

Food barn and energy projects in Merauke, Indonesia

Sawit Watch

Palm oil is one of the most in-demand commodities in the world today. It is used for cooking, as an ingredient in pharmaceutical products, and even as biofuel. Global market demand for palm oil has been steadily increasing. Indonesia and Malaysia, which supply 85% of the demand, have been developing rapidly palm oil plantations.

Taking advantage of this opportunity, many business entities—even companies that did not invest previously in the sector—converted their businesses into palm oil plantations. The Indonesian government, through its “pro growth, pro jobs and pro poor campaign”, facilitated permits for these businesses to expand into palm oil plantations.

The government introduced regulations that granted more benefits to big business. These regulations are detrimental to the garden pattern system, which is being used by indigenous peoples (IPs) and farmers in Indonesia.

In 2008, Indonesia overtook Malaysia as the largest producer of crude palm oil (CPO) in the world. During the first quarter of that year, Indonesia produced **8.17** million tons of CPO.

In 2010, Indonesia produced 21.3 million tons of CPO (Directorate General of Plantation, 2011). From this amount, 6 million tons were used for domestic needs, and the rest were exported to China, India, and the European Union. From its palm oil exports in 2010, Indonesia earned \$9.11 billion or 12% of the state budget (APBN).

While the benefits from palm oil production may be obvious, there are also risks. Since 2000, Sawit Watch documented the expansion of oil palm plantations, which reached 800,000 ha per year. This expansion gave rise to the following issues: (i) land conflicts between palm oil producers and IPs have increased; (ii) environmental problems such as smog and floods have emerged and become perennial; and (iii) food insecurity has been marked due to the cultivation of non-food crops and increase in the price of food.

A study was undertaken by Sawit Watch and SKP from July to August 2010 to assess the impact of large-scale investment through a mega project—the MIFEE (Merauke Integrated Food and Energy Estate) — over the customary rights of IPs, notably the Marind tribe in Merauke district. The head of the district of Merauke, Regent John Gluba Gebze, officially proclaimed the MIFEE on 12 February 2010, the 108th anniversary of Indonesia’s independence. Land clearing for one million ha will be managed by investors from a variety of businesses—rice farming, palm oil plantation, soybean and corn producers, timber industry, fishing companies, and ranchers.

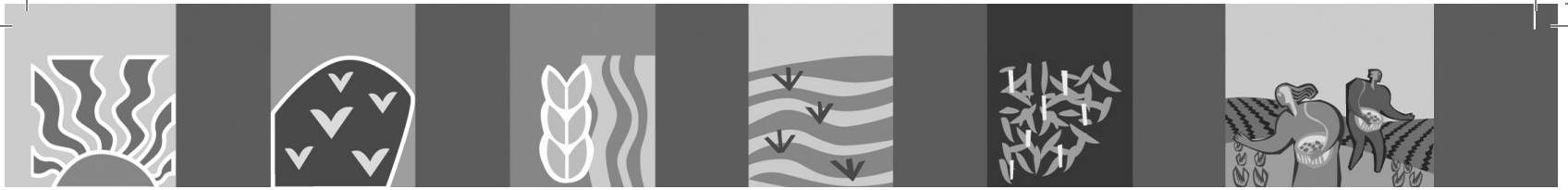
Geographical situation of Merauke District

Merauke is located in the southern province of Papua. It has an area of 45,071 square kilometers, and consists of 20 districts, 8 sub-districts and 160 villages. Merauke district is bordered in the north by Boven Digoel District, in the south by Australia, in the east by Papua New Guinea, and in the west by Mappi district. Its total area for agriculture is 21,318



Merauke Integrated Food and Energy Estate (MIFEE)

