deforestation, fire and loss of biodiversity on the PT. BIA site. In August of the same year GPFG accepted the ethics committee's recommendation and excluded both POSCO DAEWOO and POSCO, the parent company from its list of investments. In 2017 when POSCO DAEWOO was ready to sell CPD, over 20 global corporations announced that they would stop trading with POSCO DAEWOO until it adopted and implemented NDPE policies.¹¹⁶ In February 2018, Boots, the largest drugstore in the UK declared that it was halting trade with POSCO DAEWOO.¹¹⁷ In June 2018, ABP, the largest Dutch pension fund and one of the

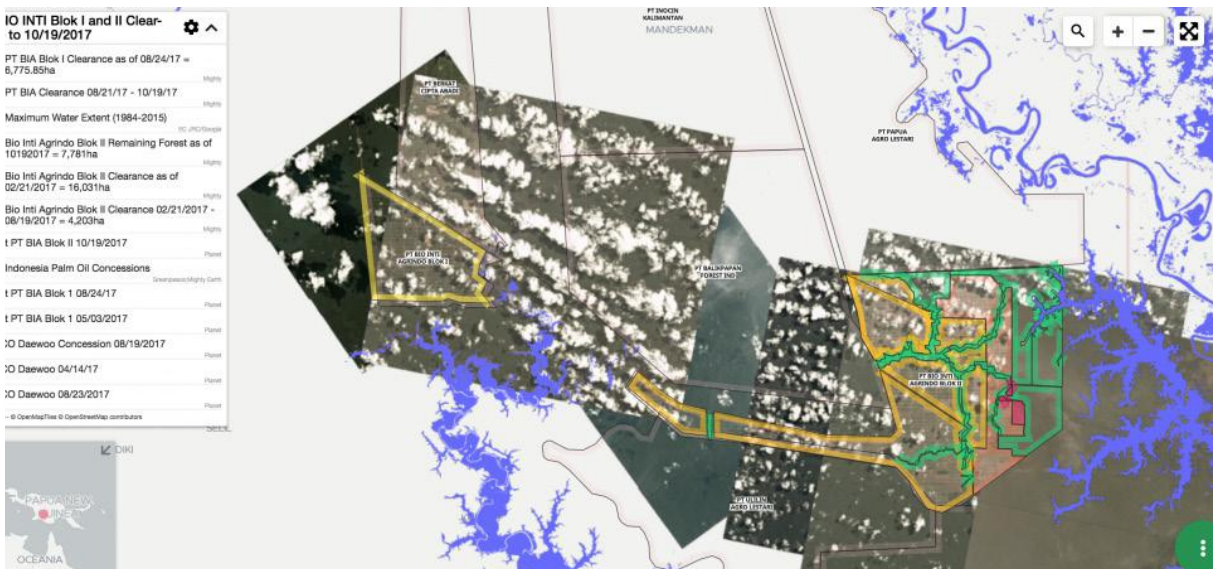
five largest pension funds in the world, announced its withdrawal of investment, stating that they were no longer confident that POSCO DAEWOO would improve.¹¹⁸

What the industry, investors and national and international civil society organizations are demanding is a moratorium on the development of new sites, adoption of NDPE policies and the resolution of land disputes. In response to this, the only effort that has been made by POSCO DAEWOO was a statement to the media in January 2018, "We are going to stop logging until a consultation by a consulting firm specializing in environmental management is complete."¹¹⁹ POSCO DAEWOO has neither declared an official moratorium nor adopted NDPE policies. There has also been no further announcement as to progress in relation to the expert consultation.

POSCO DAEWOO's palm oil plantation PT. BIA marked in red. (The orange-colored part indicates KORINDO's site.) ©Mighty Earth



2017. 10. 19 Satellite image of POSCO DAEWOO's palm oil plantation PT. BIA. The yellow-colored part has already been cleared, and the green part is the forest that still remains intact. ©Mighty Earth



3. Samsung C&T

1) Outline

In July 2008 Samsung C&T established S&G Biofuel Pte. Ltd., a joint venture with Athena City Holding Ltd., a large Indonesian palm oil company. Samsung C&T acquired PT. Gandaerah Hendana and PT. Inecda in Riau, Sumatra and is operating a palm plantation of 24,000 hectares. As of 2017, 339,000 tons of palm fruit were harvested and 85,000 tons of CPO were produced in the onsite palm oil processing factory.¹²⁰ Most of the CPO produced is sold to a processing company in Indonesia and some is sold to a Korean biodiesel company.¹²¹

KTNC Watch visited PT. Gandaerah Hendana and PT. Inecda in Riau and released a report at the end of 2016 about the negative impact of the palm oil plantations on local residents and workers. According to this report, typical issues in the area where palm plantations are operated arise in PT. Gandaerah Hendana and PT. Inecda. The issues include environmental problems, deprivation of native people's livelihood, land disputes, water scarcity and pollution and exploitation of workers.

2) Negative impact on local residents and workers

Threat to the local residents' rights to survival and culture

In regard to PT. Inecda, the native Talang Mamak people have been dependent on the surrounding forest and river and been self-sufficient. However, their forest disappeared and the river dried up because of the PT. Inecda palm plantation, and their survival has been threatened. The proportion of Talang Mamak workers employed by PT. Inecda is under five percent. Local residents suffer from chronic poverty, and girls are married off between the ages of 11 and 13 years old. Worse still, the ancestor's tombs where traditional religious ceremonies used to take place have been damaged, and the tree powder that was used for the ceremonies is no longer available, causing harm to both culture and religion.¹²²

