

# Mediation: a strategy or a final objective?

Case of palm oil company PT Asiatic Persada, Jambi Province in Sumatra, Indonesia



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## Where

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PT Asiatic Persada (PT AP) is a large oil palm company operating in the district of Batanghari, Jambi Province. The province is situated in the middle of Sumatra Island, encompassing an administrative area of 50,058 Km<sup>2</sup>, with a population of 3,168,637 in 2013. The district itself spans 5,189 Km<sup>2</sup>, housing 245,491 people. The majority of the population is of Malay tribe (Melayu), with the indigenous Suku Asli Batin Sembilan making up a small minority.

Out of the province's 5.1 million hectares of land, about 853,430 Ha have been allocated for timber plantations to supply pulp-paper industry. Another 515,300 Ha have been controlled by large oil palm companies, including PT Asiatic Persada, which has a concession spanning 20,000 Ha. Jambi Province is a province rich in natural resources.

In addition to the industrial plantations, it houses four national parks, each with their own distinct landscapes and biodiversity, as well as diverse indigenous communities, each with their own culture.

The national parks are Kerinci Seblat National Park, encompassing 422,190 Ha; Bukit 12 National Park, encompassing 60,500 Ha; Bukit 30 National Park, encompassing 33,000 Ha; and Berbak National Park, encompassing 6,500 Ha.

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## Who

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PT Asiatic Persada started its operation in 1986. In the beginning, it was managed by a local company,

which was then taken over by England-based CDC-Pacrim in 2001. After five years, it was bought by Cargill in 2006. Within a year, it was sold to Wilmar in late 2006, who owned it until 2013. Unable to cope with the pressure to implement RSPO's sustainability standards and IFC's PSSSES (as Wilmar is an RSPO member and IFC client), Wilmar sold the company to the Ganda Group, a company that is not related to either one of the agencies, in mid-2013, at the time when CAO-facilitated negotiation between Wilmar and the Suku Anak Dalam was underway.

The handover had serious implications for the continuation of the mediation. From April 2013, practically no mediation meetings were held. In September 2013 the management of PT Asiatic Persada declared that they would not be committed to continuing CAO-facilitated mediation, but would be fully committed to resolving the conflict through the program introduced by the district government of Batanghari, Jambi Province.

The government-driven scheme is to provide 1000 Ha of land under the KKPA scheme (i.e., government's soft-loan provided for the members of primary cooperatives) as a replacement for the SAD's land that was included as part of PT Asiatic Persada's concession. The land is situated in the concessions of two of PT AP's subsidiaries: PT Jammer Tulen and PT Maju Perkasa Sawit.

The government's scheme has since 2006 been offered to the SAD, who rejected it on the grounds that said land belonged to other communities and that the land was illegal as the two companies' permits, including the offered land, had expired and had not been renewed. It was the rejection that led to CAO-facilitated mediation. However, it seemed that when Wilmar sold off the company, the scheme was to be re-imposed on the SAD.



Map 1: Location of Jambi Province (in red) Source: Google Maps

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## What

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Jambi Province has seen a lot of conflicts between oil palm companies and local communities and some have been resolved, either through mediation, negotiations or the court. The conflict involving PT AP, however, has remained unresolved since it erupted in 1998. It has in fact been heightening and leading to horizontal conflicts between the indigenous Suku Anak Dalam and other local communities and plantation workers. Yayasan SETARA Jambi has recorded that in August 2012 the company -hired Brigade Mobile and company's workers came to displace the community of Sungai Beruang Hamlet, forcing about 83 households to lose their home and wounding 2 hamlet members.

PT Asiatic Persada, when it was still under Wilmar's management, recognized that the indigenous Suku Anak Dalam had rights in their concession but refused to fulfil them when the SAD urged to claim them. The handover of the company without prior consultations with the SAD and in the middle of negotiations has demonstrated Wilmar's unwillingness to fully respect and recognize the rights of the SAD Batin Sembilan.

In addition PT Asiatic Persada, when still under Wilmar's management, illegally established a 500-hectare oil palm plantation inside forest areas: Hutan Air Mato (a permanent production

forest) and Hutan Sungai Lalan (a limited production forest)\*. Today, the plantation is still there and has started to yield.

Wilmar, despite its 8-year ownership of PT Asiatic Persada, did not do much to change the situation, and despite its serious commitment to sustainability (according to the many sustainability policies it made), failed to apply it on the ground, nor did its sustainability standards provide assurance for the communities who had lost their rights as a result of its operation. What then happened was that Wilmar walked out of the arena free, passing the conflict down to an-

other company that has no commitment to sustainability. The conflict will potentially lead to horizontal conflicts in Jambi Province. All will note that this protracted conflict is due to Wilmar's lack of earnestness in promoting sustainable palm oil despite their commitment contained in many of their policies.

This is a summary of a case which was compiled by Yayasan SETARA Jambi 2014 with the help of FPP. For more information and reading the full case please go to: <http://www.forestpeoples.org/topics/palm-oil-rspo/publication/2013/mediation-strategy-or-objective-reflections-conflict-mediation>

## Recommendations

### Recommendations from the communities to the European community:

- For European consumers not to consume palm oil products that are produced through deprivation of indigenous peoples.
- For European consumers not to consume palm oil products produced by Wilmar, because Wilmar has passed down horizontal conflicts and degraded forests in Jambi Province.
- For European consumers not to consume palm oil products produced by the Ganda Group, because the conflict passed down by Wilmar to the Group has remained unsettled to date.

### Lessons learned:

- The conflict resolution models, be it mediation or negotiations, must be robustly supported by many groups, i.e., local, national and international NGOs, as lack of support could potentially ruin the process.
- In order to have conflict resolution models work properly, the parties involved must be able to fulfill a role, particularly those working on campaigns and capacity building.
- Communities should be consistent in conflict resolution processes. Assistance and capacity building are of utmost importance in this case.
- Policy advocacy is equally important, as it makes policy-makers understand and comprehend mediation or other conflict resolution instruments so that the use of such instruments does not contravene policies to be made regarding conflict resolution.

\* Complaint letter to TUV from SAD 05 September 2011