

Publication: Da Zhong Daily (大众日报)
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Date: 10 June 2007

An Overseas Chinese MNC's Exploration of Sustainable Community Development

Managing environmental issues and developing harmonious partnerships with local communities are some of the imperative considerations Chinese corporations need to take into account in their course of business development and growth.

In end May, our reporters went with a group of Chinese Non-Governmental Organizations (NGOs) to visit Asia Pacific Resources International Holdings Ltd (APRIL) - a member of RGM International – in Riau, Sumatra, Indonesia to interview the Group on their experience in the area of community development. They have expanded and started to localize their experience in their subsidiary, Shandong APRIL SSYMB Pulp & Paper Corp. Ltd (APRIL SSYMB), in Shandong Rizhao.

The Town That Grows In Tandem With The Corporation

On May 28, our reporters arrived in Kerinci, Riau Province, Sumatra. This is a town with more than 100,000 people set in a beautiful environment. According to Peter Jaya Negara, Vice President of APRIL, there were only about 100 inhabitants when APRIL started constructing their mill in 1993. In the course of 14 years of development, the company has provided much support to the local communities that enabled the town to develop to its current size today.

To promote community development, APRIL set up a Community Development Training Center which employs about 100 people. Mahalli, Head of Community Development said, "Each year, APRIL invests no less than USD 4 million on community development initiatives and projects, especially in the areas of agriculture and small & medium enterprise (SME) support."

One core component of APRIL's Community Development Programme is the SME Programme where they provide support for entrepreneurship. APRIL supports the local villagers to establish businesses in lines of work directly applicable to the needs of the company's pulp & paper mills. To date, they have helped to establish 85 SMEs of considerable scale and created more than 140 collaborative projects.

To help these SMEs in their start-ups, APRIL help the entrepreneurs to gain access to funding by acting as their guarantors through the cooperative schemes they have agreed with the local banks. H. Yus Herman is one of the beneficiaries of such a scheme. With APRIL's support, he got the seed capital and bought a bus to provide transportation service to mill employees. Now, his business has expanded to own more than 20 vehicles with a monthly turnover of USD 10,000.

Besides the SME Programme, the other key programme is the Integrated Farming system that offers training in horticulture, waste management and recycling and food processing to villagers to broaden their livelihood base. To date, the company has trained more than 3,900 people from 73 villages.

If They Need Green Tea, We Would Not Provide Cola

According to a study report of University of Indonesia, the total income of families within APRIL's area of operations is twice of that of the families that live outside the area.

Currently RGM International has invested huge capital in the provinces of Shandong, Jiangsu, Jiangxi and Fujian. The investment in Rizhao, Shandong will be more than RMB 10 billion. Mr. Sukanto Tanoto, the Group's Chairman said, "We hope to introduce and promote the concept of community development to China, taking into consideration the local context and customizing a model that will work in the local area."

Currently, APRIL SSYMB is collaborating with the China Poverty Relief Foundation to work with several NGOs to do a study on the needs of communities around its operations. "We need to understand the local needs. If the villages need green tea, we would not provide Cola.:

As APRIL SSYMB is a pulp mill, the effluent discharge and air emission will have a certain level of impact on the environment. How to solve this issue? Accordingly, APRIL SSYMB is the first mill in the industry that was awarded the ISO9001, ISO14001 and OHSAS18001 certifications. "We are committed to corporate social responsibility through responsible environmental management as well as empowering the local communities. This is our promise to the government and the citizens," said Peter JN.

Currently in Rizhao, APRIL SSYMB has set up a Community Development Committee and has started to support some SMEs projects, including helping local entrepreneurs to build processing mills to recycle waste and establish transportation companies. This SME scheme has generated more than RMB 30 million in revenue that greatly improve the living standards of the local people.

Chris Spohr, the economics specialist of the China Society Development Branch, Asia Development Bank said, "Currently, the concept of corporate social responsibility is still in its infancy stage in China and most areas of Asia. APRIL's Corporate Social Responsibility (CSR) initiatives will provide a good model for all corporations to emulate."

Other big corporations such as National Electric Grid Corporation and Korea's Samsung Corporation are also actively promoting CSR in China. The increasing attention given to community development by both Chinese and foreign companies highlights the importance of CSR where bystanders of community development are gradually being transformed to active participants.