Company–community conflict in Indonesia’s industrial plantation sector

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Key messages

- Competing land claims are the primary cause of conflict between communities and companies in most industrial tree plantation conflicts.
- Conflicts manifest in different ways. Communities often conduct physical protests and media campaigns, whereas companies frequently avoid dialogue and enlist the services of security forces to suppress conflict.
- The involvement of security forces should be regulated. Conflicts where external security personnel were involved had fatalities in 32% of the cases, versus none of the cases where external security personnel were not involved. In cases where violence occurred, the violence was mostly conducted by or directed against security personnel, army and police forces. However, we cannot differentiate between whether they were involved in a conflict already about to escalate, or whether their involvement escalated the conflict into violence.
- Mediation is widely misinterpreted and poorly implemented. However, efforts are being made by government and non-governmental actors to build capacity in principles and practices of mediation.
- More effort should be made to support communication between parties in conflict and to offer professional mediation services at an early stage of conflict. For the many conflicts that have already escalated to levels of physical violence, efforts to transform how the conflict is expressed or external intervention to enforce a solution may be most appropriate.
- While communication between conflicting parties may be supported by government, it should not be mediated by government, as government is in itself an actor in most of the conflicts (as it issues the permits to the land). Ideally, mediation services can be provided by professional mediators who are part of the Impartial Mediators Network or registered under the Roundtable on Sustainable Palm Oil (RSPO) or the Chamber of Commerce.
- Concrete actions that signal the parties’ commitment to ending or de-escalating the conflict are critical.
- Local activists and community members report that companies that are RSPO members are more easily held accountable. They also respond faster to complaints, even without direct intervention of the RSPO. Most conflicts with fatalities (67%) occurred on plantations that were not associated with an international sustainability initiative such as RSPO or FSC.

Background

Indonesia has the highest number of industrial tree plantation conflicts worldwide, with most fatalities occurring in Sumatra (Gerber 2011; Overbeek et al. 2012), and land-related conflicts are becoming a major source of lethal violence in Indonesia (IPAC 2013). This study provides an overview of industrial tree plantation conflict in Indonesia with the aim of advancing understanding of the nature of plantation-related disputes and conflicts. It develops a typology of conflicts, examines the strategies used to address the conflicts and draws lessons for conflict resolution, with particular regard to how parties involved in conflicts (and those working with them) can avoid destructive escalation of ongoing and future conflicts. Overall, the study contributes to ongoing efforts that are intended to address company–community conflicts in Indonesia’s plantation sector more effectively.

The study approach

This study is based on reviews of existing conflict literature, NGO reports, press releases and stakeholder interviews. Field visits were conducted for in-depth documentation of selected cases. A total of 62 cases were recorded in the database and 9 cases were documented in detail. The database of conflicts gathered information on location, size
of area affected by conflict, whether the company was affiliated to RSPO or other certification programs, causes of conflict, duration and intensity of conflict, manifestations of conflict, conflict resolution efforts and outcomes of these efforts. Criteria for inclusion in the database included: phase of conflict resolution (i.e. whether resolved, resolution attempted but failed, ongoing resolution efforts); that the conflict was company versus communities; that resolution attempted from 2005 or later; that oil palm or timber plantations were involved and that the case was well documented or researchers had access to reliable informants.

The selection of the nine cases for in-depth analysis was based on access to willing informants. We also attempted to obtain a heterogeneous representation of locations, conflict resolution mechanism, level of complexity and level of violence. A total of 28 people were interviewed or participated in focus group discussions. These interviews explored in detail the following issues: causes of conflict, manifestations of conflict, actors and stakeholders involved in the conflict, decision-making and representation of the communities in conflict, conflict resolution attempts, escalation triggers, factors affecting the conflict and lessons learned.

We assessed the conflicts using the ‘conflict escalation’ framework developed by Friedrich Glasl (1999). This framework relates conflict dynamics and levels of escalation to different strategies of intervention and conflict resolution strategies. Conflict escalation entails a breakdown of communication between the parties, loss of control over the situation and an increase in readiness to use violence as a legitimate course of action to resolve competing interests (Schweitzer 2001; Demmers 2012). Glasl (1999) identifies several ‘points of no return’, which take the conflict deeper into escalation and makes it more intractable. His nine phases coincide with likely outcomes, moving from ‘win–win’ to ‘win–lose’ to ‘lose–lose’ as the conflict grows more destructive. The further down we go on the ladder of conflict escalation, the more the need arises for external intervention. In the last stages, resolution may only be reached through external authority and force.

