

# Development of the Oil Palm Plantation Sector in South Sumatra Province

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## Introduction

Rapid expansion of the oil palm plantation sector in Indonesia over the last four decades is nothing short of eye-opening and has had a huge impact on the ecological and socioeconomic conditions in the Outer Islands of Indonesia. The sector covers a vast area, right from Sumatra to Kalimantan and further to Papua. As a result, it has been hypothesized that there exists regional variation in its development pattern. To better understand the structure and dynamics of the sector in Indonesia, and its social and ecological meaning, it is necessary to pay attention to this regional variation.

Considering this, Nagata and Arai (2013) examined the sector's development in Riau Province, the largest oil palm producer among Indonesia's provinces since the mid-2000s, after overtaking North Sumatra Province. They pointed out until the late 1990s, the estate sector (*perkebunan besar*) had led the development, but later, the smallholding sector (*perkebunan rakyat*) took over; they discussed the nature of this dramatic change as "indigenization" and "from external expansion to internal expansion."

There are rational grounds for taking a province as a unit when examining the regional variation in the development pattern of the oil palm plantation sector. First, the territory of a province is defined based on a certain degree of integration of historical, geographical, socioeconomic, and cultural backgrounds. Second, local politics and government policies at the provincial level play a significant role in implementing the policies targeted at the sector's development, especially after the late 1990s (Nagata & Arai 2013).

Examining the development of the sector in each province and delving into the similarities and differences therein vis-à-vis the general factors and regional backgrounds are considered inevitable for an in-depth understanding of the structure and dynamics of the sector in Indonesia, and for clarifying its socioeconomic implications. This article takes the case of South Sumatra Province; it first clarifies its regional backgrounds, and then examines how the sector has developed against them, from the early 1980s to the mid-2010s<sup>1</sup>). Finally, it tries to reveal the basic characteristics of the development pattern of the sector in South Sumatra Province compared with that in Riau Province, which is located in central Sumatra.

## South Sumatra Province and the Plantation Sector

### Land

South Sumatra Province, with its capital in Palembang City, is located between 1° and 4° south latitude and 102° and 106° east longitude; it has an area of 87,421.24 km<sup>2</sup>. It borders Jambi Province to the north, Bengkulu Province to the west, Lampung Province to the south, and Bangka Belitung Islands Province to the east across the Bangka Strait (Figure 1).

Topographically, its territory is divided into three areas: the swampy lowlands in the east, gently undulating hilly areas in the central region, and mountainous areas in the west, which are a part of the Barisan Mountains, the backbone of Sumatra. As for the water system, Musi River, the longest in Sumatra with a length of 750 km, and its major tributaries originating in the Barisan Mountains transect the hilly areas and lowlands, and flow into the Bangka Strait (Figure 2).

South Sumatra Province has a wet and tropical climate. In Palembang City, the annual rainfall is 2,559.3 mm<sup>3</sup> with a range of 81.1–357.1 mm<sup>3</sup> per month (the average from 1981 to 2010). June–September is the dry season, while November–April is the rainy season. May and October are often referred to locally as the transition months (*pancaroba*). The average monthly temperature is nearly unchanged throughout the year, falling in the range of 27–28.3° Celsius (Figure 3).

South Sumatra Province was officially established in 1950; later, Lampung Province in 1964, Bengkulu Province in 1967, and Bangka Belitung Islands Province in 2000 were split from it. Administratively, it comprises 13 regencies and four cities as of 2018 (Figure 2). Capital towns of these regencies and cities are connected with Palembang City by major roads, including the East Trans Sumatra Highway and Central Trans Sumatra Highway running through the province's eastern and

