

Coffee colonialism: Olam plantation displaces Lao farmers

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by Beaumont Smith, Special to CorpWatch

After a ten-hour journey in an open truck along Highway 13 that runs the southern length of the Lao People's Democratic Republic, Soumpheng, Puan and three other men from four indigenous coffee growing villages arrived for the second time in the Lao capital, Vientiane.



Coffee farmers in Paksong. Photo: Beaumont Smith

It was after the Lao New Year celebrations in mid-April, a hot and humid month when charcoal clouds rumbled before disappearing without delivering much needed, cooling rain. The five dignified men, dressed in their best clothes, gathered in a small room at a local NGO office in Vientiane to discuss their case. They are members of the upland Nha Huen/Yahern group, one of the **many ethnic groups in southern Laos**.

Visibly tired after the journey, they were calm and serious as they stood and introduced themselves. Conditions were deteriorating as more of their land was taken and planted with coffee. In one village, eight families whose gardens, rice fields and productive lands had been destroyed had nothing to eat.

This was the second delegation to travel to Vientiane to protest what they claimed was unauthorized expansion of a commercial coffee plantation into their ancestral lands. In February, a larger, 10-man group arrived. After a popular call-in radio show interviewed them, the Ministry of Information, Culture and Tourism of the Lao People's Democratic Republic abruptly **canceled the radio program without public explanation or legal basis**, the Southeast Asian Press Alliance reported.

These delegations, undertaken at great risk and considerable expense, challenged both Lao authorities and the Singapore-based agribusiness giant **Olam International**, whose Lao based subsidiary Outspan Bolovens Limited, had taken their lands for a monoculture coffee plantation. Originally granted 150 hectares, Outspan has already planted almost 1,500 hectares and is planning to cover double that--3,000 hectares--in coffee trees.

"After the socialist government **forbade shifting cultivation [traditional planting practices]**, we had no trouble diversifying. We planted lots of commercial trees like teak and rosewood, coffee and subsistence crops," said Soumpheng. "We were awarded certificates of appreciation because we always paid our land taxes on time. Now Outspan has taken our land."

The protest is the latest in a long line of threats to the farmers' lives, land and livelihoods.

"The French colonials **brought Arabica coffee to our area in 1954**. Later we fought to make them leave our land, just like we fought against the Americans," said Soumpheng, a 40-year-old farmer from Paksong District, 700 kilometers south of the capital. "We are veterans of fighting and are unafraid."

According to Puan, the disputed land in Paksong District 700 kilometers from nation's capital, was granted to the Yahern people by the Royal Lao Government back in 1901 after they had emerged from the Annamite mountains on the porous border between Vietnam and Laos.

"Our ancestors are angry that we let our land go, so many of our people have become ill and died," Puan the unofficial delegation leader and elder said.

"Maybe we shall start to slash and burn again, inside the coffee plantation," Puan said over lunch.

Politics and Corruption

Between the farmers and Olam lies one of Lao's most powerful, and some allege, **corrupt families, the Siphandones**. The district governor, Sonesay Siphandone is the son of the ex-President Khamtai Siphandone, a man feared and secretly scorned by many Lao. Siphandone the younger granted the first land concession to Outspan.

Laos is one of Asia's last hard line authoritarian countries, whose government the U.S. **State Department criticizes for human and religious rights violations, arbitrary arrest, and lack of press freedom**. Recent critiques by long-time Lao scholar Martin Stuart Fox and Colum Graham in the Australian National University's New Mandala note that Laos is "so saturated with corruption to a degree that mostly inhibits development." It's this corruption that allows land to be taken from its owners with impunity, and why Transparency International's ranks Lao 158 of 180 on its corruption index.

Within this context, the protesters' very public complaints about the apparent land grab are both courageous and rare. (Because of the sensitivity of the land conflict issue and the family connections of those involved, names of some sources have been changed because they fear retribution.)

That government-appointed village heads and inspectors were part of the protesting delegation made the actions all the more remarkable, as their role, said Vietnamese coffee buyer Thich Nguyen "is usually to suppress protest, not participate in it."

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During his April trip to the capital, Puan detailed Outspan's land grab. A careful man, he opened his huge red ledger, a Lao Domesday book, and read out a litany of losses: 205 hectares of productive forest, 10 hectares of housing land encroached on, sacred forest destroyed, 71 hectares of watershed forest felled and replaced with coffee plants, wetlands and ponds filled, their own coffee plants gone, pampas grass clumps for broom making gone, and 14 hectares of specialty incense bark trees all burned. In all, 52 families had lost their land and income sources. Compensation so far? None.

