

# Japanese investments in significant Palm-oil and Timber concessions, Borneo, 31<sup>st</sup> December 2018

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## Table of Contents

Summary .....	1
Table 1: Palm oil and wood-fibre companies operating forest concessions in Borneo (with shares trading on public stock exchanges) included in this analysis .....	2
Table 2: Japan investments in companies operating significant palm-oil and wood-fibre forest concessions in Borneo (as of 2018-12-31), by Investor Type .....	3
Table 3: Japanese investors in Borneo-based companies (as of 2018-12-31) – investor name, type, value (USD) of shares held, % total Japanese investments, % total investments .....	4
Appendix – Data Sources.....	5
References.....	5

## Summary

This is a brief summary of Japanese-based institutional investments in the publically trading companies that own or operate the largest forest concessions in Borneo, according to Global Forest Watch data dated between 2010 and 2014. In 2014, Borneo forest cover was around 400,000 sq. km, distributed over 3 countries (Gaveau et al. 2014), with the Kalimantan state in Indonesia representing the bulk (72%), followed by Sabah and Sarawak states (27%) in Malaysia, and Brunei (1%). This brief is thus limited to key investors in the companies operating in Kalimantan, Sabah and/or Sarawak. Shareholder information is sourced from Thomson Reuters Eikon data service.

## Drivers of change

In these regions, palm oil plantations are associated with the largest forest cover loss and forest degradation. Throughout Borneo, 33% of the forest area that was lost between 1973 and 2005 has been converted to industrial plantations (Gaveau et al. 2014). In Kalimantan, oil palm plantations are estimated to be directly responsible for around 57% of deforestation occurring between 2000 and 2010 (Carlson et al. 2012). Between the years 2000 and 2010, Abood et al. (2015) found that wood-fibre concessions (industrial plantations for pulp and paper) in Indonesia were driving the largest amount of forest loss (about 1.9 million hectares) compared to other industrial uses (logging, palm oil or mining concessions). About one-third of standing forests in Indonesia are within industrial concessions.

## Data analysis

We selected only concessions localised on the island of Borneo. We merged the two datasets with wood-fibre and oil-palm concessions, since several large companies appear in both. We then aggregated concessions by the corporate group or company to which each concession pertains (if applicable/when available) and summed the total area of the concessions held by each entity. We then selected the top 19 of these companies or corporate entities (or their direct owners), that are publically trading on a stock market, and have available shareholder data. These represent 26% of the total area of the concessions

recorded in the datasets. General characteristics of the shareholders in these companies are summarised in the section below.

**Table 1: Palm oil and wood-fibre companies operating forest concessions in Borneo (with shares trading on public stock exchanges) included in this analysis**

Company or Group Name (associated stock market-listed subsidiary, where applicable)	Hectares of concessions <b>(1)</b>	% total concessions	Number of concessions <b>(2)</b>
Sinar Mas (Sinar Mas Agro Resources and Technology)	1555909	8.23%	85
Rimbunan Hijau (Rimbunan Sawit Bhd)	759907	4.02%	46
Wilmar International	406691	2.15%	42
Shin Yang (Shin Yang Shipping Corporation) <b>(3)</b>	340099	1.80%	19
Ta Ann	313078	1.66%	13
KTS (BLD Plantation Bhd) <b>(4)</b>	278761	1.47%	8
WTK (WTK Holdings Bhd)	211504	1.12%	14
Barito Pacific	167738	0.89%	17
Sime Darby	127565	0.67%	40
Genting Group	124247	0.66%	9
Sumalindo (Samko Timber Ltd.)	113835	0.60%	5
Astra International (Astra Agro Lestari)	113457	0.60%	36
MP Evans Group PLC (MPE)	79148	0.42%	9
PT. Malindo Jaya Makmur (Pinehill Pacific Bhd)	72834	0.39%	5
Bakrie Group (Bakrie Sumatera Plantations)	71634	0.38%	4
PT. Kertas Basuki Rahmat Indonesia Tbk.	62678	0.33%	1
PT. Jabontara Eka Karsa (Batu Kawan Bhd)	59825	0.32%	3
Surya Dumai Group (First Resources Ltd) <b>(5)</b>	59049	0.31%	3
<b>TOTAL</b>	<b>4917959</b>	<b>26.02%</b>	<b>359</b>

Notes

- (1) 18'911'550 hectares – the estimated total in Borneo (Indonesia and Malaysia) between 2010 and 2014, directly accounted to palm oil and wood-fibre production concessions (source: Global Forest Watch).
- (2) "Number of Concessions" are the sum of individual plantations and wood-fibre operations held or operated by each company group.
- (3) Shin Yang Shipping Corporation is the only publically trading subsidiary of the Shin Yang group. At this time, it is unclear whether this subsidiary is directly responsible for the concessions described above.
- (4) Shareholdings in KTS concessions represented by public trading company "BLD Plantations BHD". It is unclear whether BLD Plantations fully operate all concessions ascribed to KTS, however they are reported to be their primary palm-oil industry subsidiary.
- (5) Surya Dumai Group concessions appear to now be operated by subsidiaries owned by First Resources.

