
Expansion of Oil Palm Plantations as State Policy in Central America

Historical, environmental, labor and economic aspects converge in the expansion of oil palm plantations in Central America. The outsourcing of production, tax exemptions, support for free trade agreements, concentration of state subsidies, and "corporate responsibility" are common strategies that palm companies use. Even dates of experimentation and pilot plans to promote the expansion of oil palm plantations coincide in the region, as in the case of the Agúan Valley in Honduras and the Pacific Coast of Costa Rica that took place in the 50s and 60s.

There are over 370,000 hectares of officially registered lands with oil palm in Central America; this figure is increasing due to aggressive expansion, resulting from global demand. 51% of the vegetable oil consumed worldwide comes from palm. In particular, exports from Central America go to Mexico, the United States and the European Union. (1)

Palm oil is perhaps one of the fastest growing industries, and is regionally integrated as an agribusiness. But it stands out as being possibly the least studied crop in the region, in terms of its as yet immeasurable social and environmental impacts.

There are 130,000 hectares of palm plantations in Guatemala. In states where oil palm is grown, there are reports of communities and indigenous groups being displaced. (2) Such is the case of Sur de Petén, Izabal, Alta Verapaz, Quiché, Q'eqchi', Escuintla, Suchitepéquez, Quetzaltenango, San Marcos and Retalhuleu, which are mostly farming and fishing communities. About 4% of the total agricultural land in the country is planted with this crop.

In the case of Honduras, oil palm plantations are one of the biggest drivers of deforestation and the loss of Garífuna and Miskita community territory. The agribusiness industry in Honduras is aggressive, and linked to political, military and drug trafficking powers. Officially 165,000 hectares are in cultivation, but this figure is poorly documented and is currently expanding, thanks to government policies and incentives.

The concentration of oil palm production in Honduras is not as pronounced; it is not exclusively the activity of large or transnational producers. Between 16 and 18 thousand producers in Honduras (cultivating 50 to 165 thousand hectares) are small producers. It should be noted that the number of registered hectares is the figure the companies publish, meaning it is probably underestimated—especially after the 2009 coup, when oil palm expansion, militarization and violence against peasant farmers began consolidating more aggressively. This situation is particularly evident in the Agúan Valley, where there have been many murders and disappearances inside the plantations. The company, DINANT, is at the center of the controversy around these crimes; this company, owned by the Facussé family, is the largest producer of palm oil in the country. (3)

Meanwhile, the Costa Rican agricultural census of 2014 reported 66,419 hectares of oil palm distributed in 2,169 farms, with 67% of these lands concentrated in only 8.6% of farms. Production is mainly for the food and cosmetics industries, although the government has attempted to incentivize

oil palm production for biodiesel. According to figures from the National Chamber of Palm Producers (CANAPALMA by its Spanish acronym), 3% of producers in Costa Rica own 50% of the area in cultivation.

The intensive introduction of oil palm in Costa Rica began in the 1980s, even though experimentation is reported as early as the 1950s. The depletion of soils and heavy metal contamination—caused by excessive use of copper sulphate-based fungicides on banana plantations—rendered thousands of hectares of land too toxic for the musaceae (banana family) and other crops that cannot survive with these elements in the soil.

This caused a decline in banana production in the area. Therefore, the United Fruit Company (the main multinational exporter at the time) aggressively swapped its plantations and infrastructure from the banana industry in the Costa Rican South Pacific, to the Caribbean region of the country in order to grow oil palm. They made this shift not only because the Caribbean region provided better humidity conditions that benefited oil palm cultivation; but also because this crop tolerates high concentrations of heavy metals in the soil, such as copper.

In 1973, the United Fruit Company had around 11,000 employees in the banana industry in the South Pacific region. After switching to oil palm, this company employed only 4,000 agricultural laborers in the late 1980s. While banana plantations on average employed one worker per hectare, now that same laborer could take care of 10 hectares of oil palm. This change in production also explains the unemployment generated in much of South Pacific region of Costa Rica starting in the 1980s.

According to some authors, the multinational United Fruit Company/United Brands supplied small local farmers with a productive alternative, credit and cutting-edge technology. However, it also controlled entry of the most profitable segments of the oil palm chain of production—through genetic material, industrialization, transport and commercialization. The State played a central role in establishing power relationships, by helping build infrastructure to process and industrialize the palm oil. This left the most profitable part of the business (sales) to the multinational company, which later changed its name to Chiquita Brands.

