

An Agribusiness Attack in West Papua:

*unravelling the Merauke Integrated
Food and Energy Estate*

An Agribusiness Attack in West Papua:

Unravelling the Merauke Integrated Food and Energy Estate.

Contents

Introduction	3
Part 1: Background Information	
• The Malind Anim	5
• Ecology of Merauke Region.	5
• The Historical and Political Context of West Papua	6
• Outside Investment Projects in Papua	7
Part 2 : Describing MIFEE	
• Establishing MIFEE's Legitimacy: The Logic of Global Crises	8
• Grand Designs for Merauke: MIFEE in Theory and in Practice	10
• Reports from Villages.	14
• MIFEE Ploughs on, Despite Hitting Rocky Ground	20
• Repression connected to MIFEE	24
Part 3 : Some Other Concerns	
• Transmigration and Marginalisation.	25
• Implications for Indonesia's Agricultural Landscape	26
Part 4 : Profiles of the Companies Involved	29
Plantations Already Operational	
• Medco Group	31
• Rajawali Group	33
• Korindo Group	34
Companies Actively Pursuing Plantation Plans	
• Daewoo International Corporation	36
• Central Cipta Murdaya Group	37
• Wilmar International	38
• Plasma Nutfah Marind Papua	39
• China Gate Agriculture Development	40
• Bangun Cipta Sarana	40
• Agro Mandiri Semesta Plantations	41
• Sumber Alam Sutera	41
• State-Owned Companies.	42
Companies With Permits, but Less Recent Signs of Activity	
• Kertas Nusantara	43
• Modern Group	44
• Comexindo	44
• Teknix Capital Group	45
• Texmaco	46
Companies That Have Not Obtained Permits, But Are Reported to Have Expressed Interest.	
• Sinar Mas	46
• Salim Group	46
Companies That Have Dropped Out Of MIFEE	
• Bakrie Sumatera Plantations	47

Introduction

In the far south of West Papua lies a vast flat land of forests, savannah and swamps. It is the homeland of the Malind Anim people who largely still live by hunting and gathering food. But maybe not for much longer. Such a wide expanse of land that seems so suitable for cultivation has not gone unnoticed in the Indonesian capital, many thousands of kilometres away in Jakarta, and nor for that matter, further afield.

The areas around Merauke have long been seen as having great potential for large-scale plantation enterprises. While the forests of Indonesia's other large islands, Sumatra and Borneo, have been almost entirely destroyed, West Papua remains largely forested, the next frontier waiting for its moment to arrive. For over twenty years, grand plans to develop West Papua have been suggested: US company Scott Paper was planning to start a pulp factory, Indonesian company Sinar Mas and Chinese National Offshore Oil Company proposed 600,000 hectares of oil palm plantation, Saudi Arabia's Bin Laden group wanted to ensure the Gulf state's future food security with an enormous rice farm. None of these mega-projects has yet materialised but the pressure on the area continues to mount. The flat and fertile around Merauke is the prime candidate for large scale development.

The latest threat to Papua's forests is an agricultural mega-project: the Merauke Integrated Food and Energy Estate (MIFEE). Described as a response to the food and fuel crises that rocked the world in 2008, it aims to answer President Susilo Bambang Yudhoyono's appeal to "feed Indonesia, then feed the world", and is meant to help Indonesia guarantee its food security into coming decades. This land is viewed as idle from the skyscrapers of Jakarta's corporate and government strongholds, who believe it would be a waste if it was not cultivated in the service of the nation. That it will dispossess local people, whose food security is dependent on a healthy forest with groves of sago palms and animals to hunt, falls entirely outside their logic.

As MIFEE unfolds and becomes reality, it becomes more and more clear that the discourse around food security has been built up in order to legitimise the entrance of more big agribusiness corporations to Papua. Many of these companies belong to the conglomerates of business leaders on Indonesia's rich list, who are typically well connected to the military and political parties. Foreign corporations also have a stake in MIFEE, from Korea, Japan, China and Singapore.

This project, imposed on the Papuan people by the Indonesian government, can only serve to aggravate the problems faced by indigenous Papuans, many of whom have struggled since the 1960s for self-determination and against military violence and other investment projects such as the Freeport mine and BP gas project. Aside from consolidating Indonesia's interests in Papua, MIFEE will necessitate the migration of vast numbers of people to Papua, without addressing the economic marginalisation which indigenous Papuans face on a daily basis.

Such a project should be cause for concern for farmers in the rest of Indonesia as well. For rice and other food crops, peasant agriculture is the predominant mode of production across Indonesia. The concept of a 'food estate' which has been given a legal basis through new laws, is also being proposed in Kalimantan and Aceh. Papua, still the refuge of Suharto-era repressive practices, could become the template for a corporate takeover of agriculture across the whole archipelago.

Yet the form MIFEE will take is still not clear. Will it be as it was originally envisaged, a new agricultural hub of intensive, integrated and mechanised cultivation, the majority given over to rice and other basic food crops, and accompanied by associated food-processing facilities? Or will that vision collapse and the familiar faces of plantation industries queue up to plant their sprawling monocultures of oil-palm and sugar-cane, creating a landscape indistinguishable from what Sumatra and Kalimantan have also become?

Or is there a chance that the plans will falter once again, and the tree kangaroos, deer and cassowary will be free to roam the forests once more? It is not impossible that this could happen. MIFEE has certainly hit some setbacks, due to a lack of infrastructure and local people refusing to give up their land. For the moment, MIFEE is still going ahead, but its future is uncertain.

The purpose of this info-pack is to bring together different threads of information that have been published about MIFEE in order to create a clear picture of what it's all about and where the project stands at the moment. Up to now, it has been difficult to get a grasp of MIFEE because there are few coherent and reliable sources available. Many media reports are based on data from different companies or government bodies which are often

contradictory or incomplete. Indeed it seems that MIFEE is made to fit the agenda of whichever company or government official is talking about it. Indonesian-language investigations and reports from groups critical of MIFEE do exist, and while we wanted to provide information in English to reach an international audience, we hope that the Indonesian version of this report will also be useful.

Most of the information contained in this info-pack is from material which has already been published online, in the Papuan and Indonesian press, by campaigning groups, financial media and companies themselves. Some information has also been supplied by local groups in Merauke, and a bit of investigation, but there has not been any first-hand fieldwork in Merauke. We have tried to choose sources that are as reliable as possible, and confirm information wherever possible in order to give the most complete outline of MIFEE we can, but of course it is not possible to guarantee the accuracy of every piece of information which has appeared in the media. Nevertheless, we hope that combining information from such diverse sources results in an overview of MIFEE that is as complete and accurate as possible. In particular, profiling each company from its ownership structure down to its actions on the ground hopefully demonstrates how the mechanisms of investment are working in Merauke, and is therefore a useful basis on which to challenge those investments.

This aim of putting together this info-pack is to provide a tool for action or campaigning around MIFEE (or for that matter, the other topics it encompasses such as food sovereignty, agrofuels, the rights of indigenous communities or the Papuan people's struggle.) The first part gives some background information about the people and ecology of the Merauke region, as well as the political context of West Papua. This is followed by an in-depth look at the MIFEE project, including a critique of the rationale behind it, a description of how the project has developed and testimony from affected villages throughout the area. In part three, consideration is given to some other important aspects of MIFEE, the impact of a population flow into West Papua and how the food estate model could affect farmers throughout Indonesia. Finally, profiles are given of many of the companies which are thought to be involved in Merauke. The profiles include first attempts at tracing links with these companies' activities globally, in the hope that these companies can also be held to account in other countries for their activities in Merauke.



A hunter from Boepe village stands in forest cleared for MIFEE

Part 1 : Background Information

The Malind Anim

The people of Merauke Regency have different customs and languages, but mostly belong to the Malind ethnic group. Towards the north are the Mandobo and Muyu peoples; further northwest the Mappi and Asmat. 'Anim' means people, so the people identify themselves as Malind Anim.

The land of the Malind Anim is Anim-ha and it has traditionally provided people with all the sustenance they need. Living mostly in the areas in the upper reaches of rivers, their staple food is sago, the starchy interior of a palm species which is abundant in the area. This diet is supplemented by hunting wild animals and fish.

The Malind Anim consist of several clans, and each clan identifies with and is responsible for one element of the landscape. So the Gebze clan takes the coconut as its symbol and looks after the coconut trees, the Mahuze clan looks after sago, Basik-Basik the pigs, Samkakai the kangaroos, Kaize the cassowary and Balagaise the falcon birds. If one of these should be lost from the landscape, the clan would lose its identity¹



Each clan also has ownership over different areas of land. This geography is created by the memory of paths that ancestors have taken, or where they stopped to spend the night. In this way each clan knows where they can hunt, or fish or build their homes. Tales of the ancestors, the Dema, are passed from generation to generation, and their descendants believe that they have a duty to protect that land. If they fail to do so, some bad thing will befall them.

*"It is more than likely that in five or ten years time, the next generation of Malind people will no longer sing: 'I grew up together with the wind, together with the leaves, together with the sago, together with the coconut trees.' Instead, they will sing: 'I grew up without the wind, without the leaves, without my sago village. I know nothing about my Dema, the symbol of my tradition, my language, my homeland. I will no longer be able to speak about my origins. All I will be able to say is that Papua is the land of my ancestors, the land where I was born.'"*²

The roads and straight-line boundaries of oil-palm and sugar-cane plantations do not fit with the indigenous geography as viewed by the Malind, where the people, land, plants and animals are aspects of one whole. On a research trip to a village in Merauke, Down to Earth have reported that they were told of a man who had been found dead in the forest. It seemed that he was confused by the new forest 'demarcation' and got lost. He had died of hunger.³

Ecology of Merauke Region.

The land earmarked for the MIFEE project is ecologically rich, encompassing varied ecosystems with high biodiversity. It ranges from mangrove forests and wetlands to savannah and dense forests. WWF identified it as a key part of the 'Transfly Eco-region', in conjunction with similar habitat across the border in Papua New Guinea.

- 1 Paul Barber and Rosa Moiwend, 'Internet Activism and the MIFEE Project, Ch 4 'Comprehending West Papua', University of Sydney west Papua Project, 2011, http://sydney.edu.au/arts/peace_conflict/practice/Comprehending%20West%20Papua.pdf Chapter 4
- 2 <http://malindanim.wordpress.com/2010/08/30/a-small-paradise-that-will-be-annihilated/>
- 3 Down to Earth Papua edition 89-90, 'Pusaka in the Land of Papua', November 2011, <http://www.downtoearth-indonesia.org/sites/downtoearth-indonesia.org/files/DTE%2089-web.pdf>

Their research found many endemic plants in the area, as well as rare animals such as the Fly River leptomys (*Leptomys signatus* - a water rat), the dusky pademelon (*Thylogale bruinii* - a marsupial similar to a small wallaby), the Fly River trumpet eared bat (*Kerivoula muscina*), the New Guinea marsupial cat and the bronze quoll (a carnivorous marsupial). The area is an especially important refuge for freshwater turtles, with nine species found in the area, some of which are endemic.⁴

Papuan wildlife in general is very different from that found in islands further to the west. Deep water separates Papua from most Indonesian islands, while the Torres Strait between Papua and Australia is quite shallow and would have formed a land bridge during ice ages. Therefore most mammals are marsupials, such as the cuscus and tree kangaroo, and other flora and fauna are also more similar to that of the tropical parts of Queensland than to Indonesia. It also means that habitats in Papua are likely to be home to biodiversity found nowhere else on the planet.

Despite having been a centre for agriculture since colonial times, the majority of Merauke regency is still classified as forest. A survey by Jakarta-based NGO Greenomics found that 95% of the territory was classified as forest, of which 75.16% had intact forest cover. Although 505,945 hectares have been classified as degraded scrubland⁵, this land alone would not nearly meet the requirement of 1,28-1.6 million hectares that the MIFEE project claims to need. Going ahead with the project would therefore necessarily entail widespread forest destruction. Greenomics pointed out that the logging itself could be a major economic incentive for development; they calculated that timber harvested from the MIFEE area alone would have a value of \$12.72 billion at local prices, or \$39.53 billion on the international market.⁶

Underneath the trees lies another vulnerable part of the ecosystem. Much of the Merauke regency is made up of peatland. Destruction of peat has serious implications for climate change: if peat bogs dry out then the organic material decomposes, releasing huge amounts of carbon dioxide into the atmosphere. Logging and the establishment of plantations on peatland has been severely criticised in Kalimantan and Sumatra, and although the mapping of peatland is supposed to be taken into account during the land-use zoning for MIFEE, studies of peat coverage are inconsistent. What's more, once plantations are developed on a large scale, irrigation and drainage can have drying effects on peatlands even far outside the plantation area.⁷

The Historical and Political Context of West Papua

West Papua does not sit comfortably within Indonesia. Ever since 1962, when the Indonesian state started to exercise its claim over the Western half of New Guinea, many Papuans have resented, and also resisted, what they see as the new colonial power. So an attempt to impose a duty on Papuans for their land to become Indonesia's breadbasket, needs to be understood in its political context.

Indonesia gained its independence as the people defeated the Dutch empire in its moment of weakness after the second world war. The Dutch were forced to retreat to the eastern islands. Here they were often viewed more sympathetically than in Java and Sumatra, where their cruel regime had been hated by all those forced to toil on their plantations or give over a portion of their harvest. By the end of 1949 however, the Dutch surrendered, acknowledging the new Indonesian state's sovereignty over the whole of the former Dutch East Indies, the only exception being Dutch New Guinea, which is the present day West Papua.

In 1961 the Dutch were ready to relinquish control over this colony too, and were minded to grant West Papua its independence, claiming the Papuan people were culturally distinct from Indonesia. Indonesia disagreed, and sent troops to establish control over the area, with the tacit support of the US, at a time when South East Asia was one of the major theatres of the Cold War. West Papua's status internationally was eventually decided by a UN-sponsored 'Act of Free Choice' in 1969, where 1025 Papuan men were selected as representing the entire population and asked to decide between independence or joining Indonesia. They agreed to be part of Indonesia, although there is plenty of evidence that this decision was taken under coercion.⁸

4 http://wwf.panda.org/what_we_do/where_we_work/new_guinea_forests/conservation_new_guinea_forests/sites_new_guinea_forests/papua_new_guinea_transfly/

5 Additionally, this classification is designated by the government, and its use is often controversial. The land may well be ecologically important or productive or otherwise useful for people living in the area.

6 http://www.greenomics.org/news/News_20100324_bi.doc

7 <http://kpshk.org/index.php/artikel/read/2010/04/28/855/food-estate-merauke-rusak-gambut.kpshk>

<http://health.kompas.com/read/2011/06/15/0315110/www.kompas.com>

http://www.penataanruang.net/detail_b.asp?id=1197

8 Histories of the act of Free Choice can be found at <http://www.redwire.us/wpan/packet/UNPapua69.pdf> or Pieter Drooglever's article "The pro- and anti-plebiscite campaigns in West Papua: Before and after

Throughout the Suharto dictatorship, groups of Papuans continued to rebel, often under the banner of the Free Papua Organisation, the OPM, which fought a guerilla campaign, mostly armed only with traditional weapons such as bows and arrows.⁹ Indonesia's military responded with violence. Just how many thousands of people died in isolated jungle villages in the military operations of the Suharto years will always remain a mystery.

After 1998, when Indonesia rose up and Suharto fell there were some hopes that things would get better in West Papua. East Timor gained its independence, Papuans were allowed to organise more openly and eventually a special autonomy package was negotiated. However, the military were not ready to relinquish their profitable hold over Papua, where they benefited from funds being channelled to a conflict zone and many lucrative businesses run as sidelines. So while changes started to occur in the rest of Indonesia, Papua has remained a bastion of Suharto-era-style military dominance: military and police involvement in private businesses and protection rackets to take a cut of the resource industry, mysterious killings, ongoing sweeping operations and village burnings, and long prison sentences for political dissenters.

Nevertheless, above-ground social movements grew¹⁰, especially in the cities, with aspirations for *merdeka*, a word which means independence but also goes beyond a mere political breakaway, with heavy undertones of liberation or even salvation. The need for a new solution seemed urgent. In 2010 the special autonomy package was 'returned' to Jakarta - most of its positive elements had come up against barriers anyway and had not been implemented. Huge demonstrations were held demanding a referendum on Papua's future to replace the 'Act of Free Choice' and determine the true will of the people. Other movements campaigned for a process of dialogue, which has widespread support within Papua, although opinions differ about the conditions for such a dialogue to take place. Then in 2011 some Papuan groups took the initiative to launch a general congress, with representatives from all over West Papua. The first two congresses had taken place at other key moments in Papua's history, in 1961 as the Dutch relinquished their claim to Papua and in 2000, after the fall of Suharto. Delegates to that event took a decision to proclaim West Papuan independence. The military broke up the event, killing a number of people. Six people, including the congress organiser and the newly proclaimed President and Prime Minister, were arrested and tried for treason.¹¹

As a response to all this, the Indonesian government has proposed its own solution: the Unit for the Acceleration of Development in Papua and West Papua (UP4B). It is still not clear what is the exact purpose of this new body, but it seems that the idea is to promote economic development in Papua, and see if this can alleviate both Papua's chronic poverty and the political tensions. Many Papuans remain sceptical.¹²

Outside Investment Projects in Papua

While Papua has not suffered nearly as much as Sumatra or Kalimantan from the resource exploitation industries such as mining, logging or plantations, a steady stream of project proposals has emerged and new plans seem to be coming up at an ever-increasing pace.

The largest foreign investment project in Papua is Freeport McMoRan's Grasberg mine, the world's largest gold mine and third largest copper mine. Freeport and Indonesia both entered West Papua more or less simultaneously in the 1960s, in the midst of the Cold War as Western powers chose to back the new Suharto regime. Henry Kissinger, who was in Jakarta at the time of the Act of Free Choice and



1969

”, Chapter 2 of “Comprehending West Papua, 2011, http://sydney.edu.au/arts/peace_conflict/practice/Comprehending%20West%20Papua.pdf

9 Jim Elmslie, MA thesis Ch 4 gives a history of the OPM <http://www.papuaweb.org/dlib/s123/elmslie/04.pdf>

10 A more detailed account of some of the recent events in Papua can be found at <http://www.downtoearth-indonesia.org/story/ending-conflict-west-papua>

11 A film about the events surrounding the congress can be viewed at <http://westpauamedia.info/2011/11/30/new-docos-examine-upheaval-in-west-papua/>

12 <http://www.thejakartapost.com/news/2011/12/08/some-papuans-skeptical-about-up4b.html>

counselled US President Nixon not to get involved,¹³ remains on the board of directors of Freeport to this day.

Freeport pays more in taxes to the Indonesian government than any other single investment project, and because of that is resented by many Papuans as it ties Papua more strongly to Indonesia. The mine is also a source of income for the military and police, who gain directly through being paid by the mining company (which the company has admitted to in 2003 and 2011¹⁴), and also through protection rackets around the gold panning that has arisen around the tailings the company dumps in the Aikwa river. There are regular mysterious ambushes along the road that follows this river, and many Papuans allege that state security forces may be involved.

Apart from a major natural gas project near Bintuni run by BP, most other investments in West Papua have been on a smaller scale. Logging and plantations have been nowhere near the scale that they have been in Kalimantan. Nevertheless, around one quarter of Papua's forest is estimated to have been lost since the 1990s, mostly connected to illegal logging of valuable merbau logs.¹⁵ A few oil-palm plantations have been set up in the areas around Manokwari and Jayapura, as well as Merauke, by companies such as Sinar Mas, Korindo and state-owned PTPN II. One reason for the limited penetration is that operating costs can be higher in Papua for relatively small-scale plantations as there is little supporting infrastructure.

Nevertheless, over the past two decades, there have been a series of large-scale plans for plantation development in Papua. Twenty years ago, US company Scott Paper was planning to establish eucalyptus plantations over 790,000 ha in Merauke, to feed a pulp mill. That company, along with their partner Astra, eventually pulled out of the project. A successor company, Texmaco, incurred huge debts in the 1997-98 Asian Financial Crisis and so abandoned its plans. In the mid 1990s a huge agro-industrial plan was announced in the Mamboramo area, which invited investment from several European countries. Most recently, in 2007, Sinar Mas developed plans for up to one million hectares of oil palm plantation, mostly in Merauke and surrounding regions, in partnership with the Chinese National Offshore Oil Company (CNOOC).¹⁶ Although none of these plans have come to fruition, they all share the characteristics of mega-projects conceived outside of Papua, focussed on the exploitation of the land which is seen as a resource to be used for profit. They have all shown little regard for the welfare of local people, their sovereignty over their ancestral domain, nor has there been any concept of designing development in a way that could benefit people - just pure and simple land grabs.

Part 2 : Describing MIFEE

Establishing MIFEE's Legitimacy: The Logic of Global Crises

The Merauke Integrated food and Energy Estate is planned to cover a huge area. Exactly how huge is as yet unclear, as plans change, and different government agencies propose conflicting visions for the project, which will be discussed below. The estimate given at the time of MIFEE's inauguration in 2010 ran to 1.28 million hectares. That's about two-fifths the size of Belgium (or over twice the size of Bali). The area is mostly forested, the traditional land of the Malind people, and ecologically diverse. The scheme would also require hundreds of thousands, and possibly millions, of new workers to move to the area.

A mega-project such as MIFEE needs a very strong justification if it is to explain away the destruction of millions of hectares of rich ecosystems and the dispossession of many thousands of people of their ancestral lands. MIFEE locates its bid for legitimacy in the set of global crises that have started to afflict our world in the last few years and threaten to do much worse in the future. These three interlocking crises which MIFEE is supposed to address are of food, fuel and climate change.

