

Available online at JIS website: <https://jis.undip.ac.id>

Research Article

**OIL PALM PLANTATION DEVELOPMENT POLICY IN RIAU PROVINCE: AN OVERVIEW OF THE POLITICAL ECONOMY**

*Received: 30<sup>th</sup> January 2019; Revised: 26<sup>th</sup> July 2019;  
Accepted: 18<sup>th</sup> August 2019; Available online: 22<sup>th</sup> August 2019*

**Auradian Marta<sup>1</sup>, Leo Agustino<sup>2</sup>, Utang Suwaryo<sup>3</sup>, Affan Sulaeman<sup>3</sup>**

<sup>1</sup> Department of Government Studies, Faculty of Social & Political Sciences, Universitas Riau, Pekanbaru, 28293, Indonesia

<sup>2</sup> Department of Public Administration, Universitas Sultan Ageng Tirtayasa, Banten, 42124, Indonesia

<sup>3</sup> Department of Government Studies, Universitas Padjadjaran, Bandung, 45363, Indonesia

**Abstract**

*This study discusses why the impacts of oil palm plantation development policies by corporations such as Darmex Group and several other corporations are perceived to be unfair and uneven by the community. This study uses a qualitative approach and meta-analysis with data sources from books, scientific journals, and mass media. Data were analyzed by interactive methods and supported by relevant theories from Gramsci, Marques and Utting. The results of this study indicate that neoliberalism has influenced oil palm plantation development policies in Riau Province. The practice of neoliberalism can be seen from the policy of oil palm plantation development in Riau which is more pro-favoured and profitable for the corporation or capital owner than the community around the plantation area. This can occur because of the dominance of companies and corporations in relation to local governments. Bribery is the method they use if lobbies committed against political and government officials have not succeeded in achieving their goals. The state became subordinate in its relations with corporations, thus the corporate became the hegemon in the development of oil palm plantations in Riau Province.*

**Keywords:** *corporation; oil palm plantation; neoliberalism; hegemony; political economy*

**How to Cite:** Marta, A., Agustino, L., Suwaryo, U., Sulaeman, A. (2018). Oil Palm Plantation Development Policy in Riau Province: An Overview of The Political Economy. *Jurnal Ilmu Sosial*, 17 (2): 128-144 (doi: 10.14710/jis.17.2.2018.128-144), [Online]

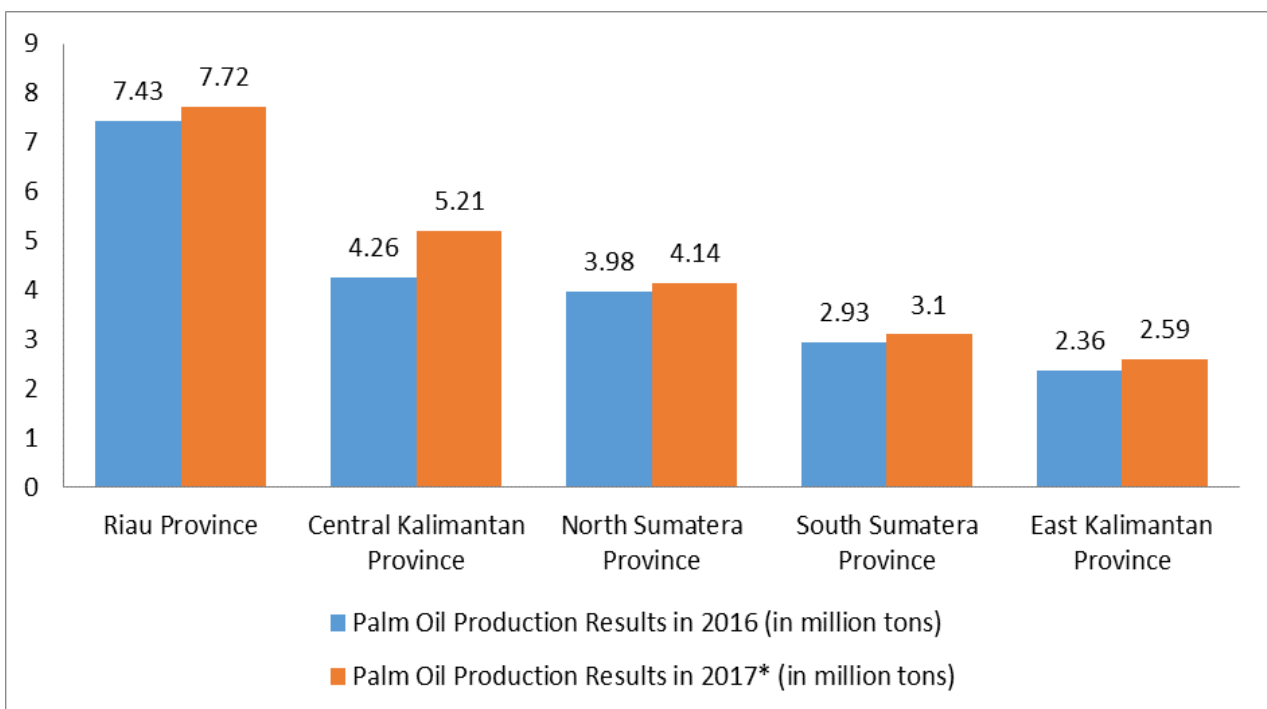
**Permalink/DOI:** <https://doi.org/10.14710/jis.17.2.2018.128-144>

**Corresponding Author:** [auradian\\_unri@yahoo.com](mailto:auradian_unri@yahoo.com) (Auradian Marta)

**INTRODUCTION**

This research is motivated by an empirical phenomenon that occurs in Riau Province where the policy of oil palm plantation development that should have a positive impact on improving the economy and welfare of the community, but instead causing conflict and threatening the economic resources of the community. Communities are marginalized and live in poverty with the oil palm plantation policy. The state is unable to protect the civil rights of local communities affected by the development policy. The licensing policy for the development of oil palm plantations raises social problems such as poverty, injustice in violation of human rights, as well as environmental damage.

