# The Bitter Fruit of Oil Palm: Dispossession and Deforestation

World Rainforest Movement

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## About this book

Given the widely ignored impacts of oil palm plantations and their widespread promotion throughout the tropics, the World Rainforest Movement decided to bring together research and local struggles in a book aimed as a tool for action. Given that the problem is present in Africa, Asia and Latin America, we chose three representative cases for each continent: Cameroon, Ecuador and Indonesia. At the same time, we tried to provide people with a general overview and with as many examples in other countries as possible.

We hope that this book will encourage more people and organizations to share their experiences and to become involved in an issue such as this, where networking and mutual support are crucial to halt a globalized plantation model which is resulting in the destruction of nature and peoples' livelihoods.

## Acknowledgements

This book was made possible through the participation of a number of people. Ricardo Carrere wrote chapter 1, coordinated and edited the three case studies and was the editor of a WRM bulletin focused on oil palm which included the articles reproduced in chapters 3-6. Hervé Sokoudjou, Ricardo Buitrón and Mia Siscawati were respectively the authors of the case studies on Cameroon, Ecuador and Indonesia. Larry Lohmann edited chapters 1 and 2. Ricardo Buitrón, Ricardo Carrere, Elizabeth Díaz, Chris Lang, Juan Figuerola, Ana Filippini and Teresa Pérez, were the authors of the articles included in chapters 3-6. Other people provided specific or general information and advice, among whom we would like to mention and thank Nick Ashton-Jones, Nnimmo Bassey, Anne Casson, Marcus Colchester, Tieguhong Julius Chupezi, Saskia Ozinga, Meenakshi Raman andYamila Zepeda. Alicia Porrini and Soledad Domínguez assisted in translations. Novib and the Swedish Society for Nature Conservation provided the financial support to make this book possible.

# Chapter 1
# Overview of the Oil Palm Issue

## Oil Palm: The Expansion of Another Destructive Monoculture

*By Ricardo Carrere*[1]

Over the past few decades, oil palm plantations have rapidly spread across the South. They are causing increasingly serious problems for local peoples and their environment, including social conflict and human rights violations. In spite of this, a number of actors -national and international- continue actively to promote this crop, against a background of growing opposition at the local level.

### Basic Facts

The oil palm (*Elaeis guineensis*) is native to West Africa, where local populations have used it to make foodstuffs, medicines, woven material and wine. Today's large-scale plantations are mostly aimed at the production of oil (which is extracted from the fleshy part of the palm fruit) and kernel oil (which is obtained from the nut).

Oil palm plantations composed of specially selected and cloned varieties of palm trees start to produce fruit after four to five years and reach maturity and the highest rate of productivity when the trees are 20 to 30 years old. The fruit bunches, each weighing between 15 and 25 kgs, are made up of between 1000 and 4000 oval-shaped fruits, measuring some three to five cms long.

Once harvested, the fleshy part of the fruit is converted into oil through a series of processes, while the palm kernel oil is extracted from the nut itself. The processing of the crude oil gives rise to two different products: 1) palm stearin and 2) palm olein. The stearin (which is solid at room temperature) is used almost entirely for industrial purposes such as cosmetics, soaps, detergents, candles, lubricating oils, while the olein (liquid at room temperature) is used exclusively in foodstuffs (cooking oil, margarines, creams, cakes and pastries).

### Oil Palm Plantations around the World

Oil palm plantations are being established principally in tropical regions where, by 1997 they occupied 6.5 million hectares and produced 17.5 million tonnes of palm oil and 2.1 million tonnes of palm kernel oil.

In Asia, the two main oil palm producing countries are Malaysia and Indonesia (both with more than two million hectares of plantations), which have become the world's principal producers of palm oil. Malaysia generates 50 per cent of world production (of which 85 per cent is exported), while Indonesia is the next largest producer with almost 30 per cent of global production (of which 40 per cent is exported). However, other countries are joining them in large-scale oil production. The most important of these are Thailand (with more than 200,000 hectares) and Papua New Guinea (which is the world third-largest palm oil exporter). Ambitious plans also exist for the Philippines, Cambodia and India, as well as the Solomon Islands.

In Africa it is difficult to obtain precise figures for industrial plantation areas, due to the fact that the oil palm is native to many West African countries. For instance, in the case of Nigeria, production is obtained from an area of three million hectares of oil palm, among which there are some 360,000 hectares of industrial plantations. Other countries also hold large areas covered by oil palms, such as Guinea (310,000 ha) and Congo Democratic Republic (formerly Zaire) (220,000), with important areas of industrial plantations particularly in Ivory Coast (190,000), Ghana (125,000), Cameroon (80,000), Sierra Leone (29,000), and smaller areas in Benin, Burundi, Central African Republic, Republic of Congo, Equatorial Guinea, Gabon, Gambia, Guinea Bissau, Liberia, Senegal, Tanzania, Togo and Uganda.

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In Latin America, oil palm plantations are covering increasing areas in Ecuador (150,000 ha), Colombia (130,000) and Brazil (circa 100,000), as well as spreading over numerous other countries such as Honduras (50,000), Venezuela (30,000), Costa Rica (30,000), Peru (15,000), Guatemala (15,000), Dominican Republic (9,000), Nicaragua (4,000), Mexico (4,000) as well as areas in Panama, Suriname and Guyana.

**Social and Environmental Impacts**

As the areas under plantations increase, so do the negative impacts on the environment and on local societies. This is because, as is the case with monoculture plantations of pine and eucalyptus, the problem is not the tree itself but the plantation model under which it is grown.

Yet the promoters of this model insist on presenting palm plantations as a solution to unemployment problems and even try to demonstrate environmental benefits. The Colombian oil palm producers' federation puts it thus: "oil palm plantations are forests which protect our ecosystems". At the same time, a director of the International Finance Corporation (the branch of the World Bank which grants loans to the private sector), stated that the establishment of IFC-financed oil palm plantations in Ivory Coast "would lead to more employment and higher living standards [and] promote exports that will earn foreign currency, while supporting agricultural production with maximum sensitivity to the environment" (*Africa News Online*). A Malaysian minister went so far as to declare that palm plantations are in fact "better than the developed nations' pine trees in terms of absorbing carbon gases" (Lohmann 1999).

However, as will be shown in more detail below in the cases of Indonesia, Ecuador and Cameroon, the cultivation of this palm is bringing with it a series of negative impacts affecting people and the environment wherever it is established.

One of the principal impacts is the appropriation of large areas of land which have hitherto been in the hands of indigenous or peasant populations and have provided their livelihoods. This dispossession commonly generates resistance from local people, which is in turn confronted by repression by state forces as well as that of the oil palm companies themselves. The violation of land rights is thus typically followed by other human rights violations, including even the right to life.

Against the background of a world increasingly concerned about the loss of tropical rainforests, it is worth noting that almost all these industrial monoculture oil palm plantations are established in forest areas. Large oil palm plantation companies, which found it convenient to "clear" forest areas for plantations by setting them on fire, were responsible for the gigantic forest fires in Indonesia which shocked the world in 1997. Behind nearly every industrial oil palm plantation lies some such process of deforestation, even if it is usually not so extreme.

The tropical forests which are eliminated to make way for these plantations are the habitat for an enormously diverse range of species. Studies in Malaysia and Indonesia have shown that between 80 per cent and 100 per cent of the species of fauna inhabiting tropical rainforests cannot survive in oil palm monocultures (Wakker 2000). Those few species that do manage to adapt often become "pests" since, having lost their normal food supply, they begin to make a meal of the young palm plants. This in turn necessitates the application of pest "control" methods which include chemical pesticides, causing further damage to biodiversity as well as to fresh water supplies and the health of local populations.

Oil palm monocultures are also associated with soil erosion: forest clearance leaves soils bare and exposed to heavy tropical rainstorms. Erosion, in turn, causes contamination and sedimentation in watercourses, affecting supplies of drinking water and fish on which the local communities depend.

Oil processing industries also have an impact on water quality because of the large quantities of effluents which they release into rivers -2.5 tonnes for each tonne of oil processed. Pollution control laws are seldom complied with.

Despite all this, proponents insist on presenting oil palm plantations as the solution to all the social ills of the region in which they wish to establish them, declaring that they will generate employment, wealth, infrastructure, educational opportunities etc., in an effort to gain the support of local people.

**Reasons for Plantation Expansion**

Despite their negative impacts, oil palm cultivation continues to expand across more and more countries. The reason for this expansion is, in the first place, that oil palm can be very lucrative for both foreign and domestic investors. Profits are assured by cheap labour, low-priced land, a lack of effective environmental controls, easy availability of finance and other support, and a short growth cycle. In addition, the market is expanding, particularly in the North. Palm oil is the world's best-selling vegetable oil, representing 40 per cent of the total global trade in edible oils. It is much more important than soya, which represents 22 per cent of the world market (FAS Online 1998). Moreover, it is expected to eventually increase its share of the world market to 50 per cent.

In addition, the fact that oil palm is a crop usually aimed at export markets makes it attractive to governments overwhelmed by external debt and seeking new sources of foreign exchange. External agencies (such as the World Bank, the International Monetary Fund and the United Nations Development Programme) also support oil palm, as do international banks which finance and profit from it. According to one recent study (Wakker 2000), the main Dutch banks (ABN-AMRO Bank, ING Bank, Rabobank and MeesPierson) all maintain close financial links with large oil palm enterprises in Indonesia.

Other, less visible proponents include the overseas conglomerates which benefit from the international palm oil trade. There is nothing new in their method: massive promotion of a crop in order to reduce world prices and stimulate consumption, thus entrenching a commodity in society in a way which ensures profits from marketing and reprocessing. A recent report on palm oil markets from ARAB (a Malaysian-based research and consulting institution) notes that "palm oil prices are generally lower than that of soybean oil" -which "is the dominant oil and serves as the price leader for trade in vegetable oils":

"The existence of the discount for oil palm arises from the large increases in the supply of palm oil in the last two decades and the need for the trader to offer a discount in order to compete with soybean oil in existing and new markets."

The reason for the increase in the supply of palm oil is quite simple: oil palm "is now being planted on a widespread basis in the tropics."

The peoples of the South have suffered from such strategies before, as in the cases of coffee, cocoa, bananas, sugar cane and many other crops. As the prices of such commodities drop, many producers are ruined. At the same time, trade in the industrialized nations benefits and consumption increases.

Further depressing international oil palm prices is the fact that in some markets, palm oil must compete with oils whose price is subsidized by various US and EEC programs, including soybean, sunflower and rapeseed oils (ARABIS 1996). This economic disadvantage is compounded by the fact that "palm oil differs from its major competitors (soybean, sunflower seed, and rapeseed oil) in that it is obtained from a perennial tree crop. Thus its supply is relatively stable as growers will continue to harvest the fruits even during short periods of depressed prices."

While growers of annual oil crops can easily reduce their hectarages during hard times, switching to another crop is not so easy for oil palm growers. Nor are the latter likely to benefit much from price rises,

which will cause an increase in the hectarages of competing soybean, sunflower and rapeseed oils. As economists would put it: clearly a lose-lose situation.

In sum, while oil palm plantations are being promoted in the South, prices will be established by a Northern-dominated and subsidized "free market" which is, in fact, anything but free. Industries in the North and elsewhere will be assured of a continuous supply of oil while Southern producers face economic risk.

In the final analysis, the real reasons for the expansion of this crop have nothing to do either with improving living standards in Southern countries nor with environmental protection. Rather, the boom in oil palm plantations mainly serves local elites and the transnational companies with which they ally themselves to obtain mutual benefit. These firms include Unilever, Procter & Gamble, Henkel, Cognis and Cargill. Some are involved in both production and trade. For example, the Anglo-Dutch Unilever produces in Malaysia while acting exclusively as a buyer of oil in Indonesia.

The following studies carried out in Africa (Cameroon), Latin America (Ecuador) and Asia (Indonesia) demonstrate that the local effects of this new wave of investment include an increase in social injustice and in environmental degradation.

# Chapter 2
# Case Studies

## The Case of Cameroon: Oil Palm Plantations, Yet Another Threat to Cameroon's Native Forests?

*By Hervé Sokoudjou*[2]

### Brief History

The oil palm is a tropical plant native to the intertropical humid zone of Africa. During the pre-colonial period, oil palm's distribution expanded from tropical West Africa to Central Africa (Jacquemard 1995). It was traditionally used by local populations for oil and palm wine.

Oil palm was enthusiastically cultivated in Cameroon mainly because of its large number of uses, which are deeply embedded in local cultures.

The flesh of the palm fruit is used to produce palm oil, which, in its natural state, is rich in carotene, a pigment which is the precursor of Vitamin A. The palm's kernel provides another kind of oil which, in its natural state, is used as an unguent and for cooking. It has sedative and healing properties as well as being useful against fungal and microbiotic infections, and occupies a prominent place in the traditional pharmacopeia. It is particularly appreciated as an ingredient in the manufacture of beauty products.

The sap of the oil palm, meanwhile, forms the basis for the production of palm wine, much appreciated by local populations who, after it has been distilled, transform it into "arki" or "odontol", a home-made and highly alcoholic beverage. The stems of the palms' leaves, in addition, serve as firewood and for making brooms. The fibre obtained from its leaves is also used to make brooms and matting, while the fibres around the kernels, as well as their skins, are used for firewood. The cakes left after the oil has been pressed from the kernels serve as cattle fodder. Even the dead palm tree trunks are useful as homes for bumblebee larvae, a much-appreciated delicacy for the inhabitants of forest areas.

Demand from international markets, however, has also played a great part in convincing Cameroonians to cultivate oil palm.

Industrial exploitation of the tree began back in 1907, under the German administration. In fact, the first industrial plants, established in Edéa, were promoted by German settlers. More were then set up on the coastal plains and around Mount Cameroon. The crop was further developed under the Franco-British regime until, by the 1960s, national annual production had reached 42,500 tonnes of palm oil and 37,200 tonnes of palm kernel oil. Seventy per cent of this production came from palm groves in village communities and the remaining 30 per cent from the industrial plantations of the Cameroon Development Corporation (CDC) and Pamol Plantations Limited, two firms under majority state control.

Up until the beginning of the 1990s, the main oil palm plantations were to be found in Southern Cameroon, and these did not affect the country's forest areas. However, today new plantations are increasingly replacing native forests.

### The Promotion of Oil Palm Plantations

*State Policy and State firms*

To respond to strong demand from national and international markets, as well as to control the product's price and obtain a profit, the Cameroonian government has long played a key role in national palm oil production, particularly through the involvement of public-sector companies such as the Société Camerounaise de Palmerais (SOCAPALM). For many years, such public-sector firms, together with a few private sector agroindustrial companies, have monopolized large-scale cultivation of oil palm.

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This is no accident. Big plantations require big financial, technical, physical and political resources. Preparing land for a plantation requires, for example, an area of native forest or an area which has lain fallow for more than six years. Obtaining such parcels of land requires strong political links with government. Once the terrain has been selected, moreover, it must be prepared, which involves felling trees, usually with chain saws, which are expensive. Pesticides and plantation maintenance are also costly. In addition, palm oil stock must be purchased from specialist organisations (the Institut de Recherche Agronomique pour le Développement and PAMOL) or from NGOs such as the Centre de Développement AutoCentré (CEDAC) of Sangmélima. These specially-bred palms are shorter than native varieties (which makes maintenance and harvest of the fruit easier), mature more quickly, and have higher yields.

It was in 1963 that the Cameroonian government decided to promote the development of palm oil, in view of increasing national and international demand by setting up the state-run firm SOCAPALM. By 1975, annual national production of palm oil was estimated to be 60,000 tonnes. Of this amount, 39,000 tonnes came from industrial plantations (FAO 1975). However, national production continued to be insufficient to cover the local demand for palm oil.

State support for palm oil extended to measures to organise peasant producers and favour the establishment of small plantations. Such small plantations are contractually obliged to deliver, at market prices, their entire production to the processing plants of any of the three state-owned agroindustries (SOCAPALM, CDC, and PAMOL). The "market price" is obviously established by these enterprises which at the local level constitute absolute monopolies.

Village plantations, which date back to the first Cameroon State Palm Oil Plan, have been promoted by several different mechanisms. First, community cooperatives within the PAMOL area of influence were encouraged to plant oil palm with no additional subsidies or credits from outside. Second, oil palm plantations set up by villagers received technical and financial assistance in the form of subsidies or long term credit facilities from a partner agro-industrial firm. At the beginning of the 1990s, SOCAPALM set up a third mechanism through which planters receive what they require directly from the agro-industrial firm without any form of credit or subsidy, with costs repayable in the future. As of January 1 1999, these plantations were situated in Ndian, (1,629 ha), Lobé (2,508 ha), Bota (191 ha), Bénoé (508 ha), Dibombari (3,574 ha), Eséka (2,024 ha) and Edéa (1,963 ha). In total, they covered an area of 12,397 ha.

The following table shows some of the characteristics of these village plantations.

| **Firm** | **Sector** | **Area** (in ha) | **Delivery 1997-98** (in tonnes) | **Number of producers** |
|---|---|---|---|---|
| **PAMOL** | Ndian | 1,629 | 6,642 | 2,000 (?) |
| | Lobé | 2,508 | | |
| **CDC** | Bota | 191 | 6,171 | 193 |
| | Bénoé | 508 | | |
| **SOCAPALM** | Dibombari | 3,574 | 26,327 | 747 |
| | Eseka | 2,024 | 7,802 | 711 |
| | Edéa | 1,963 | 5,445 | 800 |
| | **Total** | 12,397 | 52,387 | |

Source: HIRSCH, 1999

*The Influence of the Economic Situation*

Two macro-economic factors also explain the prodigious development of the cultivation of oil palm in Cameroon.

The first of these was the drop in the price of other crops in the mid 80's, in particular cacao, which is cultivated in the same ecological area as oil palm. This encouraged the peasants of the meridional region of Cameroon to diversify their agricultural production. The strong local demand for oil palm and the availability of improved seeds contributed to the interest of small and medium-sized agricultural producers in oil palm.

The second factor was the devaluation of the CFA franc in January 1994, which caused exceptional levels of inflation. Within weeks, the price of a litre of palm oil rose by around 100 per cent. Many agricultural producers became interested. New plantations were set up not only in the Littoral, Centre and Southwest provinces (where they had been concentrated), but also in the South and East provinces. As a result, the monopoly of the agroindustrial sector in the national production of palm oil was seriously weakened. Oil palm was increasingly cultivated in the forest areas of Cameroon, posing a direct threat to the country's forests.

Over the years, many members of the local and national administrative and political elite have entered the sector, establishing plantations of between 10 to 20 ha which fall in size between those of industrial firms and those of smallholders. Many of these entrepreneurs use their administrative and political positions to obtain plantation land, leading to conflicts with local people.

**Plantation Expansion**

Oil palm plantations in Cameroon are estimated to cover 80,000 hectares. The area under industrial palm plantations -not including small and medium-sized plots- has reached 58,300 ha, divided into 18 plantations. Sixteen of these belonged to public enterprises prior to the privatization of SOCAPALM and represented 87 per cent of the cultivated area. The size of these plantations ranged between 549 ha (Edéa) and 7,459 ha (Kienké). They are characterized by their age, which poses the question of whether they can be renewed or whether new plantations will have to be established which aggravate the threat to the forests.

