

**CEO Elon Musk and the shareholders of Tesla Inc.**  
**1 Tesla Road**  
**Austin, TX 78725 USA**

July 25, 2022

**Subject:** Terminate Tesla's planned investment plan in Indonesia's nickel industry due to potentially devastating impacts on the environment and the lives of Indonesian people

Dear Elon Musk and Tesla shareholders:

We the undersigned, represent Wahana Lingkungan Hidup Indonesia (WALHI/The Indonesian Forum For Environment), the largest and oldest environmental organization in Indonesia, and members of U.S. civil society organizations. We compose this letter to express our concern on the recent arranged potential collaboration with the Indonesian government and Tesla Inc. in nickel that is mined and produced in Indonesia. We understand that the Indonesian delegates, led by the Coordinating Ministry of Maritime and Investment Affairs, Luhut Binsar Pandjaitan, met with Elon Musk in the Austin Tesla Gigafactory, on April 24, 2022. The Indonesian delegates pointed out that the meeting was an effort to attract and partner with Tesla Inc. for nickel supply and process, given nickel is the raw material of Tesla Cell Battery. Meanwhile Tesla Inc. referred to the meeting as a potential step in the development of a nickel factory or Gigafactory in Indonesia.

Our deep concern is based on evidence and studies that demonstrate that the nickel industry and its supply chain have caused systemic, large-scale environmental damage, a rise of criminalization threats against indigenous communities and the environmental defenders protecting their lands from nickel mines, triggered harmful impacts on vulnerable groups such as women, and the violations of law that are perpetrated by the upstream and downstream actors of the nickel industry. In this letter, we wish to elaborate to you about these following problems increased investment in nickel will cause to us as Indonesians:

### **Environmental Damage Caused by the Nickel Industry**

Environmental damage results from the total area of the forest converted to nickel mining, causing increased deforestation and the threats of polluted water in the river, lake, and the beach, which are essential to the livelihood of the indigenous and local community. Nickel mining is one of the mining commodities that massively takes over the forest area in Indonesia, in addition to coal and gold. As of now, approximately

673,246.72 hectares of forest area in Indonesia have been granted to nickel mining corporations that will potentially lead to deforestation.

Mining in South Sulawesi province demonstrates how nickel mining leads to serious environmental damages, for instance, approximately 4,449.2 hectares of rainforest area was destroyed due to pollution from waste tailings causes the exposure of mining mud in Mahalona Lake thus silting the river estuary and polluting the water with mud, from Pongkeru and Malili River until Lampia Beach. Similar issues also take place in Bungku Beach in Central Sulawesi in which tailings waste increases silt in nearby rivers and beaches, which inhibits the ability of local and indigenous peoples to their traditional livelihood of fishing.

Another example in North Maluku, one of the archipelagic provinces which consist of 1.474 islands, is now experiencing a declining quality of the environment and the economic productivity of the community due to nickel mining. For instance, on Obi Island in North Maluku, an island with 2500 km<sup>2</sup> area is now infused with five mining business licenses (IUP) with a total of 10.769,53 hectares of concession area. As a result of mining pollution, Kawasi Village, one of the oldest villages on Obi Island, no longer has a water spring due to the expansion of the nickel mine. While Toduku River, located beyond the community's residence and often utilized for basic living activities such as drinking, bathing, washing, and playing, is now filled with nickel ore waste sediment. The community of Kawasi Village has to resort to consuming bottled waters.

In general, the nickel mine in North Maluku has caused severe deforestation. In the last 15 years, one of the regencies in North Maluku, Central Halmahera, has lost 16 thousand hectares area due to the nickel mining activity. Furthermore, one thousand hectares of pristine forest area is destroyed every year due to increasing demand for nickel and mining expansions. In addition to that, the nickel mine in North Maluku has also caused extreme sea pollution. As a consequence of the sea pollution from the heavy metals, the local fishermen find it difficult to capture fish which has been one of their main sources of livelihood for a long time, thus also decreasing the number of local fishermen and leading to impoverishment.<sup>1</sup>

### **Conflict between the local community and the nickel mine increases criminalization of local communities and environmental defenders**

The nickel industry has criminalized local communities that defend their lands from the control of nickel mines. On Wawaoni Island, Southeast Sulawesi, for example, three local people, who protested the nickel mining operation, were reported to the police for hindering the company's mining activities. In another example<sup>3</sup>, on March 10, 2022, the indigenous community living around the mine owned by PT Vale Indonesia Tbk staged a

protest expressing their opposition to the project publicly in order to demand the restoration of the environmental governance from the nickel mine, in which they received a response through repressive measures from the police and arresting the activists. There were at least four people who were detained in the police station after the protest.

### **Nickel industry creates severe consequences for women**

The existence of the nickel industry will threaten the lives of vulnerable groups (women, children, disabled people). Recent facts show that the mining industry has allowed water and air pollution, land-grabbing, as well as impairing the community's management area and women's management area. Whereas due to the patriarchal culture, women who play important local roles are still assigned great responsibilities, then forced into taking daily stereotypical female responsibilities such as providing food, clean water, energy and other basic needs for their families. The latter requires women to come in contact with natural resources, soil, forest and water springs, thus the damaged natural resources from the mine will be directly experienced by women. The water, land, and air pollution from the nickel industry will have severe impacts on people's health, especially women's reproductive health. The water pollution can increase health risk on women including cervical cancer and fetal anomaly.

