

From Bad to Worst: Global Demand Impacts on Palm Oil, an Indonesia Case



Saurlin Siagian
Lentera Rakyat, Indonesia
lrakyat@indo.net.id
saurlin@gmail.com

The map



Contents:

- An overview
 1. Forests and Palm oil Plantations in Indonesia
 2. Land grabbing and conflicts
 3. Palm oil plantation workers
 4. Farmer: Rice and palm oil smallholders
 5. What we can do



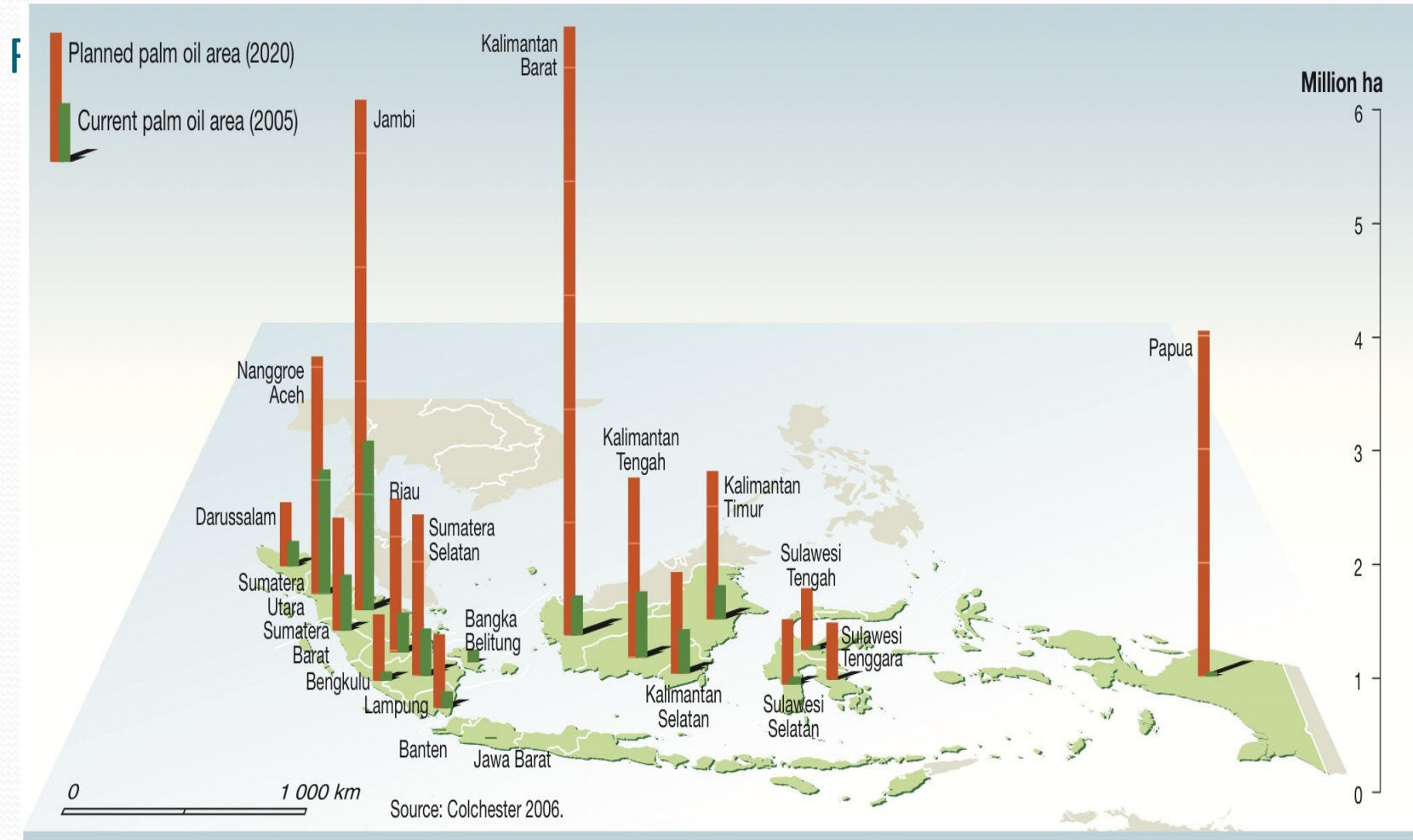
An overview:

