

# The Social Fruit of Oil Palm

Many times in Colombia we have heard that one of its main problems is the lack of productive activities, within the agricultural frontier, that generate employment and steady income. Many times also, numerous experts have associated this lack of regional development with the establishment of illicit crops, in forests, in colonization areas.

For this reason, it is necessary to know how to value the importance of the evolution of oil palm cultivation in the last two decades. The fact that Colombia today has a productive sector generating regional development in areas where the oil palm is doing so, is something that should be valued. Over the last twenty years, the oil palm has grown to currently become a real profitable option in the Middle Magdalena Valley, the Eastern Plains, the Atlantic Coast plains, and Tumaco and in this sense it has become a source driving the presence of the Government and a factor generating well-being. Oil palm cultivation is already ongoing in 96 municipalities in 16 departments, covers around 350,000 hectares, involves more than 7,000 producers and generates more than 100,000 direct and indirect employments.

Reality cannot be hidden: the oil palm is synonym of generation of economic activity and steady income within the agricultural frontier. It is not the solution to all problems, but it is a factor which helps face them. For example, it reduces the pressure to establish illicit crops that destroy natural resources beyond this agricultural frontier.

The fact that oil palm is a development option for many Colombians, is based on the existence of a domestic market where the demand of industries, such as the food industry for the production of oils, margarines, and multiple intermediate and final products, the animal feed industry, other industries such as for the production of soaps, cosmetics and paints, and the most recent one dedicated to the production of biodiesel, is

met. Likewise, there is an international market where the oil palm has been increasingly participating in, to the extent that in 2007, 430,000 tons were traded in the domestic market and 340,900 tons were exported, the latter originating foreign currency in the amount of US\$233 million.

The important thing is that this market has generated a social impact, which will be very valuable to Colombia if the trend continues. The creation of the Strategic Productive Alliances with organized small producers in recent years is a demonstration of this significant situation. This scheme was promoted at the end of the 1990s and today it is a distinctive feature of this agro-industry. Currently, there are more than 109 Alliances which include nearly 5,281 small producers covering more than 61,104 hectares, representing 18% of the total oil palm area in Colombia.

Oil palm activity is a tangible example of a productive chain where the producer, the processor and the exporter walk together under the principle that neither one of them is well if one of the components is not. Everyone who knows the oil palm world in Colombia will be able to confirm the social responsibility commitment of all Fedepalma members to society. Given the perennial character of the crop –which has a productive cycle that lasts from 25 to 30 years-, enterprises and producers involved in this agro-industry have progressively established a commitment to workers and communities in their surroundings.

As to work compensation levels, the oil palm sector in Colombia is one of the most formalised in the rural areas, where payment of the established social security benefits is ensured. It is necessary to highlight that several studies have shown that compensation is 1.7 times more than the existing legal minimum wage, significantly higher than the national average in the countryside. In fact, payment to workers is twice or three times more than in Malaysia, and five or six times

more than in Indonesia, which are the major palm oil producing countries in the world.

The fact that oil palm generates regional development is also based, for example, on the promotion of low interest loans for acquisition and remodeling of housing by oil palm entrepreneurs. And that is only one example. In fact, the 2005 General Census of Population and other recent studies show that in housing, education, and health, the oil palm municipalities stand out above the rest which are similar in geographic situation.

An issue of special interest is the Associated Labour Cooperatives. The model of cooperativism applied to the oil palm sector dignifies and develops the corporate capability of the individual, transforming the work of its members into capital. These attributes, added to flexibility in hiring, are key factors for the development of the rural sector, as they take into account the productive cycles and seasonality of production in the countryside.

Oil palm entrepreneurs who make use of cooperatives clearly understand that the implementation of this system must not diminish, in the least, the regulations in force in this regard. As a guild, palm growers promote corporate culture to make good use of this scheme, thus preventing any distortion that may arise. Of course, the intervention of competent authorities is also required to control such situation.

One last factor to highlight is that the oil palm sector has developed several programs and actions which tend towards the protection of the environment, natural resources, and ecosystems in oil palm areas, in compliance with national and international rules in force. To deepen this approach, the Colombian oil palm sector works within the framework of the Roundtable on Sustainable Palm Oil, RSPO, on the National Interpretation of the Principles and Criteria developed by the global oil palm community where Fedepalma has been a key player. The objective is that Colombian enterprises be at the forefront in the attainment of certifications for their processes and products at an international scale.

With this situation, it is clear that, in view of its social fruit, oil palm is the solution to problems and not the cause. The fact that criminals attempt to establish oil palm plantations and for this purpose turn to violence, is something Colombian people condemn, particularly the palm growers themselves. It is not the first time this happens in a productive activity, and for this reason, again, we, well-to-do Colombians, will keep the violent ones from getting their own way.

It would be a mistake of incalculable consequences to deprive Colombia of a factor of regional development which today involves many, just because only a few make use of violence to find a place they do not have in society.

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