In the case of Wawonii Island, Southeast Sulawesi, the waste from the nickel mine that ends up on the beach and sea causes continuous damage to the coral reefs. The fishermen in South Wawonii District and Southeast Wawonii report that there is a significant decline in capturing fish after the nickel mining operation takes place which causes over 50% decrease of their daily income. This also puts more house and economic responsibilities on the women of the families to ensure the needs are fulfilled. When the men go fishing, the women must work extra jobs to provide additional economic income. When the men return home with their fish catch, the women must sort which fish to sell and which to consume for the family. Based on the gathered information, even with the hardship of economic life, the women still have to work for more than 17 hours a day. Before the mining operation, they worked less than 10 hours as fisherwomen.

### **The nickel industry operation creates multiple violations of the law**

The nickel industry has failed to comply with Indonesian law and regulations<sup>4</sup>. Nickel mines in Indonesia often operate on small islands (smaller than or equal to 2000 km<sup>2</sup>) which are vulnerable to irreparable damage. Considering the Indonesian law, mines located on small islands are prohibited, as stated in Law 2 of 2007 letter K Article 35 in conjunction with Law 1 of 2004, which prohibits mineral mining in regions if the mining technically and/or ecologically and/or socially and/or culturally creates environmental damage and/or environmental pollution and/or harm the surrounding community. Case in point, the nickel mine on Wawonii island, Southeast Sulawesi, is departing from the Regional Regulation No. 9 in 2018 regarding the coastal area zoning plan and small

islands of Southeast Sulawesi Province 2018-2038, Wawonii island cannot be allocated as a mining area. The regional regulation states that Wawonii island and its surrounding waters are public use areas for fishery activities. Therefore, apart from violating the Law no. 27 of 2007 in conjunction with Law no. 1 of 2004, the nickel mining project on Wawonii island also violated the regional regulation no. 9 of 2007 regarding the coastal area zoning plan and small islands of Southeast Sulawesi 2018-2038.

**We understand that Tesla has invested heavily in its supply chain and battery that is generated from nickel and consider it as ‘green’ investment. However, the nickel industry in Indonesia has a record of environmental damage, criminalization threats that abuse democracy and equity, the threats to the vulnerable groups, and multiple violations of law. In the spirit of encouraging improvements to environmental, social, and human rights protections in Indonesia, we hereby urge Elon Musk and the shareholders of Tesla Inc. to consider the following recommendations:**

- 1. Terminate any potential direct investment plan in the nickel industry in Indonesia because the ongoing practices from the nickel industry reveal potential widespread damage to both the environment and the communities in Indonesia.**
- 2. Prohibit nickel sourced and produced in Indonesia in every business line of Tesla Inc. to prevent perpetuating the widespread damage to both the environment and communities in Indonesia.**
- 3. Ensure the business lines of Tesla Inc. comply with fundamental principles of business implementation and human rights as provided by the United Nations to prevent the violation of human rights perpetrated in business operations.**

Best regards,

Indonesia Organizations

WALHI National Executives

WALHI South Sulawesi Regional Executives

WALHI Central Sulawesi Regional Executives

WALHI Southeast Sulawesi Regional Executives

WALHI West Sulawesi Regional Executives

WALHI North Maluku Regional Executives

U.S. Organizations

Accelerate Neighborhood Climate Action

Amazon Watch

Businesses for a Livable Climate  
Call to Action Colorado  
Capitol Heights Presbyterian  
CatholicNetwork US  
Center for International Environmental Law (CIEL)  
Citizen's Alliance for a Sustainable Englewood, CO  
Clean Energy Action  
CO Businesses for a Livable Climate  
Colorado Community Rights Network  
Colorado Dem. Party - Energy & Environmental Initiative  
Community for Sustainable Energy  
Earth Ethics, Inc.  
Earthworks  
EcoEquity  
Empower our Future  
Food & Water Watch  
Friends of the Earth United States  
Global Muslim Climate Network  
Greater New Orleans Housing Alliance  
Greater Park Hill Community  
GreenFaith  
The Greenhouse Connection Center  
Honor the Earth  
I-70 Citizens Advisory Group  
Indivisible Ambassadors  
Larimer Alliance for Health, Safety and Environment  
Mayfair Park Neighborhood Association Board  
Mental Health & Inclusion Ministries  
Montbello Neighborhood Improvement Association  
New Mexico Interfaith Power and Light  
North Range Concerned Citizens  
Occupy Bergen County (New Jersey)  
RapidShift Network  
Small Business Alliance  
Southwest Organization for Sustainability  
Spirit of the Sun, Inc.  
Sunnyside United Neighbors, inc (SUNI)  
System Change Not Climate Change  
UCAN  
Unitarian Universalists for a Just Economic Community  
Unite North Metro Denver

Wall of Women  
Western Slope Businesses for a Livable Climate  
Wilwerding Consulting  
Womxn from the Mountain  
Working for Racial Equity

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<sup>1</sup> <https://majalah.tempo.co/read/lingkungan/165224/benarkah-lumpur-penambangan-nikel-mencemari-laut-obi> accessed on April 26, 2022.

<sup>2</sup> <https://lbhmakassar.org/press-release/stop-kriminalisasi-petani-cabut-proses-hukum-pt-gkp-di-pulau-wawoni/> accessed on April 26, 2022.

<sup>3</sup> <https://koran.tempo.co/read/makassar/379207/polisi-tetap-tahan-tiga-demonstran-di-pt-vale> accessed on April 26, 2022

<sup>4</sup> <https://tirto.id/tambang-nikel-pulau-wawonii-konawe-ditolak-warga-langgar-uu-elvE> accessed on April 26, 2022.