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## [“Green” oil palm plantations are a scam: The case of OLAM](#)

*How do major oil palm companies manage to get their palm oil sold as a “green”, “sustainable” and “climate-friendly” product when it is none of that? How does this green image help corporations to expand even further, as is happening now in Africa? This article looks into the case of OLAM International, which in February 2017 published its Draft Global Policy on Forests (1). OLAM's promising words are merely a smokescreen around what is still its main objective: increasing profits.*

### **Have oil palm companies changed?**

That is what they want us to believe. If we look at OLAM's Draft Global Policy on Forests, it says: “OLAM's core purpose is to grow responsibly, in order to provide the world with its essential needs”. It expresses concern about providing “food security” to “the expected 9 billion people who will inhabit our planet by 2050”, and the need for “long-term employment” and “livelihood opportunities in rural areas”. At first glance, the policy looks more like a document written by a charity or state institution than a transnational corporation, raising the question: has OLAM changed?

Such a transformation would require OLAM to no longer have as its priority the maximizing of profits for its main owners – the investment company Temasek holdings (52.3%) from Singapore and the Mitsubishi corporation (20.3%) from Japan. But looking at the “director's statement” of its 2015 annual report, it becomes clear that no such change has transpired. There is no reference to the sake of the aforementioned 9 billion people expected to inhabit our planet by 2050, but rather only a concern about the company's “well-being and prosperity”, which involve “market competitiveness, quality of returns, business growth and productivity growth”. (2)

The only real change is with OLAM's public discourse. This change is a direct **result of the many struggles of local communities and their supporters in giving visibility to the increasing evidence of the negative impacts of large-scale, industrial monoculture oil palm plantations**. Deforestation, environmental contamination and invasion of people's territories have affected the image of companies like OLAM towards consumers of palm oil and the banks that finance their business. A bad image could eventually interfere with OLAM's sales and its capacity to attract loans, and thus threaten its core purpose of business growth and profits.

**Companies were forced to do something.** Nowadays, almost all oil palm companies have “sustainability” divisions and engage in processes and commitments that claim to tackle the problems they create, especially deforestation. OLAM's Draft Global Policy on Forests lists several initiatives and principles they intend to adhere to, such as the certification system Roundtable of Sustainable Palm Oil (RSPO) (3), the concepts of High Conservation Value (HCV) forests and High Carbon Stock (HCS) forests, as well as the Free Prior and Informed Consent (FPIC) Principle.

Next question then: do these processes and commitments make any substantial difference for communities on the ground? We argue they do not and are thus convenient for the companies. First, these commitments, discussed in air-conditioned conference rooms, far away from the reality of communities surrounded by monoculture plantation areas, are not binding but voluntary. Second,

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companies exercise significant control over certification schemes – heavily promoted by some NGOs like WWF - and are able to ensure that these schemes do not have any significant impact on their operations, such as with the RSPO, where companies from the oil palm sector constitute the vast majority of the members. And third, none of these commitments require changes to the model of large-scale monoculture production. Many studies from around the world (4) show that inherent to this model is the large-scale occupation of well-located, obviously fertile and thus, most often, community lands. Pursuing this model necessarily leads to deforestation. A recent report produced by the US-based NGO Mighty Earth, in collaboration with the Gabonese NGO Brainforest, shows that OLAM, an RSPO-certified company, has cleared about 20,000 hectares of forests in Gabon across its four concession areas since 2012. (5)

### **Additional loopholes that benefit OLAM**

Looking at OLAM's Draft Global Policy on Forests, one can identify additional ways of how the company, with some clever wording, can claim it adheres to commitments on paper without changing much in practice.

One has to consider the profound, unequal power relations between communities and companies in order to understand why communities in Gabon do not have the same voice and influence as OLAM in the so-called “multi-stakeholder processes” that OLAM claims to follow in its policies. For example::

- OLAM commits itself to protect community “rights”. Is the company really intending to respect and recognize the customary land rights of communities, and thus prevent most of the problems associated with industrial oil palm expansion? Obviously not. OLAM only refers to the right to “Free, Prior and Informed Consent of local people”. This is a strong principle on paper, but it becomes a lot weaker if one considers the local context. In Gabon, OLAM not only has the support of the government - something common for oil palm companies in most countries – but the Gabonese state itself is a shareholder in OLAM Gabon, and President Ali Bongo himself is a strong supporter of OLAM's oil palm business in the country. His authoritarian regime has the power to appoint and control local political representatives at the village level. As a result, OLAM, in collaboration with local authorities, can use power structures to silence opposition from the affected communities. In this context, FPIC is a useless tool for communities to defend their territories.

