

A CRITICAL REVIEW OF THE IMPACTS OF MALAYSIAN OIL PALM INTERESTS ON INDIGENOUS COMMUNITIES IN EAST AND NORTH KALIMANTAN

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ABSTRAK

Resource peripheries are areas that are physically distant from national cores and difficult to access, often found along international borders. The provinces of East and North Kalimantan, situated within the Sulu Sulawesi Zone, share both land and maritime borders with Malaysia. Trade exchanges and commodities have been an important factor in the development of these provinces, which owe much of their recent economic development to land-use based sectors, particularly the agribusiness sector, fueled mainly by palm oil. This oil palm boom has made this region one of the largest economies in Indonesia, experiencing consistent growth over the recent decades. However, this has led to significant socio-economic and environmental challenges for the indigenous communities in East and North Kalimantan, raising concerns about sustainability and cultural preservation. This study aims to critically analyze the socio-economic and environmental effects of the palm oil boom and globalization on the indigenous communities of East and North Kalimantan. Using content analysis of primary and secondary sources consisting of publicly available documents, this critical review examines the effect of these new relationships on the indigenous communities here, as well as the impact of globalization and capitalism on these two peripheral provinces. It finds that cross-border investments by Malaysian plantation companies in these provinces have brought more negative than positive impacts upon the indigenous communities residing there.

Keywords: *Resource peripheries, Kalimantan, oil palm, indigenous communities*

INTRODUCTION

‘Resource peripheries’ are normally characterized as areas that are physically distant from national cores, and difficult to access. They are often found along international borders. One such resource periphery would be the provinces of East and North Kalimantan¹ situated within the Sulu Sulawesi Zone (Potter, 2009, p. 88). These provinces share both land and maritime borders with Malaysia. Like other areas surrounding the Sulu Sulawesi Zone, trade exchanges and commodities have been an important factor in the development of both North and East Kalimantan. Both provinces owe much of their recent economic development to land-use based sectors, particularly the agribusiness sector, fueled mainly by palm oil (Casson, 2006, p. 72). Alongside local investors, Malaysian plantation companies have also been avidly investing in these provinces, especially along the Malaysia-Indonesia border. This oil palm boom has made this region one of the largest economies in Indonesia (Nababan, 2013, p. 9), experiencing consistent growth with an annual average of around 3% from the period of 2000 to 2009 (Nababan, 2013, p. 3).

This border zone however is not merely a ‘spatial’ area of economic activity (Warren, 1997, p. 177) where Malaysian investors reap the fruits of Indonesian land. Border zones are often also arenas “in which people geographically and historically separated come into contact with each other and often establish ongoing relations; a zone where two or more cultures rub up against one another due to events going on beyond its geographic borders, where people of different origins and ethnicity come

¹ North Kalimantan was formerly part of East Kalimantan. It was declared a separate province on 25 October 2012, making it the newest province in Indonesia.

to occupy the ‘contact’ space and/or historical territory, where lower, middle and upper classes touch” (Warren, 1997, p. 178). Indeed, the drastic palm oil developments in this zone have brought into contact several groups of society that formerly exist separate from each other. Indigenous communities who are the original inhabitants of these borderlands have come into contact with at least two new groups of people; foreign (mainly Malaysian) oil palm plantation companies, and migrant workers from other parts of Indonesia. These new relationships, initially based purely on economic activity, bring along with them a range of new political and cultural pressures (Potter, 2009, p. 88).

Social and cultural relations in borderlands are often complex, overlapping and regional (Potter, 2009, p. 88). Warren (1997, p. 178) argues that such sites have great potential for antagonism and conflict, as these new relations often involve possible conditions of coercion and inequality. Potter (2009, p. 88) has argued that the conflicts and contestations that occur in these peripheries are usually a result of the intersection of four dimensions: economic, environmental, cultural and geopolitical.

Changing human populations, the introduction of alien cultures and values to forest areas, increasing competition for land and forest resources, improved infrastructure, communications and market access in forest areas, new economic opportunities and changing de facto resource rights (Belcher et al., 2004, p. 577) often have a profound effect on the way of lives of the original inhabitants of the land, either directly or indirectly. While oil palm has brought burgeoning economic growth to these provinces in general, it has also brought along with it drastic environmental, cultural and geopolitical change. Most pronounced has been the effects upon the way of life and livelihoods of the local indigenous communities in the rural areas of these provinces, where most of the oil palm plantations are situated (Nababan, 2013, p. 4). This paper thus examines the effect of these new relationships on the indigenous communities in East and North Kalimantan. In a larger context, it also examines the impact of globalization and capitalism on these two peripheral provinces, in the form of Malaysian plantation interests (Potter, 2009, p. 96).

Oil Palm and Resource Peripheries in Indonesia

During the colonial era, the Dutch brought over four African palms in 1848 to be planted in Buitenzorg Botanical Garden (now Bogor) in Java, Indonesia. Several decades later, in 1991, Indonesia’s oil palm frontier took root in the Dutch core commercial plantation belt in North Sumatra (McCarthy and Cramb, 2009, pp. 114-117, Sawit Watch, 2007, pp. 1-2). Following a slow start, the oil palm plantations gradually extended to the resource peripheries of Indonesia, including Kalimantan from the 1970s onwards (McCarthy and Cramb, 2009, pp. 114-117).

