

# making oil well

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Is palm oil a blessing or a curse? Governments tend to see it as a blessing because it is exported and earns foreign exchange which, in return, buys machinery, technology and other capital goods, and supports economic and social development. It has many uses in a wide variety of products, and is increasingly used as a biofuel worldwide. On the other hand, developing its plantations has resulted in deforestation, destruction of ecosystems, loss of biodiversity, abuses of land rights, corruption, repression and the deprivation of local communities and indigenous peoples of their means of living.

Its plantations and industry are now in the mainstream of the economy of Indonesia, a country of 222 million peoples, of which 30-60 million depend on its forests. Spread over five big islands — and more than 17,000 small ones — it is home to a tenth of the world's remaining tropical forests, hosting vast biodiversity, including 10 per cent of all the world's species of plants, and 12 per cent of its mammal, 16 per cent of its reptile, and 17 per cent of its bird species.

By contrast, oil palm (*Elais guineensis*) is not a native plant. Imported from West Africa by the Dutch colonial authorities in 1848, it first took root as four seedlings in Bogor botanical garden. The first large-scale commercial plantation was established much later, in 1911, in North Sumatra. There is now a tremendous and complex web of businesses controlled by more than 32 national and multinational corporations and plantation groups, owning more than 700 subsidiary oil palm plantations in 23 provinces where it is being massively developed, making Indonesia the world's largest producer.



Oil palm is grown in monocultures, and often involves totally clearing lands and ecosystems. That is environmentally devastating, socially irresponsible and ultimately does not even benefit business. It is one of the main causes of deforestation in Indonesia, with — as a rough approximation — some 600,000 to 1,000,000 hectares being planted each year. The rapid and massive expansion of oil palm makes it hard to avoid significant impacts to remaining ecosystems, including the endangered habitats of rare and threatened species like the orangutan, Sumatran tiger, and elephant. Such deforestation also adds to global greenhouse gas emissions — as, according to recent controversial reports, does the conversion of peatland and peatland forests to plantation — undermining palm oil's claims to be carbon neutral.

By July 2008 there were 514 known continuing conflicts related to land issues and the resentment of communities against oil palm plantation developments in Indonesia. These unresolved conflicts will get worse as policies deprive further local communities and indigenous peoples of their lands and livelihoods. It is misleadingly supposed that plantations provide opportunities for employment and better jobs. In fact every 100 hectares of oil palm employs only 36 workers a year. Varying regional minimum wages fail to meet living expenses, child labour is part of the culture and strikes lasting more than three days lead to lay offs. Inadequate health and safety measures and training extend to handling and applying agrochemicals, where the reproductive rights of female workers are abused as they are exposed to biologically sensitive levels.



SawitWatch has carried out research on land acquisition for oil palm plantation developments in three provinces, in collaboration with the UK Forest Peoples Programme, HuMA (the Association for Community and Ecology-Based Legal Reform), and the World Agroforestry Centre (ICRAF), and intensely assessed the Indonesian legal framework and land acquisition policies. It revealed: laws that fail to secure the rights of indigenous peoples while encouraging the expropriation of land for commercial projects in the 'national interest'; an absence of regulations, making procedures for recognising collective community land rights unclear; weak institutional capacity, both in the national land agencies and in the district bureaucracies, which also makes recognition of customary rights difficult; and national and regional policies and spatial planning processes favouring the conversion of forests and traditional land into oil palm plantations to increase national and district revenues.

If Indonesia continues growing palm oil for biodiesel production, markets must ensure that its future development incorporates environmentally friendly measures and sufficiently takes into account respect for ratified international laws and customary rights and adherence to the principles of free, prior and informed consent. It must aim to minimise violence, and avoid its use in dealing with local communities around the plantations. It must stop the conversion of primary forests and other high value ecosystems, effectively monitor burning and enforce mandatory zero burning policy, evaluate and withdraw certificates for oil palm where land is legitimately contested by local communities, and formulate stricter provisions in favour of workers' rights and respect for gender equity.

The fundamental framework for sustainable palm oil production — and, in particular, the standards of the Roundtable on Sustainable Palm Oil — is comprised of legal, economically viable, environmentally appropriate and socially beneficial management and operations. If it is going to be sustainable, palm oil production must avoid converting intact and pristine High Conservation Values ecosystems, which include valuable biodiversity, rare or endangered species, forest landscapes and cultural identity and the basic services that nature provides, such as subsistence and local health. Conflicts over ongoing impacts and unresolved land claims can be avoided and must be resolved if local community and indigenous peoples are to consider oil palm development on their lands. Companies should ensure that all their mills and plantations operate with permission and approval of communities and indigenous peoples, under agreements that fulfil the principle of free, prior and informed consent. They must also start identifying and promoting human rights based approaches to oil palm plantation developments. It can be done, protecting and promoting the civil and political, social, economic and cultural rights of severely affected peoples.

Socially responsible palm oil production should not involve forced and child labour, illegal and discriminatory practices, or gender-sensitive issues of violation, discrimination and harassment. If such things happen, companies and mills should provide effective and positive remedies that uphold sustainable solutions to any issues of legal, social and environmental practices. And any sustainability standards and certification schemes should harness market forces to work in favour of businesses, the environment and poor people. 