

Plantation: Friend or Foe from Sarawak Perspective

(I) INTRODUCTION

There are 3 parties relevant to the plantation industry – particularly in the oil palm and tree plantation sectors. These 3 entities are broadly identified as:-

- 1) Government
- 2) Industry
- 3) NGO

In these 3 relevant entities, the question is whether each is the enemy or a friend.

As it stands, it is reasonable to describe the government and the industry as friends with each other while the NGOs are perceived to be unfriendly and critical of the government and often treat the industry as their enemy.

Perhaps the industry at times can understand and even accept the unfriendly role of NGOs because their roles are perceived as the saintly fighting for the well-being of our environment and human rights among others. On the other hand, the industry and the government are often perceived as guilty of damaging environment, being corrupted and violating human rights; just to name a few.

When global warming becomes a revelation and when weather changes and GHG emission are linked to deforestation, weather calamity invariably reinforces and cement further the public minds on the notion that deforestation is a crime against humanity. More public donations to

NGO organisations to fight the industry and the government for not towing the line with the aspiration of the NGOs.

The public court decides on the guilty verdict against plantation before any due process of law. The Industry and the NGOs became enemies circumstantially.

At this point, we can have a look at the removal of Saddam Hussein in Iraq. Saddam was removed from government, captured and killed on location because he was a public enemy and a threat to world peace. To the world at large, the removal of Saddam Hussein was a saintly act. However today, 10 years after the demise of Saddam Hussein, why are there still plenty of chaos, sufferings and instability in Iraq and the surrounding regions? Has the vacuum left behind after Saddam Hussein's death incubated the growth of ISIS? Was Saddam Hussein a friend or foe of the Iraq people or was he a necessity? One guesses that history will judge in the future.

So, is plantation a friend or a foe? We ask this question and seek for greater wisdom to guide us; a wisdom that recognises facts and acts in reality.

(II) FACTS AND REALITY IN A BRIEF

- (1) Oil palm plantation is very impressive in its impact as an agriculture crop. Planted only on 0.3% of the World's agriculture land and yet producing 30% of the global edible oils.

- (2) Oil palm plantation is instrumental in producing fossil fuel alternatives and capturing carbon from the atmosphere at the same time.
- (3) In Malaysia, palm oil industries employ over half million people as well as offer long term stable income for its smallholders.

About RM 63 billion export revenue earned in 2015 over a total planted area of 5.6 million ha. This is equivalent to an impressive over RM1,000 per ha or about RM2,200 per capita.

(4) Brief historical events on Sarawak's Land Use Policy

- (i) In the Brooke era, there was already a land use administrative protocol to cater for various needs. The early land use activities were timber extraction, rice, rubber and pepper plantation among the smallholders. Immigrant workers and their families were brought mainly from Southern China into Sarawak starting in the late 1800s for food cultivation and mining amongst others especially in the central region consisting mostly of peat area.
- (ii) In 1958, the Sarawak Government under the British Colony established the law of 1958 Land Code to govern its land matters amongst other things.

(5) Current scenario of Sarawak's Land Use Policy

Over the years since independence in 1963, the Sarawak Government has now cumulated a **land use policy** as tabulated below:-

NO.	LAND USE TYPES	TARGETED AREA (MIL.HA.)	PERCENTAGE (%)
A.	FORESTRY	7.0	56.5
	a. Permanent Forest Estates (PFE)	6.0	48.4
	b. Totally Protected Area (TPA)	1.0	8.1
B.	AGRICULTURE	4.0	32.3
	a. Oil Palm Estates & Smallholdings	3.0	24.2
	b. Other Crop (i.e Sugar cane, corn, coffee & tea)	1.0	8.1
	MISCELLANEOUS		
C.	(Settlement, Towns, Industrial Areas, Dam, Reservoir Area)	1.4	11.3
	Total:	12.4	100

Table 1: Sarawak's Sustainable Land Use Policy

(i) Forestry

Permanent Forest Estate (PFE) consists of Forest Reserves, Protected Forests and Communal Forests. PFE is mainly for timber production from natural forest and for planted forests. Timber Licences issued in PFE are licences with individual Forest Management Plans to ensure sustainability in natural log production. Licences for Planted Forests are issued for the purpose of establishing, maintaining and harvesting a crop of trees.

