

KILLING COAL OF BUMI RESOURCES : Water Pollution and Human Rights Violation by Kaltim Prima Coal

Pers Release, 21 August 2014 Mining Advocacy Network (JATAM) East Kalimantan stated that PT. Kaltim Prima Coal (KPC) in East Kutai Regency, which is owned by PT. Bumi Resources and TATA India, has made environmental pollution and human rights violations. The findings were contained in the investigation report KPC mining operations, one of the largest coal producers in Indonesia.

Not only highlighting the social and environmental damage in the East Kutai Regency, the report also mentioned tax arrears and evasion that are the responsibility of the Bumi Resources / KPC. As we know, the Bumi Resources today experiencing maturity date of loan and bond repayment, including Credit Suisse, Deutsche Bank, China Development Bank and the China Investment Corporation. Social and environmental damage caused by KPC operations and repayment of debt and bonds should be the primary responsibility of Bumi Resources that must be resolved.

"KPC has polluted rivers in East Kalimantan, also destroy the Dayaks Basap region. No compensation or liability from the company and the government. Communities threatened by flood, land loss and environmental damage, even they have to buy water." Said Merah Johansyah, dynamist of JATAM East Kalimantan and also one of the members of the investigation team. "Bumi Resources owed to the community of East Kutai. They must stop production and account for the disaster they have made" he concluded.

In the investigation report, vividly described how KPC performed environmental destruction and human rights violations. Among them are:

Disposal of coal waste directly into Sangatta river and Bengalon river so that the rives heavy metal polluted.

Regular flooding caused by mining operations, soaked at least three villages in the downstream area and the main road of East Kutai.

Vibration and dust from blasting conducted by KPC, without a schedule or notification.

Forced displacement of Indigenous Dayak Basap, Keraitan village, from their ancestral lands. Now the Dayak Basap community has difficulty in growing crops and hunt.

People living around the concession KPC has no electricity network and experiencing water crisis that led to the high cost of living.

On the other hand, in the past year, the stock price of the firm had dropped to 71%. This is a financial obstacle for KPC. Even so, the bank of Credit Suisse together with the China Development Bank and the China Investment Corporation even helped provide financial assistance to the KPC. Deutsche Bank and JP Morgan Chase also identified as a Bumi Resources's backers, despite the company's weakness in financial performance.

"We call on all banks, financial backers and shareholders of Bumi Resources to use their influence to solve social and environmental problems done by KPC." Said Arif Fiyanto, Climate and Energy Campaigner of Greenpeace Southeast Asia. "If the problem still persists, they should stop financial aid and committed to no longer provide loans or buy stocks and bonds of Bumi Resources and its subsidiaries" he concluded.

In the hands of Bumi Resources, KPC with concession area of 90,938 hectares, continues to increase its production. In 2003 KPC only produce 16.7 million tons, soaring up to 50 million tons in 2013. The targeted production rate will increase to 57 million tons in 2014. The increase was in line with the national trend of coal production, where in 1998 only 61.3 million tons, rising to 421 million tonnes in 2013.

The surge in coal production is directly in line with the increasing threat to the environment and public safety. "The increase in production as well as the expansion of coal mining in East Kalimantan proved only plunge this province into a dismal generation. The government must have the courage to stop the production and consumption of coal as a primary energy and economic base", said Ki Bagus Hadi Kusuma, JATAM campaigner. According to him, the recovery of East Kalimantan that were damaged by mining should be a priority agenda of the Government rather than pursue profit at the expense of society and the environment.

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