

Urgent Need For Fair Policies And Protection Of The Environment And Human Rights

Position Paper – **WALHI | Friends Of The Earth Indonesia**

Indonesia suffered a tremendous loss and sacrifice the lives of many of its own citizens when it became the world's largest producer and exporter of palm oil. The country lost extensive part of its forest areas and many essential ecosystems such as peatlands. Many local and indigenous communities became victims of land-grabbing and lost their sources of livelihood, their jobs, access and control over food sources and even lost their lives. Their human rights and their intergenerational justice were affected.

Currently, the oil palm plantation area in Indonesia has reached over 14,9 million hectares and 60% of it (over 9 million hectares) is owned by big corporations. Whereas 2,74 million farmers only manage 5 million hectares of local oil palm plantation. If we examine the reality further, over half of what is called “people’s or plasma oil palm plantation” is managed by local landlords which come from political and government elites in the regions, and other investors. Or they are oil palm plantations that are managed through the scheme of plasma partnership such as Village Cash Plantations, Village Community Plantations, and others that benefit corporations and not the people.



The continuous expansion of oil palm cannot be separated from the global demand from developed countries including countries of the European Union. Especially, since the implementation of the Renewable Energy Directive in 2008, oil palm consumption for biodiesel in the EU has significantly increased. This consumption is satisfied through the palm oil exports and Indonesia is the country to fulfill this demand. Indonesia only had 200 hectares of oil palm-planted land in 1980, in 2009 it was already 7.2 million hectares and now the area of oil palm plantation has taken over up to 14.9 million hectares of land.

Besides controlling the land, these giant company groups also control the oil palm processing industry such as crude palm oil (CPO) and its derivative commodities. The control over the oil palm business from upstream to downstream creates dominant corporate intervention in government policy process. This leads to policies that do not benefit the local community. It impacts the equity of the access and control of the land for communities. The corporations determine the prices they get for their produce all along the production chain.



The Indonesian framework of environmental, social and governance due diligence is weak and does not act as a safeguard for the oil palm business. It does not cover the entire supply chain. The standard of the roundtable on sustainable palm oil (RSPO) certification is not being complied with by corporations, but they still get certified. Other sustainable initiatives such as ISPO, the companies' policy of 'no deforestation, no peat, and no exploitation' (NDPE), corporate social responsibility, and high carbon stock approach (HCSA) are equally not being complied with.

An examination of ten study cases in the Indonesian palm oil sector conducted by WALHI, FPP, TUK, and PUSAKA revealed that the plantations and oil palm factories owned by Astra Agro Lestari group, First Resources, and Golden

Agri Resources-Sinar Mas and Salim (Indofood) are tied to severe social and environmental damage. The evidence of human rights violations includes the rejection/denial of the rights of indigenous people, land-grabbing of the community without consent, forced evictions, environmental rights violations, discriminations, abuse, criminalization and casualties from the human rights defenders. Cargill, Nestlé, PepsiCo, Unilever, Wilmar International, Archer Daniels Midland and AAK buy from these palm oil groups.

Deforestation

In addition to the large number of granted permits for oil palm plantation companies, a great deal of forest conversion licenses are also provided to corporations, especially corporate plantations. From 1984 until 2021, there have been at least 7,3 million hectares of forest released with 6,9 million or 94% for agro-business plantation.¹ From 2014-2021 1.2 million hectares was granted.²

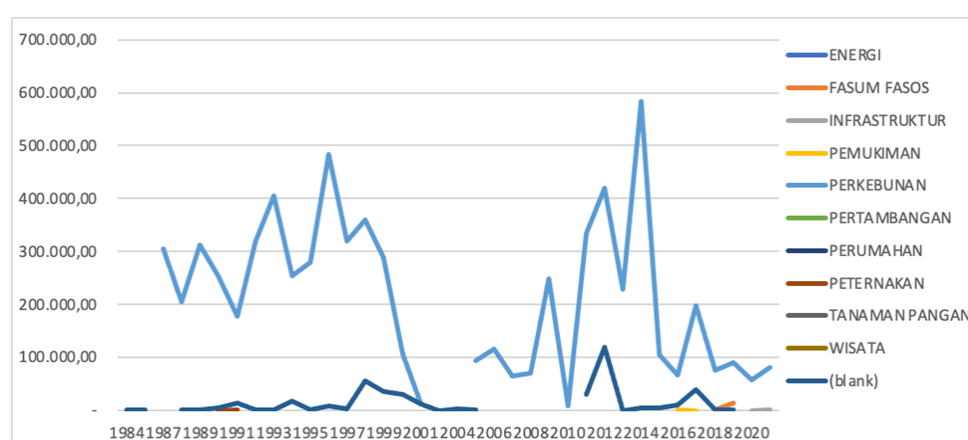


Figure 1.1 Forest release from 1984-2021

Source: analysis by WALHI, 2022

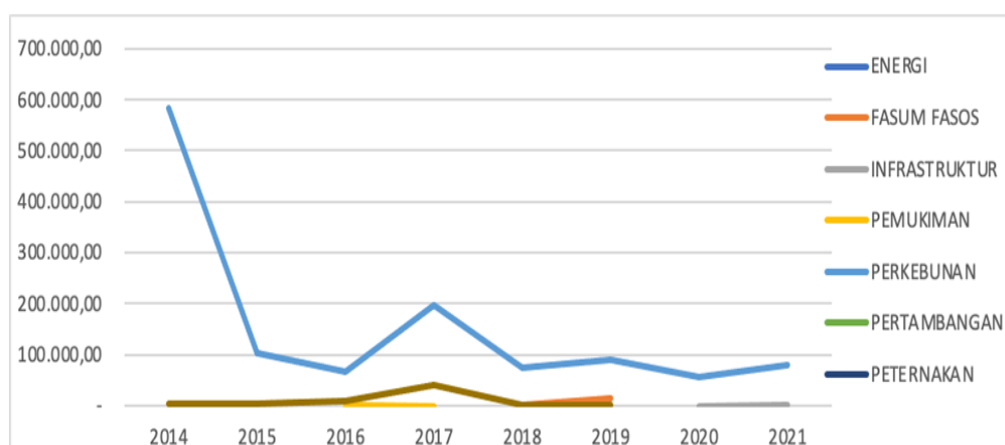


Figure 1.2 Forest release (2014-2021 period)

Source: analysis by WALHI, 2022

The Corruption eradication commission (KPK) records that there are approximately 3,4 million hectares of illegal palm oil plantation in the Indonesian state forest land.

