Oil Palm: A “Miracle” amid Governance Failures and Enduring Exploitation

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Executive Summary

President Prabowo Subianto's description of oil palm as a “miracle crop” reflects government optimism about this strategic commodity. Oil palm is distinctive: it supplies food and energy and underpins foreign-exchange earnings. In the figures, it looks miraculous, contributing to the trade surplus, employing millions and providing raw materials for food and renewable energy. Behind the impressive macroeconomic statistics, however, lies a darker, rarely examined reality: systematic forced labour and human trafficking on plantations.

This article presents field findings concerning workers from East Nusa Tenggara (NTT), West Nusa Tenggara (NTB), Java, Sumatra and local Kalimantan communities. Drawing on civil-society findings, independent investigations, national law and international labour standards, it shows how defective recruitment, debt bondage, restricted freedom and absent legal protection have created an ecosystem of modern slavery in West Kalimantan's oil-palm plantations. These findings were submitted to local government, the provincial Manpower Agency and relevant ministries in 2025. Yet no firm action against companies has followed. With global markets increasingly demanding ethical labour practices, Indonesia faces serious reputational risks unless it promptly reforms labour governance in this strategic sector.

A. Introduction

At the 2026 Central and Regional Government Coordination Meeting in Sentul, President Prabowo enthusiastically highlighted oil palm's uses for food and energy and its role as a mainstay of foreign-exchange earnings. This aligns with GAPKI projections targeting national crude palm oil (CPO) production of 56–57 million tonnes in 2025 and growth of 4–5% in 2026. The sector reportedly supports about 16.5 million direct and indirect jobs.

Yet the macroeconomic “miracle” demands scrutiny. Does everyone in the supply chain share it? Or is it a miracle only for a few large corporations and oligarchs, while Indigenous peoples lose land, smallholders in corporate plasma schemes are denied their rights, and plantation workers live under exploitation?

Government has taken enforcement measures. Confiscating company land within forest areas deserves recognition. Confiscated land is transferred to the new state-owned PT Agrinas Palma Nusantara to support energy self-sufficiency. The Attorney General's Office has also uncovered CPO-export corruption involving manipulated Harmonized System (HS) codes and bribes to public officials, costing the public—the state—Rp14 trillion.

These efforts deserve credit but, though important, only scratch the surface. Partial

administrative enforcement cannot resolve the roots: systemic industry-governance failures, continuing uncontrolled expansion and sustained exploitation of workers.

Behind the celebratory narrative lies a largely unseen reality. In December 2025, Teraju Indonesia, a civil-society organisation supporting workers in West Kalimantan, investigated eight plantation companies and found violations of labour legislation, human rights and market policies.

The findings were startling: indications of systematic forced labour and trafficking. Workers from NTT, NTB, Java, Sumatra and local Kalimantan communities were recruited through false promises, trapped in debt, made to work without contracts, denied freedom and deprived of decent wages and social protection. These conditions meet the elements of trafficking under Law No. 21 of 2007 and forced labour under ILO Convention No. 29, ratified through Law No. 19 of 1999.

B. Oligarchy and Wealth Accumulation: A Miracle for the Few

Behind the portrayal of palm oil as a people's commodity and miracle crop lies highly unequal land control. Sawit Watch records at least 25 large corporate groups controlling more than 5.8 million hectares of Indonesian oil-palm plantations. Most belong to conglomerates consistently ranked among the richest people in Indonesia and worldwide.

These figures support Sawit Watch Executive Director Achmad Surambo's observation: today's palm-oil miracle is a miracle of wealth accumulation for a handful of large corporations, not the wider public, particularly plantation workers.

C. Sustained Exploitation behind “Sustainable” Palm Oil

If sustained expansion is the corporate narrative, sustained exploitation is workers' reality. Of approximately 500,000 plantation workers in West Kalimantan, an estimated 80% are casual daily workers (BHL). Most are women, whose menstrual leave and other statutory rights go unfulfilled.

Tania Murray Li and Pujo Semedi's *Hidup Bersama Raksasa: Manusia dan Pendudukan Perkebunan Sawit* (2022) offers a detailed ethnographic account of corporate power in West Kalimantan. Workers are largely recruited from outside the region; local people are treated as a lower class; and companies enlist certain customary leaders to smooth recruitment and contain resistance.

D. Forced Labour and Trafficking: The Legal Perspective

Definitions and Legal Framework

Indonesia ratified ILO Convention No. 29 on Forced Labour through Law No. 19 of 1999. It defines forced labour as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily”.

