

# Fuelling Underdevelopment in Colombia

Poverty, Human Rights and Canada's Role in the African Palm Oil Sector



Report prepared by Garry Leech  
for Inter Pares

September 2009



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Inter Pares works with social change organizations around the world who share our analysis that poverty and injustice are caused by structural inequalities within and between nations, and who are working to promote social and economic justice in their communities. Inter Pares is based in Ottawa, Canada.

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*Cover photos by Garry Leech: African oil palms in Nariño affected by blight (top) and a small palm grower transporting harvested palm fruit (bottom).*

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## Executive Summary

In May 2008, the House of Commons passed a bill requiring that fuels consumed in Canada contain specific minimum levels of agrofuels (also known as biofuels) by 2012. Less than two weeks later, the government of Prime Minister Stephen Harper announced that negotiations on a bilateral free trade agreement with Colombia had been completed and the two countries were ready to sign a pact. In just over a week, the Canadian government had laid the foundation for a dramatic shift in trade between the two countries that will likely have dire socio-economic, human rights, cultural and environmental consequences for communities in rural Colombia. This report examines the socio-economic, human rights, cultural and environmental impacts of the expanding production of African oil palm on rural Afro-Colombian communities and analyzes Canada's current and future role.

Not surprisingly, the cultivation of food crops that can be used for agrofuels—sugarcane, corn, soybeans and African oil palm—has increased dramatically in the global South in recent years to accommodate the shifting energy needs of the North. Further, African palm oil is used in a variety of products, from soaps and cosmetics, to food additives, to industrial chemicals and paints. The cultivation of African oil palm in Colombia in recent decades has been directly related to violence perpetrated by right-wing paramilitaries against Afro-Colombian communities. In many regions, this violence has sought to displace Afro-Colombians from their lands to allow palm companies to expand their plantations. In other areas, the government has ensured that loans are available to Afro-Colombians for the cultivation of African oil palm but not for food crops. Consequently, many peasants have little choice but to cultivate palm, as it is the only viable cash crop. After decades of producing oil palm, Afro-Colombian communities remain economically insecure and mired in poverty. They are also engaged in a desperate struggle to retain their culture and food sovereignty and to defend the natural ecosystem upon which they depend.

In 2007 Canada imported almost \$30 million worth of palm oil from Colombia and four other nations—a dramatic 150 percent increase from two years earlier. Canada's free trade agreement will only further promote the expansion of Colombia's oil palm production, both directly and indirectly. To the extent the FTA facilitates agricultural trade, it will result in increased imports by Canada of crude and processed palm oil, making Canada increasingly directly complicit with the carnage associated with President Uribe's strategy to expand palm oil production. In the name of free trade and "clean" energy, increasing numbers of Afro-Colombians will likely see their lives endangered, their land lost, and their food security further diminished in order to serve the needs of Canadians.

This report concludes with a series of recommendations intended to help ensure that Canada's foreign policy towards Colombia with regard to palm oil—whether for agrofuels or its myriad other applications—is based on respect for human rights, cultural integrity, and food and environmental sustainability.

## Introduction

In May 2008, the House of Commons passed a bill requiring that fuels consumed in Canada contain specific minimum levels of agrofuels (also known as biofuels) by 2012. Less than two weeks later, the government of Prime Minister Stephen Harper announced that negotiations on a bilateral free trade agreement with Colombia had been completed and the two countries were ready to sign a pact. In just over a week, the Canadian government had laid the foundation for a dramatic shift in international trade that will likely have dire socio-economic, human rights, cultural and environmental consequences for communities in rural Colombia.

There is perhaps no better example of the intricate links that exist between North and South under neoliberal globalization than in the relationship between five issues: global warming, oil, food, poverty and human rights. An increased Canadian consumption of agrofuels and the implementation of a bilateral free trade agreement with Colombia that will help facilitate their importation will have a profound impact on all of these issues. By passing a bill requiring gasoline contain at least 5 percent ethanol by 2010 and that diesel and heating oil contain at least 2 percent renewable fuels by 2012, the Canada is following in the footsteps of the European Union and the United States in an attempt to address the threat posed by global warming.<sup>1</sup>

Over the past century, wealthy nations in the global North not only exploited their own petroleum reserves, they also sought to gain and secure access to oil in resource-rich nations of the global South. The exploitation of these petroleum reserves often resulted in violations of human rights perpetrated against communities situated in oil-rich regions. Only the imminent threat of global warming has led governments in the North to re-evaluate their reliance on petroleum. The proposed solution has been to

pass laws requiring an increased use of agrofuels over the next few decades in order to reduce greenhouse gas emissions. However, the body of scientific knowledge regarding whether agrofuels significantly reduce energy use or greenhouse gas emissions, once taking into account the entire production cycle, is inconclusive at best.<sup>2</sup>

Not surprisingly, the cultivation of food crops that can be used for agrofuels—sugarcane, corn, soybeans and African oil palm—has increased dramatically in the global South in recent years to accommodate the shifting energy needs of the North. However, while the form of energy might be changing from fossil fuels to agrofuels, the human rights abuses, environmental devastation, poverty and inequality often associated with petroleum production are also being transferred to the agrofuel sector. Furthermore, the shift to growing crops for fuel has led to food shortages and undermined self-sufficiency in many regions of the world.

Colombia is one of the countries in the global South that is increasingly focusing its agricultural policies on the production of crops for agrofuels. The government of President Alvaro Uribe has dramatically expanded the amount of land dedicated to oil palm cultivation in order to produce crude palm oil and biodiesel for both domestic consumption and export. The Canadian government's recent moves to implement a free trade agreement with Colombia, as well as to increase Canada's consumption of agrofuels, will undoubtedly contribute to further growth in the African oil palm sector in that South American nation. This report examines the economic, social, cultural, human rights, and environmental consequences of the growing demand for African palm oil on Afro-Colombian communities in one of Colombia's principal oil palm-growing regions.