First and foremost is the global food crisis, which sent prices spiralling upwards at markets across the world in 2008 and has hardly calmed down since. The basic logic is simple enough: if around the world population is increasing, people are eating more, and also eating more high-input food such as meat, then a corresponding increase in agricultural production is required. Indonesia currently imports basic foodstuffs equivalent to around

13 <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB128/>

14 Shareholder action forced this admission in 2003: <http://www.downtoearth-indonesia.org/story/military-protection-funds-exposed> and then more recently revelations about 'lunch money' to the police emerged: <http://www.thejakartaglobe.com/home/police-admit-to-receiving-freeport-lunch-money/474747>

15 <http://www.eia-international.org/rogue-traders>

16 <http://www.downtoearth-indonesia.org/story/twenty-two-years-top-down-resource-exploitation-papua>

five percent of the state budget.¹⁷ In particular, there is currently a shortfall in sugar production: Indonesia would need to produce 5.5 million tonnes of sugar to be self-sufficient by 2014, yet it only expected to harvest 2.57 million tonnes in 2011.¹⁸ The need to import has serious implications for Indonesia's economy.

This food crisis is aggravated by a knock-on effect of rising fuel prices. The price of oil climbed from \$50 per barrel in 2005 to around \$148 in July 2008. The result in Indonesia was that the government reduced the subsidy on fuel, increasing prices at the pumps and causing riots across the country as people feared that this would trigger a rise in the price of all essential goods and services. On a global level, part of the reason for this increase is the increasing cost of obtaining fossil fuels. This in turn has opened up the floodgates for new sources of combustible materials, and one of the major growth areas has been agrofuels. The term agrofuels refers to any planted crops where the energy stored can be converted into a usable fuel. The fuels therefore need to be grown, meaning there is an obvious competition for land between food crops and crops grown for agrofuel. The use of a considerable part of the US corn harvest to produce ethanol, alongside similar examples around the world, were in fact thought to be one of the main reasons behind the sudden food shortages in 2008.¹⁹

Plans for MIFEE would involve a lot of crops being grown for use as agrofuel. Most of the applications for investment in Merauke are for oil palm or sugar cane. Palm oil can be converted into biodiesel, while sugar-cane is fermented to become ethanol. It is likely that a considerable amount of MIFEE's harvest of these two commodities would be destined for use as agrofuel rather than as food. In addition, companies are intending to produce energy directly from biomass. Medco, in partnership with a Korean company, LG International, is producing wood chips and wood pellets from tree plantations, which would be sold as fuel for use in power stations etc.²⁰ Meanwhile, a state-owned company, PT Padi Energy Nusantara, is hoping to generate electricity from burning rice-straw and husks.²¹

The demand for all these fuels is increasing. This does not only come from the markets pushing prices up, but governments set targets on the percentage of fuel that should be met from agrofuel sources, and those targets increase every year. The EU currently has a 10% target of all transport-related fuel to come from so-called renewable sources, i.e. agrofuels.²² Indonesia has also set a target of 5% of its energy needs to come from agrofuel by the year 2025. The president also created a National Team for Biofuel Development in 2006, alongside a Presidential Decree (*Inpres 1/2006*) to ensure the supply and use of agrofuels.²³

Amidst all the alarm about climate change, agrofuels have been described as a 'renewable' fuel. After all they convert sunlight into carbon which would be released anyway when the plants decompose, therefore it is a completely different process from burning carbon stored in the earth for millions of years in the form of fossil fuels. However, many reports indicate that agrofuels are often highly ecologically damaging, and even do not result in significant savings in carbon compared to burning fossil fuels. A recent report by the Centre for International Forestry Research (CIFOR) calculated the amount of carbon released into the atmosphere by the burning of agrofuels when the net emissions from the original destruction of forests was included. It concluded that it would take several generations before the burning of agrofuels would repay this initial carbon debt. Of the case studies they researched, the fuel with the largest 'carbon debt' was Indonesian palm oil, especially when it took place on peatland.²⁴

The uncertainty that climate change may bring, coupled to other changes in human and environmental systems, prompts nations to consider how their food security needs can be met into the future. This was how Indonesian President Susilo Bambang Yuhoydono managed to connect MIFEE to a nationalist sentiment of unity in the face of coming adversity when he proclaimed the mission of MIFEE was to "Feed Indonesia, then Feed the World"²⁵.

Other states have also been thinking about the future. Although it now seems not to be going ahead, the precursor to MIFEE was the Merauke Integrated Rice Estate (MIRE), and the biggest investor, the Saudi Bin Laden Group was planning to invest four million dollars to cultivate 500,000 hectares of land.²⁶ This was one example of

17 Yayasan Pusaka, "MIFEE: Tak Terjankau Angan Malind", 2011 p 23

<http://www.forestpeoples.org/sites/fpp/files/publication/2011/06/miffee-buku-low-res.pdf>

18 <http://www.antaraneews.com/en/news/74248/ris-sugar-production-likely-to-miss-target>

19 <http://www.guardian.co.uk/environment/2008/jul/03/biofuels.renewableenergy>

20 <http://online.wsj.com/article/SB10001424052748704238104574601613833960636.html>

21 <http://www.thejakartapost.com/news/2010/05/12/state-firms-set-joint-ventures-food-estate.html>

22 http://www.theecologist.org/News/news_analysis/925075/uk_scientists_launch_scathing_criticism_of_eu_biofuel_targets.html

23 Yayasan Pusaka, "MIFEE: Tak Terjankau Angan Malind", 2011 p 27

<http://www.forestpeoples.org/sites/fpp/files/publication/2011/06/miffee-buku-low-res.pdf>

24 <http://www.cifor.org/fileadmin/fileupload/media-release/Biofuels-Carbon-Debt-PressRelease-ENGLISH.pdf>

25 <http://www.smh.com.au/world/jakartas-plan-for-farm-in-jungle-unsettles-papuans-20100402-rjxg.html>

26 <http://farmlandgrab.org/2454>

a huge 'global land grab' that was emerging at the time, where Gulf states were some of the principal countries involved in buying up swathes of land across the world (and especially in other Muslim countries). With limited possibilities for food cultivation on their own arid lands, this was to ensure that they would still have access to food at acceptable prices should any future crises prevent their traditional suppliers from selling on the international market.²⁷

The irony of MIFEE is that aims of ensuring food security at a national and international level are absolutely contradictory with the food security of the area's local people. The indigenous peoples of Merauke do not eat rice as a staple, instead they eat sago, which comes from a palm tree that is adapted to grow in the forests of lowland West Papua. Because sago is abundant, there is no danger of going hungry, and a healthy forest can also provide protein through hunting and fishing. However if the forests and savannah are replaced by monoculture agriculture then the local people's food security is considerably compromised. At best they could hope to get a job in the new plantations, but experience shows that even in this, they would be disadvantaged in comparison to experienced migrant farmers from other islands.

In parts of Merauke, for example, local inhabitants were given houses at the same time as families arriving as part of the transmigration policies of the 1980s and early 1990s. A recent visit by Pusaka as part of their research on MIFEE showed that while migrants had often constructed new houses, indigenous residents still lived in the houses constructed for them, many of which were falling into disrepair. They were not using their rice-fields, but instead frequently returned to the sago forest.²⁸ In West Papuan cities also local Papuan people are discriminated against, the economy is almost entirely dominated by migrants from other parts of Indonesia.

The catastrophic effects of mega-projects such as MIFEE on local people is no secret. But using the logic of global crises means that it can be made to seem legitimate to sacrifice the needs of the few for the supposed well-being of the many. As they are massive problems, these crises appear to call for massive responses, and so vast enclosures of land into the capitalist economy can be sold as necessary for the well-being of all. In Merauke it takes the form of a land-grab, while forest communities in other parts of Indonesia are trying to come to terms with REDD, an attempt to justify the corporate acquisition of forests using a similar crisis logic, this time a form of creative carbon accounting that is meant to be an answer to climate change.²⁹ As the world's social, economic and environmental problems evolve ever faster, supposed crises will come thick and fast, and it is vital to understand that solutions which cause new problems are likely not to be solutions at all.

Grand Designs for Merauke: MIFEE in Theory and in Practice

MIFEE has never been a single clear plan for development. There are different versions of what that development may entail, and these differences reflect the vested interests and manipulations of the corporate and government actors involved. The process of decision-making is not transparent and there are no authoritative sources of data by which to accurately determine the project's status. Understanding MIFEE means building up a complete picture from a patchwork of all the different available sources.

For example, MIFEE's official propaganda tells of the planned large-scale cultivation of rice-fields, integrated with other basic foodstuffs, to provide for Indonesia's food security needs into the future. Yet if we look for news of what is happening on the ground we hear of villages evicted and huge swathes of forest cleared by one of the main MIFEE companies as it exports wood chips to be made into paper. Given such divergence we can be forgiven for asking what this mega-project is really about. What form is it likely to have if it goes ahead? Is MIFEE in practice different from MIFEE in theory?



27 <http://www.grain.org/article/entries/93-seized-the-2008-landgrab-for-food-and-financial-security>

28 Yayasan Pusaka, "MIFEE: Tak Terjankau Angan Malind", 2011 pp 78-79

<http://www.forestpeoples.org/sites/fpp/files/publication/2011/06/mifee-buku-low-res.pdf>

29 For a description of REDD and news of its impacts in Indonesia and around the world, see reports at <http://www.redd-monitor.org/>

One way to comprehend what is going on is to cast an eye over the history of the last few years, and see how MIFEE has developed.³⁰ Two of the main protagonists for MIFEE have been Indonesia's largest privately owned oil and gas firm, Medco, and Merauke's former *Bupati*, Johannes Gluba Gebze. Medco had already got involved in Merauke, developing plans for a wood pulp plant. This has now been scaled down slightly to be a wood chip plant, which processes the wood produced by a subsidiary of Medco, PT Seleras Inti Semesta. Meanwhile, another Medco subsidiary started to experiment with growing food crops in the area, on 200 hectares of land near Serapu village which had been abandoned by a previous investor, Texmaco.³¹ Amongst other crops, Medco was developing the SRI system for rice cultivation, a form of intensive organic growing which it had also introduced in other parts of Indonesia.³²

Johannes Gluba Gebze has been actively promoting agricultural investment during his second term as *Bupati*, or head of the regency government. He was instrumental in pursuing the idea that Merauke could be a suitable location for large-scale industrial agriculture at the national level. There are rumours that he has personal political motivations behind this move: he is apparently hoping that a new province of South Papua will be created, allowing him to stand for election as Governor.³³

The scheme was proposed to the central government who responded with the necessary land-use zoning modifications to reserve an area of 1.9 million hectares to be known as the Merauke Integrated Rice Estate (MIRE). The idea was taken up by the Indonesian President Susilo Bambang Yudhoyono in April 2006 when he travelled all the way to Merauke for a celebration of the rice harvest there, and mentioned for the first time the idea of a 'rice estate'.³⁴ In August 2008, investors from the Saudi Bin Laden Group expressed interest in investing in the area to guarantee a continued availability of basic food supplies to the Gulf region, and indicated that they were prepared to invest \$4 billion to develop 500,000 hectares of land in Merauke.³⁵

The Saudi investment had fallen through by March 2009, with the global financial downturn given as a reason³⁶, but the seed was well and truly sown. MIRE was repackaged as MIFEE, and several Indonesian investors expressed interest. Most of these companies were the businesses of the Indonesian elite, who often have ties to the military or political parties.

A set of new national and local laws were created to facilitate agro-industrial investment in MIFEE. Government Regulation 26 of 2008, about land use planning, designated six key zones, which were to be growth areas for particular industries. Merauke Regency was singled out as a focus for farming and plantations. This was to be bolstered by Presidential Instruction 5 of 2008 requesting a speedy implementation of these key zones and instructing local Merauke and national land use bodies to facilitate agricultural investment in Merauke. This was to be followed in early 2010 by Government Regulation 18 of 2010 concerning food cultivation, which describes a food estate and the tax and customs benefits which investors could obtain.³⁷

At the level of Merauke regency four policies have been developed to support MIFEE. One is the General Land Use plan for the district. Another was a local policy that deals exclusively with MIFEE (Perda Merauke 23 of 2010). Another two are connected with increasing MIFEE's positive effects for local people. One is concerned with the management of *Ulayat* (indigenous land rights) and the other is focussed on social development.³⁸

MIFEE's proponents had hoped that it would be launched at the start of 2010 in the presence of President Susilo Bambang Yudhoyono, but that plan fell through. In the end the program was formally inaugurated in a ceremony on the 8th August 2010 at Medco's pilot project in Serapu. However the people of the village had not even been informed that such an event was going to take place until it happened - an inauspicious start for how MIFEE companies would relate to local people as the project progressed. The suspicious death of critical local journalist

30 an investigation into the development of MIFEE until 2010 is available at <http://wcaroko.blogspot.com/2010/07/merauke-integrated-food-and-energy.html>

31 <http://www.asiacalling.org/in/laporan-khusus/indonesias-mega-food-estate/1922-indonesia-plans-a-massive-food-estate-in-jungle-clad-papua>

32 http://www.medcofoundation.org/news_view.php?id=41&strlang=ind (accessed December 2011, domain expired as of March 2012)

33 see for example Environmental Investigation Agency, "Up for Grabs: Deforestation and Exploitation in Papua's Plantations Boom", 2009, p 20 <http://www.eia-international.org.php5-20.dfw1-1.websitetestlink.com/wp-content/uploads/up-for-grabs.pdf>

34 http://www.future-agricultures.org/index.php?option=com_docman&task=doc_download&gid=1139&Itemid=971

35 <http://farmlandgrab.org/2454>

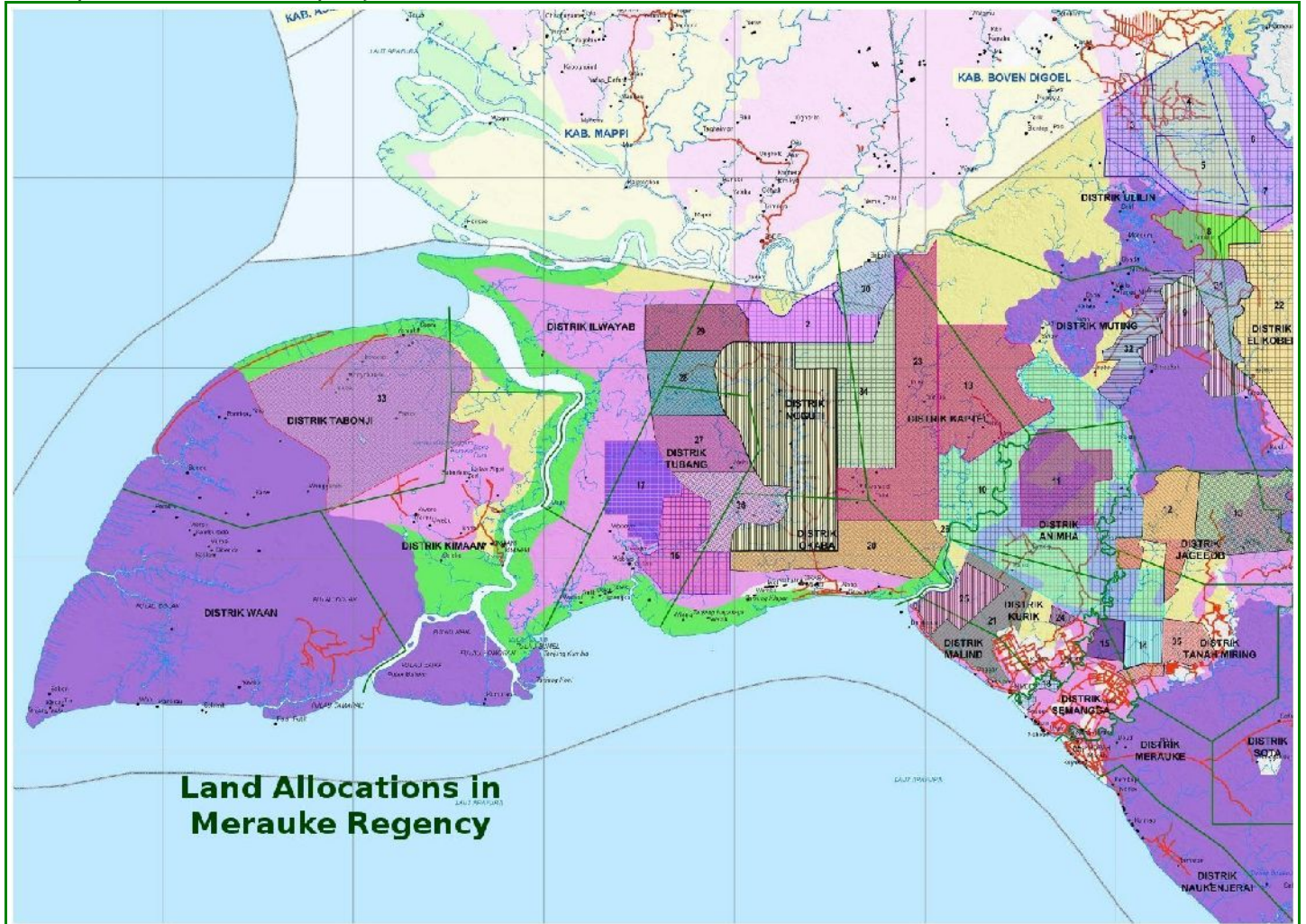
36 <http://www.thejakartaglobe.com/business/binladin-freezes-plans-to-invest-in-local-rice/309090>

37 Yayasan Pusaka, "MIFEE: Tak Terjankau Angan Malind", 2011 p 11 <http://www.forestpeoples.org/sites/fpp/files/publication/2011/06/miffee-buku-low-res.pdf>

38 Yayasan Pusaka, "MIFEE: Tak Terjankau Angan Malind", 2011 p 100-107 <http://www.forestpeoples.org/sites/fpp/files/publication/2011/06/miffee-buku-low-res.pdf>

Ardiansyah Matra' is a few days before cast another shadow over the event.

A 'grand design' for MIFEE was published, outlining how the project was envisioned to run. As its name suggests, the vision was of an integrated program involving animal husbandry and fisheries, as well as food crops such as rice, corn, soya and fruits. The intention was to split the land use 50% for food crops with 30% for sugar cane and 20% for oil palm. A total land area of 1.23 million hectares was envisioned for the scheme, distributed into clusters and developed in stages over 20 years. Projections of expected yields were even supplied: rice 1.95 million tons, maize 2.02 million ton, soya bean 167,000 ton, beef from 64,000 cows, sugar 2.5 million ton, and crude palm oil 937,000 ton per year.³⁹



Many companies have expressed an interest in MIFEE, but have also been cautious both with their commitment and the amount of information that is publicly announced. In May 2010, before MIFEE was officially inaugurated but at least a year after the idea was first floated, Merauke Promotion and Investment Agency (Badan Promosi dan Investasi Daerah -BAPINDA) released a list of 36 investors which had already obtained an location permit, the first step needed in order to open a business there. As no subsequent complete list has been issued it is this list, with slight variations, is often used as an indication of what MIFEE will look like. The thirty-six planned plantations cover an area of just over two million hectares, significantly larger than the area allocated for MIFEE. Ten are for oil palm, covering around 20% of the area. Another seven are for sugar cane, covering 21% of the area. A huge 50% of the area would be covered by ten industrial wood plantations and food crops would be a relatively insignificant 8% of the area, with six planned investments.⁴⁰

³⁹ The 'grand design' for MIFEE has not been made available online, and so the data here is compiled from secondary sources.

⁴⁰ I have not been able to determine the crop for two of the investments.

