

Loss of Oil Palm Permits Leaves Papuan Villages Uncertain and Fearful

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With its lush rainforests and long stretches of beaches, Waimon, a coastal village in Indonesia’s West Papua province, seems like an idyllic place.

But some residents consider it a hostile, almost inhospitable place due to its remoteness and the heavy rains that can make traveling by boat a deadly prospect.

“Living in Waimon is like gambling with our lives,” says Hendrikus Malalu, a resident. “God still loves us — if he didn’t, we’d all have perished by now.”

The only way for the villagers to travel to other parts of the region is by sea; there’s no road access. The village also only has electricity at night, when the villagers turn on their diesel-powered generators.

Amid these restrictions, two of the three clans in the village welcomed a palm oil company that promised them a better life as the only way out.

And now that the permits of the company, PT Papua Lestari Abadi (PLA), [have been revoked](#) by the government of Sorong district, where the village is located, the Indigenous people there have been left questioning their future and afraid of the fallout of the revocation.



Waimon village in West Papua, Indonesia. Image by Hans Nicholas Jong/Mongabay.

Permits revoked

PLA was one of several palm oil companies that saw their permits revoked following a government audit in West Papua province, which is home to some of the largest swaths of intact forest left in Indonesia.

The audit itself was part of a moratorium by the central government to freeze the issuance of new palm oil licenses, in the wake of fires on oil palm concessions and years of uncontrolled deforestation associated with the industry.

The moratorium, which expired in September this year, also mandated a review of all existing licenses, in the same vein as a previous review of mining licenses that saw more than 2,000 permits [cancelled](#) based on irregularities that came to light.

Very few oil palm permits [were revoked](#) by the central government prior to the moratorium's expiration. But in West Papua, the provincial government revoked the licenses of 14 companies after finding a litany of irregularities and violations.

The West Papua move, coming at the tail end of the moratorium, may serve as a test case for how government officials approach trying to cancel licenses held by potentially powerful companies. This may still be possible despite the moratorium having expired, since the government [says](#) Indonesia will use existing regulations to address sustainability issues in the palm oil industry.

Shortly after the provincial government rescinded the permits, PLA and another affected company, PT Sorong Agro Sawitindo (SAS), which held a concession in the village of Gisim, filed a [legal challenge](#) against Johnny Kamuru, the Sorong district head. The two companies are seeking to have a court annul the government's decision and give them back their concessions. They argue the move to revoke their licenses has harmed them.

Benidiktus Hery Wijayanto, head of the West Papua provincial agriculture department, said the government had every reason to revoke the two companies' concessions because they had violated the law by failing to fulfill their obligations. Among the unfilled obligations is obtaining a right-to-cultivate permit, or HGU, the last in a series of licenses that oil palm companies must obtain before being allowed to start planting.

The two companies also appeared to have done nothing since receiving their permits in 2009, Benidiktus added.

"They had no activities in Sorong at all," he says. "They didn't have offices. If you ask government officials in Sorong, there's no single document either [about the two companies]. It's only when we did the evaluation at provincial level that we got [the documents]."

Benidiktus said he eventually managed to track down a PLA employee, who told him that both PLA and SAS hadn't started any activities on their concessions because they didn't have any operational funds.

That means the companies' concessions are technically abandoned, which is grounds for a permit revocation, according to Piter Ell, a lawyer for the Sorong district government.



The water of Waimon village in West Papua, Indonesia. Image by Hans Nicholas Jong/Mongabay.

The man behind the companies

Piter said PLA and SAS had also violated the anti-monopoly law by having the same person, Ronald Louis Sanuddin, as their chief executive. Both companies share the same address, which Piter said turned out to be the office of another company, called Papua Diving.

Benidiktus said the two companies didn't have any offices in West Papua province, and that it was only when they filed a lawsuit against the Sorong district head that they set up an office in Sorong.

The similarities between the two companies don't stop there.

According to the NGO Pusaka, which advocates for Indigenous rights, PLA and SAS [are also owned](#) by the same individual. The shares of both companies are owned by PT Pilar Sukses Sejahtera and PT Global Jaya Abadi Gemilang, two companies that are in turn owned by Paulus George Hung, a businessman from Malaysia. Hung also serves on the boards of both PLA and SAS, according to Pusaka.

Villagers in both Waimon and Gisim recalled Hung as having approached them. Daniel Kayaru, the head of the hamlet of Klajaring in Gisim, even referred to him as the “big boss,” while Demianus Yapen, the Waimon village secretary, called him “Mr. Ting,” a throwback to his old [Malaysian name](#) of Ting Ting Hong.

In 2006, Hung was among 50 individuals accused by the Indonesian government of illegal logging operations in the country. He was linked to a ship that was seized with [21,000 cubic meters \(741,600 cubic feet\)](#) on board in West Papua waters. Despite that, Hung was able to get new forestry permits from the government, paving the way for him to keep doing business in Indonesia.

It's common in Indonesia for businesspeople to operate in both the forestry sector and the plantation sector, as they can benefit from clearing forests and selling the timber before converting the land into plantations.

Piter said there are indications that many companies applying for oil palm licenses are doing so only to cut down trees and sell the wood for quick cash, with no intention of establishing an oil palm plantation.

PLA and SAS hadn't started clearing their respective concessions because they didn't have the requisite timber exploitation permits. Another company that had its permits revoked and that is also suing the Sorong district head, PT Inti Kebun Lestari (IKL), had already obtained a timber exploitation permit.