## Overview of African Palm Oil Production in Colombia

The most common oil palm tree cultivated in Colombia is the African oil palm, which is preferred over its American relative because greater quantities of higher quality palm oil can be extracted from its fruit. The commercial cultivation of oil palms in Colombia began in the middle of the 20th Century, but did not take-off until the 1970s. Most African oil palm cultivation has traditionally taken place on large plantations owned by domestic companies, although increasing numbers of small-scale growers have emerged over the past two decades. There are four principal regions of the country in which African palm is cultivated: the Northern, Central, Eastern and Western zones. The Northern Zone consists of the Caribbean coast; the Central Zone of the middle



Photo 1: Harvested palm fruit in Nariño (Garry Leech)

<b>Colombian Palm Oil Exports (2001-2006)</b>			
	2001 (tons)	2006 (tons)	Increase
<b>Palm Oil Products</b>	173,000	271,000	57%
<b>Crude Palm Oil</b>	51,928	88,483	70%

Source: *The Faces of the Oil Palm: The Relevance of the Oil Palm Agro-Industry in Colombia* (Bogotá: Fedepalma, 2007)

Magdalena River region; the Eastern Zone primarily consists of the departments of Meta, Casanare and Guaviare in Los Llanos; and the Western Zone is situated on the Pacific coast of the southwestern department of Nariño. In total, more than 300,000 hectares of oil palm are spread across 76 municipalities in 16 of the country's 32 departments.<sup>3</sup> Small independent growers account for approximately 25 percent of Colombia's oil palm cultivation, with the other 75 percent grown by large palm companies such as Palmeiras, Palmas de Tumaco, Salamanca, Palmar Santa Elena, Urapalma and Indupalma.<sup>4</sup>

The African oil palm trees produce fruit from which palm oil is extracted. There are two stages in the production of palm oil. The first is the agricultural stage, which consists of cultivating the oil palm tree and harvesting its fruit. Next is the extraction stage in which the fruit is processed in mills into two products: crude palm oil (extracted from the palm fruit) and palm kernel oil (extracted from the fruit's seeds). Both of these stages usually occur in the palm growing zones.

The final phase is the industrial stage, which involves the processing of the palm oils and occurs both domestically and overseas depending on the product being manufactured. The industrial stage turns the palm oils into consumer products such as edible liquid oils, shortening, margarine, soaps, frying fats, baking fats, confectionary fats and fats for ice cream. Palm oil is also processed into industrial products such as fuels, lubricants, paints and sulphates.

African palm cultivation is the fastest growing agricultural sector in Colombia. As a result, palm oil production in Colombia has increased dramatically in recent years, making the country the largest producer of palm oil in the Americas and the fifth-largest in the world.<sup>5</sup> Correspondingly, Colombia's exports of crude palm oil and palm oil products have increased at an impressive rate over the same period (see table). According to Andres Castro, director of sustainable development for the National Federation of Oil Palm Growers (Fedepalma), Colombia now exports 43 percent of its palm oil production.<sup>6</sup>

The value of Colombia's crude palm oil exports have increased at a much greater rate than the tonnage, from US\$25.7 million in 2002 to US\$78 million in 2006—a staggering 300 percent increase.<sup>7</sup> Carolina López Nates, an oils trader for Acepalma, the company that represents the

export interests of Colombia's largest palm oil producers, explained the dramatic increase in earnings from palm oil exports: "In 2005, we were talking about US\$400 per ton, but now we sell for US\$1,200 per ton. This is primarily due to the growing demand for biofuels as well as the increased demand for food in China and India." As a result, says López Nate, "We have no problem selling all the crude oil we can produce."<sup>8</sup>

Europe is the destination for more than 70 percent of Colombia's crude palm oil exports.<sup>9</sup> The United Kingdom is the single largest importer, receiving 41 percent of it.<sup>10</sup> Canada recently began importing crude palm oil from Colombia, purchasing almost \$10,000 worth in the first three months of 2008 compared to none during the previous two years.<sup>11</sup> While this is not a significant amount of crude palm oil, it is likely to increase given the proposed free trade agreement.

It is not only Canada's imports of crude palm oil from Colombia that are increasing, but also processed palm oil that is used in food and chemical products. In 2007, Canada imported almost \$30 million worth of processed palm oil—a dramatic 150 percent increase from 2005.<sup>12</sup> Canada not only imports processed palm oil from Colombia, but also from Malaysia, Ghana, Italy and the United States. Eight companies account for more than 80 percent of the processed palm oil imported into Canada—Agrex; Bunge Canada; Cargill; Ferrero Canada; L.V. Lomas; Loders Crok-laan; Tamming Foods; and Unilever Cosmetics International.<sup>13</sup>

Colombia's President Uribe has sought to take advantage of the growing global demand for palm oil by promoting the growth of the industry. The government has provided incentives to both small growers and large companies in the palm sector in an effort to increase the production of palm oil, particularly for biodiesel. Laws 788 of 2002 and 939 of 2004 established tax exemptions for those engaged in the production and consumption of agrofuels. And Decree 383 of 2007—modified in part by Decree 4051 of 2007—provided incentives for the establishment of duty-free zones for agro-industrial projects related to the production of agrofuels.<sup>14</sup>

In 2007, the Colombian president declared, "Four years ago, Colombia had 172,000 hectares of palm oil. This year we expect to finish with nearly 400,000. Four years ago Colombia didn't produce a litre of biofuel. Today, because of our administration, Colombia produces 1.2 million

The first group of assassins that arrived brought with them the oil palm tree and the palm companies to Tumaco. Before that, the people here died of old age or of illnesses or accidents, but to get shot with a weapon by another person was not part of our culture. But these large businesses used a strategy of personal protection, they brought hitmen from Cali and Medellín to protect their plantations and that increased crime here. The assassins were very young boys who were being paid money to take care of the businesses. When the paramilitaries arrived they expanded on what was already beginning to take root. This has been the story of African oil palm here.