Indonesia’s decentralization exercise at the turn of the century further facilitated the expansion of oil palm plantations into the Indonesian peripheries. In 1999, President B. J. Habibie introduced Law 22 of 1999 on regional government and Law 25 of 1999 on fiscal relations between the central and the lower regional levels of government. These regional autonomy laws emphasized the national government’s intention to increase administrative authorities at the local levels of government (Bakker, 2009, p. 32), in exchange for the local governments being responsible for a larger part of their administration budgets. With this increase of administrative distance between the center and peripheral, rulers at the local level found themselves with new powers to grant land use licenses (Nababan, 2013, p. 8, McCarthy et al., 2012, pp. 555-560), and new fiscal responsibilities. For example, in 2002, district heads (Bupatis) were given the power to grant licenses of up to 1000 hectares for oil palm estates, while provincial Governors could grant licenses for areas over that size (Urano, 2014, p. 12). Local leaders were also given the authority to convert production forest to conversion forest. This effectively shifted the formerly centrally dominated ‘patron-client’ system down to the local level (Bachriadi and Sardjono, 2006, p. 7). Hence, due to its great potential profit gains, local leaders found oil palm development as an attractive opportunity for them to generate revenue for both official and personal coffers (Nababan, 2013, p. 8, Casson, 2006, pp. 70-82, Nooteboom and de Jong, 2010, p. 275).

Alongside local Indonesian investors, the Indonesian government also opened up the oil palm industry to foreign investors in the early 1990s to further boost the sector (McCarthy and Cramb, 2009, pp. 114-117). To attract these investors, the government endorsed several specific strategies: the implementation of a new foreign investment law that proposed tax holidays, free repatriation of profits, a guarantee of compensation, and lowering forest royalties and taxes to be competitive with neighbouring countries (Maunati, 2005, p. 5).

Malaysia was the world's largest palm oil producer at the time. Malaysian plantation companies' expertise in the sector and decreasing land availability at home meant that these companies would be among the most avid investors in Indonesia (Van Gelder, 2004, p. 19). While Indonesia has since overtaken Malaysia as the world's largest palm oil producer, Malaysian plantation companies remain one of the biggest players in the Indonesian oil palm sector. Indonesia in turn remains Malaysian planters' primary choice for land bank expansion (Potter, 2009, p. 89, Aidenvironment, 2014, p. 12), for both economic and social reasons. Indonesia out-competes Malaysia in terms of both labour (by five times) and land cost (by four times) (Aidenvironment, 2014, p. 12). A representative from Malaysian investor Tradewinds succinctly puts things into perspective: "To expand in Malaysia is no longer competitive. For example, if you invest RM 1,500 on 0.4 ha in Sarawak, the recovery takes 10 to 12 years. However, in Indonesia, with just RM250 per 0.4ha, it takes six to seven years to recoup the investment" (Wakker, 2006, p. 30). Indonesia is also close to Malaysia, physically, culturally and also politically². Currently, 52% of all Malaysian foreign direct investment in land bank for oil palm is in Indonesia (Aidenvironment, 2014, p. 2-12), and Malaysian investments control about half of all Indonesian oil palm plantations, with a land bank of about 1,802,000 hectares across the country in total (Adnan, 2013, Maruli, 2011).

East and North Kalimantan were also not left out of this equation. One Bupati of a regency in East Kalimantan stated that in the early 2000s, he had been approached by many potential investors, many of which were from Malaysia (Casson, 2006, pp. 70-82). Over the years, a large sum of forest area in these provinces has been converted for palm oil production. The district of Paser was the site of the first oil palm estates in these provinces, and private estates quickly expanded to forests of other districts of East Kutai, Kutai Kartanegara, Nunukan and Berau (Urano, 2014, p. 12). Currently, 23% of all oil palm development in the Indonesian part of Borneo Island is in East and North Kalimantan (Pittman et al., 2013, p. 13). Licenses for oil palm development have been given out for about 3 million hectares of land (Daryanto, 2011, p. 14), about 14% of the total land area of the two provinces. Palm oil is presently the provinces' main agricultural export product (Bakker, 2010). To further support the oil palm industry in these provinces, an International Port and Industrial Zone (Kawasan Industri dan Pelabuhan Internasional or KIPI), an industrial park for core palm oil related industries like biodiesel, lubricants, soap, cosmetics, olein and stearin, surfactants, and cooking oils has also been established in Maloi, East Kutai regency in East Kalimantan (Regional Investment, 2010, pp. 29-30).

Malaysian plantation companies were encouraged to invest in these provinces since the year 2000, shortly after decentralization (Casson, 2006, p. 82, Potter, 2009, p. 90, Hasudungan, 2024, p. 297). So far, about 380,000 hectares of land in these provinces are controlled by Malaysian interests (Aidenvironment, 2014, pp. 34-36). Major Malaysian companies currently controlling land bank in these provinces include Low Yat Group, Batu Kawan, Cepatwawasan, Chellam Plantations, Trurich Resources, Kumpulan Fima, Glenealy Plantations, Golden Land, IJM Plantations, Kuala Lumpur Kepong, Kwantas Corporation, Lion Forest Industries, Metro Kajang Holdings, NPC Resources, QL Resources, Southern Group and TSH Resources (Aidenvironment, 2014, p. 2).