**Distribution of company–community conflicts**

Figure 1 shows the distribution of the cases we analyzed and mapped as part of this study.

Most conflicts were documented in Sumatra (39%) and Kalimantan (35%) and the fewest in Java (3%), which is more densely populated than the other islands and has fewer large-scale industrial tree plantations. We found that many of the conflicts in Papua had not yet reached the phase of conflict resolution, and consequently these were not included in the database. Rather than respond to community

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1 The nine phases include: hardening, debate, action, images and coalitions, demasking and loss of face, threats and counter-threats, limited attacks, destroying the enemy and together into the abyss.

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**Figure 1. Map of conflict locations.**
complaints, companies here leave local communities without options for redress by repressing any community resistance and ensuring that such resistance receives no media attention.

Of the conflicts we analyzed, 87% involved oil palm plantations and 13% involved pulp and paper or timber tree plantations as the corporate party.

The average area under conflict was 5146 ha. The average area under dispute was smallest in Java, and largest in Papua, where the largest area of conflict was in Mimika and concerned an area of 35,759 ha (Table 1).

<table>
<thead>
<tr>
<th>Island</th>
<th>Average area under dispute in ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Java</td>
<td>284</td>
</tr>
<tr>
<td>Sumatra</td>
<td>3,589</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>4,225</td>
</tr>
<tr>
<td>Sulawesi</td>
<td>5,350</td>
</tr>
<tr>
<td>Papua</td>
<td>18,628</td>
</tr>
<tr>
<td>Average</td>
<td>5,146</td>
</tr>
</tbody>
</table>

The average area under dispute was 5229 ha for tree plantations, 5875 ha for non RSPO-members, 6195 ha for RSPO members and 2961 ha for RSPO certified plantations.

**Most common causes of company–community conflicts**

The main cause of conflict is land grabbing$^2$ (84%). However, most conflicts had multiple causes that were mostly related to land tenure and unequal benefit sharing. Land grabbing, lack of, or incomplete, free, prior and informed consent (FPIC), disregard for customary claims, and destruction of trees and crops often occur in the same conflict. Also, inadequate compensation, benefit sharing and failure to realize promises are causes that often occur together. Pollution is cause of conflict especially in communities that are dependent on local rivers for washing, cooking and fishing.

**How conflict is manifested**

Physical protest by communities was reported in 84% of the cases. In 71% of the cases, one or more parties resorted to publicity and media in the form of NGO campaigns, press releases or sending of complaint letters to a third party, such as the National Commission on Human Rights. The communities, often supported by NGOs, mainly used this form of protest against conflict.

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$^2$ Land grabbing is a controversial large-scale land acquisition. Land is seized illegally and unfairly, using underhand and manipulative methods.
In 63% of the cases, intimidation and threats were made by companies, including the criminalization of community members. Examples of criminalization include police arrests of community members harvesting fresh fruit bunches on contested land. Military and police involvement for peacekeeping is often perceived as intimidation by local community members. The involvement of security forces, such as police (including the mobile brigade), military and company (external) security guards increased the likelihood of violence being used in a conflict nine-fold. Other studies on conflict in Indonesia also found the involvement of security forces to be disruptive, provocative and counterproductive, contributing to escalation (Betts 2004; Chauvel 2008; IPAC 2014). To a certain extent, these security forces were drawn into the conflict at a stage where escalation is likely. Yet, their very presence may become an escalation trigger when local community members respond with violent resistance (Susan and Wahab 2014). Moreover, these security forces were the primary perpetrators of violence against people, a finding confirmed by KPA (2014) in an analysis of their unpublished database.

This study shows the different approaches companies and communities tend to use in conflict. Whereas communities resort to publicity to increase the visibility of the conflict, companies seek to stamp out the protest by force.

Such efforts to focus the company’s attention may instead push the company to employ repressive tactics rather than to seek dialogue or resolution.