- Indonesia is the number 1 producer of Palm and having the largest palm oil plantation in the world
- Existed Palm oil plantations (POPs) in Indonesia: 9.4 million ha
- Planned: another 22 million hectares!! (both existed and planned=almost **the size of whole Germany area**)
- Existed CPO: 21 million tonnes Target of Govt: 2020: 40 million tonnes

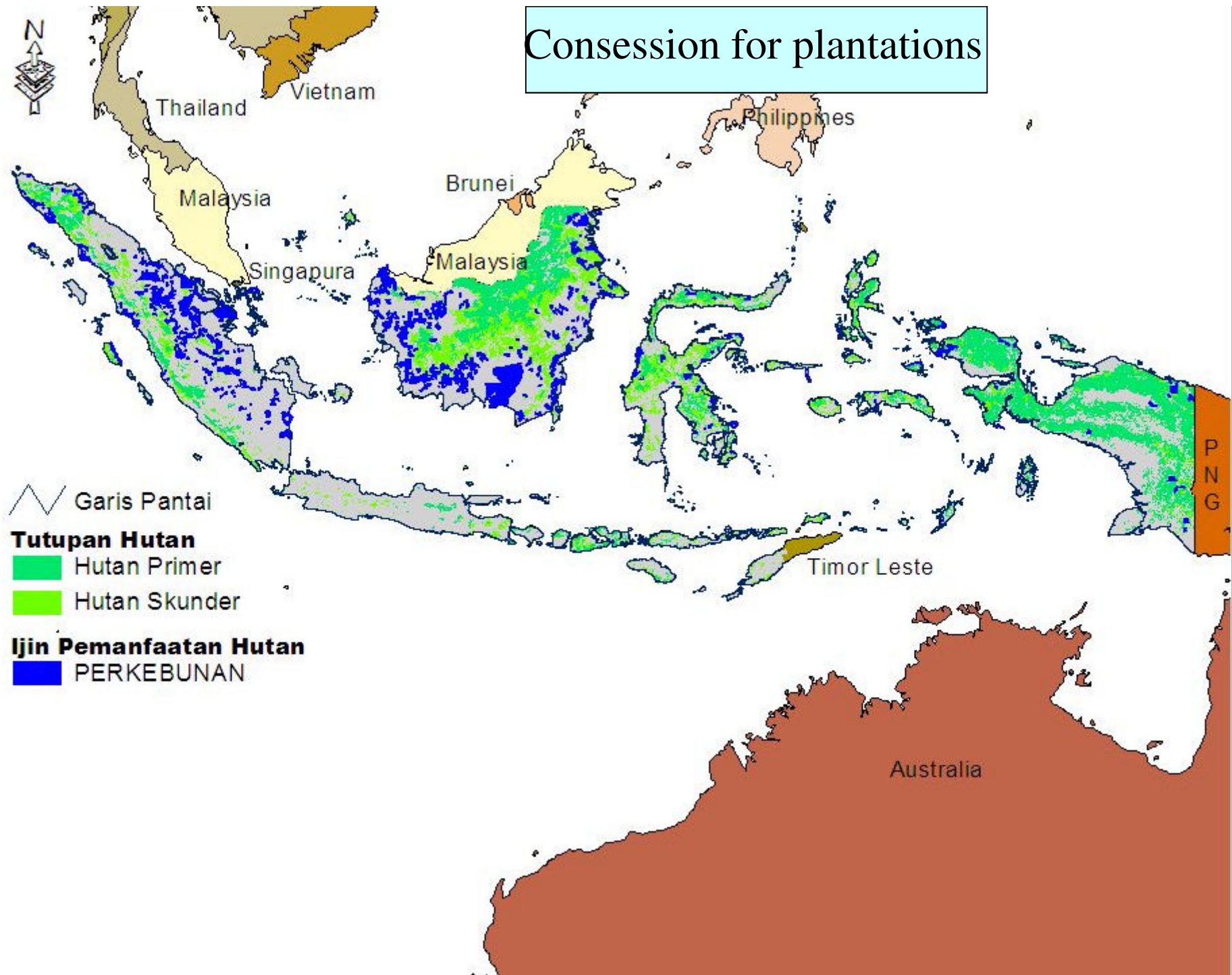


Overview ctd..