	Name of Company	Hectares	District	Permit Date	Crop
1	<i>Pt Kertas Nusantara</i>	154943	<i>Ngguti; Okaba; Tubang</i>	23/10/2008	<i>industrial forestry</i>
2	<i>PT Dongin Prabhawa</i>	39800	<i>Ngguti; Kaptel</i>	16/01/2007	<i>oil palm</i>
3	<i>PT Berkat Citra Abadi</i>	40000	<i>Ulilin</i>	16/01/2007	<i>oil palm</i>
4	<i>PT Inocin Kalimantan</i>	45000	<i>Ulilin</i>	?	<i>industrial forestry</i>
5	<i>PT Balikpapan Forest Indo</i>	40000	<i>Ulilin</i>		<i>industrial forestry</i>
6	<i>PT Papua Agro Lestari</i>	39000	<i>Ulilin</i>	16/01/2007	<i>oil palm</i>
7	<i>Pt Bio Inti Agrindo</i>	39000	<i>Ulilin</i>	16/01/2007	<i>oil palm</i>
8	<i>Pt Ulilin Agro Lestari</i>	30000	<i>Ulilin</i>	16/01/2007	<i>oil palm</i>
9	<i>PT Agrinusa Persada Mulia</i>	40000	<i>Muting</i>	13/01/2010	<i>oil palm</i>
10	<i>PT Selaras Inti Semesta</i>	301600	<i>Kaptel</i>	18/08/2007	<i>industrial forestry</i>
11	<i>Pt Wannamulia Sukses Sejati</i>	61000	<i>Animha</i>		<i>industrial forestry</i>
12	<i>PT Hardaya Sugar Papua</i>	44812	<i>Jagebob</i>	11/01/2010	<i>sugar cane</i>
13	<i>PT Hardaya Sawit Papua</i>	62150	<i>Jagebob</i>	11/01/2010	<i>oil palm</i>
14	<i>PT Indosawit Lestari</i>	14000	<i>Tanah Miring; Jagebob</i>	07/08/2006	<i>oil palm</i>
15	<i>PT Bangun Cipta Sarana</i>	14000	<i>Tanah Miring, Semangga</i>	28/05/2008	<i>food crops</i>
16	<i>PT Digul Agro Lestari</i>	40000	<i>Tubang</i>	09/05/2008	<i>maize</i>
17	<i>PT Muting Jaya Lestari</i>	40000	<i>Tubang; Ilwayab</i>	09/05/2008	<i>maize</i>
18	<i>Pt Muting Jaya Lestari</i>	3000	<i>Semangga</i>	04/08/2008	<i>maize</i>
19	<i>Pt Wannamulia Sukses Sejati</i>	96553	<i>Kaptel; Muting</i>	01/08/2008	<i>industrial forestry</i>
20	<i>PT Plasma Nutfah Malind Papua</i>	67736	<i>Okaba; Kaptel</i>	04/09/2008	<i>industrial forestry</i>
21	<i>PT Cenderawasih Jaya Mandiri</i>	40000	<i>Kurik</i>	20/03/2010	<i>sugar cane</i>
22	<i>PT Energi Hijau Kencana</i>	90225	<i>Elikobel</i>	06/01/2009	<i>industrial forestry</i>
23	<i>Pt Wannamulia Sukses Sejati</i>	116000	<i>Kaptel; Okaba; Ngguti; Muting</i>	21/01/2009	<i>industrial forestry</i>
24	<i>PT Sumber Alam Sutera</i>	15000	<i>Kurik</i>	08/04/2009	<i>rice</i>
25	<i>Pt Karya Bumi Papua</i>	30000	<i>Kurik; Malind</i>	23/04/2010	<i>sugar cane</i>
26	<i>PT Medco Papua Industri Lestari</i>	2800	<i>Kaptel</i>	18/08/2007	<i>wood processing</i>
27	<i>PT Kharisma Agri Pratama</i>	40000	<i>Tubang</i>	16/11/2009	<i>food crops</i>
28	<i>PT Agri Surya Agung</i>	40000	<i>Tubang; Ngguti; Ilwayab</i>	16/11/2009	<i>sugar cane</i>
29	<i>PT Nusantara Agri Resources</i>	40000	<i>Ngguti; Ilwayab</i>	16/11/2009	<i>sugar cane</i>
30	<i>PT Mega Surya Agung</i>	24697	<i>Kaptel</i>	16/11/2009	<i>oil palm</i>
31	<i>Pt Central Cipta Murdaya</i>	31000	<i>Ulilin; Elikobel; Muting</i>	26/01/2010	<i>oil palm</i>
32	<i>PT Agriprima Cipta Persada</i>	33540	<i>Muting</i>	22/02/2010	<i>oil palm</i>
33	<i>PT Anugrah Rejeki Nusantara</i>	200000	<i>Tabonji</i>	22/02/2010	<i>sugar cane</i>
34	<i>PT Medco Papua Alam Lestari</i>	74219	<i>Kaptel; Ngguti</i>	18/02/2010	
35	<i>PT Tebu Wahana Kreasi</i>	20282	<i>Tanah Miring</i>	23/04/2010	<i>sugar cane</i>
36	<i>PT Energi Mitra Merauke</i>	40000	<i>Okaba; Tubang; Ngguti</i>	23/04/2010	

Table of potential investors in MIFEE. Data from Bapinda Merauke May 2010.

From these figures we can see permits given out by this local government agency give a vastly different picture of MIFEE from that described in the 'Grand Design'. Instead of the promised structured and centrally-planned intensive production of food crops, what the companies that have got involved have been proposing is a typical mix of large monoculture plantations, such as is common elsewhere in Indonesia: oil palm, sugar and industrial tree plantations.

There are some reasons why this discrepancy may have developed. Several of the plantation projects pre-date MIFEE. They are based on permissions from 2007 and 2008, or previous interest in the Merauke Integrated Rice Estate. Yet there are others from 2010, such as PT Anugrah Rejeki Nusantara (a subsidiary of Singapore-based multinational Wilmar)'s plan for a 200,000 hectare sugar cane plantation. This land, located in Taboniji district substantially overlaps with MIFEE's cluster number 8, which is designated to be developed in the medium term for rice and beef production.⁴¹

It must also be noted that the effect of the new laws which have been created around MIFEE, and the orientation of local and national government to promote investment, have acted as incentives for companies to invest, taking advantage of streamlined processes of getting permission and tax breaks. Whilst the status of MIFEE as an integrated process remains unclear, the doors to investment have well and truly been opened. If things progress as they seem to have started, then it is totally possible to imagine that Merauke, amidst all the promises of becoming the granary which will guarantee Indonesia's basic food needs, will just end up as another sprawling maze of oil palm and industrial tree farms.

⁴¹ Although the grand design has not been made available online, a low resolution map of the ten clusters envisaged for MIFEE is contained within Indonesia's plan for acceleration and expansion of economic development 2011-2025, which can be accessed in English here: http://www.ekon.go.id/media/filemanager/2011/05/27/p/d/pdf_mp3ei.pdf

For that reason, for the purposes of this briefing, we treat MIFEE as any of the possible scenarios that may arise from the agricultural development of Merauke. There may yet be a few twists and turns before agricultural development succeeds but these need to be seen essentially as overcoming barriers to the enclosure of a vast new area in the service of Capital.⁴² Merauke, together with other parts of Southern West Papua have been designated as having large potential for agricultural development, yet currently they yield very little for Indonesia's economy. Therefore they hold a tantalising potential for economic growth. Although there are existing peasant farmers in Merauke and a state-owned company is developing plans for peasant-run businesses within MIFEE, it is clear that the main thrust of any business there will be corporate-led.

Reports from Villages

Several of the companies involved in MIFEE have already begun their operations on the ground. Companies connected to the Medco, Rajawali and Korindo groups have all been logging the forests to make way for their plantations. A prerequisite to commencing operations is to negotiate the right to use the land of local people. Given the vast profits which these companies stand to make, the track record so far is a shocking catalogue of deceit, broken promises and coercion.

Under Indonesian law, an indigenous community has a form of communal rights over land known as *ulayat* rights. What this actually entails is open to some interpretation as the concept of *ulayat* has been developed through various pieces of legislation, and there is no single law that defines the rights of indigenous communities.⁴³ A law (*Perdatus*) which was provided for in Papua's Special Autonomy package should have given Papuan indigenous communities greater rights over their lands, but this law took several years to be issued and the end result was weak and confusing.⁴⁴ Currently in Papua it seems that companies have deemed it sufficient to compensate communities for the wood contained in the forest, and thus fulfil their obligations to release the *ulayat* rights. Therefore they offer no compensation for the loss of land, non-timber forest products, loss of livelihood or the rupture from their traditional ways of existence. The sums that are offered are pitiful, and what's more, communities report being cheated and forced into accepting them.



Throughout the Merauke regency, indigenous Papuans are having their forest taken with no alternative way to sustain themselves in the long term. Compiling reports and testimony from different villages can reveal just how systematic this process is. Other trends can also be seen from the reports, for example conflicts have sprung up between clans, between villages, or between individuals who support and those who oppose the investors. It is also plain to see that confusion is widespread, as people want to protect their land and livelihood but don't know if they really have any choice to reject the plans or not. In some cases villagers may feel foolish if they have failed to protect their heritage for future generations. The strongest message that comes out of village after village however, is that there is a widespread rejection of the MIFEE plan by local people. Refusals to sign over *ulayat* rights are common, and in certain places have been demonstrated through direct action.

Information has been received about the following villages:

Kampung Zenegi, Medco Operational Area. Kampung Zenegi lies within the area in which Medco subsidiary PT Seleras Inti Semesta plans to develop its industrial forestry plantation. Medco's approach to the village was deceitful: the company mounted a ceremony on 12th December 2009 in which it presented the village with what it termed a Certificate of Appreciation (*Piagam Penghargaan*). They also asked for the signatures of the village

⁴² Takeshi Ito, Noer Fauzi Rachman, Laksmi A. Savitri
, "Naturalising Land Dispossession: A Policy Discourse Analysis of

the Merauke Integrated Food
and Energy Estate", April 2011,

http://www.future-agricultures.org/index.php?option=com_docman&task=doc_download&gid=1139&Itemid=971

⁴³ http://www.adb.org/Documents/Reports/Indigenous_Peoples/INO/chapter_3.pdf

⁴⁴ <http://jasoilpapua.blogspot.com.es/2012/02/posisi-hak-adat-orang-asli-papua-dalam.html>

chief and leader of the village *adat* body on this document, and handed over 300 million Rupiah [\$33,400].⁴⁵

Several months later, in June 2010, conflict erupted when Medco attempted to remove wood that they had felled from the forests around this village. Local people were aggrieved because they felt there had been no discussion about how they were to be compensated for wood. Nor had the company fulfilled its promises to build a place of worship, a school, hire teachers or repair the road.

The people had regarded the money associated with the Certificate of Appreciation as a token of goodwill, and not as the compensation a company must pay for the wood they extract. But the company had a different point of view. According to them, the Certificate of Appreciation also had an appendix which they claimed had been discussed at the time. This appendix apparently includes an agreement that wood is to be compensated at a rate of 2000 Rupiah per cubic metre. In the past, when the villagers have sold wood directly to wood traders, they are normally paid between 180,000 and 200,000 Rupiah per cubic metre.

Aside from the deception, this agreement reveals that Medco believes its duty to compensate the community is only for the wood that grows on it. However Medco's operation is more than just a logging concession. They intend to plant fast-growing trees which they can use in their chip mill, which means that local people will not be able to use the land for any other purpose. They are being dispossessed of their ancestral lands.

There are six clans in Zenegi village, and according to the Malind people's customary beliefs, each clan is responsible for different pieces of land. Everybody knows which clan controls which area, and for a company to negotiate the surrender of *ulayat* rights, they must speak to the chief of each clan, not only the village chief.

A team from the NGO Pusaka conducted interviews in Zenegi to document the situation there for their book *Beyond Malind Imagination*. When they arrived they noted that a degree of conflict had sprung up between younger villagers and the elders who they felt had failed to protect their village. Some of the younger villagers later became the representatives in the village's negotiations with the company. They have further complaints about the company's actions. It had been agreed that the forest would be preserved in a radius of 2km around sacred sites, and the same for hunting grounds and sago forests. In fact the forest has been cut to within a radius of between 500 and 100 metres. The villagers also only gave their permission for wood to be extracted between 50 and 100 metres from the road, but it has been logged much further into the interior.⁴⁶

Amongst the many promises made to the community was that they would engage experts, who would work together with US-based NGO Conservation International. This NGO has links with Medco - they carried out a land survey of Merauke for Medco, and Medco boss Arifin Panigoro has a seat on the NGO's Business and Sustainability Council. Zenegi residents were told that the NGO would carry out a breeding program to make sure that wildlife populations would be maintained at the same levels as always. However, wildlife is starting to disappear. Local people report they have to go deeper into the forest to hunt, and a trader in deer meat from Merauke has also said that "obtaining venison from this village is no longer as easy as before".

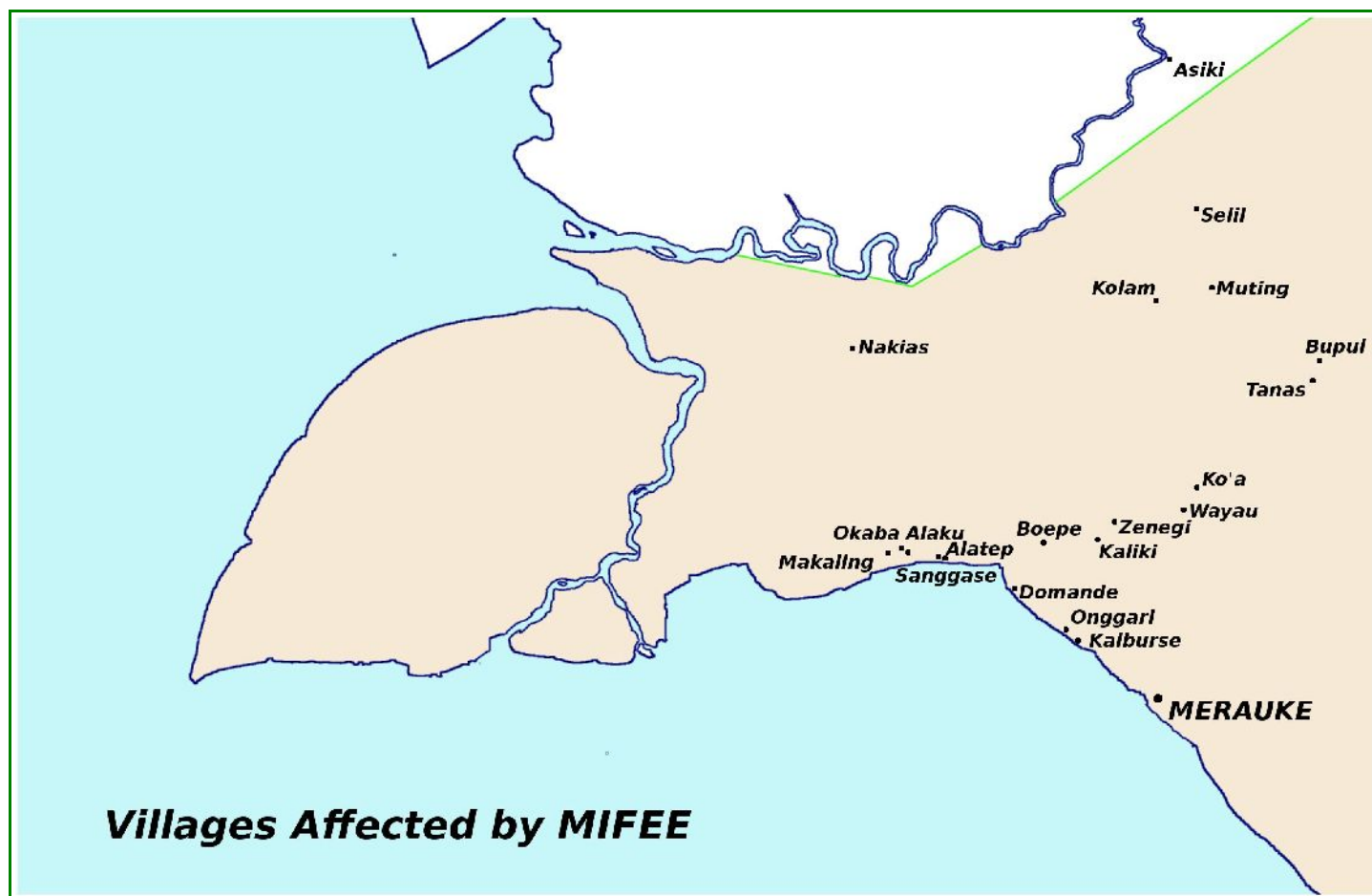
Medco has also showed that it is not averse to using violence. Emanuel Ndiken, a 22-year-old youth, was employed by PT Seleras Inti Semesta as a heavy machinery driver. He has claimed that he had been doing nothing more than requesting that his wages be paid on time and with a receipt. Because the company kept looking for excuses not to do this, he got angry and snapped at them. He was called to the office in August 2010. Curiously, the police who normally secured the location had returned to the city and had been replaced with soldiers. The soldiers struck Emanuel Ndiken until he lost consciousness. He related that he was bleeding from his nose, ears and eyes. When Pusaka next visited in November 2011 he was still suffering from disturbances to his sight, hearing and concentration, symptoms which have been confirmed by the local health clinic.

Kampung Boepe, Medco Operational Area. Kampung Boepe is the location of Medco subsidiary PT Medco Papua Industri Lestari's wood-chip mill. The company agreed with the villagers to relocate them so they could build their factory on the site of their existing village, and plant seedlings on the surrounding land. The area now is restricted and local people cannot even enter. Meanwhile, the company has failed to provide new houses. The people have been forced to stay in other villages, and no longer have gardens. The compensation money they received was only enough to build new houses and eat during that time.

45 Field visits by Pusaka to Zenegi and Kaliki kampungs, and interviews with people from Boepe kampung are recounted in Pusaka's book "Tak Terjangkau Angan Malind" (op cit) pp 57-68, which is also the source for all other information about Zenegi and Boepe given here. A video of Zenegi villager's reaction to the deception can be seen at http://www.youtube.com/watch?v=WbTZfb_s-6w as well as further reactions to how Medco has violated other agreements at http://www.youtube.com/watch?v=ll_EIYNKs_E

46 These claims were recorded on video: http://www.youtube.com/watch?v=ll_EIYNKs_E See also Pusaka's book "Tak Terjangkau Angan Malind" (op cit) pp65-66.

The inhabitants of kampung Boepe were also deceived out of their land. A certificate to release the rights to customary land was signed, where the money was also referred to as 'appreciation money' (*uang penghargaan*). The sum paid was 100 million Rupiah for an area of 1000 hectares, which works out at 10 Rupiah per square metre [0.1 US cent].



Kampung Kaliki, Medco and Rajawali operational areas. The people of Kampung Kaliki's traditional lands encompass areas of both Medco's industrial forestry plantation and Rajawali's sugar-cane plantation. The villagers told researchers from Pusaka that after seeing what had happened to their neighbours in Kampung Zenegi, they were determined to refuse MIFEE-style development. They resolved to question the 'initial approaches' which Medco had been making, which had taken the form of monthly payments to clan chiefs and teachers. Some of the chiefs, such as Agus Mahuze, who for five months had been signing a note of receipt left blank except for the amount of 500,000 Rupiah [\$55], have decided to discontinue receiving the money.⁴⁷

*"The first time Medco came, they said they would provide development for the village, but actually all they have done is destroy the road we had before", Vikaris, one of the villagers, told the Pusaka team when they conducted their research. They had also promised a housing development which had yet to materialise. Vikaris also said "Hopefully there are no traitors in this village. I am sure that the people of Kampung Kaliki do not want to sell their land. Village people know that selling their land means that they are selling their own mother. And no-one who sells their mother can live in peace. Because of that I am sure that not one hand's width of land will be sold. Anyone who does this will continue to suffer. Because if today one hand's width is sold, tomorrow it will be two hand's width. Two hand's widths lost will increase to become four hand's widths. And then slowly but surely we will live in poverty on our own land."*⁴⁸

Another report⁴⁹ tells of how conflict broke out amongst the clans as the people of Kaliki waited for the promised houses, as well as roads, motorbikes, schools and scholarships that were never forthcoming. Medco had made one agreement with four of the clans in the village, but made a separate agreement with the Gebze clan, to plant acacia on 20 hectares of land, for the disproportionate price of 20 million Rupiah [\$2200]. This action caused resentment amongst the other clans, who were fighting amongst themselves while Medco continued undeterred.

47 Yayasan Pusaka, "MIFEE: Tak Terjankau Angan Malind", 2011 p 61

<http://www.forestpeoples.org/sites/fpp/files/publication/2011/06/miffee-buku-low-res.pdf>

48 <http://www.youtube.com/watch?v=ZPJtJTRiNNI> Quote translated from Pusaka's book "Tak Terjankau Angan Malind" (op cit) p90

49 <http://wri-irg.org/node/12386>

One member of the Gebze clan was believed to have been killed by black magic from another clan. When the church stepped in to resolve the conflict, the people united in their opposition to Medco. On the fifth of March 2011, the entire village announced their rejection of Medco, and said that they would use customary sanctions and measures against the company's employees and representatives operating in Kaliki's forest.⁵⁰

The Rajawali Group has also approached the village several times seeking their approval for a sugar cane plantation. Meetings have been facilitated by the head of Kurik District, Martha Turupadang. On a meeting on the 7th February 2011, villagers had said they would only give their answer if a representative of the Merauke Catholic Presbytery could also be present at the meeting. But then Martha Turupadang denigrated the priest, and threatened the villagers that if they rejected the Rajawali group's plans, she would cut off any funding to the village, and ensure that Kaliki community members would not receive treatment in the public hospital. Intimidated, villagers agreed to let Rajawali survey a limited area. The company ignored the agreement and instead surveyed the whole forest.

When Martha Turupadang returned to Kaliki at the start of March, seeking approval for Rajawali's plans, she was accompanied by members of the police and military. On that visit, the former village head, who is in favour of Rajawali's plans, reported that a group linked to the Catholic church had been running workshops in the village, and asked that they be barred from entering the village. The police chief responded by saying that since Kaliki people were Catholics, nobody could forbid the Catholic Church from visiting.⁵¹

Kampung Sanggase, Medco Operational Area. During 2011 a prolonged conflict has developed between the people of Kampung Sanggase, and their neighbours in Kampung Boepe and Medco. Local newspaper Tabloid Jubi has closely followed the developments which are connected to the Sanggase villagers' demands for compensation.⁵²

The conflict arose over which village had the *ulayat* rights over the 2800 hectare site that Medco was using for its wood-chip factory in kampung Boepe. The survey originally carried out by Conservation International for Medco claimed that the people of Boepe had *ulayat* rights over the land, and so the limited compensation that Medco paid was given to them. However four clans in Sanggase disputed that claim, saying that they owned the land, and the people of Boepe only had rights to use the land.

The first protest action, known as 'tanam sasi', involved planting coconut, banana and sugar-cane in a ritual which normally takes place 40 days after someone's death. After not getting a satisfactory response, on the 17th January Sanggase villagers used a pole to close off the entrance to Medco's factory. This form of action, known as *pemalangan*, is quite common in Papua. Medco closed the factory until the dispute was resolved, and it appears from reports that it did not reopen for many months. The people were demanding compensation of 65 million Rupiah [\$7200] for the land.

By April, tensions were running high. On 20th April, about 20 people from Sanggase, in traditional dress, came to PT Medco Papua's offices to demand compensation. When there was no response, some of them invaded the offices, kicking and hitting the tables and doors and shouting curses at the company. At one point a leader of Medco was surrounded by angry villagers who refused to let him move, until he was rescued by police.

