

# Kalimantan's Treasure Hunters

By Chris Ray  
in Banjarmasin

Banjarmassin, capital of Indonesia's South Kalimantan province is an old trading city built on water. A 16th Century European traveller declared it 'as like as may be' to the Land of Canaan, flowing with milk and honey. 'Food is plentiful and cheap, the people are hospitable, and there are trade goods in abundance,' the visitor reported.

Sited near the junction of the Barito and Martapura rivers, Banjarmasin is the most important river port in Kalimantan and a gateway to Borneo's interior. It is still picturesque despite industrialisation; many of its half-million inhabitants live, work and pray on rafts, and its floating markets crowding the canals.

The early Europeans were seeking diamonds - taken from the muddy river beds by divers - alluvial gold, and, bizarrely, bezoar stones - concretions found in the bowels of goats but prized in Europe as an antidote to poisons. The Dutch opened trade at Banjarmasin in 1606. The British controlled the city for several brief periods, and in 1787 it became a Dutch protectorate.

Today foreigners remain keenly interested in the riches of its hinterland. Products shipped out of Banjarmasin include coal, timber, rubber, pepper, oil, gold, and diamonds. The city has an oil refinery and numerous sawmills. One of the world's biggest coal mines (Australian-operated) is a day's drive away.

The mining industry came in for harsh criticism when environmental activists from all over Indonesia met in Banjarmasin recently.

The meeting heard stories of land being taken for mining without adequate compensation; rivers polluted by mine wastes, aquatic life dying, people and livestock getting sick. Mining operations were viewed as undermining traditional land rights of minority indigenous communities including the Dayaks of Kalimantan.

Large-scale mining was blamed for silt in rivers and streams which makes local people's customary panning difficult or impossible, thus depriving communities of the economic benefits of their own small-scale mining industries.

Most big mining operations were established under the Suharto regime, when negotiating access to land with local landowners was unnecessary and companies left community relations to the police or army. Now with State power more dispersed and somewhat restrained, some of these companies are paying the price of bad community relations.

Indonesia's adoption of regional autonomy last year has given more power to local interests. Companies are under pressure to employ more locals and contribute to local development programs. They are also under threat from illegal miners.

These are not simple villagers panning for gold, but big local businesses employing heavy earthmoving equipment. Emboldened by the weakening of centralised power, they have the confidence of local connections to challenge mineral rights negotiated in Jakarta. On the rare occasions when police in South Kalimantan have cracked down on illegal miners, they have retaliated by blocking the roads to established mines, sometimes halting their operations.

An Australian mining engineer in South Kalimantan complains that environmentalists are unfairly singling out licensed, multinational miners for attack. He says illegal miners do not refill holes or replant trees in areas where the coal deposits have been depleted.

"And the damage mining does is nothing compared to log-

ging or oil palm plantations," he maintains.

The government sees Indonesia's forests only as a source of timber to be cut down. Forests are not valued as resources of biological diversity or as sources of medicinal plants. The lowland forest in Kalimantan will be gone by 2010, the World Bank estimates. Around 65 percent of the wood supply comes from illegal logging. Japan's construction industry swallows most of it.

A parallel threat to Kalimantan's forests is the government program to convert peat swamp forest to agriculture - mostly oil palm plantation. Until a decade ago there were still 25 million hectares of peat swamp forest in Indonesia. This has now been reduced to around 17 million hectares.

One of the biggest of these land conversion schemes was the unsuccessful Mega Rice Project in Central Kalimantan. This was Suharto's attempt to restore Indonesia's self-sufficiency in rice, after too much of Java's paddy was put under concrete.

The Mega Rice Project failed because the authorities' failed to comprehend that peatland soil characteristics in Kalimantan are completely different to those of volcanic Java, according to Jack Rieleley, Director of the Kalimantan Tropical Peat Swamp Forest Research Project.

The government cancelled the rice project, then pushed ahead with an even bigger scheme to turn 2.8 million hectares of tropical peatland into oil palm and rubber plantations. "An enormous sum of money has already been squandered" wrote Rieleley, "and the new proposal is yet another scam to justify removal of a further half million hectares of pristine peat swamp forest, as well as to launder money to certain business enterprises and government officials under the guise of land clearance, infrastructure provision and planting incentives."

The palm oil industry is one of the most powerful in Indonesia. This is shown by the weak official response to massive, almost-yearly forest fires in Kalimantan and Sumatra which blanket neighbours Singapore and Malaysia in smoke and haze. Burning peat forest to plant oil palms is the major cause of these fires in Kalimantan.

The authorities in Jakarta hesitate to act because the industry is controlled by Suharto's relatives and associates who still wield enormous clout in politics and business. The Suharto clan's partners in palm oil are major, politically connected companies in Singapore and Malaysia. Malaysia especially cannot expand its oil palm industry without the co-operation of Indonesia, which offers ample cheap land and labour at a fifth of the cost paid in Malaysia.

George J Aditjondro of the University of Newcastle, a specialist on the business networks of Indonesia's elite, says three generations of the Suharto clan are represented in the palm oil industry, from Suharto's brother and cousin to Suharto's grandson. He identifies 12 business conglomerates as the "corporate arsonists" linked to the Suharto family, namely the Salim, Sinar Mas, Barito Pacific, Astra, Raja Garuda Mas, Surya Damai, Kalimanis, Danitama, Mercu Buana, Citra Lamtorogung Persada, Teknik Umum, and Maharani groups.

For three decades, Kalimantan's indigenous Dayak have seen their natural resource base plundered by a Jakarta-based elite. Vast Dayak territories have been appropriated for logging, rubber and oil-palm plantations and transmigration sites. The government has never recognised traditional Dayak land tenure in its own system of land registration.

South Kalimantan has so far avoided major economically-based ethnic conflicts such as the recent fighting between Dayak and immigrant Madurese in West Kalimantan

Yet the Dayak groups of South Kalimantan are standing up for themselves. North east of Banjarmasin, in the Muratus mountains, anti-logging posters are on display in Dayak villages. The locals say their protests succeeded in stopping timber cutting almost two years ago, but have no doubt the loggers will one day return.



CAPTIONS:

Pics 1 - 3: Canal life in Banjarmasin.

Pic 4 - A Dayak-run guest house in the Muratus Mountains, South Kalimantan.

**A resource base  
plundered by  
the Jakarta elite**