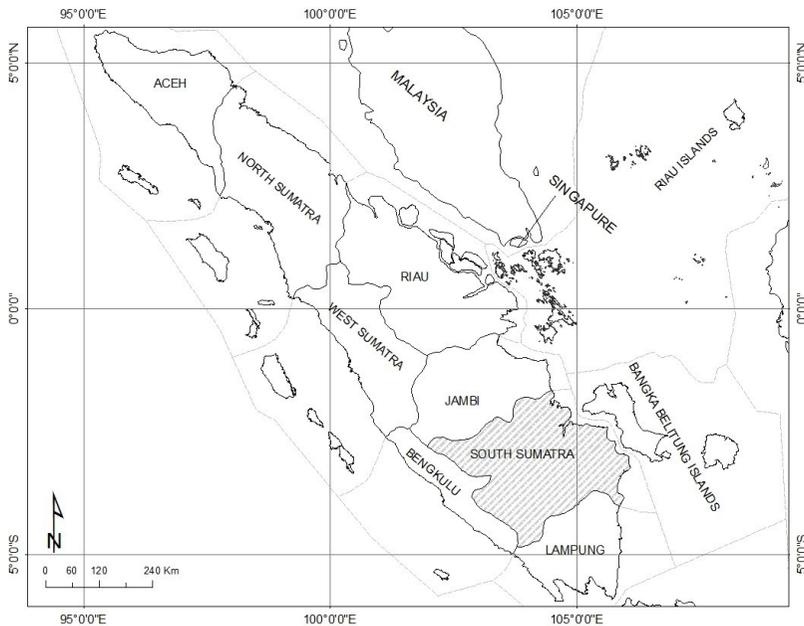


Figure 1. Location of South Sumatra Province.

western parts, respectively. The water system, notably that involving Musi River, has lost its importance as a mode of transportation for several reasons, including siltation. South Sumatra Province has one international airport in Palembang City.

**Population, and Cultural and Socioeconomic Backgrounds**

According to the 2010 census, the population of South Sumatra Province is 7,450,394, 1.9 times what it was in 1980 (Figure 4)<sup>2</sup>, and that of Palembang City is 1,455,284, accounting for 19.5% of the total. If we look at the province’s ethnic composition (Table 1), the natives comprise more than half of the total population (55.3%). The second dominant ethnic group is Javanese (*Jawa*) of East and Central Jawa (27.4%), followed by Malay (*Melayu*) of the east coast of Sumatra (8.1%), and Sundanese (*Sunda*) of West Jawa (2.2%). Other than these four, no other ethnic group exceeds 1% of the total

population.

The Javanese and Sundanese in South Sumatra Province are migrants from Jawa and their descendants. Although massive migration had already started during the Dutch colonial era, a transmigration (*transmigrasi*) program by

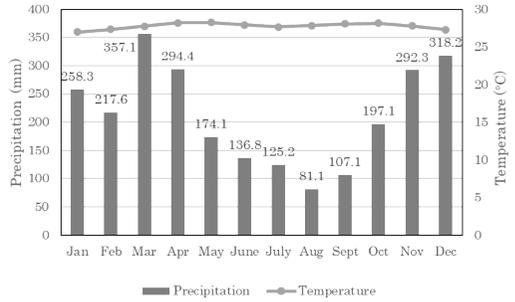


Figure 3. Monthly temperature and precipitation in Palembang City (the average for the 30 years from 1981 to 2010).

Source: Meteorological, Climatological, and Geophysical Agency, Indonesia.

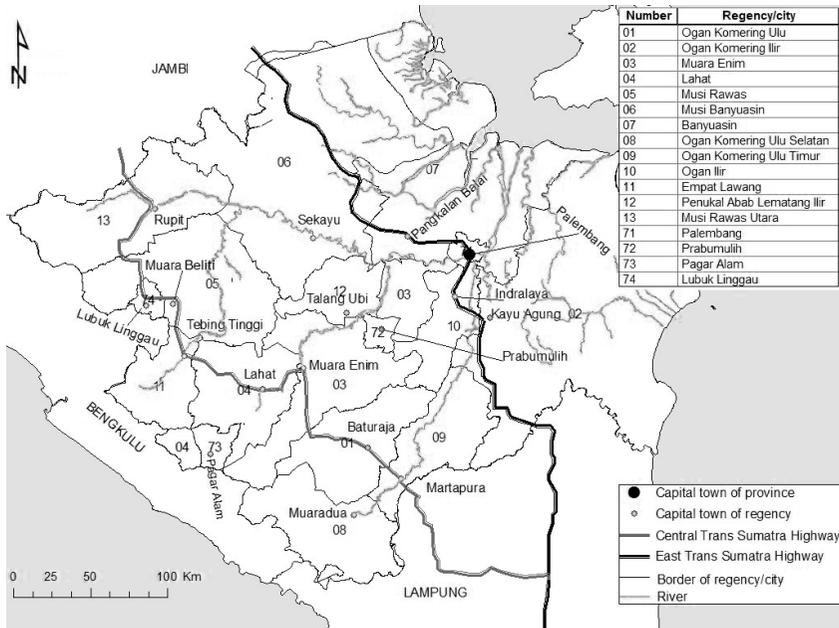


Figure 2. South Sumatra Province.

the Indonesian government in the New Order era had a significant impact on the increase in the number of Javanese. For about 30 years, from the late 1960s to the late 1990s, 205,723 households migrated to South Sumatra Province from mainly Jawa under this program (Figure 5).