Negotiations proceeded, mediated by representatives of the local government and Customary Community Association (*Lembaga Masyarakat Adat*), until eventually the company offered to pay a sum of three billion rupiah, which was accepted by the people in a ceremony on 24th October 2011.

While the dispute with Medco was ongoing, villagers made clear their opposition to the planned operations of another company, PT Plasma Nutfah Marind Papua. That company is majority-owned by a Korean paper company,

50 JPIC Desk / GKI-TP Synod, 09/03/2011, "Kaliki village and its problems with the PT Medco Company" (not found online)

51 JPIC Desk / GKI-TP Synod, 09/03/2011, "Kaliki and the Rajawali Group" (not found online)

52 Some of the Tabloid Jubi articles which cover this case are: <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/2900-dukungan-ci-terhadap-medco-papua-tuai-kritik-pedas.html> , <http://www.tabloidjubi.com/arsip-edisi-cetak/jubi-utama/3728-tanah-diambil-hak-adat-dirampas.html> , <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/10405-masyarakat-empat-marga-qtanam-sasiq-di-boepe.html> , <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/10745-aktivitas-lumpuh-pabrik-pt-medco-papua-dipalang.html> , <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/10786-masyarakat-dua-kampung-harus-buka-hati-.html> , <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/11613-masyarakat-tetap-ngotot-ganti-rugi-65-milyar.html> , <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/11708-masyarakat-sanggase-tidak-akan-tinggal-diam-.html> , <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/11881-masyarakat-sanggase-mengamuk-.html> , <http://tabloidjubi.com/daily-news/seputar-tanah-papua/11879-pimpinan-pt-medco-papua-disandera.html> , <http://tabloidjubi.com/daily-news/seputar-tanah-papua/14451-konflik-pt-medco-papua-dan-masyarakat-sanggase-telah-berakhir.html>

Kampung Onggari, Rajawali operational area. Pusaka has related that during an participative mapping exercise involving several kampungs, villagers from Kampung Onggari discovered wooden stakes on their land, with yellow paint on top. One stake was marked 'factory location' with the initials of the company PT Cenderawasih Jaya Mandiri, a subsidiary of Rajawali. The villagers carrying out the survey were anxious about this, and they confirmed that they had never been involved in any discussions to give this land over to the government or any company.⁵⁴

Kampung Domande, Rajawali operational area. Villagers in Domande agreed to be paid six billion rupiah [\$660,000] compensation by Rajawali if they gave up their land. Within the first few days after the payment was made, traders from Merauke descended on the community to sell goods ranging from massage oils, to jeans, to motor bikes at up to 10-20 times the usual market price. Despite the fact that there's no signal anywhere near the village, even mobile phones were sold. Most of the money has now been spent, leaving the villagers without land or compensation .⁵⁵



Kampung Nakias, Dongin Prabhawa operational area. Pusaka has reported that local people have only been given 54 million Rupiah [\$6000] as compensation for the wood that was taken from their land. This is far below its real value. In fact the level of compensation given to the *ulayat* holder when a company takes would has been stipulated by the provincial governor and should be 100,000 Rupiah per cubic metre of wood known as kayu indah, 50,000 rupiah for the merbau species, 10,000 Rupiah for non-merbau and 1000 Rupiah for fuel wood. Although local people signed for the money they received, they were not able to question Dongin Prabhawa's calculations. The correct amount should almost certainly be much higher, as 5000 hectares of forest had been felled by June 2011. Villager Mariana Dinaulik has commented on this deal. *"Is it just, that we only get this amount of compensation for the wood? The price cannot be compared to the people's loss when their source of livelihood and food are taken away,"* she said.⁵⁶

Tabloid Jubi newspaper reported in December 2011 that people in PT Dongin Prabhawa's area were being offered only 50,000 Rupiah for every hectare the company would use for its oil palm plantation. After people challenged this price, they were offered 90,000 Rupiah per hectare, but they do not consider that this is reasonable and they continue to refuse. Revd. Donald S. Mahuze, one of the *ulayat* holders, told the newspaper how the company has managed to cause divisions between clans. "We've been asking for 20 billion rupiahs compensation, but then we hear that some clans have accepted sums of around 650 million Rupiah. Then this attracts protests from other clans", he said.⁵⁷

News from other villages: The Justice and Peace Secretariat of Merauke's Catholic Diocese invites villages from around the area to send in short reports about local village issues, which are then publicised online in Indonesian and English at their blog *Sorak* (short for *Suara Orang Kampung* - voice of the villagers). Here are some comments that they received from other villages. These indicate that several other investors related to MIFEE are continuing to push ahead with their development plans. As well as a widespread resolve to resist the plans, the accounts show that people are often also confused about what to do, as well as the signs of emerging conflict within communities that have been seen in some villages, quoted directly from the English version of the *Sorak* website:⁵⁸

24 July 2011. *I think that Customary Council in my village, Kampung Tanas, is good. Our elders are very supportive to defend our land since they themselves are the chiefs of the land. They are always tell us that our land is symbolized as our own mother. We are totally depend on the forest since we get our foods from the forest. If we sell the land, we sell our own mother.*

53 <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/11839-keberadaan-pt-nutfa-malind-papua-ditolak.html>

54 <http://pusaka.or.id/2011/10/tanah-orang-malind-dalam-cengkeraman-rajawali.html>

55 Related to Tapol by a protected source. see: http://tapol.gn.apc.org/press/files/Human-Rights-in-Papua_Report-2010-2011.pdf

56 <http://pusaka.or.id/2011/07/gara-gara-sk-gubernur-papua-seharga-satu-botol-air-mineral.html>

57 <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/15203-pt-dongen-prabawa-lecehkan-masyarakat-pribumi.html>

58 <http://blog.insist.or.id/sorak/>

Otniel Diwalek, Tanas Village Officer for Social Welfare.

26 July 2011. Local villagers in **Alfasera** now busy talking about new plan of expanding palm-oil plantation into their communal land and forest. According to local customary laws, the area is belongs to the people of **Muting, Pahas, and Kolam**. The issue is that part of them agreed and another part disagreed with the plan. Some villagers there told me that the number who have agreed is more than the disagreed one. I think, rather than disputing and fighting among ourselves, better we should sitting and talking together soon.

Pasifikus Anggojai, Bupul Villager.

28 August 2011 Big companies who have already operating in Muting area are: [1] **PT. Bio Inti Agrindo**, Registered No.8 in Merauke Regency Office by a Regent Decree dated 16 January 2007. They have 39,800 hectares of concession area and bought the land January 2007 from local communities at price of IDR 50.000 (about USD 6,0 -Ed.) per hectare. [2] **PT. Papua Agro Lestari**, Registered No.9 dated 16 January 2007 with concession area of 39,000 hectares. Also bought the land of local communities at same price. [3] **PT. Berkat Cipta Abadi**, Registered No.13 dated 16 January 2007 with concession area of 40,000 hectares. However, they cheat local people and said that they have only 14,000 hectares of concession area. They bought people's land at price of Rp 70,000. We are not rejecting development since we also want prosperity but, if their investment methods continuously going that ways, nobody will welcome them. Really not make sense the price they have paid for our land and forests where is living thousands of big trees, high commercial woods and timbers, natural herb plants, animals, fishes. And now, after the companies already here, where have all those animals and plants gone?

Faustinus Ndiken, Muting Village.

22 October 2011. There is an investment plan on communal land of **Alatep** Community. The investor is **PT. CGAB Development**. They said that the company would clear the land for cassava, corn, and sugarcane plantation. The company had met twice with the local community in District Office in Okaba. At the time, they said that the company have a plan to use 20 hectares of land in **Alaku** site. I heard that the company now is preparing to present Environmental Impact Analysis (Analisis Dampak Lingkungan, AMDAL -Ed.). But, until today, there is no discussion about agreement or contract of the land. In previous meeting in the District Office, the company have promised to fund basic education of the local children of **Alatep**, build houses, church, clean water, electricity, and roads from the village to the planned site of plantation. Until now, not so clear yet how the plant would be implemented.

Obet Yawimahe, Head of Alatep Village, Okaba, Merauke.

29 November 2011 In last March 2011, we are the villagers of **Kaiburse** have met with the Head of Village and Elders Council to decide that we should reject presence of any investors such as **PT. Rajawali** in our customary lands. The meeting also attended by local government officials. When we allowing the company came into our customary land, where we can get our own livelihood? In the past, we have already give some part of our land to transmigration project and the government never paid us any compensation until today.

Christianus Y.Samkakai, Villagers of Kaiburse, Merauke.

5 December 2011. I have seen the situation of our brothers and sisters in Zanegi Village where is a company, **PT. SIS**, have operating. As the Chief of **Wayau**, I am really not want the similar situation happened in our own village. The company always promising many things but not proven at all. For example, they have promised to build new houses for Zanegi people but nothing happened until today. We are Marind people still living in traditional way of hunting and gathering. If we allow the companies to exploit our forests without any strict conditions and guarantees to be obeyed by them, our own life is really under serious threat to be extincted.

Edwardus Gebze, Chief of Wayau Village, District of Animha, Merauke.

5 December 2011. Recently, there is a company have a plan to start their operation in our village, **Koa**. The company is **PT. Anugerah Rejeki Nusantara**, a sugarcane estate company. The company have once came to us to explain their plan. They said that the sugarcane estate will implement a production-sharing scheme where is villagers would receive 20% while the company itself would get 30%. The company just lease or rent our land, not buy it. But, I have seen that they have already claimed some part of our traditional land. I have told to the Regent in Merauke Town and informed to him that decision to receive or to reject the company plan is absolutely the rights of us, the villagers of **Koa**. Meanwhile, I heard another company, **PT. Hardaya Group**, was also prepared a plan to clear a huge land in our traditional territory. I heard it from one of the company's employee. Until today, they still not came directly to us. We are the villagers of **Koa** should gathering together to discuss this issue.

Paulus W. Basik-Basik, Chairperson of Church Council, Koa Village, District of Animha, Merauke.

14 December 2011. On 9 August 2011, we have met with officials of **PT. CGAD**, a company who have offer us with a plan to exploit 20,000 hectares of our traditional forests. The area is covering 8 villages: **Sanggase, Alateb, Alaku, Okaba, Makaling, Iwol, Dufmira, and Wambi**. At the meeting, we are **Makaling** villagers have sharply reject the plan. Some District's officials of Okaba are our witnesses in the meeting. Our reason to reject is our own human resource capacities is not prepared yet and, in fact, our village area is inside protected forests.

Martinus Aluen, Religious Leader of Makaling Village, District of Okaba, Merauke.

17 December 2011. There is a company have came to our village in **Selil**. The company is **PT. Berkat Citra Abadi (BCA)**. In September 2010, the company came for the first time to explain their plan. They said they will come for further explanation and negotiation for two or three times more. They said they will cut our timber forests as wide as 31,000 hectares. They said they will pay us such as 'agreement fee' if we agreed with their plan. But, I don't know how much the amount. Before, in February 2011, the company was actually have invited us, the villagers of **Selil** and **Kindiki**, to met in the District Office of Ulilin to receive the 'agreement fee' of IDR 50 millions (about USD 5,555 -Ed.). What I have knew is the fee was given to the villagers of Kindiki only. We are, the villagers of Selil, never received the money.

Nikolaus Renggam, Head of Public Administration Affairs, Village of Selil, Ulilin District, Merauke.

21 December 2011. We heard that some companies will come to our village, **Selil**. The companies are **PT. Berkat Citra Abadi (BCA)** and **PT. Bio Inti Agrindo (BIA)**. They have plan to cut a huge are of our traditional forests, about 31,000 - 39,000 hectares. I myself and all of villagers of Selil not agreed yet with the companies. We are worried that we would face disasters like our brothers and sisters in the villages of **Asike, Buepe, and Nakias** who have previously agreed to permit the companies operating there. We are worried about the fate of our future generation: where are they will go when the forests already cleared? We are worried that they can not see anymore wild deers, casowaries, pigs and paradise birds since the forests already gone and remain just as a past history.

Linus Omba, Chief of Omba Clan, Selil Village, District of Ulilin, Merauke.

11 January 2012 In the Village of **Koa**, there is a company namely **PT Hardaya Sugar Plantation** want to invest on our ancestral land. Some officials of the company have came several times to meet with us but no agreements have been achieved so far. We are the people of **Koa** have agreed not to sell our ancestral land to the company. The land and the forest is sacred heritage from our ancestors and will be heritaged further to our children and grandchildren. If we sell the land to the company, our children and grandchildren will have no land anymore. If the land and the forest not belongs to us anymore, where we would get our foods?

Paulus Basik-basik, Villager of Koa, District of Animha, Merauke.

In addition to all this evidence of MIFEE's social impacts that are already surfacing throughout the Merauke area, research by the Indonesian environmental NGO WALHI which visited Merauke in June 2011, estimated that at least 100,000 hectares of forest had been felled in the previous year alone.⁵⁹

MIFEE Ploughs on, Despite Hitting Rocky Ground

MIFEE's progress has hit major obstacles during the course of 2011, to the extent that it is uncertain whether it will go ahead at all. Disagreements between different levels of government and a lack of clarity about who would take responsibility to develop necessary infrastructure have led to a stalemate. Meanwhile the widespread opposition to MIFEE, most notably from the local people, combined with an increasingly volatile situation in West Papua, have also caused investors to hold back. Progress has undoubtedly slowed down, but the threat of massive agricultural development in Merauke has far from gone away. Here is an analysis of recent developments:

Provincial Government not in agreement: The



⁵⁹ <http://www.downtoearth-indonesia.org/story/miffee-project-violates-human-rights>

conceptual development of MIFEE was carried out almost exclusively between the local Merauke government and the national government in Jakarta, bypassing the provincial Papuan government almost entirely.⁶⁰ So when the Provincial government drew up its own land use plan, it refused to grant the full 1.28 million hectares of land for MIFEE that the Merauke regency had allocated in its land-use plan, and only allocated 552,000 hectares for the mega-project. The provincial government did not explain whether their motivation for this was, a concern for local people and environment, a belief in the importance of Papuan autonomy, or simply irritation that they had been left out of the windfall. The dispute caused some delays, but by 8th January 2011, the then-governor of Papua province, Barnabas Suebu, made a speech confirming that the provincial government fully supported the MIFEE program.⁶¹ Since the plan was always to implement MIFEE in phases over several years, MIFEE's proponents can still regard the 552,000 hectares as a 'safe' area where development can definitely go ahead, and larger areas may be added in the future, if and when the political conditions become conducive.

Infrastructure: No comprehensive plan has been produced about how to pay for the vast infrastructure development needed to turn one of Indonesia's most isolated areas into an agricultural hub. Companies that have expressed an interest in MIFEE often express that they are hesitant to commit before being sure whether sufficient infrastructure developments would be forthcoming in order to make their investment worthwhile.

This may be a particular concern to those companies who hope to develop food crops. This may be because crops such as rice and corn need a far higher level of infrastructure than an oil palm plantation would, and they must be able to produce grain at the same price as peasant farmers who are located much nearer the market. For example Heka Widya A Hertanto, Director of PT Sumber Alam Sutera, part of the Artha Graha group which specialises in hybrid rice, has said that to develop 10,000 hectares for rice cultivation, an investment of 1 trillion Rupiah (around 85 million Euros) is needed. On top of that there are the costs of experimenting with crop varieties, mobilising a labour force, equipment and managing the high risk of crop failure. He said that if the government did not prioritise investment then investors would not take part in developing Merauke as a food estate. *"In a food estate area the government also must build an integrated district where aside from rice fields there are fertilizer factories, rice mills, warehouses, ports, electricity generation, housing developments and so on"*, he said.⁶²

The central government allocated 300 billion Rupiah to Merauke in 2011, 77 million of which was to be used for agricultural infrastructure such as irrigation, with the remainder allocated to building roads and bridges.⁶³ However it is possible that not all of that money will reach its intended destination. Indonesia has a long history of corruption when it comes to local development plans, and this is even more the case in West Papua. It could well be the case that state funds to build roads and irrigation, for example, disappear before the projects are realised.

Some development has gone ahead already however: in December 2011 a 41 kilometre stretch of earth road connecting Okaba to Wanam in Ilwiyab district, which in the media was reported as being intended for MIFEE.⁶⁴

On the other hand, businesses are reluctant to directly fork out the capital needed for building infrastructure themselves, if there is the possibility that someone else will pay. However, there are reports that five or six investors, including Wilmar, Medco, Sinar Mas and corporations owned by Anthoni Salim and Ibrahim Risjad have apparently also agreed to build infrastructure in return for promises of land for their sugar cane plantations and tax holidays. The economic ministry included this procedure in a recent law, government regulation No. 94/2010.⁶⁵ The possibility that foreign countries might contribute through development aid had been raised when the Japan International Cooperation Agency was in talks with the government in October 2009 about spending \$250 million on port facilities.⁶⁶ But it is likely that that this money was also linked to an investment plan that Mitsubishi had at the time, as no further updates on JICA's investment have been published.

Political Situation in Papua: Papua's continuing unrest would not make any investor feel secure. 2011 was a turbulent year in Papua. The movement for West Papuan independence has been asserting itself more and more frequently. At the start of August, demonstrations took place across West Papua supporting the UK launch of International Lawyers for West Papua and demanding a referendum. By October, the third Papuan People's Congress was opened in Jayapura, only to be violently broken up by police who killed several people and arrested hundreds after the Congress resolved to declare Independence. On 1st December, Papuans marked the 50th

60 <http://sorpatom.wordpress.com/2010/08/12/soal-miffee-pusat-dan-provinsi-tidak-sejalan/>

61 <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/10425-pemprov-papua-dukung-program-miffee.html>

62 <http://www.inilah.com/read/detail/341911/dukung-food-estate-merauke>

63 <http://www.cenderawasihpos.com/index.php?mib=berita.detail&id=1421>

64 <http://regional.kompas.com/read/2011/12/16/19110826/41.Kilometer.Jalan.Dibuka.untuk.MIFEE>

65 <http://www.bisnis.com/articles/investor-siap-bangun-infrastruktur-food-estate-di-merauke>

66 <http://www.tempointeractive.com/hg/nasional/2009/10/05/brk,20091005-200906,uk.html>

anniversary of the day that a West Papuan national flag had been flown for the first time, and flag-raising and other actions were held in most cities through the territory.

Violence and conflict have also increased markedly in 2011. Kontras Papua has recorded 65 cases of violence from the police, the military, or from unidentified perpetrators during the year⁶⁷. Particular brutality has occurred in the highland regions, Puncak Jaya and Paniai, where military operations have killed dozens of people, burned several villages to the ground and caused villagers to repeatedly flee their homes.⁶⁸

Meanwhile the workers at West Papua's longest-standing and largest investment have carried out a strike which has developed a momentum that seems to encapsulate much more than the ostensible demand of a pay increase. Workers at the Freeport mine were on strike for four months, and refused to return to work even after a union-negotiated settlement, because workers maintained their solidarity with employees of a subcontractor who were threatened with dismissal after joining the strike.⁶⁹ Mysterious shootings have also occurred along the road to Freeport which have claimed the lives of several police officers and Freeport workers.

Since MIFEE was first proposed the touchpaper of rebellion has been relit in West Papua and no-one knows which direction it could go in next. If Papua's future remains unclear, the climate for investment is particularly so.

Opposition to MIFEE: Papuan opposition to MIFEE has come from many corners, and has been quite well organised. Statements of opposition have not only come from the people of Merauke who will be directly affected, but from across West Papua. Papuan movements throughout the whole Land of Papua see MIFEE as another assault on their existence from outside Indonesian and foreign Capital. For example, Forkorus Yaboisebut is the leader of the Papuan Customary Council (*Dewan Adat Papua*), who has been in prison since he was declared the president of an independent West Papua in October 2011. He has explained that he opposes MIFEE because it is proof of the destruction of indigenous Papuan peoples along with their land and the natural resources which bring unity to their society and culture, in the interests of outsiders and others. This will have the effect of making indigenous Papuans marginalised and under threat of extinction as distinct peoples as their living space becomes constricted.⁷⁰



Papuan activists have set up groups to campaign around MIFEE, most notably SORPATOM, which was formed first in Jayapura and later in Merauke. They have organised demonstrations in both cities.⁷¹ Local NGOs that are active in Papua have also shown concern about MIFEE, researching the situation on the ground and carrying out advocacy activities with communities. National Indonesian networks have also made statements against MIFEE, such as the AMAN indigenous people's network⁷², SPI farmers' union⁷³, Sawit Watch⁷⁴, which monitors oil palm developments and KIARA, the association of fisher-folk.

