

# **CHILDREN OF THE SUNSHINE INDUSTRY**



# *Children of the Sunshine Industry*

**Child Labor and Workers' Situation  
in Oil Palm Plantations in Caraga**



**Center for Trade Union and Human Rights**

*in partnership with*

International Labor Rights Forum (ILRF)  
Nagkahiusang Kababa-eyan sa Manat (NKM)

Children of the Sunshine Industry  
Child Labor and Workers' Situation in Oil Palm Plantations in Caraga

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# I. **BACKGROUND OF THE STUDY**

## **RATIONALE**

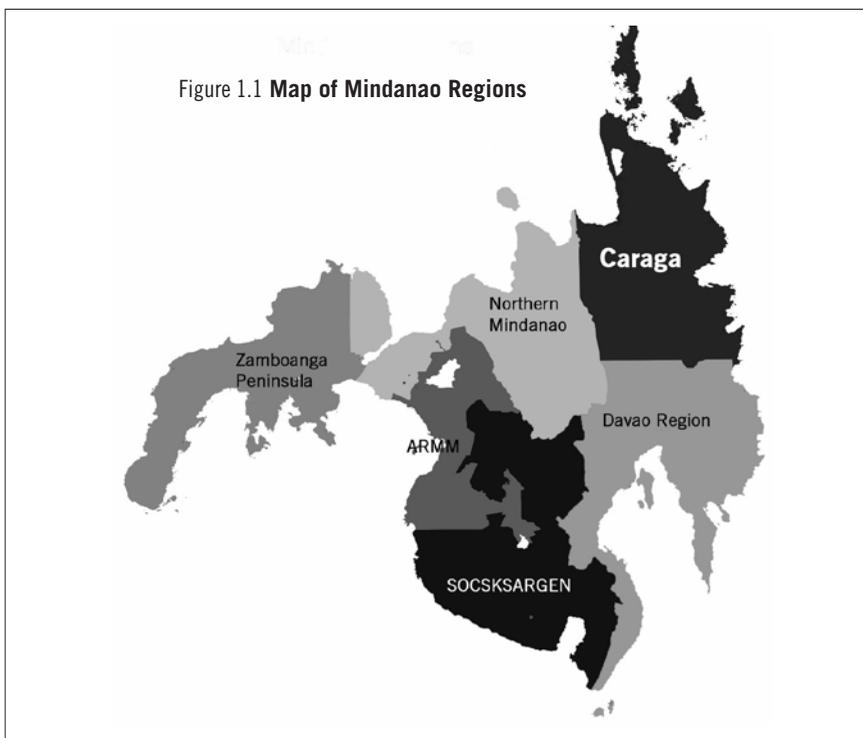
The palm oil industry in the Philippines started in the 1950s, though its coverage (in terms of land area) is much smaller compared with Indonesia and Malaysia. Largely, oil palm plantations are concentrated in Mindanao and some parts of Visayas.

Since the last decade, there has been an increasing interest in the palm oil industry. As early as 2002, the Philippine Coconut Authority (PCA)<sup>1</sup>, the Southern Philippines Development Authority (SPDA) and the Mindanao Palm Oil Industry Development Council signed an agreement to fast track programs for the development of palm oil industry and to encourage further investments. In fact, the two agencies already surpassed their targets of expanding the plantations from 19,817 hectares (has.) in 2002 to 54,738 has. of plantations at present. They also identified 477,000 has. of land suitable for oil palm farming in Mindanao alone (“Palm oil Industry Destined,” 2002).

Under the Philippine Development Plan 2011-2016 of the Benigno Aquino III government, palm oil development is identified as a priority industry for national convergence in Caraga (Region XIII) under the National Industry Cluster Capacity Enhancement Program (NICCEP). NICCEP is a project supported by the Japan International Cooperation Office (Cruz, 2012) managed by the Department of Trade and Industry (DTI).

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1 Created through Presidential Decree (PD) 232, PCA is a government agency tasked to oversee the development of the coconut and palm oil industries in all aspects. It is also responsible for ensuring that coconut farmers become direct participants in, and beneficiaries of such development and growth. PD 1468, Art. I, Sec. 2).



Caraga has 17,252 has. of land covered by oil palm and has the largest oil palm plantations in the country (Villanueva, 2011). Together with the wood industry, palm oil is the region's second main industry next to mining.

Apart from Caraga, the concentrations of oil palm plantations in the Philippines are found in other parts of Mindanao (SOCSKSARGEN), the provinces of Bohol in the Visayas and Palawan in Luzon.

