

Social

# When the Community Demands Palm Oil Plasma from Sinar Mas in Seruyan

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by **Budi Baskoro [Seruyan]** on 20 October 2022

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- *About 5,000 people from Hanau District, Seruyan Regency, Central Kalimantan, staged an action demanding plasma in the oil palm plantation of PT Tapian Nadenggan, a subsidiary of the Sinas Mas Group.*
- *A total of 53 village heads (kades) from the Association of Indonesian Village Governments (Apdesi), Seruyan District led the mass action. They urged PT Tapian Nadenggan to give plasma 20% of the company's plantation area to the surrounding community.*
- *Yulhaidir, Regent of Seruyan, said it was appropriate for the company to give 20% of the concession to the community. Because, in the past, the company's concessions were forest areas which became a source of livelihood for the community.*
- *Arvo Nuaroho Waluyo, Chair of the Palangka Raya Legal Aid Institute (I RH) said that the claim by*

Mirwan Hidayat, Chairman of the Kalimantan Raya Legal Aid Institute (ELRI), said that the claim by the Seruyan community against PT Tapian Nadenggan is valid.

The oil palm plantations owned by PT Tapian Nadenggan in Hanau District, Seruyan Regency, Central Kalimantan, are towering, on average, more than five meters. Age may be approaching two decades. It is from this plantation that profits flow to PT Sinar Mas Agro Resources and Technology (SMART) Tbk. The palm oil group that is said to have the highest income in Indonesia (<https://databoks.katadata.co.id/datapublish/2022/03/14/10-perusahaan-sawit-terbesar-di-indonesia-tahun-2020-smart-di-posisi-puncak>) in 2020 is the parent company of PT Tapian Nadenggan.

Thursday, September 22 2022, there was no activity at the Nadenggan Tapian Hanau Gardens. Not a single truck transporting palm fruit crosses the main plantation road which is connected to the Trans Kalimantan Road, about 100 kilometers from Pangkalan Bun City.

The machines for the *crude palm oil* (CPO) factory were silent, but the crowd exploded that day. Crowds packed the factory yard starting at 10.00 WIB. There are around 5,000 people. They came with hundreds of four-wheeled (mostly open-back) and two-wheeled vehicles. The line of vehicles snaked when the demonstrators entered the plantation road.

A total of 53 village heads (kades) from the Association of Indonesian Village Governments (Apdesi), Seruyan District led the mass action. The village heads, dressed in black and white uniforms, and the masses urged Tapian Nadenggan to give plasma 20% of the company's plantation area to the surrounding community.

In his speech, Muhammad Firdaus, Kades Pemburan Hulu I, said the demand for 20% plasma was based on a 2001 Minister of Forestry Decree concerning the release of forest areas used for the Tapian Nadenggan oil palm plantation.

In the letter, plantation companies are required to provide 20% of the permit area to the community. "It's actually bigger than plasma. We only demand 20% plasma."

Mirwan Hidayat, Chairman of APDESI Seruyan, said that 21 years is not a short time. "We have been waiting for Tapian Nadenggan to realize plasma. In fact, not even an inch has been realized," said the Banua Usang village head.

APDESI will deploy a larger crowd if the company does not respond to their request. "We are not forcing. That enforces the rules. We are here asking. Actually don't have to ask. A good company must provide people's rights without being asked," he said.

He said that the desire for plasma was purely a demand from the people of the 10 villages. "Don't let 97 villages come here and knock on this factory again. We just want the law to be perpendicular. We just want the rule to be implemented. The government also has to follow up and put pressure on companies," said Mirwan.

The demonstration was peaceful. Dozens of police formed a living fence in front of the factory gate which was closed by an iron door. A bit of commotion arose when until midday none of the companies came out to give a statement.



*PT Tapian Nadenggan's oil palm plantation, Photo: Budi Baskoro/ Mongabay Indonesia*

Finally, Apdesi sent a representative to the factory office to talk to them. Some of the action participants had refused to let the representatives enter the factory, before Mirwan and Firdaus were able to convince them. Some of the masses want the company to come to the protesters. The dialogue process with Tapian Nadenggan's management was also not easy. None of the management elements at the factory was willing to respond to the protesters' demands.