Human trafficking is governed by Law No. 21 of 2007. Article 1(1) defines it as recruitment, transportation, harbouring, dispatch, transfer or receipt of a person through threatened or actual violence, abduction, confinement, falsification, deception, abuse of power or vulnerability, debt bondage, or payments or benefits to secure the consent of a person controlling another, whether within or across countries, for exploitation or resulting in exploitation.

On plantations, the two practices frequently overlap. Companies or company-linked recruiters make false promises, impose debt, restrict movement and exploit workers without adequate protection—a scenario meeting both forced-labour and trafficking elements.

E. International Standards and Global Market Pressure

Global pressure on plantation companies to meet human-rights standards is increasing. No Deforestation, No Peat, No Exploitation (NDPE) has become an international market minimum. “No Exploitation” requires respect for workers' rights, including freedom of association, decent wages and a safe workplace.

The European Union recently adopted the Corporate Sustainability Due Diligence Directive (CSDDD), requiring companies to conduct due diligence on human-rights and environmental impacts in their supply chains. Human Rights Due Diligence (HRDD) had already become a UN-recommended framework for identifying, preventing and mitigating adverse impacts.

INFID, the International NGO Forum on Indonesian Development, notes that Indonesia has national policies and regional commitments, but implementation remains difficult. “Coordination, oversight and fulfilment of victims' rights, especially for women and vulnerable groups, remain weak in the justice system and access to remedy,” writes INFID Network and Advocacy Lead Syafira Khairani.

F. Problematic Recruitment: The Gateway to Exploitation

Sweet promises, bitter reality. Recruitment often starts with promises of high wages, easy work and adequate facilities. Prospective workers come from NTT, NTB, Java, Sumatra and local Kalimantan communities. Field findings suggest brokers are often workers from the same village or relatives. Management facilitates their activities, later presenting recruitment as the broker's personal initiative. These brokers are not authorised labour-placement providers.

Findings: Forced Labour and Human Trafficking

Irregular Recruitment: The Gateway to Exploitation

Teraju Indonesia and the West Kalimantan Federation of Oil-Palm Plantation Workers' Unions documented numerous cases. One particularly tragic finding involved a married couple promised work in Pangkalan Bun but taken instead to Semitau, Kapuas Hulu Regency. The

pregnant wife continued working without any protection and received no wages because they were deducted for travel costs.

At a company in Simpang Hulu District, Ketapang Regency, workers recruited from NTT likewise received no protection, leaving a worker's sick toddler without BPJS coverage. At a Gunnas Group subsidiary with concessions in Toba and Meliau districts, Sanggau Regency, NTT workers were recruited by fellow villagers, worked without health insurance, and had deductions coordinated by recruiters. Four NTT workers fled.

Debt Bondage as a Means of Control

A key forced-labour indicator under ILO Convention No. 29 is debt bondage that prevents workers leaving. Companies or recruiters charge recruitment, travel and accommodation costs, then deduct them from wages.

Workers become trapped in debts that never seem paid off. They stay because they fear mounting debt or because companies hold their documents. Law No. 21 of 2007 and ILO Convention No. 29 expressly prohibit these practices.

Insecure Employment, Structural Exploitation

Teraju Indonesia's published investigation found many workers remained BHL despite more than five or even ten years' service. Article 59 of Law No. 13 of 2003 on Manpower stipulates that fixed-term contracts (PKWT) cannot cover permanent work.

Prolonged casual status is more than an administrative violation: it is a systematic strategy to cut labour costs and weaken bargaining power. BHL workers lack written contracts, contrary to Article 54 of the Manpower Law, regular allowances, severance entitlement and social insurance, and can readily face unilateral dismissal.

From a human-rights perspective, this constitutes “modern forced labour”: workers have no genuine option to reject exploitation without losing their livelihoods. As Hidayat and Offermans (2021) note, such arrangements create economic dependence that forces workers to accept inadequate conditions.

Unfair and Opaque Pay

Pay systems at several plantations were highly opaque. Most workers did not understand their wage calculations or monthly deductions. Harvesters were paid according to fresh fruit bunches (TBS) harvested, without clarity about deductions, quality criteria or target bonuses.

No overtime was paid, although workers were often asked to meet extra targets or cover absent colleagues, violating Articles 78–85 of the Manpower Law and Government Regulation No. 35 of 2021. Unilateral deductions for “work equipment” or “other administrative expenses” were another common complaint, imposed without consent or explanation.