¹ WALHI 2021 Data. Data collected from KLHK

² WALHI 2021 Data. Data collected from KLHK

Currently, there are 222 oil palm plantation companies with a total area of 723 thousand hectares that were operating plantations in the forest without permits. The government legalizes these plantations. This is a form of “washing” the prior violations from the companies. This will exacerbate the environmental damages and prolong the historical conflict between local communities and the companies. Several companies that use the ‘washing’ mechanism of pre-existing oil palm plantations in the forest have records of conflicts with local people.

Conflict, Land-grabbing and Criminalization

The area of indigenous community’s land in Indonesia has been converted into commercial area permits also known as rights to cultivate (HGU), with no transparent Free, Prior, and Informed Consent (FPIC) and no faithful contract based on the law.

The flawed process of the FPIC regarding the concession and land lease for the oil palm development based on inaccurate information leads to protracted tenure conflicts, complaints and conflicts, and long-lasting protests that have never been resolved up to date.

The struggle experienced by indigenous leader KINIPAN, Efendy Buhing, that defended indigenous land from the expansion of PT Sawit Mandiri Lestari (PT SML), as well as land-grabbing from the Kabuyu indigenous community which led to the criminalization of several people, is the awful image of the oil palm business in Indonesia.

WALHI records, throughout 2021, there are at least 58 criminalization cases in which 34% of the cases are from the sector of plantation and forest.



Fires

Wildfires continue to occur every year. Issuing permits at large scale for forest use or issuing the rights to cultivate for large-scale oil palm monoculture, specifically in regions that are prone to wildfires such as peatland, creates possibilities for wildfires to happen every year. According to the data from the national institute of aeronautics and space (LAPAN), it shows that there were 21.855 hotspots throughout 2019 with a wildfire area of 1,6 million hectares (data from Ministry of Environment and Forestry KLHK). Meanwhile, in 2020, there were 134.492 hotspots with a wildfire area of 296.942 hectares. In 2021, there were 102.314 hotspots with a wildfire area of 354.582 hectares. The wildfire in Jambi, around 2016 until 2020, in the rights to cultivate (HGU) concession area for oil palm was 16.091,91 hectares.

Declining Quality of the Environment

The change of the forest landscape (deforestation) into large-scale oil palm monocultures causes the loss of the role of forests as the water catchment area. As a result, floods and landslides often occur when the rain intensity is high.

During water crisis, floods, and landslides, local women are greatly affected by this circumstance. Water is a basic need for humans, it is needed for daily activities such as bathing, cooking, washing, and those activities are tied to what local women do every day. When there is no water, it is difficult for women to do those daily activities. They will have to look for a water spring that is very far from where they live or buy bottled waters for those who can afford.

Contributing to the Increase in Greenhouse Gas Emission

At least until 2019, Food and Land Use (FOLU) and Peat contribute around 50% to the greenhouse gas emission. It has increased 44% from 2018 and 36% from 2017. In Indonesia, there is a compelling correlation between the massive oil palm plantations and the change in natural landscape, both in the forest or peatland.



These facts show that there must be accountability from every party to improve the oil palm governance and cease issuing the oil palm expansion permits in Indonesia. In relation to the discussion of proposed regulations for EU's due diligence and the making of a policy on the use of renewable energy sourced from natural resources that are free from deforestation and reduce greenhouse gas emission, including not using and supporting certain commodities such as palm oil production, soybeans and other vegetable oils as biofuel, **we hereby expect that the policy makers in the EU:**

- 1. Implement, oversee, and evaluate compliance of the due diligence procedure done by the corporations related to deforestation and their entire supply chain. This should be done in a transparent manner, open access information about origin and suppliers of the deforestation-risk products in a comprehensive way, fulfill legal requirements based on the existing regulations in the producing country and international instruments on human rights.**
- 2. Reinforce and provide capacity support to the producing country to be able to improve the forest governance policies on land and deforestation sectors to reduce and prevent deforestation and human rights violations.**
- 3. Work with the Indonesian government to provide affirmation to independent community oil palm farmers in a form of supply chain assurance through a fair partnership scheme, because as of now, independent community farmers are committed to provide data as well as fulfil the traceability requirements, but they need support.**
- 4. Make sure there are effective compliance and implementation systems to control the obligations for corporations in protecting and respecting human rights, women's rights, restoration of people's rights, and the environment, as well as performing due diligence for human rights and free of deforestation.**
- 5. Encourage the Indonesian government to re-install and strengthen the moratorium on issuing of oil palm permits and improve implementation of the current moratorium on permits for forest areas. The Indonesian government should also evaluate the oil palm permits and give strict sanctions to companies that are responsible for deforestation and human rights violations.**
- 6. Demand the Indonesian government to revoke all legal frameworks that accommodate the expansion of oil palm permits and business practices that are perpetuating environmental damages, deforestation and human rights violations.**
- 7. Recommend the policy makers of the EU to revise the proposed cut-off date in the EU anti-deforestation regulation until at least December 31, 2000.**