Land disputes

The Talang Mamak people claim that PT. Inecda is operating the plantation without an HGU permit for farming, despite the fact that a large part of the plantation site is under joint ownership.¹²³ However Samsung C&T bought people off by paying money to those monitoring the people who campaign to recover their land or to indigenous leaders, or allowing tree farming for the purpose

of suppressing land disputes without revealing the permit for farming.¹²⁴

Water scarcity and pollution

Local residents living near plantations also suffer from water pollution and water scarcity due to plantations belonging to PT. Gandaerah Hendana and PT. Inecda. Before plantations were introduced everyone could dig wells to get drinking water, but this is no longer possible. People therefore have to drink rainwater or buy drinking water because the wells no longer supply water, and the river water is also polluted.¹²⁵

Excessive work hours and mass production of kernel workers caused by the target system

Like other plantation workers, PT. Gandaerah Hendana and PT. Inecda employees experience hardship due to excessive work hours, the penalty system and low wages caused by the overly ambitious target system. When KFEM and APIL visited one of PT. Gandaerah Hendana's plantations in November 2016, they saw children working with their fathers.¹²⁶

Use of toxic materials and issues with protective gear

Gramoxone, a toxic herbicide, is being used in the two palm oil plantations, but this herbicide is banned in the US and Europe. It is a harmful substance, the use and storage of which has also been banned in Korea since 2012. Despite such a toxic herbicide being used, in some cases there is no safety education or protective gear provided.¹²⁷

Poor living environment for workers

The living environment for workers staying within the plantation is problematic. Workers suffer from water scarcity and pollution, and electricity is supplied for a limited time only. Workers also suffer from the noise generated by the factory and the odor generated by the facility for purifying palm fruit waste.¹²⁸

3) Current state

With regard to the issues raised, Samsung C&T claims that it annually donates a considerable amount to development for indigenous people, even though the native Talang Mamak people do not live on the land Samsung C&T is permitted to use. Samsung C&T also claims that it maintains favorable relationships with the native people by supporting religious events and offering hiring preference to local residents.¹²⁹

Samsung C&T said that they would replace Gramoxone with a substitute from 2017,¹³⁰ but the actual implementation of this has not been confirmed. Samsung C&T also claims that it passed an atmospheric and noise assessment by a company commissioned by the Indonesian Ministry of Environment and Forestry, and a water quality, pollution and noise assessment conducted directly by the Ministry of Environment and Forestry.¹³¹ It is not known whether the same assessments also covered where accommodation is located close to the factory.

Advertising for Gramoxone found at one of Samsung Co-T's plantations ©APIL



Protective gear for the workers at PT. Inecda ©APIL



2016.11.12. A father and son working at PT. Gandaerah Hendana, a subsidiary of Samsung Co-T ©APIL



4. Other South Korean corporations

It was confirmed through secondary research that typical environmental and human rights issues can arise on the sites of South Korean corporations in the palm oil industry such as the Daesang Corporation and the LG Corporation.

1) Daesang Corporation

Outline

Daesang Group established PT. Miwon Agro Kencana Sakti, a joint venture through its holding company in November 2009, and acquired PT. Sintang Raya. It operates a plantation of 11,130 hectares. Thirty five thousand tons of palm oil is being produced annually following the completion of a palm oil factory in the same area in June 2014.

Land disputes

PT. Sintang Raya has been in conflict with local residents of Kubu Raya because of the land. PT. Sintang Raya had local leaders sign the documents to transfer the land with no compensation and without prior consent from or consultation with local residents in the process of gaining HGU for six villages: Sungai Selamat, Mengkalang, Seruat II, Seruat III, Dabong and Ambawang. Residents were not aware of anything until they saw bulldozers. After large pieces of land were included in the development plan for PT. Sintang Raya, residents of Olak Olak Kubu and Pelita Jaya appealed to the Pontianak office of the National Human Rights

Commission (KOMNAS) in December 2008 informing them that the land had been grabbed without prior consultation, but no remedy was offered.¹³²

Local farmers and residents raised the issue of ownership under the leadership of Serikat Tani Kubu Raya (STKR), a farmers' cooperative established after the plantation was developed. In September 2011, farmers of Olak Olak Kubu and Pelita Jaya filed a suit against the HGU of PT. Sintang Raya, and the Supreme Court judged that the Pontianak National Lands Office should reissue the HGU for the area except the five hectares in question. The regional land agency has stated that it cannot do so because no accurate location for the five-hectare area for which the HGU must be cancelled is indicated in the Supreme Court decision.¹³³

Criminalization of farmers

The court decision has served as an opportunity for STKR to organize a protest demanding that operations halt until the HGU is reissued. STKR as a legitimate owner of the land organized a joint action to harvest palm fruit. The company accused the farmers involved of theft, and many farmers were imprisoned. The accusation is strongly criticized as criminalization of farmers who are simply claiming their rights.¹³⁴

Non-implementation of plasma

The company must designate 2,200 hectares - 20 percent of the entire area of 11,128.9 hectares - as plasma, but as of 2016



only 1,362 hectares was designated. The company maintains its position that additional land is required to implement plasma, which causes continuing conflicts with local residents.¹³⁵

Laborer issues

Many of those who work for PT. Sintang Raya are day laborers and thus in unstable employment.¹³⁶ In May 2016 workers including minors were brought from different regions to work. However, the risk of human trafficking and child labor was reported because the employment conditions, including wages, were not fulfilled.¹³⁷

2) LG Corporation

Outline

LG Corporation acquired PT. Parna Argomas, which had a palm plantation of 20,000 hectares in West Kalimantan, Borneo through PT. Green Global Lestari, a subsidiary of the LG Corporation established in Indonesia in November 2009. By 2012 a palm oil factory had been completed, and 86,000 tons of palm oil were being produced annually by 2017. In November 2018 LG Corporation acquired palm plantations of 8,000 hectares and 17,000 hectares in West Kalimantan where existing plantations were operating, aiming for an annual production of 180,000 tons.¹³⁸