SOCAPALM, which, following privatization, was purchased by a consortium of national capital and a Belgian firm, owns the largest plantations: its six plantations cover a total area of 25,748 ha. These plantations are principally located in the Center and Littoral provinces. Cameroon's largest palm plantation, that of Kienké, belongs to SOCAPALM. It is also one of the youngest plantations -only 15 years old.

The two remaining state-owned agroindustrial enterprises -CDC and PAMOL- whose plantations are all in the Southwest, cover a total area of 25,100 ha. CDC's seven palm plantations take up 15,545 ha, and PAMOL's three cover 9,555 ha.

These three firms alone supply nearly 80 per cent of the crude oil production of the agroindustrial sector. The remaining 20 per cent comes from two private firms: Société Anonyme des Fermes Agro-industrielles du Cameroun (SAFACAM) and Société des Plantations de la Ferme Suisse (SPFS). SAFACAM exploits 4,316 ha of palm plantations, and SPFS 3,138 ha. All of these palm plantations are located in the Littoral province and are controlled by French capital.

It is officially acknowledged that by the year 2010, 65 per cent of the 1999 plantation area will no longer be under exploitation, 32 per cent will be in the final stage of its cycle, and only 2.3 per cent will still yield fruit. The average age of these plantations was, in 1999, 19.3 years for SOCAPALM, 20.7 years for CDC, 14.9 years for PAMOL, 17.6 years for SAFACAM and 15.9 years for SPFS (Hirsch 1999). In global terms, the yield of these agroindustrial plantations per hectare is low. Only SPFS, with an average

yield of 14.47 tonnes of palm oil per hectare (1997-98) and SAFACAM, obtaining an average 10.86 tonnes per hectare (1997-98), are above the average. The low production level of the three major agroindustrial enterprises -SOCAPALM, CDC and PAMOL- is due to the continued exploitation of old plantations (as is the case of CDC) combined with the influence of diseases (gadonerma and fusariosis) and the significant losses arising from theft at the time of harvest.

In addition, there is a very dynamic "informal" sector in the cultivation of oil palm. Some studies say that this sector established some 10,000 hectares of plantations between 1994 and 1998. According to most credible predictions, the contribution of informal sector plantations to national production will continue increasing at a rate of around 5,000 ha/year (Hirsch, 1999). Although there are no reliable data yet, the productivity of these plantations seems to be close to nine tonnes per hectare. In addition, more than 12,000 hectares of oil palm are in village plantations promoted by the major oil palm agroindustries.

**Beneficiaries**

The main beneficiaries of oil palm cultivation are plantation owners and big firms which buy the production of small growers. Until recently, the near-monopoly of the State over the production of palm oil ensured it an important share of the sector’s income. The arrangement by which harvests from village plantations went exclusively to agroindustry reinforced the profitability of state-controlled firms. The recent privatization of SOCAPALM -and the scheduled privatization of CDC- will increase the influence of the foreign private sector on the oil palm sector in Cameroon. At present, small and medium-sized producers are also obtaining significant benefits from the cultivation of oil palm, as compared with those they could obtain from other cash crops. This high profitability helps explain the boom in oil palm cultivation and the support of the state. State support is, as mentioned before, also linked to its interest in promoting an export-oriented activity which could supply it with the hard currency it needs for external debt payments.

Other present and future beneficiaries include private capital looking for profits in the oil palm sector and large transnational companies using palm oil as raw material for its own products.

**Social Impacts**

The main "benefit" of oil palm cultivation, according to promoters of the crop, is the generation of employment (planting, maintenance and harvest). Yet most jobs are only temporary. Workers on industrial plantations experience the same problems as other agricultural workers in the country: extremely low wages and poor work conditions. Besides, the establishment of these plantations has often been preceded by the expropriation of land of neighbouring villages without adequate compensation. According to Cameroonian law, peasants do not have customary rights to land, and thus expropriation does not require indemnification by the state. Already in colonial times, land was expropriated from peasants and then transferred free to new settlers. After national independence, this practice continued but for the benefit of local elites, including palm plantation firms or the elites who have recently established medium-scale plantations. Since colonial times, therefore, peasants have been losing land to the state. The old dispute between CDC and the communities neighbouring its plantations in Southwest Cameroon over the lands confiscated during colonization demonstrates the continuity of this process. This conflict is likely to continue following the privatization of CDC. Here the argument of "social utility" can hardly be invoked to justify dispossession. In another example, local elites, if they cultivate an evergreen plant like oil palm, are entitled under the law to permanent customary rights, to the detriment of the local population.

Palm plantations located near villages also often threaten subsistence crop development and access to forest products by much of the community.

**Environmental Impacts**

The development of palm plantations poses serious environmental problems in Cameroon. These include:

- *Threats to forests and fields left fallow over six years.* These are the preferred sites for establishing palm crops. Evidence shows that both in the East and South of Cameroon, plantations are replacing native forests (Engola Oyep & Bayie Kamada 2000). This is alarming news for the stability of forest ecosystems of these areas - already in bad condition as a result of intensive logging. Even if old plantations are renewed, an expansion of oil palm hectarage into more forested areas is on the cards.

- *Intensive use of chemicals.* This is standard operating procedure in industrial and individual medium-size plantations. Such chemicals generate long-term negative effects, such as the contamination of underground water, a decrease in soil fertility, a perturbation of soil fauna, and air pollution from spraying. Near large plantations, contamination has reached alarming levels. The only barrier to its spread is the low purchasing power of peasants who own small plantations, who have to settle for less intensive use of chemicals.

- *Impact on biodiversity.* As with any other large-scale monoculture, oil palm plantations' impact on biodiversity is disastrous. This is even more markedly the case in Cameroon, where most plantations are established at the expense of highly-diverse forest ecosystems, than elsewhere.

**Conclusions**

The promotion of large scale oil palm plantations is a major cause of deforestation in Cameroon. Given that most existing plantations are aging, and that new plantations are most likely to be set up in forest areas, this threat is likely to expand in the future. Deforestation and replacement of diverse ecosystems by large-scale palm monocultures will thus deprive local people of the products and services they obtain from the forest.

The widespread use of agrochemicals in oil palm production will increasingly affect local populations' health as well as local ecosystems.

Plantation investors acquire land at the expense of local communities' customary land rights, which are not recognized by a state that claims ownership over all land. Consequently, any increase in oil palm plantation area is likely to result in increasing land conflicts.

The current profitability of this crop -compared to that of alternative cash crops- is due to drop in the future as a consequence of similar plantations being established throughout the tropics.

Oil palm's ability to generate employment is very limited and the jobs provided are of low quality in all respects. Employment losses resulting from deforestation and substitution of fallow lands by palm plantations will almost certainly be greater than the jobs generated by this activity.

The main beneficiaries of the oil palm boom will be the large enterprises -increasingly foreign- which control production, industrialization and commercialization at all levels.

## The case of Ecuador: Paradise in Seven Years?

*By Ricardo Buitrón*[3]

### Brief History

In Ecuador, oil palm -locally called African palm- was introduced commercially in 1953-1954, when small plantations were established in Santo Domingo de los Colorados, in the province of Pichincha, and in Quinindé, in the province of Esmeraldas. These initial plantations were expanded to cover an area of 1,020 hectares in 1967 (Carrión in Nuñez 1998).

In 1995, the area planted and registered in the censuses of the National Association of African Palm Cultivators (ANCUPA) included 97,000 hectares, distributed over the three natural regions of the country: Coast, Mountain and the Amazon basin (Nuñez 1998). But these are conservative estimates. Many plantations not registered with the palm cultivators' associations have been set up in the last few years in the North of Esmeraldas. In total, oil palm plantations probably cover some 150,000 hectares. According to oil palm planters, this area will increase by 50,000 hectares in the next five years (Hoy 18/11/98).

In the Amazon region oil palm plantations have expanded in the provinces of Orellana and Sucumbíos (Loreto, Shushufindi and Coca) and to a lesser extent in the province of Pastaza. These include both large scale monocultures and plantations belonging to medium and small producers (including indigenous peoples). In the Mountain region plantations are located mainly in Santo Domingo de los Colorados, Imbabura and Cotopaxi and in the Coastal region in the provinces of Los Ríos, Guayas, Manabí, El Oro and Esmeraldas.

By the end of 1999, plantations in the district of San Lorenzo in the province of Esmeraldas had expanded by more than 15,000 ha. The Ministry of Environment reports that 8,000 ha of forest has been destroyed in this area by palm plantations, and anticipates that in the following years over 30,000 ha more will fall to the plantations. This projection only takes into account those hectares registered by ANCUPA or the Ministry of Environment. The Office of the Deputy Secretary of the Ministry of Environment has proposed setting aside around 30,000 hectares for the cultivation of the crop.

The area dedicated to African palm monoculture in the North of Esmeraldas is variously reported by former authorities of the area as being 60,000 to 100,000 hectares (*El Comercio* 30/03/99).

The main African palm varieties planted in Ecuador are the National (Iniap), HSD (Costa Rica), IRHO (Africa), Chenara (*El Comercio* 11/03/2000).

Between 1990 and 1995, African palm production supplied raw material for an average of 152,473 tonnes of oil annually for the national edible fats and soap industry. Oil exports reached 22,908 tonnes in 1996, earning the country US$ 11 million in foreign exchange (Nuñez 1998). Destinations included Mexico (80 per cent) and Europe (20 per cent). In 1999, exports increased to $22,802,093 (*El Comercio* 11/03/2000).

The following box shows the planted area of oil palm per region and per province.

[3] Acción Ecológica, Casilla 17-15-246C, Quito - Ecuador, Tel: 593-2-527583 / Tel/fax: 593-2-547516, e-mail: cbosques@accionecologica.org

| PROVINCE | AREA (ha) | % |
|---|---|---|
| *COAST* | 58,830 | 55.6 |
| Esmeraldas | 33,343 | 31.5 |
| Los Ríos | 21,369 | 20.2 |
| Guayas | 2,629 | 2.5 |
| Manabí | 1,419 | 1.3 |
| El Oro | 70 | 0 |
| *MOUNTAIN* | 34,218 | 32.1 |
| Pichincha | 32,303 | 30.5 |
| Imbabura | 1,750 | 1.6 |
| Cotopaxi | 165 | 0 |
| *AMAZON* | 12,807 | 12.1 |
| Napo | 7,119 | 6.7 |
| Sucumbíos | 5,688 | 5.4 |
| **TOTAL** | **105,855** | **100** |

Source: National Census ANCUPA 1995 in Nuñez (1998).
Ministry of Environment, 1999.

These figures are official and are underestimates. ANCUPA projects oil exports for the year 2000 of 70,000 tonnes, earning around US$ 30 million (Hoy 18/11/98). As the president of ANCUPA recently declared, "plans are that between 80,000 and 100,000 tonnes of oil will be exported [yearly] before 2007, which would correspond to the generation of around $30 million and the creation of 20,000 new direct and permanent jobs" (*El Universo* 11/03/2000). However, it is important to highlight the background to the job figures mentioned: most of the jobs are temporary, through contractors, with very poor work conditions and low payment rates in violation of labour legislation. It is also important to consider the jobs lost due to the displacement of people.

**A Current Case**

In San Lorenzo, in the North of the province of Esmeraldas, an unprecedented amount of land has changed hands over the past several years. Land is bought by dealers at absurdly low prices and then sold to palm cultivation companies at a higher price. In other cases, especially in the area of Recaurte in the same province, these companies buy land directly from farmers at even lower prices than those paid by land dealers.

Through these mechanisms, the companies have been able to take over peasants' land at the same time they occupy over 60,000 hectares of state-owned forest areas. Some of this land is now in the hands of the brother of former president Jamil Mahuad Witt and the president of the National Congress, Juan José Pons Arízaga (*La Hora* 16/03/2000).

In February 1999, members of the Board of Directors of the Union for the Defence of Peasant Farmers of San Lorenzo, together with another 150 peasants from the districts of San Lorenzo and Eloy Alfaro, denounced the clearcutting of primary and secondary forests by palm companies planning to plant 60,000 hectares of oil palm monoculture. This process was started in 1998, and 8,000 hectares of forest have already been cleared, according to the Ministry of Environment. Non governmental organizations and the Agency for the People's Defence have filed legal claims to stop the establishment of oil palm plantations in San Lorenzo (Luna 1999).

It is important to highlight that the forests in this region integrate the ecosystem of Chocó and that their levels of species diversity and endemism are high. In fact, the area is considered one of the "hot spots" which boast the world's highest biodiversity. There are, in this region, around 6,300 species of higher

plants, 1,200 of which are endemic. There are also over 800 species of birds, 40 of which are endemic. In addition, the area has over 142 species of mammals, 15 of which are endemic. There are also many other endemic vertebrate species, including chiroptera and amphibian. This is the area with the largest number of endangered species in the country. Such forests once covered 80,000 square kilometres of lowland in the West, but less than six per cent of the original tree cover remains today, which makes this the most devastated region of Ecuador (Luna, 1999).

**Main Actors in the Industry**

The main actors in the oil palm industry in Ecuador can be grouped as follows:

- First, transnational producers in alliance with national capital. Local firms are heavily involved in national politics, and use their prominence in public positions to benefit their commercial groups:

*INDUPALMA* (Industria Agraria La Palma). Financed largely by Colombian capital, this group includes firms dealing in oil palm production, edible oil extraction and marketing. It includes Aceitera Industrial Danec (Danec S.A. of Panama) and Agropalma. In 1975, Palmeras de los Andes was formed, with participation of INDUPALMA, Panameñas Tatiana S.A, Oleaginosas Centroamericanas and the Colombian enterpreneur Salomón Gutt (former Director of the Popular Bank, charged with fraudulent claims of bankruptcy). Compañía Palmeras de Ecuador is also part of this group.

*Morisaenz group*. Mario Ribadeneira is the main shareholder of this group. He was Ecuador's Ambassador to the United States in the Febres Cordero Administration (1984-1988) and Minister of Finance in the cabinet of former President Durán Ballén (1992-1996). Also in this group are Marcelo Pallares, another former Director of the Popular Bank; Ernesto Ribadeneira and the group COFIEC (La Internacional and Diario Hoy). This group has interests in Palmaoriente S.A.

*Granda group*. This group was established by Antonio Granda, founder and president for life of the National Association of African Palm Cultivators (Asociación Nacional de Cultivadores de Palma Africana - ANCUPA) (Fierro 1992). At present, the group is managed by his heirs.

In 1986 three industrial groups controlled the use of crude palm oil: Aceites La Favorita (Noboa Bejarano group), Industrias Ales (Alvarez group, the Church and others) and OLEICA and CEDOSA (OLJACE group). Together, these groups shared over 83 percent of the total sales. Danec and Agropalma of the INDUPALMA group and Skineer Comercial Co. (Granda group) should also be mentioned. The President of the National Congress, Juan José Pons, shareholder of Ales (*La Hora* 16/03/2000), was once linked to OLJACE; in his position of Minister of Industry in the Borja Administration (1988-1992) he authorized a two-fold increase in the official prices of all sorts of edible oils (Fierro 1992).

The following companies are vertically integrated with the main national and international corporate groups involved in growing, processing and trading oil palm products:

*Palmeras del Ecuador of the INDUPALMA group*. Other national firms also have a stake in this company, including Industrias Ales and *El Comercio*, the main newspaper of the country, which belongs to the Mantilla group. Palmeras del Ecuador owns 20,000 hectares in Santo Domingo in the province of Pichincha and nearly 14,000 hectares in Shushufindi, in the Ecuadorian Amazon.

*Palmeras de los Andes*. This firm operates on the right side of the San Lorenzo-Ibarra-Guaysa railway and in Chanul, near the streams Najurungo and Panadero in the province of Esmeraldas. It has been in business in Quinindé, province of Esmeraldas and Shushufindi (in the Amazonian region) for 30 years. It is responsible for the destruction of around 800 hectares of forest in the province of Esmeraldas during the last few years and plans the deforestation of a total of 4,600 ha (Marín 1999).

*Palmoriente S.A.* This company operates in the area of the Huashito river in the Amazonian province of Orellana. It was created in 1979. It is tied to capital from various origins: Belgium's Socfin Consultant Service (SOCFINCO), Britain's Commonwealth Development Corporation and Germany's Deutsche Entwicklungesellshaft (DEG), as well as other firms in the Morisaenz group (Oleaginosas S.A., Servicios Agrícolas S.A.C., United Chemicals Ltd Inv. Extranjera) and Ecuador's Granda Centeno and Noboa Bejarano groups, Corporación Financiera Nacional, La Favorita, and Ribadeneira Saenz. This last group is associated with Nicolás Landes, a former manager of the Popular Bank, who is wanted by the Department of Justice for fraudulent claims of bankruptcy. They own over 10,000 hectares in Coca (Carrión 1992).

*Agrícola San Lorenzo*. This firm plants in Ricaurte (on the road from San Lorenzo to Ibarra) in the province of Esmeraldas. It has been operating for 56 years in the area of Santo Domingo de los Colorados. It is responsible for clearing 850 hectares of forest and plans to deforest in total an area of 5,000 ha to make way for oil palm plantations (Marín 1999).

*AIQUISA (Agroindustrial Quinindé)*. This company operates in the Boca and has already cut 650 hectares of forest in San Lorenzo in the province of Esmeraldas. Its project covers a total of 2000 hectares (Marín 1999). It has been in the business of palm cultivation for 20 years in Quinindé.

*ALES*. This firm is responsible for the deforestation of 400 hectares in the Province of Esmeraldas in the last two years (Marín 1999). No information is available about its future plans.

- Second, independent producers handling plantations of 250 to 1000 hectares in size, settled in the provinces of Esmeraldas and Pichincha. These producers plan to expand operations in the near future:

*Hacienda Teobrama*. This firm operates in Ricaurte, Mataje, and is responsible for the deforestation of 250 hectares; its future plans include clearing an additional 850 hectares of forest for palm plantations (Marín 1999).

*PALESEMA*. This company plants in the area of Campanita-Mataje, Robalino, on the road from San Lorenzo to Ibarra in the province of Esmeraldas. It has already destroyed 600 hectares and has plans to deforest a total of 750 hectares (Marín 1999).

*La Fabril (Palmera del Pacífico)*. This corporation operates in Carondelet, San Francisco and Santa Rita up to Boca, in the province of Esmeraldas. It is responsible for the deforestation of 600 hectares and expects its palm monocultures to cover a total surface of 947 hectares (Marín 1999).

*Ecuafincas*. This firm operates on the road Mataje up to Stream Molinita, in the Province of Esmeraldas. It has been operating for seven years in Concordia and Puerto Quito (northwest of the province of Pichincha) and is responsible for the destruction of 250 hectares of forest. It expects to deforest a total of 1,180 hectares (Marín 1999).

- Third, small agricultural producers cultivating less than 150 hectares, who are subject to the prices imposed on their products by the big firms. This sector only receives what is left over after the monopolistic groups have taken what they can get.

**The Strategies of the Companies**

Oil palm companies in Ecuador have historically developed three strategies and applied them simultaneously in different regions of the country:

1) Acquiring concessions from the state in the Ecuadorian Amazon and loans from the Inter-American Development Bank.

2) Purchasing land, either directly or through intermediaries.

3) Purchasing ancestral common lands, which, according to Ecuador's constitution, cannot be sold, and thereby provoking internal conflicts in communities.