The Philippine Palm Oil Development Council (PPDCI),<sup>2</sup> an organization of industry players, proposes to expand the palm oil cultivated lands in the Philippines from 54,748 has. at present to 62,500 has. by the end of 2012 and 200,500 has. by 2016 (dela Cruz, 2011). The expansion is expected to take advantage of what they called the “spectacular r[i]se” in domestic demand for palm oil and palm oil products by medium-size manufacturers as well as local and multinational industry conglomerates.

<sup>2</sup> PPDCI submitted the proposal to expand production to the government through the PCA

In feverishly pushing for expansion, promoters of palm oil industry including the government are citing benefits such as:

- huge current and emerging export market for the product in China, India, Pakistan, USA, Europe;
- oil palm higher yield;
- shorter gestation period which means fruits can be harvested after two and a half years of cultivation;
- production of large quantities of non-food by-products and biomass for organic fertilizer, biogas, bio-energy according to the study of Dr. Pamplona (as cited by Sarian, 2011);
- higher income for farmers and growers;
- potential for poverty reduction for rural population; and
- healthier benefits of palm oil in household and pharmaceutical uses.

However, the aggressive push for expansion particularly in Mindanao also created a lot of questions as pockets of resistance from plantation workers, farmers, and indigenous peoples in target areas, citing negative impacts such as displacements, threat to food security, among others, are reported. Questions are also raised on how the industry actually operates from plantations to production of end-user products and how it impacts on the lives of workers, farmers, and their families as poverty remains a serious concern in areas where oil palm plantations exist.

Unfortunately, except for the specific section of government, industry players, workers and their families, there is very limited information on the state of palm oil industry in the Philippines and its socio-economic impact on workers and communities. The Filipino public is also not familiar with palm oil production compared with coconut or with other plantation-based crops such as banana, pineapple, and coffee. Urban-based middle class consumers for instance, are familiar in some ways to the claims of healthier benefits of palm oil as cooking oil, as many supermarkets in the cities are inundated by both imported and locally-produced palm oil.

Similarly, not much were also written on the assessment or evaluation of the claims that resorting to palm oil production yield higher income for farmers or reduce poverty amongst rural population.

There is physical evidence however, of poverty and stories that child labor in the oil palm farms and plantations exists, tied to the extremely

low wages the workers are paid precarious employment and the utter lack if not absence of social services in the region. These children are said to be employed informally and perform different tasks in the palm oil industry.

This obvious lack of information on the condition of children and workers in the industry hinders labor, community and other civil society organizations to involve themselves in any of the issues raised.

## **RESEARCH OBJECTIVES**

The research was conducted to specifically investigate the presence of child labor in the palm oil industry in Caraga region consisting of Agusan del Sur and Agusan del Norte provinces with an objective of getting a solid data from barangays and towns where oil palm plantations are dominant.

In addition, the study also aims to identify and examine the contributing factors pushing the children's participation in palm oil production process and their relationship with the socio-economic conditions of workers and communities inside the plantation focusing on: work and employment condition of adults or parents, family income and expenditures, and access to other resources or social services.

## **RESEARCH FRAMEWORK**

In understanding the employment of children as child labor, the research used the ILO standard and definition of what child labor is. To wit:

The term "child labor" is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.

It refers to work that:

- is mentally, physically, socially or morally dangerous and harmful to children; and
- interferes with their schooling by:
  - depriving them of the opportunity to attend school;
  - obliging them to leave school prematurely; or
  - requiring them to attempt to combine school attendance with excessively long and heavy work.

Under the Philippine Labor Code, legal age for employment is 18 years old and it prohibits the employment of children or minors 17

years and below, unless such employment falls within the provisions of Republic Act (RA) 9231,<sup>3</sup> on exceptional cases for the employment of children/minors below 15 years old, such as:

1) When a child works directly under the sole responsibility of his/her parents or legal guardian and where only members of his/her family are employed:

2) Where a child's employment or participation in public entertainment or information through cinema, theater, radio, television or other forms of media is essential: *Provided*, That the employment contract is concluded by the child's parents or legal guardian, with the express agreement of the child concerned, if possible, and the approval of the Department of Labor and Employment: *Provided, further*, That the following requirements in all instances are strictly complied with:

- (a) The employer shall ensure the protection, health, safety, morals and normal development of the child;
- (b) The employer shall institute measures to prevent the child's exploitation or discrimination taking into account the system and level of remuneration, and the duration and arrangement of working time; and
- (c) The employer shall formulate and implement, subject to the approval and supervision of competent authorities, a continuing program for training and skills acquisition of the child.

