
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 were 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

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- 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.

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