No.	Company	No. of Has.	Location
1	PT.Agrinusa Persada Mulia	40,000	Muting
2	PT.Agriprima Cipta Persada	33,540	Muting
3	PT.Agri Surya Agung	40,000	Tubang, Ngguti, Ilwayab
4	PT.Anugrah Rejeki Nusantara	200,000	Tabonji
5	PT. Balikpapan Forest Indo	40,000	Ulilin
6	PT. Bio Inti Agrindo	39,000	Ulilin
7	PT. Berkat Citra Abadi	40,000	Ulilil
8	PT. Bangun Cipta Sarana	14,000	Tanah Miring, Semangga
9	PT. Cendrawasih Jaya Mandiri	40,000	Kurik
10	PT. Central Cipta Murdaya	31,000	Ulilin, Elikobel, Muting
11	PT. Digul Agro Lestari	40,000	Tubang
12	PT. Dongin Prabhawa	39,800	Ngguti, Kaptel
13	PT. Energi Hijau Kencana	90,225	Elikobel
14	PT. Energi Mitra Merauke	40,000	Okaba, Tubang, Ngguti
15	PT. Hardaya Sugar Papua	44,812	Jagebob
16	PT. Hardaya Sawit Papua	62,150	Jagebob
17	PT. Inocin Kalimantan	45,000	Ulilin
18	PT. Indo Sawit Lestari	14,000	Tanah Miring, Jagebob
19	PT. Karya Bumi Papua	30,000	Kurik, Malind
20	PT. Kertas Nusantara	154,943	Ngguti, Okaba, Tubang
21	PT. Kharisma Agri Pratama	40,000	Tubang
22	PT. Medco Papua Industri Lestari	2,800	Kaptel
23	PT. Medco Papua Alam Lestari	74,219	Kaptel, Ngguti
24	PT. Mega Surya Agung	24,697	Kaptel
25	PT. Muting Jaya Lestari	40,000	Tubang, Ilwayab
26	PT. Muting Jaya Lestari	3,000	Semangga
27	PT. Nusantara Agri Resources	40,000	Ngguti, Ilwayab
28	PT. Papua Agro Lestari	39,800	Ulilin
29	PT. Plasma Nutfah Malind Papua	67,736	Okaba, Kaptel
30	PT. Selaras Inti Semesta	301,600	Kaptel
31	PT. Sumber Alam Sutera	15,000	Kurik
32	PT. Tebu Wahan Kreasi	20,282	Tanah Miring
33	PT. Ulilin Agro Lestari	30,000	Ulilin
34	PT. Wana Mulia Sukses Sejati	61,000	Animha
35	PT. Wana Mulia Sukses Sejati	96,553	Kaptel, Muting
36	PT. Wana Mulia Sukses Sejati	116,000	Kaptel, Okaba, Ngguti, Muting
	Total	2,051,157	



ha with a production yield of 89,286 tons per year. The district's average annual economic growth is 8.15%.

Rainy season in Merauke is from December to April, with rainfall between 1,200 to 2,299 mm. Dry season is from May to November.

Customary land border conflicts between communities

IPs are unaware of land use and the area of land to be appropriated by investors to the MIFEE project. This is initially expected due to the limitations of IPs in determining and documenting their customary rights, as well as the absence of political will on the part of the government to protect their rights and welfare, and improve their social conditions.

In the area of the Marind Mbyan indigenous group, two companies—PT. Papua Agro Lestari (PAL) and PT. Bio Inti Agrindo (BIA)—only twice conducted socialization, while merely presenting a concession map. No formal agreement had been accomplished with the community, but the company already made payments to certain people, namely: Mahuze Milavo, Basik-Basik and Kaize, an act which would eventually incite a tribal war.

Meanwhile, PT. Indocin Kalimantan, together with three heads of districts (Ulilin, Muting and Elikobel) set up a meeting with the community to conduct socialization and environmental impact assessment in Jayapura — a considerable distance from Merauke. However, the representatives of the community were not given the opportunity to speak but were asked to sign a document to release their land. Upon returning to their hometown, these community leaders were sued by their own people.

