

Human Rights Implications of Land Grabs: Palm Oil in Indonesia

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NB: Photographs have been removed from this presentation

Land for Palm Oil

- Largest producer in world (almost half)
 - 7.3M ha under plantation
 - Plus 18M ha cleared (not yet planted - timber)
 - Plus 20M ha for expansion (size of England, Netherlands + Switzerland combined)
 - Total land mass: 45.3M hectares
- Foreign + domestic investors, worldwide, with financing from international banks
- Investors: land cultivation rights for up to 95 yrs (60 yrs + 35 yr extension): Law 25/2007

Uses and Consumption

- Food stuff (eg. cooking oil, shortening, ice creams, margarine)
- Household products (eg. detergents, soaps, candles)
- Cosmetics (lipsticks, creams)
- Industrial (used in chemical processes to produce esters, plastics, textiles, emulsifiers, explosives, pharmaceutical products)
- Biofuel

Total palm oil consumption in 2030: 54.2 M tonnes cf.
25.6 M tonnes in 2001

Harmful Consequences

Unsustainable plantation + production can lead to:

- Food and water insecurity
- Land grabs/forced evictions
- Lack of recognition of customary laws and rights
- Loss of livelihoods
- Exploitative labour relations
- Degraded ecosystems

Plantations

- Oil palm plantations = complete and permanent change in local communities' way of life, economy and culture
 - natural resources removed
 - land fully and permanently appropriated
- monoculture export oriented crop is planted
- 100% cash-based economy is introduced

Plantations

Only options:

- become oil palm smallholders
- badly paid workers or
- move to city (part of increasing urban poor)

In 2005, around 5 M smallholders tied to large estates

Smallholders: debt bondage?

Plantations

Suggestions: SR on Food:

- family agriculture with small farmers operating under cooperatives: lead to more opportunity/cooperation

BUT:

- Indonesian experience = cycles of debt and exploitation
- Co-operatives act as middlemen, taking commissions
- Economies of scale = family agriculture not possible
- Micro-credit difficult in areas without cash-based economies and where reciprocity correlated with social distance (no priority on repayment)

Adequate Food: Conversion of Agricultural Land

- Conversion of agricultural land + forests to plantations: denies possibility to feed oneself
- Increases flooding and landslides
- Effect of agrochemicals on soil quality

Adequate Food: Conversion of Forests

- Forests: source of food/means to procure it for 60-90M
- Conversion destroys trad. food sources, leads to food insecurity + endangers dietary diversity (move to rice)
- Takes away:
 - sovereignty over production and management
 - stability in supply and income

Creates dependence on single crop (note fluctuation of CPO price:
May 07: \$400/T; May 08 \$1150/T; Aug.08 \$800/T; Dec.08 \$400/T)

- Overall cost of living increases with monoculture
- Need more cash to survive as can no longer harvest food and products from forest

Adequate Food: Effect on staple foods

- Cooking oil (palm oil) is a staple food commodity
- In Jan 2007 = Rp6,000/kg, by June 2007 = Rp9,000/kg, by March 2008 = Rp14,000
- 42% of Indonesians live on less than Rp9,000 – 18,000 per day
- Preference is to sell on international market
- Recycled cooking oil bought at reduced price
- Ability to procure adequate food without compromising other basic needs?

Adequate Water

- Plantation est. + manage. plus poor practice in treating POME = water probs.
- Establishment:
 - land taken by companies:
 - Loss of physical access to water bc comp. now controls land
 - land preparation diverts water, disturbs stream flow, pollutes water resources
 - Reduces permeability of land, loss of faunal activity, compacts land = increased top soil runoff and erosion, sediment in rivers
 - Flooding in rainy season and water shortages in dry season

Adequate Water

- General water shortages
 - oil palms are water and nutrient hungry
- Deterioration of water quality
 - pesticides and herbicides leach into rivers
 - worsened by overflow and frequent release of untreated POME into waterways

POME = mix of water, crushed shells and fat residue.

Us. detoxified in outdoor tanks by adding O₂

Adequate Water

- Mill with a capacity of 60 T of FFB/hour can produce 1,200 m³ of liquid waste per day
= sewage produced by a city of 75,000 people
- 1 mill every 4,000-5,000 ha of plantation
- There are 7.3 M ha of land under plantation

Security of Tenure and Forced Evictions

- Land availability → plantation development
- Where is the land coming from?
- Conflicting accounts as to land available for conversion
 - Eg. Papua:
 - Investment Coordinating Body – 2M ha
 - Department of Industry – 6,331,128 ha
 - National Team for Biofuel Dev'ment – 9,262,130 ha
- Why?

Security of Tenure and Forced Evictions

Conflicting accounts of land availability:

- Lack of recognition of traditional communities and customary rights
 - do they “still exist”, are they consistent with dev’t priorities and the principle of the unitary state of Indonesia? Also Art.33
 - reflected in major laws regulating plantation development (Basic Agrarian Law, Plantation Law, Forestry Law)

Hence: Indigenous peoples have no official title to land - a prerequisite to demonstrating property rights in Indonesia

- Lack of coordination bw ministries; conflicting responsibilities (eg. Aceh)
- Lax administration, corruption and lack of transparency

Security of Tenure and Forced Evictions

- These three factors → irregularities in way land is acquired and held by plantation comps and allow:
 - right to FPIC not respected
 - community leaders bribed or otherwise co-opted into transferring community land and supporting the plantation development
 - compensation not paid or is minimal
 - compensation - land “lent” only or o’ship transferred?

Security of Tenure and Forced Evictions

Irregularities in the way land is acquired and held also erodes the cultural rights of indigenous communities, impacting on indigenous distinct culture, history, language and way of life

Concluding Comments

Current method of oil palm plantation in Indonesia not sustainable

How to reverse trend:

- Industry self regulation or sustainability criteria set by external parties (RSPO, FAO)?
- Reduce/eliminate demand for biofuel?

Concluding Comments

BUT –

- RSPO guidelines are detailed, complex and will be time consuming and expensive to implement
 - Who will bear cost and burden?
 - Can the origin of palm oil be traced? Unilever - no
- Source of many problems is that Indonesian law violates human rights: cannot therefore be sustainable
- Ind does not acknowledge social + env'tal problems of palm oil production

Concluding Comments

The issue then goes beyond palm oil. The chain of causation of the environmental and human rights issues that palm oil has highlighted should be identified and addressed.