*Member of the Consejo Comunitario de Alto Mira y Frontera, Nariño*

litres per day.”<sup>15</sup> Meanwhile, a 2008 report published by the government agency, Consejo Nacional de Política Económica y Social (CONPES), claims that Colombia will be able to sell biodiesel internationally for as little as US\$50 a barrel, with the primary determinant of the price being the cost of producing palm oil.<sup>16</sup>

While Colombia is planning to refine biodiesel for export in the future, it does not currently do so—although much of the crude palm oil that it does export is processed into agrofuels at overseas refineries. Colombia recently began refining crude palm oil into agrofuels for domestic consumption in order to meet new national guidelines that require each litre of diesel sold in the country to contain at least 5 percent biodiesel by the end of 2008. To meet this objective, the country is in the process of constructing five refineries that will produce a total of 315,000 tons of biodiesel annually. The Uribe government is planning to construct another four refineries in the future that will be able to produce a further 400,000 tons of biodiesel a year for both domestic consumption and for export.<sup>17</sup>

While the Uribe government paints a bright economic picture of Colombia's palm sector and its future, the industry also has a dark side. In all four palm-growing zones, palm companies have been repeatedly linked to right-wing paramilitaries and human rights violations, including massacres and forced displacement. The history of the relationship between the palm sector and the paramilitaries varies with each region. In the Central (Middle Magdalena) and Western (Nariño) zones, the palm companies were already established when they invited the paramilitaries into those regions during the 1980s and 1990s to defend their economic interests from guerrilla attacks. In the Eastern Zone (Los Llanos), the growth of the palm industry during the 1990s coincided with the rise of paramilitarism in the region. And in the Urabá region of the Chocó—part of the Northern Zone—the paramilitaries first gained territorial control and then invited the palm companies into the area.

In each of Colombia's palm growing zones, the growth of the industry during the 1980s and 1990s was predicated on the forced displacement of peasants by paramilitaries. And, in a cruel twist of irony, the government's reinsertion program for former combatants is now providing jobs to demobilized paramilitaries in palm plantations in the department of Casanare—often the same paramilitaries that forcibly displaced peasants from their lands to allow palm companies to establish the plantations. According to one report on human rights and the Colombian palm industry, “In some cases the victims [of forced displacement] have to

work as employees on farms which were once their property and which were seized from them through the use of violence by the very paramilitaries who are now being reintegrated into society.”

In this light, caution must be used to ensure that Canadian support for Colombian agriculture is directed toward the promotion of biodiverse agriculture that respects human rights and supports small-holder farmers. Support from the Canadian International Development Agency (CIDA) and the International Development Research Centre (IDRC) has for a number of years gone to the Cali-based International Centre for Tropical Agriculture (CIAT). CIAT's science park recently welcomed an institution called the Latin American Fund for Innovations in Palm Oil (FLIPA), which works with Colombia's oil palm companies. According to CIAT's 2007 annual report, the mission of FLIPA:

*... is to contribute towards attaining sustainability of oil-palm agroindustry in tropical Latin America. It conducts R&D activities such that the palm growing sector remains competitive, profitable, and efficient according to parameters for protecting the environment. It thereby captures potential economic and social benefits arising from effective participation in national and international markets with products for both consumption by humans and other uses.*<sup>18</sup>

In fact, CIDA, along with USAID, was among the top three donors to CIAT in each of the past three years. A significant portion of the Canadian funding was in the form of restricted grants and went to an array of agricultural projects not related to oil palm production. For instance, CIDA's Inter-American Program is currently providing CIAT with \$20 million for a six-year project (2004-2010) titled “Combating Hidden Hunger in Latin America,” which works with small farmers engaged in the cultivation of staple food crops such as rice, corn, cassava, and beans. More than \$3 million in CIDA and IDRC funding for 2006 and 2007 was delivered to CIAT in the form of unrestricted grants, mostly through the Consultative Group on International Agricultural Research (CGIAR).

There is no evidence to date that any Canadian funding has gone to support FLIPA or the promotion of palm oil. At the same time, there are no guidelines in place to prevent future funding from supporting, with all its attendant human rights implications, the extremist promotion of oil palm that is Colombian agricultural policy today.

## Case Study: The Western Zone – Nariño

The principal oil palm growing area in the department of Nariño is the municipality of Tumaco, which also contains the city of Tumaco, Colombia's second-largest Pacific coast port. In 2006, there were 35,256 hectares of land in the municipality under palm cultivation, accounting for 12.2 percent of the country's annual crude palm oil production.<sup>19</sup> While the Western Zone has the fewest number of hectares dedicated to oil palm cultivation out of the country's four palm producing regions, it accounts for a disproportionately large percentage of palm oil exports. As noted earlier, 43 percent of Colombia's national palm oil production is exported, whereas 80 percent of the palm oil produced in Nariño is shipped overseas.<sup>20</sup> In 2007, as part of his government's strategy to boost palm oil production, President Uribe called for an expansion of oil palm cultivation in Tumaco and other parts of Nariño.<sup>21</sup>

However, before the oil palm sector can expand in Tumaco municipality, it must first contend with a blight that has plagued the industry since 2006. Colombia's oil palm sector is a monoculture and, like most monocultures, has displaced indigenous flora and fauna, thereby destroying the natural ecosystem. The replacement of the natural ecosystem with a monoculture breaks down natural resistance and makes the new crop vulnerable to blights. Colombia's palm industry has been plagued by blights since its inception and the African oil palm sector in Nariño is currently the most affected. In the two years since the emergence of the blight—known as *pudrición de cogollo*—60 percent of the African palm trees in Tumaco municipality have died.<sup>22</sup> The government and the oil palm companies have sought to address the problem by developing a new species of palm, a hybrid of the African oil palm and the American oil palm, which has shown a greater resistance to the blight.

### *A Context of Violence*

In Nariño, the overwhelming majority of both small growers and plantation workers are Afro-Colombian, which reflects the ethnic composition of Nariño's Pacific coast region. Most of the Afro-Colombian small growers live in 14 communities in which the land is collectively owned under Law 70 of 1993. The communities are also governed collectively through *consejo comunitarios* (community councils) and many of them are located along the Mira River near the border with Ecuador. Afro-Colombians living in the Alto Mira region established a *consejo comunitario* in 1996 and then gained collective title to their lands shortly thereafter.