New Socio-Cultural Relations

On both a global scale and within the nation, peripheries are often seen as 'elsewhere', uncomfortable and expensive to reach. The communities that live in these peripheries in turn are often regarded as

² The author has discussed this at length in her earlier works. See Varkkey (2013a, 2012, 2013b).

foreign, remote and sometimes even dangerous (Potter, 2009, p. 88). Most of the indigenous communities in the provinces of North and East Kalimantan are made up of Dayaks. 'Dayak' is a collective term encompassing all non-Muslim, non-Malay natives of the Indonesian section of the island of Borneo³. In East and North Kalimantan, the Dayak peoples can be divided into twelve major sub-tribes: Tunjung, Kenyah, Punan, Bahau Sa, Bahau Busang, Benuaq, Bentian, Kayan, Lundayeh, Modang, Krayan and Penihing. The Dayaks are often described as an exotic society, with their uniqueness (from other Indonesians) expressed through particular traditions like head hunting, longhouse dwelling, animism, and a nomadic lifestyle (Maunati, 2005, p. 8).

The borderland forests are traditionally very important in the lives and livelihoods of these local Dayak communities. Generations of Dayaks have occupied and managed the resources within these forests, and their dependence on these forests continue until today (Bachriadi and Sardjono, 2006, p. 3). The Dayak's spiritual lives are also closely connected to the forests, which are the sites of many sacred sites. Thus, religious ceremonies and spiritual elements are often also incorporated into their traditional forms of forest management (Perkumpulan Sawit Watch et al., 2007, p. 9). Because of these characteristics, the Dayaks are often described as isolated, untouched and change-resistant.

This is reflected in their economic activities, where Dayaks traditionally maintain a subsistence economy (Maunati, 2005, p. 7-8) as their major source of livelihood. The more settled Dayaks generally open up primary forests on their ancestral lands for farmland on which to practice shifting cultivation of swidden agriculture (Belcher et al., 2004, p. 579, Simorangkir and Sardjono, 2006, p. 12). The principle land use system is a rotating fallow system with hill rice as the main agricultural product (Belcher et al., 2004, p. 579). Some are also involved in small-scale cash-crop production like cocoa, coffee, rubber and pepper (Belcher et al., 2004, p. 579). Each farming Dayak family needs an estimated 15 to 50 hectares of extensive humid tropical rainforests to practice such sustainable agroforestry. This traditional sustainable system maintains a steady supply of timber, non-timber forest products (NTFPs), foods and medicines, besides playing an important role in conservation (Perkumpulan Sawit Watch et al., 2007, p. 10). Only a small number of Dayaks have ventured into waged work, for instance with small-scale enterprises (Maunati, 2005, pp. 7-20).

As the price of Crude Palm Oil (CPO) continued to increase, the Indonesian government saw oil palm as a 'solution' to the so called 'problems' of 'backwardness' facing the traditional communities in the border areas (Potter, 2009, p. 96), and other resource peripheries. The government regarded palm oil as an important contributor to its modernization and poverty alleviation strategy (Hameiri and Jones, 2013, p. 471). It was rationalized that plantation investors coming into these peripheries would increase the welfare of forest populations, by provide economic opportunities to bring modernity and development to these poor 'backward' peoples (Naidoo et al., 2009, p. 36, Urano, 2014, p. 12). Oil palm plantations were thus viewed as vehicle for social and economic development in impoverished rural areas of the country (Samsul et al., 2007, p. 6), especially in terms of employment. The industry employs roughly 20 million people (Simamora, 2011); 4.5 million people through direct employment on plantations (900,000 people in the agricultural sector) and downstream processing (3.6 million people in the industrial sector), and the rest through related service industries and remittances (World Growth, 2011, pp. 4-13). The Director General of Estate Crops reported that because of palm oil, farmers' incomes have increased to US\$ 1,607 per household per hectare per year in 2011, from US\$ 920 in 2005, which works out to an average increase of 12.24% annually (Caroko et al., 2011, p. 18).

The decentralization of forest access permits did provide opportunities for the local governments to capture a higher percentage of the revenues generated by oil palm expansion within these areas. This was used to build up physical infrastructure and industrial facilities (Casson, 2006, p. 65) to promote general provincial development. However, while these investments have brought significant economic growth to the provinces of East and North Kalimantan in general, these developments have failed to bring significant improvement to the welfare of the Dayak peoples in the area (Bachriadi and

³ There are also 'Dayaks' in the Malaysian section of Borneo, however they are defined slightly differently and are not explicitly discussed in this paper.

Sardjono, 2006, p. 7). Indeed, the two Kalimantan provinces have shown a decrease in the overall percentage of poor people from 10% to 7% in 2011. However, poverty statistics in the rural areas of East and North Kalimantan, where most of the indigenous communities reside and where most of the plantations are situated, have remained high. In the same year, poverty rates in the rural areas were around 11%, as compared to 4% in urban areas. These statistics show that oil palm expansion in these provinces have not economically benefited the indigenous Dayak communities in these provinces (Nababan, 2013, p. 5).