Totally Protected Area (TPA) consists of National Parks, Wildlife Sanctuaries, Wildlife Rehabilitation Centres, Nature Reserves and Marine Parks. The designated TPA covers about 1 million hectares of forests. Inhabitants of Sarawak are prohibited from hunting, fishing and taking any form of forest produce in the TPA

Total targeted area under permanent forest cover comprising PFE and TPA are shown in Table 2.

	Targeted Area (mill ha)	Tenure (year)
(a) Permanent Forest Estate (PFE)	6.0	-
(i) Production Forest under timber licensing	5.0	variable
(ii) Area under licence for Planted Forests	1.0	60
(b) Totally Protected Area (TPA)	1.0	n/a
Total:	7	-

Table 2: Targeted Area under permanent forest cover

Manual timber extraction started before the 2nd World War in peat swamp forest; mainly for ramin timber which was highly sourced after by the European markets. At that time, the timber industry was a small scale struggling operation due to lack of expertise and resources. It was only in the 1960's, with the advancement of technologies and machineries that the State was able to develop the timber industry on the largely untouched hill forests. This has contributed to the increased total volume of logs produced from the region. Chart 1 shows the log production (in volume) in Sarawak over the last 50 years.

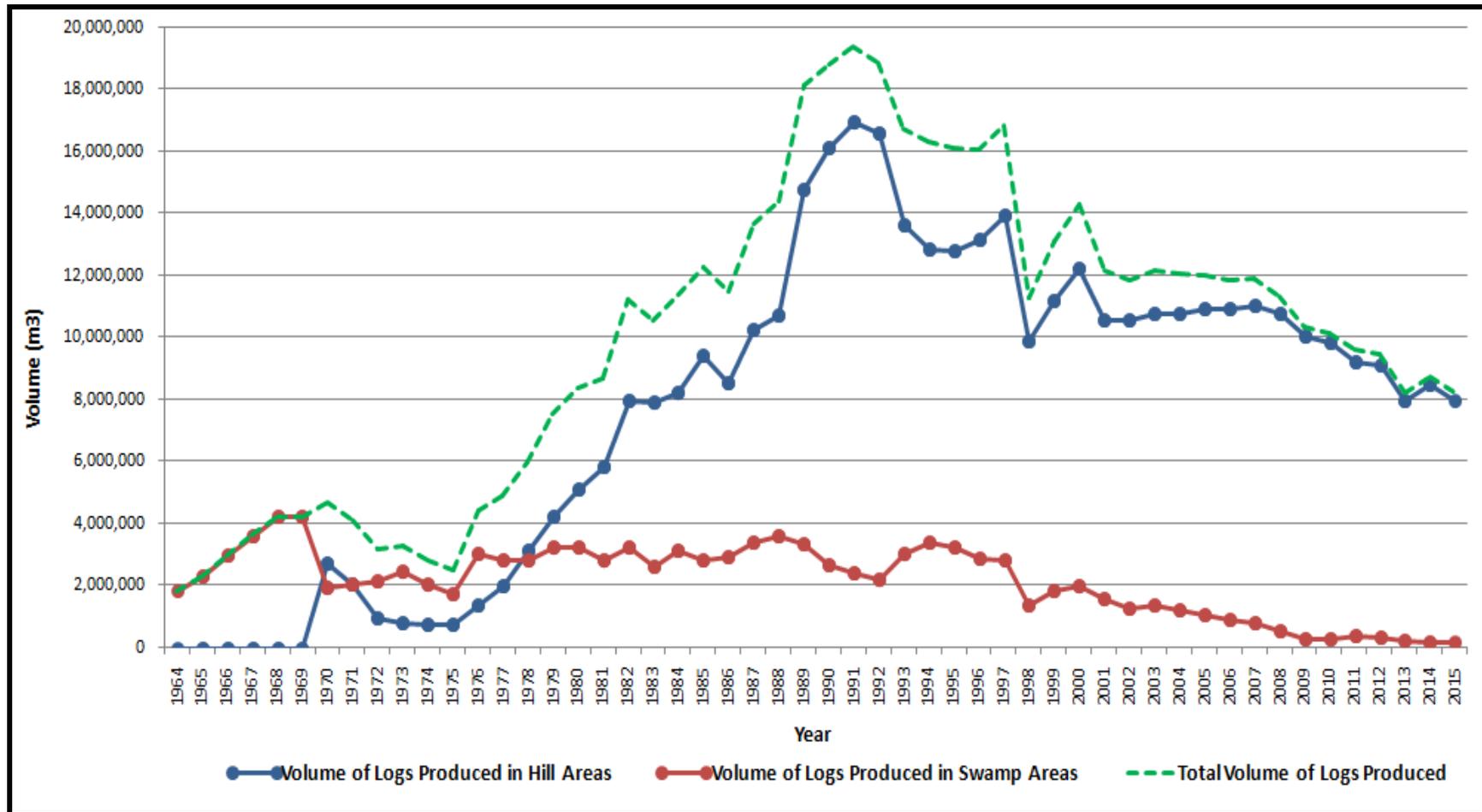


Chart 1: Log Production (in volume) in Sarawak (1964 – 2015)

Notes: The conversion of land for oil palm plantation started as early as in 1990

Total volume (chart 1) showed a steady upward trend from 1975 to 1990 as the timber industry grew from producer of planks and board for domestic consumption to exporter of primary or semi-primary products such as sawn logs, sawn timber, plywood and veneer. Timber production peaked at close to 20 million m³ in around 1991 and thereafter decreased to just over 8.0 million m³ in 2015.

In 2014, of the total 8.715 million m³ timber logs produced, only 208,000 m³ (2.39%) were swamp logs evidencing the lack of merchantable standing trees in the peat swamp areas.

In 1996, the State Government of Sarawak was looking at the productivity and economic returns of idle lands which were affected by shifting cultivation or logging. Also to maintain revenue and reduce wood demand pressure from natural forests, a gross 2.8 million ha were designated for tree plantation under LPF licencing scheme. Out of the 2.8 million ha LPF licensed area, 1 million ha were targeted to be planted with trees of various species while the balance were designated for other usages such as conservation of various types, community activities and allowance for physical constraints and protection. It is expected that tree plantation will enable the government to achieve providing high-quality wood fibre and other forest products for industry and national development.

The global trade in tropical logs was affected by the 1997's Asian economic crisis and is reflected by the 32.8% reduction from 16.8 million m³ in 1997 to 11.3 million m³ in 1998 of total volume of logs produced in Sarawak.