In the area of San Lorenzo in Esmeraldas, oil palm companies have established themselves in the State Forest Heritage, where, in theory, they are not allowed to carry out any activity other than sustainable exploitation of natural resources. The firms have also apparently bought land in the buffer zone and inside the Cayapas-Mataje Mangrove Ecological Reserve, which is forbidden (*El Comercio* 30/03/99).

None of these companies has permits to clear forest. Yet they cut timber and non-timber species indiscriminately to make way for palm plantations, under the eye of forest authorities. In addition, these firms operate without environmental management plans, violating the collective rights of local communities acknowledged in the Constitution of Ecuador and in Convention 169 of the International Labour Organization, of which Ecuador is a signatory. These rights include the right to be consulted when activities are being planned which can affect them.

One strategy used by palm growers is to attempt to curry favour with local people by offering them infrastructural projects such as roads, schools or electric lighting or offering to provide schools with teachers. These promises are often never fulfilled.

Oil palm companies have also recently moved into the northern area of Esmeraldas. This migration to the north of Ecuador's coastal region has been caused by a decreased yield in oil palm plantations in the areas of Santo Domingo and Quinindé. According to ANCUPA representatives, due to "environmental causes and poor nutritional management", yields have fallen by 25 percent and plantations are in such bad shape in the areas of Quinindé, Quevedo and Santo Domingo, that recovery is not possible (*El Comercio* 11/03/99). New lands are thus needed for oil palm monoculture. An additional impetus for moving to this new area is that land prices are low in the north of Esmeraldas and there are no controls on environmental degradation or land transfer, all of which makes land acquisition easy.

**Social Impacts**

When oil palm companies begin to establish themselves in a specific region, they promise employment, welfare and wealth, and may gain the confidence of the local people. But as time goes by, they do not fulfil their promises and the negative impacts of their activities become evident. These impacts include:

- *Concentration of land in the hands of palm companies*. In the Amazon, this entails appropriation of indigenous peoples' lands. In the Coastal Region, it means appropriation of Afro-Ecuadorian ancestral lands[4].

- *Displacement of farmers from the region.* After farmers have sold their land to oil palm companies - often through deception or under pressure- they move to nearby villages, large cities, or other forest areas, where they start cutting trees to meet their primary needs. Sometimes they settle in the territories of Afro-Ecuadorian or Awá and Chachi indigenous villages in the province of Esmeraldas, or in the territory of the Quichuas in the Amazon Provinces, provoking social conflicts.

- *Destruction of social structures and traditions of indigenous and Afro-Ecuadorian populations, with subsequent cultural impoverishment.*

[4] There are some 700,000 Ecuadorians of African descent. The Province of Esmeraldas is one the areas where they have traditionally established themselves since their arrival in the mid-16th Century. Their economy is based on subsistence activities and they also participate in market-oriented productions such as bananas, coffee, etc. Esmeraldas in one of the provinces que higher poverty rates in the country (Saltos, 1999).

- *Declining availability of material for building houses, canoes, and utensils due to forest clearance, and the disappearance of fruit collection and hunting, traditional medicine and traditional agriculture*. The end of self-subsistence brings with it undernourishment and poor nutrition (Cedis 1985).

- *Rise in the price of land; market dependence; increasing need of money, especially for small producers, farmers, indigenous and Afro-Ecuadorian people; dependence on capital and new technology; dependence on commercial monopolies; indebtedness* (Cedis 1985).

- *Agro-chemical contamination* affecting workers and families living near plantations, either directly through contact with the chemicals or indirectly through ingestion or use of contaminated water. Some 58 per cent of agricultural workers in oil palm plantations show symptoms of contamination to varying degrees due to carbamate and organophosphate pesticides (F. Natura in Nuñez 1998).

- *Liver and skin diseases* caused by contact with or ingestion of water contaminated by the pesticides used in palm plantations, which degrade only slowly (F. Natura en Nuñez 1998). Such diseases affect users of water from the Cocola river in Independencia and the Cucaracha river in Concordia (near Santo Domingo de los Colorados in the province of Pichincha).

- *Domination of the agricultural labour force by the contractors who are in charge of hiring and paying palm cultivation workers.* Oil palm companies have eliminated direct hiring, favour continuous payroll change, and avoiding legal labour obligations, such as payment of social security and other compensations, provision of vacations and overtime pay, etc.

- *Reduced labour requirements and dangerous work.* Oil palm companies tend to provide only temporary jobs, mainly in the harvest season. The more high-tech the operations and the greater the size of a plantation, the fewer the agricultural workers are hired. Workers do not have the protection required to handle the agro-chemicals they are made to apply. The commonest cases of poisoning cases are those due to the use of carbamate, organophosphate and organochlorinated insecticides.

**Environmental Impacts**

- *Irreversible destruction of large expanses of tropical rainforest and loss of biodiversity in the Amazon region and the north-western forests of Ecuador*.

- *Disappearance of species in Esmeraldas*, including the following valuable timber species: guayacán (*Tabebuya guayacan*), chanul (*Humiria spp*.), tillo (*Brosimun alicastrum*), sande (*Brosimun utile ovatifolium*), mascarey (*Hyeronima alchorneoides*), guión (*Pseudolmedia laevis*), chalviande (*Virola sebifera*), laguno (*Vochysia ferruginea*), maría (*Calophyllum brasiliense*), matapalo (*Ficus insipida*), anime (*Dacryodes olivifera*), cedro (*Cedrela odorata*), cedrillo (*Tapirira guianensis*), balsa (*Ochroma spp*.) and guarumo (*Cecropia spp*). Among non-timber species the following can be mentioned: tagua (*Phytelephas aecuatorialis*), chapil (*Jessenia bataua*), guadua cane (*Guadua angustifolia*), pambil (*Iriartea deltoidea*).

- *Occupation of and pressure on protected areas*, particularly the Cayapas-Mataje Ecological Reserve in Esmeraldas. Oil palm monoculture has had a serious impact on local communities, the Reserve and mangrove ecosystems near the area, as well as on socio-economic activities, such as seafood collection, fishery and others (Luna 1999).

- *Heavy use of insecticides, fungicides and herbicides*. Those most widely used are: endosulfan (organochlorinated) and carbofuran (carbamate, forbidden in the United States and Canada), malathion (organophosphate); the most widely used herbicide is glyphosate; while carboxin is the

most common fungicide (Nuñez 1998). These insecticides used have been classified as highly and moderately dangerous by the World Health Organization. These companies also use chemical fertilizers. All this has led to water contamination. Water sampling in palm-growing zones in Pichincha near Santo Domingo show that chemical concentrations exceed the limits recommended for human or livestock consumption. They are also too high for irrigation and the support of aquatic life (Nuñez 1998). In addition to affecting the health of agricultural workers and people who live near plantations, agro-chemical contamination has brought about:

(1) Contamination and destruction of river life. The use of river and stream water to prepare and wash the equipment for applying chemicals periodically kills fish and other aquatic life. Waste from palm extraction factories containing high-fat residues meanwhile alters the oxygen concentration of the water.

(2) Deterioration of the health of domestic animals and wildlife near the plantations. The inhabitants of Santo Domingo de los Colorados report the disappearance of fish species, such as guañas (*Chaetostoma aequinoctialis*), barbudos (*Rhamdia wagneri*), and others.

- *Exposure of soils to solar radiation and rainfall*, leading to soil erosion, compactation and impoverishment.

- *Exacerbation of climate change* through forest destruction and associated carbon releases into the atmosphere which, by causing global warming, may further accelerate deforestation.

- *Hydrologic changes* due both to deforestation and to the channelling and draining of streams.

- *Air and water pollution* from the fumes and gases expelled by oil extraction factories and inappropriate disposal of wastes (Alerta Verde 1996).

**Conclusions**

In the province of Esmeraldas the hope is that in seven years, when current plans for oil palm plantations have been completely implemented, the local population will benefit through increased employment, welfare and prosperity. However, the bitter experience of palm monoculture in the Ecuadorian Amazon suggests that a different future is in store.

Oil palm monoculture, like other export-oriented agro-industrial activities, responds to the production logic of a model that privileges environmental destruction, over-exploitation of natural resources, and the cultural destruction of indigenous and Afro-Ecuadorian populations. Official deforestation figures do not show the full destructiveness of the crop, since inspections to plantations are few, access to cultivation areas is difficult, armed guards and barriers prevent the gathering of information, and there is insufficient political will to monitor the expansion of oil palm.

Various governments have provided incentives, loans and subsidies for this activity to companies with a record of having caused severe social and environmental impacts in the past.

There are no regulations or control over the violent expansion of the plantations, and thus it is necessary to support communities and organizations that resist the implementation of oil palm monoculture. This support can include disseminating information on the social and environmental impacts of oil palm, putting pressure on the government and multilateral finance agencies to change their policies, and fighting for adequate measures to protect tropical rainforests.

## The Case of Indonesia: Under Soeharto's Shadow

*By Mia Siscawati*[5]

### Brief History

The first seedlings of oil palm were planted in Bogor Botanical Garden in West Java, Indonesia, in the nineteenth century. Those first seedlings later became the mother trees for the first oil palm plantations in Indonesia and Malaysia. The state-owned oil palm estates were originally established by the Dutch colonial government between 1870 and 1930. This was made possible by the 1870 Agrarian Law, which declared all land not under permanent cultivation to be "wasteland". Dutch investors in oil palm development received lands on 75-year renewable leases at nominal rent. The first oil palm plantations in Indonesia were set up in North Sumatra in 1911 -during the Dutch period- by SOCFIN (Société Financière des Caoutchoucs), a Franco-Belgian corporation. In 1938 the combined export from North Sumatra and Aceh were the highest in the world as a result of an injection of Dutch capital which had led to rapid expansion in the area of plantations and production. The plantation system stagnated after Indonesian independence in 1945, as Dutch plantation owners no longer had the backing of the colonial government. Another reason for the stagnation was that the first Indonesian president Sukarno promoted an isolationist policy during the period of Guided Democracy (1950-1955) which opposed foreign capital and foreign loans.

The plantation system started to grow from 1967 -the beginning of New Order period under second President Soeharto- when the government of Indonesia (with World Bank assistance) made direct investments through state-owned companies. From 1967 to 1977, the expansion of oil palm plantation was still slow, but from 1978 onwards, growth averaged 21.7 per cent per annum for industrial private plantations and 2.9 per cent for state-owned plantations.

In 1980/1981 the government implemented a World Bank-funded project on Nucleus Estate and Smallholders (NES), combined with a transmigration scheme for the crop plantation sub-sector. In 1984, the Ministry of Agriculture launched a regulation to develop oil palm plantations under an NES approach. In 1986, Presidential Decree No. 1/1986 stated that the development of NES schemes should be integrated with transmigration programmes. Government-sponsored migrant farmers were mainly used to open up forest areas and as a cheap source of labour for industrial plantation companies. From 1986 onwards, the Indonesian private oil palm plantation sector experienced rapid growth.

### Ambitious Expansion: A Picture of Indonesia's Plantations Today

*Current Area of Oil Palm Plantations and Future Expansion*

In 1985, oil palm plantations covered 600,000 hectares in Indonesia. By 1996 they extended over some 2.2 million hectares. More recent figures suggest that there are now 2.4 million hectares of oil palm, of which state-run companies possess 443,000 hectares of older productive plantings, smallholders have 824,000 hectares, and private companies the rest, primarily new, immature plantations (Potter and Lee 1998). Besides existing plantations, some 6.8 million hectares of land has been recently released for future plantations *(Suara Pembaruan* 10 October 1997). This figure does not include applications to develop new plantations, which had reached nine million hectares by June 1998 (*Suara Pembaruan* 26 July 1998).

*Incentives and Subsidies*

What with increasing international demand for palm oil products and to Indonesia's low production costs -assisted by the government's subsidization of land and capital- the Indonesian government maintains its

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ambition to become a major player in the international export market. As a result, the area covered by oil palm plantations is likely to continue growing dramatically.

Between 1991 and 1996, Indonesia's exports of palm oil products increased 32 per cent, reaching US$ 1 billion in value. The government set a production target of 7.2 million tons of crude palm oil by the year 2000, hoping to increase the plantation area to three million hectares. The Ministry of Agriculture then announced in 1998 that an additional 1.5 million hectares would be added as part of a new policy to address Indonesia’s economic crisis.

In the context of the crisis, the palm oil business seemed attractive: investment and operational costs are in rupiah, while export sales return investment in dollars. Accordingly, the government lifted its export ban on palm oil on April 22, 1998. In May, Rahardi Ramelan, the Minister of Industry and Trade, and Muslimin Nasution, the Minister of Forestry and Plantations, confirmed that they would concentrate on boosting foreign exchange earnings from exports, Muslimin mentioning the palm oil sub-sector as a specific priority (*Jakarta Post* 5/5/98, 27/5/98). The integration of Forestry and Plantations into one Ministry in 1998, which made it easier to convert forest land legally into plantations, can be seen as further evidence of the government's ambitious plans for plantations. In 1999, the Minister of Forestry and Plantations even suggested to the Minister of Industry and Trade, that the government should reduce the export tax on oil palm from 10 per cent to nil (*Bisnis* July 28/7/99). Clearly, the Indonesian government is predisposed to try to export its way out of the crisis and is bent on achieving this goal by returning to its comparative advantage in agriculture and agro-industry. Minimizing disincentives for investment in oil palm is a key part of this vision. However, the policy of integrating timber and tree crop plantation development within production forest areas and permitting a single company to obtain concession rights for logging, timber plantation, and tree crop plantation contradicts another government policy. This is the policy which prohibits "clearcutting in production forest areas". Under the first policy, timber and oil palm plantation companies are allowed to clearcut production forest areas to give way to timber or oil palm plantations. This is illegal according to the second policy.

The 50-point package pushed on Indonesia by the International Monetary Fund and the World Bank in the context of the economic crisis meanwhile calls specifically for the liberalization of the oil palm plantation sector. That means reopening the sector to foreign investment: point 39 of the package requires Indonesia to remove "all formal and informal barriers to investment in palm oil plantation". This requirement is clearly detrimental to environmental concerns, since it will greatly increase pressures to convert forest land to plantations. Although point 50 requires the government to "reduce land conversion targets to environmentally sustainable levels by the end of 1998", this requirement obviously contradicts point 39.

In August 1999, the government promulgated a new regulation which allows plantation companies to establish tree crops in "non-productive production forests" (containing less than 20 m3 of timber per hectare) previously allocated to logging companies. Forty percent of these areas can be allocated for estate crops (including oil palm) and the rest can be allocated for timber plantations. This regulation makes it attractive for companies to carry out illegal activities in order to reduce timber densities to a level below 20 m3 per hectare, or even simply to manipulate the findings of inventories, and then apply for permits to establish oil palm or softwood plantations. A similar (and similarly controversial) previous regulation has encouraged development of monoculture timber plantations, and has been identified as one of causes of deforestation in Indonesia.

*Foreign Investment*

In the near future, a greater proportion of Indonesian oil palm plantations are likely to be foreign-owned. Foreign entrepreneurs are likely to challenge the current dominance of private domestic firms -which themselves overturned the dominance of state-run companies during the 1980s and early 1990s (Potter and Lee 1998). By 1997, prior to a freeze on foreign investment in oil palm plantations, private foreign

companies had already been awarded plantation permits for 93 projects covering over 2.1 million hectares of land, representing a total value of US $ 3.3 billion. These projects were among a total of 612 such projects covering a total area of 8.7 million hectares and representing a total value of US$ 23.55 billion. Some 71 per cent of the foreign investors were Malaysian companies who had signed joint venture agreements to establish plantations on 1.5 million hectares of land. The particular interest of Malaysian companies in Indonesia can be explained by the fact that Malaysia's own plantations are over-aged and their productivity is declining, as well as by the fact that in Indonesia land can be cleared more easily: controls are lacking and Indonesian partners are happy to remove native trees (Bobsien and Hoffmann 1998).

In June 1998, after the freeze on foreign ownership had been lifted, the Directorate General of Plantations stated that 50 foreign investors (of which 40 were Malaysian) were in the process of developing oil palm plantations covering 926,650 hectares in Sumatra and Kalimantan (*Jakarta Post* 12/6/98). Other major foreign investors come from the British Virgin Islands, England, Belgium, the Netherlands, Hong Kong, South Korea and Singapore.

## The Social Impacts

*Violation of Land Rights of Indigenous Peoples and Local Communities*

The Basic Forestry Law of 1967 and the revised Forestry Law of 1999 claim state ownership over all forests in Indonesia without consideration of customary rights and local traditions. This and many other policies deny the existence of forest dwellers, composed of Indigenous Peoples and local communities. Following the Basic Forestry Law, the 1970 Forest Land Use Policy categorized the forests into: 1) production forest (64.3 million hectares); 2) protection forest (30.7 million hectares); 3) conservation and preservation forest (18.8 million hectares); and 4) conversion forest (26.6 million hectares). Forested areas allocated for conversion to oil palm plantations fall into the category of conversion forest. Indigenous Peoples and local communities occupying land under that category have to move, thereby losing access and control over their own land and resources.

In the early 1980s, the World Bank introduced the system of "Nucleus Estate and Smallholders" (NES), which features small-scale plantations surrounding a large one. Farmers operating under the NES system have become completely dependent on one commodity and on the plantation owner -the oil palm company- and have no significant bargaining power. Those not participating in the NES have become landless and tend to be pushed into poverty.

According to the Indonesian Legal Aid Foundation (YLBHI), during 1998 some 827,351 hectares of land in 14 provinces was transferred from the ordinary citizens to private investors. This transfer of ownership and tenurial rights resulted in 214,356 households losing their source of income. If it is assumed that one household contains five persons, then some 1.1 million people face uncertainty about their future ability to meet their basic needs as a result of this process. All of the 81 oil palm companies currently operating in South Sumatra are embroiled in land conflicts with Indigenous Peoples and local communities. While official reports claim that the areas of conflict comprise only 11 per cent of the total oil palm plantation area in South Sumatra, it is widely known that in fact the area of conflict is much larger.

*Human Rights Violations*

In most cases of land conflict, pressures on Indigenous Peoples and local communities can be categorized as: 1) physical violence with or without arms; 2) intimidation and terror; 3) destruction of people's belongings -homes and gardens- with heavy machinery; 4) stigmatization through accusations of membership in the illegal Communist Party; and 5) denial of civil rights.

All cases of land conflict involve military intervention. To take only one example, thirty armed military personnel attacked Dayak Benuaq people (one of the Indigenous Peoples in East Kalimantan), when they held a traditional ceremony called *nalitn tautn* at the base camp of the firm PT London Sumatra. The ceremony had been aimed at negotiating with the company and carried the message that if the company could not solve the land conflict, then it should return the land to the customary usage of the Dayak Benuaq people. As a result of the military intervention, seven community leaders were arrested and some other people went missing.

Farmers who get involved in oil palm plantation development under the NES system often see their basic rights to work, to free choice of employment, and to subsistence denied. Fifty Indigenous Peoples' leaders who attended a workshop on oil palm plantations on March 16 1999, prior to the Congress of the Indigenous Peoples of the Archipelago, stated that they had been forcibly involved in oil palm plantation activities, in many cases through military intimidation. Most of the leaders had been arrested and imprisoned when they opposed the project. They noted that they and their peoples had become indebted for the first time in their lives after joining the NES system of oil palm plantation.