The effect of globalization has had a fundamental effect on development in Indonesia, particularly the sectoral development of oil palm plantations in Riau Province. Riau Province is the largest producer of palm oil in Indonesia. These facts can be shown in Figure 1 below :



**Figure 1.** The Largest Palm Oil Producing Province in Indonesia in 2016-2017

*Note: 2017\* is an estimated data*

*Source: Indonesian Central Bureau of Statistics, (2018: 7)*

Based on the data shown in Figure 1 above, it can be seen that Riau Province has a major contribution to the production of crude palm oil (CPO) in Indonesia with 7.43 million tons or 23.58% of total production in Indonesia in 2016. Whereas in 2017, it is estimated that

Riau Province produces 7.72 million tons of CPO or 22.40% of the total CPO production in Indonesia.

The increased development of oil palm plantations in Riau Province has a macro positive impact on economic growth by looking at the contribution of palm oil to state income. However, on the other hand, the expansion of the development of oil palm plantations does not have an economic equality impact on the communities around the operational areas. On the contrary, poverty occurs in the operational areas of oil palm plantations in Riau Province (Marr, 2011). Riau is a province that has the largest contribution to palm oil production in Indonesia. This contribution does not correspond with the regional development that is still underdeveloped compared to other regions. This condition is also exacerbated by corporate behaviour that seizes and expropriates community land, violence, criminalization, and environmental destruction.

Not only that, the more worrisome empirical fact is that there are oil palm plantation companies that violate their Business Permit (HGU). The misuse of the HGU permit occurs in a form that is incompatible between the permit and the fact that the area of oil palm plantations is wider in the field. Also, there are 1.8 million ha of illegal oil palm plantations in forest areas that do not yet have permission to acquire the forest areas from the Ministry Environment and Forestry (Tanjung, 2017).

The development of oil palm plantations in Riau Province in the past two decades has experienced a very rapid increase. The impact of the development of oil palm plantations is causing more deforestation and horizontal conflict with the community. Several studies have been carried out by scholars on the development of oil palm plantations in Indonesia in various perspectives and problem topics, namely deforestation and oil palm development (Austin et al., 2017; Prabowo et al., 2017; Setiawan et al., 2016; and Susanti & Maryudi, 2016), oil palm plantation development in conflict perspective (Abraham et al., 2017; Dhiaulhaq et al., 2017), and also discussion on gender and oil palm development (Elmhirst, 2017; Morgan, 2017; Julia & White, 2012). Furthermore, there are also studies on land grabs due to oil palm development (Li, 2017; Goldstein, 2017), and social, economic and community life impacts on oil palm plantations (Manik, Leahy, & Halog, 2013; Obidzinski et al., 2012; and Rist, Feintrenie, & Levang, 2010).

The novelty of this study which is a fundamental difference compared to previous research is that this study focuses on using the political economy in analyzing the policy of oil palm plantation development in Riau Province. This study try to fill the void of analysis using an approach or political economy perspective in analyzing the dominance of corporations in

the policy of developing oil palm plantations in Riau Province which has an impact on injustice for the community.

Weingast & Wittman (2006), express the political economy as a grand (if imperfect) synthesis of these various strands. In their view, the political economy is the methodology of economics applied to the analysis of political behaviour and institutions (2006: 1). Furthermore, Proudhon (2011) argues that the political economy is a collection of observations thus far made regarding the phenomena of the production and distribution of wealth. Based on these explanations, the distribution of wealth or in other topics welfare is the goal of development. However, often the distribution is felt to be unfair or unevenly felt by some people. This is part of the current study of political economy.

Meanwhile, the policy of developing oil palm plantations also cannot be separated from the influence of neoliberalism. Neoliberalism according to Saad-Filho & Johnston (2005: 3) is the systematic use of state power to impose (financial) market imperatives. Things that are not much different from those proposed by Youngs (2007) argue that neoliberalism in the global economy has created inequalities that are accepted by the public especially in developing countries. Communities in developing countries are only used as objects for the country's economic development.

Also, according to Payne (2006), one of the focuses of the study of the new political economy is the political economy of development by discussing the inequality of the development results structure. This condition can be analyzed by looking at the relationship between state actors and business or corporate actors. The relationship between the state and entrepreneurs is explained by MacIntyre (1991) and Robison & Hadiz (2004), saying that predatory-oligarchic powers have controlled economic and political resources through business and political network structures between the state and capital in the pattern patron-client relationship.

Furthermore, Marques & Utting (2010) argues that the power of business groups determines the formation of public policies so that they can cause injustice to the community. Development policies carried out emphasize economic growth so that it ignores the interests of the community (Widayati, 2013). Thus the state should be present in protecting the civil and economic rights of the people, but on the contrary, state has been defeated by corporate hegemony. Gramsci in Morton (2007: 91) describes the hegemony "which draws attention to the full weight of cultural-political-economic class struggle within capitalist development and the social function of intellectuals in the state-civil society relations". Gramsci's argument is used to analyze how the power and influence of corporations in state decision making. Therefore, this study will specifically explain why the

development policy of oil palm plantations in Riau Province results in inequality of results or injustice felt by the community.

