

---

## [Indonesia: WWF report links oil palm plantations to widespread deforestation](#)

Indonesia ranks among one of the countries with the highest tropical forest loss rate in the world. Average annual deforestation recorded up to one million hectares in the 1980s, 1.7 million hectares in the first part of the 1990s, and between 2.0 and 2.4 million hectares at present according to statistics of the State Ministry of Environment.

As we have already exposed (see WRM Bulletin N° 56), Northern-driven global policies imposed by multilateral agencies --International Monetary Fund and World Bank-- in the 80's, and the pressure of a large external debt burden, led to a drastic increase of natural resource exports, including palm oil which is obtained from oil palms cultivated in a system of large-scale monocrops. Oil palm became a lucrative crop for investors in Indonesia since labour and land costs are often low, credit is easily available and weather and soil conditions are favourable.

The world demand for palm oil is greedy. It is forecast to increase from its present 22.5 million tonnes a year to 40 million tonnes in 2020. India, China, the Netherlands and Germany are the main importers of crude palm oil, the primary product derived from the palm's fruit and used for a wide range of food and non-food products. The global trade chain counts on funds provided by foreign financial institutions from Europe, the US and eastern Asia. Sumatra, Kalimantan and West Papua are the main areas in Indonesia where big conglomerates such as the Salim Group, the Raja Garuda Mas Group and the Sinar Mas Group operate. They are the same conglomerates that control logging, wood-processing and pulp and paper industries.

All this business has been at the expense of former forest lands in Indonesia's lowlands and rural peoples' livelihoods. According to a recent WWF report on "Oil Palm Plantations and Deforestation in Indonesia", published in December 2002, "In Indonesia, nearly seven million hectares of forest had been approved for conversion to estate crop plantations by the end of 1997, and this land has almost certainly been cleared. But the area actually converted to oil palm plantations since 1985 is about 2.6 million hectares", destined for export to feed the palm oil industries. "One of the regulatory changes in the oil palm sector introduced in 1998 is that state forestry companies are allowed to use 30 per cent of their concession areas for estate crops such as oil palms". What is worrying is that they usually have concessions in permanent forest land.

The big oil palm companies have encroached on common lands without consulting or adequately compensating the many million people living in the forest or depending on it for their livelihoods. The issue of land rights has been at the core of conflict: "oil palm plantation development remains a major cause of conflict over land and resources. One of the social impacts of the expansion is the appropriation of large areas of land used by indigenous and peasant communities who, in most tropical countries, have not owned the land they traditionally occupy. In boom sectors where economic stakes are high, such as the oil palm sector, plantation companies may be awarded concessions or land titles to that land and receive government support to repress the opposition they may face from local communities", says the WWF report.

---

To complete the circle, large-scale oil palm plantations have been at the root of the forest fires that have been ravaging Indonesia since 1997. According to the report, "In September 2002, satellite information revealed that more than 75 percent of the hot spots recorded in West and Central Kalimantan during August occurred in oil palm plantations, timber plantations and forest concessions. This indicates that the pattern which became evident in previous years is repeating itself in 2002: logging and estate companies clear land by setting fire to natural forests on their concessions after removing valuable timber and leaving fire-prone debris."

A bilateral project between Indonesia and the European Union (the Forest Fire Prevention and Control Project), "concluded that the main permanent solution to Indonesia's fire problem lies in much improved local level land use planning and strengthened local management, the latter including fire prevention. The project found that village-level views on natural resource management vary from place to place but are generally in line with 'wise use'".

The above conclusion is not new and Indonesian organizations have for years been insisting on the need to ensure community control over forests as the means of achieving both forest conservation and local peoples' livelihoods. What is new is the official recognition that "village-level views on natural resource management are generally in line with 'wise use'". This is at least a step in the right direction. However, a number of questions need to be raised. Is the government willing to change course and strengthen local resource management at the expense of national and transnational corporations operating in the oil palm sector? Will the IMF and the World Bank support this approach which would in fact mean a halt to further oil palm --and palm oil exports-- expansion? Will forests and peoples' interests finally prevail over corporate profits and macroeconomic export-oriented policies?

Article based on information from "Oil Palm Plantations and Deforestation in Indonesia. What Role do Europe and Germany Play?", WWF, <http://www.panda.org/downloads/forests/oilpalmindonesia.pdf>