

# PARTNERSHIP in oil palm plantation; THE MASK OF OPPRESSION

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## Summary

*"Partnering in a simple way means mutually beneficial, but during our partnership with PT SAL, let alone profit, the appreciation toward our existence is non-existent at all". Pujiono / Plasma Farmer of Merangin Jambi*

Along the history of oil palm plantation, partnership has become an inseparable part of the development process of oil palm plantation, meaning along the history of plantation the partnership always follows the movement of plantation. Therefore, the history of oppression toward the plasma farmer has been covered up by partnership, which is continuing until now. The history of forced planting at the colonial era which was then "faced off" into partnership in the current era apparently cannot cover the pockmark of oppression. For example, the issues of indefinite plantation restitution time, unlimited credit payment term, physical condition of plasma plantation after restitution (land shortage and plant shortage as well as less productive),



low price of TBS (Fresh Fruit Stem) from farmer, and cuts that burden the farmer. And all of these problems seem to describe that the history of oppression is recurring. Meanwhile, the formal concept of partnership can be seen in the Act Number 9/1995 stating : "the cooperation between small business and mid business or big business is accompanied by continued building and development by mid business or big business by paying attention to the principles of mutual need, mutually strengthening and mutually beneficial". This formal concept is then clarified by the Government Regulation Number 44/1997 explaining that "the ideal form of partnership is to be mutually strengthening, mutually beneficial and completing each other. The goal of partnership is to increase the income, the business continuity, the quality of partner group resources, and the business scale as well as to grow and increase the business capacity of independent business group".

The oppression reincarnated in the partnership system in oil palm plantation was then confirmed with some findings in the field conducted by the Research Team of Yayasan Keadilan Rakyat from April to October 2006.

a. **The partnership system which is far from the impression of welfare.**

*A dream to be prosperous, apparently living in debt*

According to some local people, since the company was operated there has been no change, no welfare, and only debts compiling. And if such partnership system continued, we could never free from debts, and would be living in debts that would never end: from debts to the company, debts to KUD (Rural Unit Cooperative) to debts to rural middlemen.

There are some matters causing the plasma farmers living in debts, i.e. :

1. Low productivity of oil palm because of fertilizer shortage. Indeed, it is like an evil circle: wishing to buy fertilizer yet no fund available, meanwhile the fertilizer from the company is no longer available; if it is available, it should be bought with the fund taken

from the cutting of earnings from TBS selling. This condition makes the plasma farmers let their plantation unfertilized, and just accept it when the yield is low (sometimes insufficient). And while accepting TBS price, the farmer often proposes a loan again to KUD.

2. Very low TBS price gives impact to the low level of farmer's income. This condition seems to be maintained by the company, so the plasma farmers will always sell their TBS to the company, and of course the company as the nucleus will get multiple benefits.

**b. Under the partnership umbrella, diverting the real conflict.**

*Plasma farmer VS plasma farmer*

Previously, problems appeared tended to lead toward problems between the company and the community, now the partnership system apparently brings out a new problem, i.e. the tendency of horizontal conflict among communities. For example, the problem faced by Bungo Antoi village (Merangin) where around 102 Ha of the community land in Bungo Antoi village is allocated for Bukit Suban village (Sarolangun). This problem will surely become the boomerang later in the future if it is not solved soon. Another potential for horizontal conflict is the problem of discrepancy in plasma land area of 2 Ha received by the farmer after the plantation restitution. According to the company, if the land is less than 2 Ha, the people who get lesser land will move/shift to the land next to theirs. But the problem is not that simple, since many people do not want to move/shift. Thus, often the company only says, that is the community's or KUD's business.

*KUD VS plasma farmer*

Often, the company blames KUD, both for price setting, plantation restitution, and land shortage. Just as its function, KUD has indeed a very dominant role. But should KUD bear the problem which is actually the responsibility of the company? In the case of Bukit Suban village, the plasma farmer accused KUD as the source of problem for the discrepancy in the physical condition of plantation when it was given to the plasma farmer. This may be because KUD is the one responsible for the fertilizing, fixing, and planting processes. Whereas, if it is analyzed further, the strength and weakness of the seed become the responsibility of the company. And KUD is only as the mediator between the plasma farmer and the company. Thus, the plasma farmer usually blames all problems faced to KUD.

*Plasma farmer VS factory worker*

The potential of horizontal conflict between the plasma farmer and the worker may come from the cutting of TBS price or buying TBS with low price in order to give THR (benefits given for celebrating feast day) to the workers by the company every holiday / feast day. Thus, it is reasonable if the plasma farmers feel that the existence of company is burdening their lives and the existence of the company workers makes them suffer.



**c. The partnership system: it is the same as the oppression system, isn't it?**

It is a proper thing to do that, the farmer as the company partner should be the priority, besides as the important part of the company the plasma farmer is a sustainable supplier of TBS. But apparently, the plasma farmer is only the direct object in the oil palm plantation circle. Meanwhile, there will be no production if there is no plasma farmer as the supplier of

TBS. For example, when there was a strike of TBS selling for three days in the beginning of June 2006 because of low price, PT SAL experienced a big loss, i.e. reaching 12 billion.