Prior to obtaining the right to collective ownership of their lands, Afro-Colombians endured the violent introduction of African oil palm cultivation in Nariño. According to Hernán Córtes of the Proceso de Comunidades Negras (PCN):



**Photo 2: Right-wing paramilitaries in southern Colombia (Garry Leech)**

*The violence related to the palm industry arrived here in the mid-1980s and was fuelled by the drug trafficking business, by the Cali cartel. There was a relationship between the politicians, the businessmen and the drug traffickers, and the principal economic activity was African palm, through which they laundered a lot of money. At first, it was only the Cali cartel and the drug traffickers from the Valle de Cauca, but then money came from the Medellin cartel, along with people who worked for Pablo Escobar. This resulted in a lot of violence in the mid-eighties and early nineties and there was a lot of displacement from the rural zone to the urban zone. It was a process that resulted in more than 300 peasants being killed in a decade. They were killed for their lands and by a food crisis that resulted from the most productive lands in the region being taken for the cultivation of African palm. This process also had a cultural impact as it ruptured social structures, the worldview of the people and their relationship to the land.<sup>23</sup>*

In 2000, the U.S.-funded counter-narcotics initiative known as Plan Colombia was implemented in the neighbouring department of Putumayo. During the ensuing years, the aerial fumigations in Putumayo displaced the illicit crop to Nariño, which experienced a rapid escalation in the amount of coca being cultivated. At the same time, both right-wing paramilitaries and the army expanded their presence in Nariño's rural regions, much of which had been controlled by leftist guerrillas for decades. Many Afro-Colombian communities soon found themselves caught in the middle of the conflict. According to Armenio Córtes, a member of the *consejo comunitario* for the Alto Mira region:

*The paramilitaries arrived seeking to control territory and that initiated a dispute with the guerrillas. If a peasant lived near the guerrillas they were called a guerrilla. And vice versa, if a*

*peasant lived near the paramilitaries, the guerrillas assumed he was giving information to the paramilitaries. And when the army arrived, the peasants also couldn't be associated with the army. Then large massacres occurred in 2004 and 2005 and bodies were left to decompose in the rivers. The commander of the guerrillas would say that they had nothing to do with it. And the paracos [a derogatory term for the paramilitaries] would say that they had nothing to do with it. ... Fortunately, the paramilitaries are no longer present. There are some opportunists who call themselves Las Rastrojos; they are drug traffickers and are like paramilitaries, although they deny that they are paramilitaries. But their business is to buy the coca and take it away. They are focused on this.*<sup>24</sup>

Hernán Cortes of PCN claims that new paramilitary groups such as Las Rastrojos consist of fighters who supposedly demobilized as members of the United Self-Defence Forces of Colombia (AUC) under the Justice and Peace Law. "Only the name is different," says Cortés. "They are the same people. The top commanders have gone; the new commanders are those who were second and third level commanders previously."<sup>25</sup> Cortés claims that the new paramilitaries have the same collusion with the army and the political establishment and, as a result, they control the local economy and have maintained a culture of fear. He also alleges that the palm companies pay the paramilitaries, "Because the paramilitaries take care of them, they protect them and that is why the companies pay them. They are the financial backers, so the paramilitaries will watch and protect their territories; so that they'll help take care of all their interests here; so that political decisions are made in their favour; so that they'll silence all social protests that oppose the planting of palm."<sup>26</sup>

### *The Small Growers*

It is estimated that between 35 and 45 percent of the population of Tumaco municipality earn a living from oil palm cultivation and palm oil production.<sup>27</sup> As is the case in Colombia's other oil palm growing zones, the palms are cultivated by both small growers and on plantations owned by the large palm companies—the two most prominent companies in Nariño being Palmas de Tumaco and Palmeiras. Despite the prevalence of small growers, the large palm companies dominate the industry because they own the mills that process the palm fruit into oil. As a result, the small growers are compelled to sell their fruit to the companies. According to one small grower, "We earn a living from palm fruit, but the businesses govern the price of the fruit, and they work with each other to pay the price that they want to pay to the small producer."<sup>28</sup>

Most small growers in Nariño belong to producer associations in order to gain access to credit and other incen-



**Photo 3: A palm fruit processing mill in Nariño (Garry Leech)**

tives offered by the government. One such association is Palma Sur, which represents small growers in 70 hamlets in southern Nariño. According to Carlos Alberto López, an agricultural engineer with Palma Sur, the associations were created in 2000 by the USAID-funded Tumaco Agrobusiness Development Corporation (Cordeagropaz) to help empower the small growers by helping them obtain funding, technical support and a higher price for their palm fruit. As part of its strategy to increase palm cultivation in Colombia, the government is providing lines of credit to small growers; however, it requires that they belong to an association in order to be eligible for the loans.<sup>29</sup>

According to Fedepalma, the establishment of Cordeagropaz and the producer associations was a response to:

*... the situation Tumaco was going through at the end of the 1990s, when traditional agricultural activities were in crisis ... Faced with this critical situation, the municipal authorities and the local oil palm growing organizations decided it was necessary to promote agribusiness development projects, particularly for oil palm production, and they drew up a contract through the Banco Agrario to finance 4,000 hectares of oil palm cultivation and successfully applied to the Peace Investment Fund (part of Plan Colombia) for a 40% contribution to the project. ... The many faceted results of the exercise, over the course of seven years, include the investment of US\$7.5 million into the region, the generation of employment and income, the building of infrastructure, the implementation of technology to manage the crop, minimizing the expansion of illicit crops, the renewal of the social fabric, the strengthening of the productivity of family units and changing the mentality of the farmers, who previously thought of the short term benefits of their work, and now began to think about medium and long-term effects of their activities.*<sup>30</sup>

But many in the Afro-Colombian community view the associations established by Cordeagropaz as part of the

problem rather than as a solution. They claim that the associations have caused outcomes opposite to those claimed by Fedepalma; that they have failed to generate a stable income, build infrastructure or provide long-term security for small growers. The reason, suggests Héran Cortés of PCN, is that the creation of the associations by the government and the palm companies was primarily a response to Afro-Colombian communities obtaining legal collective title to their lands. While paramilitaries were still forcibly displacing Afro-Colombian communities from their collectively-owned lands in the Chocó in order to establish palm plantations, the creation of the small grower associations in Nariño represented an alternative approach intended to achieve the same objective: the expansion of oil palm cultivation. According to Cortés:

*The palm businesses and the government changed strategy and no longer engaged in the expropriation of territory, but began to get the people to grow palm. Through an agreement with the municipality, the palm companies created an association that was responsible for promoting the growing of palm among peasants in the collective territories so that the product could be sold to the businesses. In a certain sense, associations are part of the problem because the government of Uribe has promoted the production of biodiesel and they have determined that all of the Pacific coast should be filled with palm. The strategy of Cordeagropaz is to group small producers together in the first level of production; that is to say, use their land to produce palm and then sell it to the large businesses for the price they want to pay. ... However, the real question is: How should we produce food to achieve some level of self-sufficiency? But this contravenes official policy; the official policy is the promotion of agrofuels. The president has said it, the minister repeats it, and so we are destined to grow palm here. If one goes to the Banco Agrario, he can only obtain credit for palm. For other products it is impossible; only for products that are industrialized, only those promoted by national policy.<sup>31</sup>*

Despite the promotion of oil palm by the government as an alternative development model that has, according to Fedepalma, improved life for small growers, most of the Afro-Colombian communities in Nariño's palm growing region remain mired in poverty. Many communities in the Alto Mira region are accessible only by boat and the overwhelming majority of homes lack access to potable water. Meanwhile, schools and medical clinics are located far away. A financial breakdown of oil palm cultivation shows how the crop has failed to elevate most families above the poverty line. The palm companies in the Alto Mira region were paying approximately US\$65 for a ton of palm fruit before the blight. Given that many small growers own only three to six hectares of land for cultivating oil palm and

that each hectare produces about 24 tons of fruit a year, annual gross income was often between US\$4,500 and US\$9,000.<sup>32</sup> After covering the costs of inputs (i.e. seeds, fertilizers, pesticides, herbicides, harvesting equipment, transporting the fruit, etc.) and making loan payments to Banco Agrario there was little money left to support a family.



**Photo 4: A small grower prepares to load palm fruit into a canoe on the Mira River (Garry Leech)**

Life is also difficult for those Afro-Colombians who work on the plantations owned by the palm companies. According to one worker in the Alto Mira region, the companies ensured that their employees did not unionize in the past by firing anyone who attempted to organize the workers.<sup>33</sup> Meanwhile, palm workers in Colombia's Northern and Central zones, who were already organized, were often targeted by paramilitaries that sought to protect the interests of the palm companies. For example, 56 workers and union members at the Indupalma Company in the department of Cesar were killed by paramilitaries between 1988 and 1995.<sup>34</sup> However, by the late 1990s, the palm companies had discovered a more discreet method of reducing labour costs and discouraging union influence among workers.

In much the same way that the palm companies created the small grower associations as a means of circumventing the fact that Afro-Colombian communities had gained collective title to their lands, they encouraged the establishment of worker cooperatives to, in effect, outsource plantation work. Instead of hiring workers directly, the palm companies required workers to form cooperatives and then the companies paid the cooperatives for the workers it needed in the same manner it would pay any contractor. Fedepalma explained the reasons for the change in the labour structure:

*During the late 1990s, labour relations among the big oil palm growing companies, in particular in the Central and Northern Zones of Colombia, were affected by trade union action that led to a succession of salary rises, along with bonus payments and changes in labour conditions. This situation affected productivity and discipline at work. As a result, labour costs grew to unsustainable levels, and brought some companies*

*almost to the point of bankruptcy. The crisis was overcome because the various parties in the labour dispute understood one fundamental fact—the need to preserve jobs. The starting point on the road to recovery was getting rid of the costly agreed to benefits. This was followed by finding more flexible ways of hiring staff, for example, by employing associated workers and workers from cooperatives.*<sup>35</sup>

The shift to cooperatives achieved the objectives described by Fedepalma as the palm companies enjoyed lower wage and healthcare costs as well as no longer having to pay legally-mandated severance pay to laid-off employees because the workers were now, in effect, self-employed as members of a cooperative.<sup>36</sup> All social and healthcare responsibilities had been effectively transferred from the companies to the cooperatives, or rather, to the workers themselves.

According to one cooperative member who worked on a plantation owned by Palmas de Tumaco in Nariño—who requested that his name not be used—each cooperative is based on the type of work that members perform. For example, the workers who collect the palm fruit from the trees belong to one cooperative while cleaners belong to another. This worker professed to earn 47,000 Colombian pesos for 15 days of work, which amounts to less than US\$2 a day. Ultimately, claimed the worker, “These cooperatives are a strategy utilized by the large capitalists and, as always, it makes the poor poorer and the rich richer and that’s the law of neoliberalism. This is what’s happening in our country.”<sup>37</sup>

Now that the palm trees have died, we don’t know what to do. That is to say, we are on a road with no way out because we do not have alternate crops. It is very sad because one has children; there are many people with children. We have many problems, such as debts. What are the children going to eat because we do not have other crops. We see no way out. What we need is our government, or the governments of other countries, to help us because we have had enough of this crisis. But the government is only focused on bio-diesel, that is to say, it does not help us grow food, only to grow more oil palm to produce biodiesel.

*Yaneth Sosa, small grower in Nariño*

### *Coping with the Blight*

The blight has proven economically devastating for rural Afro-Colombians in Tumaco municipality due to their reliance on the production of African palm fruit. Many members of the workers’ cooperatives are finding it difficult to find employment as the palm companies cut back due to the reduced fruit production caused by the blight. Similarly, small growers are struggling to survive as many of them have lost all of their African palm trees to the plague.