**Strategies for conflict resolution**

For all conflicts studied, conflict resolution had been attempted at least once. In 47% of the cases, mediation was the resolution mechanism used. Three out of four mediation attempts were led by (local) government, such as the Regent or Regional House of Representatives. In 45% of the cases, negotiation was used. In 31% of the cases, the parties attempted to resolve the conflict in court. A recent trend is that NGOs support local communities

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3 Mediation is a process whereby a mutually agreed upon, impartial third party assists conflicting parties in solving their conflict problems through promoting conciliation and facilitating negotiations, but whereby the decision-making power and implementation is left primarily in the hands of the conflict parties (Wall et al. 2001, 2011; Bush and Folger 2005).

4 Negotiation is a bargaining relationship among the opposing parties.

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Figure 3. Manifestations of conflict.
to challenge the legality of the concession permits rather than focusing on community land rights. In 19% of the cases, the Roundtable for Sustainable Palm Oil (RSPO) was involved in conflict resolution through their Grievance Procedure or Dispute Settlement Facility. In 5% of the cases, the International Finance Corporation (IFC) Compliance Advisor Ombudsman (CAO) intervened through mediation.

We considered the conflict resolution mechanism attempted in relation to the intensity of the conflict.

Four levels of intensity were identified, namely non-violent, suppression, violent and lethal. We found that negotiation was not used in violent and lethal conflicts, but that adjudication was more likely to be used when conflicts turned violent. Negotiation and mediation were more likely to be deployed for non-violent or suppressed conflict. External help was more often sought with adjudication and much less with negotiation. Thus, consistent with Glasl’s (1999) framework, the approach to resolution depended on the intensity of the conflict; more external help by parties outside the conflict is required as the conflict increases in intensity and the parties have no capability to resolve it on their own.

Factors that trigger conflict escalation

Escalation triggers are events or actions that did not exist prior to the conflict but which when implemented tend to increase tensions between the conflicting parties. Escalation in industrial tree plantation conflict is complex due to the involvement of multiple actors (Yasmi et al. 2006). As well as the community and company in conflict, additional actors included transmigrant communities, government, security forces, NGOs, the church and RSPO. Land brokers have also been found to be involved (Susan and Wahab 2014).

The following escalation triggers recurred in many of the conflicts studied:

- **Lack of dialogue and communication:** A recurrent pattern is the lack or breakdown of dialogue and communication between the local communities and the plantation company management. This may happen because community members may not know who to address their grievances to. When community attempts to initiate dialogue with the company management fail and community members feel unheard, they frequently resort to ‘weapons of the weak’ tactics, such as harvesting fresh fruit bunches, block trucks transporting fresh fruit bunches thus preventing them for reaching the mill on time, arson attacks, confiscating heavy equipment and damaging company offices and other assets. These tactics further deepen the dialogue/communication gap.

- **Outside and political interests:** Outside parties may obstruct conflict resolution, especially if they benefit from a stalemate. From interviews for the case studies, we found that external actors, such as NGOs, political parties and land brokers, may hinder conflict resolution if they can use the conflict to achieve their own goals. In the PT Asiatic Persada case in Jambi, conflicts and competition arose between NGOs. More radical NGOs who were unwilling to compromise their demand for complete agricultural reform actively undermined mediation. This obstructed the resolution of the long-standing conflict for the community members whose main concern was their livelihood. In the same case, a political party was involved in the conflict, hoping to build their base of voters.

- **Duration of the conflict and progress of conflict resolution:** Fuelled by frustration over the slow settlement of the land dispute with PT Barat Selatan Makmur Investindo, several hundred villagers started a riot and attacked the company’s office compound. In the Perhutani Blora conflict in Central Java, and the PT Salonok Ladang Mas and Agro Bukit cases in Central Kalimantan, there seemed to be no progress in resolving the conflict and communities felt that peaceful protest did not lead to restitution of grievances. Thus the longer a conflict remains unresolved the greater the likelihood for escalation.

- **Infiltration:** In the PT Kurnia Luwuk Sejati case and in an interview with NGO activists, suspicions have been expressed that demonstrations were

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In this study, suppression is in the form of intimidation and threats, such as hiring thugs, establishment of military posts, voicing of threats, police and army patrols, and criminalization.
infiltrated by outsiders with different intentions than peaceful protest. Such outsiders would initiate violence, often leading to police arrests of community members.