*Destruction of Community-Based Economies*

The violation of the land rights of Indigenous Peoples and local communities has resulted in loss of income previously provided by their land. A study carried out by the Institute of Dayakology Research and Development (IDRD) concluded that the incomes from two hectares of jungle rubber managed by Indigenous People under a traditional complex agroforestry system in West Kalimantan were at least double those obtained from the same area planted with oil palm. This does not include incomes from fruits, non-timber products and vegetables which can be harvested from the jungle rubber area (*KaIimantan Review* May 1998).

The development of oil palm plantations under the NES system has meant that oil palm companies play a dominant role in allocating land for farmers, in providing production facilities, in buying and processing the farmers' production and in setting the price for the products. Since the main interest of the companies is to make the highest possible profit, they tend to repress their farmer “partners”. A wide economic gap divides the two sides. For instance, a farmer participating in a NES-transmigration system in Pasir District, East Kalimantan, has testified that he has run up a debt of US$ 2,413 to be paid over 13.5 years. This puts him in an extremely difficult situation, since he only receives $200 per year for two hectares of plantation. In the same district, 3,000 households lost a total of $5 million because 800 tonnes of fresh fruit of oil palm were destroyed by the company in order to maintain the price at the level it wanted (Wirasapoetra 1999).

**The Environmental Impacts**

*Oil Palm Plantations and Deforestation*

As stated above, in 1970 the Forest Land Use Policy divided forests into production forest, protection forest, conservation and preservation forest, and conversion forest. A 1997 official report stated that the area of conversion forest had decreased from 26.6 million to only 8.4 million hectares. Remaining conversion forests are located in West Papua (31.73 per cent), Maluku (27.38 per cent), Sumatra (20.04 per cent), Kalimantan (9.49 per cent), Sulawesi (9.21 per cent), Bali and Nusa Tenggara (2.15 per cent). Comparing the planned area for oil palm plantation with the available areas of conversion forest, Sumatra and Kalimantan are showing deficits, while conversion forests in West Papua and Maluku are increasingly under pressure. With the decline in the area of conversion forest, the increased demand for land for oil palm development has put pressure on the remaining natural forest (under the category of production forest).

The policy of integrating timber and tree crop plantation development within the production forest areas, and allowing a single company to obtain concession rights for logging, timber plantation and tree crop plantation has encouraged many logging companies to apply for permission to establish new oil palm plantation areas. Moreover, this situation is encouraged by the Wood Utilization Permit (Ijin Pemanfaatan Kayu, or IPK), which allows logging companies to clearcut logged-over areas or forested areas designated by the Ministry of Forestry and Plantation for conversion. Timber from land-clearing thus becomes the main interest for many logging companies to apply for concession rights for oil palm plantations, since the IPK allows non-selective harvesting techniques, establishes minimal royalties and no restoration fee. In 1998, the Minister of Forestry and Plantations permitted five state-owned logging companies (Inhutani I to V) to establish new oil palm plantation areas with the expectation that this new business would increase the incomes of those companies within a short period of time (*Neraca*, 5 May 1998).

*Forest Fires*

Primary undisturbed rainforests usually do not burn due to the high level of moisture which characterize them and there are no natural causes for forest fires such as lightning. Indigenous forest dwellers have sophisticated land-use and forest management skills, which are highly adapted to this sensitive environment. But when primary rainforests are greatly altered by activities such as logging, mining, conversion into large-scale agriculture (e.g. agro-industry land use), plantations, and settlement areas, these land-use changes modify many ecological characteristics. The ecological impact of logging alone is severe enough to result in a significant increase of fire risk, especially in times of periodically-occurring droughts. In 1982/83, some 3.5 million hectares of Indonesian forests burned, including some 378,000 hectares in East Kalimantan, an event that remained widely unreported by the media.

The role of the timber plantation and tree-crop plantation business as a major direct cause for the devastating 1997 forest fires was officially recognized by the Indonesian government. The Minister of Environment stated that about 80 per cent of the fires were started by plantation owners, industrial estates and transmigration land-clearing projects. The former Minister of Forestry, Djamaluddin, announced that 46 per cent of the hot spots appearing on satellite images on 28 September 1997 were in the lands granted for plantations (*Jakarta Post*, October 9 1997 in Schweithelm, J, 1999). Indonesia has, for the first time, publicly identified suspected culprits. So far, 176 plantation, timber and construction companies and transmigration projects have been named as possible users of fire to clear land, despite a ban on burning during the unusually long dry season. In Indonesia, large-scale plantation of tree crops resort to fire as a cheap way of clearing the land and the scale of burning is commensurate to the scale of the plantations themselves. Additionally, it is important to note that monoculture plantations dramatically increase the fire risk, because the changes they introduce result in a much drier environment than that of natural tropical moist forest.

Many oil palm plantations were identified as using fire for land-clearance in 1997. Fires were not only used as a means of clearing the land, but in some cases also to deliberately blur the boundary of concessions and to acquire more lands. Among the 176 companies identified as possible suspects for the 1997 fires of fire, 133 were oil palm plantation companies, 43 of which Malaysian.

**Those Who Benefit**

*Indonesian Conglomerates with Links to the Soeharto Family*

The Indonesian oil palm industry is controlled by some of Indonesia's most influential business families. In 1997, the Indonesian private oil palm plantation sector was dominated by eight Indonesian conglomerates owned by several Indonesian entrepreneurs, most of them having very close links with the Soeharto Family: the Raja Garuda Mas Group, the Astra International Group, the Sinar Mas Group, the SIPEF Group, the Socfin Group, the Napan Group, the Bakrie Group and the Salim Group. Most of these

groups are also involved in logging, in the pulp industry and in other sectors as well as in palm oil processing.

As mentioned above, most of the palm oil industry businesses have links with the Soeharto family. In the mid 1980s, a joint venture of the Salim and Sinar Mas Groups was established involving two sons of Soeharto (Sigit Harjojudanto and Tommy Soeharto), and Soeharto's cousin, Sudwikatmono. The Salim and Sinar Mas Group split their joint venture in late 1980s and each group developed their own division of crude palm oil. However, the Soeharto family interests were still represented in both groups. Sinar Mas then developed its division of edible oil in collaboration with the second son of Soeharto, Bambang Trihatmojo, who also has share in a plantation company belonging to another conglomerate, the Bakrie Group. Also involved in this collaboration is Bambang's younger sister Siti Hediyati. She and her brother-in-law, Hashim Djojohadikusumo, established a joint venture with a Sino-Malaysian tycoon, Robert Kuok, to develop a 44,000 hectare oil palm plantation in South Sumatra in 1994. In that year, the third generation of Soeharto's family joined the business. Ari Harjo Wibowo, Sigit's eldest son, owned a company which received a special quota from the Indonesian Logistic Board to market 70,000 tonnes of crude palm oil a month, which is more than the joint quota for the Salim and Sinar Mas Groups. When Ari decided that he wanted to manage his own plantations, the Minister of Transmigration provided him a contract to establish an 80,000 hectare oil palm plantation in East Kalimantan, which used transmigrants as captive labour. In March 1996, using his First Family connections, Ari signed a memorandum of understanding with a Pakistani trading corporation to export US $ 1.24 billion worth of crude palm oil to Pakistan (Aditjondro, 1997).

*Foreign Companies and Financial Institutions*

After the freeze on foreign ownership had been lifted in 1998, the Directorate General of Plantations stated that 50 foreign investors (of which 40 were Malaysian), were in the process of developing oil palm plantations (*Jakarta Post*, June 12, 1998). In expanding their business, Malaysian companies are financially assisted by European Banks. Other major foreign investors came from the British Virgin Islands, England, Belgium, the Netherlands, Hong Kong, South Korea and Singapore.

One of the most profitable oil palm companies is PT. London Sumatra (LonSum), which was set up by the British group Harrisons and Crosfield in 1906, but then was sold to an Indonesian company. At the end of 1997 LonSum was managing 19 plantations comprising a total of 54,477 hectares, half of which planted with oil palm. In July 1996, LonSum offered 38.8 million new shares to the public through an Initial Public Offering (IPO) on the Jakarta Stock Exchange and the Surabaya Stock Exchange. LonSum used the proceeds of the IPO to repay debts, to finance a new plantation, and to strengthen its working capital. Since then, it has developed further plantation area expansion plans. LonSum plans to develop an additional 75,000 hectares in Sumatra (70 per cent will be planted with oil palm) and 15,000 hectares in Kalimantan (100 per cent oil palm). However, the land area will be much larger, given that LonSum will establish nucleus plantations, which will give the company access to a total area of 220,000 hectares. With support from the HSBC Investment Bank in Singapore, LonSum has obtained a US$ 210 million loan from 29 banks from 10 different countries including Japan's Sumitomo Bank in Singapore, the Bank of Taiwan and Rabobank Indonesia.

International financial institutions have also shown their interest to support plantation expansion. The World Bank has offered to provide the Indonesian government with supporting investments for infrastructure, land titling and risk assessment to further develop the oil palm sector (Larson, 1996).

In November 2000, Guthrie Bhd's successful bid in acquiring 24 oil palm plantations in Indonesia at US$ 350 million is a boost to some investors. This is especially so for Malaysians who have put their investment through the unit trust operated by the Permodalan Nasional Bhd (PNB), the government's biggest investment arm that controls Guthrie.

The corporate giant might not face any obstacle from being shortlisted and eventually picked as the buyer of the properties that had come under the state-owned Indonesian Bank Restructuring Agency (IBRA/BPPN=Badan Penyehatan Perbankan Nasional).

The assets, totalling more than 260,000 hectares in Sumatra, Kalimantan and Sulawesi, owned by an Indonesian giant, Salim Group, had been transferred to IBRA as part of an arrangement to repay its debt to the government. Salim Group owner, Liem Soe Liong, once Indonesia's top Forbes list and a close associate of former President Soeharto, had to give up several of his assets to IBRA in a debt swap arrangement after falling victim to the financial crisis.

**Conclusions**

Development of oil palm plantation in Indonesia has clearly shown that it contributes to socio-cultural destruction, including human rights violations of Indigenous Peoples and local communities. It has also clearly shown that it significantly contributes to the process of deforestation and biodiversity loss in Indonesia and to other environmental impacts including forest fires and water scarcity.

Ambitious expansion plans of oil palm plantation in Indonesia, promoted and subsidized by government policies and opened to foreign investment, will contribute to increase the process of socio-cultural and environmental destruction.

The views of Indigenous Peoples directly impacted by the oil palm business need to be taken into account and are summarized in the following conclusions arrived at during a workshop held in Nusantara on March 13 1999:

1. To return Indigenous Peoples' rights to natural resources which have been taken over, robbed and bought by oil palm plantation companies under armed pressure
2. To stop the expansion and development of large scale oil palm plantations in the Indigenous Peoples' territories
3. To stop any kind of foreign debt related to the expansion and development of large scale oil palm plantations
4. To call for the recognition, respect and protection of Indigenous Peoples' rights
5. To develop a network of Indigenous Peoples all over Indonesia, especially those who have become victims of oil palm plantations
6. To call on the government to revoke all regulations which have marginalized Indigenous Peoples
7. To call for law enforcement of harmful activities faced by workers of oil palm plantations, such as immoral behaviour and sexual harrassment
8. To call on the military to revoke its dual functions (defence function and socio-political function).

# Chapter 3
# Other cases around the tropics

*The articles included in this chapter are but a sample of the numerous countries where industrial oil palm monocultures are being promoted. Although much less detailed than the above case studies, they provide additional information regarding the social and environmental impacts of these plantations and therefore assist in providing a more full overview of the problem.*

## AFRICA

### - Cameroon: Oil palm, people and the environment

As mentioned in chapter 2, oil palm plantations in Cameroon cover more than 80,000 hectares divided in three different sectors: 1) large scale industrial plantations, with some 58,000 hectares; 2) Village plantations comprising 12,000 hectares and 3) "Informal" plantations covering some 10,000 hectares.

Village plantations were promoted by the state for the supply of the large state-owned plantation and processing companies. The former are plantations which are contractually obliged to deliver, at market prices, their entire production to the processing plants of the -now privatised- agroindustries. The "market price" is obviously established by these enterprises, which at the local level constitute absolute monopolies.

The above situation has recently led to an increasing gap between small producers and large estates. The "informal" plantations have increased and deliveries of palm fruit to large processing plants have progressively diminished. Villagers prefer to either process their harvest themselves or sell to smaller processing units, from whom they usually obtain a higher price and cash payments. Until the early 1990's, the price established by the companies was considered to be too low, which led to diverting small-scale production to other buyers. Once it became evident that the agroindustries' own production was insufficient to cover their processing needs, they were forced to increase the price offered to outgrowers (from 26-31 francs CFA to 40-50 francs), in order to ensure raw material supply to the processing plants.

It is thus obvious that the complementarity between village plantations and the agroindustries has not been successful and that their relationship has been more based on competition than on complementarity. The sole fact that village planters refuse to even communicate their exact plantation areas to the companies is self-explanatory of this relationship.

Additionally, it is important to stress that the establishment of large-scale plantations has often been preceded by the expropriation of land of the neighbouring villages, without adequate compensation. According to the Cameroonian law, peasants do not own the land by customary right, and thus expropriation does not require compensation on the part of the State. This land property formula was already used in the times of colonization for expropriating the land of peasants and then transferring it, without cost, to new settlers, who could then grow their crops. After national independence, this practice continued in force, now for the benefit of local elites.

The establishment of large private palm plantations -normally located in the surroundings of villages- requires considerable extensions of land, and several cases have already been reported of conflict arising with local communities living in the area from the modality and conditions of land acquisition by outsiders, who, with the support of the government, obtain lands over which they had no previous customary right. However, by cultivating an evergreen plant, like oil palm, they are entitled to permanent customary rights, which guarantee their rights in detriment of the local population.

In addition, oil palm plantations have resulted in a number of environmental impacts, among which deforestation, biodiversity loss and pollution due to extensive use of agrochemicals. All those impacts result in loss of livelihoods for local people and the deterioration of the environment in which they live.

It is important to highlight that no food crops are allowed within plantations, even at the early establishment phase of plantations, where local people could be allowed to cultivate food crops until palms start interlocking canopies. The socio-economic and environmental impacts of these plantations on adjoining towns and villages need to be investigated to reflect issues related to:

- Availability of local food staples (food more expensive in Limbe), forest foods supportive system (non timber forest products are expensive and need to be imported from other parts of the country), availability of local craft items and alternative income opportunities (income of plantation workers is very low).

- Impacts associated to deforestation, as various hazardous floods are now common in the zone (Limbe and Ekondo-Titi cases in 2001 and 1998 respectively).

- Impacts of pollution from agrochemicals, as there are claims that chemicals banned in industrialized countries are still being used by these corporations on the grounds of reduced cost, lack of supervision by the State.

- Impacts on human health, as plantations are located close to human habitations, and aircraft sprays drift to towns from sister banana plantations.

- Impacts associated to pest infestation and infectious diseases due to plantations.

- The enclavement of towns as there are no opportunities for expansion and hill settlement has become a common phenomenon, with implications for upstream and downstream conflicts emanating.

- Impacts on soil chemical/physical/biological properties from palm oil production effluents discharged into open land during processing, which render the land useless for any agricultural purposes. In spite of the existence of opportunities for converting the effluents into useful products, they continue being discharged untreated into the environment.

With the above impact assessment carried out, alternative positions to monocultural plantations can be suggested to reflect more environmentally-friendly approaches to land use patterns in the sub-region.

**- Côte d'Ivoire: Increasing conflict between smallholders and oil palm estates**

In March this year, planters at Cote d'Ivoire's Ehania agro-industrial oil palm plantation unit embarked on an "unlimited strike action" to press for an increase in the price of palm oil. The strike paralysed the activities of three factories that collect and transform palm oil. The Ehania planters, grouped in an agricultural cooperative called Palm-Ehania, were protesting against a drop in the purchase price of their produce, which had since January 2001 fallen from 23 to 19.07 CFA francs (1 dollar = 700 CFA francs). The cooperative's vice president Ahissi Brou, said "the drop in price may force growers to abandon the plantations." He said they were determined to pursue their strike action until their demands were met, arguing that it was "inconceivable" that palm produce prices drop while those of finished products such as soap or table oil were constantly on the increase.

This is not the first strike of this kind and there have been similar actions taken by outgrowers since the 1997 privatization of the previously state-owned Palmindustrie company. The assets of that company where bought by three large private enterprises: 1) PALMCI (Blohorn-Unilever and SIFCA-Cosmivoire), which acquired two thirds of the production capacity of Palmindustrie, including 9 processing plants and 35,000 hectares of industrial plantations; 2) SIPEF-CI, that bought 2 processing plants and 12,700 hectares of industrial plantations and 3) PALMAFRIQUE, with 3 processing plants and 7,500 hectares of plantations.

The plantations of those three companies constitute however only a third of the plantation area in Cote d'Ivoire, where smallholders have a total of 135,000 hectares of oil palm plantations. This situation is the result of the Plan Palmier launched in 1963, which outlined a program for the establishment of state owned nucleus estates (plantations agroindustrielles) and land belonging to contracted smallholders (plantations villageoises). Funds provided by the World Bank and the European Development Fund played an important role in enabling the implementation of the plan. The state released forest reserves for the new plantations and created a land tenure system whereby anyone working the land could have title to it. By 1984 the estates, operated by the parastatal Palmindustrie, constituted 60.3% of the area devoted to oil palm production and 39.7% was constituted by contracted smallholders. The current situation has drastically changed, with companies holding 30% and smallholders 70% of the plantation area.

Although there are already some examples of small cooperative-operated processing mills, the major companies are the main buyers of the outgrowers' production, which -coupled with the international drop in palm oil prices- are now leading to situations such as the strike at Ehania. In this case, the company involved is PALMCI, whose assets in the area include 11,600 hectares of plantations and three oil processing plants which also process the harvest of some 22,000 hectares of smallholder plantations. The company has more assets throughout the country such as:

- at Toumanguié: a 2,900 hectare plantation and one processing plant, with smallholder plantations totalling 15,000 hectares
- at Irobo: a 5,300 hectare plantation and one processing plant, with smallholder plantations totalling 12,000 hectares
- at Boubo: a 4,400 hectare plantation and one processing plant, with smallholder plantations totalling 10,000 hectares
- at Blidouba: a 3,000 hectare plantation and one processing plant, with smallholder plantations totalling 10,000 hectares
- at Iboke: a 5,700 hectare plantation and one processing plant, with smallholder plantations totalling 10,000 hectares
- at Néka: a 2,700 hectare plantation and one processing plant, with smallholder plantations totalling 12,000 hectares.

Within this context, the Ehania strike can be seen as a symptom of the aspirations of those who now hold the largest part of the plantations vis a vis the three companies that hold the processing facilities and who establish the price for the raw material. Privatization has generated the scenario for this confrontation and the government is not even a neutral observer, being in this case a PALMCI shareholder. The future is difficult to predict, but the most plausible hypothesis appears to be that -unless palm oil prices increase in the international market- conflicts will be on the rise. And, given the widespread promotion of oil palm plantations throughout the tropics, palm oil prices are most unlikely to increase.

**- World Bank promotes oil palm and rubber plantations in Liberia and Cote d'Ivoire**

By different means the World Bank is one of the major and most influential promoters of the prevailing monoculture tree plantation model. The International Finance Corporation (IFC) -a part of the World Bank Group, whose specific task is the promotion of private sector investment in "poor" countries- has been directly investing in projects linked to tree plantations, for example in Kenya and Brazil.