From the socio-cultural aspect as well, Dayaks are worse off than before. Warren (1997, p. 178) discusses how there is great potential for antagonism and conflict at border areas where lower, middle and upper class touch. Before 1998, the Dayaks living in these borderlands had little or no direct contact with oil palm and the new groups of people that came along with it (Potter, 2009, p. 90). However, oil palm expansion has meant that new classes of people have now come to occupy the historical contact space and territory that were once the exclusive domain of the 'lower class' Dayaks. This has forced the Dayaks, who were formerly geographically and historically isolated from other groups of people, to rub up against the 'upper class' Malaysian concessionaires and their representatives, and the 'middle class' migrants from other parts of Indonesia. These new relationships have brought little benefit to the Dayaks (Nababan, 2013, p. 4). Indeed, these indigenous groups have had very limited involvement in oil palm as they have been dominated by these foreigners across the border and non-indigenous migrants (Maunati, 2005, p. 2). This has resulted in antagonism and conflict, as predicted by Warren (1997, p. 197), caused by the insecurity and unfairness felt by these original Dayaks due to the presence of these newcomers (Bachriadi and Sardjono, 2006, p. 8). This situation further entrenches these communities into a vicious cycle of poverty and desperation. The following sections will discuss the consequences of both of these new relationships in turn.

Conflict with Concessionaires

The relationships of Indonesian Dayak communities with their Malaysian neighbours of whom they share a border with are underlined by unequal power relations. While the Indonesian Dayaks have close feelings of kinship with the Malaysian Dayak groups that reside close to the border in Sabah, Malaysia, they often describe themselves as the 'poor cousins' of their Malaysian kin (Potter, 2009, pp. 89-97). This (real or perceived) unequal power relations between the 'lower class' Dayaks and their upper class neighbours have resulted in much on-the-ground tension with respect to oil palm plantations (Terauchi et al., 2014, p. 271), both related to Malaysian investors and the distant central government.

One of the most highly contentious issues that have arisen in relation to Malaysian investment into oil palm in these provinces are related to what indigenous communities consider 'land grabs' of their ancestral lands by these plantation companies. As mentioned above, Malaysian plantation interests have oil palm development rights to some 380,000 hectares of land in North and East Kalimantan (Aidenvironment, 2014, pp. 34-36, Murray Li, 2015, pp. 8-10). Much of these areas intended for oil palm development overlaps with the residential and forest or land use areas of the Dayak people (Terauchi et al., 2014, p. 262). The high international demand and global trading price of CPO has created serious competition between the Dayaks and these investors for the use of this land resource (Potter, 2009, p. 88). Hence, social conflicts of interests between these large foreign companies who obtain rights to the land and surrounding local communities which claim ancestral rights to the land occupied by these companies has led to a drastic increase of conflicts between these two parties (Bachriadi and Sardjono, 2006, p. 6).

The local Dayak communities recognise the benefits of these customary lands to provide good environmental services such as drinking water reservoirs, recreation, beautiful landscapes and well as to provide NTFPs (Terauchi et al., 2014, pp. 271-272). To the Dayaks, the most important contributor to household well-being was said to be intact forests (for supplying the greatest variety of goods and services), followed by big and small rivers (Cunliffe et al., 2007, p. 595).

Many of these communities have claimed ownership of their communal land for generations, establishing their territory boundaries using natural markers (Simorangkir and Sardjono, 2006, p. 12). Each family has the right to use land that has been communally recognized as theirs (Maunati, 2005, p. 8). Customary laws dictate that once a community member opens up primary forests and establishes a farming plot, he or she is effectively the owner of that land (Urano, 2014, p. 13). The practice of swidden agriculture which is common in these communities involves a rotational system where some agricultural land is left fallow during each planting season so that the land can replenish its nutrients and fertility. However, ownership is still recognized during these fallow years (Urano, 2014, p. 13). Furthermore, there have been cases (although rare) of buying and selling of fallow land among the community, which further proves that there is clear customary recognition of individual land ownership within the community (Urano, 2014, p. 13). This custom has been respected and followed for generations, dating back to before the independence of Indonesia (Bakker, 2010, p. 6), but usually does not come along with formal legal protection from the state (Urano, 2014, p. 6). This is partly because of these communities' physical and psychological distance from the legal center, and that such legal protection was, prior to oil palm presence, not formerly needed.

Before the decentralization exercise, there was never any serious attempt by the Indonesian government to measure or recognise traditional territory (Bachriadi and Sardjono, 2006, p. 6). However, decentralization brought about new laws that put these traditional understandings on land use under threat. While these new laws were promoted as a means to formally recognise these traditional rights, Law No. 41 of 1999 on Forestry stipulates that community rights over customary-owned forests are respected, as long as those rights do not conflict with state interests. Effectively, these rights are thus limited by the discretion of the local government and will not be recognized if the land has already been granted to a third party by the state authority (Urano, 2014, pp. 7-8). This severely limits the possibility of these rights to be upheld, as it effectively limits the official validity of customary land to land on which no other rights are placed, a situation which is close to non-existent (Bakker, 2010, p. 6, Urano, 2014, pp. 7-8). The designations of customary forests thus lie only with the government, without participation by indigenous communities, even though they are the ones who have been occupying, utilizing, interacting with and depending on these lands and its resources for generations (Perkumpulan Sawit Watch et al., 2007, 1). Instead, the government perceived these large peripheral forests as areas empty of local significance and therefore offering opportunities waiting to be seized or exploited (Cunliffe et al., 2007, p. 593). This then was an example of a national government applying a nationwide legal system that rightfully supersedes local customary claims (Bakker, 2010, p. 2). Thus, the agrarian reforms that came with decentralization have failed to secure tenure and land rights of indigenous farmers like the Dayaks in the Kalimantan border areas (Urano, 2014, p. 6), and these indigenous communities effectively do not have full rights to the areas on which they were living (Cunliffe et al., 2007, pp. 595-596).