Then of course there has been the resistance of the villagers themselves, as documented above. In particular there has been the many-month-long stand-off between the people of Sanggase and Medco, and villagers around the area have declared their resolve to resist. The widespread opposition to investors has led to Merauke's new *Bupati*, Romanus Mbaraka (who was elected in 2011 and so is less implicated in the project than his predecessor),

67 <http://tabloidjubi.com/daily-news/jayapura/15429-kontras-papua-65-kasus-kekerasan-di-papua-sepanjang-tahun-2011.html>

68 See for example these West Papua Media reports from December 2011 in Paniai: <http://westpapuamedia.info/2011/12/14/massive-indonesian-offensive-displaces-thousands-in-paniai-as-helicopters-attack-and-raze-villages/> and also in Puncak Jaya: <http://westpapuamedia.info/2011/12/04/tni-troops-burn-down-churches-and-villages-in-puncak-jaya/>

69 <http://www.thejakartaglobe.com/home/sticking-point-prolongs-freeport-strike/488078>

70 <http://sorpatom.wordpress.com/2010/08/12/forkorus-yaboisebut-rupanya-pemerintah-pusat-dan-pihak-luar-anggap-tanah-ini-tidak-bertuan/#more-133>

71 <http://sorpatom.wordpress.com/2010/11/26/di-jayapura-sorpatom-demo-tolak-mifee/>

<http://sorpatom.wordpress.com/2010/11/25/tolak-mifee-sorpatom-demo-ke-dprd-merauke/>

72 <http://www.aman.or.id/en/component/content/article/7/179.html>

73 <http://www.spi.or.id/?p=2240>

74 <http://sawitwatch.or.id/2011/04/mifee-must-benefit-indigenous-papuans-everyone-2/>

making declarations that claim to uphold the people's rights against aggressive companies. In December 2011, he even repealed Medco's license to cut further into the forest, and asked villagers to report any investor who came secretly to their village trying to trick them into a deal.⁷⁵ The general chair of the Papua Provincial Chamber of Trade and Industry (Kadin), Jhon Kadey, is quoted in local paper the Cenderawasih post as saying "All the investors in Papua are very scared of what's known as *hak ulayat*. Because of that it's very difficult for investors to enter Papua".⁷⁶ Local opposition is frequently cited as a main reason for MIFEE's stagnation.

In the case of the Hardaya plantations of the Central Cipta Murdaya group, the Bupati has said that the local government will act as a go-between in mapping *ulayat* rights to avoid a repetition of what happened with Medco in Sanggase kampung.⁷⁷ However it remains to be seen whether this is motivated only by a wish to protect communities or also to smooth the way for investors to operate by avoiding potential future conflicts over *ulayat*.

Challenges at the United Nations: In July and August 2011, a group of NGOs, including local groups based in Merauke as well as Indonesian and European-based groups, wrote to three United Nations bodies requesting they take action against MIFEE. The UN bodies are the Committee on the Elimination of Racial Discrimination (CERD), the Special Rapporteur on Food Security and the Committee on Economic, Social and Cultural rights (CESCR). The letters are essentially asking for the UN groups to use their influence to push for a moratorium in the implementation of MIFEE until such time as laws and land titling are adjusted to ensure the security of local indigenous people in Merauke.⁷⁸ A different coalition of NGOs has also written to the UN, requesting that concerns about MIFEE be included in the United Nations Universal Periodic Review of Human Rights, released once every four years.⁷⁹

The CERD has responded to the letter, writing to Indonesia's ambassador to the United Nations outlining their concerns, requesting information of what measures have been taken to obtain the free prior informed consent of the local Malind people and whether any research has been done on how they are to be affected by the mega-project. The CERD also requests a meeting to discuss issues arising at its next session in February-March 2012.

Moratorium on Forest Clearance: In 2010 a deal was announced between the governments of Norway and Indonesia where Norway would pay Indonesia \$1 billion in exchange for Indonesia implementing a moratorium on logging primary forest over the course of two years. There was speculation that the deal would result in MIFEE not going ahead, or on a greatly reduced scale.⁸⁰ However, after many months of negotiation, much of Merauke Regency was excluded from the final map of the area covered by the moratorium. Several exceptions were made in the Presidential Instruction defining how the moratorium was to be implemented (Inpres 10/2011), one of which was for the "vital national developments: geothermal, oil and natural gas, electricity generation, land for rice and sugar-cane"⁸¹ which can be taken to mean that MIFEE would be exempt from the moratorium⁸².

The moratorium map was revised in November 2011, a few months after it came into effect, and a further 350,000 hectares of the MIFEE area that had previously been categorised as peatland were excised from the moratorium map. This action reaffirming that MIFEE would be exempt from the moratorium was highlighted by Greenomics, who also pointed out that the some of this land was intended for corn or livestock farming, not rice or sugar, and that a further 200,000 hectares of primary forest were still included in MIFEE clusters.⁸³

The ambiguity about what MIFEE really is, and the fact that it includes timber and pulpwood projects and oil palm as well as rice and sugar-cane, has not been addressed in the moratorium, which has its own fair share of ambiguities. Some reports suggest it is having an effect: in August 2011 a comment from MP Tumanggor, the commissioner for Wilmar, the Singaporean company that has been eyeing 200000 hectares for sugar-cane, reveals his company's exasperation with the process: "In Merauke it's also not possible. The news is that the food estate has been postponed. The land that was available before will even be turned into protected forest".⁸⁴

75 <http://tabloidjubi.com/daily-news/seputar-tanah-papua/15172-babat-hutan-merauke-ijin-operasi-pt-medco-papua-ditahan.html>

76 <http://www.cenderawasihpos.com/index.php?mib=berita.detail&id=1412>

77 <http://www.bintangpapua.com/tanah-papua/9936-pemkab-jembatani-perusahaan-dengan-pemilik-ulayat>

78 <http://www.downtoearth-indonesia.org/story/indonesia-taken-task-over-miffee>. Full text of the submission to CERD can be found at: <http://www.forestpeoples.org/topics/un-human-rights-system/news/2011/08/request-consideration-situation-indigenous-peoples-merauk>

79 <http://www.downtoearth-indonesia.org/story/ngos-urge-indonesia-heed-miffee-moratorium-call>

80 <http://www.reuters.com/article/2010/08/18/us-indonesia-moratorium-idUSTRE67H1Y120100818>

81 <http://sipuu.setkab.go.id/PUUdoc/17176/INPRES0102011.pdf>

82 http://www.cifor.org/publications/pdf_files/WPapers/WP-76Murdiyarso.pdf

83 http://www.greenomics.org/docs/Report_201202_Merauke_Food_and_Energy_Estate.pdf

84 "Di Merauke (Papua) juga tidak mungkin. Pembangunan food estate (klaster industri pangan) di Merauke kabarnya ditunda.

Bahkan, lahan yang tadinya disiapkan mau dijadikan hutan lindung," <http://www.suarakarya-online.com/news.html?id=285764>

A further admission that all was not going to plan was revealed by Agriculture Minister Suswono to the Jakarta Globe newspaper in August 2011. He claimed that he was considering relocating the food estate plan to East Kalimantan, because progress had been too slow in Merauke. *“It has been two years since we floated the plan, but there has been no progress at all.”*, he said. *“The construction of the Merauke food estate was obstructed by lack of regulation to clear necessary land.”*⁸⁵

So is MIFEE on the way out? Despite all the stories that the mega-project is on the rocks, there are still plenty of indications that large-scale agriculture is still being planned in Merauke, and that investors are just waiting for the right moment to make their move, and indeed some are already planting. This is evident from reports from villages, which indicate that potential investors are continuing to make approaches to villages. Further indications come from the international markets - during 2011 three MIFEE investors were bought by multinational companies: Korean corporations Daewoo and Moorim bought controlling shares in PT Bio Inti Agrindo and PT Plasma Nutfah Marind Papua respectively, while Wilmar formally bought PT Anugrah Rejeki Nusantara.

Despite Suswono's comments, the Indonesian Government remains committed to establishing Merauke as a centre for food production. In May 2011 a “Master Plan for the Acceleration and Expansion of Indonesian Economic Growth” was launched, which outlines Indonesia's strategy for economic development over the next 15 years. Six 'economic corridors' are outlined - the plans in Papua are some new roads, growth to be generated through copper mining, oil and gas and, in Merauke, food production from MIFEE.

Companies' plans for vast new plantations are highly speculative in nature, sometimes they go ahead and sometimes they don't. Many previous plans for developing Merauke's forests have fallen through, and there are many factors which could cause the present batch to fail as well. However, with land in the rest of Indonesia already under high pressure, Papuan forests will remain attractive targets for exploitation, and there will be a constant push from companies who hope that they could be the pioneers that will tame this frontier. The potential profits to be made are so huge that companies can afford to wait a year or two. The people of Merauke are likely to have to face a prolonged battle if they want to continue to live according to their traditional pathways or determine a future that they feel is appropriate.

Repression connected to MIFEE

In addition to the deception of villagers by companies trying to gain access of their land, there have been some cases of repression when people have tried to organise against MIFEE:

On 30th July 2010, the body of Ardiansyah Matra's (25) was found floating in the Maro River. He was a local journalist in Merauke who had reported critically about investment plans. Although the police claimed it was suicide, he had reportedly received death threats via SMS before he was killed.⁸⁶

SORPATOM is a Papuan group set up to reject MIFEE. On 16th October 2010, the day the group was to be launched in Merauke, police arrested three of the group's leaders and interrogated them for five hours.⁸⁷



In August 2011, a coalition of NGOs prepared a letter to the United Nations Special Rapporteur on the right to food, Olivier De Schutter. Before sending off the letter, they wished to present and discuss their findings with local communities who would be affected by MIFEE. At least 12 police and military intelligence officers entered the building, and tried to argue that the relevant permits had not been issued. They barred the foreign legal advisor from attending the meeting and maintained their presence until the end, meaning that the community

85 <http://www.thejakartaglobe.com/business/indonesia-turns-back-on-papua-food-bowl-plan/459493>

86 <http://www.cpj.org/killed/2010/ardiansyah-matrais.php>

87 <http://sorpatom.wordpress.com/2010/10/16/ketua-sorpatom-wilayah-merauke-diinterogasi-polisi/>

members felt too intimidated to be joint signatories to the letter, which was signed by NGOs alone.⁸⁸

Merauke is a militarised zone, in part due to its location along the border with Papua New Guinea, and the presence of military outposts close to communities undoubtedly has the effect of intimidating opposition to investment plans. A 2009 report by Human Rights Watch has detailed several incidents of violence towards the local Papuan population by Kopassus special forces in Merauke. These cases are not directly connected with the repression of political movements or investment plans, but do give an insight into the pressure ordinary Papuan people feel from the constant military presence.⁸⁹ Of course, many of the potential investors in Merauke also have links with the military -one example being Kertas Nusantara, which is owned by Prabowo Subianto, a former leader of Kopassus.

Part 3 : Some Other Concerns

Transmigration and Marginalisation

Whatever form MIFEE might eventually take, one thing is certain: it would require huge numbers of workers. Just how many is hard to predict with plans as unclear as they are now. One frequently-used estimate, based on four workers per hectare, would come to a total of 4.8 million new workers in Merauke. This is likely to be an over-estimate, because it is based on rice farming and many of the applicants for MIFEE are planning oil palm or plantation forest, which are less labour-intensive.⁹⁰ Nevertheless, as indigenous Papuans currently make up less than half of the 233,000 population of Merauke Regency (2010 figures), it can be foreseen that local people would be a tiny minority under any future grand development plans.⁹¹

The significance of these potential demographic changes cannot be underestimated due to the economic discrimination indigenous Papuans face compared with migrants from other islands. A stroll through any Papuan city will reveal the absolute dominance of the migrants in every sector of the economy: almost every business, small or large, is owned by a non-Papuan. This means that the local people are not only a minority in terms of number, but also lose influence both economically and politically, and become thoroughly marginalised in their transformed ancestral land.

The huge influx of migrants needed for a scheme such as MIFEE is important for the political future of the whole of West Papua as well. In 1959 just 2% of residents in Papua came from outside Papua, and by 1971 the figure was still only 4%. In 2000 35% of residents in Papua came from outside Papua but by 2011, the non-indigenous residents reached 53.5%. As we know, many Papuans regard their political status as still unresolved. Indeed, as well as dialogue, a referendum is one means that several Papuan groups advocate as a peaceful way to determine the wishes of Papuans, and to be a replacement for the flawed 1969 Act of Free Choice.⁹² Even though the idea of such a referendum is that it would be conducted amongst indigenous Papuans and not recent migrants, the pace of migration is nevertheless unsettling. By flooding Papua with migrants, Indonesia solves the Papuan problem for itself by default, as there will come a point when it is no longer possible to imagine that all those millions of people could ever return to live on crowded Java, Sulawesi and the other islands they migrated from.

Migrants come to West Papua either on their own initiative, seeking well paid employment, or as part of a government resettlement program known as transmigration. Since the origins of transmigration programs, reaching back to even before Indonesia gained its independence, they have been viewed as a tool of nation building, mixing people from different cultural backgrounds until 'Indonesian' emerges as the default identity.⁹³ That doesn't mean they are a good deal either for the migrants or the indigenous communities whose land they

88 <http://tapol.gn.apc.org/letters/LettertoSRRighttoFood9Aug2011.pdf>

89 http://www.hrw.org/sites/default/files/reports/indonesia0609webwcover_1.pdf

90 The figure of 4.8 million is taken as an example by Pusaka, and SORPATOM estimate a similar number, which they claim will be multiplied several times if their families are included. If this figure seems far too exaggerated, other lower estimates are probably slightly too conservative, such as the 180,000 extra migrants estimated in Longgena Ginting and Oliver Pye, "Resisting Agribusiness Development: The Merauke Integrated Food and Energy Estate in West Papua, Indonesia", April 2011, http://www.future-agricultures.org/papers-and-presentations/doc_download/1408-resisting-agribusiness-development-the-merauke-integrated-food-and-energy-estate-

91 Pusaka's book "Tak Terjankau Angan Malind" (op cit) p82,

<http://desasejahtera.org/artikel/457-menggugat-food-estate-kembali-ke-petani.html>

92 <http://www.thejakartapost.com/news/2011/10/11/thousands-rally-papua-referendum.html>

93 http://deepblue.lib.umich.edu/bitstream/2027.42/39189/2/hoey_ethnology_2003.pdf

settle.

Papuans often talk of what is going on in their land as genocide, and when they do, they do not refer to the killings that take place by the military alone, although there is a case to be made that the history of military violence in West Papua has fulfilled the conditions that are used to define genocide.⁹⁴ Genocide is also interpreted in the cultural sense, the obliteration of people's identity, cosmology and traditional life patterns. The Malind people understand themselves as part of the landscape, with each clan taking responsibility for one important plant or animal. So what about when people's traditional means of subsistence have been usurped and they have had to become plantation labourers, if they are lucky enough to get a job at all? Or else they move to the city and are stigmatised by the generalised racism of the incoming majority which harms both their self-esteem and employment prospects? Or when the beliefs and clan structure that traditionally described the access to land are destroyed and the tracks and resting places of ancestors that formerly mapped the terrain in the collective memory are replaced by the plantation boundaries on the maps in the local planning office? Would it not be accurate to describe these changes as genocide?⁹⁵

Migrants to Papua are arriving in an environment where racist assumptions are widespread but attempts are rarely made to challenge this. So for example, it is often the case that indigenous Papuans, who have been subjected to a forced dislocation from their traditional means of livelihood, do not find the skills or motivation to adjust to make a successful living as a rice farmer. In the cities, they rarely start successful businesses. Racist rationalisations for this are frequently heard, stigmatising Papuans as being lazy, drunken and undisciplined by nature. The slightly more charitable version, that Papuans have not had the same possibilities to receive an education, is also unsatisfactory. Both explanations gloss over the systematic discrimination that Papuans face in their own land, and legitimise how new migrants to the area come to dominate. It is not so different from the rationalisations that the old European colonial powers used to justify their own empires.

Nevertheless, Papua's education system has always lagged well behind the rest of Indonesia and educational disadvantages do further disadvantage Papuans who are looking for work. Although companies frequently promise communities that they will employ local people when they propose their plans, they do not always mean it. Kompas newspaper has reported that Marius Moiwend, and other colleagues from Sanggase village, were refused jobs as security guards by PT Medco Papua, just because they had not completed junior high school.⁹⁶

The impacts of population changes on health should also not be ignored. A particular worry is HIV/AIDS. An alarming epidemic of this disease is taking place in Papua, and Merauke already has the second highest incidence after Mimika, home of the Freeport mine. As extra migrants move into the area, so do the police and military, who often run private prostitution businesses, and also sell alcohol, which has its own detrimental effects.⁹⁷

In consideration of the fact that transmigration to Papua was such a politicised issue, when the Special Autonomy (Otsus) policy meant to solve Papuan problems was negotiated the Governor of Papua was given the right to approve or reject any new transmigration schemes.⁹⁸ However, this seems to have been ignored by MIFEE's architects. The plan for MIFEE was developed between the local *Bupati* and the Jakarta government, effectively bypassing the provincial level.⁹⁹ There are no indications that the huge population flows it would necessarily entail were given much consideration at all.

The potential effects of such a huge number of migrants arriving in Merauke, and the effect it is likely to have on local people, is one of the reasons why thirteen Papuan, Indonesian and international organisations have written to the UN Committee for the Elimination of Racial Discrimination asking that the committee considers the MIFEE under its early warning and urgent action procedures. They also recommend that Indonesia suspends the MIFEE project until such time as indigenous people's rights have been secured in law and practice.¹⁰⁰

Implications for Indonesia's Agricultural Landscape

In 1996, Indonesia's last attempt at a giant rice development project took place in Kalimantan. 1.4 million hectares of peat swamp forest was felled, and contracts given out to Suharto's associates to build drainage and

94 http://www.law.yale.edu/documents/pdf/Intellectual_Life/West_Papua_final_report.pdf

95 <http://malindanim.wordpress.com/2010/08/30/a-small-paradise-that-will-be-annihilated/>

96 <http://regional.kompas.com/read/2010/08/06/0356553/MIFEE.Berkah.atau.Kutuk>

97 <http://tapol.gn.apc.org/press/files/pr100811.html>

98 <http://www.papuaweb.org/goi/otsus/files/otsus-en.html> (see article 61)

99 <http://sorpatom.wordpress.com/2010/08/12/soal-miffee-pusat-dan-provinsi-tidak-sejalan/>

100 http://www.forestpeoples.org/sites/fpp/files/news/2011/08/EW_UA%20Indigenous%20Peoples%20Merauke%20Indonesia%20July%2031%202011%20Final.pdf

other infrastructure. 15,600 families were moved to the area as part of a transmigration program. However, no rice was ever planted. The peat soil was just not suitable. What's more, the dry peat easily caught fire, and was part of the cause for the huge fires which raged across Kalimantan in 1997 and 1998. The failed program counts as one of Indonesia's worst environmental disasters of recent times.¹⁰¹

For both the existing inhabitants of the area and the new transmigrants, the outcome of the Kalimantan Mega Rice project was poverty, because of fire risk, infertile soils and the loss of protection from swamps and forests. Programs have now begun to rehabilitate the area.¹⁰² This is a clear irony from a project designed to ensure food security.

Because of stories like this, farmers' movements around the world have chosen to redefine the agenda in a way that takes social and environmental issues at the local level into account, and so now speak of *food sovereignty* instead of food security. At the Nyeleni conference in Mali in 2007, food sovereignty was defined as "*the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems.*"¹⁰³ Groups such as the international network La Via Campesina, who support this idea, believe that allowing food production to fall into the hands of corporations destroys rural communities and is also ecologically damaging. Neither does it ensure food security, as it is the market that decides food prices and distribution.

Small family farms still account for the majority of Indonesia's food-crop cultivation, and throughout the archipelago farmers fight to maintain this way of life, understanding clearly the difference between owning land and working as farm labourers. One example is the farmers' movements in North Sumatra, whose land was seized by Suharto in the 1970s to become oil palm plantations. Many different groups are still using strategies such as land occupations to try to reclaim their land, even many decades after it was taken from them.¹⁰⁴

The importance of a free family farm has become closely connected with nationalist beliefs in Indonesia. Memories of the Dutch Colonial era are very connected to the colonists' control of land, particularly emblematic being the hated policy of *Kultuur Stelsel* or cultivation system, where farmers were forced to plant what the colonial administration ordered, and turn over a portion of their harvest. After independence there was a wave of agrarian reform - one of the aims of the 1960 Basic Agrarian Law was to redistribute land widely, and to limit the amount of land owned by any individual. Despite the many changes that have happened since, having access to a few hectares to make a living is very important to peasant farmers throughout Indonesia.

Nevertheless, the government wishes to introduce a new element to the agricultural economy, the food estate, which former minister and MIFEE investor Siswono Yudohusodo has described as highly mechanised, "*working the land by machine, harvesting by machine, drying with an industrial drier. In this way the production costs are lowered*"¹⁰⁵ He also cites Brazil as a role model for Indonesia's agricultural development. Brazil has transformed its agricultural economy in recent years to become a major exporter of grains, and increased the value of its crops by 365% between 1996 and 2006. This was mainly achieved by cultivating the cerrado grasslands. The area was previously thought to be infertile land, but Embrapa, a state-owned research institute, has developed a technology-intensive approach involving conditioning the soil with large amounts of lime, breeding new strains of grasses which can be used as cattle-feed and genetically modifying soya beans.¹⁰⁶

It seems slightly strange that West Papua was chosen for Indonesia's first attempt at a Brazilian-style food estate. After all, it is mostly forested land with few skilled agricultural workers and almost no infrastructure, and also a conflict zone. All in all a difficult area to establish a smoothly-running, mechanised food estate. But Papua is still a region where controversial practices can go ahead with some degree of impunity. Indonesian networks of farmer's and environmental movements do not have representatives there and the behaviour of the police and military is reminiscent of how it was in Indonesia under Suharto. To what extent is Merauke an experiment which can later spread to the rest of Indonesia?

The new law on food estates, government regulation No. 18 of 2010, may have been designed with Merauke in

101 <http://www.insideindonesia.org/edition-65-jan-mar-2001/kalimantan-s-peatland-disaster-3007496>

102 <http://www.youtube.com/watch?v=rJIqgwtdQo> describes one program. Another program for hydrological rehabilitation funded by Australia as a REDD project has been criticised for potentially causing land conflicts due to heavy machine use, and not negotiating with local Dayak people: <http://www.redd-monitor.org/2011/06/23/kalimantan-forests-and-climate-partnership-faces-yet-more-criticism/>

103 <http://www.nyeleni.org/IMG/pdf/DeclNyeleni-en.pdf>

104 <http://hidupbiasa.blogspot.com/2009/12/37-years-fighting-to-farm-oil-palm.html>

105 "Olah tanahnya dengan mesin, penennya dengan mesin, pengeringannya dengan tryer. Dengan pola semacam itu biaya produksinya bisa lebih murah."