In the above-exceptional cases where any such child may be employed, the employer shall first secure, before engaging such child, a work permit from the Department of Labor and Employment which shall ensure observance of the above requirements.

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3 RA 9231 or an "An Act Providing For The Elimination Of The Worst Forms Of Child Labor And Affording Stronger Protection For The Working Child, Amending For This Purpose Republic Act No. 7610, As Amended, Otherwise Known As The 'Special Protection Of Children Against Child Abuse, Exploitation And Discrimination Act,' was passed on December 19,2003 by the 12th Congress. The Philippine Government acknowledges this law as a compliance to ILO Convention 182 and as the country's commitment to eliminating worst form of child labor.

For purposes of this Article, the term “child” shall apply to all persons under eighteen (18) years of age.

Under this law and for the purpose of this study, the term child labor is any person 17 years old and below working formally or informally in the oil palm plantations or in any of the processes involved in the production of palm oil.

The research looked into the profile of children, the nature of work performed by children, employment relationships, working conditions and impact on their health, education, and socialization, as well as the impact of child labor in family income.

In understanding the context by which the child could be or may be employed, the study also traced the development of palmoil industry in Caraga and examined the socio-economic situation of workers and families particularly with regard to employment, wages, family income, and/or access to resources. The study used as basis of comparison what is legally-mandated according to existing laws and international standards that the Philippines pledged to adhere.

## **RESEARCH SCOPE, METHODOLOGIES AND LIMITATIONS**

The result of the study is achieved through a combination of quantitative and qualitative methodologies using both primary and secondary data. For the information about the background and the nature of the industry, the research heavily referred to official data, information gathered by the palm oil industry groups, websites, online news and information from various sources. A review of existing related studies and literature was also done in addition to interview with key informants such as trade union leaders, an organizer and an expert on the effects of chemicals and pesticides used in the plantation.

To determine and identify the municipalities or barangays where oil palm plantations are dominant, the research used the population survey conducted by the National Statistics Office (NSO) in 2007 (the latest that NSO has for Caraga) with an objective of getting a representative sample of population for a survey in target barangays.

The primary data were gathered through survey, focus group discussions, individual interviews and interview with key informants.

The survey instrument was designed jointly by the ILRF and CTUHR. ILRF is a Washington-based advocacy organization dedicated to achieving

just and humane treatment for workers worldwide. ILRF's projects consist of campaigns committed to ending the problems of child labor, forced labor, and other abusive practices. The group is also engaged in promoting the enforcement of labor rights internationally through public education and mobilization, research, litigation, legislation, and collaboration with labor, government and business groups.

The survey was translated into the local language (Cebuano) and pre-tested in the field before it was run by the research teams. It has four major set of questions (subdivided into 24 more specific questions) dealing with:

- personal information of the household members (gender, age, education level)
- engagement in activities related to palm oil, jobs performed, number of working hours, income received per day or per month of each household members, company or farm they are working;
- reasons for working, type of job, and loans
- occupational health and safety (accidents /injuries)
- additional questions on i) the adult respondents' engagement in activities related to oil palm, ii) attitude/feeling about their jobs and iii) whether or not they will recommend working in palm oil plantation to other people.

The survey was carried-out from September 28 to November 5, 2011 in three municipalities namely San Francisco, Rosario and Trento in Agusan del Sur and in one city namely Butuan City in Agusan del Norte. These represent the total areas covered by oil palm plantations and farms. The key interview question in determining the relationship of respondents and household members in palm oil production is, "*Have any of the household members been engaged in any activities related to palm oil in the last 12 months?*" dating back from the date the survey was conducted.

The survey covered 604 respondents who are either workers or head of households with a total of 2,363 household members of varying ages. Respondents come from areas, plantations, and farms in 12 barangays namely: Basa, Cabantao, Ebro, Imelda, Libuac, Maligaya, Manat, Mati, Novele, Ormaca, Tagbahagan, and Tudela. These are barangays covered by Agusan Plantation, Inc. (API), Caraga Farm, Armels Jay Farm in Trento, Uraya Farm, Olet Farm, and Kabinguangan Upland Farmers Tribal Multipurpose Cooperative (KUFTRIMCO) in Bunawan and Filipinas

Palm oil Plantation, Inc. (FPPI), J5 Rice Mill Palmoil Plantation, Romeo Servenias Farm, Webina Farm, Serano Farm and other smaller farms in San Francisco and Rosario, Agusan del Sur.

Results of the survey were tabulated and cross-tabulated according to the questions asked, not only to get the frequencies but to cross-check the information provided by the respondents.