To get around this uncertainty, villagers can actually register their customarily owned forests for a legally recognized 'hutan desa' (HD) title. If the HD title is obtained, the area can be maintained under individual management and protected from company encroachment for 35 years. However, government policies for oil palm advancement have largely prioritized business interests over those of the villagers (Urano, 2014, p. 18). Corrupt government agencies have made it all the more difficult for the villagers. The National Land Agency (Badan Pertanahan Nasional or NLA) is the central government agency responsible for land registration, however research have revealed considerable public perception issues related to the integrity of the agency and its officials (Ningtyas, 2018, p. 198). Indigenous peoples often find it difficult to obtain accurate guidance on the eligibility of their lands, the registration process and actual costs (Urano, 2014, p. 14). Officers are also known to give out multiple certificates to plots of land and 'losing' documents from their archives when convenient (Bakker, 2010, p. 2). These officers are also known to demand sums far higher than the required land registration fees from these poor villagers, who are often unable to pay (Bakker, 2009, p. 31, Urano, 2014, p. 14). And villagers often find that, while their applications for HD are being processed, business licenses have already been issued for the land and overrules their application (Urano, 2014, p. 18).

The greater discretion that was given to local leaders (with decentralization) to grant licenses for oil palm development has also resulted in local elites abusing this power (Urano, 2014, p. 6). Corruption, collusion and patronage led to many of these ‘little Suhartos’ bestowing licenses to investors without adequate consultation with the populations that live on that land, and deliberately ignoring native customary land rights or contesting claims, mainly under the pretext that oil palm development was for the greater good of the region (Potter, 2009, p. 90, Bakker, 2009, p. 31). When well-connected entrepreneurs needed land for oil palm plantations, their patrons in the local government would simply change the land use category of those forests as needed, declaring that the land is ‘part of the state’s forests’ and will be given to these clients for ‘the sake of the nation’ (Perkumpulan Sawit Watch et al., 2007, pp. 1-2, Urano, 2014, p. 12, Varkkey et al., 2018, p. 154). For example, a Bupati in Nunukan had single-handedly changed the land use category (from permanent forest to non-forest) of 109,000 hectares in his regency for the establishment of oil palm plantations (Potter, 2009, p. 100). Giving out blocks of land to developers makes sense to a local government interested in revenue collection. It is much easier and more lucrative to tax a single enterprise that generates profits in cash rather than to tax a large number of dispersed, small-scale indigenous resource managers who capture the bulk of their revenues in kind or for self-consumption (Belcher et al., 2004, p. 586). Hence, district governments are more likely to prefer attracting corporate investment to enhance the local economy and gain popularity with the electorate (Terauchi et al., 2014, p. 270), alongside self-enrichment, rather than defending the interests of the indigenous community (Nootboom and de Jong, 2010, p. 275).

This legal and procedural insecurity has caused much discontent among local indigenous populations when Malaysian investments encroach into customary lands armed with central- or local-government approved licenses for the development of oil palm estates (Urano, 2014, p. 6). When the management of these forests are handed over to concessionaires in this way, local communities find that their ‘living spaces’ have shrunk or disappeared, in what they view as a form of daylight robbery (Bachriadi and Sardjono, 2006, p. 6). Many of these villagers are resettled elsewhere, effectively being forcibly distanced from their main sources of livelihood, like their rice fields, rattan gardens, or the primary forests where they harvested honey, fruits, fuelwood, timber, medicinal plants, and game (Maunati, 2005, p. 2, Sandker et al., 2007, p. 43). Even if they are not displaced completely, primary and secondary forests close by that can be used for swidden farming become less readily available. This forces the farmers to shorten fallow periods, which will affect fertility and yields, and also increase weed infestation (Sandker et al., 2007, p. 42). This severely reduces the indigenous community’s role in economic activities, pushing them further into poverty (Nababan, 2013, p. 5).

Oil palm plantations also disrupt and damage the ecosystem services that the Dayaks have relied on for generations (Perkumpulan Sawit Watch et al., 2007, 1). Changing land use, road construction, and pollution has affected the general quality, safety and supply of fresh water. The occurrence of monsoons and dry periods has become increasingly unpredictable, and floods tend to be higher than in the past. Rice harvests have failed due to early floods. Chemical changes are also taking place, as water quality further decreases and becomes more acidic due to soil erosion, and lake ecology is changing into swamp conditions (Nootboom and de Jong, 2010, pp. 266-269, Potter, 2009, p. 98). Villagers also have to suffer uncontrollable fires which are often used in the land clearing process of these plantations (Bachriadi and Sardjono, 2006, p. 8). Contact with new groups of people have also had negative effects on the health of these populations, including higher levels of malnutrition and mortality, changes in disease ecology which lowers natural immunity, increases in waterborne diseases such as diarrhea, vomiting and skin diseases, and increased instances of sexually-transmitted diseases due to the higher demand of prostitution in oil palm plantations (Perkumpulan Sawit Watch et al., 2007, p. 10, Nootboom and de Jong, 2010, pp. 266-269).