In 2015, timber industries generated cumulative export revenue of RM6.5 billion worth of timber and timber products and a correspondent state revenue of RM566 million through the collection of royalties, cess, levies and other dues.

There is no available data but the timber activities have a huge impact on the alleviation of poverty in Sarawak and provided decent economic growth for its peoples.

There is no available data but a fair portion of logs were produced from clearing of state land for oil palm plantation starting from 1990s.

From importing migrant workers to present day, the timber industry in Sarawak started humbly but achieved significantly over the last 50 or so years. Today, the industry established a huge network of infrastructure, road and bridges, heavy equipment and machineries in the logging as well as billions in downstream investment generating revenue for the State economy and producing over 100,000 jobs not to mention the accessibility and welfare to the interior inhabitants.

Indeed, credit must be given to the Sarawak Government for its vision and organisation skills without which our timber industries would be fragmented and lack organisational structure and resources to carry out timber activities not to mention the very difficult inherent conditions.

In prudent steps, the Sarawak Government is working with the timber industries to reduce contribution from natural forest through phase approach employing a combination of measures comprising of:-

- Planting trees to replace or compensate resources from natural forests.
- Encouraging oil palm plantation to sustain economic development.
- Carrying out diversification of economic activities.

(ii) Agriculture

Sarawak was the last frontier in Malaysia as far as oil palm plantation is concerned. With inferior land form, soil conditions and the lack of public infrastructure, Sarawak was the last choice for the investors. Although the total land mass of Sarawak is 12.4 million ha, major portions are unsuitable for planting oil palm due to interior land, undulating terrain or peat swamp conditions.

With great efforts and difficulties, the government was only able to see gradual increase in oil palm estate after persuading the timber companies in Sarawak to invest in commercial planting of oil palm trees.

According to statistics from Malaysian Palm Oil Board (MPOB) (Chart 2), only small scale of forests in Sarawak was planted with oil palm in 1970s. The increase in areas planted with oil palm intensified from 1990 onwards when timber players ventured into the establishment of large scale oil palm plantations.

The first commercial planting of oil palm in Sarawak began in 1968 by a company, a joint venture between the Sarawak Government and the Commonwealth Development Corporation (CDC), which planted just over 3,000 hectares of State land in Miri Division.