## **RESEARCH METHODS**

This study tries to answer the question of why licensing policies on oil palm plantation development in Riau cause inequality of results felt by the community by using a political economy perspective. Therefore, to answer these questions this study uses a qualitative approach that can help in exploring and analyzing in-depth phenomena that occur (Creswell, 2009). Furthermore, in this study meta-analysis will be applied as a form of literature review with various sources of information (Card, 2012). Sources of information in this meta-analysis consist of books, research journals, reports, documents, and relevant statistical data to answer research questions guided by theory.

The collected data is then analyzed by qualitative data using an interactive approach (Miles, Huberman & Saldaña, 2014). The data that has been collected will be reduced i.e. the activities of summarizing, selecting, focusing on data in accordance with the scope of research. After reducing the data, it is continued by displaying the data, which is to present the data either in the form of graphics, matrices, or narratives of information that has been systematically collected and reduced. The final step is to draw conclusions from data analysis using theory. This data analysis cycle is carried out continuously and repeatedly as characteristics of qualitative data analysis with interactive methods.

## **RESULTS AND DISCUSSION**

### **Licensing Policy for Oil Palm Plantation Development in Indonesia**

On September 19, 2018, the President of the Republic of Indonesia issued Presidential Instruction No. 8 of 2018 concerning the Postponement and Evaluation of Licensing of Oil Palm Plantations and Increasing Productivity of Oil Palm Plantations. The moratorium on oil palm plantation licensing is evidence that in the past there was a "big wave" of oil palm plantation business licensing involving the Central Government and Regional Governments. Guidelines for licensing plantation businesses in Indonesia are still regulated centrally through Law Number 39 of 2014 concerning Plantations and several operational regulations such as Government Regulation Number 24 of 2015 concerning Planting Funds, and Minister of Agriculture Regulation Number 98/PERMENTAN/OT.140/9/2013 concerning Guidelines for Plantation Business Licensing as amended last time by Regulation of the Minister of

Agriculture No. 21/PERMENTAN/KB.410/6/2017 concerning the Second Amendment to Regulation of the Minister of Agriculture Number 98/PERMENTAN/OT.140/9/2013 concerning Guidelines for Plantation Business Licensing.

Based on this policy, the authority included in the process of granting plantation permits is both the authority owned by the Central Government and Regional Governments. Plantation business licensing consists of Plantation Business Permit for Cultivation (IUP-B), Plantation Business Permit for Processing (IUP-P), and Plantation Business Permit (IUP) which is an integration of plantation cultivation and processing of plantation products. In the context of oil palm plantation business licensing, the governor's authority is to issue recommendations / business permits for oil palm plantations that are located in cross-regency/city areas, while Regents/Mayors issue oil palm plantation business licenses within one regency/city area. Then, there is the authority to provide location permit recommendations for the issuance of Business Rights (HGU) by the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency of the Republic of Indonesia (Regulation of the Minister of Agrarian Number 7 of 2017 concerning Arrangements and Procedures for Determination of Cultivation Rights).

Meanwhile, it is different if oil palm plantations are in the area of forest area, the forest area must first obtain a permit to release or exchange forest areas as affirmed in Government Regulation No. 104 of 2015 concerning Procedures for Changing the Designation and Function of Forest Areas. If the release of the forest area is clean and clear, then the next step is to apply for a Business Right (HGU) permit for oil palm plantations. The next obligation for oil palm planters is to develop community plantations for at least 20% of the total IUP-B or IUP-P licensing area.

### **Neoliberalism, and the Relationship between Business Actors and the State in the Development of Oil Palm Plantation Policies in Riau**

The development of globalization and the influence of neoliberalism had such a huge impact on the development of industry in the world, including in Indonesia. The basis of neoliberalism according to Saad-Filho & Johnston (2005: 3) is the systematic use of state power to impose (financial) market imperatives. Based on the explanation presented by Saad-Filho & Johnston (2005) it means that the market mechanism is a hallmark of neoliberalism by reducing the role of the state. The state, in this case, is only a regulator. Meanwhile, Youngs (2007) argues that neoliberalism in the global economy has created inequalities that

are accepted by the people, especially in developing countries. Meanwhile, Glaeser (2006: 639) states that there is a relationship between inequality with the behaviour of government dictators and failure to protect property rights of the community. Meanwhile, the occurrence of inclusive development and inequality according to Marques & Utting (2010) can occur because of the power of business groups in the formation of public policies. The facts that occur with the wave of globalization cause demand for palm oil products continue to increase so that makes Indonesia continue to develop and develop oil palm plantations to meet the world's needs. The government views this as a great opportunity to seek economic benefits by developing the oil palm plantation industry.