- Productivity: 3.37 ton CPO/ha (**very low**)
- Land Permitt for POP: (2010): 26.7 million ha
- Govt revenue from Palm Oil: 9,11 billion USD or 12 percent from national revenue
- **Unequal ownership of the lands:** The POPs owned by 30 large group companies with 2.000 plantations across Indonesia, having lands from 1.000 hectares to 300.000 hectares each.
- Farmers having less than 2 hectares lands



Consession for plantations



1. From Forests to Palm Oil Plantations



Major cause of forests degradation are the palm oil plantation, together with Pulp and Paper

Forest in Indonesia

- The third largest tropical forest area in the world after Brazil and Congo
- Forest Department of Indonesia: about 59 million from 120 million hectares of natural forest has been destroyed.
- Deforestation progress in Indonesia is the worst in the world, similar to losing of Rp 30 trillions/year (*Kompas Daily*).



Deforestation

- Deforestation progress:
 - 1,6 million ha/year (1985-1997)
 - 2,1 million ha/year (1997- 2000)
 - 2,8 million ha/year (2001-2005)
- Expected, if there is no significant efforts to stop the deforestation, in 2025, NO MORE FOREST at all in Indonesia

GPS proved illegal plantations



Examples of Illegal Plantation in the forest:

No	Companies	Area size	Village	Sub District
1	Sawita Ledong Jaya	866,08 Ha	Air Hitam	Kualah Leidong
2	Sirata-Rata Kebun Simonis	480 Ha	Simonis	Aek Natas
3	Era Sawit Sejati	462'43 Ha	Ujung Padang	Aek Kuo
4	Torganda Kebun Tahunan Ganda	7.950 Ha	Aek Korsik	Aek Kuo
5	Pt.Nagali SJ. Sonomartani	1.0000 Ha	Sonomartani	Kualah Hulu
6	Pt. Jakarta	700 Ha	Aek Natas	Aek Natas
7	Pt.Surya Sakti	519 Ha	Sukarame	Sukarame
8	Abak	1.000 Ha	Sonomartani	Kualah Hulu
9	PT.GDLP	8.323 Ha	Sukarame	Kualah Hulu
10	PTPN III Labuhan Haji	Sebahagian	Labuhan Haji	Kualah Hulu
11	Leidong West (Smart)	Tidak ada data	Sialang Taji	Kualah Selatan

Example of Illegal Plantations (without concession letter/HGU):

No	Company	Village	Subdistrict	Area size
1	Sawita Leidong Kebun Jaya	Air Hitam	Kualuh Leidong	876,08 Ha
2	Sirata-rata Kebun Simonis	Simonis	Aek Natas	480 Ha
3	Era Sawit Sejati	Ujung Padang	Aek Kuo	462,43 Ha
4	Torganda Kebun Tahunan Ganda	Aek Korsik	Aek Kuo	7.950 Ha
5	PT. Nagali SJ. Sonomartani	Sonomartani	Kualah Hulu	1.000 Ha
6	PT. Jakarta	Aek Natas	Aek Natas	700 Ha
7	PT. Surya Sakti	Sukarame	Sukarame	519 Ha
8	Abak	Sonomartani	Kualah Hulu	1.000 Ha

2. Land grabbing and conflicts: The Hotspot Today:





Agrarian conflicts:

- National Commission of Human Rights Report 2012: from 4502 received cases in 2011: evictions related to natural resources: 155 cases, land conflicts: 738 cases.
- Agrarian Reform Consortium (KPA): 82 % of 163 agrarian conflicts related to palm oil in 2011, rising fastly comparing to 2010: 106 conflicts. 22 peasants killed at the agrarian conflict setting.
- 1000 cases from totally 1700 cases of agrarian conflicts are human rights violations in the last 5 years (Sekber PHRI/NGO Coalition for People Rights, 2012)

Initial Todays cases:

- In 2011, 30 peasants killed because of conflict between palm oil plantations; PT SWA and PT Silva Inhutani against local people in Lampung propince, Sumatra. (since 2009 to 2012)
- 10 villages vs PT Smart Tbk (previously owned by Govt), Padang Halaban, Labuhan Batu. 3000 hectares of 9000 hectares of PT SMART concession reclaimed by 10 Peasant groups and starting to cut down the oil palm trees, since January 2012. Since 1970, reported more than 130 person were killed in the side of villagers.
- 2 peasants are being investigated by police
-

The plantation is used to be an area belongs to 10 villages in Labuhan Batu, namely: Panigoran, Sidomulyo, Karanganyar, Pulojanten, Grojokan, Kampung Selamat, Purworejo, Aek Korsik, Kartosentono, and Kampung Lalang



In 1970-s, about 135 peasants were killed for defending their lands.