However, the results of the survey were somehow limited by the difficulty of achieving the number of respondents in some barangays notably barangay Imelda, Novele, and Basa due to threat to security and safety against CTUHR field research teams. In some barangays where farms are managed by out-growers, the research team had to withdraw their presence when barangay officials threatened to get them arrested if they do not leave immediately or if they attempted to come back. In two farms covered by the study, four workers who were interviewed by the research teams were dismissed from work a day after the interview thus frightening other possible respondents.

Nevertheless, the information gathered from the survey revealed a lot about the conditions of work in the oilpalm industry which has not been done previously.

Information collated from survey results was also verified, cross-checked and deepened through focus group discussions (FGD) involving parents and children held in February and May 2012. The FGD also provided qualitative data on the working condition of workers and their families and the causes pushing children to work. Interviews with key informants from trade unions in two major plantations, API and FPPI, were also held.

## **THE RESEARCH TEAM**

CTUHR worked closely with *Nagkahiutang Kababay-ehan sa Manat* (United Women in Manat) or NKM in conducting the research. NKM is a registered organization of women workers and wives of workers based in Manat, Trento, Agusan del Sur. The survey was carried-out by CTUHR team of volunteers (17 people) from the region who underwent specific training for the study. NKM assisted the CTUHR in monitoring and the actual conduct of the survey and organizing the FGDs in different barangays.

## DEFINITION OF TERMS

**average bunch weight (ABW).** Average kilogram weight of each fresh fruit bunch.

**agrarian reform beneficiaries (ARB).** Farmworkers in the plantations who were granted land titles by virtue of the Comprehensive Agrarian Reform Program or CARP of 1987.

**barangays.** Villages (*abbrev. bgy.*) where oil palm plantations or farms are present.

**casual workers.** Refers to all workers including seasonal workers distributed to different jobs related to palm oil production, who have not been promoted to regular status. This also refers, unless specified, to long-term contractual workers who have been engaged in activities related to palm oil production for more than one year of continuous employment.

**collective bargaining agreement (CBA).** Agreement between the workers union and the company management concerning conditions of work (pay, benefits, work hours, etc.) and other regulations governing labor relations in a particular workplace.

**fresh fruit bunch (FFB).** Fruit of oil palm trees containing fruitlets harvested and processed .

**Labor Code.** Labor Code of the Philippines, Presidential Decree (PD) 442.

**law.** Refers to all laws in the Philippines, including the Constitution, Republic Acts (RAS), legislation made by the Philippine Congress

**Lumads.** National indigenous peoples of Mindanao. They are subdivided into different tribes.

**out-grower farms.** Farms planted with oil palm trees managed or owned by individual growers who have contract arrangement with either Filipinas Palm Plantation, Incorporated (FPPI) or Agusan Plantations Incorporated (API).

**nucleus farm/plantations.** First oil palm plantations started by FPPI and API.

**union.** An organization of workers established for the purposes of collective bargaining with the management.

**ABBREVIATIONS USED**

<b>ABW</b>	average bunch weight
<b>ADS</b>	Agusan del Sur
<b>API</b>	Agusan Plantations, Inc.
<b>COLA</b>	Cost of Living Allowance
<b>CPO</b>	crude palm oil
<b>DA</b>	Department of Agriculture
<b>DMWR</b>	Daily minimum wage rate
<b>DOLE</b>	Department of Labor and Employment
<b>DSWD</b>	Department of Social Welfare and Development
<b>DTI</b>	Department of Trade and Industry
<b>FFB</b>	fresh fruit bunches
<b>FPPI</b>	Filipinas Palm Oil Plantations, Inc.
<b>FPWU</b>	Filipinas Palm Oil Workers Union
<b>NDC</b>	National Development Corporation
<b>NGPI</b>	NDC- Guthrie Plantations Inc.
<b>NERBAC</b>	National Economic Research and Business Assistance Center
<b>PCA</b>	Philippine Coconut Authority
<b>PPDCI</b>	Philippine Palm Oil Development Council, Inc.
<b>PIGLAS-MAPAPI</b>	Pinagkaisang Lakas ng Manggagawa sa API (United Strength of Workers at API)
<b>PKO</b>	palm kernel oil
<b>RA</b>	Republic Act
<b>RTWPB</b>	Regional Tripartite Wage and Productivity Board
<b>SPDA</b>	Southern Philippines Palm Oil Development Authority

## II. PALM OIL PRODUCTION

**O**il palm (scientific name: *Elaeis guineensis* Jacq.) gives the highest yield of oil per unit area among all other crops and produces two distinct oils, palm oil and palm kernel oil, which are both important in world trade. Fresh fruit bunches (FFB) comprises about 18 to 22 percent crude palm oil and 3 to 5 percent palm kernel oil. Palm oil is obtained from the fleshy mesocarp of the fruit which contains a maximum of 24 percent oil depending on the quality and variety of fruit. Palm kernel oil is obtained from the kernel which contains about 45 to 50 percent oil and 40 to 45 percent meal. It is a lauric oil which is similar to coconut oil (Philippine Coconut Authority [PCA], 2009).

