
Nicaragua: US United Fruit, oil palm and forest destruction

The history of oil palm in Central America is closely linked to the history of the economic group United Fruit. Preston and Keith, two US businessmen who, for 20 years since 1870 concentrated on planting and exporting bananas to the USA, merged their companies in 1899 to found the United Fruit Company (UFCO), as a means of diversifying their plantations and increasing their profits.

In 1901, the Guatemalan dictator Manuel Estrada Cabrera granted UFCO the exclusive right to transport mail between Guatemala and the USA. The Compañía Guatemalteca de Ferrocarril (The Guatemalan Railway Company) was created, as a subsidiary of UFCO. The company was allowed to buy land at cheap prices, it was granted subsidies, and with some variations, it obtained in many Central American countries the control of transport and communications, which also allowed it to collect money for every product transported from one place to another. This was the entrance door for UFCO's large investments in Latin America. In few years, the power of UFCO, also known as "yunai" or "La Frutera" (the fruit company), stretched over several countries.

During the first two decades of the twentieth century, the consolidation of the banana business in Honduras was hindered by serious political problems, and in Costa Rica, the coffee grower oligarchy showed a strong opposition to the banana business. In 1923, United Fruit created a research department and an experimental station (both of them in Honduras), with the objective of introducing and assessing new tropical crops in Central America.

The appearance and dissemination of Fusarium wilt in banana plantations forced UFCO to abandon large farming areas. Part of those areas were used to plant oil palm.

In the 1940's, the first oil palm plantations were established in Nicaragua in an area of approximately 1,800 hectares, in the municipality of Rama, on the Atlantic Coast. The location of the plantation allowed good adaptability and profitability. However, due to armed conflicts in the area, the exploitation was discontinued and its development as a commercial crop was disregarded.

Another pilot project considered experimental, was installed in the southern area, near the border with Costa Rica, in Rio San Juan. All this region is considered of high potential for this crop.

After 1942, UFCO accumulated considerable experience and information about the extraction and processing of oil from oil palm. Evaluation studies were carried out by area, and many samples were sent to the USA. The results were so promising that UFCO began its commercial plantations.

In 1962, UFCO began a period of strong incentive to this crop, and the decade of the sixties was characterized by the adoption of a number of measures to expand plantations. In 1965, UFCO acquired the NUMAR group in Costa Rica for processing and marketing vegetable oils --as a means of vertically integrating its business-- and in 1967 it established processing units in Honduras. In 1969, it bought Compañía Aceitera Corona in Nicaragua.

In 1970 United Fruit changed its name to United Brands after merging with another company, leaving

behind a name linked to a long history of political and social manipulation. However, for the seasonal workers in the fields life continues being harsh. Working conditions are physically dangerous, work is seasonal and the toxic chemicals used in the crop are a permanent hazard.

The oil palm industry has been in permanent expansion in the main tropical regions of Central America, and oil palm is nowadays one of the main crops in those areas where it is established. However, this expansion has not been exclusively carried out by the companies. In Nicaragua, in the eighties, two experimental stations were established in the humid tropical zone in the same area of Rio San Juan through the Fondo Simón Bolívar --a multilateral voluntary fund.

At present one of these stations has been abandoned and has no link with the local communities, while the other one has been reactivated for commercial exploitation, including the instalation of an industrial facility for raw material processing. At a Seminar on Pesticides, Ecology and Scientific Research in the Xolotlán, Cocibolca and Río San Juan Lakes held in 1999, local organizations and communities settled in the south of Nicaragua, denounced the direct contamination of water courses as a result of the oil plant activity, and the consequent death of species of the local fauna.

For the oil palm to reach high productivity levels, high sun radiation levels are also required, which has generally led to the deforestation of vast regions of primary forests. Until now it has not been possible to force the company to take on its responsibility for the damages denounced by the communities.

The accusations were swiftly followed by threats. "25 year-old Genoveva Gaitán Matamoros from San Miguelito, says that Mr. Juan Reyes threatened to shoot her if she did not stop going around with those environmentalists, who did not let him earn his money. And he earns it destroying our forests and our lives, because the forests mean life for everyone: people and animals"

Article based on information from: Yamila Zepeda, Centro Humboldt, Amigos de la Tierra-Nicaragua, D. L. Richardson, ASD Oil Palm Papers, N° 11, 1-22, 1995, The Río Dulce, Guatemala Information, El Nuevo Diario.