With respect to the composition of population by industry (Table 2), according to

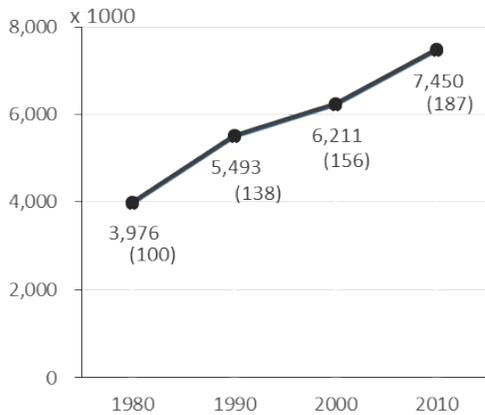


Figure 4. Population of South Sumatra Province (1980 - 2010).

Note: Values in ( ) are the values for each year when 1980 = 100.  
Source: Population Census.

Table 1. Ethnic composition in South Sumatra Province (2010)

Ethnicity	Population	%
South Sumatra	4,120,408	55.3
Javanese ( <i>Jawa</i> )	2,037,715	27.4
Malay ( <i>Melayu</i> )	602,741	8.1
Sundanese ( <i>Sunda</i> )	162,877	2.2
Chinese ( <i>Cina</i> )	72,575	1.0
Minangkabau	64,403	0.9
Batak	45,709	0.6
Lampung	44,983	0.6
Bugis	42,977	0.6
Bali	38,552	0.5
Others	217,454	2.9
Total	7,450,394	100.0

Source: Population Census 2010.

the 2010 census, the plantation sector is first with 38.8% of the province’s total working population, followed by the agriculture sector with 20.4%<sup>3)</sup>; in rural areas, the plantation sector is 52% and the agriculture sector 26.8%. In the 2000 census, the agriculture sector accounted for 42% and the plantation sector 22.3% across the province, and 53.5% and 28.5%, respectively, in rural areas. It is believed that the main source of income shifted dramatically from the agriculture to the plantation sector in the period from 2000 to 2010 among the farmers in South Sumatra Province.

The growing role of the plantation sector in farm households can also be observed in the data from the agricultural census. From 2003 to 2013, the number of farm households engaging in the production of plantation crops in South Sumatra Province increased from 630,665 (64.9% of the total) to 733,157 (76.5%).

As per the 2010 census, the plantation and agriculture sectors together comprise about 60%

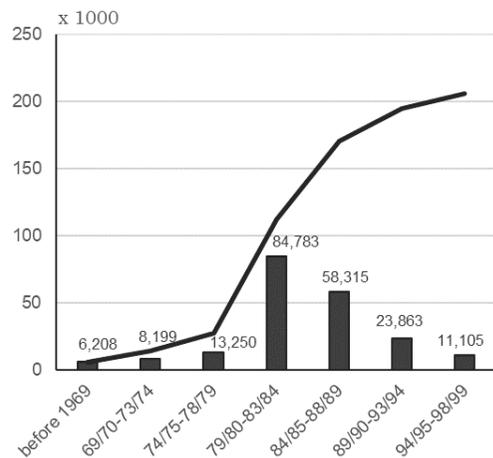


Figure 5. Transmigration into South Sumatra Province.

Unit: Household.  
Source: Statistics Indonesia of South Sumatra Province.

of the total working population of the province and about 80% of the rural areas, constituting the province's key industries in terms of labor absorption; compared with these two, the role of the manufacturing sector remains limited, accounting for only 8.3% of the province and 4% of the rural areas.

Table 2. Working population by industry in South Sumatra Province (2010)

Industry	Province		Rural area	
	Persons	%	Persons	%
Agriculture	683,020	20.4	633,583	26.8
Plantation	1,299,418	38.8	1,228,873	52.0
Fishery	41,792	1.3	37,308	1.6
Manufacture	278,251	8.3	94,401	4.0
Trade	387,771	11.6	155,216	6.6
Services	601,008	17.9	191,069	8.1
Others	59,807	1.8	22,104	0.9
Total	3,351,067	100.0	2,362,554	100.0

Source: Population Census 2010.

### The Plantation Sector

South Sumatra Province has four major plantation crops, namely oil palm, rubber, coffee, and coconut. Among them, oil palm and rubber are the dominant ones, far ahead of the other two. In 2015, oil palm and rubber acreages were 952,083 ha and 838,749 ha, respectively, neck and neck with each other. Meanwhile, coffee and coconut acreages were 249,510 ha and 67,402 ha, respectively.