Land disputes

PT. Parna Argomas is located in Sekadau. Local residents raised the issue that 318 hectares of Semadu village is included in the palm plantation, despite the land being forest area that should be preserved.¹³⁹ Since 2010, residents have raised the issue in many different ways, but the issue has not been resolved. Five farmers who harvested palm fruit were accused of theft and detained by the police. This action was criticized as being criminalization.¹⁴⁰

Water pollution

In 2016 local residents of Semadu raised the issue of river pollution caused by PT. Parna Argomas, and the regional environmental agency conducted an inspection of the water quality.¹⁴¹

Residents erased the name of the company from the notice board for HGU and wrote "community land" due to the land disputes between PT. Sintang Raya and local residents in Kuburaya, West Kalimantan ©Agra Kalimantan Barat



Residents in Olak Olak Kubu village protesting against PT. Sintang Raya ©Agra Kalimantan Barat



IV. Current state of import and distribution of palm oil in South Korea

According to statistics released by the United Nations Food and Agriculture Organization (FAO)¹⁴² and the US Department of Agriculture,¹⁴³ imports of palm oil and palm kernel oil have steadily increased since South Korea began importing palm oil in 1966. The information provided by FAO showed that Korea imported 475,936 tons of palm oil in 2016.

In regard to the six items classified as oil made from palm oil based on the Harmonized System (HS) code,¹⁴⁴ an analysis of information released by the Korea Trade Statistics Promotion Institute revealed that the import of six kinds of palm oil mostly from Malaysia and Indonesia had more than doubled from 195,368 tons in 2006 to 475,215 tons in 2016.¹⁴⁵ By 2018, imports had increased to 606,947 tons. This increase seems to

be due to the rapid increase from 64,743 tons in 2016 to 219,886 tons in 2018 in imports from Indonesia of palm oils classified as HS code 1511909000.¹⁴⁶

The largest proportion of imported oil is used as cooking oil. According to a survey on food ingredients conducted by the Ministry of Agriculture, Food and Rural Affairs' (MAFRA) Korea Agro-Fisheries & Food Trade Corporation, under 204,419 tons of palm oil was used as a food ingredient, 67 percent (137,739 tons) was used for processing noodles and 12.9 percent (26,486) was used for confectionary.¹⁴⁷

Table 5. Volume and amount of palm oil imports to South Korea (2007-2018)¹⁴⁸

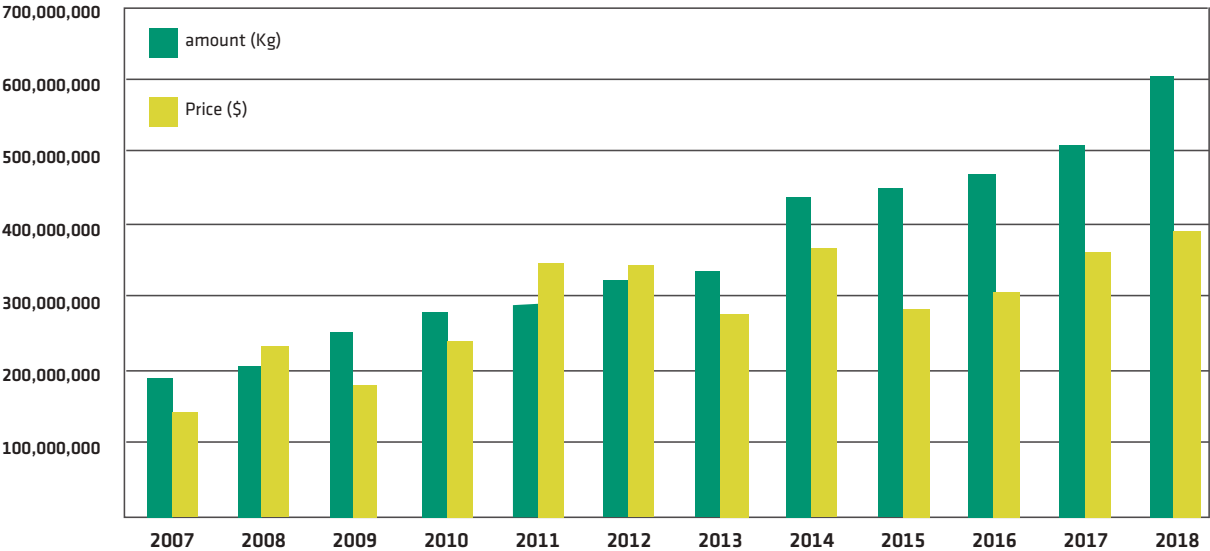


Table 6. Proportion of palm oil imported into South Korea by nation (2007-2018)¹⁴⁹