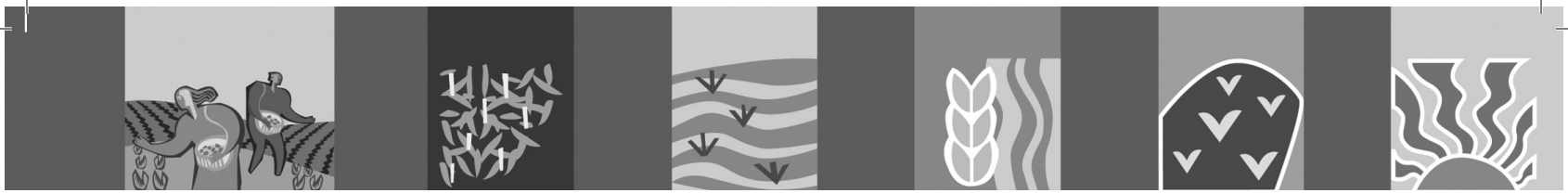
Many people in Merauke were surprised when the Minister of Agriculture, Ir. Suswono came to

Merauke for the launching of MIFEE on 10 August 2010. No prior notice about this activity was given to the local people and the indigenous communities. At the launch, the community members were surprised when the Minister of Agriculture, the Vice Governor of Papua Province Alex Hesegeg SE, the former Merauke District Head Dr. John Gluba Gebze, community leader Joseph Mahuze, and seven representatives of investors, participated in the signing of a document transferring land. One of the investors was PT. Medco Sustainable Industries (MIL), a company that the local community has known for a long time. The community admitted that they never received copies of the document.

Indigenous peoples in Merauke

Gardening, fishing in the surrounding seas and swamps, and hunting wild animals in the forest is all part of a routine that has been going on for generations for the indigenous Marind tribe. Almost 97% of the community's needs are obtained from forests, swamps, rivers, and the sea. Thus, when all customary forests of the Marind are converted for business interests, it is not so hard to imagine that this will be the undoing of the tribe.

The MIFEE mega project will only worsen the situation of IPs who own the customary right, as has happened to the Marind Mbiyan and the Yeinan in District Muting, as well as the Ulilin and Elikobel tribes who faced the same dilemma. The customary rights dispute among tribes/clans and the mistrust of the Marind Mbiyan community of the government are both worsening. The community generally thinks that the presence of investors do not redound to the welfare of the community but only invites disasters. Some communities even held demonstrations to reject the expansion of large-scale investment through the MIFEE mega project. These efforts were for naught as the government still launched the MIFEE mega project in Sirapu village



without the consent of the community and the Marind tribe.

Based on the study, the MIFEE project has affected the indigenous peoples in Merauke in the following manner:

1. Loss of food and forest resources that support their livelihood (bush meat, forest fruits and vegetables, medicinal plants, roofing and building materials, firewood, materials for traditional crafts, etc.);
2. The temporary and short-term nature of promised jobs and the low wages of those working in the plantations;
3. Large debts incurred by those who are 'given' smallholdings and end up being indentured workers to the plantation;
4. Loss of the material basis of many indigenous cultures, even the loss of linguistic diversity and seed diversity, which many observers associate with the expansion of vast areas of monoculture. This also includes the repeated desecration and destruction of ancestral graves;
5. Water shortages which result from clearing of forests and building of canal networks for drainage, all leading to the shutdown of small rivers, increased run-off, and surface evaporation. Water pollution associated with palm oil mills and heavy pesticide and fertilizer use is also observed;
6. Permanent loss of communities' ancestral domains to the state and the companies; and
7. Social conflict that arises within communities between those who support the plantations and those who are against; between communities and companies; and between communities and the government.

Recommendations

The following recommendations are forwarded to the Merauke District government:

- The Merauke district government and the Jakarta central government must acknowledge and respect the existence of Marind tribe, including its customary laws, values, rules and norms;
- The government must strictly enforce laws against companies that grab lands without the consent of the community;
- The government should respect every decision agreed through consultation with the indigenous community (Free Prior Inform and Consent);
- The government must bring order and issue rules about ownership over customary land for the Marind tribe in its territory; and
- Foreign and domestic investors should not take advantage of IPs lack of access to information about activities concerning their land. They should negotiate fairly with IPs who are the land's rightful owners.

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Sawit Watch (Oil Palm Watch) is an Indonesian NGO concerned with adverse negative social and environmental impacts of oil palm plantation development in the country. Individual members of Sawit Watch work in 17 provinces where oil palm plantations are being developed.

This case study was undertaken by Sawit Watch in partnership with SKP Keuskupan Agung Merauke.