Companies and promoters of palm oil cultivation noted that an hectare of oil palm can produce 4 to 5.5 tons of crude palm oil (CPO), which is five to 10 times greater than the yield of any commercially- known oil crop (DTI).

### **OILPALM FARMING AND GROWING**

Palm oil production involves various processes and stages where labor input is required. These include:

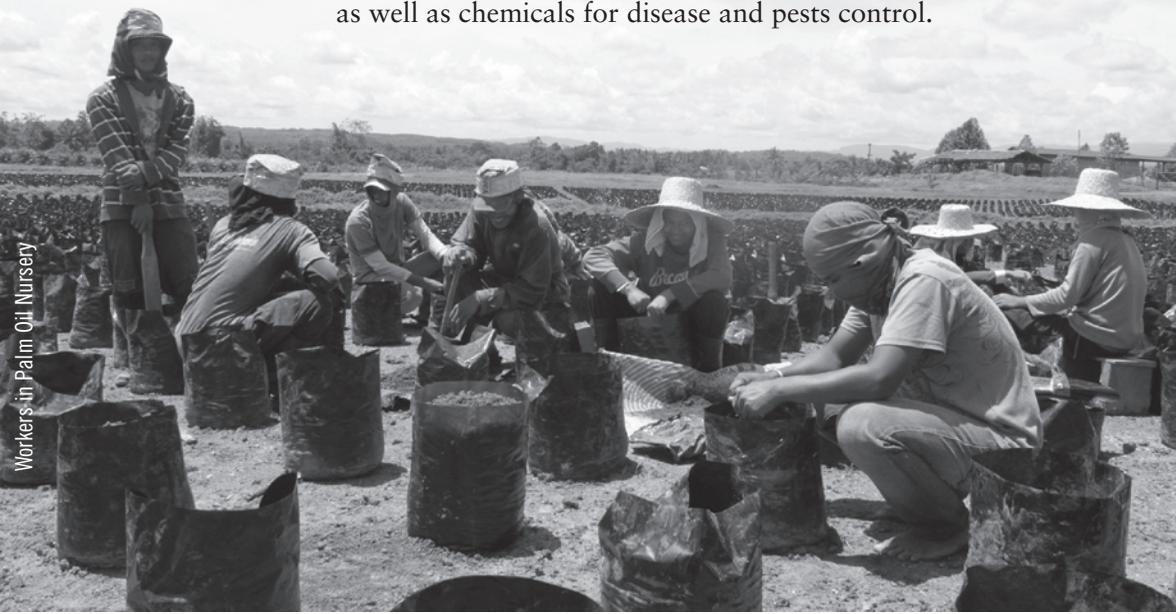


**Figure 2.1** A palm fruit weighing between 15 kg. to 50 kg.

1. **Land preparation.** Land preparation for planting oil palm trees consists of clearing of trees, bushes and other weeds. If the field is in forest land, bushes are pulled out and burned. Burning bushes help control certain diseases which might attack the root of the oil palms and it also makes the soil more fertile. When the land for the plantation is cleared, seedlings are transferred. Included in the preparation is the land contouring for water drainage and road networks.
2. **Nursery.** The nursery is a small plot in which the young oil palms develop. There are other specific tasks required in the nursery: i) bagging or the transfer of germinating seeds into a polybag; ii) maintenance which involves include spraying, watering the seedlings at least thrice a week; and iii) application of mixture of fertilizer containing nitrogen, phosphorus and potash. When the oil palms seedlings are big enough (about 1 year old), they are transferred to the main field.
3. **Planting.** A pit about 50 x 50 x 50 cm size are made often in triangular system at 9 x 9 x 9 m spacing before seedlings are transferred. To protect the seedlings from rodents and other pests, farm workers place a wire mesh around each newly-planted seedlings. For the next three years, seedlings are taken care of through chemical and fertilizers applications and weed control.
4. **Harvesting.** Cutting of fresh fruit bunches from the trees. Harvesting started three years after planting. For young trees, farm workers do not have much difficulty in getting the fruit. Oil palm trees however, can grow as tall as 50 to 70 feet, and harvesting can become a very tough job. Harvesters use a collapsible aluminum metal pole and a sickle-like knife that weighs 8 to 20 kgs. that they put together or assembled as the height of tree required. When fruits are cut, harvesters leave the fruits along the road or in the field for checking and hauling, carving their designated number or name on the stem of the FFB or bark of palm leaf.
5. **Checking.** Involves checking whether the FFB harvested is ripe enough or not, counting and recording the number of

FFBS harvested by each harvester each day. Checking can also be done by the supervisors.