Riau Province as the largest CPO producer in Indonesia received the impact of the development of this industry by opening and searching for land to develop oil palm plantations. However, the state is not present in protecting the rights of the community in the development of oil palm plantations. The expansion of the development of oil palm plantations in Riau Province has made the government use its power in licensing to bring in investments and other income and pay less attention to the welfare of the community. Profit and loss are the basis for deciding policies so that permits issued in plantation development do not pay attention to the aspirations of the community and only think about the economic value obtained. The land which was used as the area of oil palm plantations that were previously controlled by the community has been transferred to the authority of companies and corporations of oil palm plantations. This can occur because of the legalization of licensing policies issued by the government and regional governments. This condition ultimately has social implications, not only land conflicts with the community but more broadly, which is causing problems of economic inequality, poverty, community marginalization, violations of community human rights, to the destruction of forests and the environment by companies or corporations.

In 2015, the Riau Province Representatives formed a Special Committee tasked with monitoring land and including oil palm plantations Business Permit (HGU). Based on the results of the Special Committee's work there are surprising results related to violations in the development of oil palm plantations ranging from the issue of not having a permit, planting oil palm plantations more than the permitted area, the illegal status of the company, encroaching on forest areas, the company does tax evasion, and violation on environmental permits. The Special Committee of the Riau Province Representatives has reported its findings to various parties ranging from the President, the Corruption Eradication Commission (KPK), the Ministry of Environment and Forestry, the Ministry of



Agriculture and Spatial Planning/National Land Agency and to law enforcement.

The violations found by the Riau DPRD Special Committee Team are in sync with the results of an investigation by Eyes on the Forest (EoF) which recorded the development of oil palm plantations which carried out a similar violation, namely being in a forest area in Riau Province without permission and other violations. Based on the Regulation of the Minister of Environment and Forestry Number 903/MENLHK/SETJEN/PLA.2/12/2016, 7 December 2016 shows that there are approximately 1.4 million hectares of forest area in Riau Province that has been planted with oil palm. Furthermore, from 1.4 million hectares, 27% of the total forest area in Riau has been turned into oil palm plantations that can be done by investors or business people. The following will be explained in table 1 analysis of land and forest cover in Riau Province which was eroded by oil palm plantations:

**Table 1.** Analysis of Land Cover in Riau Province Forest Areas in 2016

Land cover class	Area (HA)	% from total	KSPA/KPA	% from land class	HL	% from land class	HPT	% from land class	HP	% from land class	HPK	% from land class
Burned	24.802	0.5%	4.786	19.3%	573	2.3%	6.941	28.0%	7.052	28.4%	5.450	22.0%
Open areas	151.812	2.8%	10.564	7.0%	1.210	0.8%	12.657	8.3%	117.873	77.6%	9.508	6.3%
Man-grove forest	180.152	3.3%	7.442	4.1%	14.922	8.3%	134.776	74.8%	716	0.4%	22.296	12.4%
<b>Palm</b>	<b>1.463.478</b>	<b>27.0%</b>	<b>72.250</b>	<b>4.9%</b>	<b>100.259</b>	<b>6.9%</b>	<b>378.876</b>	<b>25.9%</b>	<b>371.178</b>	<b>25.5%</b>	<b>538.915</b>	<b>36.8%</b>
Natural forest	1.488.368	27.5%	465646	31.3%	80.664	5.4%	189.231	12.7%	698.693	46.9%	54.134	3.6%
Others	1.058.243	19.5%	54.241	5.1%	35.943	3.4%	206.086	19.5%	220.411	20.8%	541.562	51.2%
Acacia	1.033.404	19.1%	12.763	1.2%	90	0.0%	85.069	8.2%	922.722	89.3%	12.760	1.2%
Body water	13.450	0.2%	3.860	28.7%	884	6.6%	3.820	28.4%	1.968	14.6%	2.918	21.1%
<b>Total</b>	<b>5.413.748</b>		<b>631.552</b>		<b>234.545</b>		<b>1.017.495</b>		<b>2.342.613</b>		<b>1.187.543</b>	

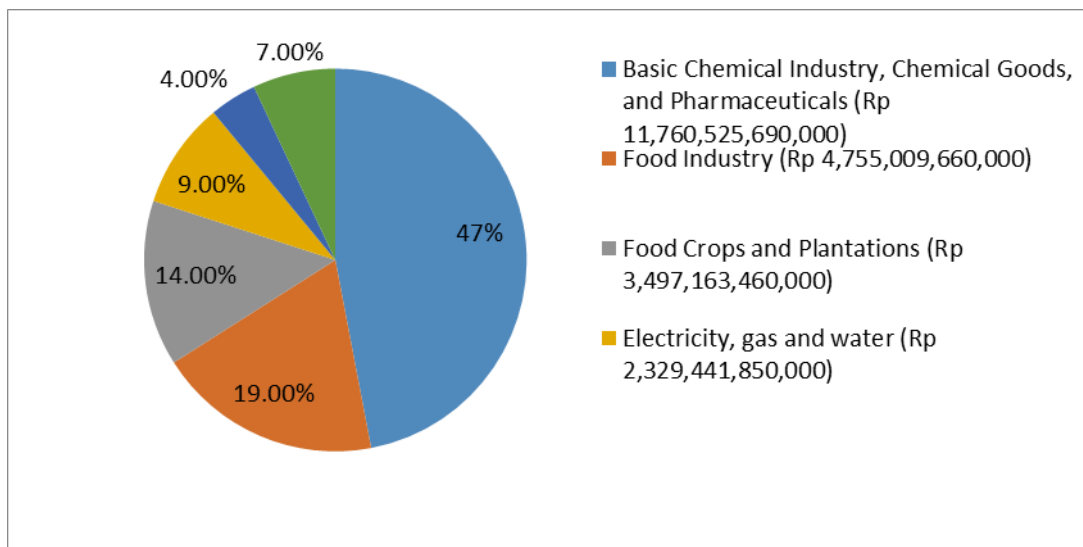
Source: *Eyes on the Forest (EoF) (2018a:7)*

