# [***Nickel producers linked to Indonesian deforestation; Mining. Environment Demand for metal that helps power electric vehicles brings warning of biodiversity loss***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:69BW-0Y81-JCBW-N0B3-00000-00&context=1516831)

Financial Times (London, England)

October 9, 2023 Monday

Edition 1, USA Edition

Copyright 2023 The Financial Times Limited All Rights Reserved



**Section:** BUSINESS; Pg. 6

**Length:** 798 words

**Byline:** MERCEDES RUEHL;HARRY DEMPSEY

**Body**

US carmaker Ford, Brazil's Vale, China's Tsingshan and Hong Kong's Jardine Matheson are invested in Indonesian nickel projects responsible for the clearance of large swaths of some of the world's most biodiverse forests.

New data compiled by environmental group Mighty Earth and its partner Brown Brothers Energy and Environment shows that at least 76,301 hectares - an area the size of New York City - of tropical forests has been cleared within 329 nickel concessions.

Roughly 23,000ha of that - or 30 per cent - has been cut down since 2019, as demand for electric cars and the nickel batteries that power them has risen.

With its vast nickel reserves, Indonesia hopes to become a global powerhouse in the electric vehicle supply chain. US Geological Survey data shows that last year it generated almost half of the world's nickel.

But deforestation, coupled with waste, pollution, high carbon emissions and displacement of villages, has put pressure on the government and miners to clean up their act and on carmakers to search for alternative sources of nickel, such as Australia.

President Joko Widodo pledged in March that Indonesia would step up scrutiny of the sector and order companies to reforest depleted mining regions.

This latest data on deforestation was obtained by the University of Maryland's Global Land Analysis and Discovery (Glad) and Wageningen University's Radar for Detecting Deforestation (Radd). They receive alerts showing disturbances in the forest canopy, which indicate trees that might have been lost or removed.

Indonesia's nickel deposits are found in so-called ultramafic forests, biodiverse because the high metallic content makes them difficult to farm. "We are risking a palm oil 2.0 situation with deforestation for nickel mining," said Mighty Earth senior director Amanda Hurowitz, referring to the havoc wrought to the environment by intensive farming of palm oil, an ingredient in products from deodorant to pizza.

Deforestation for palm oil plantation is a fifth of what it was at its peak because of government action and companies' voluntary initiatives to reduce or eliminate deforestation.

If the standards applied by palm companies today were to be applied by nickel miners then a lot of the concessions "couldn't be touched" because of their ***biodiversity***, Hurowitz said. "***Biodiversity*** ***loss*** is the biggest issue facing Indonesian nickel. It is an acute issue," said a former mining executive in Indonesia.

Melissa Cheok, associate director at Sustainable Fitch, the rating agency's environmental, sustainability and governance research business, said: "Being rich in natural resources, Indonesia has previously struggled to strike a balance between social and environmental protections and economic gains.

"If [Indonesia's government] does not deliver on its pledges to protect the environment while mining for these metals, it would likely further undermine its commitment to the green transition and its overall credibility, which could hurt investor confidence."

Independent experts said the nickel concession data did not credit rehabilitation efforts and some clearance could be linked to agricultural projects - something which is still the responsibility of the mining companies that hold the concession.

Brazilian mining group Vale operates three of the five projects with the highest level of deforestation. Vale's Soroako, Pomalaa and Bahodopi sites on the island of Sulawesi show 19,638ha of deforestation since 2014. Vale is working with China's Huayou Cobalt and Ford on Pomalaa.

Vale said it had rehabilitated 13,527ha of forest as of February - roughly 3,500ha within its concessions and 10,000ha outside - and its "leading standards in environmental stewardship and land management" were consistently recognised by the Indonesian government.

It added it had cleared 5,481ha of land on its concessions.

A mining and production project on Sulawesi, co-owned by local Indonesian company Bintang Delapan Group and its joint venture partner China's Tsingshan, shows nearly 2,738ha of canopy being lost since 2010, according to Mighty Earth.