In the early 1980s, the State Government believes that large-scale land development holds the key to Sarawak's future. Therefore, joint venture approach to large-scale plantation development started. Apart from the first company, the Sarawak-based companies have mainly comprised private sector also expanded their oil palm plantation beside their timber businesses. By 1990, the area in Sarawak planted with oil palm was 55,000 hectares, rising to 330,000 hectares by 2000. The total area of oil palm plantations continued to accelerate to approximately 1.44 million hectares by 2015.

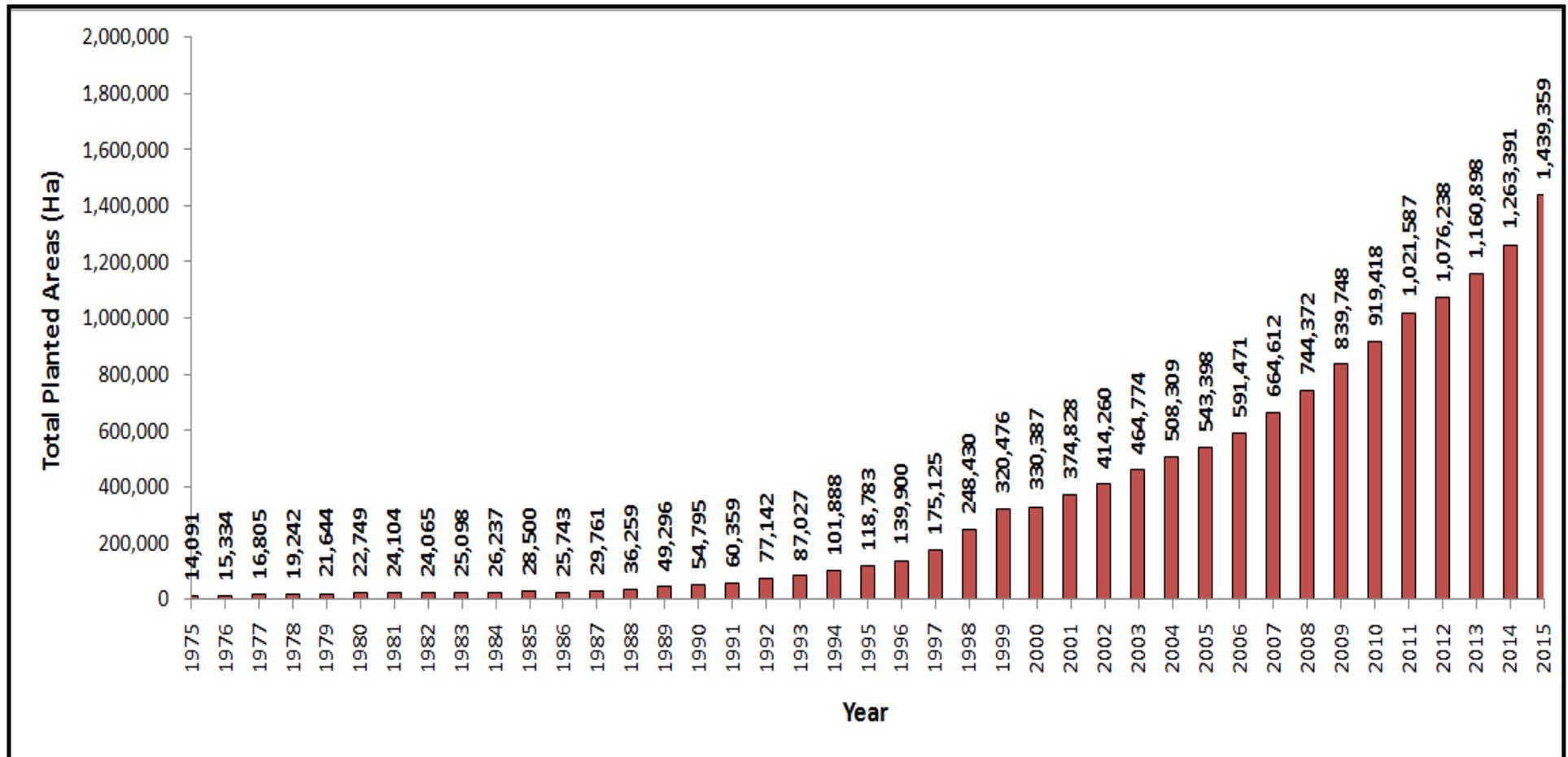


Chart 2: Land Area Planted with Oil Palm in Sarawak from 1975 to 2015

As depicted in Table 1 under Sarawak's sustainable land use policy, the government has targeted 3 million ha of land to be developed into oil palm plantations (2M from estate and 1M from NCR land and smallholders). However, currently there are only 1,439,359 ha of oil palm estates in Sarawak (Table 3).