**Case position today:
Unresolved, the clash is most likely will be occurred/inevitable soon.**



**Penghijauan, and
Karya Lestari Peasant
groups vs Sawita
Leidong Jaya,
Labuhan Batu Utara.**

**SLJ , founded by
GDLP, subsidiary of
Bakrie Sumatra
Plantation, manages
8000 hectares oil
palm plantation
which were some
parcels (602 ha) also
claimed by the local
people as their land.**

**2010: 1 peasant
killed, 3 seriously
injured in a clash
with the company
security , and tens
arrested (man and
women).**



Just In March 2012
(today!!) “27 peasant
groups in 3 districts
of Labuhan Batu re
occupy the palm oil
plantations .



Other-“hotspot” districts in North Sumatra:

- **Asahan District**, hundreds peasant re-occupied the land, the clash occurred and I killed in the side of plantation security. (Field Visit, January 2012). Noted by the team built by local government in Asahan that there is 874 cases waiting to be resolved, with land conflict area about 90.000 hectares. (W. Manik, one of team member).
- **Langkat District**: Plantation sold by PTPN II to PT LNK at Gohor Lama re-occupied by hundreds local people since 2011 till now. (Field visit, Februari 2012). 9 groups under BPRPI (Melayu based peasant group) re-claiming lands at Langkat and Deli Serdang Districts, not less than 10.000 hectares (Percut, Secanggang, Sei Benang, Sialang Muda, Klumpang, Mabar, Tanjung Telaga, Kampung Durian, and Klambir), 2011- 2012.
- **Batubara District**: 500 peasants re-occupied 483 hectares lands (claimed) by PT Socfindo (Belgium company), 29 February 2012.
- **Padang Lawas District**: two groups of peasants from 20 villages conflicts competing to re-claim lands about 23.000 hectares after The highest court release letter that the land managed by PT Torganda (a palm oil company) was illegal and in the forest area. The owner, DL sitorus sentenced 8 years in jail since 2010. (Januari 2012)



**WHY DO THE CONFLICTS
ESCALATED??**

Regulations in favor and encourage the expansion:

- Act no 18/2004 on Plantations
- Agricultural Minister decree No.26/2007 on Guideline of POP permits, allowing a company to have 100,000 ha in a propince
- Agriculture Minister decreeNo.14/2009 on Guideline of the using of peatlands for POP (3 metres)

The legacy of the past:

- Land acquisition process
 - 1) Without consultation with the local people
 - 2) Unfair compensation
- Deviation of the permits
 - 1) Encroaching from the concession
 - 2) Land clearing without permitt
 - 3) Without EIA and SIA
- Repression in the Otoritarian Era (1965-1998)

3. Workers in the palm oil plantations: Caste System!!



The caste system:

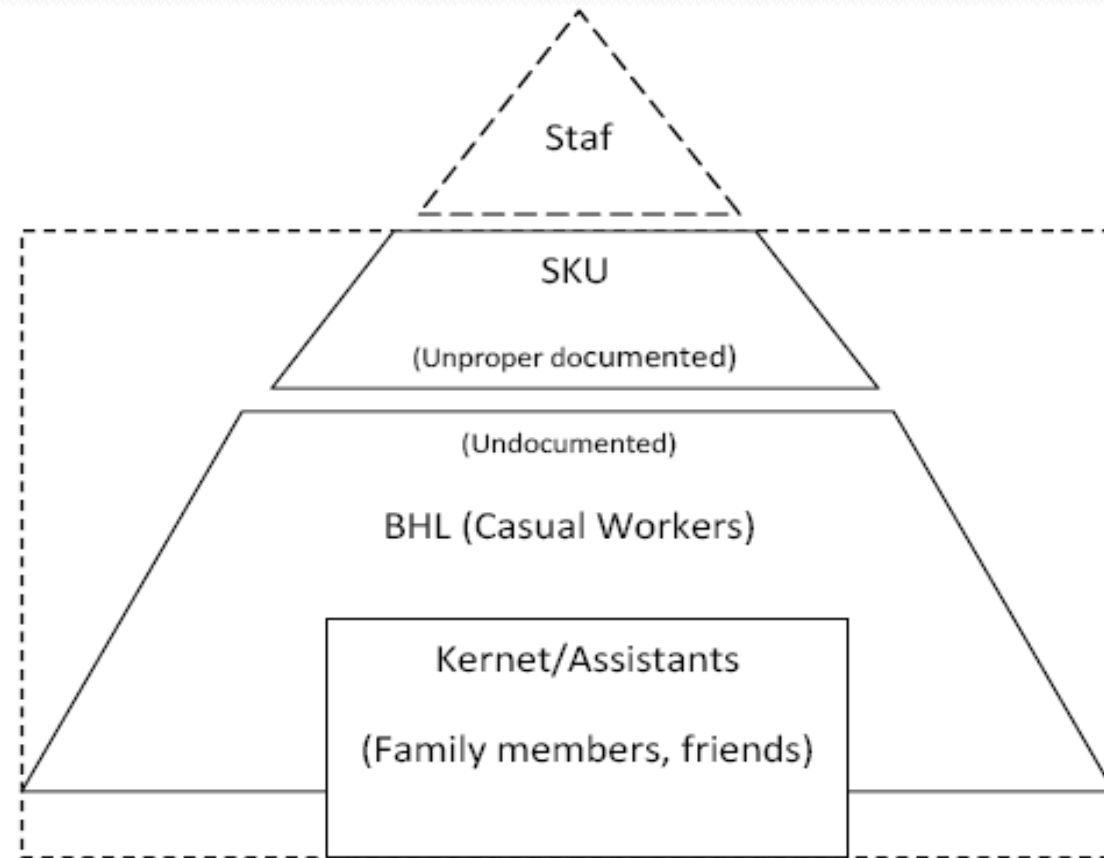


Chart 1: "Caste" System in Large-Scale Plantations (LSP)

How to prove that a worker is legal (illegal)?

Table 5: Proof of Labor Status

Status	Proofs
Staf	Have Legal relationship with company
SKU	<ol style="list-style-type: none">1. Mostly do not have legal relationship2. Small number having legal relationship with company3. Many SKU have legal relationship but the documents are only for the company4. Having salary slip
BHL	<ol style="list-style-type: none">1. Do not have contracts neither with contractors nor company2. Small number have salary slip, some given to the labour, other not.
Kernet	Undocumented at all.

An SKU (permanent worker) need 224 years to achieve the highest level of worker (yet as a staff)

Table 1: Levels in LSP

Level	Strip/Rank	Lenght of Promotion (Years)
2(A,B,C,D)	2D1-2D14	224
	2C1-2C14	196
	2B1-2B 14	168
	2A1- 2A 14	140
1 (A,B,C,D)	1D1 - 1D 14	112
	1C1 - 1C 14	84
	1B 1 - 1B 14	56
	1A 1 - 1A 14	28

Sanctions

Table 2: An example of punishments for Harvesters at LNK

No	Form of Faults*	Fines (Rp)
1	Leaving a mature bunches at the tree	5000/bunches
2	Cutting Raw fruits	5000/bunches
3	Scattered fruits are not collected	1000/tree
4	Midrib destroyed	1000/tree
5	Leaving harvested bunches	5000/bunches
6	Fruits are not arranged properly	1000/Collection fruit center
7	Harvesting improperly	1000/tree

Wages are lower than Govt regulation:

Table 3: Comparison of Wages by Government and BKS-PPS (2011)

No	District	District Minimum Wages 2011 (Rp)	Wages by BKS-PPS (Rp)
1	Deli Serdang	1.170.000	1.090.425
2	Langkat	1.160.000	1.090.425
3	Mandailing Natal (Sektor Perkebunan)	1.177.000	1.090.425
4	Batu Bara	1.156.500	1.090.425
5	Asahan (Sektor Perkebunan)	1.209.775	1.090.425
6	Labuhan Batu	1.143.950	1.090.425
7	Labusel	1.165.000	1.090.425
8	Tobasa	1.144.000	1.090.425
9	Karo	1.198.000	1.090.425

