

M'sian oil palm firm loses appeal over open burning in Indonesia

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Indonesia-based PT Rafi Kamajaya Abadi (RKA), which is 93.75 percent owned by Malaysian oil palm company TDM Bhd, lost an appeal against the Indonesian Environment and Forestry Ministry over a 2019 fire on its land in West Kalimantan.

Amid a move by TDM to divest its interest, the Pontianak High Court ordered RKA to pay compensation of 188.98 billion rupiah (RM53.5 million) to Indonesia's National Account for environmental loss.

According to a report by The Edge, Terengganu-based TDM revealed that RKA was also given orders to rehabilitate the 2,560-hectare land.

Additionally, it was ordered to reactivate the ecological system affected by the environmental loss - with costs reaching 731.04 billion rupiah (RM206.97 million).

The Indonesian government's claims were ruled as being based on the "strict

liability” principle - with RKA responsible for the loss that arose from the fire, based on this principle.

The court also rejected RKA’s counterclaim against the Indonesian ministry.

On Dec 27, 2021, RKA was reportedly sued by the ministry over allegedly violating laws relating to the fire that occurred at its plantation in 2019.

The claims by the Indonesian ministry, at the time, came up to one trillion rupiah (RM284 million).

In 2019, TDM denied Jakarta’s accusation that one of its concessions was behind the largest open burning in Indonesia.

In a separate filing, TDM said RKA has been unsuccessful in another appeal at the Pontianak High Court against the public prosecutor of Sintang over the fire.

The Sintang District Court’s decision was upheld by the High Court, finding RKA guilty and imposing a fine of 2.5 billion rupiah (RM711,000) on it.

According to TDM, RKA is making further appeals to the High Court's decisions in both cases, at the Indonesian Supreme Court in Jakarta.

Shares of TDM closed half a sen or 2.63 percent lower at 18.5 sen yesterday.

This gave the group a market capitalisation of RM318.73 million. Year to date, the counter has come down by 17 percent.

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