
Malaysia: Those who lose in the oil palm business

In Malaysia, palm oil expansion goes hand in hand with deforestation –despite government officials claiming otherwise.

A press release issued by Sahabat Alam Malaysia [SAM] Friends of the Earth, Malaysia, on August 6, 2008, reveals that some 2.8 million ha of largely forest land in Sarawak has been handed out for plantation concessions of mainly oil palm and fast-growing pulpwood trees.

However, communities who exercise Native Customary Rights (NCR) in those areas have not been taken into account in the licensing process. As the statement says, they typically realize that “their land would be affected only after work commences on the ground. ... After having their land clear cut, the people may be affected by environmental impacts that range from disturbances in the water, soil nutrient and ecological cycles, in addition to erosion, river sedimentation, and threats of fire and pollution from agrochemicals and processing mills”.

NCR land is quite significant to indigenous people in Sarawak. As Tuai Rumah Ladon anak Edieh, a farmer aged 70 who lives in Ulu Bawan, Balingian (District), Mukah (Division) explained in an interview in 2006: “The land provides us all our needs such as food from those crops we planted, wild plants we collect for vegetable and herbs for medicine. We make use of our forest for timber to construct our longhouse, to build canoe, and coffin when we die. We could hunt for wild boar and other animals as well as fishing in the streams of our NCR areas. We are attached to our NCR land. ... If our land is taken away, we would not be able to survive.”

But that’s the fate they have faced. In 1973 they were misled by politicians and officials to “develop” their land planting oil palm. The arrangement with the company began in a kind of land renting while the community were offered work in the plantation with a rather low pay that did not compensate for the resources they got from the forest. And to crown it all, the company continued planting oil palm despite expiry of rental term.

An article from Rhett A. Butler published in Mongabay speaks of the significant reduction in biological diversity following forest conversion to oil palm plantation and that “many animals will not move through plantations while others, like orangutans, become crop pests putting them at risk of defensive poaching by plantation managers. The use of herbicides and pesticides can also impact species composition and pollute local waterways. Drainage systems required for plantations (oil palm plantations in Borneo are often established in swamp forest) may lower water tables, affecting neighboring forest areas. Further, destruction of peat lands increases the risk of flooding and fire. Land-clearing fires set by large oil palm plantation owners were the single largest cause of the massive 1997-1998 fires in Borneo. ... The existing system appears to sometimes lock small plantation owners into conditions akin to slavery”.

For indigenous communities, the encroachment of extractive industries in their territories meant the disruption of their subsistence economies; after that, they were forced to enter a cash economy, usually dependent on timber. However, as Butler explains: “Given the scarcity of timber in parts of

Borneo ... oil palm seems to be the best alternative for communities that are just eking a living off rubber cultivation, subsistence rice farming, and fruit gardens. When a large agricultural firm enters an area, some community members are often eager to become part of an oil palm plantation. Lacking legal title to their land, deals are often structured so that members of the community acquire 2-3 hectares (508 acres) of land for oil palm cultivation. They typically borrow some \$3,000-6,000 (at 30 percent interest per year) from the parent firm for the seedlings, fertilizers, and other supplies. Because oil palm takes roughly 7 years to bear fruit, they work as day laborers at \$2.50 per day on mature plantations. In the meantime their plot generates no income but requires fertilizers and pesticides, which are purchased from the oil palm company. Once their plantation becomes productive, the average income for a 2 hectare allotment is \$682-900 per month. In the past, rubber and wood generated \$350-1000 month, according to Curran. The low level of income combined with large start-up costs and relatively high interest payments virtually ensures that small holders will be perpetually indebted to the oil palm company. Oil palm cultivation also makes local people more dependent on agricultural firms since they no longer grow their own food."

Meanwhile oil palm firms are making a fortune. "Some firms in West Kalimantan are seeing a 26 percent annual internal rate of return over a 25-year period, an astounding number", reveals Butler. It seems that the current agrofuel booming demand allows for oil palm plantations to flourish at the expense of the local communities.

Article based on: "Plantation development in Sarawak, deforestation and Native Customary Rights (NCR)", August 6, 2008, Sahabat Alam Malaysia [SAM] Friends of the Earth, Malaysia, sent by SAM, e-mail: sam_inquiry@yahoo.com; "The Impact of Oil Palm in Borneo", Rhett A. Butler, http://www.mongabay.com/borneo/borneo_oil_palm.html
" Indigenous Community Struggle - Sungai Bawan, Balingian, Mukah Case", <http://www.rengah.c2o.org/assets/pdf/de0122a.pdf>Sarawak