Outside the mass still survives, when the sun has begun to lean to the west. Even though they were under control, they were getting impatient. Every now and then they shook the iron gate of the factory, urging the company to respond immediately.

After 16.00, representatives of the village heads came out to meet the demonstrators. Mirwan boarded the action command car and presented the results of the meeting with management.

"The management of Tapani Nadenggan and Apdesi have agreed to submit an answer no later than September 30, 2022 to the Chairperson of Apdesi regarding the demand for community plasma," he said.

"Huuuuu..." Greet some of the action participants.

Abdi Radhiyane, Head of Seruyan Raya Sub-District, who accompanied Mirwan, delivered news of the 'heavenly wind' for residents.

"Until today, the Regent has held a meeting with the Sinar Mas Board of Directors in Jakarta. Even though we have not received it in writing, the information we have received is that the Regent and the Board of Directors have agreed that the obligation of plasma to the community will be submitted. The mechanism will be followed up and will be delivered on September 30, 2022," he said.

After Mirwan and Abdi's statement, the management was reluctant to give any lengthy comments. "For the results of the meeting earlier, we agreed to wait for an answer by 30 (September). We ca *n't* do anything anymore. Excuse me. We have *no* comments. So I'm sorry we *don't* have anyone to interview," said Alfian, PT Tapani Nadenggan staff.



Around 5,000 people from Hanau District, Seruyan Regency, Central Kalimantan, demonstrated to demand plasma at the oil palm plantation of PT Tapan Nadenggan, a subsidiary of the Sinar Mas Group. Photo: Budi Baskoro/ Mongabay Indonesia

### **Regent support**

On September 27, 2022, the Regent of Seruyan, Yulhaidir via *WhatsApp*, said that there was no agreement with the Sinar Mas Directors but he supported the residents' demonstration coordinated by the village heads at the Seruyan Apdesi.

"They will give an answer on September 30, 2022. Hopefully the Board of Directors of PT Tapan Nadenggan (Sinar Mas Group) agreed with the demands of the residents, according to the 2001 Forest Area Release Decree from the Minister of Forestry at that time," wrote the third regent of Seruyan Regency.

Yulhaidir, also before that Mirwan, handed over a copy of the Decision Letter (SK) on the Release of Forest Areas which became the basis for the community demanding plasma. The Decree of the Minister of Forestry signed by Nur Mahmudi Ismail explains the release of a forest area of 11,860 hectares in the Seruyan River Forest Group and its surroundings to Lestari Unggul Jaya for the cultivation of oil palm plantations.

The decree states that one of the company's obligations is to include the community in the plantation cooperative as a company partner with a

minimum share participation of 20%. This must be stated in a notarial deed as the result of the general meeting of shareholders (GMS). The decree also states that if companies do not comply with these provisions, they can be subject to sanctions in accordance with applicable laws and regulations. However, it seems that before Lestari Unggul Jaya had time to work on the land, the concession on that stretch of land was transferred to Tapian Nadenggan.

Yulhaidir did not know when the transition occurred.

Uma Wijaya, Head of Kalang Village, Batu Ampar District, Seruyan Regency, explained that in his area the first time Tapian Nadenggan was planted was in 2003. He estimates that the transition from Lestari Unggul Jaya to Tapian Nadenggan occurred around 2002 or 2003.

According to Uma, this company has a 3,000 hectare garden in her village area. "There it is included in the Langadang Estate," he said.

Two weeks before the demonstration, at the Seruyan Regent's office, a meeting was held to discuss the obligation to develop 20% of community gardens in the Tapian Nadenggan concession. The meeting was also attended by officials from the Ministry of Environment and Forestry (KLHK). The important point stated in the minutes of the meeting was that Tapian Nadenggan must carry out the obligations as stated in the decree. Tapian Nadenggan was given 15 working days to carry out this obligation. The minutes of the meeting were signed by Yulhaidir; Head of the Evaluation and Licensing Section of the Ministry of Environment and Forestry, Suparman, and officials representing the ranks of the Regional Government Communication Forum (Forkominda). However, Tapian Nadenggan was not signed.

Why plasma, while the obligations stated in the Forest Area Release Decree for companies in the concession should be in the form of shares for the community in the form of a plantation cooperative?