106 <http://www.economist.com/node/16886442>

mind, but it is valid nationwide. Partly because progress in Merauke has not moved as fast as the government had hoped, new proposals to develop food estates spring up in other parts of Indonesia. As Agriculture Minister Suswono has said, while land and infrastructure issues continue to cause problems in Merauke, the food estate program will start wherever possible.¹⁰⁷ First in line is East Kalimantan where the provincial government claims that over 300,000 hectares of land can be made available, distributed over ten regencies.¹⁰⁸ Several companies have made bids for large stretches of land. Many of these are state owned or private Indonesian companies, but Korean and Malaysian companies are also involved.¹⁰⁹ 30,000 hectares are already being developed as a food estate in Delta Kayan.¹¹⁰

West Kalimantan is also planning a 50,000 hectare food estate in Kubu Raya¹¹¹, and the provincial government believes that eventually 250,000 hectares could be developed as food estates.¹¹² Reports have also been published of plans for a food estate in Aceh.¹¹³

The expansion of food estates does not only mean the eviction of people from their farms or customary lands, but also could have major impacts for farmers in other places. For example, big business will establish the price that farmers can get for their crops, or tie it in to the global market. If economies of scale and a mechanised approach mean that the companies can produce food at lower prices, small-scale, independent farmers are pushed into poverty. This is a serious issue in Indonesia's agricultural heartland of Java, Sumatra and Bali, where pressure on land has decreased the average farm size and so made it harder to make a good living from farming.



Agribusiness companies also stand to gain an edge over local farmers by planting hybrid seed varieties. These high-yielding strains, which must be bought from seed companies each year, have not been popular with Indonesia's small rice farmers. That's because although the hybrid varieties promise bumper harvests, experience has shown that crops often fail due to disease. They are more suited to food estates, where the large scale and availability of capital bring greater scope for experimentation and pesticide use.

One of the MIFEE companies, PT Sumber Alam Sutera specialises in developing hybrid rice, in partnership with a Chinese firm, Sichuan Guohao seed company. State owned company PT Sang Hyang Seri is involved in all three planned food estates, and has partnerships to develop hybrid rice with Devgen from the Netherlands and SL Agritech from the Philippines. Other multinational hybrid rice companies present in Indonesia include Advanta, Bayer, Dupont, Syngenta, Takii Seeds and Yuan Longping Hightech Agriculture. In this way control of seed supply becomes another means for multinational corporations to enter the food chain.¹¹⁴

Another ominous piece of legislation has been progressing through the chambers of government during 2011. The law for obtaining land for development in the national interest (*Undang-Undang Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum*) enables the government to evict people from their land if it is deemed to be in the national interest, and it is clear that this would not only apply to state projects but also include projects from private investors.¹¹⁵ As we have seen, its proponents have attempted to legitimise MIFEE by creating a discourse of Indonesia's food security. In the logging moratorium that Indonesia signed with Norway 'projects of national importance' including rice and sugar-cane production were excluded from the moratorium area.¹¹⁶ It is no grand stretch of imagination to predict evictions around the country to clear the path for

107<http://www.antaranews.com/berita/277214/mentan-petani-bukan-buruh-dalam-food-estate>

108<http://diskominfo.kaltimprov.go.id/berita-926-ketahanan-pangan-di-kaltim-perlu-dukungan-semua---.html>

109PT Harim Indonesia and PT Miwon are subsidiaries of South Korean companies. Pt Techniteam Indonesia is linked to Malaysia

110<http://regional.kompas.com/read/2011/03/31/03232299/Rencana.Food.Estate.30.000.Ha.Bulungan>

111<http://kalbar-online.com/news/ekalbar/kubu-rayakubu-rayasiapkan-program-food-estate>

112<http://www.mediaindonesia.com/read/2011/08/28/254730/127/101/Kalbar-Sediakan-250-Ribu-Ha-untuk-Food-Estate>

113<http://www.thejakartaglobe.com/bisindonesia/indonesia-plans-new-food-estate-in-aceh-minister/426203>

114<http://www.grain.org/article/entries/4158-feeding-the-corporate-coffers-why-hybrid-rice-continues-to-fail-asia-s-small-farmers>

115<http://www.spi.or.id/wp-content/uploads/2011/12/2011-12-29-Catatan-Akhir-Tahun-2011-SPI.pdf>

116The national importance argument has been used many times in the past to justify oppressive behaviour, including the use of military to guard projects like Freeport.

agribusiness operations, claiming to be in the 'national interest', under the crisis logic of food security.

Part 4 : Profiles of the Companies Involved

In Indonesia's resource exploitation industries, whether logging, mining or plantations, private companies tend not to start new ventures under their own name. Instead, they will often set up new companies with neutral-sounding names. This means it is not immediately obvious whose interests lie behind any particular proposed plantation. We have tried to find out as much information as we can about the companies who may be involved in MIFEE, but some remain a mystery.

Many of the companies are owned by the conglomerate businesses of Indonesia's elite. Almost all of the Indonesian-owned businesses involved in MIFEE are headed by someone whose name regularly features on lists of Indonesia's richest individuals. This is common across Indonesia, where owners of large business empires almost invariably have interests in plantations, especially oil palm. Many of these mega-rich conglomerate owners also have political careers, or have built up their business empires through relationships with politicians, particularly in the Suharto era. Business links with the military are also an important link in the chain; but although we know they exist, they are not usually out in the open, and so it is harder to track down the exact connections.

How are Indonesia's elite involved in MIFEE?

Name	Company	Position in Forbes Rich List 2011 ¹¹⁷	Political Affiliations
Arifin Panigoro	Medco	(21st in 2010, but slipped off the list in 2011)	Previously key figure in PDI-P, Partai Demokrasi Pembaruan
Peter Sondakh	Rajawali	8	
Martua Sitorus	Wilmar	7	
Prabowo Subianto	Kertas Nusantara		Leader of Gerindra Party, vice-presidential candidate 2009
Hashim Djojohadikusumo	Comexindo	32	
Siswono Yudohusodo	Bangun Cipta Sarana		Golkar Party, former minister and vice-presidential candidate
Murdaya Poo + Siti Hartati Murdaya	Central Cipta Murdaya	14	
Tomy Winata	Sumber Alam Sutera		
Marimutu Sinivasan	Texmaco		
Eka Tjipta Widjaja	Sinar Mas (plans in Merauke not yet clear)	3	
Anthoni Salim	Salim Group (plans in Merauke not yet clear)	5	
Aburizal Bakrie	Bakrie Sumatera Plantations (pulled out of MIFEE in 2010)	30	Leader of Golkar Party, likely presidential candidate 2014

Foreign Companies appear to have been more cautious. The \$4 billion planned investment from the Saudi bin Laden group never materialised, and there have been no further updates from Japan's Mitsubishi Corporation about the investment it was planning in late 2009.¹¹⁸ The exception has been South Korean companies. This

¹¹⁷http://www.forbes.com/lists/2011/80/indonesia-billionaires-11_rank.html

¹¹⁸<http://economy.okezone.com/read/2009/10/02/320/262024/mitsubishi-lirik-investasi-rp2-5-t-di-merauke> . Other reports indicate that the \$250 million investment would come from the Japan International co-operation agency (see <http://farmlandgrab.org/post/view/8083>). Even if Mitsubishi Corporation does not make an investment in its own right, it remains

includes Korindo, an Indonesian-based Korean company that has already had an involvement in southern Papua for many years through its oil palm and timber operations, and has some of the most ambitious plans for Merauke. Then there are two other Korean companies who are planning to proceed with plantation plans; Daewoo International Corporation and Moorim Paper. Another Korean company, LG corporation, also has a significant stake in Medco's forestry plans.

One potential investor, Teknix Capital, run by Australians in Indonesia, describes its aims as follows: *“Its mandate is to acquire or originate early stage investment opportunities, with particular focus on the natural resource and manufacturing sectors in Indonesia, and develop them until a profitable track record has been established, at which point later stage investors are invited to acquire them or contribute to their further development.”* The company is staffed by people who understand what it takes to start-up new businesses in Indonesia and can then pass them on at a large profit once the initial obstacles have been overcome. It seems likely that some of the bigger companies involved in MIFEE, especially Medco and Korindo, also have the ambition of using their local contacts and experience to facilitate the entry of other companies, given that the two companies have track records of looking for partners.

This speculative approach may also explain why so many investors remain unknown, waiting for increased likelihood of a return on their investment or a well-resourced partner to assume responsibility for managing the plantation. Significantly, Teknix Capital appeared not to make any progress on their project for a number of years, but still was committed enough to fight a legal battle up to the Supreme Court level after another company was awarded the land they hadn't developed.

In the following section are profiles of the potential investors that are known of so far, including reports on what their progress might be, the ownership of the company and examples of other destructive projects they may be involved in around West Papua and Indonesia. To give some indication of what stage each company is at, they are grouped into four categories. First of all the companies that are already operational, clearing forest and planting crops. Secondly are the companies who have not yet started work on the land, but who are actively progressing with plans to get permits and access to land. Next come a group of companies who have permits, and who may be pushing ahead with plans, but there is no news of their plans in Merauke. Finally there are a few companies who, as far as we know, do not have permits, but have been quoted in the national press as having an interest.

Hopefully this information will give a more detailed guide to which companies actually are involved, to help clarify the confusing lists which often appear in media articles about MIFEE.

involved through its 20% stake in Medco Energi

Plantations Already Operational

Medco Group

(PT Seleras Inti Semesta, PT Medco Papua Alam Lestari, PT Medco Papua Industri Lestari, PT Kasuari Komoditas, PT Energi Mitra Merauke, PT Tebu Wahana Kreasi, PT Papua Daya Bioenergi)

Company Description:

The Medco group is the business conglomerate of the Panigoro family and comprises Medco Energi Internasional, Medco Agro, and Bank Saudara amongst other companies. Medco Energi is Indonesia's biggest private oil and gas company. Its oil and gas operations can be found in Sumatra, Java, Sulawesi and Kalimantan in Indonesia, and it also has exploration licences in Libya, Cambodia, Yemen, Tunisia and the United States.

Medco bosses have frequently mentioned that one of their strategies is to develop their strength in the agribusiness sector because they believe that oil and gas will not be profitable for more than another decade.¹¹⁹ They already operate several oil palm plantations in Sumatra and a plant in Lampung for extracting bioethanol from cassava.

Owned by:

The Medco group was founded by Arifin Panigoro, and it remains the family business, with Arifin's brother Hilmi Panigoro as the current Chairman of Medco Energi. The brothers were listed at number 21 on Forbes list of the richest Indonesians in 2010, but lost half their fortune when a deal fell through to sell Medco to state-owned petroleum company Pertamina.¹²⁰ Hilmi Panigoro is also the chairman of the Indonesian Renewable Energy Society (METI).¹²¹

Medco Energi Internasional is listed on the Jakarta stock exchange. Japan's Mitsubishi Corporation bought a 39.4% stake in Encore Energy Pte Ltd, a holding company registered in Singapore which controls 50.7% of Medco Energi Internasional Tbk.¹²² When that deal was arranged, the two companies also signed a 'strategic alliance agreement' where the companies agreed to co-operate to strengthen their respective presence in certain business sectors, including bio-ethanol.

Medco Agro is a privately owned company and has oil-palm plantations in Sumatra and Kalimantan. The Medco Foundation takes charge of Medco's corporate social responsibility initiatives.

Plans for Merauke:

Medco has been a key player in shaping and promoting the MIFEE project since the outset. Medco's founder, Arifin Panigoro, went so far as to make sure he was initiated into the Gebze clan so he would be able to further his interests in the area.¹²³

Medco's interests in Merauke are in three principle areas: wood products, sugar-cane for bio-ethanol and promotion of MIFEE for other crops.



MEDCOENERGI

MIFEE's pioneers, Medco has grown from being a oil and gas company into a major land grabber. With a wood-chip mill already built, Medco also has sugar, rice and maybe sorghum projects in the pipeline and has already faced the anger of local people.

¹¹⁹<http://www.agroasianews.com/commodities/others/11/08/10/medco-studying-crop-species-merauke>

¹²⁰<http://www.forbes.com/sites/luisakroll/2011/11/23/fortunes-of-indonesias-richest-up-19/>

¹²¹<http://www.meti.or.id/>

¹²²http://www.mitsubishicorp.com/jp/en/pr/archive/2007/files/0000002603_file1.pdf

¹²³<http://www.meraukepos.com/2009/08/arifin-panigoro-dikukuhkan-jadi-anak.html> The US ambassador and Suharto-era Agriculture minister Sarwono Kusumaatmadja were witnesses to the ceremony.

Wood Products: Medco has made its first incursions into Merauke in the field of industrial tree plantations. A subsidiary of Medco Agro, PT Medco Papua Industri Lestari has constructed a factory in kampung Boepe by the banks of the Bian river. Another subsidiary PT Selaras Inti Semesta has secured a 301,600 hectare allocation for monoculture tree plantations.¹²⁴

The factory was initially planned to produce pulp, but NGO Conservation International claim to have persuaded Medco to 'downgrade' their factory to produce wood chips and pellets instead.¹²⁵ Korean Company LG International joined in on the pellet plan, investing \$25 million for a 25% share in a joint venture company, PT Metra Duta Lestari.¹²⁶ Medco owns 66% of that company while another Korean company, Y-Han holdings, has the remaining 9%. Woodchips would be used for pulp and the wood pellets exported as biomass fuel.

Sugar cane: Another Medco subsidiary, has been allocated 74,000 hectares for a sugar cane plantation. Medco intends to use this for the production of bio-ethanol. The latest information from the company is that they are progressing with an initial phase of 43,000 hectares and they hope to be operational by 2014-2015.¹²⁷

A number of other companies planning to develop sugar-cane are also believed to be linked to Medco. PT Kasuari Komoditas is reported to be operating a small trial sugar-cane plot near to kampung Harapan Makmur in Kurik district and is trying to get permits to plant in Tanah Miring district.¹²⁸ It can be guessed that PT Tebu Wahana Kreasi, PT Papua Daya Bioenergi and PT Energy Mitra Merauke are also linked to Medco as they are registered at a Medco address in Jakarta. The first two of these three companies have been awarded land within MIFEE's cluster 1.¹²⁹

Other food and fuel crops: Medco has an integral part of the team promoting Merauke as a location for food and fuel development. They have operated a farm in kampung Serapu for several years known as MIFEE mini. The farm has served as a research and demonstration program and was the site for the official MIFEE opening ceremony.¹³⁰ Amongst the crops Medco has been experimenting with is organic rice, produced using a technique known as 'System of Rice Intensification' (SRI), which the Medco Foundation has already introduced to other parts of Indonesia.¹³¹

In 2009 Medco commissioned a Colorado-based US agrofuels company, Neatech, to conduct a feasibility study into developing sweet sorghum for the production of ethanol in Merauke. This study was paid for by the United States Trade and Development Agency to the tune of \$320,924.¹³²

Stories from the Ground:

Communities areas affected by Medco's tree plantations and factory, including in Zanegi, Kaliki and Boepe

¹²⁴It appears that PT Selaras Inti Semesta is under Medco Agro rather than Medco Energi, although neither company claims in their reports or propaganda. See for example http://www.dephut.go.id/files/IUPHHK_HT_2009.pdf which lists PT Selaras Inti Semesta as being owned by PT Api Metra Palma, the holding company for Medco Agro.

¹²⁵<http://online.wsj.com/article/SB10001424052748704238104574601613833960636.html> has news of the announcement and CI's methodology can be read about in the technical note they prepared:

http://nau.academia.edu/OpheliaWang/Papers/140456/Area_Prioritization_for_Medco_Concession_in_Merauke_Report_to_Conservation_International

¹²⁶http://www.lgicorp.com/jsp/eng/ir/ir_news/news_view.jsp?txtGubun=Q&txtSeqNum=75 See also

<http://investasi.kontan.co.id/news/medco-gandeng-lg-international-untuk-bisnis-kayu-1>

¹²⁷<http://us.finance.detik.com/read/2011/05/23/141239/1644806/6/pabrik-bioethanol-medco-di-papua-baru-beroperasi-2015?nd9911043>

¹²⁸The link to this information (http://ditjenbun.deptan.go.id/budtansim/index.php?option=com_content&view=article&id=63:pertemuan-koordinasi-dan-pemantapan-rencana-pembangunan-perkebunan-tebu-di-merauke&catid=8:inventaris-berita&Itemid=30) was broken when we went to press in 2012. At that time the information was obtained through Google's cache. PT Kasuari Komoditas is linked to Medco by information picked up on Twitter, but the veracity has not been confirmed.

¹²⁹<http://nasional.jurnas.com/halaman/34/2011-04-14/166076>

¹³⁰<http://www.asiacalling.org/en/special-reports/indonesias-mega-food-estate>

¹³¹<http://www.medcofoundation.org/sprog.php?id=21&strlang=ind> More information about SRI can be found in this FAQ:

<http://sri.ciifad.cornell.edu/aboutsri/FAQs.html>

¹³²Announcement of the grant:

http://www.ustda.gov/news/pressreleases/2009/SouthAsia/Indonesia/IndonesiaMedcoandPERPAMSI_081209.asp What seems to be a leaked version of Neatech's field report can also be accessed online at:

http://www.pricklyresearch.com/webdump/TAMU_Sorghum_Biofuels/Binder1.pdf

kampungs have experienced how Medco has made many promises of new facilities which it has not built, deceived people into handing over their ancestral land and given pitifully low levels of compensation for the use of their land. Villagers from kampung Sanggase engaged Medco in a major dispute throughout 2011 when they demanded 65 billion Rupiah in compensation or they would shut the factory down. Details of all these disputes are given in the 'Stories from Villages' section.

As yet no reports have emerged of activity on the ground or conflict with local people as a result of Medco's sugar or rice operations.

Other Conflicts around West Papua and Indonesia:

Medco have also recently established an oil palm plantation in Prafi, near Manokwari in West Papua province. As in Merauke, local people opposed the plantation because they feel that they have not been involved in decision-making and have been given a very low level of compensation for their land.¹³³

An oilfield in Central Sulawesi jointly operated by Medco and state oil company Pertamina has also been the focus of recent conflict. After local people clashed with at the companies' Tiaka site, police opened fire, killing two and severely injuring several others.¹³⁴

Address:

Komplek Perkantoran MEDCO, 18-20 Jl Ampera Raya, 12560 Jakarta, Indonesia
Tel : 217821671

Rajawali Group (PT Cenderawasih Jaya Mandiri, PT Karya Bumi Papua)

Company Description:

Rajawali is one company in the business conglomerate owned by Peter Sondakh. He built his empire on cigarettes, media and hotels amongst other areas. Over the last two years the Rajawali group has sold several of its assets, including shares in Semen Gresik cement company, cigarette manufacturer Bentoel and telecommunications company Excelcomindo. It has used the capital to invest further in mining for coal and minerals, as well as plantations businesses, including those in Papua.

Owned by:

Peter Sondakh is originally from North Sulawesi and is one of Indonesia's richest men, placed at number eight in Forbes list in 2011.

Plans in Merauke:

Through its two subsidiaries PT Karya Bumi Papua and PT Cendrawasih Jaya Mandiri, Rajawali group is intending to plant sugar cane in Merauke. The two companies are very much in the forefront of MIFEE, and seem to have obtained most of the necessary permits to operate at the local and national level, on an area of plantation stretching over 37,795 hectares in Kurik and Malind districts.¹³⁵

Stories from the ground:

Before clearing land, Rajawali negotiated access with several villages. While villagers in kampung Domande received a pitiful amount for their land (6 billion Rupiah), villagers from kampung Onggari were surprised to find the company's surveying stakes in the forest despite the fact they had not been consulted. Villagers in



133<http://jasoilpapua.blogspot.com/2011/12/provinsi-konservasi-sebuah-wacana.html>

134<http://regional.kompasiana.com/2011/08/27/kronologis-penembakan-masyarakat-dalam-aksi-pt-medco-di-blok-tiaka-kabupaten-morowai-sulawesi-tengah/> ,

<http://www.thejakartaglobe.com/home/indonesian-oil-field-attackers-get-five-months-jail/492349>

135<http://www.bisnis-kti.com/index.php/2011/03/rajawali-tunggu-izin-prinsip-pabrik-gula-rp3-triliun-di-merauke/>

Kampung Kaliki reported feeling pressured by local officials into allowing Rajawali access to their land. (see more detailed accounts in Reports from Villages section).

It appears that Rajawali is more or less ready to start planting, but has been waiting for a final permission to clear the forest. In December 2011, Rajawali's Project Manager, Abdul Wahab, announced that the company had acquired seedlings from Java and would be ready to start sowing in early 2012.¹³⁶

Other conflicts around West Papua and Indonesia:

A subsidiary of Rajawali, PT Tandan Sawita Papua, is in the process of launching an oil palm plantation in Arso Timur, near to Jayapura in the north of West Papua. News from there indicates that the situation is not so different from what is happening in Merauke. The company has been reported to have been buying the right to use customary land for as little as Rp 384,000 [\$43] per hectare.¹³⁷

Rajawali is also investing in some of the most controversial mining projects in Indonesia. It has recently bought a majority stake in a London Stock Exchange-listed company, Archipelago Resources, which is intending to open the Toka Tindung gold mine in North Sulawesi, which is resisted by local people.¹³⁸ Most recently, Rajawali bought a 20% stake in Indo Mines, the Australian company that wants to mine a 20km stretch of coast near Yogyakarta for iron sands, which local people have also been fighting for several years.¹³⁹

International links:

Aside from its investments in foreign mining companies, Rajawali manages hotels outside of Indonesia. This includes the Surfer's Paradise Marriott on Gold Coast Australia, and The Sheraton Imperial Kuala Lumpur and Langkawi Westin in Malaysia.