The IFC has recently signed two agreements to fund two of these initiatives in West Africa. One of them consists of the reopening of a rubber company in Liberia that was shut down during the civil war, while the other is the set up of an oil palm plantation in Cote d'Ivoire.

The Liberian Agricultural Company (LAC) will receive a loan of US$ 3.5 million to develop a rubber plantation in its 120,000 hectares estate. Between 1961 and 1984 the company had planted rubber there in an area of 10,500 hectares, which was abandoned because of the civil war. According to its promoters, the project will create jobs, provide health and education, and improve rural infrastructure, benefiting 800 small holders.

The holding company of Cote d'Ivoire's leading producer of rubber -Societe des Caoutchoucs de Grand Bereby (SOGB)- will receive a US$ 6 million IFC loan to establish an oil palm plantation in that country. The plantation will occupy 5,000 hectares and in a second phase of the project the company will build a crude palm oil factory to process its production. It has been underscored that the new plantations will avoid areas of secondary rainforest, which SOGB has guaranteed to protect. SOGB already operates a 15,000 hectare rubber plantation and processes rubber, mainly for export.

The globalization of the plantation model is a reality, also regarding rubber and oil palm production. The Compagnie Internationale de Cultures (Intercultures), an affiliate of Societe Financiere des Caoutchoucs (SOCFINAL S.A.), owns 75% of the Liberian Agricultural Company. SOCFINAL is a Luxembourg holding company with agricultural, real estate, banking, and financial interests, and major holdings in oil palm and rubber not only in Liberia and Cote d'Ivoire, but also in Indonesia, Malaysia, Cameroon and Nigeria. In the rubber production project in Liberia also participates PROPARCO, the private sector lending arm of the French development agency Agence Francaise de Developpement. At the same time both Intercultures and PROPARCO are shareholders in SOGB.

Mr. Tei Mante, Director of IFC's Agribusiness Department, said that both agreements would lead to more employment and higher living standards, that they will promote exports that will earn foreign currency, while supporting agricultural production with maximum sensitivity to the environment. Everything sounds incredibly nice . . . but the problem is that reality shows a completely different situation. Promises of a higher quality of life for local dwellers, an improvement of poor countries' economies, the respect for the environment, etc. are in blatant contradiction with the negative consequences on people and the environment that similar projects based on vast tree monocultures bring about with them. The few and poor quality jobs that such projects create seldom improve local peoples' quality of life and the environmental impacts that large-scale tree monocultures entail result in further impoverishment of local populations. If the World Bank is really willing to fulfil its mandate of poverty alleviation, then it should begin to reorient its loans to investments which create better employment opportunities than those generated by this type of plantations.

**- Ghana: The documented impacts of oil palm monocultures**

More than 125,000 hectares of land are under oil palm cultivation in Ghana, mostly under the nucleus estate model, which implies a large plantation surrounded by smaller plantations established in local farmers' lands.

The large scale plantations were implemented by the State at the expense of local peoples lands, with little or no compensation for the cottages, camps, and farms lost, together with various land-use or proprietary rights. As could have been expected, this resulted in social resistance, as in the case of the dramatic refusal of the migrant Ningo farmers of Atobriso and Okaikrom to grant government and Ghana Oil Palm Development Company officials entry into their acquired land. The peasants' resistance has also included pilfering of palm fruit from the plantations as well as acts of sabotage, which resulted in the tightening of security at considerable cost to the plantation companies.

But, according to Ghanaian researcher Edwin A. Gyasi, "perhaps the most serious adverse effect has been the rapid transformation of the forest ecosystem and its resilient diversified ecologically based traditional economy into a vulnerable artificial monocultural system. Instability, risks, or uncertainties are inherent

features of the natural environment, which the peasant farmers recognize. Traditionally, the peasants try to minimize these environmental risks, combat soil erosion, optimize utilization of the different soil nutrients, and enhance food security by intermixing crops of varying degrees of environmental sensitivity and different nutritional value, and by other forms of agricultural diversification and risk minimization. The resilient, diversified indigenous agriculture, modelled on the forest ecosystem and based on eco-farming principles borne out of the peasants' intimate knowledge of the natural environment, is being replaced by the risk-prone monocultural system, with devastating consequences for the forest ecosystem."

Among the major impacts, the following have been recorded:

- shortages of local staple foods
- the vulnerability of the monocultural palm farms to insect pests and diseases, which have experienced unusually massive and destructive insect invasions
- the difficulty of marketing palm fruit and oil associated with poor marketing facilities for the increased output
- deforestation, and the associated growing cost and scarcity of forest products such as "bush meat", medicinal plants, and wood, an important constructional material and the basic fuel source
- the high cost, erratic supplies, and polluting effect of the agrochemicals used to boost palm yields and to control pests and weeds, especially in the large plantations
- environmental pollution by the palm fruit and palm oil effluents.

In sum, although large-scale oil palm plantations might appear to be attractive because of their ability to accelerate agricultural production and agro-industrial growth, they are basically vulnerable and have adverse effects on traditional landholding and land-use rights, on food and fuel security, and on the natural environment.

**- Nigeria: Palm oil deficit in a traditional palm oil producing country**

Oil palm is indigenous to the Nigerian coastal plain, having migrated inland as a staple crop. In the case of Nigeria, oil palm cultivation is part of the way of life -indeed it is the culture- of millions of people. However, during the past decades the country has become a net importer of palm oil. While in the early 1960s, Nigeria's palm oil production accounted for 43% of the world production, nowadays it only accounts for 7% of total global output.

Contrary to the situation of the oil palm heavyweights Malaysia and Indonesia -whose production is based on large-scale monocultures- in Nigeria 80% of production comes from dispersed smallholders who harvest semi-wild plants and use manual processing techniques. Several million smallholders are spread over an estimated area of 1.65 million hectares in the southern part of Nigeria. Oil palm is inter-cropped with food crops such as cassava, yam and maize.

In an attempt to emulate the "success stories" of the two above mentioned countries, Nigeria tried to implement large-scale plantations, which resulted in complete failures. Such were the cases of the 1960's Cross River State project and of the European Union-funded "Oil palm belt rural development programme" in the 1990's. This project included the plantation of 6,750 hectares of oil palm within an area thought to be one of the largest remnants of tropical rainforest in Nigeria. In spite of local opposition, the project moved forward and EU funding was only discontinued in 1995, seven years after its approval.

The project was implemented by a company called Risonplan Ltd., partly owned by the government. The company appropriated land owned by local communities without their consent and with minimal compensation. Once land had been secured, Risonpalm constructed a huge dyke and bulldozed many thousands of hectares of the project area for cultivation. Local peoples' forests, farms and grave sites were destroyed, fish ponds were poisoned, pesticides banned in Europe were used, and land tenure problems

arose. The dyke and drains have considerably altered the hydrology of the area which has already led to the death of trees. The proliferation of roads led to an increase in logging and hunting, and it is expected that all of the area's mature timber trees will be felled in the near future. As revealed in the Commission's own mid-term review, the use of heavy machinery caused compaction of soils. Local peoples conducted strikes and tried to obstruct the project, which consultants to the Commission conceded was the "only effective means to express their discontent".

Other large scale projects have resulted in similar impacts and have also resulted in major failures. The situation thus appears to be at a standpoint, where neither monocultures nor smallholdings seem able to provide answers to the problem of the scarcity of palm oil in one of the countries where the oil palm is native. However -according to experienced local people- the solution to the problem should not be impossible to achieve if adequate policies were put in place and implemented, along with certain guidelines such as:

- Large scale monocultures should not be implemented because they involve soil -and in many places water- mining, they damage ecosystems, undermine human society and they are an inefficient way of producing resources

- Investments should be made in terms of processing capacity and technology. The capacity of traditional presses is very low. The efficiency of these methods is lower than modern mills and oil extraction rates range from 20% to 50% compared with 90% in Malaysia

- The investments however, need to be directed towards the small farmer and farmer co-operatives where oil palm cultivation continues as a manipulation of “wild” groves, as part of mixed farming and as small plantations of one or two hectares

- Production of existing plantations should be maximised -so that new ones are not required- and returned to the original landowners as smallholder blocks that will inevitably be converted into a more mixed and more viable agricultural ecosystem

The above approach is essential for poverty elimination and for the economic empowerment of local people, whilst at the same time serving the country's interests as a whole.

**- Nigeria: Malaysian corporation to invest in palm oil production**

Malaysia is the world's top producer and exporter of palm oil, generating fifty percent of the global output, of which 85% is exported. Within the African continent, Nigeria is the country having the more extensive oil palm plantations, with at least 350,000 hectares planted to this crop. According to recent news, a Malaysian corporation will begin to invest in Nigeria's palm oil sector, with government support from both countries.

Sime Darby Plantations -the largest oil palm producing company in Malaysia- will soon establish an oil palm processing refinery in Nigeria's Cross River State. This is the result of the five days visit to Cross River State by a delegation from Malaysia, which was a follow up to that by the state governor to that country some months ago.

The leader of the Malaysian delegation announced the intention to establish an oil palm processing refinery shortly after inspecting oil palm plantations in various parts of Cross River State. He revealed that it was the intention of Sime Darby Plantations to bring some of the new technological know-how in oil palm processing to the state and regretted the state of obsolete equipment in some of the oil estates visited.

He commended the Cross River State government for promoting and providing the enabling environment for business transactions in the state. The delegation visited the Export Processing Zone (EPZ), where its general manager assured the team of free imports and exports. They also visited the Calabar seaport.

So everything seems to be set for this investment. There are however two questions that need to be posed. The first one is related to the Malaysian firm itself: what is Sime Darby's business? According to the company's own web page, it is "Malaysia's largest and oldest conglomerate" and "owns or has interests in more than 270 companies, primarily in Asia. Its core business activities include the distribution of autos (BMW, Ford, Land Rover) and heavy equipment (Caterpillar); the manufacture of finished rubber products (mainly tires); plantations (oil palm, rubber, cocoa, and fruit crops); property development; and trading. Sime Darby is also acquiring generation assets."

In relation with oil palm, the following is revealing: "The company is trusting that the diversity of its holdings will secure growth. While palm oil prices are falling, hurting the plantation business, there is increasing demand for Sime Darby-supplied automobiles and heavy equipment." The Nigerian government should take that into account before subsidising the company with "free imports and exports." If palm oil prices fall, Sime Darby will earn money through its other activities, but what about Nigeria?

The second question is related to oil palm itself. Oil palm plantations are spreading throughout the tropics and in all cases where large scale plantations of this crop are implemented there are reports of important social and environmental impacts. The jobs they generate are few, seasonal, badly paid and in bad working conditions. Local peoples are deprived of their livelihoods and the overall employment tends to decrease at the local level. Impacts on water, soils and biodiversity are widespread and in many cases lead to high deforestation rates. Can this be called development?

## ASIA

### - Burma: Forced labour in oil palm plantations

On 13 June this year, Amnesty International released a report on Burma titled "Myanmar. Ethnic minorities: targets of repression." The report states that for the last 13 years this organization has documented "the widespread use of forced labour of ethnic minorities by the Myanmar military" and adds that "perhaps the most common human rights violation of ethnic minorities is forced labour of civilians, who are much more likely to be seized by the army than the majority Burman group."

According to Amnesty International, "there are two broad types of forced labour: the first is portering, which entails carrying heavy loads for the military over rough terrain for days or weeks at a time. The second type involves work on construction projects such as roads, railways, and dams. Men, women, and children are all taken for labour duties, and almost never paid for their work."

Organizations such as the Karen National Union and Free Burma Coalition have identified oil palm plantations among the many types of activities being carried out forcibly by local people. In February 1999, the Vice Chairman of the State Peace and Development Council (Burma's military regime) General Maung Aye was accompanied by national entrepreneurs on a field trip to reclaim "vacant, virgin and fallow lands" for cultivation of crops in Taninthayi Division. Gen. Maung Aye said that "the land between Kauthaung and Myeik is appropriate for cultivation of edible oil palm on commercial scale, and should local entrepreneurs establish edible oil palm plantations on thousands of acres, it is sure that Taninthayi Division would become the "edible oil pot" of the country like Magway Division". He assured that the government would provide support for success of local entrepreneurs implementing the projects in accord with the economic objectives of the State. Local entrepreneurs also explained the tentative plan to cultivate oil palm on 400,000 acres in the division and the chosen sites.

The Vice Chairman has certainly kept his promise of "providing support". On 27 July 2000, SPDC's troops ordered villagers from Thagyet and Kyeinchaung villages to work for a military oil palm plantation at Kyeinchaung area. 70 persons from Thagyet, 50 from Nyaungbingwin, 30 from Thebotleik, 50 from Kamukru, 30 from Kyauktalone villages were demanded to go and work in turn. The oil palm plantation has a 55,500 acre extension.

Since January 2001, SPDC have started another oil palm plantation plan in Tanawthiri township (Taninthayi) in Mergui district, Tenasserim division. The planned area to clear are in the surroundings of Thaboleik, Leikpu, Htihpo-awmay, Kabawplaw villages in the east of Taninthayi town and the villagers from those related villages were ordered to clear the plantation site. The area of plantation was not known yet. SPDC authorities are working for Yan Naing Myint Co.and have ordered their local militia to take responsibility for the operation. SPDC had ordered all the local village tracts nearby to plant the oil palm saplings when the site was ready. Every household must go and plant the sapling from the beginning to the end.

This is clearly the most extreme case of exploitation and human rights violations related to oil palm plantations and the international community needs to be made aware of the situation. Organizations campaigning against large-scale oil palm monocultures should take the Burmese case on board to provide support for those communities facing such abuses.

### - Oil Palm Plantation in Cambodia

*By Chris Lang*

In early 1999, the Phnom Penh Municipal Authority moved 99 families from a squat behind the Russian embassy in Phnom Penh to Monorom 1, a newly constructed village 150 kilometres away. With the promise of work on an oil palm plantation, new houses and two hectares of palm plantation each many of

the squatters were willing to move. A billboard put up by the Phnom Penh authorities announcing that part of the squatters' area was to be made into a park further encouraged people to move.

Monorom 1 consists of 99 wooden houses built in rows, half with blue roofs and half with red roofs, each on its own small plot of land. The Phnom Penh authorities also constructed a market and a school.

The company that established the plantation, Mong Reththy Investment Cambodia Oil Palm Co. Ltd., is a joint venture between Mong Reththy and three foreign partners. Mong Reththy, one of Cambodia's richest businessmen, holds 60 per cent of the company, while the rest is shared between Borim Universal Co. Ltd. (South Korea, 20%), Kim Tat Send Group Pte. Ltd. (Singapore, 10%) and Lavanaland Sdn. Bhd. (Malaysia, 10%).

The US$ 12 million investment consists of 3,800 hectares of oil palm plantation and a processing factory due to be completed by 2002. Seventy per cent of the factory's output will be for export, largely to China and South Korea, with the remainder going to local soap manufacturers.

In February this year Mong Reththy told Reuters that the plantation would employ 3,000 workers. The people relocated from Phnom Penh to work on the plantation tell a different story.

Long Saran, one of the villagers who moved to the new village was laid off in April this year. He said, "When the 99 families moved from Phnom Penh about 50 people got jobs with the company. The Government had told us we would all work for the company." Now less than ten people from Monorom 1 work on the plantation according to another villager.

None of the villagers have received the promised two hectare palm oil plots. In any case the company would not have given the two hectare plots freely. Instead they provided the company with a means to chain villagers to the company. Villagers began life in Monorom 1 with a debt to the company of US$ 4,430. According to the Mong Reththy company, the company would keep 30 per cent of the income from villagers' two hectare oil palm plots until this debt was repaid.

In October 1998, before the villagers were relocated, Pho Vuthy the plantation manager told the Phnom Penh Post that crops like rice, beans and corn could be grown between the rows of oil palm to supplement villagers' income in the first three years. In fact after one year the company prohibited this on the grounds that it could lead to fires in the plantations.

The villagers want Chea Sophara, the Phnom Penh Governor, and Prime Minister Hun Sen to visit Monorom 1 and learn about their problems. "The Government should practise its policy and provide jobs as it promised. Solutions can be found through debate with the people here. If there is no resolution, villagers will make a complaint to the Government to resolve the problem," said Long Saran.

The Mong Reththy company established its oil palm plantation on land that was either forest or already in use by people living in one of the four villages in the area. For example, almost all the 300 families in Tanei village lost land to the company's plantations. The village has now moved to an area adjacent to Highway 4, the main road between Phnom Penh and Sihanoukville, and many of the people try to earn a living from selling drinks and fruit from the small shops lining the road.

Many villagers feel tricked by the company into giving up their land. One villager who lost his land to the company and has never received any compensation explained, "The chief of the commune asked us to give our thumb prints on a statement, but so far we haven't received anything. The government has given money to the company, but every month the company tells us it will pay us next month. Now one year has passed." Other villagers from Tanei that did receive compensation only received money for land, and nothing for the trees they had planted on the land.

In July, Mong Reththy told the Phnom Penh Post that his company still intended to provide land for the villagers. "We will provide land for them when they have money to buy seed to grow crops. We will give land to whoever wants to grow crops and has the money to plant," he said.

Meanwhile, most of the families in Monorom 1 are unemployed and are either collecting firewood from the nearby forests to sell in Phnom Penh, or are moving back to Phnom Penh to look for work there.

**- Cambodia: The unfulfilled promises of an oil palm plantation**
*By Chris Lang*

Six months later to Mong Reththy declarations to Phnom Penh Post, he wrote to Watershed magazine, explaining, "The promise of two hectares of planted palm oil plantation is still on the Company top priority agenda. The company is sourcing every possible way to secure a loan from local and international banks." Mong Reththy claimed that this was proof that his company is "more than willing to commit".

After more than two years, the villagers are still waiting for the promised two hectare plots. In June 2001, Bok Chhiv Tor, Project Coordinator for Mong Reththy, dismissed the problem, saying "The villagers can freely do whatever they please to earn their living. If they choose to work for the company we will give them employment." He added, "We really don't know how many of the villagers are currently employed by the company."

The land used for the oil palm plantation was either forest or farmland according to villagers in the area. In Tanei village, almost all the 300 families lost land to the company's plantations. Many have received no compensation from the company. Bok Chhiv Tor claims that before the company arrived, the land was "empty land, and it was a concession granted by the Royal Government."

In February 2001, more than 6,500 oil palm trees on Mong Reththy's plantation burned down. Mong Reththy told the Cambodian newspaper, Rasmey Kampuchea, that the fire was deliberately started, arguing that the fire started simultaneously in two different places. The oil palm trees burnt were planted in 1997, and were beginning to fruit. The company estimated the cost of the damage at around US$ 70,000.

So far, the oil palm venture doesn't even make a profit. The first fruits have begun to be harvested, but without a factory to process the kernels, the first year's harvest was simply left to rot.

The US$ 5 million factory is due to be completed in 2002 but it is not clear where the money will come from. Mong Reththy is currently negotiating with the government in an attempt to gain help in funding the factory. In May 2001, Mong Reththy told the Cambodia Daily, "If there is no factory, I will lose another US$ 1.5 million in 2002." He said so far the plantation project has cost US$ 10 million in overheads, and this year it lost US$ 1 million.

In March 2001, the Rasmey Kampuchea newspaper reported that the Ministry of Agriculture did not encourage the oil palm plantations project, on the grounds that "it would not give a positive result". In the meantime, Mong Reththy is focussing on his 1,800-hectare cassava plantation.