The oppression practice often occurs toward the plasma farmer when selling the TBS through KUD middlemen, since the company often buy TBS from the community with low price, below the price set by the Plantation Services, and sometimes it reaches half of the price. The excuse made by the company is that the quality of fruit from the farmer is very low, besides it is not in full shape anymore and also it has mostly exceeded the 8 hours of post harvest. Meanwhile, if seen from the selling process of TBS, it can be seen that the condition is indeed created deliberately by the company. For example, a long queue of cars. Often, TBS from the plasma farmer should wait until three days to be weighed, because the company gives priority to TBS from the nucleus plantation and TBS from outside, while TBS from the plasma farmer gets the last turn. It is this condition that makes many fruits loose from their stems and the fruits are not fresh anymore.



The setting of TBS price is actually administered in the Decree of Minister of Agriculture Number : 395/Kpts/OT.140/11/2005 about the Guidelines for Setting the Price to Buy TBS of oil palm produced by the planter, in the Article 5 Paragraph 2, that the formula for the buying price of TBS is  $H\ TBS = K((Hms \times Rms) + (His \times Ris))$ . And, in the setting of each price should involve various parties including the plasma farmer. This regulation is stated in the same Ministerial Decree in the Article 8 Paragraph 1. But on its

way, the process is never socialized well at the plasma farmer level institutionally. For example, the setting of "K" index, Hms (the price of international CPO), and the amount of production cost cut (including the costs of workers, machinery, etc.) burdened to the plasma farmer.

Another kind of oppression occurs in holidays such as *Idul Fitri* and *Idul Adha*. TBS from the plasma farmer will be set in very low price. This is because the company will give THR to the workers, while THR will be taken from some of the selling price of TBS from the plasma farmer. It is indeed very inhuman, while the plasma farmer who also needs fund, not only the fund for *Idul Fitri* but also for living, should bear the living costs of thousands of workers of the company.

Continuous oppression occurs not only before the plantation restitution, but also after the plantation is paid off and received by the plasma farmer. For example, the company forbids the plasma farmer to sell TBS to another company. To prevent the plasma farmer from selling TBS outside, PT SAL builds Gates guarded by the Security Guard in the roads that are often passed by the plasma farmers. It is not only the plasma farmers who are disturbed by the existence of gates, but also the oil palm farmers who are not connected to PT SAL, because the farmers having their own oil palm plantation are requested to sell their TBS to PT SAL with the excuse that the farmers have used the company's roads. The existence of gates ignites the anger of the local people (the plasma farmer and the common farmer), and reaching its peak on Monday, 27 March 2006, when a truck driver was slapped by the head of Security Guard because he carried TBS to be sold outside.

The rage of the angry people burnt the Security Guard Post and the Security Guard was beaten by the people until skinned and bruised.

Another kind of oppression occurs during the land credit process for plasma. The plasma farmer having sufficient land, meaning in accord with the agreement i.e. 2 Ha, feels no burden to pay credit by installments, because it has been in accord with the agreement. But how about the plasma farmers who only receive the land of 1.7 Ha? They will bear credit for 2 Ha land, won't they? Although actually their land is not sufficient, who will face the loss? If then the settlement of credit payment is from the percentage of the production price of TBS, is the percentage of debt amount to be paid by installments is of the price of the oil palm plantation of 2 Ha? In 9 Village Areas (In Tabir and Hitam Ulu Sub districts), the percentage of the plasma farmers receiving the land, that is different from the initial agreement, reaches 70%.

**d. The partnership system: as the Corporate Social Responsibility?**

Often, most companies in this Country regard partnership as social responsibility. So, the company applying this system is regarded as responsible socially for providing "oil palm land". And such image almost affects the way of thinking of the government. Thus, if there is partnership problem, it is regarded as the problem which comes from "disturbance" in the community. Meanwhile, if we study it, it is clear that the partnership system becomes the obligation of the company as large-scale company, and of course the partnership system here is not a SINCERE thing given for free by the company, but it is the property of the plasma farmer, from their own land to the oil palm plantation owned through credit installments. And it is a big mistake if the partnership system is regarded as one of the social responsibilities.

**e. The partnership system without opening and ending.**

If initially the partnership of the project did not need any approval from the participating farmer, in the post-partnership (the plasma farmer has repaid all his credit to the bank) the plasma farmer has no rights to sell TBS freely from his own plantation. For example, the company builds gates to prevent the plasma farmers to take TBS to another company, and this occurs in the company which highly depends on TBS supply from the plasma farmers. If then the partnership is interpreted as the partnership which will last as long as the nucleus and the plasma exist, the oppression toward the plasma farmer will continue.

Citing from Gunawan Wiradi in the restricted discussion with YKR on 27-28 July 2006 stating that the partnership system was built for :

- a. avoiding the risk of land claim by the people (the partnership system is regarded as the capitalist styled land reform).
- b. avoiding the risk of paying wage (the plasma farmer can only get value from the product, not the manpower. The company does not pay the entire family who work on the plantation).
- c. avoiding the expensive cost of plantation development (the company can get loan from the Bank with the land certificate owned by the people as the guarantee).
- d. avoiding the shortage of raw material supply, and the company controls the production directly (the plasma farmer who has planted the commodity which is in accord with the nucleus need will continue selling his product).

- e. avoiding the risk of good reputation, in this case the partnership is regarded as the liberation of company' sin. Good reputation is needed by big plantation to avoid the colonizer or imperialist trademark.

Thus, of course the analyses toward the past partnership system should be done to prevent the problems polluting again the long road of partnership. It is the time for the future partnership to be based on equality-relationship, not on POWER relationship anymore.

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