Workers also lost pay when ill or injured at work, even after submitting doctors' certificates. Recruits from other regions, especially NTT and NTB, mostly worked as harvesters.

This unfairness breaches labour law and conflicts with Article 9 of Human Rights Law No. 39 of 1999, guaranteeing welfare and a decent standard of living, and Presidential Regulation No. 111 of 2022 on the Sustainable Development Goals.

Occupational Safety and Health Violations

Safety conditions are deeply concerning. Companies systematically fail to provide adequate personal protective equipment (APD). Workers buy their own equipment; damaged PPE is replaced late or never. They are exposed to pesticides, herbicides and synthetic fertilisers. Fertiliser workers often suffer severe skin irritation from oil-palm bunch ash and dizziness from chemical fertilisers.

Physical workloads exceed humane limits. Fertiliser workers must spread 600–1,600 kg daily under intense sun. These physically unrealistic targets risk injury and extreme fatigue, especially for women in early pregnancy or throughout pregnancy.

Law No. 1 of 1970 on Occupational Safety expressly requires protective equipment and safety facilities. Neglect threatens rights to life and health under Articles 4 and 9 of the Human Rights Law as well as violating safety legislation.

Restrictions on Freedom of Association

Critical union officials frequently face unilateral transfers to remote sites or unsuitable roles. Objecting can lead to dismissal, even without payment of entitlements.

Companies also encourage rival, company-friendly unions or undermine independent unions by offering selected officials facilities and pay rises or employing their relatives. Transfers and indications of union busting cut off complaint channels for exploited or forced labourers, perpetuating exploitation.

These practices violate Article 28 of Law No. 39 of 1999, Articles 4 and 5 of Trade Union Law No. 21 of 2000, and ILO Conventions Nos. 87 and 98 on freedom of association.

Discrimination against Women Workers

Women face overlapping vulnerabilities. They perform heavy fertilising and weeding work while reproductive rights are ignored. Menstrual and maternity leave are denied, particularly to BHL workers. Pregnant women continue field work without special arrangements, contrary to Article 76 of the Manpower Law prohibiting high-risk work for pregnant women. A woman from Sampit, Central Kalimantan, working in Semitau, Kapuas Hulu, experienced this.

Chemical exposure without PPE also risks reproductive health, menstrual disruption and foetal safety, yet adequate medical examinations are absent. Verbal and structural gender-based violence includes sexist remarks, harassment and promotion discrimination. Structural bias means women are rarely appointed supervisors. These conditions violate Indonesia's ratified Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and Articles 28 and 38(2) of the Human Rights Law.

No Social Protection

A striking finding is minimal social insurance. Most companies do not enrol workers, especially BHL, in BPJS Employment or Health insurance, citing administrative reasons or claiming workers "refuse". Law No. 40 of 2004 on the National Social Security System and Law No. 24 of 2011 on BPJS require all employers to enrol every worker.

Tragically, workers brought to plantations and subjected to forced labour see family members victimised too. This occurred at PT Aditya Agroindo's plantation in Ketapang Regency.

Tania Murray Li and Pujo Semedi: Unequal Power Relations

Tania Murray Li and Pujo Semedi's *Hidup Bersama Raksasa: Manusia dan Pendudukan Perkebunan Sawit* (2022) provides a detailed ethnographic account of how power operates in West Kalimantan, particularly in the recruitment of workers. Local people are treated as a lower class, while companies use customary leaders to facilitate recruitment and contain resistance.

Li describes plantation hierarchies creating classes with different levels of exploitation:

Upper Class

CEOs, general managers, directors, managers and chief assistants secure production and profit in return for high pay, premium facilities, large bonuses and promotion opportunities. They too face targets imposed by owners or shareholders.

Middle Class

Supervisors, deputy assistants and security chiefs face pressure from superiors but enjoy adequate facilities. They are often influential local people holding village, customary, district or regency positions, simultaneously acting as company public-relations intermediaries.

Lower Class

Fixed-term and permanent workers (PKWT–PKWTT), mostly Indigenous/local people, farmers who have lost land and impoverished migrants, are the true production force. They underpin owners' multiplied profits, upper- and middle-class amenities and state revenue, yet suffer the most exploitation.

Li's findings reinforce how unequal power enables exploitation and forced labour of vulnerable workers. Migrant and local poverty sustains exploitation, amid law enforcement harsh on the weak but lenient towards the powerful and inadequate defence of workers' interests by community leaders and government.