6. **Hauling/double hauling.** Trees can be far from the road, and haulers will have to carry the harvested FFBS from one point to another or close to the road for pick-up.
7. **Loading.** Picking and carrying harvested FFBS from different points (areas in the field) and loading them into trucks for delivery and offloading them when they reached the milling plant.
8. **Maintenance.** a regular task which includes:
  - Road maintenance inside the plantation
  - *Leaf pruning and canopy management.* A process where dead leaves and excess palms are removed regularly when trees start bearing fruits to leave about 40 palms on the crown of each tree.
  - *Uprooting/weeding.* Clearing the circular base of the oil palm trees through manual weeding and pruning (cutting the bushes). In Agusan plantations, herbicides like Paraquat, Round up and Glyphosphate are used to control weeds.
  - *Manuring.* Fertilizer application to keep the trees healthy. In Agusan, they use combination of limestone and organic fertilizer. When the trees start to yield fruits, intensive manuring is done.
  - *Spraying.* Involves both spraying water during dry season, as well as chemicals for disease and pests control.



As regards the capacity of land, a hectare of land can grow 120 to 130 trees and each tree can yield about two to three FFBs three years after planting (Farmers. Personal interview, 2011). Two more fruits are added to the harvest each year until on the 6<sup>th</sup> year when trees can bear fruits in commercial quantity. Harvesting of FFB is done every 10 days to two weeks throughout the year. Thus, a hectare can produce about 25 to 30 tons of FFB per year which is already considered best and comparable to Malaysia. Each tree can last up to 30 years, longer than the 20 to 25 years lifespan of oil palm trees in Malaysia.

During the first year of harvest, each FFB weighs an average of 6 to 8 kgs. and continue to increase as the trees turn mature. In some parts of Rosario and Manat, Trento, ADS, harvesters noted that average bunch weight (ABW) ranges from 15 kgs. to 45 kgs. each and there are times when a bunch can weigh up to 60 kgs. (Personal interview, September, 2011 and May, 2012). Fruit bearing starts to slow down after more than 20 years depending on the land and climate condition.

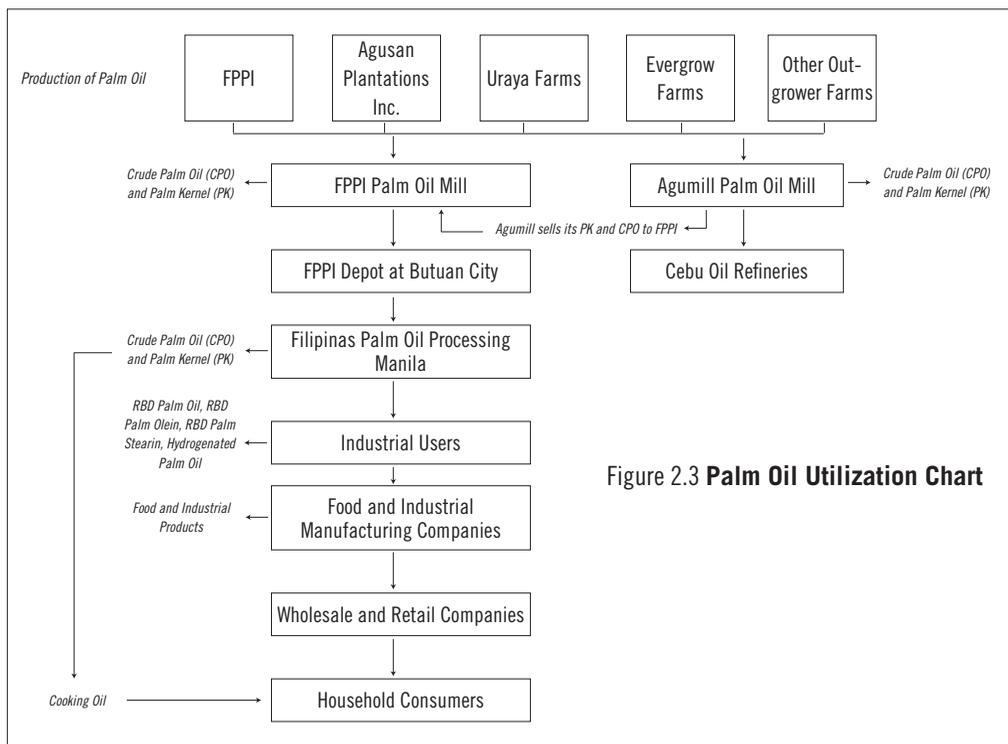


Figure 2.3 Palm Oil Utilization Chart

Palm oil plantations require only two to three persons per hectare to care for the growing trees (DTI, 2010).