Table 2: Japan investments in companies operating significant palm-oil and wood-fibre forest concessions in Borneo (as of 2018-12-31), by Investor Type

Investor Type	# Unique investors	Total value (USD) of shares held	Total value (JPY) of shares held	% Japanese shares <sup>(1)</sup>	% Total BORNEO shares <sup>(2)</sup>
Asset Manager	31	\$6,795,423.54	¥745,556,142.62	99.6%	0.0201%
Bank	1	\$30,306.49	¥3,325,059.82	0.4%	0.0001%
<b>TOTAL</b>	<b>33</b>	<b>\$6,825,730.03</b>	<b>¥748,881,202.44</b>	<b>100.0000%</b>	<b>0.0202%</b>

Notes:

- 1) Percentage of total shares in companies operating concessions in Borneo, as held by Japanese-based investors as of 2018-12-31. Calculated estimated value in Japanese Yen (JPY) of \$748,881,202 (historic exchange rate of 109.714448 JPY / USD, source: x-rates.com).
- 2) Percentage of total shares in companies operating concessions in Borneo, publically trading as of 2018-12-31. Total shares have estimated value of \$23,807,926,713 according to Thomson Reuters Eikon database. Calculated estimated value in Japanese Yen (JPY) of ¥2,612,073,537,344.54 (historic exchange rate of 109.714448 JPY / USD, source: x-rates.com).

Table 3: Japanese investors in Borneo-based companies (as of 2018-12-31) – investor name, type, value (USD) of shares held, % total Japanese investments, % total investments

Investor Name <sup>(1)</sup>	Investor Sub-Type	Total Value (USD)	% Investor Portfolio	% Japanese Shares <sup>(2)</sup>	% Total Shares <sup>(3)</sup>
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	Asset Manager	\$1,537,878.89	<0.00%	22.5306%	0.0046%
Nomura Asset Management Co., Ltd.	Asset Manager	\$1,404,646.16	<0.00%	20.5787%	0.0042%
Amundi Japan Ltd.	Asset Manager	\$1,351,699.00	0.04%	19.8030%	0.0040%
Asset Management One Co., Ltd.	Asset Manager	\$1,018,890.23	<0.00%	14.9272%	0.0030%
Sumitomo Mitsui Trust Asset Management Co., Ltd.	Asset Manager	\$542,813.54	<0.00%	7.9525%	0.0016%
Astmax Asset Management, Inc.	Asset Manager	\$280,095.73	0.09%	4.1035%	0.0008%
State Street Global Advisors (Japan) Co., Ltd.	Asset Manager	\$206,707.63	<0.00%	3.0284%	0.0006%
Daiwa Asset Management Co., Ltd.	Asset Manager	\$137,698.40	<0.00%	2.0173%	0.0004%
Barings Japan Limited	Asset Manager	\$131,105.59	0.18%	1.9208%	0.0004%
T&D Asset Management Co., Ltd.	Asset Manager	\$85,955.41	0.02%	1.2593%	0.0003%
Sumitomo Mitsui Asset Management Company, Limited	Asset Manager	\$32,003.55	<0.00%	0.4689%	0.0001%
Resona Bank, Ltd.	Bank	\$30,306.49	<0.00%	0.4440%	0.0001%
Capital Asset Management Co., Ltd.	Asset Manager	\$28,336.56	0.01%	0.4151%	0.0001%

Notes:

(1) Investors with total shareholdings representing less than (0.0001%) of total analysed shares have been excluded.

(2) Percentage of total shares in the Borneo companies held by Japanese-based investors as of 2018-12-31.

(3) Percentage of total shares in the Borneo companies that were publically trading as of 2018-12-31.

## Appendix – Data Sources

We used spatial datasets published by Global Forest Watch (<http://data.globalforestwatch.org>). The datasets compile information from various sources and countries about both oil-palm and wood-fibre concessions in South-East Asia. For wood-fibre concessions, most data sources are governmental, from 2010. For oil palm concessions, most data sources are combinations from various sources, and most of the entries were last updated by Global Forest Watch in 2014. Spatial data for timber plantations in Sabah are missing but from the province government website there are apparently three timber plantations (last updated: 2015), the largest covering 118,000 hectares. See <http://forest.sabah.gov.my/media-centre/statistics/facts-figures>

### Description of “concessions” (Global Forest Watch)

“Wood-fibre concession’ refers to an area allocated by a government or other body for establishment of fast-growing tree plantations for the production of timber and wood pulp for paper and paper products. This data set displays wood-fibre concessions as a single layer assembled by aggregating concession data for multiple countries. The data may come from government agencies, NGOs, or other organizations and varies by date and data sources. For more information on concession data for each country please visit the Open Data Portal. This data was updated in September 2018 to update boundaries for APRIL.”

“Oil palm concession’ refers to an area allocated by a government or other body for industrial-scale oil palm plantations. This data set displays oil palm concessions as a single layer assembled by aggregating concession data for multiple countries. The data may come from government agencies, NGOs, or other organizations and varies by date and data sources.”

## References

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