According to Helidoro Hurtado, legal representative of the *consejo comunitario* for Alto Mira and Frontera, “Cordeagropaz is supposedly a corporation promoting the agricultural development of the Pacific coast by helping small growers cultivate palm. It told peasants that they will lend

them money and that there will be no problem because the palm is profitable, and that they will quickly payback the loans.”<sup>38</sup> As a result, says Hurtado, many Afro-Colombian communities became dependent on the cultivation of African palm, but when the blight hit and killed the palm trees, peasants did not have food crops to survive on because they had destroyed most of them in order to plant a cash crop: oil palm. According to Hurtado, “What has remained is the debt.”<sup>39</sup>

Small growers who received loans from the Banco Agrario through Cordeagropaz had a three-year grace period before they were required to begin making payments—the three years it takes African palm trees to produce their first fruit. At that time, says Hurtado, “The grace period ends and they want their payments. But then the plague comes and kills the palm trees. The peasant can’t pay the debt and there is no possibility of them forgiving the debt or substituting other crops for the palm. Their solution is to give him another loan to grow palm, on top of the one he already has; that is what they are offering. So the peasant receives a new loan and gets deeper in debt. The poor peasant has no way out.”<sup>40</sup>

In the hamlet of Imbirí la Loma, most of the African palm trees have been killed by the blight. According to Antonio, a member of the local *consejo comunitario*, small growers receive US\$5 from the government for each dead palm tree that they cut down and destroy.<sup>41</sup> The primary objective of the government subsidies is not to alleviate the economic hardship endured by the small growers—who have lost their primary source of income—but rather to try and control the spread of the blight and limit the harm done to the industry as a whole.

Once they have cleared their lands of dead trees, the small growers are eligible to receive new loans through Cordeagropaz to plant the new hybrid palm that has been developed. The government tells the people that the only way to survive is by sowing palm,” says Antonio. “Since the plague arrived, some people are saying that they are not going to sow more palm, that they are going to grow cacao. There are others who say that they will continue sowing palm. The government is pressuring everyone to sow palm.”<sup>42</sup>

Small grower Yaneth Sosa says that she, her husband and their two children—five and nine years old—struggled to survive when they were producing palm fruit on their three hectares. But since their trees died in 2007, their economic situation has become dire. When asked if she intended to cultivate palm in the future, she responded, “That’s our intention. But not only palm, we want to sow other crops because this has been a very, very devastating

experience. Therefore, we are thinking about growing alternate crops, traditional crops."<sup>43</sup> However, while the government provides credit to small growers willing to continue cultivating oil palm, it does not provide them with funding for alternative crops so they can diversify. According to Sosa, "The government is only focused on biodiesel. That is to say, it is not concerned that we need to sow food, only that we sow crops for biodiesel."<sup>44</sup>



**Photo 5: African oil palms in the Alto Mira region killed by the blight (Garry Leech)**

It is not only a lack of government funding that makes it difficult for small growers to switch to alternative crops, but also the lack of infrastructure. According to one small grower, Oscar Mesa, it is impossible to support a family in the Alto Mira region by cultivating cacao or any other alternative food crop. Mesa, who had cultivated African palm for 25 years until the blight killed his trees in late 2007, has recently tried to survive by growing cacao. However, it has been a struggle because, as Mesa bluntly states, "It's screwed up. You have to dry the cacao, then transport it in a canoe, load it into a car, and then travel to Tumaco to try and sell it. On the other hand, with palm fruit, you cut it in the morning and receive your money in the afternoon."<sup>45</sup>

The lack of infrastructure and access to funding for alternative crops has ensured that oil palm remains the most convenient cash crop for peasants. Consequently, some locals argue, the development of the palm sector over the past several decades has undermined food sovereignty and security in the region. Because much of the land surrounding the city of Tumaco is used for palm cultivation, the region imports most of its foodstuffs from the Andean highlands. Prior to the establishment of the palm industry, the region produced significant quantities of cacao, rice, bananas and other crops. According to Hérnan Córtes of PCN:

*The cultivations of palm are largely responsible for the food crisis here. Tumaco depends on the Andean diet, on products that come from the Andean zone and Ecuador, and this is the logic of the development model. The policies are not intended to generate food autonomy; the policies are intended to produce food that can be exported. They are not policies that consider the small producer. Additionally, it's not just food*

*production that is affected, but the biodiversity of all the ecosystems in this region. The Pacific coast is the second-richest region in biodiversity on the planet and the monoculture of palm affects the ecosystems considerably; it affects the biodiversity.*<sup>46</sup>

### *Expansion of the Oil Palm Sector*

In June 2007, President Uribe called on Afro-Colombian communities to convert their collectively-owned lands to palm production. Addressing Fedepalma's national congress, he declared:

*I strongly request [the Secretary of Agriculture] to lock up the business community of Tumaco together with our Afro-descendent compatriots and not let them leave the room, keep them there until they come to an agreement. There is no other choice.... Lock them up and propose that they ... come to an agreement about the use of land, and the government will supply venture capital. And give them a deadline and tell them: "Gentleman, we are in session, and we will not leave here until we have an agreement."*<sup>47</sup>

Many Afro-Colombians reacted angrily to Uribe's suggestion. The Community Councils of Black Communities from the ethnic territory of Kurrulao responded by declaring:

*If palm oil, Mr. President, is your pilot mega-project, it will not be in our ethnic territories. Worse yet, if it were, it would bring with it grave environmental, social, and cultural damage. This we can affirm based on having lived with the palm tree monoculture from the late '70s to the present, in other words, for more than 35 years, suffering all the while the impacts of 20,000 hectares of a crop forced upon us "deep inside this plantation, comrade," which continues to violently expand further into our collective territory.*<sup>48</sup>

Nevertheless, the government has proceeded with plans to expand oil palm cultivation in Afro-Colombian communities on the country's Pacific coast. In addition to expanding oil palm cultivation in Tumaco, Uribe has also called for the introduction of the industry in the region of El Charco in northern Nariño and Guapi in southern Cauca, declaring that in "the Guapi area, El Charco has excellent conditions but not one palm tree, just coca, which we need to eradicate."<sup>49</sup>