- OLAM is committed to “multi-stakeholder processes” like RSPO certification. This is also convenient for OLAM because there are a number of loopholes that ensure that OLAM can control the process in its favour. For instance, the companies themselves hire the consultants that carry out the so-called “independent” certification audits. Also, even if one argues that RSPO has a complaint mechanism in place, these are highly complex for communities to access and use. If they do succeed, often with outside support, it is hard for them to achieve a positive outcome. According to Jefri Saragih from Sawitwatch, an Indonesian NGO supporting communities affected by industrial oil palm plantations and with experience in assisting them to file RSPO complaints: “With over 50 cases unresolved, it is fair to say that the RSPO has been unable to address the many negative impacts caused by large scale oil palm plantations. From a social perspective, we can see that today there are over 40 cases that have been submitted to the RSPO Secretariat and that have not been resolved.” (6) RSPO is thus more of a marketing tool to protect OLAM's palm oil exports and profits.

- OLAM is committed to no deforestation of High Conservation Value and High Carbon Stock forest. But who defines what HCV and HCS forests are? Certainly not communities. These are defined by specialized consultants, companies and especially conservation NGOs. Communities mostly argue

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that all their customary land is important for them, independent of how much or less “carbon” or “conservation value” is given to a particular area. Even those lands classified by consultants as “degraded forests” are important to communities.

- OLAM is committed to food security. “Food Security” is an attractive concept for companies like OLAM because it is not about who controls food production or how and what will be produced. These essential questions are part of another much broader and more political concept defended globally by major peasant movements like *La Via Campesina*: food sovereignty. The concept of food sovereignty is absent in corporate “sustainability” policy documents because the practice of corporations is to increasingly take over and control peasant lands, food markets and chains to increase their growth and profits. OLAM, for example, has a program called GRAINE, which promises to increase food production in Gabon. Although this sounds good and obviously promotes OLAM’s image, most of what the program has been doing on the ground in Gabon so far is to develop industrial oil palm plantations on people’s lands. (7)

### **If not the companies, who or what has changed?**

In the past, many social and environmental NGOs, especially Northern, were busy denouncing and doing actions against tropical deforestation, like calling for boycotts of tropical timber. Nowadays, however, an important number of them are sitting around the table with agribusiness companies to discuss certification mechanisms, principles, criteria, policies, safeguards for communities and forests, high conservation and carbon stock forests, etc., sometimes with funding from these corporations.

**This change in the way NGOs are working has benefited the companies and most often weakened community struggles.** It has, on the one hand, created division among NGOs and, on the other, it has given legitimacy to corporate “sustainability” commitments. Companies can now say “we have support from the NGOs”. For example, the aforementioned NGO Mighty Earth that first denounced OLAM in December 2016 for deforestation of 20,000 hectares, negotiated an agreement with the company soon after, in February 2017, where both parties declared they would “collaborate on forest conservation and sustainable agriculture” in “Gabon and other highly forested countries”. The agreement was facilitated by another NGO, the World Resources Institute (WRI), and negotiated in Washington D.C., US, far away from the people of Gabon. (8)

Another consequence at the local level from this type of engagement by NGOs, especially international NGOs, is that these NGOs usually push and influence communities and community-supporting groups and activists, in a top-down way, towards engaging with the companies as the best way forward. Many communities and supporting groups and activists –instead of spending their precious time in strengthening the capacities of local organizations to mount increasingly difficult resistance struggles- are pushed to monitor companies’ commitments or engage in “multi-stakeholder events”. Those local organisations that do nevertheless prioritise grassroots organising usually face intimidation.

An example happened recently at OLAM's Gabon plantations. The Gabonese NGOs Muyissi environment and Brainforest, together with a platform of NGOs called *Gabon Ma Terra Mon Droit* and African and international activist groups , organized a workshop where OLAM affected communities could come together to increase their understanding about OLAM and its impacts, and exchange experiences with other activists from African countries affected by plantations. After this workshop, the director of a local NGO and community leaders were intimidated by local authorities, receiving the message that they needed to stop organizing such events and organizing the communities. (9)

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## Greenwashing to expand business

There are an increasing number of products with certificates, such as RSPO, that promise consumers that they do not harm the environment or communities. They give the false impression that everything is good with our globalized production and consumption model. This is profoundly wrong. Today's excessive production and consumption has to be reduced and limited but **certification schemes by and for the corporate sector do nothing to address this.**