Promoting the cooperative oil palm sector is where state institutions have the most influence in Costa Rica. Through an initial US \$31 million loan from the Inter-American Development Bank (IDB), another US \$13 million loan from the Commonwealth Development Corporation (CDC) of the UK government, and a state contribution of US \$4 million, an Agroindustrial Development Project Operating Unit was launched in Coto Sur. This Unit not only would promote oil palm planting among small- and medium-scale producers, it would also enable construction of a processing plant to extract palm oil.

Currently, the Small Palm Producers Cooperative (COOPEAGROPAL, by its Spanish acronym) owes over 1.5 billion colones (approximately US\$ 2.72 million) to the Costa Rican government in a trust at the National Bank, acquired to establish a palm oil extraction plant. This is exceptional, given that Costa Rica has opted to de-finance peasant agriculture, betting instead on public-private agribusiness investment. Thus began an industry marked by inequalities and strong economic interests.

Palma Tica S.A. controls the processing and commercialization of 80% of the raw palm oil, and this same company owns an estimated 40% of the total land planted with oil palm in the country, or approximately 24,800 hectares. In addition, about 19,200 hectares belong to independent producers with financing through mortgage credit from Palma Tica—which claims the entire production for 14

years as part of repayments. COOPEAGROPAL manages the remaining 31% of area planted, and sells around 20% of production.

Palma Tica S.A. is one of the four large companies of the Numar Group, a multinational that operates in Central America and Panama, specialized in the production, distribution and sale of processed foods. In 1995, the multinational Chiquita Brands sold the Numar Group for US \$100 million to eight firms from Costa Rica, one from Panama and one from Belize. Later, in 2103, Chiquita Brands bought back the company.

The Numar Group, through its subsidiary Agricultural Services and Development (ASD), controls the entire oil palm supply and germplasm—not only for independent producers, but also for Palma Tica S.A. and COOPEAGROPAL. According to ASD, it has exported over 300 million seeds to virtually all oil palm producing countries in the world. In Latin America, about 65% of oil palm plantations use ASD seed varieties; throughout the world, over 11% of commercial oil palm plantations use their varieties. This demonstrates the multinational company's regional and global influence in the expansion of this monoculture.

Costa Rica, Guatemala and Honduras currently have policies on "biofuels," or rather agro-energy, which has intensified and stimulated the expansion of oil palm plantations. An example of this is the statements made by the National Federation of Palm Producers in Honduras (Fenapalmah, by its Spanish acronym), claiming that by September 2015, seven of every ten palm oil extraction plants were producing biomass energy.

Central America as a whole is undergoing a series of supposed economic and financial integration processes: electrical interconnection systems, regional free trade agreements, joint customs policies and infrastructure projects are currently some of their central strategies. In this sense, palm oil production can be seen not only as a regional project, but as a race towards "economic integration," anchored in the production of export crops. Most affected are the people and communities that this expansion expels from their lands.

Monoculture expansion at the regional level is orchestrated without concern for borders or governments. In order to understand this regional phenomenon, one must see it as a whole and treat it as a large-scale business venture beyond the national proportions of each Central American country.

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Biodiversity Coordination Network, <http://redbiodiversidadcr.codigosur.net/>

(1) Map "Monocultivo de Palma Aceitera en América Latina", Otros Mundos AC, GeoComunes, <http://wrm.org.uy/es/files/2016/10/Mapa-Palma-Otros-Mundos-y-Geocomunes.jpeg>

(2) Guatemala: Oil Palm Plantations Cause New Displacement of Rural Communities - <http://wrm.org.uy/articles-from-the-wrm-bulletin/section2/guatemala-oil-palm-plantations-cause-new-displacement-of-rural-communities/>

Guatemala: Isla Chicales – Public Lands Should Be Managed by Communities - <http://wrm.org.uy/articles-from-the-wrm-bulletin/section1/guatemala-isla-chicales-public-lands-should-be-managed-by-communities/>

(3) Bajo Aguán: Grito por la Tierra - <http://wrm.org.uy/es/videos/bajo-aguan-grito-por-la-tierra/> ; Honduras: Women fighting for land against a backdrop of violence and murders - <http://wrm.org.uy/articles-from-the-wrm-bulletin/section1/honduras-women-fighting-for-land-against-a-backdrop-of-violence-and-murders/>

