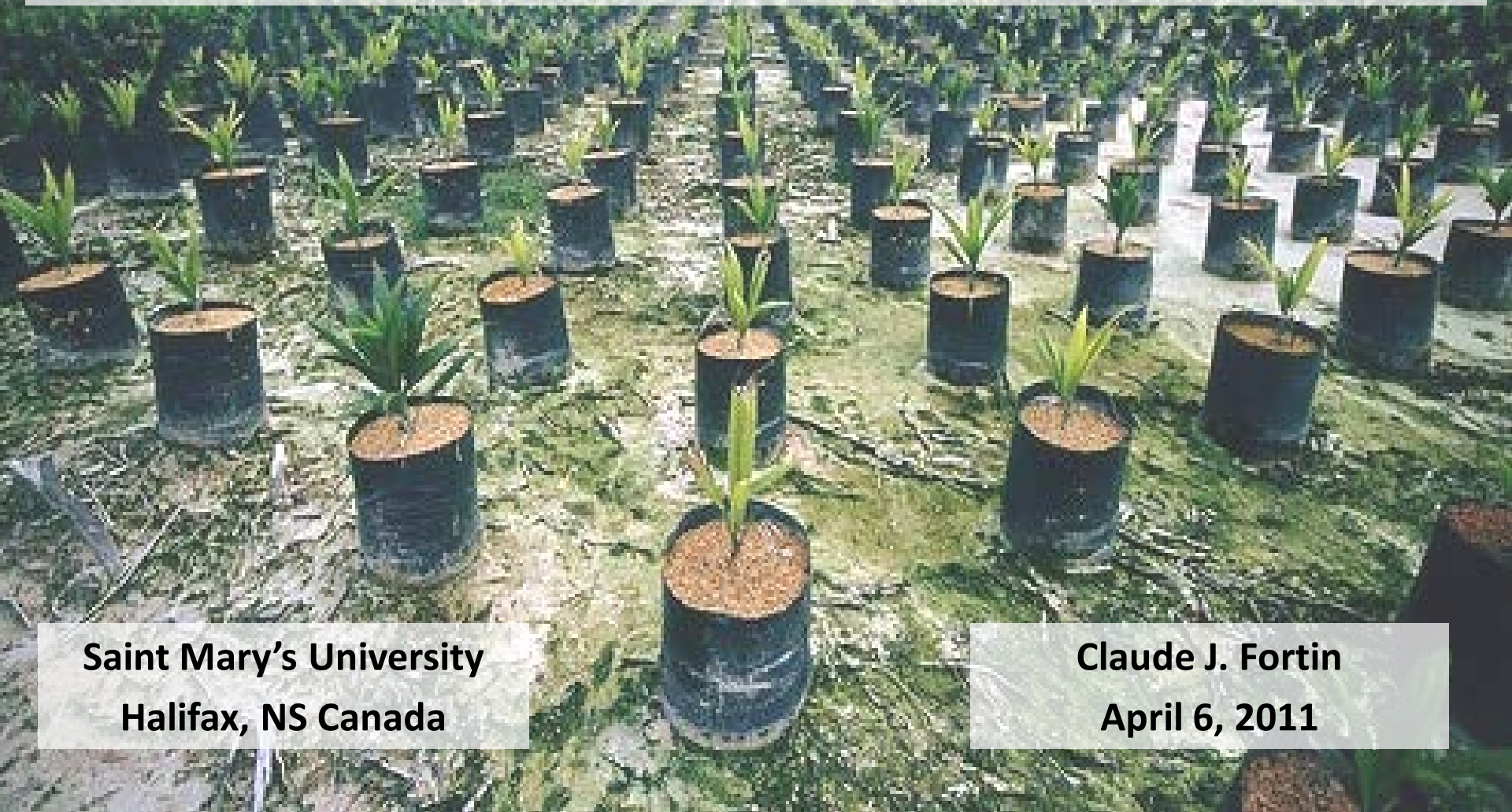


The Biofuel Boom and Indonesia's Oil Palm Industry: The Twin Processes of Peasant Dispossession and Adverse Incorporation in West Kalimantan



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April 6, 2011**

Introduction

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- **Biofuel Boom / Food Crisis leading to land grabbing**
 - **Large-scale investments for food and energy security**
 - **Biofuels aggressively promoted by US, EU, others**
 - **Emerging 'biofuels complex' – corporate consolidation**
 - **Land grabbing has important consequences for rural populations in the global South**



Indonesia's Booming Oil Palm Industry

- World's largest producer of oil palm – food / biodiesel
- Plantation area expected to triple over next decade
- Energy firms invest US\$ 12.4 billion in biofuel production
- Min. of Agriculture: 7 million ha 'idle' land available
- Upland forest areas are sites of increasing conflict
- West Kalimantan: site of greatest expansion – 5 million ha

Main Research Question

How and to what extent are the oil palm expansion and land grabbing affecting livelihoods and levels of poverty in rural Indonesia?