The results of the Eyes on the Forest (EoF) investigation found 10 oil palm plantation companies in Riau Province were indicated as having committed violations, namely the area of oil palm plantation development located in forest areas, 6 of which were Darmex Group (affiliated with PT Duta Palma). The total area of the 10 companies was identified as 73,047 hectares and only had Business Permit (HGU) of around 40,005 hectares which was partly located in the forest area of 38,169 hectares with details of 33,437 hectares in Convertable Production Forest (HPK),



4,060 hectares in Permanent Production Forest (HP) and 672 hectares in Limited Production Forest (HPT) (Eyes on the Forest, 2018: 8).

Indeed, the development of oil palm plantations provides added value and economic benefits for the region. Investment for the oil palm plantation sector in Riau Province comes from within and outside the country. The value of Domestic Direct Investment (DDI) and Foreign Direct Investment (FDI) by sector can be seen in the pictures below:



**Figure 2.** Domestic Direct Investment and Foreign Direct Investment Realization based on sectors in Riau Province in 2017

*Source: Office of Investment and One-Stop Integrated Services of Riau Province (2017)*

The economic value of the development of oil palm plantations for local governments not only comes from the investment but also from palm oil taxes. Palm oil tax receipts received are around Rp 1.2 trillion per year. This is evidence that the oil palm plantation industry is a major supporter of the economy in Riau. However, if calculated the potential taxes generated from oil palm plantations such as the Land and Building Tax (PBB), Income Tax (PPh), Value Added Tax (VAT) are very far from expectations. The potential for Value Added Tax (VAT) of Fresh Fruit Bunches (TBS) types for Riau Province reaches approximately 15 trillion Rupiahs, not to mention the potential for Income Tax is around 24 trillion Rupiahs (Adinugraha, Hadijah, & Siahaan, 2018: 57-60). This indicates that the potential tax from palm oil yields has not been optimized.

In fact, a report from the Special Committee for land monitoring and licensing in Riau found the fact that the country was losing money because there were approximately 190 oil

palm plantation companies that did not have a basic plantation permit. State losses incurred by companies that do not have this permit are estimated at 24 trillion rupiah (Nofitra, 2017). This has not been added to oil palm plantation companies which are in arrears and do not pay taxes. The practice carried out by companies or corporations is not comparable to those accepted by the public.

Why does this happen? This condition can be analyzed from the relationship between business actors (entrepreneurs or corporations) and the state. This relationship is explained by MacIntyre (1991) and Robison & Hadiz (2004) as a pattern of patron-client relationships. This can be seen in the context of legalizing the development of oil palm plantations in Riau Province, which is so easy to do, and sometimes even tends not to be carried out according to applicable regulations, so that companies that have been able to explore without any basic plantation licenses and many companies that carry out plantation development activities in outside the HGU's license that it has. Even today, the model used by investors to legalize their plantations is to approach the community to be invited to work together with the Village Unit Cooperative (KUD) in the form of Member Primary Cooperative Credit (KKPA).

Efforts to legalize the development of oil palm plantations by the company certainly cannot be done without the authority intervention, namely the Government and Regional Governments. For example, to legalize the development of oil palm plantations, financiers, companies or corporations make efforts to influence local government in making policies on Riau Province's Spatial Planning (RTRW) by changing the status of forests to non-forest status. As it is known that the allotment of forest areas into non-forest areas in Riau Province has undergone many changes as listed in table 2 below:

**Table 2.** Changes in the Designation of Forest Areas in Riau Province (Regulation from 1986-2016)

Forest Areas Function	TGHK-173/Kpts-II/1986, "including Riau Islands Province"	TGHK-173/Kpts-II/1986, "after the Riau Islands Province excluded"	7651/Menhut-VII/2011	878/Menhut-II/2014	903/Menlhk/2016	%
	(ha)	(ha)	(ha)	(ha)	(ha)	
<b>Protected Forest</b>	397,150	271,841.00	213,133.00	234,015.00	233,910.00	2.60%
<b>KSA/KPA</b>	451,240	438,835.00	617,209.00	633,420.00	630,753.00	7.02%
<b>Limited Production Forest (HPT)</b>	1,971,553	2,663,960.00	1,541,288.00	1,031,600.00	1,017,318.00	11.32%

Forest Areas Function	TGHK-173/ Kpts-II/1986, “including Riau Islands Province” (ha)	TGHK-173/ Kpts-II/1986, “after the Riau Islands Province excluded” (ha)	7651/ Menhut- VII/2011 (ha)	878/Menhut- II/2014 (ha)	903/ Menlhk/2016 (ha)	%
Convertible Production Forest (HPK)	4,770,085	4,154,280.00	2,856,020.00	1,268,767.00	1,185,433.00	13.19%
Forest Area in Riau Is- lands Prov- ince	9,456,160	8,865,823.00	7,121,344.00	5,499,693.00	5,406,992.00	60.18%
Body water		119,000.67				
Not a Forest Area in Riau Province	-	119,000.67	1,863,479.67	3,485,130.67	3,577,831.67	39.82%
Riau Prov- ince Area	9,456,160	8,984,823.67	8,984,823.67	8,984,823.67	8,984,823.67	100%

*Sumber: Eyes on the Forest (2018a:6)*

Based on table 2 above, it can be explained that the Government, in this case, has issued a policy regulating the status, namely by Regulation of the Minister of Forestry Number 7665/Menhut-VII/2011, Regulation of the Minister of Forestry Number 878/Menhut-II/2014, and the Regulation of the Minister of the Environment and Forestry Number 903/Menlhk/2016. Based on this decision, there was a reduction in the amount of forest area in Riau Province in 2016 compared to 2014 which was 92,701 hectares, so that forest area in Riau Province in 2016 is only 60% left. This forest area may continue to experience reductions caused by illegal logging that continues today.