The company has failed to benefit either the local population or the people moved from Phnom Penh. People living in the area of the plantations have lost their land and forests to the company, without compensation. Of the people moved from Phnom Penh, supposedly to work for the company, few have received jobs and none have received the land the company promised them. They have even lost the precarious livelihoods they had in Phnom Penh. Who will compensate all of these people? Will the company be "more than willing to commit" to this?

**- Indonesia: Million hectare oil palm plantation programme in Jambi**

Jambi province, Sumatra, is one of a number of areas where the newly empowered regional government is pushing for major expansion in oil palm plantations. The provincial governor has announced plans to develop a million hectares of oil palm in the province by the year 2005. Last year, the provincial authorities threatened to cancel the licences of 49 plantation companies which had been allocated over 700,000 hectares in Jambi but had not yet planted it with oil palm. In December, Malaysia's ambassador to Indonesia announced that Malaysian companies were ready to take over around 356,300 hectares of oil palm plantations in the province that current lease-holders had failed to develop.

Jambi currently has around 265,000 hectares of oil palm plantations, of which 200,000 hectares were in production last year. About 320,000 tonnes of crude palm oil was produced by 13 processing plants with a total capacity of 640 tonnes per hour.

In January governor Zulkifli signed a Memorandum of Understanding with a US-British-Swiss venture capital consortium, Asian Jade Venture Ltd, based in Johor Baru, Malaysia. The agreement covered investments of US$ 500 million for oil palm plantations, downstream processing industries, a port, a new town and for the tourism and fisheries sectors.

The local environmental NGO, WALHI Jambi, has issued a statement rejecting the million hectare oil palm programme, arguing that it would destroy forests, and wipe out the sustainable livelihoods of communities living near the forests. WALHI has also accused the authorities of failing to indicate where the new plantations will be developed and argues there isn't enough available land to develop such a large area. WALHI says that the focus should be on improving conditions and resolving conflicts between farmers and plantation owners at existing oil palm plantations.

WALHI's press statements -and the apparent second thoughts of Asian Jade Ventures Ltd- have provoked a furious response from governor Zulkifli. He has accused the NGO of being anti-investment, anti-progress and anti-regional autonomy. The governor and his supporters are believed to be behind a campaign of intimidation, launched by suspect 'NGOs' calling for WALHI to be shut down. This has involved trucking 300 protesters to demonstrate at WALHI's office, and issuing statements of support for the governor's programme.

**- Malaysia: Resistance against logging and oil palm in Sarawak**

For years, the Dayak indigenous peoples of Sarawak have been defending their forests and livelihoods from the depredatory activities of logging, oil palm and eucalyptus plantations promoted by the Malaysian and the Sarawak state governments. In an unequal struggle, local communities -supported by Malaysian and international social and environmental NGOs- have been resisting the destruction of their forests and the installation of plantations. The issue of land tenure and the recognition of their Native Customary Rights is in the background of this dispute, and local villagers have frequently suffered pressure and brutality from the government's forces while defending their rights.

Last April, people belonging to the Dayak Iban longhouses of Rumah Ketip, Rh Lanyau, Rh. Mulok, Rh. Anchih, Rh. Lipo and Rh. Madak carried out a direct action of protest against logging operations within their native customary rights land in upper Balingian area of Mukah District in Sibu Division, Sarawak, by putting up a human blockade to stop the timber company "Always Yield" from carrying out logging in their lands. The action had been preceded by several requests to government authorities and the police to stop the trespassers' activities, which proved useless.

Additionally, the longhouses of the area are resisting the establishment of oil palm plantations within their native customary rights land by the company Novelpac. Malaysia is the world's largest palm oil producer and the invasion of oil palm plantations has a long history of negative social and environmental impacts, starting with the appropriation of local peoples' lands. Although plantations appear to constitute a more positive activity when compared with logging, they are in fact worse, because land appropriation becomes permanent.

In the disputes between oil palm companies and local peoples, the government takes sides with the former, thereby forcing communities to resort to different forms of resistance. Many of such actions later result in court proceedings. One of such cases is that of a group of 30 Iban from several villages in the Bakong area in Baram. In 1997 they blockaded the oil palm plantation company Empressa and its contractor Segarakam from trespassing their customary lands, on which the company intended to destroy their crops and set up an oil palm plantation. After failing to get any response or assistance from the authorities, the Ibans had no choice but to exercise their right of private defence to protect their lands and crops thereon by detaining three bulldozers of the company.

The Company lodged a complaint with the police accusing the Ibans of gang robbery of the bulldozers. The police went to the Iban village wanting to arrest the village chief for the said offence and to retrieve the bulldozers. The Ibans resisted the arrest on the ground that it was the company which trespassed on their customary lands and which destroyed their crops. In the scuffle, the police fired several shots at the Ibans. Three of them were shot and one who was shot with a pistol on the head died on the spot.

Not content with having the police on their side, the companies hire thugs to intimidate local peoples. This policy has resulted in increased violence and further court proceedings. Now 19 Ibans from Ulu Niah are being charged with the murder of four Chinese gangsters whom a plantation company paid to intimidate and harass the Ibans for opposing its oil palm plantation activities in their traditional lands.

**- Malaysia: Exporting social and environmental impacts of oil palm monocultures**

Malaysia is the world's number one producer and exporter of palm oil. However, the development of this sector has not only not benefited the local people but, on the contrary, has resulted in serious adverse effects, particularly in the state of Sarawak. This crop, which generates huge profits for a few large companies linked to the government and local elites, leads to serious negative social and environmental impacts that affect the majority of the population, giving rise to social conflicts that nearly always resulting in human rights violations.

Logging companies have been destroying forests through large-scale unsustainable logging, causing irreparable damages. However, their activity has only been the prologue for something even worse. When wood resources began to decrease and world demand for palm oil increased, many logging companies opted to redirect their activities to oil palm plantation. For local peoples, this means the final appropriation of their traditional territories by the companies. As a local person said: "Logging companies destroy our forest and leave. Plantation companies destroy our forest and stay!"

Most of these plantations are being implemented in indigenous traditional territories, thus depriving local peoples of their livelihood and vital resources. In Sarawak, the government has granted licenses to oil palm companies in lands used by the local peoples to cultivate their basic food, such as rice, fruit trees, vegetables, pepper, etc. Moreover, the destruction of forests determines the disappearance of a wide range of products, traditionally used by local communities. Deprived of their resources, local peoples are gradually forced to hand over all their rights to their lands, and to turn into salaried workers of the companies, in seasonal, low-paid jobs and under bad working conditions.

The increasing occupation of lands by oil palm plantation companies has unleashed an unequal fight, in which local communities resist against forest destruction, the deprivation of their lands and the disregard for their traditional rights. They then become victims of repression and harassment from the government, which protects the interests of the companies.

Oil palm companies and the government are thus responsible for promoting deforestation and for violating the human rights of the local peoples that fight for forest conservation. It is important to highlight this situation, given that many of those companies are expanding their activities to other tropical countries, where they will surely repeat the same behaviour pattern. Malaysian government and corporate representatives have visited a number of countries such as Indonesia, Philippines, India, Papua New Guinea, Solomon Islands, Nigeria, Guyana, Honduras and others, promoting this palm monoculture system. Of course they never mention the serious adverse social and environmental impacts this system is generating in their own country. And that is precisely what people must know, and they should ask themselves: ¿What can we expect of companies that, in their own country, act against local communities and the environment? ¿Will they behave better in foreign countries? Very unlikely. The same as at home, they will probably act in the name of “development”, but their profitability will be obtained at the expense of the destruction of the environment and the use of cheap labour. That is the hypothesis which local people of the countries where these companies intend to expand their activity should adopt, until those same companies modify their behaviour in their own country.

**- Papua New Guinea: the struggle of the Maisin indigenous people**

Papua New Guinea still contains one of the major tropical rainforests in the world, hosting high levels of biodiversity. Together with the government's policy regarding forests -which considers them as a mere source of roundwood to be exported- and its collusion with powerful forestry companies, the activities of foreign logging companies constitute a threat to these rich ecosystems and to the people that inhabit them.

Since forests are home of millions of indigenous peoples, it is usually them who face the intruders which, in the name of "development" and generally with the explicit or implicit support of the authorities, try to take over their land and resources. After the clearcut of the forest, monoculture tree plantations are often established. This is also the case in Papua New Guinea.

The Maisin indigenous people are now fighting for a rainforest located inland from the coast of a Pacific Ocean island in the eastern region of the Papua New Guinean archipelago. The Maisin have traditionally cleared patches of forest for their crops and hunted wild animals to get their protein supply within the forest canopy. From the forests they also obtain building materials, medicines, and fresh water. "The forest is our livelihood. It's also our inheritance that our Maisin landowner forefathers have passed on to us," says John Wesley Vaso, a Maisin landowner. Their opponent is a big Malaysian company which claims having a valid lease and permits to clearcut the forest in the area, and immediately after establish an oil palm plantation. The company says that the new activity will mean the creation of many jobs for both logging activities and the planting and maintenance of the oil palm crop.

However, the forest dwellers do not believe in these false promises of economic development and welfare. They prefer to keep their forest standing and their small scale economy, based on traditional agriculture and hunting, and the selling of betel nuts, while at the same time not losing control over their land and livelihoods. Additionally, Malaysian logging companies are well known for their negative performance regarding forest resources and indigenous peoples that inhabit them, not only in their own country -which is the world's largest tropical timber producer- but also abroad. Their depredatory activities in the Brazilian Amazon is perhaps the clearest example of this.

Since under the country's constitution indigenous peoples are legal owners of their traditional lands, the Maisin have started a legal action against the company. They filed a lawsuit that has worked its way up to

Papua New Guinea's highest court, and managed to stop until now the company's activities. Even if the final outcome of their lawsuit could be months away and new difficulties will appear since they have almost exhausted the financial resources they raised to pay for the legal process, their successful action has been considered an example that in the future can be followed by other indigenous peoples affected by this kind of abuses against their environmental and human rights.

**- Papua New Guinea: Incentives to oil palm plantations**

Papua New Guinea (PNG) at least seventy-five percent of its original forest cover is still standing, occupying vast, biologically rich tracts over 100,000 square miles in all. Its forests provide the habitat for about 200 species of mammals, 20,000 species of plants, 1,500 species of trees and 750 species of birds, half of which are endemic to the island. It has been estimated that between 5 and 7% of the known species in the world live in PNG. Rare plants and animals like the largest orchid, the largest butterfly, the longest lizard, the largest pigeon and the smallest parrot ever registered live in these forests. The forests also constitute the home of the indigenous peoples. But these forests and forest peoples are under threat due to large-scale logging activities and oil palm plantations.

PNG is the world seventh largest palm oil producer and the third largest exporter of palm oil, exporting almost its entire production to Europe. During the last years the oil palm industry has been expanding throughout PNG, mainly in West New Britain Province, which is the leading producer of oil palm in the country, known as “The Oil Palm Province”.

Initially, oil palm plantations were implemented by companies in which the government was one of the shareholders. But now the situation has changed with the increasing investment of Chinese, Malaysian and Indonesian companies in oil palm plantations which destroy the forests to give way to this monoculture. This is resulting in the appropriation of local communities' lands and therefore in resistance against this activity. One of such cases is that of the Maisin indigenous people, who inhabit the rainforest of Papua New Guinea. The Maisin filed a lawsuit against a Malaysian company, that found its way to Papua New Guinea's highest Court. The company claimed to own leasing rights to both clear-cut the Maisin's forests and to establish an oil palm plantation. Under the Papua New Guinea constitution, the Maisin are the legal owners of their traditional lands. The Maisin claim they have never signed away their forest lands, and that the Malaysian company possesses an invalid lease with forged signatures. The company denied the charges, but the Papua New Guinea Courts have enjoined the project pending final resolution of the case.

Instead of promoting environmentally sound and socially beneficial activities -such as community forest management- the PNG government is strongly supporting this type of development. In April this year, the Livestock Minister Muki Taranupi announced plans for tax incentives in the oil palm sector designed to encourage growth and boost production. The minister said the government would offer tax credits to oil palm estates and reduce import duty on agricultural imports. The minister added that he had also directed his department to examine the possibility of reducing import duties on imported agricultural equipment and implements including fertilizers.

It is worth noting that an activity such as this, which results in the impoverishment of local peoples -who lose their lands and forests- and in the depletion of biological and water resources receives strong governmental support, while socially and environmentally beneficial activities do not. In the case of PNG, oil palm plantations are not even aimed at the production of edible oil for the local population and almost the entire production is export-oriented. As usual, corporate profits and macroeconomic benefits seem to be more important than local peoples livelihoods and environmental conservation.

## LATIN AMERICA

### - Colombia: Perverse economic incentive for oil palm plantation

Oil palm was introduced in Colombia in 1932, but its commercial development started by the end of the fifties. In the mid sixties there were over 18,000 hectares of that crop in the provinces of César, Magdalena, Santander and Norte de Santander. Palm cultivation expanded to other provinces and according to data published in 1995 by Fedepalma, by that year there were already around 130,000 hectares, being the country's main oil crop, mainly in the north, central and eastern zones of the country.

Currently, within the framework of the so called “Plan Colombia”, the government aims at replacing plantation of illegal crops with oil palm and plans to plant up to 300,000 new hectares. These new plantations would be included under the agricultural plan of the present administration, disregarding both people and the environment.

As stated by the Peasant Association of the Valley of River Cimitarra (Asociación Campesina del Valle del río Cimitarra - ACVC), these plantations are a “a sad example of the coctail of large land owners with aspirations of efficiency or modernity who, pretending to be productive, not only don't abandon but reaffirm themselves in their exclusivist and monopolistic land use structure.” And ACVC adds: “This system aims at increasing yield per hectare without altering the structure of land ownership at all. The new feudal lords talk about productive alliances, which are nothing but a sort of disguised sharecropping. These alliances are the legal remedy to elude their obligations with poor agricultural workers. As workers become partners, large land owners save the payment of wages and eliminate extra time and social contribution duties. According to the owners, they should remain in charge of the administration of these alliances, as they are “experienced”. In other cases these “new” large land owners offer a plan to small and even medium sized land owners and producers for association with their monoculture projects through their indebtedness under the sophism of the “peasant palm economy”. The actual plan of the large land owners, which control the industrialization and commercialization processes, is one for getting a permanent raw material supply without establishing any labour link between them and the impoverished peasants.

Not even the declared objectives -such as a higher monetary incomes per hectare- will be achieved, since, as stated by ACVC, the actual aim is to increase the raw material supply.

The Malaysian situation last year was an example of what could happen in Colombia in the near future. Despite an increase of 30% in the September-October harvest, the price kept a steady falling trend along the year and by October was 40% lower than in January of the same year. Malaysia is the world's main producer and exporter of palm oil. The country has great experience in oil palm production, which is not precisely very positive, especially regarding people and the environment. A short time ago, by the end of May, many Malaysian producers had to burn their production of ripe fruit (“because it is too costly to transport the produce to the nearest processing mill in Beaufort, in the wake of the low price of palm oil in the global market”), as informed by the local newspaper Daily Express.

But the most irreversible damage will be the one caused to the environment and therefore to the people and fundamentally to those with less resources. According to a study which was recently published by the Alexander Von Humboldt Institute (Instituto de Investigación de Recursos Biológicos Alexander Von Humboldt), “it is important to remember that palm plantations are not forests but uniform ecosystems which replace natural ecosystems and their biodiversity. This usually results in adverse social and environmental impacts: water production decreases; the soil structure and composition is modified; the abundance of fauna and flora and their species' composition are altered; the livelihood base of the native population is lost, and in some cases black and indigenous populations and peasant communities are displaced”. Some examples of these have already been recorded, such as that of the western palm cultivation zone (Municipality of Tumaco), where the destruction of the primary forest is mostly

associated to palm cultivation. Furthermore, as is widely known, one of the main causes leading species to enter into the higher endangered categories, is the destruction of their habitats".

The main aim of that study was to prove the "perversity" of certain incentives, such as the Incentive of Rural Capitalization (Incentivo a la Capitalización Rural - ICR), which are claimed to "achieve peace" and are promoted within the framework of the Plan Colombia. "The ICR was chosen for the late yield crops as a potentially perverse incentive, as it is directly oriented to the expansion of oil palm plantation wherever within the country, disregarding considerations of biodiversity conservation. The ICR is a condonation of the credit granted by FINAGRO to farmers and cattle-ranchers and could reach 40% of the total credit, depending on the type of producer involved."

It is important to clarify that this incentive is just a new formula of an old history of incentives, as "incentives have been granted to oil palm producers since the 50's, and the increase of planted areas from 250 hectares in 1957 to over 150,000 hectares in 1999 has been the result of all sort of incentives, including "fiscal and tax incentives, research and technical assistance, free distribution of plants and seeds, access to credit", among others.

Through a microeconomic analysis which made it possible to determine the behaviour of producers regarding changes in the price of credit, it was possible to establish that the ICR "can encourage both established producers as well as new investors to increase the area planted with oil palm, replacing other plant covers, like tropical rainforest and grass." The model used in this study allowed to "simulate the possible effects on biodiversity of applying the ICR in two palm producing areas: north and west" and to "estimate the optimal areas which would be required by the producers" . It also enabled the calculation of the Indicator of Biodiversity (IBD) which allows the comparison of the present biodiversity level with the level those potentially required areas would have if they were actually turned into palm cultivation". The results indicated a biodiversity loss ranging from 21.8 and 39.15% in the various areas analysed.

But above all the environmental and social impacts which may arise from an expansion of oil palm monocultures, it is unbelievable that the "solution" offered by the Plan Colombia to the peasants currently growing illegal crops should be the plantation of oil palm. A viable solution will only be such if illegal crops are replaced by others with similar income levels of the ones they presently receive and this is something which for sure will not be provided by oil palm cultivation. The current price for oil palm is already not profitable and the increase in the area devoted to oil palm plantations will further reduce it. This is therefore a new deception, which will only render higher profits for the Colombian palm oil companies, while its impacts will be suffered by people and the environment.

**- Ecuador: Oil palm in the devastated Garden of Eden**
*By Ricardo Buitrón*

In Ecuador, the relaunching of oil palm cultivation has given rise to different reactions. In a long interview published by a widely read newspaper, for instance, the question was raised on whether oil palm plantation in the province of Esmeraldas would bring this poor Ecuadorian region nearer to paradise (*El Universo*, 11/3/2000), while at the same time other headlines stated that oil palm cultivation is destroying native forests and that thousands of hectares have been destroyed in San Lorenzo (*La Hora*, 18/5/2001).

Other press media, on the other hand, echoed the massive campaign carried out by the Association of Oil Palm Cultivators of Ecuador (Asociación de Palmicultores del Ecuador ANCUPA), aimed at cleaning up their image after having been blamed for the destruction of forests. In this sense, they claimed that oil palm monocultures constitute a development proposal which is subject to "environmental censorship" and put forward the question of whether oil palm cultivation was the hen that laid the golden eggs or the "bad guy" for the environment.

Salomón Gutt, manager of Palmeras de los Andes, one of the companies responsible for the most extensive destruction of primary forest in San Lorenzo, declared that “this area had been forgotten by God and the world” until they arrived. He also stressed the fact that the palm is environmentaly friendly and that “in the end a new palm forest emitting lots of oxygen is obtained. There is probably no other entrepreneurial project which can equal oil palm cultivation, where man and nature are completely intertwined.”