Inter-related Research Questions

- 1. How, to what extent, and under what terms is peasant dispossession taking place?**
- 2. How, to what extent, and under what terms is the incorporation of peasants into the oil palm sector taking place?**
- 3. What are the implications of peasant dispossession and incorporation for rural social differentiation in particular, and for development more generally?**

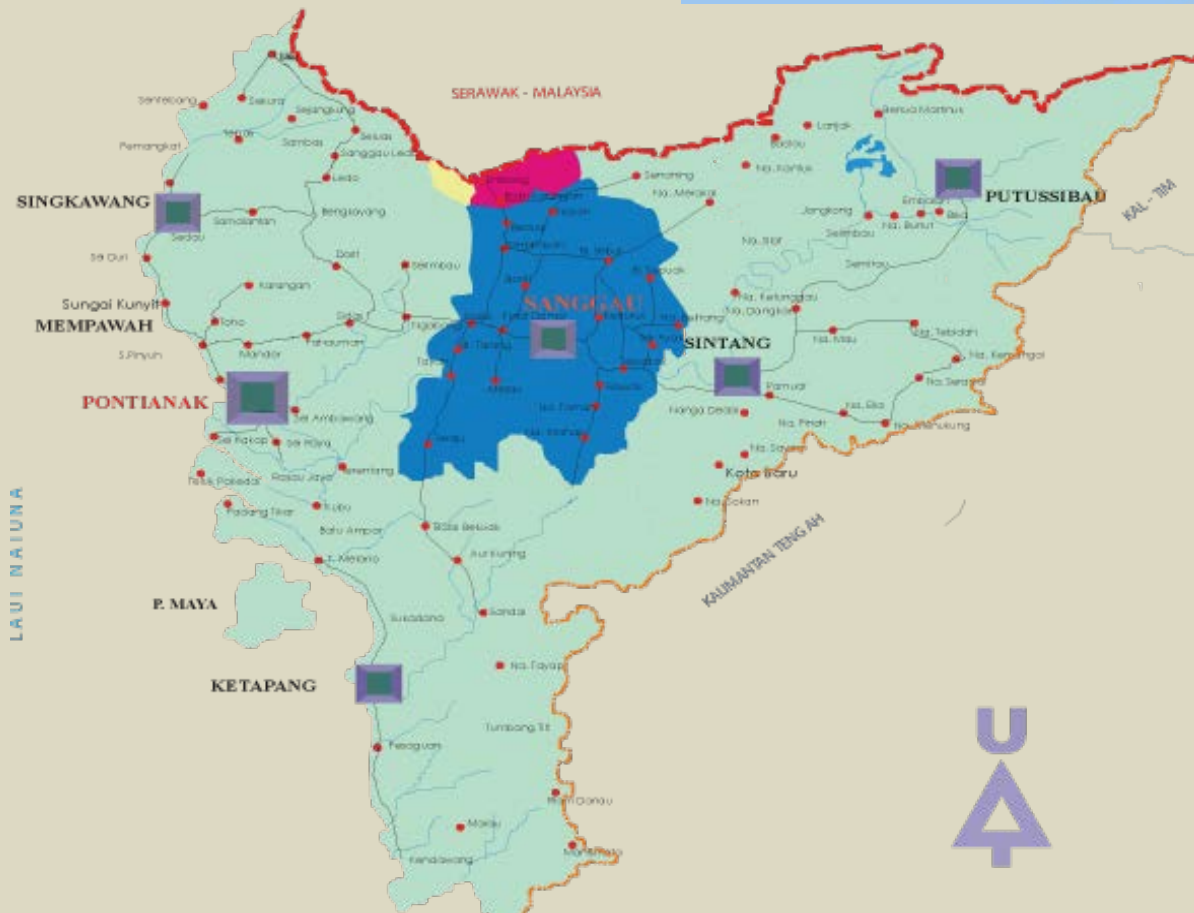
Field Research in West Kalimantan

**In July, 2010, field research undertaken in Meliau subdistrict
in Sanggau district, West Kalimantan**

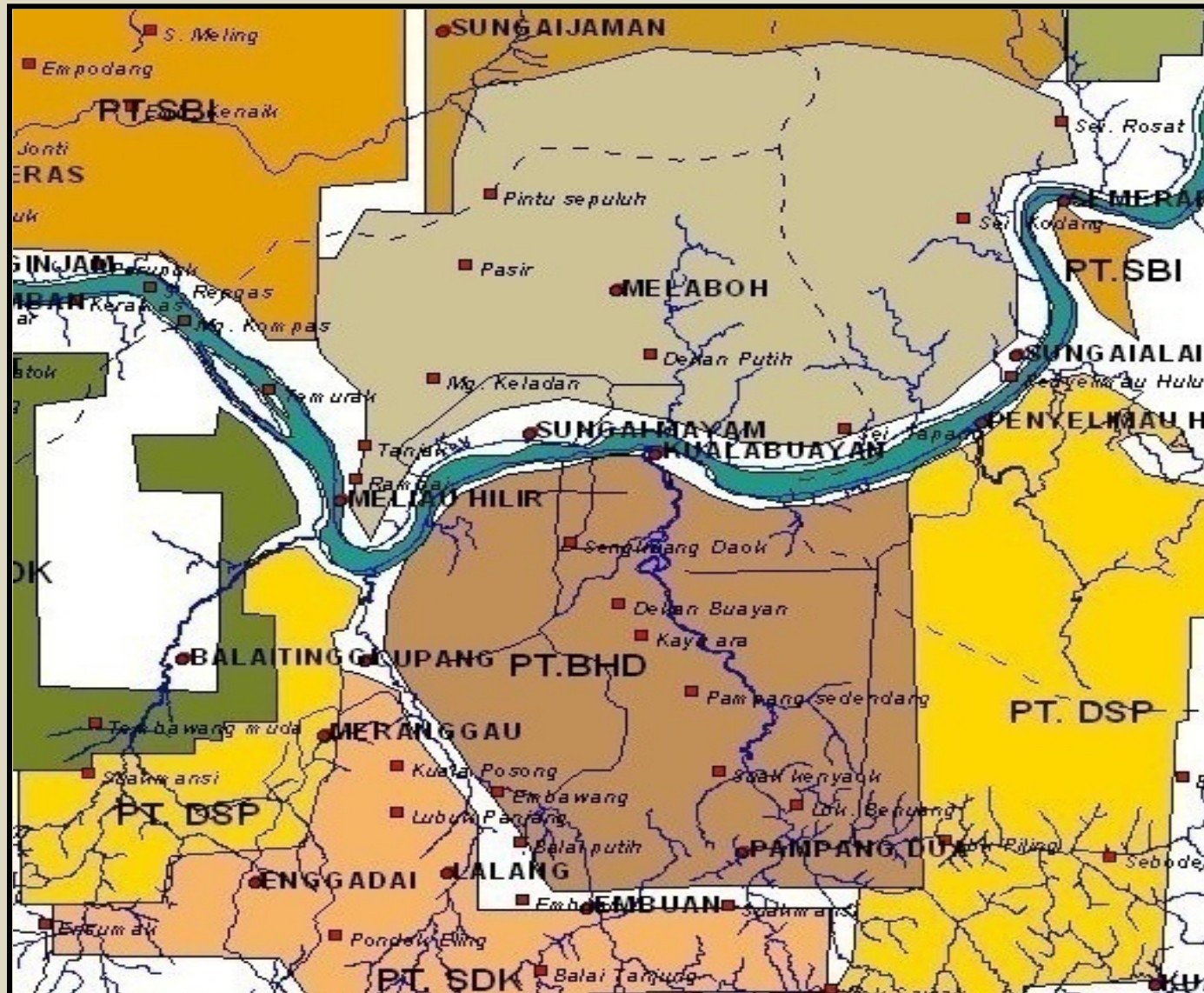
- **Supervisors -- Tania Li (U of T) and Pujo Semedi (UGM)**
- **One-month stay in Borneo Forest along Kapuas River**
- **60 researchers from Indonesia, the Netherlands, Canada**
- **20 research sites across broad spectrum of villages**
- **Oil palm concessions in state-owned and private areas**

**Research project examined the social relations through which
local villagers gain access to, or are excluded from, the
benefits associated with the booming oil palm sector .**

Sanggau District in West Kalimantan



Oil Palm Concessions in Research Area



Accumulation by Dispossession


- PTPN XIII / BHD – resort to state machinery to develop plantations
- ‘Socialisation’ process superficially conducted, no FPIC
- Land distribution prone to extensive misallocation through several mechanisms
- PTPN XIII – KKPA scheme: outstanding *plasma* to be allocated
- BHD: 700 *plasma* parcels yet to be redistributed