Changes in the status of forest areas to non-forest areas are inseparable from lobby conducted by entrepreneurs or corporations towards the regional government of Riau Province. Eyes on the Forest (EoF) conducted a study of the change in the status of the forest area to a non-forest area of 1,638,249 hectares based on the Regulation of Minister of Forestry Number 673/Menhut-II/2014 and Regulation of Minister of Forestry Number 878/Menhut-II/2014 by investigating 26 oil palm plantation companies. The report concludes that the conversion of forest areas to non-forest areas in Riau Province only "legalizes" oil palm plantation companies (Eyes on the Forest, 2016: 44). This condition is also similar to

what happened with the change in the status of forest area to non-forest area, which was assessed in 2018 of 29 companies that indicated that this status change was used by illegal investors. Companies or corporations to whiten their status even though the company has long carried out production activities in the region (Eyes on the Forest, 2018b: 46).

In addition to using lobby conducted by companies or corporations in streamlining their objectives, they also use bribery practices. The bribery act was carried out by the company against former Riau Governor, Annas Maamun. The former Riau Governor was sentenced to 6 years in prison for committing a corruption act by accepting a bribe of US \$ 166,100 from the company and Gulat Medali Emas Manurung with the aim that the Riau Province Government could submit an area of 1,188 hectares in Kuantan Singingi, 1,124 hectares in Bagan Sinembah, Rokan Hilir Regency, and 120 hectares in Duri Bengkalis Regency is included in the revision of the proposed non-forest area change in Riau Province (Lazuardi S, 2015). Not only that, the former Governor Annas Maamun has also received a sum of 500 million rupiahs from Gulat Manurung to win an Edison-owned company, PT Citra Hokiana Triutama in the project at the Riau Provincial Public Works Office.

### **Towards Corporate Hegemony**

The practice of abuse of permits, destruction of the environment, the encroachment of forest areas, violation of community tenure rights and indigenous peoples, as well as other unconstitutional actions carried out by unscrupulous entrepreneurs or oil palm plantation corporations in Riau Province prove that their power and influence are enormous. Their power and influence lead to corporate hegemony. Gramsci in Morton (2007: 91) describes the hegemony "which draws attention to the full weight of cultural-political-economic class struggle within capitalist development and the social function of intellectuals in the state-civil society relations". This means that the dominance of one class over another can be done in various forms including using violence.

In the context of this study, there has been a practice of corporate hegemony as demonstrated by the ability of business groups or oil palm plantation corporations to "conquer" state institutions such as the government and law enforcement officers. The indication can be seen from the weak law enforcement against the actions of oil palm plantation corporations that carry out development and production activities of oil palm plantations in the forest area. Furthermore, damage to the environment, land and forest fires that occurred in Riau, was reported by Eyes on the Forest (EoF) in Riau Police in 2016 involving 49 corporations including 19 oil palm plantation corporations. However, the report

submitted by EoF in 2016, has not been followed up until 2018 while the burned oil palm plantation area has been replanted (Fitria, 2018).

This corporate hegemony is also described by the findings of an investigation conducted by Jikalahari. Jikalahari discovered the fact that there were 33 corporations doing plantation business in a forest area of 104,094 hectares. In addition to carrying out plantation activities within the forest area, the corporation also planted oil palm plantations without a permit for business rights covering an area of 204,977 hectares. These corporations include PT SIV, PT TG, PT SIS, PT BMPJ, PT GMR, and PT SAI, (Jikalahari, 2018). This is what ultimately has an impact on the emergence of state losses and conflict in society.

Furthermore, the strengthening of corporate domination that leads to this hegemony causes the weakness of the state in protecting the rights of the people in Riau Province. The state (in this case the government or bureaucracy) which according to Weber has power in accordance with the constitution can impose regulations on other parties including corporations. However, in the case of plantation development policies in Riau Province, the authority cannot be enforced. Regulations that have been made by the Government seem to apply only to ordinary people and small companies, without being able to reach the power of corporations who commit crimes against humanity and the environment in Riau Province.

## **CONCLUSION**

The oil palm plantation development policies in Riau Province carried out by companies and corporations such as those incorporated in the Darmex Group/PT Duta Palma Group and several other corporations, have had more negative impacts on the surrounding community. Forest encroachment, manipulation of licenses, violations of community rights, environmental destruction, land and forest fires are forms of violations committed by companies and corporations. The impact of the development of oil palm plantations is not felt fairly and evenly by the people of Riau. This can happen because of the dominance of companies and corporations that use their power and influence on policies issued by the Riau Province Government. The Riau Province Government is more concerned with economic value and capital accumulation from granting licenses for oil palm plantations and does not pay attention to the aspirations and interests of the community around the plantation area. The practice of neoliberalism has taken place in the policy of developing oil palm plantations in Riau Province. The case of oil palm plantation development in Riau Province shows that corporate hegemony has been able to make the country co-opted or subordinated which has resulted in people being marginalized.