Figure 6 shows the long-term changes in the acreage of the four crops from 1976 to 2015. Until the mid-1980s, the major plantation crops in South Sumatra Province were rubber, coffee, and coconut. These are the traditional plantation crops that had already been grown widely during the Dutch colonial era. Among them, rubber occupied the dominant position; its acreage continued to increase steadily from the mid-1980s to the mid-2010s, reaching 838,749 ha in 2015, 1.8 times what it was in 1980. Coffee acreage increased considerably from the late 1970s to the mid-1980s, but

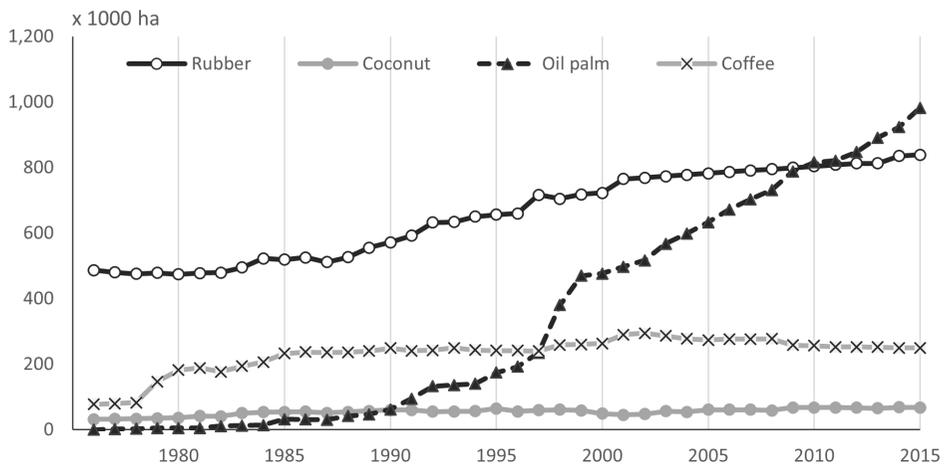


Figure 6. Acreage under main plantation crops in South Sumatra Province (1976 - 2015).

Source: The original data set compiled and adjusted by the authors using the data and information provided by Statistics Indonesia, Directorate General of Plantation (Ministry of Agriculture), and Plantation Office of South Sumatra Province.

after that, it remained at almost the same level, although there was a slight increase in the early 2000s. Coconut acreage remained at a low level for long periods of time.

In contrast, oil palm emerged in South Sumatra Province from the mid-1980s. Its acreage, only 5,078 ha in 1980, increased rapidly from the latter half of the 1980s to the latter half of the 1990s—it particularly saw a sharp rise between 1997 and 1999; although it stagnated around 2000, it soon started to increase again, reaching rubber acreage's level around 2010. In 2015, the production of crude palm oil (CPO) in South Sumatra Province reached 2.82 million tons, accounting for 9.1% of the national production. The development of the plantation sector in South Sumatra Province in terms of working population between 2000 and 2010, as mentioned above, has been

attributed to the rapid expansion of the oil palm plantation sector during this period.

In Indonesia, the plantation sector is divided into two operational sectors in terms of management agency and management size—the estate sector, in which mainly corporations manage areas of 25 ha and above, and the smallholding sector, in which mainly individuals manage areas less than 25 ha. The estate sector is often further divided into two—the state sector and the private sector, in which state-owned companies and private companies, respectively, are the management agencies.

The operational structures of each plantation crop differ significantly—in particular, that of oil palm is different from those of other traditional plantation crops (Table 3). In 2015, in the case of oil palm, the smallholding sector occupied 42.9% of the acreage and 41.4% of the

**Table 3. Area and production of main plantation crops by operational sector in South Sumatra Province (2015)**

Crop	Operational sector	Area		Production		Productivity
		(A) (ha)	(%)	(B) (t)	(%)	(B)/(A) (t)
Oil Palm	Smallholding	321,681	42.9	1,168,810	41.4	3.63
	(State)	38,642	5.1	132,371	4.7	3.43
	(Private)	390,284	52.0	1,520,758	53.9	3.90
	Total	750,607	100.0	2,821,939	100.0	3.76
Rubber	Smallholding	678,936	95.1	884,166	93.7	1.30
	(State)	6,958	1.0	11,806	1.3	1.70
	(Private)	27,651	3.9	47,993	5.1	1.74
	Total	713,545	100.0	943,965	100.0	1.32
Coffee	Smallholding	207,303	100.0	110,351	100.0	0.53
	Estate	0	0.0	0	0.0	-
	Total	207,303	100.0	110,351	100.0	0.53
Coconut	Smallholding	52,620	100.0	61,985	100.0	1.18
	Estate	0	0.0	0	0.0	-
	Total	52,620	100.0	61,985	100.0	1.18

Note:

\* Production of oil palm is production of crude palm oil (CPO).