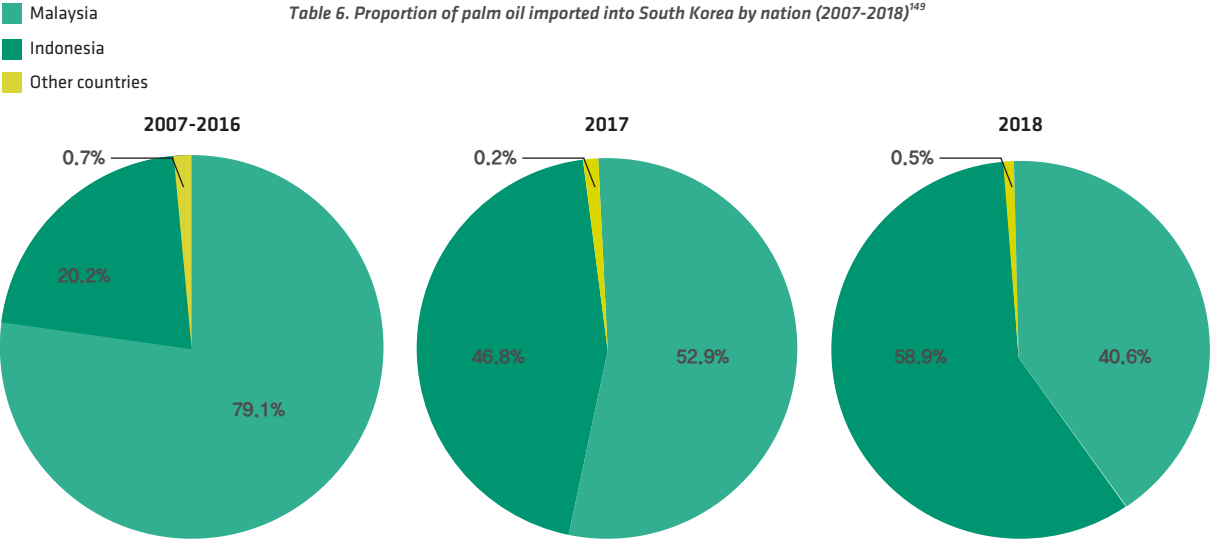


Table 7. Volume and proportion of palm oil by application¹⁵⁰

| Category | | Volume used (ton) | Proportion used per item (%) | Proportion of local products used (%) |
|---------------------------|-----------------------------------|-------------------|------------------------------|---------------------------------------|
| Total | | 204,409 | 100.0 | 0.0 |
| Processed meat products | seasoned meat | 2 | 0.0 | 0.0 |
| | ground meat | 185 | 0.1 | 0.0 |
| Processed marine products | fish meat products | 277 | 0.1 | 0.0 |
| Fat and oils | seasoned oil | 114 | 0.1 | 0.0 |
| Processed fat and oils | processed fat and oils | 10,429 | 5.1 | 0.0 |
| Milk products | milk powder | 1,103 | 0.5 | 0.0 |
| | cheese | 867 | 0.4 | 0.0 |
| | others | 1,845 | 0.9 | 0.0 |
| Ice cream | ice cream | 115 | 0.1 | 0.0 |
| Flour/powder | processed powder | 43 | 0.0 | 0.0 |
| Noodles | ramen | 137,711 | 67.4 | 0.0 |
| | others | 28 | 0.0 | 0.0 |
| Processed grain | cereal | 9 | 0.0 | 0.0 |
| Bread | bread | 7,195 | 3.5 | 0.0 |
| confectionaries | snack | 23,946 | 11.7 | 0.0 |
| | biscuit/cookies | 1,516 | 0.7 | 0.0 |
| | others | 1,024 | 0.5 | 0.0 |
| Candy/chocolate/gum | candy | 0.02 | 0.0 | 0.0 |
| | chocolate and processed chocolate | 927 | 0.5 | 0.0 |
| Soy sause | soy sauce | 9,358 | 4.6 | 0.0 |
| Dressings/sauces | dressing/mayonnaise | 1 | 0.0 | 0.0 |
| | sauces | 153 | 0.1 | 0.0 |
| Seasoned food | condiments | 56 | 0.0 | 0.0 |
| | other seasoning | 2 | 0.0 | 0.0 |
| Coffee/Cocoa | instant coffee | 1,685 | 0.8 | 0.0 |
| | cocoa | 7 | 0.0 | 0.0 |
| Tea | other tea | 6 | 0.0 | 0.0 |
| Instant food | other instant food | 9 | 0.0 | 0.0 |
| Precooked food | precooked dried rice | 1 | 0.0 | 0.0 |
| | precooked soup/stew | 104 | 0.1 | 0.0 |
| | precooked meat products | 109 | 0.1 | 0.0 |
| | other precooked products | 363 | 0.2 | 0.0 |
| Other processed food | peanuts/processed nuts | 329 | 0.2 | 0.0 |
| | other processed food | 4,890 | 2.4 | 0.0 |
| Health supplements | supplement ingredients | 0.02 | 0.0 | 0.0 |
| Meal service | meal service | 0.1 | 0.0 | 0.0 |

Under the current trend of expanding the use of new and renewable energy, the mandatory rate for mixing biodiesel with diesel for transport use is steadily increasing.¹⁵¹ Palm oil and its byproducts account for 50 percent of fuel. For palm oil ingredients used for cosmetics, no information was available to analyze their use and volume despite palm oil ingredients including glycerin being included in most cosmetic products.¹⁵²

Table 8. Volume and proportion used by biodiesel type (2015-2017)¹⁵³

| Category | 2015 | | 2016 | | 2017 | |
|-----------------------------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| | Volume used (1,000 tons) | Proportion (%) | Volume used (1,000 tons) | Proportion (%) | Volume used (1,000 tons) | Proportion (%) |
| Refined palm oil | 28.3 | 7% | 27.6 | 6% | 43.7 | 9% |
| Palm oil byproducts | 169.6 | 40% | 208.6 | 47% | 241.7 | 48% |
| Vegetable fat and oil (waste oil) | 149.9 | 36% | 153.1 | 34% | 159.5 | 32% |
| Animal oil and fat | 27.4 | 7% | 26 | 6% | 21.2 | 4% |
| Others | 46.1 | 11% | 29.2 | 7% | 33.2 | 7% |
| Total | 421.3 | 100% | 444.5 | 100% | 499.3 | 100% |

Products that contain palm oil that are readily found in South Korean supermarkets ©KFEM



A South Korean gas station selling diesel including biodiesel ©APIL



Ice cream being sold in South Korea that contains palm oil from Indonesia ©APIL



V. Conclusion

This report clearly reveals that the Indonesian palm oil industry, which accounts for 50 percent of global palm oil production, causes serious environmental, social and labor issues. Korean companies that have entered the Indonesian palm oil industry are no exception when it comes to causing these issues. Nations all over the world are responding to issues such as those raised in the palm oil industry. In April 2017 the European Parliament adopted a resolution on palm oil and deforestation of rainforests. They regard the palm oil industry to be a cause of deforestation and climate change, and have established goals to exclude palm oil step by step from the EU biodiesel program by 2020.¹⁵⁴