- BHD: Largely failed transmigration programme – extensive land issues
- Both plantations continuing to expand into new areas
- AAC (BHD subsidiary) expanding along new *kemitraan* model

Adverse Incorporation

- Lack of transparency regarding nature of contract
- Monopoly and monopsonistic relations grants market share power to companies
- Conflict of interest inherent in farmer cooperatives, the KUD and KKPA
- Allocation of substandard plots, often in remote areas
- Smallholders grouped in blocks of 30 – no title until entire block is clear of debt
- In the case of BHD, smallholder roads are poorly maintained resulting in significant losses for producers

Implications for Development

- Large-scale investments in agricultural land under rubric of 'rural development and poverty reduction' -- agrarian political economy analysis needed
- Root causes of poverty are relational in nature, extend beyond exclusion/inclusion models, and also involve adverse incorporation
- Reliance on Code of Conduct and RAI to safeguard livelihoods of the poor – an invitation to agribusiness and capital interests to continue to trample on the rights of marginalised segments of rural society

A man wearing a red long-sleeved shirt and a green baseball cap is looking upwards with a focused expression. He is holding a large, dark, textured object that is covered in many small, bright red berries. The background is a blurred green, suggesting an outdoor setting. A semi-transparent white box with black text is overlaid on the image.

Thank you for your attention