\* Area in this table covers only the land planted with mature tree. On the other hand, in Figure 6 and Figure 7 the acreage includes the land planted with immature tree and damaged land.

Source: Tree Crop Estate Statistics of Indonesia 2015.

production, while the estate sector occupied 57.1% and 58.6%, respectively. Contrastingly, in the case of rubber, the smallholding sector dominated, occupying 95.1% of the acreage and 93.7% of the production; as for coffee and coconut, the smallholding sector occupied 100%.

We can see the huge impact of the expansion of the oil palm plantation sector on the socio-economy of South Sumatra Province through both the estate and smallholding sectors. In 2014, according to the statistics on plantation crops published by the Directorate General of Plantation, the labor force in the oil palm plantation sector—that is, plantation workers—was 257,053. Meanwhile, the number of farm households engaging in oil palm production was 197,912, accounting for 20.7% of the total in South Sumatra Province.

## Development of the Oil Palm Plantation Sector in South Sumatra Province

### From the Early 1980s to the Late 1990s

The implementation of large-scale national projects called PIR-BUN and PIR-TRANS played a prominent role in the development of the oil palm plantation sector in South Sumatra Province from the early 1980s to the late 1990s. These projects adopted the so-called PIR (*Perusahaan Inti Rakyat* = Nucleus Company and Smallholder) method to develop both the nucleus estate (*kebun inti*) and surrounding smallholdings (*kebun plasma*) in an integrated manner. PIR projects before 1986 were collectively referred to as PIR-BUN (BUN is an abbreviated form of *perkebunan* = plantation sector), where mainly state-owned plantation companies (*perkebunan besar negara*) became the implementing body; PIR projects after 1986, based on Presidential Instruction No. 1/1986, were called PIR-TRANS. In these, closer coordination with the transmigration (*transmigrasi*) program and involvement of the

Table 4. Realization of PIR-BUN/TRANS projects (oil palm) in South Sumatra Province

Nucleus Company	Project	Regency	Location Permit (year)	Realization of Planting (ha)	
				Nucleus	Plasma
PTPN VII	PIR-Bun	Musi Banyuasin	1979	5,630	8,000
PTPN VII	PIR-Bun	Muara Enim	1981	6,785	12,000
Musi Banyuasin Indah	PIR-Trans	Musi Banyuasin	1988	4,225	6,535
Surya Hutama Sawit	PIR-Trans	Musi Banyuasin	1990	2,235	5,348
Hindoli	PIR-Trans	Musi Banyuasin	1991	9,555	17,000
Minanga Ogan	PIR-Trans	Ogan Komering Ulu	1983	6,754	6,040
Mitra Ogan	PIR-Trans	Ogan Komering Ulu	1990	4,120	10,484
Tania Selatan	PIR-Trans	Ogan Komering Ilir	1991	4,222	6,158
Aek Tarum	PIR-Trans	Ogan Komering Ilir	1991	4,871	6,700
Mutiara Bunda Jaya	PIR-Trans	Ogan Komering Ilir	1996	1,262	8,296
Total				49,659	86,561

Note: Nucleus = Nucleus estate, Plasma = Plasma smallholding.

Source: Information from Plantation Office of South Sumatra Province.

private sector were encouraged, and private plantation companies (*perkebunan besar swasta*) replaced state-owned ones as the main implementing body.

Table 4 shows the PIR-BUN/TRANS projects involving oil palm production implemented in South Sumatra Province. First, two PIR-BUN projects were carried out by the former PT (*Perseroan Terbatas* = Company Limited) Perkebunan X (present PT Perkebunan Nusantara VII), the state-owned plantation company that operated in the southern part of Sumatra. Through these projects, 12,415 ha of nucleus estate and 20,000 ha of plasma smallholding were developed from the early 1980s to the early 1990s. The initial planting year of oil palm was 1981–82, which kick-started the sector's development in South Sumatra Province. Subsequently, eight PIR-TRANS projects were carried out by private plantation companies. Through these, 37,244 ha of nucleus estate and 66,561 ha of plasma smallholding were developed from the late 1980s to the late 1990s. The total area of nucleus estate and plasma smallholding developed through the PIR-BUN/TRANS projects reached 49,659 ha and 86,561 ha, respectively.