The South Korean Government's duty to protect human rights

In 2011 the UN Committee on the Rights of the Child (CRC) recommended that the Korean Government put regulations in place to prevent or minimize human rights violations and the subsequent damage arising from the supply chain of corporations doing business in Korea and abroad. In particular, when businesses undertake overseas projects that can have an impact on indigenous people, the Committee recommended a process of free, prior and informed consent or an impact assessment on the rights of children. The Committee also recommended monitoring import procedures to prevent the import of goods produced by child labor.¹⁵⁵

In 2017 the UN Committee on Economic, Social and Cultural Rights recommended that the Korean Government establish a legal obligation for corporations headquartered in Korea to exercise due diligence in order to identify, prevent and mitigate the risk of human rights violations being committed

by entities they control including those in their supply chains. The Committee also recommended due diligence in taking responsibility for negative impacts, and that victims whose rights have been contravened by Korean companies doing business abroad be able to have their rights remedied through both Korean judicial and non-judicial processes. The Committee recommended that an inventory of economic, social and cultural rights at home and abroad be taken in relation to government procurement decisions and public loans or aid.¹⁵⁶

Nonfulfillment of Korean Government's duty

The Korean Government is not fulfilling human rights due diligence. Many issues have arisen in the region of Indonesia where Korean companies operate plantations, including land disputes with indigenous people and the violation of their rights to survival and to maintain their culture. Laborers working for Korean companies are also being exploited through long working hours and low wages and being exposed to a dangerous labor environment. Even child labor has been reported. Typical problems arising as a result of palm oil plantations, including environmental problems, also arise as a result of the palm oil plantations of subsidiaries of Korean corporations. The Korean Government is not only taking no appropriate measures to prevent or minimize damage, it is also offering no appropriate access to effective remedy when problems do arise.

The problem of publicly funded loans

The Korean Government operates a system under the Overseas Agricultural and Forest Resources Development and Co-



operation Act to finance the development of agricultural products abroad.¹⁵⁷ However, there does not seem to be any procedure during the loan review process for checking whether any violations of economic, social or cultural rights have taken place during the overseas development process. MAFRA and the Korea Forest Service have a system¹⁵⁸ to support loans for the advancement of agricultural products overseas and a policy fund loan¹⁵⁹ for overseas forest resource development. The Korea Rural Community Corporation and the Korea Forestry Promotion Institute receive applications for loans and review them. The final decision as to who will receive loans is made by MAFRA and the Korea Forest Service.

In the case of loans for the development of agricultural and food products overseas, it appears there is no process for checking the impact of the project on the environment and human rights in the course of the loan review.¹⁶⁰ However, by the first half of 2018, JC Chemical Co. Ltd. had received 11.5 billion KRW and POSCO DAEWOO had received 30.5 billion KRW in loans.¹⁶¹ In the case of overseas forest resource development projects conducted by the Korea Forest Service, applications for loans for oil palm trees are restricted to those that will be used for bioenergy. Although it is stipulated that documents showing the company is not responsible for forest conversion be provided, it has not been confirmed how this data is being reviewed in the decision-making process.¹⁶² From 2011 to April 2019 the Korea Forest Service project provided a total of 29.045 billion KRW to Daesang Corporation, LG Corporation, POSCO DAEWOO, Korea Development Co., Ltd. and JC Chemical Co., Ltd.¹⁶³ However, environmental and human rights issues are

a reality on the plantations of these Korean companies that received loans.

Absence of supply chain monitoring

The Korean Government is not seen to be managing the distribution channels, even though more Indonesian palm oil is imported into South Korea every year. For example, in early 2019 KFEM and APIL sought to obtain information through the National Assembly Office on the names of food, cosmetics, medicines, and companies that used palm oil materials, but the Ministry of Food and Drug Safety said that there was only one food reported to be used as the ingredient for 32 kinds of palm oil in the country.¹⁶⁴ MAFRA's Agro-Fisheries & Food Trade Corporation advised that 204,409 tons of palm oil were used to make food in 2016 alone, but MAFRA did not know for what kind of food it was actually used. Ultimately it is not possible for consumers to know whether they are consuming palm oil that was produced by destroying the environment and violating human rights including labor rights.

The international response to South Korean corporations

KORINDO Group has been criticized by local Indonesian organisations and international civil society organizations for destroying forests. POSCO DAEWOO has been withdrawn from the sovereign wealth funds of particular countries due to the serious environmental damage and human rights violations caused by its palm oil operations.¹⁶⁵

2017. 9. 20 UN Committee on Economic, Social, and Cultural Rights review session of the South Korean Government ©APIL



Recommendations

We urge the Korean Government and Korean companies engaged in the palm oil industry in Indonesia to implement the following recommendations.

1) Korean Government

- Prepare a system to provide education and to provide safety measures to minimize the risk of environmental damage and human rights violations when companies are commencing business in countries where such risks are present.
- Have the Korea Rural Community Corporation and the Korea Forestry Promotion Institute, which support the entry of private companies into the overseas market, conduct a fact-finding study on the impact of companies entering Indonesia's palm oil industry on the environment, human rights and labor rights; and prepare a process for identifying the environmental and human rights risk factors in the palm oil industry so that measures for those who are planning to enter in the future can be established.
- When MAFRA decides to provide loans for the overseas advancement of agro food and the Korea Forest Service's overseas forest resource development fund, MAFRA should evaluate in advance whether the project could cause environmental destruction and human rights violations, and have a system for suspending loans if there is a risk of environmental damage or human rights problems or if such problems occur.
- When environmental damage and human rights violations are caused by Korean companies victims should be advised of remedy procedures and a system for legal assistance should be established.
- Ensure the post-import distribution process has a procedure for identifying imported goods that are tainted by human rights violations and environmental damage. This procedure will make it possible to trace the supply chain of the product.
- Establish a system for monitoring and disclosing environmental and human rights issues in the supply chains, including those of overseas companies, of products sold in the Republic of Korea.