"We will die for our land," says Puan, the informal leader of the delegation said, his sharp cheekbones catching the evening light.

The way things are in Laos at times, that might just happen. While the Lao media are muzzled, reputable reports of protesters or community organizers disappearing circulate among family and witnesses to arrests. The most celebrated case was **Lao national Sompawn Khantisouk, now presumed dead**.

"Maybe some have to die so that the world takes notice of what is happening in this country: the misuse of power, the suppression of protest," says a young Vientiane-based lawyer who declined to be identified as he is informally assisting the case and fears reprisal.

From Target to Market

During what is known locally as the American War on Vietnam, the Boloven Plateau in the southern Lao Province of Champassak, of which Paksong is a regional center, was close enough to the Ho Chi Minh Trail to warrant a hail of cluster bombs and **Agents Orange, Blue and Purple** from the U.S. forces **flying illegal sorties**. Many cluster bombs designed to disrupt North Vietnamese supply lines failed to explode, leaving a significant portion of Lao with a dangerous legacy.

Throughout war and repression, southern Laotians have continued to plant the coffee originally introduced in the 1920s by the French colonial government. In 2011 the area was still dominated smallholder farmers using organic methods on their 5-hectare plots, simply because they could not afford chemical inputs. But Laos's **organic coffee has been selling well**, and attracting increasingly health conscious Western buyers.

That market opportunity, along with the southern plateau's rich volcanic soils and coffee-friendly climate, has also attracted a slew of big investors, including the Vietnam-based instant coffee producer Dao Heung, and large agribusiness companies such as Outspan. Experts writing on the list-serv LaoFab, fear that commercialization might threaten the organic status of the district.

Olam's Role

Olam's business operation in southern Laos business was designed "to develop coffee cultivation by assisting local people to grow and produce for export," Outspan Director General Sanjeet Khurava told Khaosan Pathet Lao (KPL) in 2010. KPL News, the official government newspaper, **failed to mention that land owners had not given permission** for the "assistance."

Olam International Limited--an integrated agricultural produce supply chain management company specializing in nuts, coffee, edible oils, rice cotton, teak wood products, and spices--**made a \$612 million profit in 2011**. Web-based Import Genius reported that the coffee from the **first Boloven crop was exported to California**. Thus, the state that formed the epicenter of the peace movement during the U.S. war in Vietnam became the first to further Laos's woes by importing coffee grown on lands wrested from indigenous farmers against their will.

Since Olam's establishment in 1989 in Nigeria--trading cashews, cocoa, shea nuts, and cotton--the firm has rapidly expanded to become one of Singapore's top 40 companies. Today, its global reach is reflected in take overs of Britannia foods and Britannia Storage, major almond processing in Australia, and NZ Farming Systems Uruguay product lines, as well as its expanding African agribusiness operations.

Boloven farmers point to 2010 as a turning point. It was then that Governor Siphandone granted Outspan Boloven the use of 150 hectares of land for 30 years.

Over time, and farmers' protests, the company expanded its coffee plantation to 1,100 hectares, destroying more than 140 hectares of productive village lands. In fact the **company's web site admits to over 1,460 hectares**, and a final target of 3000 hectares. A report from the Land Issues Working Group (LIWG), obtained by CorpWatch, shows that:

"Although land laws in Laos are quite good, there are sometimes contradictions between different laws and regulations...and the implementation or enforcement of the laws. In the case of Outspan we found that documents permitting the company to clear land were not always well-checked by the appropriate authorities.

"Laos has a two-level system of issuing land to companies. Amounts of land smaller than 150 hectares can be given out by the province. Larger areas can be only be given out by the national level. Companies often start clearing land after receiving a 150 hectares plot from the provincial government. While their request for more land is up for approval by the national government, clearing tends to be on going and **this also happened in the Outspan case**." (Emphasis in original.)

All members of the Yahern delegation agreed that no agreement or contracts had been presented to, or signed by, the villagers. "If they had asked," said Soumpheng, we would have offered them some land within our own areas that was not being used."

"We would have cooperated," nodded another village representative.

"In 2010, we were told that the District Land Management Authority wanted to do a survey as they planned to give a concession to Outspan. We had already lost land to Vietnamese coffee growers, so we were not happy, but we know it's best to cooperate with the authorities," Puan said.