Oil palm encroachment has also forcibly ‘globalized’ these Dayak communities and exposed them to a world in which the market system is dominant (Potter, 2009, p. 102). Where free access to forests prior to oil palm encroachment meant that most Dayaks could survive on a subsistence economy (and barter trade when necessary), they now literally have to go to the market to buy the produce that they

need to survive (Belcher et al., 2004, p. 585). Thus, while the government may argue that plantations have the side effect of modernizing these isolated groups ('trickle-down effects'), these groups instead ended up losing much of their existence base and access to the natural resources that they need to maintain or improve their way of life (Maunati, 2005, p. 2, Simorangkir and Sardjono, 2006, pp. iv-v). In effect, these already very poor communities are in fact subsidizing these plantation companies ('trickle-up effects') as they are forced to give up much of their living space to these companies (Bachriadi and Sardjono, 2006, pp. 14-15, Simorangkir and Sardjono, 2006, p. 19).

Because of this, Dayak villagers in these areas largely oppose the introduction of oil palm development to customary forest (Terauchi et al., 2014, pp. 271-272). However, companies that have been granted licenses normally have very little time for local traditions. These companies often forcibly cut down fallow community gardens and disrupt ancient cemeteries to gain access to land for cultivation (Maunati, 2005, p. 12). They are able to do so as fallow forest is typically considered as degraded land, unworthy of compensation (Belcher et al., 2004, p. 586). If compensation is paid at all, this is usually only for the tangible cost of the damaged or destroyed fruit trees, and not for the intangible losses of the lands, resources and livelihoods that have been taken away from them (Perkumpulan Sawit Watch et al., 2007, p. 19). There have also been cases of egregious coercion, where traditional lands are forcibly expropriated or deliberately burned (Belcher et al., 2004, p. 578).

Therefore, villagers are forced to fight to defend their lands from being taken for these commercialization interests (Telapak, 2013, p. 3), and use various tactics restrict access by outsiders, especially foreigners, to their own traditional territory and the resources within them (Cunliffe et al., 2007, pp. 595-596). For example, in 2006, the Foundation for Support and Empowerment of the Dayak Punan in Malinau (Lembaga Pemerhati dan Pemberdayaan Dayak Punan Malinau) expressed its dissatisfaction on the manner in which oil palm licenses were being given out on their lands. They issued a statement requesting the government to stop the issuance of new permits for large-scale oil palm plantations in Malinau. Instead, they pleaded with the government to recognise traditional community rights over ancestral lands, protect water resources on these lands, support traditional swidden farming systems that caused no harm to the ecosystem, and facilitate market access to NTFPs that these communities harvested (Wakker, 2006, p. 13). However, this statement was largely ignored by the authorities. In May 2011, 31 villages from the Lumbis sub-district in North Kalimantan also protested the presence of the Malaysian plantation company Low Yat Group on their ancestral lands. They appealed to the Nunukan district head and the Ministry of Forestry for a stop-work order for PT Primabahagia (owned by Low Yat Group) on grounds that the company was operating on customary rights land. The outcome of this however is not clear as further information on the case has not been made public (Aidenvironment, 2014, p. 22).

In October 2011, a more physical conflict ensued when there was a long drawn-out standoff between the Dayak Benuaq tribe from Muara Tae village in East Kalimantan and PT Munte Waniq Jaya Perkasa (PT MWJP, owned by the Malaysian company TSH Resources Bhd Group). PT MWJP had received permit locations for palm oil concessions in Kutai Barat district, with a total of 11,500 hectares, namely in Siluk Ngurai sub-district, Muara Ponak village, Rikong Village, Kiyag Village, and Kenyayan village. The company had been bulldozing community lands to forcibly chase out villagers and open oil palm concessions (Telapak, 2013, pp. 4-15). The Muara Tae residents fought back by mapping out boundaries, constructing a guard post, and planting a seed nursery on their ancestral lands. However, the villagers were held back by the police and other security personnel alleged by witnesses to be out-of-uniform military (eia, 2011).

There undoubtedly exist many other similar cases of community dissatisfaction in response to oil palm encroachment, however the unequal power relations between these upper class plantation investors and the lower class villagers make the pursuit of justice difficult. Often these villagers are often unable to organize themselves effectively to stand up against these behemoths (Urano, 2014, p. 6). And when they are able to do so, they are accused of being ignorant of modernization, lacking aspirations, and lacking understanding of the 'larger situation'. Their actions are said to be destroying the forest or as obstacles to development (Maunati, 2005, p. 12, Nooteboom and de Jong, 2010, pp.

263-264). Furthermore, these villagers are usually faced with intimidation and harassment whenever they vocally or physically object to such takeovers (Perkumpulan Sawit Watch et al., 2007, p. 16). Often this is also backed by both state and non-state force, as shown in the Muara Tae example above. This is legal, as Article 20 of the 2004 Plantation Act allows plantation companies to use private and state security forces in the 'protection' of plantation areas once licenses have been granted (Perkumpulan Sawit Watch et al., 2007, pp. 10-20). This has created an atmosphere of fear and violence that poses a very real and dangerous threat to the safety of these indigenous communities (Perkumpulan Sawit Watch et al., 2007, pp. 10-20).