2) Korean corporations

- Stop deforestation for the purpose of expanding plantations.
- Adopt and implement No Deforestation, No Peat, No Exploitation policies. These policies should be applied to subsidiaries, joint venture companies and suppliers in the supply chain. Provide regular reports on implementation, verified by independent and credible institutions, and make all of the relevant documents publicly available.
- Demonstrate business legitimacy by making publicly available the documents issued by the Indonesian Government in relation to acquisition and registration of business sites. The Izin Lokasi, business location permit; the AMDAL, proof of environmental impact analysis; and the HGU, register for land use should be included in the documents made publicly available.
- Stop plantation businesses on land that has been taken without the consent of local communities and return the land to community ownership. Restore the destroyed ecosystem and put forward remedies for the infringement on the rights of and deprivation of the livelihood of local communities and laborers.
- Avoid plantation workers being exploited through long working hours and low wages by determining appropriate targets. Monitor to prevent child labor, limit harmful substances and offer proper education and protective gear when chemicals are used.

2017. 7. 31 KFEM activists urging POSCO DAEWOO to cease rainforest destruction ©KFEM



"Does Spring Come To Stolen Forests?"

Endnotes

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50. Interview with M, a female worker at a plantation in Central Kalimantan (2018. 12. 4).
51. Amnesty International, *supra* note 45, p. 25.
52. Interview with M, *supra* note 50. M worked from 2009 to 2013 and was paid Rp 35,000 when she met the target between the hours of 7:00 am and 2:00 pm, but was only paid between Rp 15,000 and Rp 30,000 when the target was not met.
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59. Amnesty International, *supra* note 45, p. 37.
60. WALHI, *supra* note 40, p. 9. According to statistics, 70 percent of the total 10 million plantation workers are casual workers.
61. The information in Table 1. has been adapted from Asia Monitor Resource Centre and Sawit Watch, "Profit Over People: Working Conditions in Sinar Mas Palm Oil Supply Chain" (2018), pp. 18-19, information on Tapian Nadenggan Inc. and Mitra Karya Agroindo Inc. in Central Kalimantan.
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67. *Ibid.*
68. Amnesty International, *supra* note 45, p. 30.
69. *Ibid.*
70. RAN, OPPUK, ILRF, *supra* note 45, p. 25.
71. Amnesty International, *supra* note 45, p. 30.
72. KTNC Watch, *supra* note 47, p. 89.
73. Amnesty International, *supra* note 45, p. 30.
74. Asia Monitor Resource Centre and Sawit Watch, *supra* note 62, p. 20.
75. Interview with R, a female worker at a plantation in Central Kalimantan (2018. 12. 4).
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79. Amnesty International, supra note 45, p. 67, footnote 228.
80. Interview with M, supra note 50.
81. Interview with R, supra note 75.
82. RAN, OPPUK, ILRF, supra note 45, p. 28.
83. RAN, OPPUK, ILRF, supra note 45, pp. 29-30. Death caused by falling bunches of fruit was reported at a plantation in North Sumatra in 2015.
84. KTNC Watch, supra note 47, p. 85.
85. Ibid.
86. RAN, OPPUK, ILRF, supra note 45, p. 19. Some migrants came to work on large plantations after being deprived of their land; and the third or fourth generation of migrants from Java Island came as part of the Indonesian Government's forced migration program (transmigration). Ultimately the promises of 'job creation' and 'revitalized local economies' were empty promises that corporations made to local residents when large-scale plantation projects began. People who used to enjoy stable lives grounded on the land have been reduced to day laborers or migrant workers, making their lives more difficult.
87. KTNC Watch, supra note 47, p. 97. In one plantation in Riau the company built a well, but people could not use it because it often dried up. Asia Monitor Resource Centre and Sawit Watch, supra note 62, pp. 29-30: At a plantation in Central Kalimantan water for living is supplied two or three times a week, but it cannot be used because even to the naked eye it is clearly polluted.
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144. Regardless of refining, palm oils except chemically processed ones, crude oil (1511100000), palm olein (1511901000), palm stearin (1511902000), others (1511909000), palm kernel oil (1513211000), and palm oil and its fraction (1516202020).
145. An analysis of information requested and received from the Korean Trade Statistics Promotion Institute (KTSPi) revealed these figures.
146. Kukmin Daily, "[Cheap meal, high price] Rainforests replaced with palm oil. Animal populations wiped out, humans suffer from respiratory diseases" (2017. 9. 20), <http://news.kmb.co.kr/article/view.asp?arcid=0923819714>. [In Korean] According to the Ministry of Food and Drug Safety, from 2007 to 2016 Korea imported only 3,500 tons of palm oil (palm oil, palm kernel oil, palm olein and palm stearin). This information is 135 times different to that released by the FAO. When the Ministry of Food and Drug Safety was questioned as to this difference, the Ministry responded that the statistics only relate to imported goods that are reported to and inspected by the local food and drug safety office for commercial purposes.
147. Korea Agro-Fisheries & Food Trade Corporation, Ministry of Agriculture, Food and Rural Affairs, "2017 Survey on consumption of raw materials in the food industry", p. 257. [In Korean]
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| Country | 2007 | | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | |
|-----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) |
| Malaysia | 187,097,054.00 | 135,064,326.00 | 192,549,908.00 | 214,175,195.00 | 252,432,500.00 | 176,458,059.00 | 257,724,015.00 | 217,415,871.00 | 262,082,417.00 | 310,072,644.00 | 289,366,050.00 | 298,536,045.00 |
| Indonesia | 4,943,986.00 | 3,364,990.00 | 10,492,768.00 | 14,233,435.00 | 787,257.00 | 954,072.00 | 23,727,782.00 | 19,036,998.00 | 30,046,396.00 | 37,092,349.00 | 37,930,615.00 | 39,274,654.00 |
| Others | 3,327,393.00 | 4,796,523.00 | 1,053,923.00 | 2,325,420.00 | 1,624,515.00 | 3,012,723.00 | 877,626.00 | 2,445,900.00 | 1,228,549.00 | 3,415,029.00 | 708,228.00 | 2,279,984.00 |
| Total | 195,368,433.00 | 143,225,839.00 | 204,096,599.00 | 230,734,050.00 | 254,844,272.00 | 180,424,854.00 | 282,329,423.00 | 238,898,769.00 | 293,357,362.00 | 350,580,022.00 | 328,004,893.00 | 340,090,683.00 |
| Country | 2013 | | 2014 | | 2015 | | 2016 | | 2017 | | 2018 | |
| | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) | Weight(kg) | Amount(\$) |
| Malaysia | 293,508,372.00 | 239,903,511.00 | 285,981,015.00 | 239,335,207.00 | 297,003,469.00 | 190,897,330.00 | 262,092,494.72 | 168,492,018.00 | 270,041,311.37 | 194,374,993.00 | 246,339,449.54 | 163,758,052.00 |
| Indonesia | 41,652,336.00 | 33,008,818.00 | 146,363,635.00 | 118,525,974.00 | 151,689,325.00 | 88,213,066.00 | 211,755,657.57 | 134,489,806.00 | 239,037,794.83 | 164,754,799.00 | 357,784,011.48 | 224,079,951.00 |
| Others | 1,225,325.00 | 3,053,409.00 | 9,082,485.00 | 8,968,163.00 | 2,449,050.00 | 4,175,935.00 | 1,367,046.65 | 5,041,218.00 | 1,142,009.19 | 4,367,640.00 | 2,824,284.20 | 4,256,736.00 |
| Total | 336,386,033.00 | 275,965,738.00 | 441,427,135.00 | 366,829,344.00 | 451,141,844.00 | 283,286,331.00 | 475,215,198.94 | 308,023,042.00 | 510,221,115.39 | 363,497,432.00 | 606,947,745.22 | 392,094,739.00 |