Data: Various sources

Table 6: Wages in various versions

Wages versions by:		
Act No. 13/ 2003	Orde Lama/Soekarno Era	BKS-PPS (Sumatra)
Reward in the form of money (Article 1 verse 30). Another explanation: Wages at least 75 percent is main wages and the rest is fixed allowance (article 94)	Money and catu 11 (Rice, Sugar, Tea, Fish, fabrics / garments, kerosene, cooking oil, salt, soap, green beans, milk)	Money and 2 form of catu (hostel and rice)

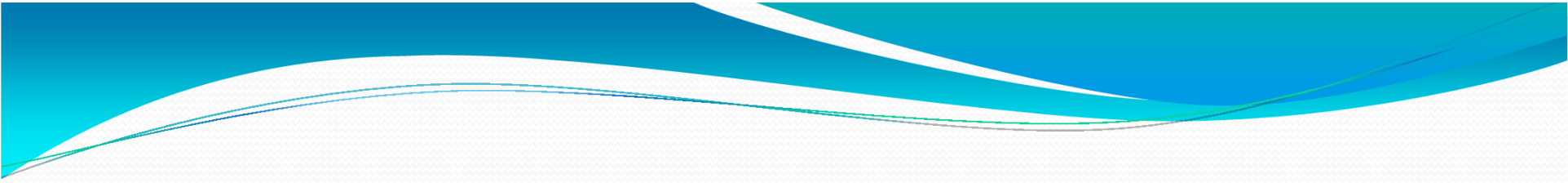
Child workers





Conclusion on workers:

There is a systematic efforts to
weaken workers position by
blurring the worker administration
data in the plantations!!

- 
- Structure in the large scale palm oil plantation is the legacy of the colonial era. The system causes that workers are not able to improve their career
 - There is no improvement at all the big plantations – member of RSPO- investigated, and embrace national regulations and RSPO principles no 2 and 6.

4. Farmers: Dark in the “fuel crops”

- *A study case carried out in East Sumatra found that many of villages that converted their land to palm oil plantations (produces "agrofuel", palm oil is processed into diesel fuel, one is used for electricity) have not been electrified!!*





- The presence of palm oil plantations has spawned a new poverty and triggering the crisis of food (sovereignty) of the (landless) peasants and depend on imported food/rice.





Why do they convert the crops?

- No other option: surrounded by large scale palm oil plantations (Forced indirectly)
- The oil palm is more profitable than rice (in the short term). Euforia publication in the media (tv, news, etc)
- Palm trees do not need irrigation system as rice does
- Pests increasingly difficult to overcome surrounded the palm oil plantations
- Palm oil trees considered more simple to maintain, dan resistant to pests.



The Impacts: Food crisis (rice crisis):

- Fact: Indonesian (230 million population) eat rice three times a day.
- Imported rice in Indonesia, January to November 2011:
- 1,3 billion USD for 2,7 million tonnes rice from Thailand, Vietnam, and China. (Detikfinance, 2012) , rising sharply from 1,3 million tonnes in 2006

Another from Govt:

ONE DAY NO RICE CAMPAIGN.....

Depok Berlakukan Satu Hari Tanpa Nasi



Pemerintah Kota Depok mulai menerapkan program gerakan "One Day No Rice" (satu hari tanpa nasi) dalam satu minggu di lingkungan pemkot setempat, yakni setiap Selasa. - ilustrasi

Oleh:

Selasa, 14 Februari 2012 | 20:41 WIB





5. What we may be able to do:

1. *Europe has to stop the palm oil import for energy purposes, until adequate institutions and regulations, especially strictly social criteria are created to ensure that palm oil production does not contribute to the eviction of farmers, food crisis and forests degradation.*
2. *Government aid agencies and financial institutions from Europe should stop financing further palm oil expansion to avoid severe impacts on human livelihoods and forest ecosystems in Indonesia.*
3. *German people need to be critical to the Bank, Company, Retailers, and Govt of Germany, whether the source of Palm oil that they use is from bloody (unsustainable) ways.*
4. *Participants inputs!!!*



Main References:

- Observations January –February 2012, done by Lentera Staff.
- The Loss of Reason, paper carry out by Lentera Rakyat and BfdW, 2011.
- Preliminary findings of research on large scale plantation impacts to the peasants, by Lentera 2012
- Millionnen van Palm olie plantages, by Lentera, 2011.
- Minutes of Alternative Conference on a century of palm oil plantations, Medan, 2011.