Most villagers are also too poor or uneducated to pursue official or legal means to resolve these conflicts in an equitable and transparent manner (Urano, 2014, p. 6). If they approach the district police, the generally corrupt police force regularly take the side of the companies when disputes arise (Potter, 2009, p. 101). The legal route of small-scale, participatory approaches usually involve high transaction costs (Nababan, 2013, p. 8). And if they can afford to get legal representation, corruptible judges at the regional courts of law would very rarely rule in favour of villagers who cannot afford to pay them off (Bakker, 2010, pp. 15-16). Furthermore, accepted proof in land cases usually take the shape of a land certificate, receipts of land tax payments, written statements by village heads or other documents pertaining to national law or government, which villagers are rarely able to produce due to reasons stated above (Bakker, 2009, p. 35). All this tie in with the notions of patronage and deep corruption, which see government officials as part of a larger, powerful network that literally control the implementation of the law (Bakker, 2010, pp. 15-16). Hence, while decentralization should have provided the opportunity for local voices to be heard, it has actually produced increased lawlessness in the border regions (Potter, 2009, p. 89), to the benefit of these concessionaires.

Conflict with Migrants

Situated so far away from the central government, indigenous Dayak communities in the peripheral border zones generally find that they do not relate well to the central identity, or to other Indonesian peoples outside their ethnic groups. To a certain extent, the loyalties of these communities to the majority Indonesian culture is somewhat diluted, and instead they relate more closely to the Dayak groups that exist close to the border in Sabah, Malaysia (Potter, 2009, pp. 89-97). This underlines the potential antagonism and conflicts that are bound to occur when the Dayaks are forced to rub up against migrant newcomers that, despite being of the same nationality on paper, in reality share very little in terms of cultural identity with them. This scenario has indeed developed in these peripheral provinces of East and North Kalimantan, where the oil palm boom has fueled a steep increase of migrants from other parts of Indonesia entering into these traditional Dayak territories. Large-scale migration driven by employment opportunities in oil palm plantations have had broad and serious socio-cultural impacts on the original Dayak communities (Sandker et al., 2007, p. 37). About half the population of these provinces are now migrants (Regional Investment, 2010, p. 9). This has given rise to new forms of conflicts between the lower class Dayaks and the middle class newcomers.

The steep rise in the migrant population in these provinces can be traced back to the demands and biases of concessionaires. Kahn (1995, p. 145) has argued that the 'new global economy' needs the land and resources of indigenous peoples and, not their labour. Indeed, this can be seen happening in the border peripheries of Kalimantan. Many plantation companies are reluctant to recruit local Dayaks, due to their lack of education and perceived lax work discipline, and also supposed easy resignation from jobs (Maunati, 2005, p. 3). Sour relations, due to land conflicts as discussed in the previous section, has also contributed to this alienation from job opportunities. On the other hand, immigrants generally have higher levels of education (Sandker et al., 2007, p. 46) and are viewed by employers as easier to handle as, new to the area and faced with very little options, they were willing to endure harsher conditions (Urano, 2014, p. 16). Hence, most of the jobs in plantations go to the immigrants instead of the local indigenous peoples (Bachriadi and Sardjono, 2006, p. 8, Perkumpulan Sawit Watch et al., 2007, p. 13, Sandker et al., 2007, p. 46, Naidoo et al., 2009, p. 42). Even though some local Dayaks would like to have the opportunity to benefit from oil palm through employment

(Belcher et al., 2004, p. 583), they usually can only be ‘silent watchers’ of commercial plantation’ activities in their customary lands (Simorangkir and Sardjono, 2006, p. 6).

Therefore, these areas became a major destination for internal migration (Bakker, 2010, pp. 1-2). These migrant workers who come to these provinces for work do so either independently, ‘sponsored’ by the plantation companies, or through the central government’s ‘transmigrasi⁴’ programmes (Sandker et al., 2007, p. 46). Scholars estimate for every new job taken up by a migrant, three people (usually family members) actually immigrate to the area, causing a sharp rise in the migrant population (Sandker et al., 2007, p. 43). These migrants are settled in prefabricated villages, adding whole neighbourhoods to existing ones. In addition to the work they obtained in the plantations, plots for personal usage (often overlapping with ancestral plots) are also assigned to them by local governments (Bakker, 2010, p. 7).

Other than through direct employment, Malaysian oil palm interests have also been contributing to the migrant population in these Kalimantan borderlands in more indirect ways. Many plantations on the Malaysian side of the border employ illegal immigrants originating from all over Indonesia. From time to time since the early 2000s, the Malaysian government embarks on deportation exercises where they deport these illegal immigrants back into Indonesian territory (Lyons and Ford, 2007, p. 252). Often times, this is done via nearby official border crossings in North and East Kalimantan, like Nunukan and Entikong (Potter, 2009, p. 94). This exercise most recently occurred in 2014 (The Jakarta Post, 2014). As a countermeasure, the Indonesian government often grants these deported individuals official transmigrant status and make arrangements for them to be absorbed for employment by oil palm plantations close to the border (Potter, 2009, p. 94, Wakker, 2006, p. 13).