	Sector	Area (Ha)	Percentage (%)
1.	Private Sector	1,073,286	74.5
2.	FELCRA	53,654	3.7
3.	SALCRA	51,423	3.6
4.	FELDA	6,275	0.4
5.	NCR Land JV (LCDA)	79,623	5.6
6.	Independent Smallholders	175,098	12.2
Total:		1,439,359	100.0

Table 3: Breakdown of Total Oil Palm Planted Areas by Sector in Sarawak

The investment for the development of 1,439,359 ha of oil palm estates in Sarawak came to a total of about RM21 billion, based on RM15,000 per ha until first harvest.

The total area of oil palm plantation in Malaysia recorded as at December 2015 is 5.644 million hectares and the breakdown by three regions is as follow:

Planted area by region	Hectares (Ha)
Peninsular Malaysia	2.660 million
Sabah	1.544 million
Sarawak	1.440 million
Total	5.644 million

The total area of peat land in Malaysia is 2.458 million hectares and the breakdown by three regions is as follow:

Peat land by region	Hectares (Ha)
Peninsular Malaysia	643,000
Sabah	117,000
Sarawak	1,698,000
Total	2,458,000

Out of the 1.7million ha of peat land in Sarawak, about 550,000 ha are planted with oil palm contributing 32% of the total area of oil palm plantation. Most of these planted peat areas are previously logged before since 1950s.

The establishment cost, manpower for crop maintenance and harvesting on peat soil are higher than on mineral soil. However, FFB yield can be similar or at times higher due to higher density of tress per ha.

(iii) Native Customary Rights (NCR) Land and Claims

NCR land is legally defined as land in which native customary rights have been lawfully created prior to 1st day of January 1958. These NCR land were created through shifting cultivation using slash and burnt practices on shifting rotation basis.

Based on data¹, there are at least 1.6 million of NCR land in Sarawak.

¹Land & Survey Department (n.d) Land Branch, Land and Survey Department Sarawak [Online], Available:http://www.landsurvey.sarawak.gov.my/Branches/Land/LandBranch_adj_ncl_dev.htm [Accessed; 20 June 2009]. Of these 1.6million hectares, the Government has approved 720,000 hectares of NCR land for oil palm projects. As of 2008, 350,000

Today, slash and burnt cultivation practices are simply no longer compelling nor economically attractive. Most of the NCR land are left idle since most of the able younger natives have migrated to urban for better opportunities. To mitigate and bring the rural population into the mainstream of economic development, the Sarawak Government has painstakingly established policies models and resources design to improve economic value of these idling lands thereby elevating the native from poverty.

Models including direct assistance given to individuals, joint venture between the native landowners and the private enterprises with LCDA, FELCRA and SALCRA schemes.

However, the progress is very slow by any definition. Many problems and issues were experienced and are still being encountered such as:

- Intra native disputes on individual land boundary and en-bloc participation.
- Lack of understanding of economic and commercial appreciation and abiding of laws and industrial practices.
- Extensive claims of NCR land beyond the 1.6 million legal NCR land. Numerous legal cases are in court. Lawyers and politicians are numerously involved for money and/or political gains.
- Road blocks (including using women and children), threat to plantation workers with blow pipes and knives.

NGOs who are competing in publicity for public sympathy and donations and at the same time demanding banks, consumers of

plantation products and even the government to act against the industry.

Currently there are only 14.7% (235,000 ha) out of the 1.6 million ha of NCR land developed into commercial plantation which the balance is mostly left idling or grossly unproductive².

Yet claims of native customary rights beyond the 1.6 million ha NCR land are happening all over Sarawak. Indeed, based on the quantum claimed and if the principle applied, such native claims of customary land area would exceed the total land mass of Sarawak. To add fuel, private land transactions are being made among natives; among non-natives and even involve foreigners from China.