From the early 1980s to the early 1990s, PIR-BUN/TRANS projects played a significant role in the development of the oil palm plantation sector in South Sumatra Province. However, with private-sector investment in the oil palm plantation sector being promoted since the mid-1980s, the development of the independent estate became popular from the early 1990s. If we look at the number of location permits (*izin lokasi*), one of the requirements for the development of the oil palm estate issued by the government to each development site, only four were issued for a total area of 43,150 ha between 1981 and 1986. Contrastingly, between 1987 and 1997, 50 location permits were issued for a

total area of 518,604 ha. Considering that the number of PIR-BUN/TRANS projects was only 10, many of the permits were thought to be issued for developing the independent estate.

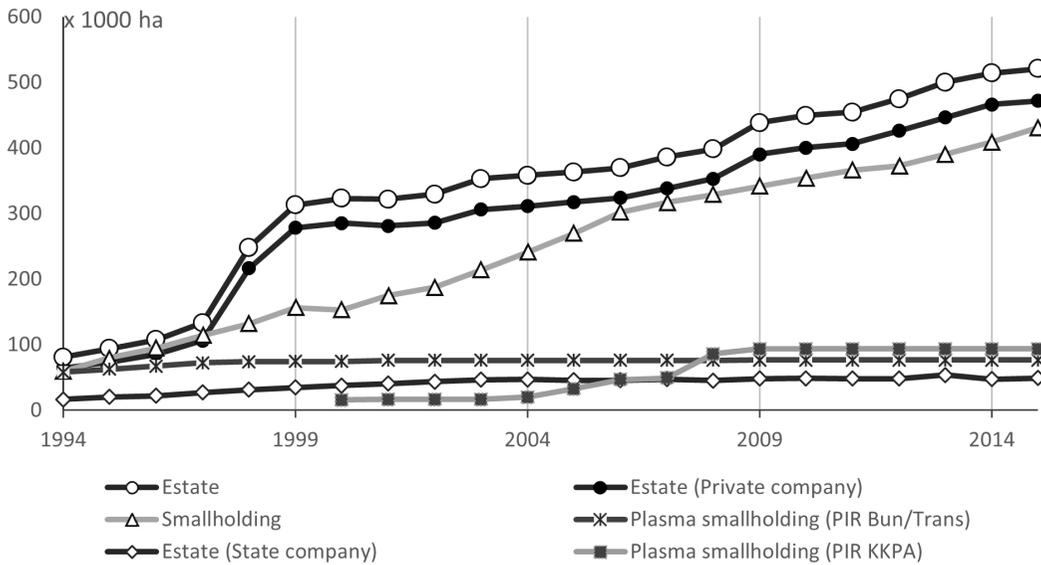
The development of the independent estate by private plantation companies accelerated from the mid-1990s to the late 1990s. In 1999, its total area reached 313,024 ha, more than three times what it was in 1994, whereas the share of nucleus estate decreased to 16% (49,659 ha). Meanwhile, in the smallholding sector, the area of independent smallholding began to increase rapidly from the mid-1990s. In 1999, the total area of smallholding reached 156,601 ha, almost double of what it was in 1994, whereas the share of plasma smallholding decreased to 55% (86,561 ha). Although there was no doubt that PIR-BUN/TRANS projects had played a significant role in the development of the oil palm plantation sector in South Sumatra Province from the early 1980s to the late 1990s, its prominence in the sector's dramatic expansion in the 1990s decreased.

### **From the Late 1990s to the Mid-2010s**

The problem of haze caused by intensive burning for land clearance from 1997 to 1998—from Sumatra to Peninsular Malaysia to Borneo—attracted international attention to the plantation sector's activities on the Outer Islands of Indonesia, particularly Sumatra and Kalimantan. The 1997 Asian financial crisis was followed by socioeconomic turmoil in Indonesia. Furthermore, the resignation of President Suharto in 1998 ushered in the reformation (*reformasi*) era. The sequence of these events in the late 1990s had a great effect on the dynamics of the oil palm plantation sector in South Sumatra Province.

First, the expansion of estates was stopped suddenly. The area of the oil palm estate had been almost unchanged between 1999 and 2002 (Figure 7). With the dawn of the

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**Figure 7. Oil palm acreage of South Sumatra Province by operational sector (1994 - 2015).**

Source: The original data set compiled and adjusted by the authors using the data and information provided by Statistics Indonesia, Directorate General of Plantation (Ministry of Agriculture), and Plantation Office of South Sumatra Province.

reformation era, conflicts between plantation companies and the local people over land, environment, and so on had become apparent in the development areas of estates. The legal and institutional framework for the development of the plantation sector was also thrown into great confusion. Some plantation companies' financial conditions deteriorated due to the Asian financial crisis. All these factors together restrained plantation companies from developing new estates in the early 2000s.