## BIBLIOGRAPHY

- Abraham, N. K., Meijaard, E., Wilson, K. A., Davis, J. T., Wells, J. A., Ancrenaz, M., ... & Gaveau, D. (2017). Oil Palm–Community Conflict Mapping in Indonesia: A Case for Better Community Liaison in Planning for Development Initiatives. *Applied Geography*, 78: 33-44. (doi: 10.1016/j.apgeog.2016.10.005), [Online].
- Adinugraha, A.G., Hadijah, S., & Siahaan, F.R. (Eds). (2018). *Tata Kelola Perkebunan Sawit di Indonesia: Studi Kasus di Provinsi Riau dan Kalimantan Barat*. Bogor: Forci Development dan The Asia Foundation.
- Austin, K. G., Mosnier, A., Pirker, J., McCallum, I., Fritz, S., & Kasibhatla, P. S. (2017). Shifting Patterns of Oil Palm Driven Deforestation in Indonesia and Implications for Zero-Deforestation Commitments. *Land Use Policy*, 69: 41-48. (doi: 10.1016/j.landusepol.2017.08.036), [Online].
- Card, N. A. (2012). *Applied Meta-Analysis for Social Science Research*. New York and London: The Guilford Press.
- Central Bureau of Statistics (BPS). (2018). *Statistik Kelapa Sawit Indonesia 2017*. Jakarta: Central Bureau of Statistics (BPS) of Indonesia.
- Creswell, J. W. (2009). *Research Designs: Qualitative, Quantitative, and Mixed Methods Approaches* (3rd ed.). California: SAGE Publications, Inc.
- Dhiaulhaq, A., Gritten, D., De Bruyn, T., Yasmi, Y., Zazali, A., & Silalahi, M. (2014). Transforming Conflict in Plantations through Mediation: Lessons and Experiences from Sumatera, Indonesia. *Forest Policy and Economics*, 41: 22-30. (doi: 10.1016/j.forpol.2014.01.003), [Online].
- Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Provinsi Riau, 2017. “Realisasi Penanaman Modal PMDN-PMA Provinsi Riau Tahun 2017” [Online]. Retrieved from [http://dpmpmptsp.riau.go.id/media/file/57646517222REALISASI\\_INVESTASI\\_PENANAMAN\\_MODAL\\_PMA-PMDN\\_PROVINSI\\_RIAU\\_2017.pdf](http://dpmpmptsp.riau.go.id/media/file/57646517222REALISASI_INVESTASI_PENANAMAN_MODAL_PMA-PMDN_PROVINSI_RIAU_2017.pdf) [Accessed March 11, 2018].
- Elmhirst, R., Siscawati, M., Basnett, B. S., & Ekowati, D. (2017). Gender and Generation in Engagements with Oil Palm in East Kalimantan, Indonesia: Insights from Feminist Political Ecology. *The Journal of Peasant Studies*, 44(6): 1135-1157. (doi: 10.1080/03066150.2017.1337002), [Online].
- Eyes on the Forest. (2016). “Legalisasi” Perusahaan Sawit melalui Perubahan Peruntukan Kawasan Hutan menjadi Kawasan Bukan Hutan di Provinsi Riau Laporan Investigatif dan Analisa Penginderaan Jarak Jauh di 26 Perusahaan Perkebunan Sawit, *Report*, Eyes on the Forest.
- Eyes on the Forest. (2018a). Laporan Investigatif Eyes on the Forest (Eof) Kebun Sawit dalam Kawasan Hutan di Riau, *Report*, Eyes on the Forest.
- Eyes on the Forest. (2018b). “Legalisasi” Perusahaan Sawit melalui Perubahan Peruntukan Kawasan Hutan menjadi Kawasan Bukan Hutan di Provinsi Riau (2) Menelisik

Ilegalitas bertahun-tahun Kebun Sawit di 29 Lokasi, *Report*, Eyes on the Forest.