United Tractors, a subsidiary of Astra International, which is controlled by Hong Kong's Jardine Matheson, last month bought a 20 per cent stake in Australia-listed Nickel Industries.

Nickel Industries is a Tsingshan affiliate and owns a majority interest in the Hengjaya Mineralindo project.

Around 271ha of that concession has been deforested, according to Mighty

Earth Analysis.

"United Tractors will monitor and encourage good mining practices in Nickel Industries' mines, including reclamation," the company said, adding that over the long term the electric vehicle sector would help to decarbonise the Indonesian economy.

Ford, Tsingshan, Huayou and Bintang Delapan did not respond to requests for comment.

**Graphic**

Bare earth: a nickel mine on the island of Sulawesi in Indonesia Ulet Ifansasti/Getty Images

**Classification**

**Language:** ENGLISH

**Publication-Type:** Newspaper

**Journal Code:** FTN

**Subject:** DEFORESTATION (91%); ***BIODIVERSITY*** (90%); ***BIODIVERSITY*** CONSERVATION (90%); ELECTRIC MOBILITY (90%); ELECTRIC VEHICLE INDUSTRY (90%); ELECTRIC VEHICLES (90%); FORESTRY & ENVIRONMENT (90%); SUSTAINABLE TRANSPORTATION (90%); CONSERVATION (89%); ENVIRONMENT & NATURAL RESOURCES (89%); ENVIRONMENTALISM (89%); FORESTS & WOODLANDS (89%); MINING & ENVIRONMENT (89%); ESG FACTORS (79%); CORPORATE ENVIRONMENTAL RESPONSIBILITY (78%); RAIN FORESTS (78%); VEHICLE EMISSIONS (78%); EMISSIONS (77%); ENVIRONMENTAL & WILDLIFE ORGANIZATIONS (77%); NATURAL RESOURCES (77%); NEGATIVE ENVIRONMENTAL NEWS (77%); POLLUTION (77%); POLLUTION & ENVIRONMENTAL IMPACTS (77%); SUSTAINABLE AGRICULTURE (77%); SUSTAINABLE DEVELOPMENT (77%); GEOLOGY & GEOPHYSICS (73%); AIR QUALITY REGULATION (72%); ECONOMIC CONDITIONS (72%); ENERGY & ENVIRONMENT (72%); GOVERNMENT & PUBLIC ADMINISTRATION (72%); GREENHOUSE GASES (72%); SUSTAINABILITY (72%); EXECUTIVES (66%)

**Company:**  FORD BRASIL LTDA (58%)

**Organization:** UNITED STATES GEOLOGICAL SURVEY (56%); UNIVERSITY OF MARYLAND (54%)

**Industry:** SIC3711 MOTOR VEHICLES & PASSENGER CAR BODIES (58%); DEFORESTATION (91%); AUTOMAKERS (90%); AUTOMOBILE MFG (90%); AUTOMOTIVE MFG (90%); ELECTRIC MOBILITY (90%); ELECTRIC VEHICLE INDUSTRY (90%); ELECTRIC VEHICLES (90%); FORESTRY & ENVIRONMENT (90%); NICKEL MINING (90%); SUSTAINABLE TRANSPORTATION (90%); EDIBLE OILS (89%); MINING & ENVIRONMENT (89%); PALM OIL (89%); BATTERIES (78%); MINERAL LEASES (78%); MINING & EXTRACTION (78%); MOTOR VEHICLES (78%); VEHICLE EMISSIONS (78%); EMISSIONS (77%); SUSTAINABLE AGRICULTURE (77%); SUSTAINABLE DEVELOPMENT (77%); ENERGY & ENVIRONMENT (72%)

**Person:** JOKO WIDODO (58%)

**Geographic:** NEW YORK, NY, USA (79%); HONG KONG, CHINA (79%); MARYLAND, USA (79%); NEW YORK, USA (79%); INDONESIA (97%); AUSTRALIA (79%); BRAZIL (79%); CHINA (79%); usa

**Load-Date:** October 8, 2023

**End of Document**