

Deforestation in Asia and Africa: Palm Oil Giant Wilmar Resorts to “Dirty Tricks”

By [Forest Peoples Programme](#)

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Theme: [History](#)

World's largest palm oil trading company, Wilmar International Ltd., under scrutiny as communities accuse its suppliers of harassment, deception and rights abuses.

Oil palm giant [Wilmar International Ltd.](#) ([F34.SI](#) / [WLIL.SI](#)) stands accused of resorting to 'dirty tricks' in its dealings with communities. The allegations come from community leaders and non-Governmental organisations who have tracked the company's operations on the ground in Borneo, Sumatra, Uganda and [Nigeria](#). In 2013, the company which trades some 45% of globally traded palm oil adopted a far-reaching policy to only deal in commodities with 'No Deforestation, No Peat and No Exploitation'. Yet reports suggest even its own operations are in violation of standards it signed up to in 2005.

Criminalising community leaders

In West Sumatra, Wilmar subsidiary PT PHP1 is accused by the Minangkabau community of Kapa of criminalising them after they raised a complaint with the Roundtable on Sustainable Palm Oil (RSPO). In 2014, the community noticed that Wilmar was seeking to get a permit to take over their lands without their agreement. They formally appealed to the RSPO to stop the company obtaining a business license as this would permanently extinguish their rights. In November 2014 community members travelled to the RSPO Roundtable meeting in Kuala Lumpur, with the help of Forest Peoples Programme, to meet with the company and RSPO staff. In front of RSPO officials, Wilmar agreed to meet with community members and the government land bureau to explore alternative legal means of securing their plantation without extinguishing community rights.

“The company has broken its promises,” complained Samsiwa Rangkayo Mudo, a Kapa community leader. “While we were waiting to meet the land bureau, Wilmar went and got a business license behind our backs. Then we found ourselves harassed by the local police on trumped up charges”. Their leader, Alman Gampo Alam was jailed for two months, during which time he was asked by the police to repudiate his lawyer and resign as community leader. “Others were intimidated and threatened with similar treatment to Gampo Alam. We know full well that the company is behind it,” said Zulkifli, a Kapa community member who is seeking protection from the Committee for Protection of Victims and Witnesses (LPSK) in Jakarta. “We demand that Wilmar withdraw the business license of its subsidiary PT PHP over our land.

The police never charged Gampo Alam and he was released from jail in late June. The Kapa community, however, has lost rights to its ancestral lands that were taken over by Wilmar.

World Bank investigates bribery

In 2011, Wilmar was subject to a [complaint](#) to the Compliance Advisory Ombudsman (CAO – the complaints mechanism of the International Finance Corporation (IFC)) that a subsidiary, PT Asiatic Persada, of its client Wilmar paid local police to violently expel indigenous people from its palm oil concession in Jambi Province, Sumatra, which the *Batin Sembilan* communities claimed was on their land. Company personnel then bulldozed 83 family dwellings into nearby creeks. The company agreed to CAO mediation to settle the dispute but the *Batin Sembilan* and supportive NGOs were mystified when the negotiations took so long (and eventually failed).

Recently released World Bank Group [documents](#) explain these delays. They reveal that one of the CAO mediators reported that personnel of the Wilmar group had tried to bribe him to give up information pertinent to the case. The charge of bribery was taken to the World Bank Group’s Integrity Vice Presidency and then escalated to the World Bank Group’s Sanctions Board. The dispute caused a chasm of mistrust to open up between the CAO and Wilmar, seriously delaying the conflict resolution process. The CAO dropped the case after Wilmar unilaterally divested itself of the company, leaving the affected communities without recourse.

“The Batin Sembilan are the victims of Wilmar’s bribery and deceit,” says Pak Nurman Nuri, a leader of the Batin Sembilan people from Sungai Bahar village. “First we lost our lands to imposed plantations, then, when Wilmar took over the concession, it didn’t honour an agreed settlement. It sent in police firing guns to scare us off our lands, and bulldozed Sungai Beruang village into the river. Then Wilmar subverted the conflict mediation through bribery and finally it sold up the concession when it could no longer avoid pressure to negotiate fairly with us. We think Wilmar still has a responsibility for the damage and loss it caused to my people.”