(6) Economic of Oil Palm Plantation

The cost of oil palm plantation up to first harvest is estimated at RM15,000 per ha (taking at mean). Assume at 2.0 million ha, the capital investment would be RM30 billion.

Given a yield of 20MT of FFB per ha, 40 million MT FFB would be produced annually with corresponding revenue of RM18 billion.

In terms of employment, there would be over 500,000 jobs generated from the oil palm plantation activities. For Sarawak, it can provide up to 150,000 employments in the oil palm industry. Therefore, oil palm plantation is an important part of Sarawak economic wellbeing.

² "Enhancing value of NCR land". *New Straits Times Online*, 15 September, 2015.
<http://www.nst.com.my/news/2015/10/enhancing-value-ncr-land>

(7) NGOs

NGOs like Save the Rainforests, Forest Hero, Friends of the Earth, and Friends of the Orangutans position themselves and are seen by the public as white knights of environmental protection.

Instead of targeting the ramification of industrial pollution and emission from cars and buses, these NGOs almost always set out to educate the public on forest land clearing as the main cause of environmental damages; often without facts and due process.

While the mission of the environment NGOs should be supported, the problems are:

1. lack of transparency
2. generalising
3. discrimination

Invariably, the industrial entity is weary and offensive about the NGOs and their roles. Let me narrate briefly 2 cases to illustrate:

- (i) BLD Plantation Bhd vs Friends of the Orangutans
- (ii) Matek Geram's claim of being threatened by BLD

Case (i) BLD vs Friends of the Orangutans (FOTO)

Based on a newspaper report that BLD was clearing 14,000 ha of peat land, FOTO demanded that BLD must stop all of its plantation development in Igan area. Claiming that BLD was carrying out illegal deforestation, the NGOs demanded Bunge Agribusiness Singapore Pte Ltd to stop buying palm oil from BLD immediately without prior notice or consultation. FOTO then collaborated with Save the Rainforests in Germany and Sarawak Report in UK which published defamatory

statement on BLD with baseless and unsubstantiated allegations. In fact, the allegations were false. The NGOs presented and demanded the Chief Minister to stop BLD from further oil palm development in Igan but the CM office found none of BLD land development activities were illegal in deforestation.

Undeterred, Save the Rainforests went further to harass with public demonstration demanding STIHL (a renown reputable & world largest chainsaw manufacturer) to sever its nearly 40 years honest & legitimate business relationship with KTS.

With such velocity and prejudice, this is clearly an example of NGOs shoot to kill action without due process of law. This is very destructive and fatal to any relationship.

Case (ii) Matek Geram's claim

Matek Geram, named as the Malaysian partner of Rainforest Rescue, claimed that he was "followed" by some unidentified personnel shortly after he returned from demonstration in Germany. Matek made the allegations following the recent drive-by shooting of an activist/politician Bill Kayong in Miri and claimed his life had also been threatened. Such baseless and malicious statements quoted by Rainforest Rescue in its website are most irresponsible and unfair. It amounts to no less than assassination of characters of directors and staff of KTS and BLD who are in legitimate businesses.

(8) Parting Words

It is seldom that the government, the industrial, the scientists, the NGOs can gather to confer so differently on issue like "Plantation, a friend or foe". The subject refer particularly to Sarawak and my personal experience and opinion and it goes to show how specific and yet diversified is the subject.

Often than not, the result is that we treat each other more often our enemies rather than friends.

Think about it, we all breath, live and breed on this earth where good and sensible environment is crucial to our wellbeing. We all should respect our environment but we must also recognise the importance of science, progress and development including for those who live in the jungle.

The Government is elected to govern for the best of its people. The industry should not engulf in profit only at the expense of environment and humanity. NGOs should also undertake their role and mission with just and taking public donations with transparency, without generalising and without prejudice and discrimination.

Sustainability of progress in development should be the common goal of all the three entities.

We need to share our goals, our interests and our mission without which we will not have the necessary trust and confidence as friends of each other.

These three entities need to be inclusive of each other, ie the government is to be respected for its governing roles, the industry need to be hailed for its role in progress and the NGOs in their role to fight for our environment.

Without inclusiveness, we cannot be friends to work together. Instead we become enemy of each other; each trying to work against the other no matter what.

Let's face it, war is to be won with friends against enemy and not the other way round.

If environment well being is our common concern, then we should work together with each other and not against each other.