The Colombian government, with support from the United States Agency for International Development (USAID), is already promoting oil palm as an alternative crop to replace coca, which provides the raw ingredient in cocaine. In fact, 20 percent of the USAID crop substitution budget is spent on oil palm projects.<sup>50</sup> For its part, the Colombian Ministry of Agriculture and Rural Development



**Photo 6: Fumigated coca crops near San Jose on the Tapaje River in northern Nariño**

(MADR) has agreed to provide credit to Afro-Colombians in Guapi willing to cultivate oil palm: “The MADR will support the first productive alliance between a *consejo comunitario* and a private enterprise to develop a productive project in collective territories in the municipality of Guapi. The objective is to have 640 Afro-Colombian families sow 15,000 hectares of palm by 2013.”<sup>51</sup>

But in the small village of San José de Tapaje, several hours up the Tapaje River from El Charco, there is little

public support for the government’s plan to introduce oil palm to the region. Clearings in the rainforest surrounding San Jose are filled with coca plants, which currently constitute the only cash crop in the area. The region has been repeatedly targeted by Plan Colombia’s aerial fumigations, but local peasants say they will simply keep replanting until the government provides them with a viable economic alternative. However, they do not view the cultivation of oil palm as an acceptable alternative. In fact, most Afro-Colombians living in San Jose and in nearby hamlets are opposed to the president’s plans to introduce African palm into the region.<sup>52</sup> According to one peasant, “There are too many problems associated with African palm. There are environmental problems and violence and people are still poor.”<sup>53</sup>

Instead, local peasants want the government to improve the infrastructure and provide opportunities that will allow them to cultivate traditional crops in order to preserve their culture and the environment. Neither the cultivation of coca nor oil palm will achieve these objectives because, as one Afro-Colombian peasant pointed out, the substitution of coca with oil palm is simply the substitution of one monoculture crop with another—and both of them destroy the local ecosystem.<sup>54</sup>

## Conclusion

**T**he cultivation of oil palm in Nariño in recent decades has been directly related to violence perpetrated by paramilitaries against Afro-Colombian communities. Often, this violence sought to displace Afro-Colombians from their lands to allow the palm companies to expand their plantations. While the strategy of some palm companies shifted after many Afro-Colombian communities gained collective title to their lands, the objective did not: the continued expansion of the oil palm sector. Instead of displacing Afro-Colombians in order to seize their lands, the palm companies and the government established producer associations that small growers were forced to join in order to gain access to credit. Furthermore, the government ensured that loans were available to Afro-Colombians for the cultivation of oil palm but for little else. Consequently, many peasants had little choice but to cultivate palm, as it was the only viable cash crop in the region. For the palm companies, the new economic structures and government policies ensured a constant supply of cheap palm fruit.

The emergence and expansion of the oil palm industry in Tumaco municipality in recent decades meant that the region’s agricultural zones have become dominated by a monoculture intended for export. The risk involved in monoculture dependence became evident over the last three years as some 60 percent of the region’s African oil palms succumbed to blight. But rather than provide farmers with financial incentives to diversify their crop base, the government has continued to pressure small growers to con-

tinue with the cultivation of oil palm. Many small growers, who still owe debts for their deceased oil palms, now owe even more money due to the new loans they received to purchase the new hybrid oil palm that is resistant to the blight.

After decades of producing oil palm, Afro-Colombian communities remain economically insecure and mired in poverty. They are also engaged in a desperate struggle to retain their culture and defend the natural ecosystem. Despite the failure of oil palm to bring “development” to Afro-Colombians, the Colombian and U.S. governments are now promoting it as an alternative crop in coca-growing regions in northern Nariño. However, many Afro-Colombians who depend on coca because it is the only viable cash crop in those regions have made it clear that they do not want to replace one environmentally destructive monoculture (coca) with another (oil palm). Instead, they would prefer the opportunity to earn a living through the cultivation of traditional crops in a manner that would ensure their food security and preserve both their culture and the natural ecosystem.

Sadly, given the history of the oil palm industry, it is unlikely that their voices will be heard, particularly in light of the growing demand for agrofuels in the global North. Canada’s free trade agreement with Colombia will only help to further stifle those voices. The Colombian government has been clear that Canada’s ratification of a Free Trade Agreement with Colombia will be an important signal of support for Colombia’s current security and devel-

opment policies. And to the extent the FTA facilitates agricultural trade, it will result in increased imports by Canada of crude and processed palm oil, making Canada increasingly directly complicit with the devastation associated with President Uribe's strategy to expand palm oil production. In the name of free trade and "clean" energy, increasing numbers of Afro-Colombians will likely see their lives endangered, their land lost, and their food security further diminished in order to serve the needs of Canadians.

When asked what it would take for the voices of Afro-Colombians to be heard, Hernán Cortés of PCN suggested

that, "There needs to be a political change in the country, not only a change of government, but a change in the politics of the country and in the economy of the country."

However, not only does Colombia need to change its political and economic policies, so do nations such as Canada that continue to rely on the exploitation of communities in the global South for inexpensive raw materials, paid for by the lives of the poor. The following recommendations are intended to help ensure that Canada's foreign policy towards Colombia with regard to oil palm is based on a respect for human rights, cultural integrity, and food and environmental sustainability.