Toward the mid-2000s, the socioeconomic turmoil that had swept through Indonesia abated. The new legal and institutional framework for the development of the plantation sector was also consolidated, as seen through the enforcement of Plantation Law No. 18/2004. Under such circumstances, the development of the oil palm estate resumed, and its area continued to increase until the mid-

2010s at a moderate pace compared with the late 1990s—it reached 520,979 ha in 2015, 1.7 times what it was in 1999 (Figure 7). From 1998 to 2003, the first six years of the reformation era, only 19 location permits were issued for a total area of 143,314 ha; in contrast, from 2004, when the Plantation Law was enforced, to 2013, 201 were issued for a total area of around 1,810,000 ha. This indicates resurgence of plantation companies' willingness to invest in the development of the oil palm estate.

With respect to smallholding, although it saw stagnation from 1999 to 2000, its total area began to increase again at almost the same pace as in the late 1990s. The increase in the early 2000s, under the unstable socioeconomic circumstances in the initial stages of the reformation era, was attributed to the rise in the area of independent smallholding. In the mid-2000s, in addition to the continued increase

in the area of independent smallholding, the implementation of PIR-KKPA projects raised the total area of smallholding, creating a considerable amount of plasma smallholding.

PIR-KKPA was a new type of development project for the oil palm plantation sector, adopting the PIR method and using a credit facility named KKPA (*Kredit kepada Koperasi Primer untuk Anggotanya* = Credit to Primary Cooperative for its Members). Nevertheless, its background and nature differed significantly from PIR-BUN/TRANS (Nagata & Arai 2013). First, responding to the policy direction that emphasized the decentralization of

governance structures in the reformation era, the provincial government took the initiative in its implementation. Second, while PIR-BUN/TRANS had involved a great number of transmigrants from Jawa, PIR-KKPA specifically targeted the local people as plasma smallholders. Finally, in not a few cases, it only developed plasma smallholdings surrounding existing independent estates as a practical means to resolve the conflicts between plantation companies and the local people by involving them in the oil palm plantation sector. Table 5 shows the PIR-KKPA projects implemented in South Sumatra Province. Through 20

Table 5. Realization of PIR-BUN/TRANS projects (oil palm) in South Sumatra Province

Nucleus Company	Project	Regency	Location Permit (year)	Realization of Planting (ha)	
				Nucleus	Plasma
Hindoli	PIR-KKPA	Banyuasin	2006	9,979	1,752
Panca Tirta Budi Agung	PIR-KKPA	Musi Banyuasin	1996	12,128	3,163
Guthrie Pecconino Indo	PIR-KKPA	Musi Banyuasin	1997	12,409	445
Hindoli	PIR-KKPA	Musi Banyuasin	2000	-	594
PP Lonsum	PIR-KKPA	Musi Banyuasin	2003	1,721	86
Pinago Utama	PIR-KKPA	Musi Banyuasin	2008	10,000	12,034
Roempoen E. Bersaudara	PIR-KKPA	Muara Enim	2000	2,515	4,047
Mitra Ogan	PIR-KKPA	Muara Enim	2004	2,368	866
P. Mitra Ogan	PIR-KKPA	Ogan Komering Ulu	2010	1,924	1,876
Lerna Astra Kartika	PIR-KKPA	Ogan Komering Ulu Timur	1996	909	1,972
Sumber Wangi Timur	PIR-KKPA	Ogan Komering Ulu Timur	1997	824	643
Wana Karya Mulya K.	PIR-KKPA	Ogan Komering Ulu Timur	2003	1,888	1,753
Tania Sepakat	PIR-KKPA	Ogan Komering Ilir	1991	4,181	8,188
Telaga Hikmah	PIR-KKPA	Ogan Komering Ilir	1991	14,106	3,006
Sampoerna Agro TBK	PIR-KKPA	Ogan Komering Ilir	1994	3,078	21,308
Mutiara Bunda Jaya	PIR-KKPA	Ogan Komering Ilir	1994	562	1,861
Trikreasi Marga Mulya	PIR-KKPA	Ogan Komering Ilir	1995	608	1,378
Sumber Wangi Alam	PIR-KKPA	Ogan Komering Ilir	1998	236	1,876
PP. Lonsum Indonesia	PIR-KKPA	Musi Rawas	no data	3,261	21,945
Dwi Reksa Usaha Perkasa	PIR-KKPA	Musi Rawas	no data	528	4,745
Total				83,225	93,538

Note:

\* Nucleus = Nucleus estate, Plasma = Plasma smallholding.