The governmental sector also participated in the discusion. Hans Thiel, former Forestry Director and now undersecretary of the Ministry of Environment, declared that the Ministry sees the creation of alternative sources of employment by the palm companies as something positive, since the main pressures on natural forests arise from poverty, colonization and population displacements (sic) (*Diario Hoy. Blanco y Negro*, 6/5/2000).

Now, after several months have elapsed since the start of the accelerated implantation of these monocultures in Esmeraldas, several points of the present situation need to be highlighted:

- the process of land acquisition has resulted in the displacement of Afro-Ecuadorian population. Some of these people, fostered by palm cultivators, are now putting pressure on the territory of the Awa and Chachi indigenous communities, which have denounced the situation to the Ministry of Agriculture.
- almost 8,000 hectares have already been deforested, most of them illegally, and areas within the Forest Heritage of the State has been illegally awarded.
- the companies have not submitted the necessary environmental impact studies to carry out these operations, and the sanctions and timely actions to stop deforestation have not been taken, as can be deduced from the declarations of government officials.

As a result of environmental organizations' accusations, the Environment Minister had to make an appearance in the National Congress, where he explained that eight judicial actions had been filed on account of the clearance of native forest and that seven of them had already received a verdict. The situation of those cases would be as follows: in the case against Palmeras de los Andes, the proceedings were rendered void in the appeal, due to errors in the location of the land. Palesma was sentenced to pay a fine of 67,908 US dollars for clearing 250 hectares of secondary forest. Ecuafinca has been sanctioned with a fine of 10 minimum vital salaries. Palmeras del Pacífico was acquitted by the Forestry District of Esmeraldas due to lack of evidence. Aiquisa was sanctioned with a fine of 10 minimum vital salaries. The case against Agrícola San Lorenzo was rendered void by the appeals court due to administrative errors. Teobrama was sanctioned with a fine of 10 minimum vital salaries, and the same fine was imposed on Ales Palma (the minimum vital salary amounts to 4 US dollars!).

The activity of oil palm companies is also affecting the Forest Heritage of the State. Ales Palma has areas which “overlap” the Forest Heritage of the State in Ricaurte; Alzamora has similar "overlapping areas" in Corriente Larga; Palesema in Campanita and partly in the mangroves reserve Cayapas-Mataje, and Palmeras de los Andes, in Corriente Larga. Such illegal awards were made by the National Institute of Agricultural Development, INDA (Instituto Nacional de Desarrollo Agrario), which has been accused of being a “cave of thieves” by the Minister of Agriculture.

As a consequence of so many irregular situations, on March 14, 2001, the Constitutional Court decided in favour of the appeal filed by environmental organizations to immediately halt the further implementation of oil palm monoculture activities and to declare a state of environmental emergency in the province of Esmeraldas, demanding the initiation of legal actions to sanction those who have cleared forests and that the action of the Ministry of Environment be in accordance with the legal provisions in force.

Instead of abiding by the legal provisions, San Lorenzo’s palm cultivators threatened to paralyze activities and leave the zone, stating that the Ministry of Environment was not providing them with “sufficient

guarantees". Former Minister of Environment Rendón insinuated that his resignation, which occurred a few days after those declarations, had been the result of the oil palm companies' pressure.

Despite all the evidence regarding the illegal activities of oil palm companies and despite the ruling of the Constitutional Court banning further oil palm activities in the region, the situation continues to be serious. The derisory fines imposed, the fact that no one has been indicted on the charges provided for those guilty of forest destruction, and that no civil servant collaborating with deforestation has been sanctioned for negligence, are proof of the above. Furthermore, the companies continue with their business in zones in which the State cannot even enter, by making use of their power and influence within the Government, and thus evading all sort of sanction and control.

The current devastation in the province of Esmeraldas arises from a logic of development that allows the destruction of forests to give way to monocultures; shrimp exports in exchange for mangrove destruction; wood extraction over biodiversity. And on top of it all, the green province of Esmeraldas is affected by the aerial spraying carried out during these months in Colombia to eradicate coca cultivation. This Garden of Eden should be urgently declared in emergency.

**- Mexico: Oil palm and the different meanings of Chiapas**

Chiapas means much for many people all over the world. It is a synonym of Zapatistas and of Subcomandante Marcos, and these, in turn, of struggle for liberation and against injustice. However, for national and transnational corporations, Chiapas is still merely a synonym of cheap land, cheap labour, abundant resources and profit opportunities.

It is not surprising then that both the government and the company owners are promoting a number of projects that would harm the rich cultural and biological diversity of Chiapas. Among these is the promotion of oil palm monocultures by the government, opening the door to foreign investors, especially from Malaysia, who dominate the international palm oil market.

Oil palm still occupies relatively small areas (some 3,000 hectares), located in the municipalities of Acapetahua, Acacoyagua, Mazatán, Mapastepec and Villa Comaltitlán, which supply the oil extracting plants installed in Villa Comaltitlán and Acapetahua. However, the impacts are beginning to be perceived.

In the year 2000, the oil palm producers of Acapetahua already felt that they were "at the mercy of the voracity of buyers, the owners of the extracting plants, who pay the price they choose per ton". According to the producers, the government -who was responsible for the introduction of the farming programme of this crop- should be responsible for regulating a guarantee price for the product. However, as the government did not take on that role, the producers, confronted with the prices established by the industrial monopoly were on the verge of bankruptcy. Since then, prices have dropped even more.

Why is there so much interest in oil palm production in Chiapas? The answer is simple: because it yields high profits, does not need much labour, requires few inputs, and it is low-risk capital for companies. In general terms, peasants provide land and labour; they do not own the production process, but just the fruit extraction. Cultivation of this crop also takes advantage of the cheap labour offered by migrants in the border region. It is the case of the day labourers of the Guatemalan border: those who are lucky earn 32 pesos a day (3.5 dollars), not including food, and even children are often hired. In addition, in some cases, the Guatemalan authorities have had to act to require the payment of unpaid wages to Guatemalan workers. This means that the workers are literally being exploited.

From the environmental perspective, the impacts can already be perceived. In fact, large scale monocultures imply the destruction of great extensions of forests of the region and their rich biodiversity. If government plans of allotting thousands of hectares to cultivation of this crop are carried out, it would

also imply the occupation of great extensions of land belonging to indigenous and farmer communities of Chiapas. The oil palm production potential of Chiapas is estimated at 940,000 hectares in the Northern, Forest and Coastal zones. But since these areas are not empty, the promotion of this and other crops (such as eucalyptus), will result in the appropriation of vast areas currently used by local peoples.

It is thus clear that the promotion of this crop is not aimed at improving the life quality of local peoples, because among all the possible alternatives, it is one of the worst in terms of wages and employment generation. Furthermore, it endangers the survival of forests and of resources of the local people, through the occupation of huge extensions of land by palm monocultures. The local people have already begun to perceive it, which explains the increasing opposition of the Chiapaneca people, who are not willing to change their natural resources for false promises.

**- Nicaragua: US United Fruit, oil palm and forest destruction**

The history of oil palm in Central America is closely linked to the history of the economic group United Fruit. Preston and Keith, two US businessmen who, for 20 years since 1870 concentrated on planting and exporting bananas to the USA, merged their companies in 1899 to found the United Fruit Company (UFCO), as a means of diversifying their plantations and increasing their profits.

In 1901, the Guatemalan dictator Manuel Estrada Cabrera granted UFCO the exclusive right to transport mail between Guatemala and the USA. The Compañía Guatemalteca de Ferrocarril (The Guatemalan Railway Company) was created, as a subsidiary of UFCO. The company was allowed to buy land at cheap prices, it was granted subsidies, and with some variations, it obtained in many Central American countries the control of transport and communications, which also allowed it to collect money for every product transported from one place to another. This was the entrance door for UFCO's large investments in Latin America. In few years, the power of UFCO, also known as "yunai" or "La Frutera" (the fruit company), stretched over several countries.

During the first two decades of the twentieth century, the consolidation of the banana business in Honduras was hindered by serious political problems, and in Costa Rica, the coffee grower oligarchy showed a strong opposition to the banana business. In 1923, United Fruit created a research department and an experimental station (both of them in Honduras), with the objective of introducing and assessing new tropical crops in Central America.

The appearance and dissemination of Fusarium wilt in banana plantations forced UFCO to abandon large farming areas. Part of those areas were used to plant oil palm.

In the 1940's, the first oil palm plantations were established in Nicaragua in an area of approximately 1,800 hectares, in the municipality of Rama, on the Atlantic Coast. The location of the plantation allowed good adaptability and profitability. However, due to armed conflicts in the area, the exploitation was discontinued and its development as a commercial crop was disregarded.

Another pilot project considered experimental, was installed in the southern area, near the border with Costa Rica, in Rio San Juan. All this region is considered of high potential for this crop.

After 1942, UFCO accumulated considerable experience and information about the extraction and processing of oil from oil palm. Evaluation studies were carried out by area, and many samples were sent to the USA. The results were so promising that UFCO began its commercial plantations.

In 1962, UFCO began a period of strong incentive to this crop, and the decade of the sixties was characterized by the adoption of a number of measures to expand plantations. In 1965, UFCO acquired the NUMAR group in Costa Rica for processing and marketing vegetable oils -as a means of vertically

integrating its business- and in 1967 it established processing units in Honduras. In 1969, it bought Compañía Aceitera Corona in Nicaragua.

In 1970 United Fruit changed its name to United Brands after merging with another company, leaving behind a name linked to a long history of political and social manipulation. However, for the seasonal workers in the fields life continues being harsh. Working conditions are physically dangerous, work is seasonal and the toxic chemicals used in the crop are a permanent hazard.

The oil palm industry has been in permanent expansion in the main tropical regions of Central America, and oil palm is nowadays one of the main crops in those areas where it is established. However, this expansion has not been exclusively carried out by the companies. In Nicaragua, in the eighties, two experimental stations were established in the humid tropical zone in the same area of Rio San Juan through the Fondo Simón Bolívar -a multilateral voluntary fund.

At present one of these stations has been abandoned and has no link with the local communities, while the other one has been reactivated for commercial exploitation, including the installation of an industrial facility for raw material processing. At a Seminar on Pesticides, Ecology and Scientific Research in the Xolotlán, Cocibolca and Río San Juan Lakes held in 1999, local organizations and communities settled in the south of Nicaragua, denounced the direct contamination of water courses as a result of the oil plant activity, and the consequent death of species of the local fauna.

For the oil palm to reach high productivity levels, high sun radiation levels are also required, which has generally led to the deforestation of vast regions of primary forests. Until now it has not been possible to force the company to take on its responsibility for the damages denounced by the communities.

The accusations were swiftly followed by threats. “25 year-old Genoveva Gaitán Matamoros from San Miguelito, says that Mr. Juan Reyes threatened to shoot her if she did not stop going around with those environmentalists, who did not let him earn his money. And he earns it destroying our forests and our lives, because the forests mean life for everyone: people and animals”

**- Guyana: Malaysian investment in oil palm plantations**

Following a recommendation of the Privatisation Unit's Board, the government of Guyana is considering a proposal under which Primegroup Limited and Matthews Associates would take over the Wauna Oil Palm Estate in the north west region of the country, on condition that they establish a local company. Primegroup Ltd. is a major investor in oil palm development in Malaysia, ranked as the first producer in the world.

Matthews Associates and its local partner are providing US$ 1 million in the initial investment financing and Primegroup Limited has committed itself to a capital injection of US$ 2.5 million in the estate. Approximately 4,000 hectares of land in the North West District will be granted to the investors at a first stage of the project. The government has said that an additional lease of 10,000 hectares will be executed in favour of the investors if the feasibility, environmental and other studies required by the work programme indicate that oil palm cultivation in the region is viable.

Malaysian investment in Guyana is yet another example of the spread of monoculture oil palm plantations throughout the tropics, which is causing widespread social and environmental impacts in Asia, Africa and Central and South America, while generating very few benefits to local people. As usual, in this case the investors have given an undertaking that the level of employment will increase on a yearly basis -moving from 339 employees at the end of year one to 1,545 employees by year seven- but experience shows that employment levels in this activity is minimal and working conditions poor.

**- Costa Rica: the depredatory practices of an oil palm plantation company**
*By Juan Figuerola*

Palma Tica is a company working in the area of cultivation, processing and production of oil palm products. It owns thousands of hectares of oil palm plantations in the Central Pacific Region (Quepos Division) and in the Southern Region (Coto Division). To face the rapid advance of its competitor Agroindustrial Cooperative of Oil Palm Producers (Coopeagropal R.L.), Palma Tica started in 1995 an aggressive campaign of land purchasing in the communities of Colorada and La Palma de Corredores, located in the extreme south of the Coto Division. The company bought more than one thousand hectares, including several estates with oil palm already in a productive stage.

In January 1997 Palma Tica began to expand its plantations at Hacienda La Palma estate after clearing a secondary forest area. The fact was denounced to the Ministry of the Environment and Energy (MINAE). Officials of the Ministry inspected the affected area and demanded Palma Tica to stop deforestation. The newspaper "La Nacion" published an article titled "MINAE recommends Palma Tica".

In February, three members of the Surveillance Committee for Natural Resources (Comité de Vigilancia de Recursos Naturales - COVIRENA) of La Palma de los Corredores inspected the area, after being alerted by a neighbour of La Palma, who had been working for Palma Tica. The company had ignored the "recommendations" of MINAE and continued advancing to reach its main objective: an area of about one hundred hectares of wetlands and primary forests at the bottom of the La Palma gully. They found that a vast area of such wetlands had been deforested, and that a stretch of about one kilometre and a half long had been dredged at La Palma gully -where the Colorado River flows- with the purpose of draining the whole wetland. To complete the dredging works, the whole vegetation cover of the area -including the trees located at the right bank of the gully- had been destroyed, and the area converted in a quagmire. The waters at the gully were brown-coloured. Many lizards and turtles died, as well as fishes and crustaceans, that the inhabitants of La Palma used as food and leisure resources. COVIRENA went to Court to denounce this depredation. To preserve its public image, Palma Tica abandoned its previous idea of planting oil palm in that area, and currently the flora and fauna are slowly recovering.

Even though the La Palma gully now seems to be relatively well protected, this experience does not seem to have served the purpose of improving Palma Tica's attitude regarding the environment and people. Given its obvious impunity concerning law compliance, Palma Tica has always applied an abusive and disdainful labour policy and continues doing so, through a sub-contracting system similar to that of the banana companies. Palma Tica hires contractors which lend themselves to foul play and, in exchange of money and privileges, assume the role of bosses. They then subcontract agricultural labourers in need of a job, who work to earn miserable salaries, without any social security or other benefits, and exposed to systematic dismissals every three months. Many of them are illegal workers -immigrants from Panama and Nicaragua- who arrive in Costa Rica with the illusion of finding better job opportunities.

The presence of Palma Tica has provoked a stagnation of the economy and community disintegration at La Palma. Young people and adults have migrated in search of job opportunities. Crime has increased while poverty and insecurity reign.

After the events that took place at La Palma gully, Palma Tica did not abandon entirely its original intention of expanding plantations at the expense of natural areas. The company recently moved to neighbouring Osa Peninsula, where local conservationist groups have already denounced illegal logging in several gullies in the locality of Canaza.

The case of Palma Tica is typical of a very powerful company that hides itself under different names, so that it is practically impossible to identify those who are responsible for its depredatory actions. Uncertainty and distrust are so widespread that rumours are circulating that Costa Rica's President

himself, Miguel Angel Rodriguez Echeverria, is suspected of being one of the shareholders of this big company, which makes profits at the expense of natural resources and that of the impoverished workers and people. To the world's eyes, Costa Rica has gained prestige as a country committed to the conservation of natural resources and the defence of social rights. However, those of us who live here know that a great part of that is pure demagogy serving the interests of those who hold economic power.

# Chapter 4
# Working conditions

**- Working conditions in oil palm plantations**

The following description of work in plantations was written in 1987. Unfortunately, the situation has in general terms not improved much and it is therefore applicable to most of today's plantations.

"Work on an oil-palm plantation is back-breaking and dangerous. Palm-oil fruits (used in making margarine and cooking oil) grow alongside thorny fronds, 12 to 15 feet above the ground. They are cut down with a long and heavy pole and the skin, head and eyes of the harvester are likely to be cut by the falling fronds. In Malaysian plantations, fruit is cut down mainly by men, while women collect and load the 40-kilogram fruit branches, and thorns can become permanently lodged in the hands, causing constant irritation and infection.

Only rarely is protective clothing issued to the women who spray a mixture of lethal paraquat on the ground to kill weeds. The clothes are too warm for the climate and they don't even afford much protection: as the sprayers aim for weeds the fine mist drifts and slips inside the clothing. Some people believe the chemicals cause the material to disintegrate.

Wages on plantations are low. Oil-palm plantation workers in Malaysia earn just under the industrial wage - if they are lucky.

Earning the full weekly wage usually involves long hours in the baking sun, struggling to fulfil the company's quota of palm-oil nuts. The whole family - mothers, grandparents, fathers and children usually work together. Their wages are also dependent on the world market price for palm-oil, and so fluctuate with that price."

**- The rights and welfare of plantation workers**

In 1996, the World Rainforest Movement and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF-UITA-IUL) made a joint statement to the Intergovernmental Panel on Forests (IPF) focused on the social aspects of plantation development, where "plantation workers are among the poorest and most exploited of all agricultural labourers."

The joint statement -endorsed by many other organisations- expressed that "low wages are not the only problems faced by plantations labourers. The ILO (International Labour Organization) notes that, by and large, housing conditions in plantations continue to be characterised by overcrowding and insufficient and poor infrastructure. Medical assistance is poor especially in the lack of provision of preventive health care, sanitation and clean water supplies. Primary education facilities are generally insufficient to enable children to attend school regularly and complete their primary education. Poor safety standards are common particularly with regard to the misuse of agro-chemicals. All these problems are linked to the fact that the rights of plantations workers to organise and collective bargaining are commonly denied. These problems are exacerbated by the fact that, globally, prices for most plantation commodities have progressively declined in real terms in the past decades."

Additionally, the WRM and IUF stress that "rights to organise and bargain collectively are still denied in many countries and private companies have exploited this lack of protection by maintaining or driving down wages and benefits. Mechanisation has reduced the demand for and hence the bargaining force of labour. Even where commodity prices have risen in real terms, such as in the pulp and paper sector, benefits have rarely been passed on plantations workers. The trend towards the divestment of lands and reliance on contract farming and smallholder nucleus estates has had very varied effects. In some countries, small farmers have been able to benefit, by organising as cooperatives and through effective collective bargaining with processing and exporting industries. In other countries, however, where small-

farmers are weakly organised or their rights to organise and bargain collectively are suppressed, companies have been able to increase their profits by shifting onto small-farmers the costs of health, schooling, pension and insurance provisions as well as the risks associated with spoiled and injuries".

The statement urged the IPF to take the issue on board, stressing the "urgent need for renewed efforts to ensure stronger protections for plantation workers and new mechanisms to allow more adequate consideration of their rights and interests in planning.