The team came and marked out the initial 150 hectares, and almost before the villagers had time to react, the company brought in tractors and leveled the ground, toppling anything in its way and have continued to do so. Video shot the week before the delegation arrived in Vientiane showed a devastated area. Smoking black stumps were all that remained of teak and rosewood trees. Valuable construction-grade bamboo was incinerated; undulating clods indicated a cemetery; finally, the image became that of distraught women standing around the vestiges of an ancestral shrine. In the background, Outspan's pert coffee trees seemed to mock the devastation.

"They worked day and night. The noise and light did not allow us to sleep," said Puan. "We went out and tried to stop them, but they told us we had no rights any more as the land had been granted by the governor."

When the village heads asked to see the land certificates, the survey team told them to go to the

district government offices.

As the story unfolded, the farmer's faces lost their polite smiles. Their fists clenched tighter, their mouths set into hard lines.

At every level of government, the villagers said, they were greeted with obfuscation, lies and threats. "Yes, both the police and soldiers threatened us," Puan nodded.

When a village delegation went to the district government office in 2011, Puan said officials passed the buck to the provincial government, which promised to send someone to investigate. In the end, the officials took no action, simply blaming Outspan for mistaking the boundaries of the concession.

The LWG report noted that because official maps do not include ownership or use, **demands for compensation are "difficult" and "[t]his happened in the Outspan case."**

The South East Asia Press Association also confirms the villagers story, reporting "the **expansion of a Vietnamese coffee plantation with the alleged connivance of the district governor** [Siphandone]."

After repeated protests, the villagers were told early in 2012 that they were free to move somewhere else, an offer repeated in mid-May by officials from the national government sent to investigate the farmers' claims. But according to the National Regulatory Authority, relocating is dangerous, since much of the area's land remains contaminated by the unexploded U.S. bombs from the secret war that continues to maim and kill villagers even today.

Olam Responds

Asked how the existing conflicts and hardship fitted with the company's corporate social responsibility charter, Olam's Singapore office referred questions to its London-based public relations company, Gong Communications. Gong spokesperson Sara Firouzyar emailed CorpWatch to say that Olam was "concerned" and "believed in good faith that we had followed national laws and relevant processes."

She also referred to the Livelihood Charter which "formalizes our long-standing commitment to invest in the rural communities of emerging countries across the world...and to strengthening farmers within the global supply chain. We aim to bring prosperity to our farming and rural communities. We build long-term relationships based on fairness and trust. We seek to transfer skills and knowledge through partnerships."

Firouzyar added that the company had engaged an independent team of consultants to investigate and perform an audit.

But a Vientiane-based filmmaker, who preferred not to be named, described the April audit: "Foreign men came to the villages. We were told they were from the company. But the strangers didn't talk to us, and ignored us when we tried to talk to them."

We Want Our Land

"We don't want an agreement or even compensation. We want our land back." Puan said angrily at the April meeting with CorpWatch in Vientiane. The others nodded in agreement.

Meanwhile Olam has promised 12 stakeholder meetings, Firouzyar wrote in April. If they happen, mused long-time Lao resident Richard Hollis, in an email, the meetings "may cast unwanted light on multilevel government corruption and ineptitude, and establish a precedent distasteful to the Lao government."

When asked if Governor Siphadone profited from the deal, Olam's London representatives chose not to disclose if or how much the governor was paid for the concession. But, Firouzyar wrote, Olam is "actively recruiting a qualified, local community specialist to be based in Laos to ensure that we are able to build strong local relationships going forward."

It may be too late. The villages are facing hunger and illness, and they are angry their land is being given away with impunity, despite their longevity and certification. Another delegation is planned despite the expense, CorpWatch was told by the villagers and the filmmaker.

"Outspan gave the villagers, 20 tons of rice 3 years ago. Enough they thought for over 1,000 people. But in the long run, how can the 172 families of Nong Mek, Nong Tua Nong Hin and Nong Tiem live?" asked the filmmaker. "We are sending emergency food aid down to the families that are starving. But we cannot keep doing so. Why should we pay when Outspan makes the profit?"

Protest in Laos is rare, but land grabs are fueling widespread rural unrest that the Lao government is finding harder to suppress. This case may be a watershed in governance, and the risks the delegations have undertaken have inspired others to speak out.

Even high school students have written about it: "Somboun knew money could not replace his beautiful natural environment. Money [from coffee plantations] can be expended eventually, but nature, if nurtured properly, will last forever," wrote Damlongsay Lonhsaithane in his essay "Title Deed."

"This is our dignity and our lives," Puan said turning as he left the meeting. He gave a grim smile. "We are not afraid to die."

Source: **CorpWatch**



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