Address:

Jl Mega Kuningan Lot 5.1 Menara Rajawali Lt 27-28, Kuningan Timur, Setia Budi, Jakarta, 12950, Indonesia
Tel : 62 21 576 0808

Korindo Group

(PT Berkat Citra Abadi, PT Dongin Prabhawa, PT Inocin Abadi, PT Balikpapan Forest Indo, PT Indosawit Lestari)

Company Description:

Korindo is a Korean company that has been involved in Indonesia since 1969, initially in the logging business in Kalimantan. It maintains large forestry plantations in Kalimantan but has diversified into other areas, such as heavy industry (for example constructing wind turbines and buses), finance and real estate.

Owned by:

Korindo is a private company. The chairman Seung Eun-Ho, who is also chair of Korean company Donghwa, is Korindo's largest shareholder.¹⁴⁰

Plans in Merauke:

Korindo has had logging permits in Boven Digul regency, just to the north of Merauke since 1993 and an oil



A South Korean company which has been logging and planting oil palm in the area since the 1990s has big expansion plans, and are already cheating local people out of their land.

¹³⁶<http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/15134-pt-rajawali-grup-buka-lahan-sepuluh-ribu-hektar.html>

¹³⁷<http://bintangpapua.com/headline/9782-3-m2-tanah-adat-senilai-sepotong-pisang-goreng> . A short film by Engage Media shows the situation in Arso, not so different from what is happening in Merauke:

http://www.engagemedia.org/Members/papuanvoicesjayapura/videos/kasmira_en/view

¹³⁸http://www.banktrack.org/show/dodgydeals/toka_tindung_gold_mine

¹³⁹<http://www.theindonesiatoday.com/breaking-news/resources-photo/17810-peter-sondakh-joins-jogjakarta-iron-project.html>

<http://www.peasant.tk>

¹⁴⁰A map of Korindo's various corporate divisions can be found here: <http://www.msitest.info/korindo/background.html>

palm plantation since 1998, and is now looking to develop new areas to the south. Several different companies linked to Korindo are developing plantations. One subsidiary company, PT Dongin Prabhawa, is the most advanced - it has commenced work on a 40,000 hectare oil palm plantation. Apparently the company has obtained all the required permissions and in August 2011 announced plans to import seedlings from Papua New Guinea and proceed with planting 5000 hectares each year.¹⁴¹

In the north-eastern part of Merauke regency another oil palm company linked to Korindo has obtained a location permit, PT Berkat Citra Abadi. A smaller concession near Merauke city of 14,000 hectares for oil palm has been given to another Korindo company, PT Indosawit Lestari. PT Bio Inti Agrindo was also believed to be a Korindo affiliate, but was bought in April 2011 by another Korean company, Daewoo International Corporation, raising the possibility that Korindo may have been involved in facilitating Daewoo's entry into Papua.¹⁴² The oil palm being grown by Korindo is believed to be destined for agrofuel, rather than food.¹⁴³

Two more Korindo subsidiaries, PT Balikpapan Forest Industries and PT Inocin Kalimantan (sometimes Inocin Abadi), are included on the list of investors supplied by the Merauke Promotion and Investment Agency. These two companies are planning to be involved in wood plantations rather than oil palm. However there are no updates on the status of their plans.

Stories from the ground:

By the start of June 2011, PT Dongin Prabhawa was reported to have felled about 5000 hectares of forest, and in December 2011 there was a report that 7000 hectares had been felled¹⁴⁴. They paid the community of Nakias village 54 million Rupiah [\$6000] as compensation for the wood that was on their land but this was the company's own estimation of the value of the wood. The people were not allowed to see how the company calculated the amount, and it seems that they can not have been compensated for the increased amounts for valuable timber species such as merbau at the rate stipulated by the government.¹⁴⁵ By this calculation, a cubic metre of wood is valued at the same price as a bottle of mineral water or a kilo of rice bought locally. What's more, this sum does not include any compensation for the loss of their land, and leaves them without any means of meeting their basic needs.

In January 2012 the local Bupati stepped in to try to mediate an agreement between local people and PT Dongin Prabhawa, but had to report that he did not know when an agreement could be reached because the people were still determined to refuse the company access to their village's land.¹⁴⁶

Local residents have also complained that PT Berkat Citra Abadi has also been buying under-priced land from the communities, giving them only 70,000 Rupiah [\$8] per hectare.¹⁴⁷

Other Conflicts around West Papua and Indonesia:

Korindo has been operating in Papua since 1993, when the company obtained a huge 700,000 hectare logging concession and set up a plywood factory. Korindo has also operated one of the largest up-and-running oil palm plantations in Boven Digul Regency, bordering on Merauke, since 1998.

The experience of Papuans around Korindo's plantations in Boven Digul demonstrates much of what is feared to happen in neighbouring Merauke. Compensation which has been paid has been as low as \$40-50 per family, and villages which have tried to refuse to let their land be logged have not been successful. In addition, conflict has arisen within and between clans over who owns land when compensation has been paid. Furthermore, only around 10% of Korindo's workforce are Papuan, a source of further resentment¹⁴⁸ In 2007 there were clashes between local people and company employees, where one non-Papuan employee was killed and four company trucks burnt.¹⁴⁹

141 <http://www.cenderawasihpos.com/index.php?mib=berita.detail&id=621>

142 <http://www.reuters.com/finance/stocks/047050.KS/key-developments/article/2298148>

143 <http://www.crisisgroup.org/~media/Files/asia/south-east->

[asia/indonesia/b66_indonesian_papua_a_local_perspective_on_the_conflict.pdf](http://www.crisisgroup.org/~media/Files/asia/south-east-asia/indonesia/b66_indonesian_papua_a_local_perspective_on_the_conflict.pdf)

144 <http://www.tabloidjubi.com/daily-news/seputar-tanah-papua/15203-pt-dongen-prabhawa-lecehkan-masyarakat-pribumi.html>

145 <http://pusaka.or.id/2011/07/gara-gara-sk-gubernur-papua-seharga-satu-botol-air-mineral.html>

146 <http://tabloidjubi.com/index.php/modules-menu/seputar-tanah-papua/15571-bupati-pertemuan-masyarakat-dan-investor>

147 <http://blog.insist.or.id/sorak/archives/date/2011/08/28>

148 <http://www.crisisgroup.org/~media/Files/asia/south-east->

[asia/indonesia/b66_indonesian_papua_a_local_perspective_on_the_conflict.pdf](http://www.crisisgroup.org/~media/Files/asia/south-east-asia/indonesia/b66_indonesian_papua_a_local_perspective_on_the_conflict.pdf)

149 <http://www.scoop.co.nz/stories/WO0708/S00624.htm>

An investigation by Justice, Peace and Integration Creation (JPIC) in 2009 has revealed Korindo's links with the military.¹⁵⁰ They found that Korindo's head of security was a Korean citizen, and his deputy was a serving member of the army. This was a source of concern for local people, as the army's Kostrad forces had previously intimidated, tortured and even killed local people, including one of Korindo's employees, Liborius Oka, in 2005. They also found that there were twelve outposts from various units, Kopassus, Kostrad and Koramil, within Korindo's concession area. Members of the military were accused of selling illegal alcohol and organising gambling in the area. A 2004 investigation by Kontras¹⁵¹ found that as well as their private businesses trading in drink and drugs and selling items from the forest such as crocodile skin, birds-of-paradise and a medicinal plant called gambier, members of the military were routinely paid a monthly sum by Korindo for their security role.

Korindo's environmental record in Kalimantan has also been criticised. In 2004, a Greenpeace report accused Korindo of widespread illegal logging, including inside the Tanjung Puting National Park¹⁵²

International links:

Plywood from Korindo's factories is marketed worldwide. In Europe the main dealer used to be a Belgian company named Fepco, although this hasn't been confirmed recently. Other divisions of the Korindo Group have offices in the USA and Western Europe.

Address:

Wisma Korindo Building 9-15th Floor, JL. M. T. Haryono Kav. 62, Jakarta, 12780, Indonesia

Tel : 62 21 797 5959

www.korindo.co.id

Companies Actively Pursuing Plantation Plans

Daewoo International Corporation

(PT Bio Inti Agrindo, PT Muting Jaya Lestari, PT Digul Agro Lestari, PT Papua Agro Lestari, PT Ulilin Agro Lestari)

Company Description:

Once South Korea's second biggest corporate conglomerate, Daewoo went spectacularly bankrupt in 1999, although several parts of the company have survived and expanded. Aside from its steel and chemicals businesses, and a growing interest in mining, Daewoo International's Agro-Resources division has been looking to grab land across Asia and Africa, for agrofuels and for South Korea's food security. Most notoriously Daewoo has been attempting to develop 1.3 million hectares of land in Madagascar, an investment which has been put on hold by the government after much community resistance.¹⁵³

Owned by:

In August 2010, Korean steel giant Posco bought a 68% controlling share of Daewoo International Corp for 3.37 billion Won (\$2.8 billion).¹⁵⁴

Plans in Merauke:



¹⁵⁰<http://www.tabloidjubi.com/edisi-cetak/polhukham/2019-kehadiran-tni-ancaman-bagi-orang-papua.html>

¹⁵¹http://www.kontras.org/buku/Laporan_Digoel.pdf

¹⁵²<http://www.greenpeace.org.uk/media/reports/forest-crime-korindo-and-the-trade-in-illegal-plywood-from-the-last-rainforests-of-indonesia>

¹⁵³<http://farmlandgrab.org/5646>

¹⁵⁴<http://www.bloomberg.com/news/2010-08-30/posco-buys-daewoo-international-stake-for-2-8-billion-to-expand-resources.html>

Daewoo International Corp bought an 85% stake in PT Bio Inti Agrindo.¹⁵⁵ This company, previously thought to have been linked to Korindo, has obtained permissions to develop a 40,000 hectare oil palm plantation in Merauke.

It seems likely that Daewoo's plans are not limited just to this 40,000 hectares. Local groups believe that PT Papua Agro Lestari and PT Ulilin Agro Lestari are connected to Bio Inti Agrindo. Both these companies have permits for 40,000 hectare oil palm plantations. Two more companies, PT Muting Jaya Lestari and PT Digul Agro Lestari, both with plans for large corn plantations, are registered at Bio Inti Agrindo's address in the Stock Exchange Tower in Jakarta.

Stories from the ground:

Both PT Bio Inti Agrindo and PT Papua Agro Lestari are reported to have paid local people 50,000 per hectare for their 39,800 hectare concession in Ulilin district.¹⁵⁶

International links:

As well as Indonesia, Daewoo International Corp is planning a 26,000 hectare rice and soy-bean farm in Cambodia.¹⁵⁷ It also has offices around the world. However, since Daewoo Corporation was broken up after the Asian financial crisis, not all companies bearing the name Daewoo are the same. In particular, the car brand has been bought by General Motors, who have been phasing out the Daewoo brand.

PT Bio Inti Agrindo has announced on their website that they are also conducting business in Madagascar, so it may be that this Indonesian company will be Daewoo's vehicle to revive its projects in that country which have met with heavy resistance. The website also mentions that the company uses the Dutch Rabobank for financial services.

Address:

Daewoo International, 84-11, Namdaemunno 5-ga, Jung-gu, Seoul, Korea (100-753) C.P.O. Box 2810 Phone no. 02-759-2114 . FAX 02-753-9489

PT Bio Inti Agrindo, Indonesia Stock Exchange (IDX) Building Tower II, 22th floor, Suite 2205
Jl. Jend. Sudirman Kav 52-53 Jakarta 12190 Indonesia
E-mail: ptbia@ptbia.com Web: <http://www.ptbia.com/>
Phone: (+6221) 5154143

Central Cipta Murdaya Group (PT Hardaya Sawit Papua, PT Hardaya Sugar Papua)

Company Description:

Central Cipta Murdaya is a diverse conglomerate. A principle focus is the ICT sector through the Berca company, and the company is well-known for being the Indonesian manufacturer of Nike shoes. It also controls a forestry business in East Kalimantan under the name Intracawood.

Owned by:

Husband and wife team Murdaya Widjawimarta Poo and Siti Hartati Murdaya run the various companies under the umbrella of Central Cipta Murdaya. Well known as cronies of Suharto, much of their initial fortune came from privileged access to state electricity company PT PLN contracts.¹⁵⁸ They are practising Buddhists and leaders of the Buddhist organisation Walubi which during Suharto's New Order period was the only Buddhist organisation allowed to operate in Indonesia. The couple were ranked at number 14 in Forbes list



An Indonesian conglomerate that is actively pursuing plans for sugar and oil palm development.

155<http://www.reuters.com/finance/stocks/047050.KS/key-developments/article/2298148>

156<http://blog.insist.or.id/sorak/archives/date/2011/08/28>

157<http://news.mk.co.kr/english/newsRead.php?sc=30800006&cm=English>

%20News_&year=2011&no=761637&selFlag=&relatedcode=&wonNo=&sID=308

158<http://www.angelfire.com/rock/hotburrito/tni/2aditjondro201100.html>

of the richest Indonesians in 2011.

Plans in Merauke:

Three plantation proposals in Merauke can be linked to Murdaya Poo and Siti Hartati Murdaya's empire: an application under the name PT Central Cipta Murdaya itself, and two more as PT Hardaya Sugar Papua and PT Hardaya Sawit Papua, which is hoping to plant oil palm. The general director for infrastructure at the agriculture ministry, Sumarjo Gatot Irianto, said in August 2011 that he believed that the Murdaya Group companies would commence operations in 2013.¹⁵⁹ A Supreme Court decision in August 2011 gave PT Hardaya Sawit the green light to operate after a long running legal battle with PT Sawit Nusa Timur, who had mounted a legal challenge after their previous permit was cancelled in favour of PT Hardaya Sawit Papua.

Stories from the ground:

Employees from PT Hardaya Sugar Papua have recently been approaching the people of Kampung Koa, but the people have so far refused to sell their land.¹⁶⁰ In April 2011 Merauke's *Bupati*, Romanus Mbaraka, anticipating that Murdaya group plantations would be the next to start operations, announced that the local government would intervene in mapping the traditional land use rights, including the rights held by each clan, to avoid a repetition of conflicts such as that which happened between Medco and the villagers of Sanggase.¹⁶¹

Address:

CCM Building, 78 Jl. Cikini Raya, Jakarta, 10330, Indonesia
Tel. 213149088

Wilmar International

(PT Anugrah Rejeki Nusantara, PT Agriprima Cipta Persada)

Company Description:

Wilmar International, first established in 1991 with an oil palm plantation in Sumatra, is one of the largest Agribusiness companies in Asia, as well as the world's largest processor of palm oil and largest producer of palm biodiesel. Wilmar is also a big sugar grower and has oilseed processing facilities around the world.

Owned by:

Wilmar International is listed on the Singapore Stock Exchange. Its Chief Executive Officer is Kuok Khoon Hong. Martua Sitorus, Wilmar's co-founder and chief operating officer, was listed as Indonesia's seventh richest man in Forbes 2011 survey.¹⁶²

Plans in Merauke:

Wilmar seems to be interested in establishing both sugar cane and oil palm plantations in Merauke. Wilmar announced in September 2010 that it had acquired a vast concession of 200,000 hectares to grow sugar cane in the Taboniji district of Merauke, and would proceed with a feasibility study that could take up to two years.¹⁶³ In May 2011 formally bought PT Anugrah Rejeki Nusantara, the company that would develop what seems to be by far the largest food plantation planned for MIFEE.¹⁶⁴

Wilmar also have plans to develop an oil palm plantation of 34,000 hectares through its subsidiary PT Agriprima Cipta Persada, which is already managing plantations and building infrastructure in the Sumatran province of Jambi.¹⁶⁵



¹⁵⁹<http://www.bisnis-kti.com/index.php/2011/08/food-estate-di-merauke-masih-tunggu-rtrw/>

¹⁶⁰<http://blog.insist.or.id/sorak/archives/1546>

¹⁶¹<http://www.bintangpapua.com/tanah-papua/9936-pemkab-jembatanani-perusahaan-dengan-pemilik-ulayat>

¹⁶²http://www.forbes.com/lists/2011/80/indonesia-billionaires-11_Martua-Sitorus_QGII.html

¹⁶³<http://farmlandgrab.org/15203>

¹⁶⁴<http://www.reuters.com/finance/stocks/WLIL.SI/key-developments/article/2331149>

¹⁶⁵<http://beritasore.com/2009/04/11/tanjabtjm-akan-membangun-pelabuhan-internasional/>

Stories from the ground:

Wilmar's Commissioner, MP Tumanggor is quoted in the press as saying that their plantation in Merauke may not be possible, as the area has been designated as protected forest.¹⁶⁶

Local groups report however that PT Anugrah Rejeki Nusantara sugar-cane plantation in Taboniji is going ahead, but has been scaled down to 40,591 hectares. Additionally the company has acquired a permit to farm 8000 hectares in Animha district and is actively pursuing this plan. Villagers in kampung Koa have reported that Wilmar negotiators have been making approaches to them.¹⁶⁷ Other than this there is no clear news about the status of Wilmar's plans.

Other Conflicts around West Papua and Indonesia:

Research in 2007 by Friends of the Earth Netherlands into Wilmar's oil palm plantations in Kalimantan found that the company was burning forest illegally to clear it, clearing land without the right permits and not consulting local communities that have customary rights over the land that Wilmar uses.¹⁶⁸ In 2011 PT AP, a company owned by Wilmar, bulldozed 83 houses of villagers who disputed the company's right to the land in Jambi province in Sumatra, after a confrontation in which one resident was shot and wounded and twelve people were arrested.¹⁶⁹

International links:

Wilmar is now a global company, for example in Europe they have refineries in the Netherlands, Germany, Spain and Ukraine, as well as trading subsidiaries in many other countries. Additionally Wilmar bought Australia's Sucrogen brand from CSR in July 2010 for 1.6 billion Australian dollars. One of the benefits of this deal to Wilmar is that it will bring them the expertise to develop a large industrial sugar plantation in Merauke. It also gives the company access to the Indonesian market to import Australian sugar in the meantime, as under Indonesian rules, only domestic growers can import sugar.¹⁷⁰ Sucrogen is Australia's top-selling sugar, which is marketed under the "CSR Sugar" brand, and as "Chelsea" in New Zealand. Sucrogen also produces agro-fuels from sugar-cane.

Address:

Wilmar International Limited
56 Neil Road, Singapore 088830
Tel: (65) 6216-0244

Plasma Nutfah Marind Papua

Company Description:

Officially set up in 2005, PT Plasma Nutfah Marind Papua is a forestry company that wants to produce wood chips in Merauke.

Owned by:

In April 2011, South Korean paper company Moorim bought a majority share in PT Plasma Nutfah Marind Papua.¹⁷¹ The Korean company opened an office in Jakarta in 2008 and announced it was looking for a suitable plantation of up to 60,000 hectares. Moorim expects to invest 100 billion Won (\$89 million) in the project.¹⁷²

Plans in Merauke:

PT Plasma Nutfah Malind Papua was allocated a provisional concession of 67700 hectares in Okaba and Kaptel districts in 2008.

Stories from the ground:

¹⁶⁶<http://www.suarakarya-online.com/news.html?id=285764>

¹⁶⁷<http://blog.insist.or.id/sorak/archives/1202>

¹⁶⁸http://www.foeurope.org/press/2007/July3_PDC_Wilmar_PalmOil.htm

¹⁶⁹<http://www.forestpeoples.org/sites/fpp/files/publication/2011/11/final-report-pt-ap-nov-2011-low-res-1.pdf>

¹⁷⁰http://www.stockmarketsreview.com/news/wilmars_sweet_tooth_20100727_25320/

¹⁷¹<http://www.jipyong.com/new/eng/news/news.html?ptype=view&idx=2792>

¹⁷²<http://www.reuters.com/finance/stocks/009580.KS/key-developments/article/2292824>



The company has made contact with at least eight villages to obtain permission to use the land. Residents of Sanggase kampung were reported in April 2011 as being strongly against PT Plasma Nutfah Malind Papua because they have never discussed their plans with local inhabitants.¹⁷³

International links:

Moorim exports its paper products around the world. Its paper has been certified by the FSC since 2007 / 2008, according to the Moorim website.

Moorim has an office in the UK: 98 Maybury Road, Woking, Surrey, GU21 5HX. Phone: 01483 215160 email steven.cho@moorim-uk.com.

In the USA: 4600 S. Ulster Street Suite 220 Denver, CO 80237. Phone: 13037708809 email: jay@moorimusa.com

Addresses in Dubai and Hong Kong can also be found on the Moorim website.

Address:

505 Sinsa-dong, Gangnam-gu, Seoul 135-887, South Korea
tel 88234851626 email hankeol@moorim.co.kr

Indonesian Office: Ratu Plaza Office Tower Lt.18, Jl. Jend. Sudirman, Jakarta 10270., Indonesia
Tel: +62 21 720 7506

China Gate Agriculture Development

Company Description:

Little is known about PT China Gate Agriculture Development, which was set up in Merauke in 2009. Its President Director is called Kim Young Ho, but it is not known who owns the company, nor what is its connection to China.