## Recommendations

1. Canadian development or technological assistance funds should not be used to promote the production of oil palm in Colombia.
2. Canada should review all loans (including non-palm oil sector loans) provided to organizations that work in partnership with the private sector in Colombia's palm industry to ensure that the recipient's partners are not engaged in activities that contribute to human rights violations, food insecurity, and environmental unsustainability.
3. Canada should oppose multilateral loans that promote the production of oil palm in Colombia, including funding provided through third-party organizations, such as the Export Development Corporation and multilateral development banks.
4. Canada should prohibit the importation of palm oil and its related products from regions where production has contributed to food insecurity and/or violations of human rights, including labour rights. Canada should work to ensure that human rights and workers' rights, particularly the right to organize, are fully protected.
5. Canada should not ratify the Canada-Colombia Free Trade Agreement, given the human rights crisis in Colombia, and the links between violations and commerce in that country, such as in the palm oil industry. As recommended by Canada's Parliamentary Standing Committee on International Trade (CIIT), any future trade agreement with Colombia should only proceed following substantive improvements in the human rights situation, including on issues of displacement, labour law and accountability. Trade agreements should only proceed with an independent and comprehensive human rights impact assessment. Such an assessment should include an investigation into the human rights implications of accelerating palm oil production and processing.
6. Canada should suspend plans to require minimum levels of agrofuels in fuels consumed in Canada, while conducting an assessment to ensure Canadian policies do not contribute to food insecurity and violations of human rights in rural communities in Colombia and elsewhere. Parliamentary hearings that include expert testimony from African palm growing communities in Colombia and elsewhere should inform such an assessment.
7. Canada's aid for agriculture in Colombia—and elsewhere in the world—should provide focused, deliberate, and enhanced support to sustainable small-holder agriculture that builds resilient agricultural systems and vibrant rural communities. This should include supporting proven approaches to strengthening sustainable farming systems that build on farmers' knowledge. Any eventual trade agreement with Colombia must allow the government to support sustainable local food production and not reduce protections for small-holder farmers.

## Notes

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- <sup>3</sup> *The Faces of the Oil Palm: The Relevance of the Oil Palm Agro-Industry in Colombia* (Bogotá: Fedepalma, 2007), p. 14.
- <sup>4</sup> Andres Castro, Fedepalma, interview with author, June 16, 2008, Bogotá.
- <sup>5</sup> *The Faces of the Oil Palm*, p. 27.
- <sup>6</sup> Andres Castro, Fedepalma, interview with author.
- <sup>7</sup> “La agroindustria de la palma de aceite en Colombia y en el mundo, 2002-2006,” (Bogotá: Fedepalma, 2007).
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- <sup>9</sup> Ibid.
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- <sup>11</sup> “Imports from Colombia: Canada’s Agri-Food,” Agriculture and Agri-Food Canada, accessed online, September 4, 2008.
- <sup>12</sup> “Palm Oil and its Fractions – Refined But Not Chemically Modified,” Industry Canada, August 26, 2008.
- <sup>13</sup> Ibid.
- <sup>14</sup> “Lineamientos de política para promover la producción sostenible de biocombustibles en Colombia,” Consejo Nacional de Política Económica y Social (CONPES), March 31, 2008, p. 6.
- <sup>15</sup> Oliver Balch and Rory Carroll, “Massacres and Paramilitary Land Seizures Behind the Biofuel Revolution,” *The Guardian*, June 5, 2007.
- <sup>16</sup> “Lineamientos de política para promover la producción sostenible de biocombustibles en Colombia,” p. 19.
- <sup>17</sup> “Estrategia para el desarrollo competitivo del sector palmero colombiano,” Consejo Nacional de Política Económica y Social (CONPES), July 9, 2007, pp. 12-13.
- <sup>18</sup> “CIAT Annual Report 2006-2007: Partners in Research Cultivating the Future,” Centro Internacional de Agricultura Tropical (CIAT), 2007.
- <sup>19</sup> *The Faces of the Oil Palm*, p. 15.
- <sup>20</sup> Carlos Alberto López, Palma Sur, interview with author, Tumaco, Nariño, June 10, 2008.
- <sup>21</sup> Tatiana Roa Avendaño, “Colombia’s Palm Oil Biodiesel Push,” *Americas Program Report*, Center for International Policy, February 2, 2007.
- <sup>22</sup> Carlos Alberto López, interview with author.
- <sup>23</sup> Hernán Córtes, El Proceso de Comunidades Negras (PCN), interview with author, Tumaco, Nariño, June 12, 2008.
- <sup>24</sup> Armenio Córtes, *Consejo Comunitario* for Alto Mira and Frontera, interview with author, Tumaco, Nariño, June 11, 2008.
- <sup>25</sup> Hernán Córtes, interview with author.
- <sup>26</sup> Ibid.
- <sup>27</sup> Carlos Alberto López, interview with author.
- <sup>28</sup> Yaneth Sosa, interview with author, Imbirí la Loma, Nariño, June 12, 2008.
- <sup>29</sup> Carlos Alberto López, interview with author.
- <sup>30</sup> *The Faces of the Oil Palm*, p. 64.
- <sup>31</sup> Hernán Córtes, interview with author.
- <sup>32</sup> Yaneth Sosa, interview with author.
- <sup>33</sup> Anonymous, interview with author, Alto Mira, Nariño, June 12, 2008.
- <sup>34</sup> “The Flow of Palm Oil Colombia-Belgium/Europe: A Study from a Human Rights Perspective,” p. 46.
- <sup>35</sup> *The Faces of the Oil Palm*, p. 44.
- <sup>36</sup> “The Flow of Palm Oil Colombia-Belgium/Europe: A Study from a Human Rights Perspective,” p. 46.
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- <sup>38</sup> Helidoro Hurtado, *Consejo Comunitario* for Alto Mira and Frontera, interview with author, Tumaco, Nariño, June 11, 2008.
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- <sup>40</sup> Ibid.
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- <sup>42</sup> Ibid.
- <sup>43</sup> Yaneth Sosa, interview with author.
- <sup>44</sup> Ibid.
- <sup>45</sup> Oscar Mesa, interview with author, Guayabal, Nariño, June 12, 2008.
- <sup>46</sup> Hernán Córtes, interview with author.
- <sup>47</sup> “Colombia’s Palm Oil Biodiesel Push.”

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> John Otis, "Tree Oil Plan Tries to Bear Fruit," *Houston Chronicle*, February 6, 2005.

<sup>51</sup> "Estrategia para el desarrollo competitivo del sector palmero colombiano," p. 30.

<sup>52</sup> Based on interviews conducted by the author in the region of San José de Tapaje, Nariño, June 5-7, 2008.

<sup>53</sup> Anonymous, interview with author, San José de Tapaje, Nariño, June 5, 2008.

<sup>54</sup> Helidoro Hurtado, interview with author.

 *Inter Pares*

*WORKING FOR CHANGE...AMONG EQUALS*  
*OEUVRER POUR LE CHANGEMENT...ENTRE ÉGAUX*