149. Ibid.
150. Korea Agro-Fisheries & Food Trade Corporation, Ministry of Agriculture, Food and Rural Affairs, *supra* note 147.
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152. The Guardian, "If the palm oil industry waited for consumers to care, sustainability would get nowhere" (2015. 10. 26), <https://www.theguardian.com/sustainable-business/2015/oct/26/palm-oil-industry-consumer-understanding-sustainability-cspo-packaging-marks-spencer-boots-ecover>. Some statistics indicate that 70 percent of cosmetics include ingredients originating from palm oil.
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155. UN Committee on the Rights of the Child, CRC/C/KOR/CO/3-4, para. 27.
156. UN Committee on Economic Social and Cultural Rights, E/C.12/KOR/CO/4, para. 18.
157. Overseas Agricultural and Forest Resources Development and Cooperation Act, Act No. 15077, November 28, 2017, https://elaw.klri.re.kr/kor_service/lawView.do?hseq=462126&lang=ENG. Article 25 (Financial Instruments) 1 of the Overseas Agricultural and Forest Resources Development Cooperation Act ① The Government may provide loans for any of the following funds to the operators of overseas agricultural resources development projects, overseas agricultural resources development investment companies and investment companies specialized in development of overseas agricultural resources under Article 11, and overseas forest resources development investment companies and investment companies specialized in development of overseas forest resources under Article 22-2 to facilitate promoting the development of overseas agricultural or forest resources: <Amended by Act No. 13032, Jan. 20, 2015>
1. Funds necessary for acquiring a business permit necessary to develop overseas agricultural or forest resources and for agricultural or afforestation projects;
 2. Funds for installing and operating facilities necessary to develop overseas agricultural or forest resources;
 3. Funds for leasing or purchasing land necessary to develop overseas agricultural or forest development;
 4. Other funds prescribed by Presidential Decree, which are necessary to facilitate developing overseas agricultural or forest resources.
- ② Matters necessary for financing under paragraph ① shall be prescribed by Presidential Decree.③ Where it is impossible for the operator of an overseas agricultural resources development project or the operator of an overseas forest resources development project financed under paragraph ① 1 to repay a loan following a failure of the said project, he/she may be fully or partially exempted from the principal and interest thereof by the Government, as prescribed by Presidential Decree. <Amended by Act No. 13032, Jan. 20, 2015>
158. Ministry of Agriculture, Food and Rural Affairs, Agricultural and Food Industry's Overseas Promotion Assistance Project, <http://www.mafra.go.kr/mafra/1270/subview.do>. [In Korean] To assist foreign agricultural resource development companies' entry into overseas markets, loans are provided for the establishment and operation of overseas agricultural resource development facilities, and the expenses needed for distribution and sales. Companies eligible for loans can receive loans of up to 70 percent of the total cost of the project. Two percent interest is charged annually. Loan repayments are deferred for the first five years, but must be repaid in equal payments within 10 years.
159. Korea Forest Service, Foreign Forest Resources Development Policy Fund Loan Guidance, http://www.forest.go.kr/newkfsweb/html/HtmlPage.do?pg=-/resource/resource_050202.html&mn=KFS_02_01_06_02_02. [In Korean] Loans to foreign forest resource development operators in order to secure sources of stable timber supply and promote investment in overseas forest resource development by private companies. Projects eligible for loans include forest and carbon rights afforestation, bioenergy afforestation, forest product processing facilities, and overseas afforestation purchases. Companies eligible for loans can receive from 60 to 100 percent of the total cost of the project. One point five percent interest is charged annually. Loan repayments are deferred for from two to 25 years, but when repayments begin the loan must be repaid in equal payments within three years.
160. During the National Assembly audit in 2018, the overseas agricultural resource development project was criticized for not serving its original purpose of raising the food self-sufficiency rate and instead becoming a loan service for companies entering the overseas agricultural market. In 2017 only one company applied for a loan and was granted a loan of approximately three billion KRW. The total budget available for loans was 12 billion KRW, and 76 percent or 9.6 billion KRW of this budget was left unallocated. National Assembly Congressman Jun-ho Yoon's office, a press release for the 2018 parliamentary audit, and a project to develop overseas farmers' resources that became a 'budget business' (2018. 10. 10). [In Korean]
161. Information provided by the office of National Assembly Congressman, Jun-ho Yoon.
162. On February 19, 2019 APIL telephoned the Korea Forest Service and asked which companies were supported by loans in 2018. APIL learned that POSCO DAEWOO was also granted loans, despite the fact that POSCO DAEWOO was withdrawn from Norway's Global Government Pension Fund (GPF) list for investment in 2015 and the Dutch state pension fund in 2018.
163. Details of the loans provided for Palm Oil Projects in Indonesia from the Korea Forest Service (2011 - 2019).