- **Mobilization of security forces**: The mobilization of security forces, such as police, mobile brigade and military, even if meant for peacekeeping, is often perceived as an intimidating security response that intensifies communities’ frustrations over failure to gain redress or attention for the dispute. Most disputes where violence was used against people involved external security forces as one of the perpetrators: the involvement of external security personnel makes it almost nine times more likely that violence will be used. Conflicts where external security personnel were deployed had fatalities in 32% of the cases, versus none of the cases without external security personnel.

- **Withdrawal of a party from a conflict resolution process**: In the PT Wira Karya Sakti case in Jambi, the company withdrew itself from the mediation. In a conflict between PT Kresna Duta Agroindo, a Golden Agri Resources subsidiary, and the local community in Jambi, Sumatra, the community rejected the mediator out of concerns over neutrality. In the PT Riau Andalan Pulp and Paper case it was the company who rejected the mediator for that very reason. In the PT Mustika Sembuluh case, the company rejected a mediation attempt by the National Commission on Human Rights as it had its own conflict resolution mechanism in place, which in turn the community did not accept. Such conflict resolution failures may cause the conflict to escalate as parties may resort to more violent options hoping to force the other parties back into the resolution process.

**Arresting the escalation spiral**

By comparing the manifestations of the conflict to Glasl’s (1999) escalation ladder, we found that subsequent adversarial actions by one party may spark a counter-reaction by the other party (Figure 2). Failed communication and dialogue is the first step in escalation, for if communication fails, communities frequently resort to physical protest. For example, in the PT Kurnia Luwuk Sejati case, the communities could not find any company representative willing to discuss their grievances with them. The farmers’ frustration over this was one of the reasons for a mass demonstration.

We see such resistance and physical protests met with repression, followed by further resistance and more repression. When PT Agro Bukit’s security guards caught villagers harvesting fresh fruit bunches on contested land in their concession, these guards were attacked and wounded by hundreds of fellow villagers. When two villagers were arrested by the police a year later on the same grounds, citizens destroyed a company post and stabbed the post guard. After a third arrest, one villager who came to demand the release of his fellow villagers, died after he was shot and beaten by the mobile brigade.

Preventing the negative conflict escalation spiral and ensuring the peaceful resolution of disputes requires de-escalation efforts either from the parties in conflict or external actors. In our study, we found the following initiatives employed to de-escalate the conflict:

- government intervention (21% of the cases)
- initiation of dialogue (13%)
- a written commitment by either of the parties expressing intention to solve the (peacefully) conflict (10%)
- mapping of contested lands or boundaries in a participatory manner or by a neutral third party (10%)
- initiation of fact-finding mission or team (8%)
- concession by company in the form of community development, financial support or payment of customary fine (5%)
- temporary halt of operations on disputed land (3%), which may be considered a ‘ceasefire’ and signal a commitment to address community grievances.

![Figure 5. Escalation spiral.](image-url)
Such efforts signal a critical commitment to end or de-escalate the conflict that is likely to prevent a negative or violent counter-reaction by any of the parties.

The RSPO was directly involved in 21% of the cases. Local activists and community members report that RSPO members are more easily held accountable and generally are faster to respond to any complaints filed, even without direct intervention of the RSPO. In the PT Agrowiratama case in West Kalimantan, its RSPO membership required the company to publicly announce any plans to expand their operations, allowing NGOs and local communities to file complaints and negotiate with the company prior to operations.

PT Asiatic Persada could be held accountable for its operations through its RSPO membership and IFC funding under Wilmar ownership. When Wilmar sold its shares to a non-RSPO member in 2013, the company no longer had external incentives to resolve the conflict and mediation efforts halted. A year later the conflict escalated, resulting in the death of a local community member. Most conflicts with fatalities (67%) occurred on plantations that were not associated with an international sustainability initiative such as RSPO.

Further work
Participants at a workshop to discuss the results presented here indicated that further research needs to be conducted on several conflict-related issues. First, we need better understanding of why, when conflict agreements or commitments to end conflict are made between communities and companies, they often fail. This research would help highlight the checks and balances that are needed to ensure that commitments and agreements are implemented by both parties. Second, companies often have their own standard operating procedures in the event of conflict. These SOPs need to be more closely examined to generate insights on key barriers to their implementation and whether or how they might be adjusted to promote more dialogue and less reliance on security forces.

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