\* Realization of planting of nucleus estate includes the area developed as independent estate before PIR-KKPA project.

Source: Information from Plantation Office of South Sumatra Province.

projects, 93,538 ha of plasma smallholding were developed mainly between 2004 and 2007 (Figure 7), which surpassed its total area developed through PIR-BUN/TRANS projects.

From the mid-2000s to the mid-2010s, the total area of smallholding continued to increase at a slower pace than in the first half of the 2000s. The increase in this period was mainly attributed to the rise in the area of independent smallholding. In this article, all smallholding other than plasma smallholding developed through PIR-BUN/TRANS and PIR-KKPA projects are classified as independent smallholding. Government regulations on plantation business permits that were enforced after the mid-2000s, that is, Ministerial Regulation of Agriculture No. 26/2007 and Ministerial Regulation of Agriculture No. 98/2013, stipulated the obligation of plantation companies to facilitate the construction of smallholding for the local people (Nagata & Koizumi 2018). However, we could not secure reliable information on how much land was developed for smallholding based on these regulations. The total area of smallholding was 431,104 ha in 2015, 2.7 times what it was in 1999 (Figure 7), when it had occupied only 33% of the total area of oil palm. In 2015, smallholding's share increased to 45%.

## Concluding Remarks

The basic development pattern of the oil palm plantation sector in South Sumatra Province was almost the same as that in Riau Province, which was examined in a previous study (Nagata & Arai 2013). From the early 1980s to the late 1990s, PIR-BUN/TRANS projects played a prominent role—particularly in the early stage of the sector's development, these large-scale national projects had a significant presence. In the 1990s, the development of the independent

estate was actively pursued; it accelerated in the late 1990s, which increased the oil palm area substantially. From the mid-1990s, independent smallholding also began to increase.

The socioeconomic turmoil in the initial stages of the reformation era from the late 1990s to the early 2000s had halted the rapid expansion of the oil palm estate. With the stabilization of society and establishment of a new legal and institutional framework for the development of the plantation sector, the development of this estate was resumed, and its area continued to increase toward the mid-2010s at a moderate pace. Meanwhile, smallholding continued to increase, from the initial stages of the reformation era to the mid-2010s, and secured a presence comparable with the estate sector. This increase was mainly attributed to that of independent smallholding, although PIR-KKPA projects targeted at the local people in the mid-2000s made a meaningful contribution as well.

The similarities in the basic development pattern of the oil palm plantation sector between the two major provinces in Indonesia suggest that the sector's structure and dynamics at the provincial level were heavily affected by the political and socioeconomic environments at the national and international levels. With respect to the intensity and timing of individual phenomena, however, we can observe significant differences between the two provinces.

For example, although PIR-BUN/TRANS projects played a significant role in the sector's development from the early 1980s to the late 1990s in both provinces, the development of individual estates from the late 1980s to the late 1990s was more intense in Riau Province than in South Sumatra Province. As a result, the former faced shortage of land that could be used to develop the oil palm estate or for large-scale projects in the mid-2000s, much earlier than South Sumatra Province did. If we look

at the increase in individual smallholding in the reformation era, that too was much more intense in Riau Province than in South Sumatra Province, and the smallholding area surpassed the estate area early in the mid-2000s. In South Sumatra Province, such an inversion has not occurred yet. It is also worth noting that rubber still holds great importance as a plantation crop in the smallholding sector, like oil palm in South Sumatra Province.

Bearing in mind these similarities and differences with respect to the development of the oil palm plantation sector in South Sumatra Province, we will be able to gain a better understanding of specific case studies that we carry out at research sites in South Sumatra Province and situate their findings in the broader context of discussions on the nature of the oil palm plantation sector in Indonesia.

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## Notes

1. Nagata et al. (2014) and Koizumi and Nagata (2018) tried to clarify the cultural and socioeconomic characteristics of the population of Riau Province and their change through the analysis of unpublished or raw data of the population census vis-à-vis the rapid expansion of the oil palm plantation sector.
2. The former South Sumatra Province was divided into South Sumatra Province and Bangka Belitung Islands

Province in 2000. This article covers only the current territory. All the statistics and information on South Sumatra Province mentioned herein exclude the Bangka Belitung Islands Province.

3. The plantation sector refers to the economic activities that produce so-called plantation crops such as oil palm, rubber, coffee, coconut, and tea. Meanwhile, the agriculture sector refers to the economic activities that produce crops other than plantation crops, most typically rice and vegetables.

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