Broken promises

It transpires that Wilmar misled other communities. After a consortium of NGOs complained in 2008 to the International Finance Corporation that its client, Wilmar, was taking over community lands in Sumatra and Indonesian Borneo without their consent, the company agreed to the IFC’s independent Compliance Advisory Ombudsman mediating a conflict resolution process. Some land was returned and smallholdings reinstated in two villages in West Sumatra but the communities remain critical of Wilmar:

“It was all just for show,” says Sajingan Kecil community leader and head of the oil palm cooperative, Pak Muksidin ruefully. “We did get our smallholdings along with a business deal to repay the costs of land clearance and planting, but then the company provided no follow up. The roads have not been maintained, we can’t get the palm fruits to the mill and we are just left with unpayable debts.”

Banks and investors should not assume that companies with strong commitments in place are free of social, environmental, legal and market risks. “Investors and buyers must look very carefully at what is happening on the ground when they assess company promises of *no deforestation* and *no exploitation*. Wilmar’s commitments are impressive on paper, but the company needs to radically improve its actual performance” says Patrick Anderson, a policy advisor with Forest Peoples Programme.

Wilmar International Ltd. ([F34.SI](#) / [WLIL.SI](#)) is the world’s largest palm oil trading company

valued at US\$17.9 billion dollars.

Through a raft of subsidiaries the Singapore-based company holds a 'land bank' of over 600,000 hectares, principally in Sabah, Sarawak, Sumatra and Kalimantan in Malaysia and Indonesia.

It is also expanding its operations into Africa. It accounts for about 45% of all globally traded palm oil. About 30% of the crude palm oil that Wilmar processes in its huge refineries comes from its own estates while the rest is bought from other suppliers. Wilmar has received substantial support from the World Bank's private sector arm, the International Finance Corporation. Wilmar's operations have been widely criticised for failing to adhere to the law, acquiring of communities' lands without their consent, for the clearance of forests without prior environmental impact assessments and for illegal burning. There are numerous land disputes between Wilmar subsidiaries and local communities, as well as conflicts over the way it treats smallholders.

Resources

A [report](#), jointly released today by Friends of the Earth and Environmental Rights Action-Nigeria, exposes Wilmar's destruction of High Conservation Value (HCV) areas, including community food-producing areas and water sources essential to local communities:

'Exploitation and empty promises: Wilmar's Nigerian Land grab': http://webiva-downton.s3.amazonaws.com/877/22/9/6057/FOE_ExploitationAndEmpty_LOWRES_rev.pdf

Summary Document for Policymakers: http://webiva-downton.s3.amazonaws.com/877/f7/4/6087/Nigeria_report_summary-lowres.pdf

Friends of the Earth Press Release (July 8th 2015): <http://www.foe.org/news/news--releases/2015-07-worlds-largest-palm-oil-trader-comes-under-scrutiny>

World Bank Sanctions Board Decision No. 76:

<http://siteresources.worldbank.org/INTOFFEVASUS/Resources/3601037-1346795612671/-SanctionsBoardDecisionNo.76%28SanctionsCaseNo.265%29.pdf>

FPP Complaints and Community Actions:

<http://www.forestpeoples.org/tags/wilmar-international>

Previous exposure:

Deforestation, exploitation, hypocrisy: no end to Wilmar's palm oil land grabs (May, 2015):

http://www.theecologist.org/News/news_analysis/2879965/deforestation_exploitation_hypocrisy_no_end_to_wilmars_palm_oil_land_grabs.html

Palm oil regulator asked to investigate illegal land grab by Wilmar group supplier in Borneo (June, 2015):

<http://www.forestpeoples.org/topics/palm-oil-rspo/news/2015/06/press-release-palm-oil-regulator-asked-investigate-illegal-land-gr>

Oil palm giant Wilmar lets down local communities yet again and jeopardises their futures (July, 2013):

<http://www.forestpeoples.org/topics/palm-oil-rspo/news/2013/07/indonesia-oil-palm-giant-wilmar-lets-down-local-communities-yet-ag>

Pictures

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[Forest Peoples Programme](#) works with forest peoples in South America, Africa, and Asia, to help them secure their rights, build up their own organisations and negotiate with governments and companies as to how economic development and conservation are best achieved on their lands. The vision of the organisation is that forests be owned and controlled by forest peoples in ways that ensure sustainable livelihoods, equity and well-being based on respect for their rights, knowledge, cultures and identities. For more information, please visit www.forestpeoples.org

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