In addition to direct employment with plantations, local Dayak populations have also lost out in local forest utilization schemes designed by the government for the betterment of local livelihoods. Oftentimes, forest management rights that have been granted to concessionaires also come along with obligations to improve the welfare of the surrounding communities (Bachriadi and Sardjono, 2006, pp. 4-5). Two examples of this are the Community Forestry (Hutan Kemasyarakatan) scheme and the Nucleus Estate Scheme (Perkebunan Inti Rakyat or PIR). The idea behind the Community Forestry scheme was to include local communities in the management of state forests, while at the same time maintaining original forest functions for long-term sustainability (Bachriadi and Sardjono, 2006, p. 5). The PIR schemes in turn were set up to increase involvement of smallholders in the oil palm sector. Under the scheme, up to 20% of total commercial estate are would be allocated to plasma plantations. Oil palm estates would take bank loans on behalf of the participating smallholders to establish plasma plantations for them. The estates would manage these areas for 35 years, and smallholders would receive the profits after the repayment of bank loans and company management fees have been deducted (Urano, 2014, p. 12).

Although these schemes were meant to provide more opportunities for local villagers to participate in land and forest management, not many original Dayaks have been able to make use of these opportunities since their debut (Maunati, 2005, pp. 7-20). Insufficient human, social, physical and financial capital (Bachriadi and Sardjono, 2006, p. 7), lack of understanding about the programs and application procedures, and insufficient technical support from the government (Terauchi et al., 2014, p. 269) have limited the involvement of the poorer and less educated local Dayaks in these programs. Hence, most of these opportunities were taken on by the relatively higher educated and better-off middle class migrants instead (Bachriadi and Sardjono, 2006, p. 7).

One good example of this is the case of the Tiwei Village in the Paser District of East Kalimantan. Instead of the local people getting involved in the PIR scheme there, priority was given to around 140 transmigration families that were settled in the village to participate (Bachriadi and Sardjono, 2006,

⁴ The government’s official ‘transmigrasi’ programmes sponsored and facilitated the movement of millions of Indonesians from high population density areas in Indonesia to other areas with low population density, like these Kalimantan borderlands, to relieve population pressures.

pp. 9-10). Under the PIR scheme, participating villagers would be offered two hectares of oil palm estate (Casson, 2006, p. 73, Terauchi et al., 2014, p. 261). This further threatened the local Dayaks' tenure security as their ancestral farmlands were taken over to be converted into PIR estates for the migrants without any compensation given (Bachriadi and Sardjono, 2006, pp. 9-10). These schemes therefore did not fulfill their initial goals of bringing significant benefits to original indigenous populations, resolve economic-political problems nor secure tenure for them (Bachriadi and Sardjono, 2006, p. 5).

In these various ways, indigenous peoples who already lost control of their lands to concessionaires, were further alienated from their remaining lands as they were claimed by new migrant settlers (Perkumpulan Sawit Watch et al., 2007, p. 13). These additional constraints on the use of traditional lands again reduce the Dayak's freedom to practise their subsistence way-of-life, further entrenching them into the cycle of poverty (Naidoo et al., 2009, p. 42). In the long term, the presence of migrants also threatens the Dayak peoples' survival as distinct cultural entities, alongside population pressures (Perkumpulan Sawit Watch et al., 2007, p. 12).

When issues of land rights are raised by the local community, these new migrant settlers do not accept the adat of the Dayaks (Nooteboom and de Jong, 2010, p. 269). Very much like the concessionaires discussed in the previous section, migrants perceive any discourse surrounding the adat as threatening the land that has been legally assigned to them (Bakker, 2010, p. 7). Therefore, there has been festering mistrust and grudges held among indigenous communities towards migrant populations, and vice versa. This fosters inter-communal conflicts along with acrimonious land tenure battles between these new and old communities, sometimes culminating in violent clashes between them (Naidoo et al., 2009, p. 42, Perkumpulan Sawit Watch et al., 2007, p. 12, The Jakarta Post, 2001).

CONCLUSION

The recent years have seen Indonesia benefiting tremendously from booming palm oil exports. However, the parties who have benefited the most from this boom have not been the indigenous people living in the resource peripheries which have been the primary sites of oil palm development (Maunati, 2005, p. 2). While many local elites saw investments in this sector as a quick and attractive way to enrich themselves while also bringing development to their region, oil palm has instead brought increased poverty and conflict among the indigenous Dayaks in the area. There is a feeling that elite patrons in the local government are acting against the interests of the local indigenous populations on purpose, favouring instead the interests of their clients in large plantation companies and immigrants. The relatively powerless Dayak populations have lost tremendous stretches of their adat lands to accommodate elite interests, companies and immigrants (Bakker, 2010, pp. 2-7). On top of that, the Dayaks have also lost their rights to be secure in their means of subsistence, and to participate in and consent to activities that affect them (Perkumpulan Sawit Watch et al., 2007, p. 12).

Overall, cross-border investments by Malaysian plantation companies in the provinces of East and North Kalimantan have brought more negative than positive impacts upon the indigenous communities residing there. Warren (1997, p. 178) views that such sites which bring different classes of people who were traditionally separated into contact with each other usually result in antagonism and conflict has indeed been well illustrated in this case of foreign oil palm investment in East and North Kalimantan. The unequal power relations between the upper class Malaysian investors, middle class migrants and lower class Dayaks put the higher classes in the position to coerce the poor Dayaks to submit to their demands and pressures. The distance of these peripheral provinces from the centers of both Indonesia and Malaysia has enabled this situation to persist without much intervention or concern from either Jakarta or Kuala Lumpur.

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