| Financial Year | Borrower | Project | Business Address | Business Volume (unit) | Loan Date | Loan Amount |
|----------------|-----------------------------|--|------------------|------------------------|------------|---------------|
| 2011 | Daesang Holdings Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 5,008(ha) | 2011-08-23 | 4,524,000,000 |
| 2012 | LG International Corp. | Bioenergy afforestation (palm oil) | Indonesia | 1,100(ha) | 2012-06-14 | 957,000,000 |
| 2012 | Daesang Holdings Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 2,823(ha) | 2012-06-20 | 1,039,000,000 |
| 2012 | Daesang Holdings Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 1,803(ha) | 2012-12-21 | 406,000,000 |
| 2012 | Daesang Holdings Co., Ltd. | Processing facility (palm oil manufacturing) | Indonesia | 1(place) | 2012-12-21 | 430,000,000 |
| 2012 | Daesang Holdings Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 1,803(ha) | 2012-12-21 | 525,000,000 |
| 2013 | Korea Development Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 2,710(ha) | 2013-06-20 | 2,137,000,000 |
| 2013 | JC Chemical Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 1,800(ha) | 2013-07-23 | 1,635,000,000 |
| 2013 | LG International Corp. | Bioenergy afforestation (palm oil) | Indonesia | 1,500(ha) | 2013-08-05 | 1,655,000,000 |
| 2013 | JC Chemical Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 1,230(ha) | 2013-10-31 | 1,460,000,000 |
| 2013 | JC Chemical Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 800(ha) | 2013-10-31 | 87,000,000 |
| 2014 | JC Chemical Co., Ltd. | Bioenergy afforestation (palm oil) | Indonesia | 3,000(ha) | 2014-10-15 | 4,509,000,000 |
| 2014 | JC Chemical Co., Ltd. | Bioenergy afforestation (palm oil)_ silviculture | Indonesia | 2,438(ha) | 2014-10-15 | 918,000,000 |
| 2016 | LG International Corp. | Palm oil tree (silviculture) | Indonesia | 467(ha) | 2016-07-14 | 297,000,000 |
| 2016 | LG International Corp. | Palm oil tree (silviculture) | Indonesia | 502(ha) | 2016-07-14 | 451,000,000 |
| 2016 | LG International Corp. | Palm oil tree (silviculture) | Indonesia | 995(ha) | 2016-07-14 | 867,000,000 |
| 2016 | LG International Corp. | Palm oil tree (silviculture) | Indonesia | 1,308(ha) | 2016-07-14 | 937,000,000 |
| 2016 | LG International Corp. | Palm oil tree (silviculture) | Indonesia | 1,711(ha) | 2016-07-14 | 1,284,000,000 |
| 2018 | POSCO Daewoo | Bioenergy afforestation (palm oil)_ silviculture | Indonesia | 2,642(ha) | 2019-4 | 4,927,000,000 |

164. Article 45 of the Korean Food Sanitation Act (Reporting of Items, etc.) requires that if food or food additives are manufactured or processed, the company shall report to the registration authority the raw material or component name along with details of the place of business, product, and the proportions mixed.
165. KFEM, "Dutch pension fund (ABP) withdraws investment in Tropical Forest Destruction Company POSCO DAEWOO" (2018. 7. 3), <http://kfem.or.kr/?p=192739>. [In Korean]

Korea Federation for Environmental Movements (KFEM)

KFEM was established in 1993 and is at the center of the life, peace, ecosystem, participatory citizen movement. It is an environmental movement network composed of 51 local organizations, five specialized organizations and seven cooperating organizations, with a total of 80,000 citizens taking part. As a member of Friends of the Earth, one of the world's top three environmental organizations, KFEM takes initiative in resolving global environmental issues along with two million global citizens. KFEM is shaping a safe and peaceful living place for us and the next generation through various campaigns, including the monitoring of daily-used chemical products, a campaign to remove plastic, addressing fine dust issues, energy conversion, conservation of forest and river ecosystems, climate change responses and a campaign to stop deforestation.

Advocates for Public Interest Law (APIL)

APIL is a Korean non-profit lawyers' organization. APIL's vision is 'justice and peace and respect for the inherent dignity and human rights of every person.' To this end APIL monitors the infringement of human rights by South Korean multinational corporations and advocates for the human rights of refugees, detained migrants, stateless persons and victims of human trafficking through lawsuits, research, legislative campaigns, education and promotion, and cooperation with domestic and international organizations and the international human rights mechanisms.





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