Modern-day slavery in oil palm plantations: The outstanding cases of Malaysia and Indonesia

Photo: E. Benjamin Skinner

Malaysia

Malaysiahas become a destination for migrant workers from other Southeast Asian countries– mainly Indonesia, Thailand, andBangladesh – who usually occupy low-wage unskilled jobs in different sectors including the labor-intensivepalm oil industry.

Up to 2006, Malaysia had a direct recruitment system which was then replaced by a centralized migration system that introduces outsourcing - mandatory for employerswith less than 50 workers and optional for the rest. Labor brokersbecome the employer of contract workers acting as middlepersons between the workers and the plantation company, paying lower rates and profiting from the difference.Maximization of productivity is often at the expense of reasonable working and living conditions and the rights of plantation workers.

Groups such as Verité and AmnestyInternational have reported abuses by labor brokers, who charge up to USD 1,000 for visas. Thesebrokers have also been criticized for demandingadditional fees for each migrant worker, charging highamounts for re-registration of immigration documents.

Outsourcings has led to a situation in which many migrant workers, enticed by the brokers, end up working on plantations even though they may not be suited to or prepared for plantation work with the result that migrant workers often feel less satisfied and are less productive and committed to their jobs.

Furthermore, workers are often trapped in the usually remote and closed oil palm plantation complexes, even more because they have to submit work permits, visas, and passports to employers. In those cases where migrant workers leave anyway the plantation, they are highly susceptible to extortion by local police, whose primary task is to return workers to the plantations where they are employed. Those migrants that successfully escape a plantation are unable to find legal employment in Malaysia and, as soonas they become undocumented immigrants, they become vulnerable to substantial fines, imprisonment, and corporal punishment by the police. If they do find employment elsewhere, it is often at small, independent plantations that draw few visits from industry and government regulatory groups, making these migrants susceptible to further exploitative labor practices.

On the other hand, even non-migrants are vulnerable to exploitative bonded labor. The smallholder model ofproduction is a strategy developed by palm oil companies to create a more inclusive plantation industry where the companiesare the winners. The reportExploitative Labor Practices in the Global Palm Oil Industry prepared by Accenture for Humanity United reveals that “Smallholder ownerstypically borrow between USD 3,000 and 6,000 (at 30 percent interest per year) from a commercialgrower for seedlings, fertilizers, and other supplies.As oil palm plants take 3 to 4 years to bear fruit, inthe interim smallholders work as day laborers with wages of USD 2.50 per day on the mature commercialplantations.Once their plantation becomes productive, the average income for a two-hectare allotmentis USD 680 to 900 per month.The low level of income combined with the large start-up costs andrelatively high interest payments means that smallholders frequently become indebted to the oil palmcompany, often for a long time. Rather than demand payment in cash, some of the companies thatprovide the loans require farmers to sell their palm fruit back to them at prices set not by the market butby the companies themselves.Farmers are tied to the core plantation under terms set by thecompanies until their debts are completely paid off. These claims were substantiated by field interviews,as well as by the testimony of farmers at numerous meetings of the RSPO.

Farmers speak emotionally of being “ghosts on our own land” because of the endless cycle of debt inwhich they are trapped. While not universal, these problems are common and amount to the extractionof bonded labor from smallholder estates.

Child labor in oil palm plantations is a sort of legacy of immigration. Migrant workers are prohibited by the Malaysian law to give birth to children while they are in the country. However, many do give birth. Those children are not granted citizenship in Malaysia or their parents’ home country and thus become stateless andusually bonded to the work on plantations. They help family members in meeting the high quotas set by plantation management collecting loose fruit, helping carrying and loading bunches of oil palm fruit, and weeding the oil palm fields. In Malaysia, it is estimated that between 72,000 and 200,000 stateless children work on palm oil plantations.

Indonesia

According to a report from the Schuster Institute for Investigative Journalism (2), there iswidespread violation of human rightsin oil palm plantations in Indonesia. Relying on several interviews withworkers of 12 plantationson Borneo and Sumatra– two islands that hold 96 percent of Indonesia’s palm oil operations– the investigation revealed that among the estimated 3.7 million workers in Indonesia's palm oil industry, thousands of child laborers and workers face modern-day slavery.

The investigation reports of workers whose national IDs and other legal documents were confiscated by the company to prevent them to leave the plantation, even temporarily, or to return home during the years of their contract.It is common that workers aren’t paid for their work until after their work commitments are completeand access to cash is through loans from the recruiter. They become trapped in a situation of false debt, as was the case denounced by several workers who complained of being held captive byCV Sinar Kalimantan, a labor contractor for a top palm oil producing company, the Malaysia-basedgiantKuala Lumpur Kepong Berhad (KLK).

Schuster Institute investigative team members also found child laborers, some as young as nine years old, at each plantation they visited.They commonly work in the nursery, collect fallen palm fruitlets from the ground or even have their own work agreements with plantation supervisors. Despite the widespread abuses, the big palm oil companies go untouched. The Roundtable on Sustainable Palm Oil (RSPO), the voluntary certification scheme of the palm oil industry, declared that it has never decertified or suspended a member for failing to adhere to labor standards… At least 38 corporations have purchased KLK’s palm oil and palm oil derivatives since 2009, including Archer Daniels Midland, Unilever, Procter & Gamble (P&G), and Cargill, which has sold palm oil and derivatives to Nestlé, General Mills, Kraft Foods, and the Kellogg Company.

Based on:
(1) “Exploitative Labor Practices in the Global Palm Oil Industry”, prepared by Accenture for Humanity United, http://humanityunited.org/pdfs/Modern_Slavery_in_the_Palm_Oil_Industry.pdf
(2) “Forced Labor and Child Labor on Palm Oil Plantations”, report of the Schuster Institute for Investigative Journalismat Brandeis University,
http://www.schusterinstituteinvestigations.org/#!slavery-palm-oil-plantations-indonesia/cqcc