What follows is the full statement:

**Social aspects of plantations development: the rights and welfare of plantations workers**

*Joint statement by the World Rainforest Movement and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association to the Intergovernmental Panel on Forests at its third session in Geneva, 9-20 September 1996.*

**Introduction**

The Intergovernmental Panel on Forests has provided an important opportunity for the international community to take stock of developments in forest policy-making. By encouraging the participation of non-governmental workers and indigenous peoples organizations –in line with the commitments made at Río to involve "Major Groups" in the implementation of Agenda 21- the IPF is promoting a cross-sectorial approach to forest policy-making.

This has enhanced the realization that debates about forests are not just about trees but are also about the welfare of people who live in and depend on forests and forests-based industries.

Our organizations are concerned that emerging international standards and principles relating to the environment should harmonise with and support existing and emerging international standards regarding the welfare of workers, human rights and social justice. We have been encouraged to note that the first two sessions of the IPF have at least opened debate about two important social sectors whose rights are often marginalized in forestry and forest policy-making: namely indigenous peoples and landless peasants. We look forward to further progress being made on these themes in this and next sessions of the IPF.

In this submission we wish to focus attention on another social group, plantation workers, who are among the most ignored of all the social sectors affected by international and national forest policy-making.

The rapid development of plantations has become a major theme in recent forest policy debates. With often questionable logic, planners have emphasised the advantages of expanding plantations to reduce pressure on natural forests, protect watersheds, offset carbon emissions, provide woodfuel and paper-pulp, increase national revenues and profitably use degraded lands. However, the social implications of these proposals have received little consideration.

Yet, according to the International Labour Organization (ILO), total plantation wage employment is of the order of 20 million workers, or 2% of the agricultural economically active population in developing countries. Of these between 20 and 50 % are women, the numbers varying widely from country to country. Children are also very involved, making up between 7 and 12 % of the total plantation labour force. In addition, several tens of millions of smallholders are involved in plantations commodity production, although no precise estimate is possible. ILO data suggest that plantation workers have one of the highest incidences of poverty of any agricultural group.

*International standards*

International legal standards evolved through the tri-partite structure of the ILO have clearly defined the rights of plantations workers and the corresponding obligations of employers and governments. Among the most important of these rights are:

- rights relating to Freedom of Association and Protection of the Right to Organize (as set out in ILO Convention 87 (1948)
- rights relating to the Right to Organize and Collective Bargaining (as set out in ILO Convention 98 (1949)
- rights concerning Conditions of Employment of Plantation Workers (as set out in ILO Convention 110 (1958)
- rights specific to Rural Workers' Organizations (as set out in ILO Convention 141 (1975)

*Social problems*

To date only 11 countries worldwide have ratified the ILO's Convention 110 on plantation workers, one of the lowest rates of ratification of any ILO Convention. Corresponding to this lack of protection of their rights, plantation workers are among the poorest and exploited of all agricultural labourers.

Low wages are not only problems faced by plantations labourers. The ILO notes that, by and large, housing conditions in plantations continue to be characterised by overcrowding and insufficient and poor infrastructure. Medical assistance is poor especially in the lack of provision of preventive health care, sanitation and clean water supplies. Primary education facilities are generally insufficient to enable children to attend school regularly and complete their primary education. Poor safety standards are common particularly with regard to the misuse of agro-chemicals. All these problems are linked to the fact that the rights of plantations workers to organise and collective bargaining are commonly denied. These problems are exacerbated by the fact that, globally, prices for most plantation commodities have progressively declined in real terms in the past decades.

*New trends and consequences*

Despite the chronic problems faced by plantation workers, despite sluggish growth in international demand and despite falling prices in real terms for plantations commodities (with the notable exception of paper-pulp) and the consequent reduced returns to plantation workers, producer countries have continued to increase output of all major plantation products, in turn contributing to declining world prices.

In recent years, these increases in production have been matched by important changes in production techniques. Governments and international financial institutions have strongly promoted the privatisation of this once heavily government-controlled sector. Foreign direct investment has increased massively, especially in non-traditional crops, such as fruits, vegetables, flowers and wood for paper-pulp and timber. Plantation commodity-marketing has been liberalised and pervasive government controls have been relaxed. Mechanization has increased. Meanwhile, the plantation industry has increasingly divested itself of lands and increased reliance on contract farming.

Unfortunately, these changes have not been matched by corresponding benefits for plantation workers. Wages remain stagnant or have declined in real terms. In the context of a global labour surplus and abundant migrant labour, real wage increases have only come about through government wage determination or collective bargaining.

However, rights to organise and bargain collectively are still denied in many countries and private companies have exploited this lack of protection by maintaining or driving down wages and benefits. Mechanisation has reduced the demand for and hence the bargaining force of labour. Even where

commodity prices have risen in real terms, such as in the pulp and paper sector, benefits have rarely been passed on plantations workers. The trend towards the divestment of lands and reliance on contract farming and smallholder nucleus estates has had very varied effects. In some countries, small farmers have been able to benefit, by organising as cooperatives and through effective collective bargaining with processing and exporting industries. In other countries, however, where small-farmers are weakly organised or their rights to organise and bargain collectively are suppressed, companies have been able to increase their profits by shifting onto small-farmers the costs of health, schooling, pension and insurance provisions as well as the risks associated with spoiled crops and injuries.

**Policy Implications and Recommendations**

Plantation workers constitute a poorly protected and vulnerable social sector whose rights and interests are all too easily overlooked in forest policy-making, at both national and international levels. Consequently there is an urgent need for renewed efforts to ensure stronger protections for plantation workers and new mechanisms to allow more adequate consideration of their rights and interests in planning. All this has important implications for a number of themes being considered by the IPF.

**National forest and land-use planning**

Where they have not already done so, member governments need to take immediate steps to ratify and then implement the relevant international instruments relating to plantation workers, including ILO Conventions 87, 98, 110 and 141.

Special provisions should be made to ensure the effective participation of plantation workers' associations in national forest policy and land use planning.

**1.4 Afforestation / 1.5 Countries with low forest cover**

These considerations apply equally to programmes of afforestation and in countries with low forest cover.

**2. Coordination of bilateral and multilateral assistance**

Bilateral donors and multilateral agencies need to revise their forestry assistance programmes to ensure compliance with internationally agreed standards.

Resources need to be mobilised to ensure effective participation of plantations workers' associations in the national and international policy making.

**3.2 Criteria and indicators**

National and international efforts to develop appropriate criteria and indicators of sustainable plantation management must embrace the rights and interests of plantation workers.

Recognition of international standards relating to plantation workers should be a criterion of acceptable management, and effective respect for these rights an indicator.

Governments which are leading national and international efforts to establish such C&Is need to review their mechanisms of participation to ensure that plantation workers' associations are involved in standard setting exercises. Resources need to be mobilized by donor governments to effect such participation.

**4. Trade and environment related to forest products and services**

The links between trade flows, protected markets, plantation commodity prices and the welfare of plantation workers are very complicated and not well understood. Detailed studies of these connections need to be made before plantation policies are developed, to ensure that the interests of plantation workers are properly taken into account. Special attention should be paid to the promotion of small-scale plantations under local control.

### 5.1 International forest policy-making

In reviewing existing international organizations, multilateral institutions and instruments, critical attention needs to be given to the activities of organizations promoting plantations and smallholder nucleus estate programmes. Reviews need to be carried out to assess the extent to which these initiatives have adhered to the above mentioned international standards regarding plantation workers.

### 5.2 International forest policy-making

Future international efforts under the IPF and CSD, and subsequent bodies, to develop international principles and standards on forests must make better provisions to ensure a consideration of the rights and interest of plantations workers.

# Chapter 5
# Yet more problems

*Two new problems are now emerging within the oil palm scenario: genetic engineering and carbon sinks. The former constitutes a major threat to the environment, while the latter serves the interests of industrialized nations as an excuse to avoid compliance with their commitments to reduce their greenhouse gas emissions.*

**- Genetically-modified oil palms: The final threat**

Despite the numerous social and environmental impacts of monoculture oil palm plantations, the industry is continuously trying to increase productivity and lower costs, which can only lead to even more serious impacts on people and nature. It is the system's perverse logic. Within that logic, the obvious step forward is genetic manipulation of oil palms. Not only to increase productivity, but to alter the end-product: palm oil. And they are already working in that direction.

Malaysian Palm Oil Association chief executive M.R. Chandran has publicly declared that "the priority should be to develop transgenic palms for better oil quality, yield and minimal height". To work in that direction, he added, "the industry must build alliances with established R&D institutions, universities and industry players, both locally and overseas, to make possible a quantum leap in applied and adaptive research work."

For him, clones are not enough. Chandran said that "the national CPO [Crude palm oil] yield has stagnated at 3.6 to 3.8 tonnes/ha in the past 13 years even though new clones developed can produce as much as 6.5 to 7.5 tonnes/ha.", adding that "the industry should take advantage of the Government's subsidy offer of RM 1,000 per hectare to carry out accelerated replanting with superior planting materials and with mechanisation in mind”.

Research in this direction is already well advanced. In 1998, the press informed that indepth studies had already been undertaken by local plant biologists and geneticists to create genetically-engineered palm oil which would be able to produce "the kind of oil, flavour and scent the detergent and cooking oil manufacturers, the chocolate makers, the beauty industry, the perfume designers and salad makers desire." So the aim of this research is clearly to transform a natural product into an artificial one adapted to industry's needs**.**

This is the final threat to both natural environments and to people who consume palm oil and its different products. Smaller plants will allow further mechanization in harvesting. New qualities will be introduced to palm oil to adapt it to industry's -not consumers'- needs. The effects on human health of the resulting genetically-manipulated products could be serious. Impacts on the natural environments could be irreversible. And the whole process would have only one reason: profit making for industry and trade.

**- Global warming: More plantations or more will to reduce emissions?**

During the international negotiations on climate change, some governments committed themselves to reducing carbon dioxide emissions in their own countries. This very encouraging attitude from an environmental perspective -for the reduction of the greenhouse effect- can at the same time be the worst decision against the environment if it were to be implemented through the promotion of plantations to act as so-called "carbon sinks."

Negotiations will be restarting in July this year and the issue is very much on the agenda, given that more and more governments and corporations -mostly Northern- are stimulating monoculture tree plantations in the South -eucalyptus, pines or oil palm- as a means to "offset" (in reality to justify) their greenhouse gas emissions, instead of controlling and reducing them.

These decisions are being taken without taking into account the impacts of monocultures on the countries and peoples which inhabit the regions in which they are implemented. In the case of oil palm plantations, they are being promoted through the press or scientific studies which, to the usual false arguments (employment generation, contribution to the country's development) now add an equally false one: that "Oil palm is an excellent 'machine' [that] can fix carbon dioxide using solar energy".

We have already stated through the WRM bulletin all the reasons to oppose the carbon sink mechanism (see web page address below), so we won't repeat them now. What we do wish is to reproduce a few quotes to exemplify the propaganda with which the unknowing public is being increasingly bombarded with the aim of both imposing oil palm plantations and of imposing the "remedy" of carbon sink plantations as the solution to global climate change:

1- Forests are a natural store of carbon. Oil-palm plantations have similar net carbon fixation to lowland forests. ("More Land To Be Needed For Oil-Palm Areas" from the New Straits Times, February 13th, 2001 - Malaysia)

2- Like hevea, oil palm trees are environmental friendly. It removes carbon dioxide from the air and releases oxygen to the atmosphere. At the same time, stands of oil palm trees form renewal resources for the pulp and paper industry. These materials will be available from the 2.8 million hectares of oil palm trees in Malaysia and thereby reduces pressure on some forest species. ("Sustaining Agricultural Development in Malaysia: Experience in the Plantation Sector" by Dr. Abdul Aziz, Academy of Sciences Malaysia, Director-General of Malaysian Rubber Board and Dr. Yusof Basiron, Academy of Sciences Malaysia, Director-General of Palm Oil Research Institute of Malaysia)

3- Well managed oil palms sequester more carbon (C) per unit area than tropical rainforests, and oil palm estates are predicted to become an important part of C offset management in the next century. ("Oil Palm – The Great Crop of South East Asia: Potential, Nutrition and Management" by Ernst W. Mutert and Thomas H. Fairhurst, Potash & Phosphate Institute, Paper presented at the IFA Regional Conference for Asia and the Pacific, Kuala Lumpur, Malaysia, 14-17 November 1999)

4- In the same way as rubber tree plantations, the cultivation of oil palms is also regarded as environmentally friendly, because it helps to fix carbon during the plant growth stage, cutting down on the greenhouse effect, besides providing other environmental advantages. Research shows that a forest, during its growth period, absorbs more carbon than it discharges into the atmosphere, thus working as a type of "filter". Oil palm and rubber plantations have this profile, according to scientists. (OMB Group, Oil Palm / Dendê Plantation, Brazil)

5- Oil palm is an excellent "machine" can fix carbon dioxide using solar energy ("Palm Oil Project - An International Collaboration in Gene Manipulation of Oil Palm for the New Century" by Dr. Hiroshi SANO, Chief Research Scientist, Agricultural Chemicals Laboratory Yokohama, Research Center Mitsubishi Chemical Corporation*)*

6- An oil palm plantation can "sequester" up to 15 tonnes of carbon dioxide from the atmosphere for each hectare planted, thus contributing to mitigate the greenhouse effect ... a planted forest is replacing another forest (Jorge Román, Project Manager of Palmeras de los Andes, Revista Gestión Economía y Sociedad, Octubre del 2000. No.76)

7- ...while Malaysia's Primary Industries Minister chimed in a few months later with the claim that his country's oil palm plantations are in fact "better than the developed nations' pine trees in terms of absorbing carbon gases". (The Corner House Briefing #15 - "The Dyson Effect: Carbon "Offset" Forestry and the Privatisation of the Atmosphere" - 1999)

8- Malaysia emitted 144 million tonnes of greenhouse gases...almost half (68.7 million tonnes) of the emissions was absorbed by "carbon sink" – planted forests,...oil palm turned out to be the country's largest carbon sink, taking up 63 per cent of the 68.7 million tonnes of greenhouse gases absorbed due to their extensive areas. ("Malaysia's CO2 emissions among lowest", Malaysia Daily Express, November 27, 2000)

For more related information please visit our web site sections on Climate Change: http://www.wrm.org.uy/actors/CCC/index.html and Plantations Campaign: http://www.wrm.org.uy/plantations/index.html

# Chapter 6
# Our viewpoint

*In June 2001 the WRM dedicated an entire issue of its monthly electronic bulletin exclusively to oil palm plantations in the tropics. What follows is the editorial of that bulletin, which summarises the main problems generated by this crop while at the same time calling for action to confront this new threat.*

**- The urgent need for action against the spread of oil palm plantations**

Oil palm plantations currently extend over millions of hectares of forest lands throughout the tropics. Further plantations are either being implemented or promoted in almost every Southern country where soil, water and solar energy fill the requirements of this palm. From Mexico to Brazil, from West to East Africa and from Asia and Southeast Asia to Oceania, governments are being urged to create conditions for the expansion of this crop.

This is completely at odds with governments' commitments regarding tropical forest conservation. It is a proven fact that most industrial oil palm plantations result in deforestation, having even worse impacts than the destructive industrial logging still in force in most of those countries. These plantations are usually preceded by logging, which "clears" the land to make them possible. The plantation then impedes the regrowth of the forest by the widespread use of herbicides. The forest thus disappears entirely from extensive areas, with serious impacts on local flora, fauna, soil and water resources. And that is usually the "best case" scenario. In other cases, the entire forest -and not only the plantation area- is set on fire, as was patent in Indonesia with the 1997/98 forest fires, which were the result of "clearing" activities carried out mostly by plantation companies.

The social impacts of these plantations are also evident, but are simply ignored. Plantations are not implemented in uninhabited areas and for the local people the most serious impact is the appropriation of their land by the plantation companies. In most tropical countries, local people do not have former ownership of the land they traditionally own. Plantation companies are awarded concessions or land titles to that land and receive government support to repress whatever opposition they may face from local communities. Additionally, the environmental impacts described in the previous paragraph are also social, given that local people obtain a large number of products and services from the forest environment which disappears as a result of the plantation.

From a macroeconomic viewpoint, Southern governments appear to have learned nothing from previous experiences with "miracle" crops. The falling prices of coffee, cacao, banana and many other crops have a simple explanation: the widespread promotion of a certain crop in as many countries as possible. The result is oversupply and competition between and within countries for market access. The burden is then carried by local producers and local workers -whose incomes get increasingly lower- or by local tax-payers when production is supported with government subsidies. But the end result is extremely favourable for the major processing and trading companies, which are able to access abundant and cheap raw material, thus ensuring high profits.

As with any other crop, the problem is not the palm itself but the industrial model in which it is being implemented. There are numerous examples -particularly in Africa- to show that this palm can be grown and harvested in an environmentally-friendly manner and that it can serve to fulfil the needs of the local populations in a sustainable and equitable manner. However, it is usually the industrial and not the small-scale diversified model which is being promoted. Even worse, the palm oil industry aims at developing genetically modified oil palms, which will increase the current problems and create new and yet unknown ones.

In spite of the threat posed to forests and forest peoples by oil palm monoculture expansion, they continue being promoted by an important number of bilateral and multilateral agencies, as well as by national governments. Within such context, civil society's role is crucial and we hope that this book will encourage

more NGOs to get involved in much needed research and campaigning activities to support local people struggling at the ground level to defend their rights and forests against the plantation invasion.

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## About the WRM

The World Rainforest Movement is an international network of citizens' groups of South and North involved in efforts to defend the world's rainforests. It works to secure the lands and livelihoods of forest peoples and supports their efforts to defend the forests from commercial logging, dams, mining, oil exploitation, plantations, shrimp farms, colonization and settlement and other projects that threaten them.

The World Rainforest Movement was established in 1986 and initially focused its activities on the flaws in the FAO and World Bank's "Tropical Forestry Action Plan" and countering the excesses of the tropical timber trade and the problems of the International Tropical Timber Organisation. In 1989, the WRM published the "Penang Declaration" which sets out the shared vision of the WRM's members. As well as identifying the main causes of tropical deforestation and singling out the deficiencies of the main official responses to the deforestation crisis, the Declaration highlights an alternative model of development in the rainforests, based on securing the lands and livelihoods of forest peoples.

In 1998, the WRM published the "Montevideo Declaration" and launched its campaign against monoculture tree plantations that are increasingly being promoted particularly in the South. These plantations, promoted as "planted forests", are resulting in a number of negative social and environmental impacts on local communities. This campaign aims at generating conscience on and organizing opposition to this type of forestry development.

The WRM is part of the Global Secretariat of the Joint Initiative to Address the Underlying Causes of Deforestation and Forest Degradation, a process linked to the work of the Intergovernmental Forum on Forests. It is the host institution for the Global Forest Coalition, an informal and inclusive coalition of NGOs and Indigenous Peoples' Organizations engaged in the global policy debate related to forests.

In May 2000 the WRM published the "Mount Tamalpais Declaration", urging governments to not include tree plantations as carbon sinks in the Clean Development Mechanism of the Kyoto Protocol of the Framework Convention on Climate Change and to address industrial emissions separately from tree plantations.

The WRM distributes a monthly electronic bulletin, in English and in Spanish, to serve as an information dissemination tool of local struggles and on global processes which may affect local forests and peoples. The bulletin is distributed to more than 4000 individuals and organizations in 115 countries around the world. The WRM also disseminates relevant information and documentation through its bilingual English/Spanish web site.

The WRM International Secretariat is headquartered in Montevideo, Uruguay, while its European Office is based in Moreton-in-Marsh, United Kingdom.