Benidiktus said when the local government surveyed IKL's concession, they detected clearing. Photos from a document drafted by IKL's logging operator, CV Aimas Jaya Mandiri, also show there had been some clearing, he added.

West Papua and Papua provinces hold some of the last remaining stands of commercially valuable hardwood species in Indonesia, including merbau, a prized target for [illegal loggers](#) and [timber traffickers](#).

With many irregularities surrounding PLA and SAS, Piter said the court should reject the companies' lawsuit and declare that their permits had been revoked in accordance with the law.

“Because before the concessions are revoked, it has gone through a process of multistage evaluation, starting from the central government, the anti-graft agency, KPK, the West Papua provincial government and the Sorong district government,” Piter said.



The villagers of Waimon in West Papua, Indonesia. Image by Hans Nicholas Jong/Mongabay.

Roads and electricity

Prior to filing the lawsuit, PLA approached the Indigenous communities whose areas overlap with its concession in Waimon. They offered money to one of the village's three clans, the Kasilik, who accepted it.

Demianus, the village secretary, said the Kasilik asked for 300 million rupiah (\$21,000), but settled for half that amount. The company paid the first installment, 50 million rupiah (\$3,500), in April. The company also promised to give the clan two houses in Sorong and pay for the education of the Kasilik children through middle school, said Yunus Kasilik, a member of the clan.

Yunus said that amount of money could go a long way in improving the livelihoods of the Waimon villagers.

“I catch a lot of fish and shrimp. How can I sell them to Sorong since there’s no road?” he said. “I’m not defending palm oil. But can [the government] take care of [our] road access? Electricity?”

Some of the villagers, including Demianus and Yunus, said that if the government could guarantee access to road and electricity for the village, they would happily cancel their agreement with PLA.

“All I’m asking for is road and electricity, that’s all,” Yunus said.

The Sorong district government secretary, Cliff Agus Japsenang, questioned the timing of the company’s reappearance, suggesting it’s an attempt by PLA to gain support from the locals for its lawsuit.

“The companies arrived on the scene this April, May or June, after the permits were revoked,” he said. “But let’s not forget that they’ve had years [to fulfill all their legal obligations], where they were nowhere [to be seen].”

Johny, the Sorong district head, said the company’s sudden appearance after years of being absent is a sign that it doesn’t have the local community’s interest at heart.

In Indonesia, cash-strapped local governments often fail to build basic infrastructure, like in the case of Waimon. It’s not uncommon for agricultural or extractive companies to take on this role. But Johny said his government won’t abandon the villagers whose areas overlap with the rescinded concessions and who had been promised better lives by the companies.

“In this situation, the government took a decision [to revoke the permits] for the best interests of the people there,” he said in an interview at his house in Sorong. “There might be people who understood this, there might be those who don’t understand yet, thinking that this decision has harmed them.”

Johny said his government had actually planned to build a road to connect Waimon and other places in the region. Sections of the road have already been built by Petrogas, an oil and gas company operating in the region, but the project has been halted due to problems with land acquisition.

Johny said he would communicate with Petrogas again to discuss resuming the road construction.



Gisim villagers in West Papua, Indonesia. Image by Hans Nicholas Jong/Mongabay.

‘They promised we can be prosperous’

Waimon is not the only village that has fears over the potential repercussion of the permits revocation.

In Gisim, another coastal village in Sorong district, the Indigenous residents face a similar quandary with SAS, the other company suing the Sorong government for revoking its permit.

Residents there had granted the company the rights to 13,000 hectares (32,100 acres) of their forests. The company had promised to compensate them in the form of money, education and housing, according to hamlet chief Daniel.

“[They promised] that we can be prosperous with oil palm plantations,” he said. “So we accepted [SAS] so that we can change [our future]. We can be as prosperous as other places in Kalimantan [Indonesian Borneo] and Sulawesi.”

Up until 2010, SAS had paid the villagers 500 million rupiah (\$35,100), which the community used for various purposes, such as holding Christmas celebrations, according to Daniel. But after that, the company disappeared, with the villagers unable to contact its representatives, he said.

In April, PLA arrived in the village and told residents that it had taken over SAS’s concession.

Daniel said the villagers refused to make any deal with PLA until SAS had settled things with them.

“For the first company [SAS], we deemed them to be just toying with us,” he said. “For the new company [PLA], they have to [operate] with new agreements.”

Like the concession in Waimon, the concession in Gisim was also revoked by the district government following the recent audit because it had been left unmanaged by SAS for more than a decade.

Daniel said the revocation has further complicated the situation, since it's not clear where SAS has gone and whether the villagers will have to pay back the money they received from the company.

"We're afraid of the company. Don't let it sue us [for the money already paid]," he said. "We want to hear the district head say to us, 'Don't worry, I'll pay off your debt.' We haven't met him so we're not satisfied yet."

Sorong district head Johny said he would protect the villagers

"It could be that the people didn't know [better] and they were intimidated [to accepting the money]," he said. "Were they given an understanding and opportunities to think? The point is that the government will take responsibility."

Daniel said that, looking back, he regretted the villagers' decision to accept the palm oil company onto their land.

"We're trapped. We didn't understand [the impact of] palm oil. We just accepted it," he said. "After that, we read and see the development in other villages, and we realize that the palm oil company has been trying to lure us with money and [promises of] prosperity."

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