### **USES OF PALM OIL**

Traditionally, about 80 percent of palm oil is for edible use. Its non-cholesterol quality and digestibility make it popular as a source of energy. Common food products made from palm oil and palm kernel oil include cooking oils, shortenings, vegetable ghee, margarines and spreads, and confectionery and non-dairy products (Department of Agriculture [DA], 2007). Palm oil has several properties that contribute to a long shelf life for end products. It is resistant to oxidative deterioration, suffers lower polymer formation, and it has vitamin E, a natural antioxidant. Its stability at high temperatures make it an excellent deep frying medium and its bland taste brings out the natural flavors of food. The oil, therefore, is particularly suitable for use in hot climates and as a frying fat in the snack and fast food industry.

As for its non-edible use, it is a good raw material for producing oleochemicals, fatty acids, fatty alcohols, glycerol, and other derivatives for the manufacture of cosmetics, pharmaceuticals, bactericides, and other household and industrial products (Energy Tribune, 06 March 2007). Oleochemicals manufactured from palm oil and palm kernel oil are now popular for the manufacture of environmental friendly detergents as they are readily biodegradable (DA, 2007).



### III.

## DEVELOPMENT OF PALM OIL INDUSTRY IN THE PHILIPPINES

The palm oil industry in the Philippines started in the 1950s with the 200 has. of plantation established by Menzi Agricultural Corporation in Basilan, Zamboanga. The company stopped operating when the land was turned over to farm workers organised under the United Workers Agrarian Reform Beneficiaries Multi-Purpose Cooperative, as part of the Comprehensive Agrarian Reform Program (CARP) (Villanueva, 2011).

In the late sixties, Kenram Industries, Incorporated, converted their ramie (*Boehmeria nivea*) plantation to oil palm and established a 1,100-hectare nucleus farm and a 3,000-hectare outgrower farm in Sultan Kudarat. It also established a 20-ton capacity crude palm oil mill (PCA, 2009). Following the implementation of the CARP in 1988, these lands were redistributed to agrarian reform beneficiaries (ARBS) who organized into cooperatives in 2002 (Villanueva, 2011).

In 1981, Guthrie of Malaysia and National Development Corporation (NDC), a government owned corporation, established a 4,000-hectare oil palm plantation in San Francisco, ADS (PCA, 2009). In 1983, NDC entered into another partnership with a Malaysian company, Kumpulan Guthrie Sendiran Berhad, which gave birth to NDC-Guthrie Estate, Incorporated (NGEI). NGEI then developed another 4,000 has. of oil palm plantations in contiguous areas covering the municipalities of Rosario and Bunawan, ADS. The company then established a 40-ton capacity oil mill and refinery.

In 1991, the 40 percent share of Guthrie was bought by FPPI, a Filipino-Indian-Malaysian consortium. In 1994, they bought out the

60 percent share of NDC, thus acquiring full ownership and control of the palm oil mill and associated plantations. FPPI remains one of the two major companies engaged in palm oil production in the country and in Caraga Region.

In 1983, a joint-venture partnership of Singaporean, Filipino and Malaysian investors established API. API developed a 1,800-hectare oil palm plantation in Trento, ADS (*ibid*). The partnership later created two additional plantations in Trento and Bunawan in 1994 and 1999 respectively, with combined area of 850 has. (National Industry Cluster Capacity Enhancement Project [NICCEP], 2011). In 1997, API established a 20-ton capacity oil mill through a sister company, Agumill Philippines, Inc. which began operations in 1998 also in ADS (PCA, 2009).

Since then, oil palm plantations developed not only in ADS, but also in Sultan Kudarat, Bohol in Central Visayas, Compostela Valley, Bukidnon, and Palawan. By June 2009, the total land area cultivated for oil palm already stood at 45,608 has. Currently, API and Agumill Inc. is leading the 20,000 hectares of oil palm expansion (plantations, oil mills, nursery and other infrastructures) in Palawan. Agumill's sister company which is a Philippine-Singaporean-Malaysian joint venture, the Palawan Palm & Vegetable Oil Mills Inc. (PPVOMI), started full operation last February 2011.