Yulhaidir said, if you count the shares, the company might feel a loss. "I said, no *need* for stocks. The important thing is that 20% of the released land is for the community. Just that. The shares might burden them," Yulhaidir said by telephone, September 28.

After September 30, Tapian Nadenggan had yet to comply with the residents' demands. In a letter to the Seruyan Regent, Tapian Nadenggan stated that the basis for the demands of the protesters, the Decree of the Minister of Forestry No. 19/Kpts-II/2001 could not apply.

Tapian stated that based on KLHK's response to a request for clarification on the minutes of the meeting to discuss the obligation to develop 20% of the community's plantations in the Tapian Nadenggan concession, based on

the community's plantations in the Tapiro Nadenggan concession, based on the 2001 Menhut Decree.

In the letter signed by Feredy, Director Tapiro Nadenggan said he was committed to fulfilling the obligation to facilitate the development of local community gardens (FPKSM) according to current regulations.

Tapiro proposed to the Seruyan Regent that he would fulfill the plasma obligations after receiving the handover of the prospective land for the plasma. If no more land is available, Tapiro states that he will fulfill FPKSM's obligations in another form of partnership.



*The action of thousands of residents in Seruyan, demanding palm oil plasma. Photo: Budi Baskoro/ Mongabay Indonesia*

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Seruyan is a district with the most extensive oil palm plantations in Central Kalimantan.

Yulhaidir said, 500,000 hectares of nearly 2 million hectares in Central Kalimantan are oil palm plantations in Seruyan.

According to him, it is appropriate for the company to give 20% of the concession to the community. Because, in the past, the company's concessions were forest areas which became a source of livelihood for the community.

"In the past, the plantation area was where the community farmed, looked for rubber, looked for rattan, fish, and hunted. After entering the garden, it's

gone. Well, that's where the state is present. Plantations that get rights from the release of forest areas, are transferred to plantations, then they are given a 20% obligation to the community. It's just that many companies haven't done that. My job is to ensure that it is carried out," said Yulhaidir. The landscape of Seruyan has begun to change from the downstream to the middle because the conversion to oil palm has occurred since the regency was founded in 2002.

Darwan Ali – passed away in November 2019 –, the first regent and served two terms giving the most permits for palm oil companies. Palm oil was seen as a solution to provide labor when the timber industry became the mainstay of Seruyan before the end of 2000.

From the beginning, the obligation to provide plasma has become an important issue for the community. However, Darwan Ali failed to realize plasma for the people, even though he served 10 years.

In the second period, he was several times the target of demonstrations by the Seruyan people who demanded the realization of plasma. One big demonstration was in 2011. At that time, residents came to the DPRD building in Kuala Pemburan, the capital city of Seruyan, protesting the land grab by the Sinar Mas Group and demanding the realization of plasma. However, Darwan did not give an answer that pleased the protesters. Instead of being considered successful in creating community welfare through oil palm, Darwan only succeeded in establishing his own family's 'business empire'.







Residents who came to demand plasma in Seruyan. Photo: Budi Baskoro/ Mongabay Indonesia

Mongabay and the Gecko Project submitted an investigative report regarding the matter through an article entitled *Revealing the Actions of Small Oil Palm Kingdoms in Kalimantan* (<https://www.mongabay.co.id/2017/10/11/menguak-aksi-kerajaan-kecil-sawit-di-kalimantan/>) which was published in October 2017.

He said that support for the realization of community plasma was a continuation of the struggle since becoming a DPRD member and deputy regent during the era of Regent Sudarsono.

Yulhaidir and Budiardi—passed away—DPRD members during the Darwan Ali era were among the politicians who often accompanied and voiced plasma for the people. He also accompanied the community during a large demonstration by the Seruyan people in 2011.

Community oil palm plasma began to be realized when Sudarsono became regent and Yulhaidir as deputy. But not much. He believes that the role of regional heads is very important in realizing the demands of society.

"If the regional heads don't support the 20% plasma policy, it will be zero. Nonsense. There must be support from regional heads, as stakeholders, as those who have authority there."

On July 16 2022, Yulhaidir was elected as Chair of the Association of Indonesian Palm Producing Regencies (AKPSI). This is an organization for palm-producing regencies in Indonesia, which seems to have immediately attracted the attention of the central government. Its members have reached 50 districts, out of 160 palm-producing districts in Indonesia.