On the contrary, the RSPO seal, for example, supposedly *guarantees* that the palm oil used in several products is “sustainable” but in reality it is about opening market shares to the corporations that created the seal. “Sustainable” production and consumption, according to the RSPO, is about increasing production and consumption, about getting a bigger market share, in partnership with multinational corporations. In fact, in its 2015 review, RSPO mostly writes about an “increase” in palm oil: increasing the RSPO membership by 20%; increasing its palm oil growers by 6%; increasing 100% sustainable palm oil in 10 European countries so that “all of Europe’s palm oil is sustainable by 2020”; and increasing the consumption of RSPO certified palm oil by 10% in the mega-market of China by 2020. RSPO ends its overview stating that RSPO is about “transforming markets to make sustainable palm oil the norm in any country”. (10) So, RSPO is not about transforming a heavily concentrated and unequal production model that provides cheap vegetable oil for the junk food industry into a localized model of small-scale produced vegetable oil according to agroecological and social justice principles. **RSPO is simply about increasing the share of RSPO palm oil and the safeguarding of corporate profits.** This also explains why RSPO organized an “African Road Show” that stopped in Gabon in 2012 (11).

Without changing the large-scale monoculture model, schemes like RSPO will continue selling a false message. They argue that large-scale oil palm monocultures could be, as OLAM says in its policy, “sustainable”, something you can “grow responsibly” and that can “coexist” with the “wellbeing of communities”. When consumers and banks buy this message, companies can expand their palm oil business while, at the same time, oppress those communities struggling against the now so-called “sustainable” companies.

## Challenges ahead

So, what can be done to work towards structural change and to reduce unequal power relations?

Communities need support. International, national and local groups and activists must continue giving priority to supporting and strengthening the organizational capacity of communities and their struggles; create networking and exchanges between communities in and between countries and continents, in order to strengthen a global movement of struggles against a profit-driven model that is destructive for the well-being and future of communities, forests and the climate.

Corporations’ commitments towards sustainability should be legally binding. NGO’s should reject and not engage in voluntary commitments. Experience shows that these have not only failed but have improved the image of corporations while heavily jeopardizing the struggles of local peoples.

Consumers have an important role to play: to refuse, publicly question and boycott RSPO and other corporate certificates, because they create a false image that only benefits companies. Procure products from local peasant agriculture, contributing to food sovereignty-- that is, peoples control over lands and local food production and supply, rather than imported products based on large-scale monocultural production, controlled by transnationals like OLAM.

(1) OLAM International's Global Policy on Forests – Draft for Consultation – version 1, 28 February 2017

(2) OLAM Annual Report 2015:

<http://olamgroup.com/investor-relations/annual-report-2015/annual-financial-statements/>

(3) The RSPO is an initiative founded in 2001. It is a partnership between the palm oil industry and a few NGOs, with WWF as one of the main actors. It is a response of the palm oil industry to the conflicts and the environmental problems, especially deforestation, caused by the very fast expansion of the industry, mainly in Indonesia and Malaysia, over the past 20 years. The RSPO now has over 750 members and only 13 of them are NGOs, so the remaining 740 members are companies somehow related to the oil palm sector. The RSPO delivers certificates to palm oil producers, based on a set of principles and criteria approved by RSPO members. The RSPO states on its website ([www.rspo.org](http://www.rspo.org)) that it has, by October 2015, already certified about 2.56 million hectares of oil palm plantations as 'sustainable'.

(4) <http://wrm.org.uy/browse-by-subject/tree-plantations/>

(5) <http://www.mightyearth.org/blackbox/>

(6)

<http://wrm.org.uy/articles-from-the-wrm-bulletin/section1/indonesia-interview-with-sawitwatch-about-the-impacts-of-industrial-oil-palm-plantations-in-indonesia-and-the-experience-with-the-rspo/>

(7) see article on the GRAINE program of OLAM in the forthcoming WRM bulletin

(8) <http://www.mightyearth.org/olam-and-mighty-earth-agree-to-collaborate/>

(9) Personal interview held in March 2017

(10) <http://www.rspo.org/news-and-events/news/looking-back-at-2015>

(11) Another example is how groups like WWF, Conservation International and Proforest, together with OLAM and other companies like multinational Sime Darby (Malaysia) and the food giant Unilever (UK/Netherlands), organized what they called an "RSPO Africa Roadshow". This involved events in 2012 in Gabon and other African countries to inform about "the potential to deliver many socio-economic benefits" and "raise awareness on sustainable palm oil". The "show" was funded by private companies and donors from Northern governments.

<http://www.proforest.net/en/featured-work/developing-capacity/the-rspo-africa-roadshow-building-capacity-and-raising-awareness-on-sustainable-palm-oil>).