Although it is still not clear who is financing this company, it is moving swiftly ahead with plans for a 20,000 hectare corn and cassava plantation

Plans in Merauke:

PT China Gate has permission for a 20,000 hectare farm, and reports are that it is interested in planting corn and cassava.¹⁷⁴ Local groups have reported that the company is currently presenting its environmental impact assessment to communities, but some villages have said that they are rejecting the plans.¹⁷⁵

Bangun Cipta Sarana (PT Cipta Papua Agri Lestari)

Company Description:

Bangun Cipta Sarana, sometimes spelled Bangun Tjipta Sarana, is a group of companies owned by Indonesian businessman and politician Siswono Yudo Husodo. Much of the group's activity is in property development.

Former transmigration minister's company has had a trial farm in Merauke for several years, now waiting to expand to 14,000 hectares.

Owned by:

Siswono Yudo Husodo set up Bangun Cipta Sarana in 1968. During Suharto's government he served two terms as a cabinet minister, for housing and then for transmigration. Siswono Yudo Husodo is also on the leadership

¹⁷³<http://westpapuamedia.info/2011/05/01/local-people-reject-pt-nutfah-malind-papua-in-okaba/>

¹⁷⁴http://rrimerauke.blogspot.com/2011/10/normal-0-false-false-false-en-us-x-none_21.html

¹⁷⁵<http://blog.insist.or.id/sorak/archives/952> , <http://blog.insist.or.id/sorak/archives/1257>

council of the Indonesian Farmers' Association (Himpunan Kerukunan Tani Indonesia), which was set up in 1974 by Suharto's government as an elite alternative to grassroots peasant organisation. He is involved in the Golkar political party and was a recent candidate for vice-president.

Plans in Merauke:

Bangun Cipta Sarana is applying for permission to plant 14,000 hectares in Tanah Miring and Semangga Districts. Most sources say they will plant corn, but soya and rice have also been mentioned as potential crops.

In addition, in July 2010, local press reported that another company owned by Siswono Yudo Husodo, PT Cipta Papua Agri Lestari, was given initial permission to develop rubber plantations of 60,000 ha in districts Elikobel and Ulilin, and another 15,000 hectares in Tanah Miring district.¹⁷⁶

Stories from the ground:

Bangun Cipta Sarana has been interested in the Merauke area for several years, and has been cultivating 200 hectares of corn in Kurik district. High costs due to a lack of infrastructure development and the falling price of corn after 2008 have meant that these fields have not been planted recently.¹⁷⁷ The company remains committed to MIFEE but Siswono Yudo Husodo has frequently expressed concern about who would foot the bill for infrastructure development. No further reports about the plans for a rubber plantation are available.

Address:

Jl Letjen S Parman Kav 54 11410, Jakarta, Telephone No. 021-53650829

Agro Mandiri Semesta Plantations (PT Agrinusa Persada Mulia)

Company Description:

PT Agrinusa Persada Mulia is owned by Agro Mandiri Semesta plantations, which describes itself as a young, fast-growing plantations company focussing on oil palm. However we have been unable to find out further details about this company.

Plans in Merauke:

PT Agrinusa Persada Mulia has obtained a location permit for a 40,000 hectare oil palm plantation in Muting district. No reports have been received to indicate that the company has started work on the ground, but several job adverts have been placed on the internet for the company's plantation in Merauke.

Sumber Alam Sutera

Company Description:

PT Sumber Alam Sutera is a company specialising in hybrid rice production. It started trading in South East Sulawesi in 2003 and was bought by the Artha Graha group in 2006.¹⁷⁸

Owned by:

The Artha Graha group is owned by Tomy Winata, a highly controversial figure who is believed to be involved in mafia operations, and has strong connections with the military.¹⁷⁹ There have been several scandals connected to the way Tomy Winata's companies do business. In 2002 two Indian



¹⁷⁶<http://www.meraukepos.com/2010/07/pt-cipta-papua-agri-lestari-tanam-modal.html>

¹⁷⁷<http://majalah.tempointeraktif.com/id/arsip/2010/02/22/EB/mbm.20100222.EB132831.id.html> ,

¹⁷⁸<http://komunitasamam.wordpress.com/2010/03/08/heka-hertanto-direktur-pt-sas-padi-hibrida-solusi-ketahanan-pangan-nasional/>

¹⁷⁹<http://majalah.tempointeraktif.com/id/arsip/1999/05/31/OPI/mbm.19990531.OPI95055.id.html>

<http://majalah.tempointeraktif.com/id/arsip/2010/08/16/EB/mbm.20100816.EB134382.id.html>

businessmen were arrested and detained as part of a commercial dispute. In 2003, when Tempo magazine linked Tomy Winata to the fire that destroyed the Tanah Abang clothes wholesale centre, its offices were physically attacked by 200 people and its editor later jailed.¹⁸⁰ In March 11 a diplomatic storm blew up between Indonesia and the US when Australian newspapers discovered allegations in Wikileaks that suggested that the Indonesian president may have received campaign funds from Tomy Winata¹⁸¹

Plans in Merauke:

PT Sumber Alam Sutera already has a 2500 hectare concession in Okaba Kampung, Kurik district, some of which it has been using to conduct field trials since 2008.¹⁸² Apart from hybrid rice, the company has also been experimenting with soya, horticulture and cattle farming.

The company has also been awarded a small area in Cluster 2 of the MIFEE area for growing rice seedlings.¹⁸³

International links:

Sumber Alam Sutera has an agreement with a Chinese company, Guo Hao Seed Industries, to develop hybrid rice in Indonesia.

Address:

Gedung Artha Graha Lt.32, Jl. Jend. Sudirman Kav. 52 - 53 SCBD, Jakarta Selatan

Tel : 021.5150510

Web : www.padihibrida.com (offline as of February 2012)

State-Owned Companies.

(PT Padi Energy Nusantara, PT Sang Hyang Seri, PTPN IX, PTPN X, PTPN XI, PT Rajawali Nusantara Indonesia)

As well as the private sector, various Indonesian state-owned companies (*Badan Usaha Milik Negara* or BUMN) are expected to be involved in the MIFEE project. For example, state-owned seed company PT Sang Hyang Seri has signed a memorandum of understanding with the Merauke government to supply rice, corn, soy, and vegetable seeds from its breeding station in Sidrap, South Sulawesi.¹⁸⁴

Ten state-owned companies have also collaborated to set up a new enterprise, PT Padi Energi Nusantara, with the mission of setting up farmer-owned enterprises around Indonesia. Several of these enterprises have already been set up in Subang, Sumedang and Karawang in Java¹⁸⁵ but in Merauke PT Padi Energi Nusantara is hoping to control a larger area, and set up one farmer-owned company for each 10,000 hectares. An enterprise on that scale would make it viable to use rice straw as a fuel to generate electricity.¹⁸⁶

Other by-products of rice cultivation could also be marketed under such a scheme, which is claimed to provide added value for farmers. Examples could be broken rice from the threshing process, which could be turned into flour or rice bran from which oil can be extracted and the remaining mixed into animal feed.¹⁸⁷

The scheme seems to be orientated towards promoting agribusiness. PT Padi Energi Nusantara, whose motto



¹⁸⁰http://www.atimes.com/atimes/Southeast_Asia/EC15Ae03.html

¹⁸¹<http://www.smh.com.au/world/president-rejects-corruption-claim-20110311-1brc5.html>

¹⁸²<http://pasarmodal.inilah.com/read/detail/341911/dukung-food-estate-merauke>

¹⁸³<http://nasional.kompas.com/read/2011/03/30/03520963/>

¹⁸⁴<http://fokerlsmppapua.net/index.php/component/content/article/25-the-project/159-miffee-masih-bermasalah-di-merauke>

¹⁸⁵<http://www.pikiran-rakyat.com/node/98042>

¹⁸⁶<http://www.thejakartapost.com/news/2010/05/12/state-firms-set-joint-ventures-food-estate.html>

¹⁸⁷<http://bataviase.co.id/detailberita-10380650.html>

is “modernize agri-systems management”¹⁸⁸ would be expected to take responsibility for supplying fertilizer, seeds and developing infrastructure.

Although farmers would have a share in owning the businesses it creates, it remains to be seen how much freedom they would have to make decisions about running their farms when national state-owned companies have such an important stake. The companies involved in setting up PT Padi Energy Nusantara include five fertilizer producers (PT Pupuk Sriwijaya, PT Pupuk Kujang, PT Pupuk Kaltim, PT Petrokimia Gresik, PT Pupuk Iskandar Muda), two water management companies (Perum Jasa Tirta I, Perum Jasa Tirta II) and three other agribusiness companies (PT Pertani, PT Rajawali Nusantara Indonesia and PT Sang Hyang Seri)

Finally, a consortium of state-owned plantation companies are hoping to open a sugar plantation and factory in Merauke, and have signed a memorandum of understanding with the local government.¹⁸⁹, as part of the response to address Indonesia's current lack of self-sufficiency in sugar. The companies involved are PT Perkebunan Nusantara (PTPN) IX, PTPN X, PTPN XI and PT Rajawali Nusantara Indonesia.

Note: PT Rajawali Nusantara Indonesia (PT RNI) is a state-owned company which operates several sugar factories across Indonesia as well two plantations and a few other industrial facilities producing alcohol, pharmaceuticals and equipment for the healthcare industry. It has no connection to the Rajawali group, privately owned by Peter Sondakh, which also plans to open a sugar plantation and factory in Merauke.

Companies With Permits, but Less Recent Signs of Activity

Kertas Nusantara

Company Description:

Kertas Nusantara is a pulp manufacturer. Previously known as Kiani Kertas, it operates a pulp mill in Berau, East Kalimantan.

Owned by:

Kiani Kertas was formerly owned by Suharto's crony Bob Hasan, but its leadership passed to Prabowo Subianto in 2003. Prabowo is Suharto's son-in-law and a former commander of the Kopassus special forces. He is widely associated with human rights abuses when he was commanding forces in East Timor and also for the murder, kidnappings and torture of activists during the uprising which toppled Suharto in 1998. For this he was kicked out of the military, at which point he reinvented himself as a businessman and politician. Prabowo was less openly involved in Papua while serving in the military, but there are rumours that he may have been involved in covert operations¹⁹⁰ and he undoubtedly maintains strong links with the military there. He was a vice-presidential candidate in the 2009 general election, and is involved in the populist Gerakan Indonesia Raya (Gerindra) party. He has announced that he wants to run for president in 2014.¹⁹¹ His brother, Hashim Djojohadikusumo, also has an interest in MIFEE through his company Comexindo.

Plans in Merauke:

Kertas Nusantara has been allocated 155,000 hectares in Ngguti and Okaba districts since October 2008.

Stories from the ground:

There has been little recent news of developments. One likely reason for this is that Kertas Nusantara has been close to bankruptcy during 2011, which could make it hard to raise capital for new ventures at the



One of Indonesia's most notorious generals and politicians has plans for a 155,000 industrial tree plantation.

188<http://padienerginusantara.blogspot.com/>

189<http://www.thejakartapost.com/news/2010/05/12/state-firms-set-joint-ventures-food-estate.html>

190<http://www.crikey.com.au/2009/07/20/bombings-reboot-indonesia%E2%80%99s-vicious-political-circle/>,

<http://manukoreri.net/papers-talks-and-articles/will-australia-allow-another-balibo-at-freeport/>

191<http://english.kompas.com/read/2011/11/22/10510072/Prabowo.Runs.for.President>

moment.¹⁹²

Other conflicts around West Papua and Indonesia:

Kiani Kertas is alleged to have used its military influence to evict two villages when building its pulp mill in Kalimantan, and to have engaged in illegal logging and pollution.¹⁹³

Address:

Bidakara Building, 9th floor Jln Gatot Subroto Kav. 71-73 Jakarta, 12870 Indonesia.

Phone Number: +62(21)8379-3211 Web: www.kiani.com

Modern Group

(PT Agri Surya Agung, PT Mega Surya Agung, PT Kharisma Agri Pratama, PT Nusantara Agri Resources, PT Wanamulia Sukses Sejati)

Company Description:

The Modern Group is best known for its retail presence, having the Indonesian franchise for Fuji Film and Seven-Eleven convenience stores. The group also has manufacturing and real estate buildings and has recently entered a joint venture with a Chinese company to mine nickel in Sulawesi.

Owned by:

The family of founder Ojte Honoris play key roles in Modern Group companies, but PT Modern Internasional, which controls the retail arm, is a publicly-listed company.

Plans in Merauke:

Four companies - PT Agri Surya Agung, PT Mega Surya Agung, PT Kharisma Agri Pratama and PT Nusantara Agri Resources - have each obtained 40,000 hectare location permits for oil palm, sugar or food crops across the western part of the MIFEE area. A fifth company, PT Wanamulia Sukses Sejati, has three separate forestry permits which add up to 273,000 hectares. All these companies are registered at the address of PT Modern Internasional. However there have been no updates about any progress with any of these plans, either on the ground in Merauke or in the national media.

Address:

Jln. Matraman Raya no.12 Lt.4 Jakarta Timur 13150
Tel : +62 212801000 www.moderninternasional.co.id



This diverse business group appears to own permits over a huge area of Merauke, through five different subsidiaries.

Comexindo

Company Description:

Comexindo is one of the companies owned by Hasyim Djojohadikusumo's business conglomerate. PT Comexindo International is a trading company, which is actively involved in agribusiness, operating large-scale corn plantations as well as oil palm and rubber.¹⁹⁴

Owned by:

Hasyim Djojohadikusumo is Indonesia's 32nd richest man and the younger brother of Prabowo Subianto, the notorious former Kopassus general, businessman and politician.



One of the first companies to be associated with MIFEE, but no recent news.

¹⁹²<http://www.tempointeractive.com/hg/nasional/2011/07/25/brk,20110725-348306,uk.html>

¹⁹³http://home.snafu.de/watchin/Kiani_eng.htm

¹⁹⁴<http://www.linkedin.com/company/comexindo-international-pt> gives a description (the company currently has no website)

Plans in Merauke:

Comexindo International has been interested in investing in Merauke since at least 2008, when the Saudi investment was still on the table.¹⁹⁵ More recently reports have been sparse, but a 2011 report indicates that the company is still interested, although it had not received a land allocation by that time.¹⁹⁶

Address:

Mid Plaza 2, 12nd floor, Jl. Jend.Sudirman kav 10-11 Jakarta, 10220 Indonesia

Teknix Capital Group

(PT Sawit Nusa Timur, PT Tebu Nusa Timur, PT Muting Mekar Hijau)

Company Description:

Teknix Capital is a company based in Indonesia but run mostly by Australians who aim to invest in businesses and then sell them to established companies when they become successful.

Owned by:

The company was founded in 2005 with capital from unnamed Australian sources. The two men who set up the company are Andrew Purcell, former investment banker with Credit Suisse bank in Hong Kong and Michael Black, who was previously the deputy CEO of notorious forest plunderer Asia Pulp and Paper.¹⁹⁷

Plans in Merauke:

Back in 2007 Teknix Capital had huge plans to use 540,000 hectares of land in Merauke for varied businesses, including timber, oil palm and sugar, through the companies they formed for this project, PT Muting Mekar Hijau, PT Sawit Nusa Timur and PT Tebu Nusa Timur, all headed by Michael Black.¹⁹⁸ This plan, however got scaled down, possibly because the Papuan provincial government did not give its consent.¹⁹⁹ In the end only PT Sawit Nusa Timur kept its plans to go ahead with an investment, which was to be a 35,000 hectare oil palm plantation.

However, in January 2010, Merauke regency government revoked PT Sawit Nusa Timur's location permit, claiming they had not taken steps to develop the area, including paying compensation to local people. Four days later they gave permits to other companies belonging to the Central Cipta Murdaya group, PT Hardaya Sawit Plantations and PT Hardaya Sugar Plantations. PT Sawit Nusa Timur filed a legal case against the local government. PT Sawit Nusa Timur won in the High Court, which in January 2011 ordered the Merauke regency to cancel the Hardaya plantations' permits. However, the case was brought to the Supreme Court where this decision was again overturned in favour of the Hardaya companies, leaving PT Sawit Nusa Timur without a land concession.²⁰⁰

With the court's final decision only having been taken in July 2011, it remains to be seen whether Teknix Capital will attempt to find some way to continue plans in Merauke or not.

Other Conflicts around West Papua and Indonesia:

Teknix Capital is also operating a Manganese mine in Lemarang, Flores. Michael Black and another Teknix employee have been appointed to the board of Realm Resources, a company they have supported to open coal mines in East Kalimantan.²⁰¹



¹⁹⁵http://www.deptan.go.id/wap/berita_detailtampil.php?no_berita=296

¹⁹⁶<http://www.bisnis.com/articles/16-investors-secure-land>

¹⁹⁷Company webpage: <http://www.teknixcap.com>

¹⁹⁸<http://groups.yahoo.com/group/infosawit/message/4221>

<http://kwurunini.blogspot.com/2008/12/sawit-di-merauke.html>

¹⁹⁹http://www.faithbasednetworkonwestpapua.org/news_release/tussle_for_papuas_forests

²⁰⁰Supreme court decision: <http://putusan.mahkamahagung.go.id/putusan/downloadpdf/9d38c99d41e60591bf002eb04458ca4a/pdf>

²⁰¹<http://www.msh.net.au/IRM/Company/ShowPage.aspx/PDFs/1271-46208376/CoalResourcesIncreaseto79MtKatKatinganRiaIndonesia>

Address:

Level 11 Chase Plaza - Jl. Jend. Sudirman Kav. 21, Jakarta Selatan 12920 INDONESIA

Tel: +62 (21) 570-4255

Texmaco (PT Merauke Rayon Jaya)

Company Description:

PT Merauke Rayon Jaya is one of the 20 or so companies that make up Marimutu Sinivasan's Texmaco group, an Indonesian conglomerate. It was previously known as PT Maharani Rayon Jaya.

Owned by:

Marimutu Sinivasan is the founder of the Texmaco group of companies. He was close to President Suharto, and had business connections with Suharto's family members, including Suharto's daughter Siti Hediati Hariyadi who was also involved in PT Maharani Rayon Jaya at that time.²⁰² In the financial crisis Texmaco incurred the largest debts of any Indonesian company, but Marimutu Sinivasan was allowed to continue running the company.²⁰³

Plans in Merauke:

Texmaco's involvement in Merauke is part of a long story of planned plantations in the area, which may yet be resurrected. Texmaco inherited plans for a 206,800 hectare plantation after US company Scott Paper pulled out from the area, followed by their partner, Indonesia's Astra group.²⁰⁴ The company was struck by debt shortly afterwards and did not go ahead with developing the plantation. However Texmaco did apply to extend its licence in 2008, and after a new work plan was presented, and some changes made, a new permit was given in 2009. An NGO, Greenomics, has raised objections to this, as 120,000 hectares, or the majority, of Texmaco's allocated area comprises primary forest, which should not be logged.²⁰⁵ Forestry Ministry General Secretary Hadi Daryanto said in June 2011 that Merauke Rayon Jaya was one of the 16 companies that remained committed to the MIFEE project.²⁰⁶

Although Texmaco pulled out of Merauke several years ago, the logging company still potentially has permits to resume operations.

Companies That Have Not Obtained Permits, But Are Reported to Have Expressed Interest.

Sinar Mas

Sinar Mas is one of the biggest and nastiest forestry companies in Indonesia. Its plan to fell one million hectares of forest in Southern Papua to plant oil palm has fallen through, although it may still have plans in Mappi regency and has planted palm in the Northern part of West Papua. However, several newspapers report that Sinar Mas is now interested in Sugar. For example, in April 2011 Indonesia Finance Today reported Franky Osman Widjaya, Chief Commissioner of PT Sinar Mas Agro Resources and Technology Tbk as saying his company will meet all the requirements to acquire the permits to invest in Merauke.²⁰⁷

Salim Group

Another huge plantation company, the Salim group also is a major food manufacturer through the Indofoods company. The Indonesian press has also quoted the group's president, Anthoni Salim expressing an interest in

²⁰²<http://www.angelfire.com/rock/hotburrito/suharto/suhartocompanies.doc>

<http://www.scribd.com/doc/39490988/State-of-the-Forest>

²⁰³http://www.atimes.com/atimes/Southeast_Asia/ED19Ae02.html

²⁰⁴<http://www.downtoearth-indonesia.org/story/twenty-two-years-top-down-resource-exploitation-papua>

²⁰⁵http://www.greenomics.org/news%5CNews_20100323_kt.doc

²⁰⁶<http://en.bisnis.com/articles/16-investors-secure-land>

²⁰⁷<http://en.indonesiainancetoday.com/read/3930/Sugar-Cane-Plantations-in-Merauke-Still-Await-Permits>

looking for land in Merauke for both sugar-cane and oil palm, claiming that it has become difficult to find land in Sumatra and Kalimantan.²⁰⁸

It has also been reported that both Sinar Mas and Salim Group would consider building infrastructure in Merauke, in exchange for land and tax-holidays.²⁰⁹

However, neither group appears to have been applying for permits in Merauke at the present time.

Companies That Have Dropped Out Of MIFEE

Bakrie Sumatera Plantations

This company has frequently been listed as being one of the investors in MIFEE. Actually, the company had a plan for a sugar estate from 2007 onwards, but abandoned the plan in 2010, declaring that it would not benefit the company.²¹⁰

²⁰⁸<http://www.kabarbisnis.com/read/2811913>

http://us.fokus.vivanews.com/news/read/152599-indofood_bangun_dua_pabrik_gula

²⁰⁹<http://www.bisnis.com/articles/investor-siap-bangun-infrastruktur-food-estate-di-merauke>

²¹⁰http://www.bakrie-brothers.com/uploads/dlfile/file_144e051296de1657a198b4b7c49184ff.pdf (page 68)

April 2012
<http://awasmiffee.potager.org>
awasmiffee@potager.org