Tito Karnavian, Minister of Home Affairs and Coordinating Minister for Maritime Affairs and Investment, Luhut Binsar Pandjaitan was present at his inauguration as chairman and other AKPSI officials at the Mercure Hotel, Ancol, Jakarta.

AKPSI, he said, was established so that palm oil management and benefits would be fairer for producing regencies. The realization of 20% plasma from the company, said Yulhaidir, is also an AKPSI program.

In addition to demanding a palm oil production sharing policy from the central government or a levy of Rp. 25 per kilogram of palm fresh fruit bunches (FFB) from corporate plantations for palm-producing districts.



*People from Hanau District, Seruyan District, Central Kalimantan, protest for plasma in the oil palm plantation of PT Tapian Nadenggan. Photo: Budi Baskoro/ Mongabay Indonesia*

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Aryo Nugroho Waluyo, Head of the Palangka Raya Legal Aid Institute (LBH), said that the claim by the Seruyan community against Tapian Nadenggan was valid.

"I view it even as one of the conflict resolutions. Not only in Seruyan. Wherever there is no more land for the people, for the people around, (the demand) is valid," he said by telephone, last September 29.

He argued, referring to the Basic Agrarian Law (UUPA), that land is for the welfare of the people. Article 33 of the 1945 Constitution also confirms this. In practice, regulation of land issues in Indonesia is more determined by corporate interests.

Because of that, he considered, the land for plasma that was requested by the community was actually confiscated by the people. "That was confiscated by the company based on permission from the local government."

Aryo said that the stipulations regarding the company's obligation to provide community gardens with an area of 20% are always listed in every plantation regulation. In fact, the Job Creation Law and its derivatives also

regulate the facilitation of 20% plantations for the community.

"Is it strong with the release decree that was (written given to) Lestari Unggul Jaya earlier and which (controls) now (controlled by Taipan Nadenggan)? Simple. The law sees the rules that still apply. The question of 20% plasma that the residents are *demanding* is relevant to this day."

### **Formulate clear rules**

The problem, said Aryo, has always been that many politicians have only agreed and supported the provision of plasma, but this has not been supported by clear and binding regulations.

"The phenomenon, the government supports, there is support from Yulhaidir, Seruyan Regent. In fact, previously the governor made a mandatory *statement*, if the plasma does n't give permission, the permit is revoked and all kinds of things. This is a *statement*. We can't legally do it. What can be enforced are rules."

The rules should be formulated in the form of regional regulations. "This is important because the current problem is the plasma delivery mechanism." Since the Minister of Agriculture 2007 came into force which required companies to provide 20% of plasma from concessions, then the 2013 Ministerial Regulation which added a clause on plasma outside of the nucleus estates, until now there has been no detailed regulation made by the local government that can be executed to compel companies to issue plasma.

Companies, he said, will definitely use the rules in their favor. For this reason, he said, regulations from regional governments can clarify the mechanism.

In the current context of most of Central Kalimantan, there is no longer any land outside the concession that can become plasma.

"Companies must be willing to give up at least 20% of their core land for community gardens."

The involvement of the local government in drafting these regulations, said Aryo, must go down to the details of the formation of cooperatives. Don't let, he said, when the plasma goes down, the members of the cooperative who get the blessing are not from the surrounding community.

He gave an example, the bad case that befell the people of Penyang Village, East Kotawaringin.

"In Penyang, the land is returned through the cooperative. But where is the cooperative? Not Penyang people. This is far from the true purpose of plasma for the surrounding community."

In formulating plasma for the community, he said, local governments should not choose schemes that are burdensome to the community. In a common

not choose schemes that are burdensome to the community. In a common plasma scheme, with a credit pattern. In fact, according to regulations there is another option, namely grants.

He suggested, not until after more than two decades of waiting, once they get the plasma, people are still in debt bondage for the next few years. Aryo conveyed this warning because he saw an indication of a scheme that would be offered for the plasma by credit.

"If we want to bring prosperity to the people, we do the math, the company has been profitable for several years. Until (supposedly) not using a credit pattern, but a grant. Yes, it's up to the people. *You do n't need to fuss anymore.*"

He also reminded that, ahead of the 2024 political year, the seriousness of defending the interests of society must be shown by politicians in government.

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