Forced Labour in Law and Policy

Under the definition in Law No. 19 of 1999 ratifying ILO Convention No. 29, forced labour has two main elements: (1) work exacted under threat of punishment; and (2) the worker has not offered it voluntarily. Both are present in plantation conditions.

a. Threat of Penalty

Those refusing work or wishing to leave face non-payment, fines, loss of accommodation or physical violence. Withheld documents are another threat: without them, workers cannot go anywhere.

b. Lack of Voluntariness

Workers may initially arrive voluntarily, drawn by high wages. Once the reality becomes clear, debt and document retention prevent departure. The situation is described as "involuntary at entry, involuntary at exit".

Indications of Trafficking Violations

The elements under Law No. 21 of 2007 are also met: recruiters, deceitful promises, abuse of vulnerability arising from poverty and low education, debt bondage and exploitation. Recruiters act with companies or companies act directly; neither arrangement removes criminal responsibility.

These practices also violate international standards ratified by Indonesia and used by markets and buyers with sustainability commitments:

- ILO Convention No. 29 through debt bondage and restrictions on freedom.
- ILO Convention No. 87 through intimidation of independent unions.
- The UN Guiding Principles on Business and Human Rights (UNGPs), because companies fail to undertake human-rights due diligence or provide access to remedy.

The Central Question: Why Does It Continue?

a. Weak Enforcement

Indonesia has adequate legal instruments but weak enforcement. Judicial mechanisms face coordination, oversight and victims' rights challenges, weakening accountability and resulting in low conviction levels.

b. Inadequate Oversight

Geography is a serious obstacle. Plantations are usually remote, with limited transport and communications; inspectors rarely reach them. Shortages of staff, budgets and capacity, combined with weak inter-agency coordination, allow exploitation to remain undetected and frequently neglected.

c. Weak Worker Bargaining Power

Most workers come from poor, less-educated groups, lacking information, awareness of rights and resources to defend them. Companies and recruitment agents then take advantage of this vulnerable position.

Natural-Resource Corruption and Labour Exploitation

We identify four connections through which natural-resource corruption reinforces plantation exploitation:

Corruption Diverts Labour-Protection and Inspection Budgets

For example, a West Kalimantan coal-fired power-plant corruption case involved billions of rupiah, allegedly as much as Rp1.3 trillion. If that money had strengthened the Manpower Ministry or provincial agencies that regularly report budget shortages, it could have:

- Expanded the inspectorate to reach remote plantations.
- Provided transport and accommodation for workers wishing to complain.
- Funded training and rights education.

Instead, corruption consumed it, weakening oversight. Former provincial Manpower and Transmigration Agency head Hermanus explained that limited resources and budgets made remote inspection difficult.

Corruption Creates Corporate Immunity

A forest-management permit corruption case with potential losses of Rp9.146 trillion shows how major companies obtain concessions through back channels rather than regulatory compliance. A business permit acquired by bribery can foster a sense of immunity. Protected by corrupt networks, companies exploit workers confident they will not be inspected—or that any inspection can be "settled" in the same way the permit was obtained.

Land Grabbing Forces Communities into Wage Labour

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Resource Corruption and Forced Labour: Links in the Same Chain

Both natural-resource corruption and forced labour are rooted in the same fundamental problem: weak rule of law and the growing power of capital. Corruption allows corporations to control natural resources without legitimate grounds. Once they control those resources, they exploit labour to maximise their profits. The two proceed hand in hand within a single system of exploitation. Exploitation on oil-palm plantations is indeed the responsibility of

government as well as companies. But when corruption weakens the state, protection for workers becomes little more than rhetoric.

Conclusion

Calling oil palm a “miracle crop” is not groundless hyperbole: it contributes greatly to the national economy. But the miracle must be considered as a whole, from both macroeconomic statistics and everyday realities.

Having made oil palm a national priority, government must now ensure production means not only increased output and exports but also protection of the people underpinning the industry. Without treating workers as human beings, oil palm will remain miraculous only for a few oligarchs, while millions remain trapped in poverty and exploitation.

Teraju Indonesia and the West Kalimantan Federation of Oil-Palm Plantation Workers' Unions investigated eight companies, finding labour problems pointing towards forced labour, modern slavery and trafficking. Workers' deeply concerning conditions contrast with corporations' and investors' multiplied profits.

Resource corruption and labour exploitation are two sides of the same coin: the state's failure to protect its people while benefiting a small elite and corporations.

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