- Fitria, N. (2018). "Rapor Merah 350 Hari Nandang sebagai Kapolda Riau: Tak Ada Progres Penegakan Hukum Lingkungan Hidup dan Kehutanan" [Online]. Retrieved from <http://jikalahari.or.id/kabar/rilis/rapor-merah-350-hari-nandang-sebagai-kapolda-riau-tak-ada-progres-penegakan-hukum-lingkungan-hidup-dan-kehutanan/> [Accessed March 7, 2018].
- Glaeser, E. L. (2006). "Inequality". In Weingast, B. R., & Wittman, D. (Eds.). *The Oxford Handbook of Political Economy*. New York: Oxford University Press: hal. 624-641.
- Goldstein, J. E. (2016). Knowing the Subterranean: Land Grabbing, Oil Palm, and Divergent Expertise in Indonesia's Peat Soil. *Environment and Planning A*, 48(4): 754-770. (doi: 10.1177/0308518X15599787), [Online].
- Jikalahari. (2018). Catatan Akhir Tahun 2017 Aksi Koreksi Pemerintah di Riau: Ada Perbaikan, Namun Belum Berani Menghentikan Kejahatan Korporasi, *Report*, Jikalahari.
- Julia, & White, B. (2012). Gendered Experiences of Dispossession: Oil Palm Expansion in a Dayak Hibun Community in West Kalimantan. *The Journal of Peasant Studies*, 39(3-4): 995-1016. (doi: 10.1080/03066150.2012.676544), [Online].
- Lazuardi S, I. T. (2015). "Divonis 6 Tahun Bui, Annas Maamun Tundukkan Kepala" [Online]. Retrieved from <https://nasional.tempo.co/read/677986/divonis-6-tahun-bui-annas-maamun-tundukkan-kepala/full&view=ok> [Accessed March 11, 2018].
- Li, T. M. (2018). After the Land Grab: Infrastructural Violence and the "Mafia System" in Indonesia's Oil Palm Plantation Zones. *Geoforum*, 96: 328-337. (doi: 10.1016/j.geoforum.2017.10.012), [Online].
- MacIntyre, A. (1991). *Business and Politics in Indonesia*. New South Wales: Allen & Unwin.
- Manik, Y., Leahy, J., & Halog, A. (2013). Social Life Cycle Assessment of Palm Oil Biodiesel: A Case Study in Jambi Province of Indonesia. *The International Journal of Life Cycle Assessment*, 18(7): 1386-1392. (doi: 10.1007/s11367-013-0581-5), [Online].
- Marr, C. (Ed). (2011). Perkebunan dan Kemiskinan Kisah Sebuah Kampung di Kawasan Perkebunan Kelapa Sawit, *Report*, Down to Earth.
- Marques, J., & Utting, P. (Eds.). (2010). *Business, Politics and Public Policy: Implications for Inclusive Development*. New York: PARGRAVE MACMILLAN.
- Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook* (3rd ed). Los Angeles, London, New Delhi, Singapore, Washington DC: SAGE Publications.
- Morgan, M. (2017). Women, Gender and Protest: Contesting Oil Palm Plantation Expansion in Indonesia. *The Journal of Peasant Studies*, 44(6): 1177-1196. (doi: 10.1080/03066150.2017.1300579), [Online].



- Morton, A. D. (2007). *Unravelling Gramsci: Hegemony and Passive Revolution in the Global Political Economy*. London: Pluto Press.
- Nofitra, R., 2017. "190 Perusahaan Sawit Tak Berizin, Gubernur Riau: Data di KPK" [Online]. Retrieved from <https://nasional.tempo.co/read/831777/190-perusahaan-sawit-tak-berizin-gubernur-riau-data-di-kpk/full&view=ok> [Accessed March 15, 2018].
- Obidzinski, K., Andriani, R., Komarudin, H., & Andrianto, A. (2012). Environmental and Social Impacts of Oil Palm Plantations and Their Implications for Biofuel Production in Indonesia. *Ecology and Society*, 17(1): 25. (doi: 10.5751/ES-04775-170125), [Online].
- Payne, A. (Ed.). (2006). *Key Debates in New Political Economy*. New York: Routledge.
- Prabowo, D., Maryudi, A., Senawi, & Imron, M. A. (2017). Conversion of Forests into Oil Palm Plantations in West Kalimantan, Indonesia: Insights from Actors' Power and Its Dynamics. *Forest Policy and Economics*, 78: 32-39. (doi: 10.1016/j.forpol.2017.01.004), [Online].
- Proudhon, P. J. (2011). "The Philosophy of Poverty". Dalam Capaldi, N., & Lloyd, G. (Eds.). *The Two Narratives of Political Economy*. New Jersey: John Wiley & Sons: p. 247-264.
- Rist, L., Feintrenie, L., & Levang, P. (2010). The Livelihood Impacts of Oil Palm: Smallholders in Indonesia. *Biodiversity and Conservation*, 19(4): 1009-1024. (doi: 10.1007/s10531-010-9815-z), [Online].
- Robison, R., & Hadiz, V. (2004). *Reorganizing Power in Indonesia: The Politics of Oligarchy in an Age of Markets*. London & New York: Routledge.
- Saad-Filho, A., & Johnston, D. (2005). *Neoliberalism: A Critical Reader*. London & Ann Arbor MI: Pluto Press.
- Setiawan, E. N., Maryudi, A., Purwanto, R. H., & Lele, G. (2016). Opposing Interests in the Legalization of Non-Procedural Forest Conversion to Oil Palm in Central Kalimantan, Indonesia. *Land Use Policy*, 58: 472-481. (doi: 10.1016/j.landusepol.2016.08.003), [Online].
- Susanti, A., & Maryudi, A. (2016). Development Narratives, Notions of Forest Crisis, and Boom of Oil Palm Plantations in Indonesia. *Forest Policy and Economics*, 73: 130-139. (doi: 10.1016/j.forpol.2016.09.009), [Online].
- Tanjung, Chaidir Anwar, 2017. "Pansus: 513 Perusahaan Perkebunan Sawit di Riau Menyalahi Izin" [Online]. Retrieved from <https://news.detik.com/berita/d-3436282/pansus-513-perusahaan-perkebunan-sawit-di-riau-menyalahi-izin> [Accessed March 11, 2018].
- Weingast, B. R., & Wittman, D. (Eds.). (2006). *The Oxford Handbook of Political Economy*. New York: Oxford University Press.

Widayati, W. 2013. Analisa Kebijakan Pengendalian Konversi Lahan di Jawa Tengah (Tahun 1995-2005). *Jurnal Ilmu Sosial*, 12(2): 17-29. (doi: 10.14710/jis.12.2.2013.17-29). [Online].

Youngs, G. (2007). *Global Political Economy in the Information Age: Power and Inequality*. New York: Routledge.