This development however, is still considered slow by industry players, despite the fact that as early as 2002, SPDA already identified more than 300,000 has. of suitable land for oil palm growing in Mindanao alone. Promoters attribute the slow expansion of plantation to different factors: i) the implementation of CARP in 1988 made the owning of vast tracts of land more difficult; ii) government's lack of intervention or clear policy with regard to developing palm oil industry; and iii) lack of

**Table 3.1 Volume of Production Per Company Per Product (2008)**

<b>Company</b>	<b>Fresh Fruit Bunches (FFB)</b>	<b>Crude Palm Oil (CPO)</b>	<b>Palm Kernel Oil (PKO)</b>
API/AGUMILL	85,012	16,857	4,353
FPPI	133,060	24,982	6,325
KIDI (Kenram..)	59,341	11,544	2,942
PALM Inc	14,361	2,889	581
<b>TOTAL</b>	<b>290,000</b>	<b>54,333</b>	<b>11,600</b>

Source: PCA 2009

specific trade policy on palm oil, except for macroeconomic policies that affect the industry (Congressional Oversight Committee on Agricultural and Fisheries Modernization [COCFA], 2006).

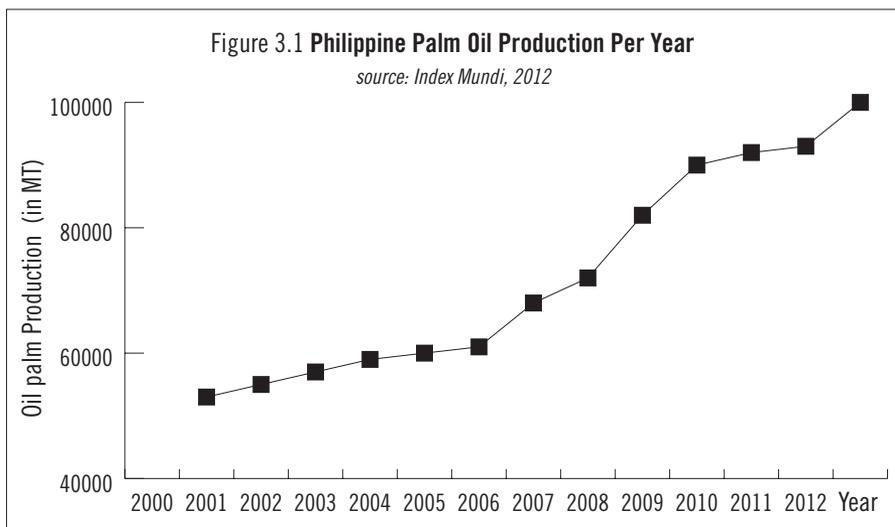
In terms of trade, the Philippines until in 1991, exported crude palm oil. But in the succeeding years, large chunks of production of palm oil (crude palm oil [CPO] and palm kernel oil [PKO]) served the rising domestic demand continually pushed by rapid expansion of food manufacturing industries in the country. Players estimate that domestic demands is even 10 percent higher than the current production capacity—meaning, the country still imports CPO and PKO.

In 2011, production was already at 97,000 MT (MT), a 3.25 percent increase from 2010, and is continually increasing to date. From January to June of 2012, production increased to 100,000 MT which is already a 5.2 percent increase from the annual production in 2011.

**PALM OIL INDUSTRY IN CARAGA REGION**

Caraga region currently accounts for 55 percent of the country’s palm oil production and is host to the two largest nucleus plantations and oil mills (“Oil palm producers,” 2010).

Caraga is located in the northeastern portion of Mindanao. It has a land area of 1,913,842 has., of which 582,351 has. are alienable and disposable and 1,331,491 has. are forestland. It has a population of 2,095,367 and has six cities namely, Butuan, Surigao, Bislig, Tandag,



Cabadbaran, and Bayugan, and five provinces, Agusan del Norte, Agusan del Sur, Surigao del Norte, Surigao del Sur, and Dinagat Islands (Department of Trade and Industry [DTI], 2077).

The palm oil industry in the region traces its beginning during the Martial Law period between the end of 1970s and early 80s. Villagers narrated that the land acquisition and clearing operations to pave the way for oil palm plantations particularly in Rosario and San Francisco, ADS were marred by what both the *Lumads* and Christians called a “reign of terror”.

In the FGD held on February 8, 2012 participated by adult workers from Cabantao, Mati, and Ormaca, (villages of Rosario, ADS), Datu Alfe Muanag, 49 years old, a *Lumad* narrated how his parents and siblings were massacred by the so-called “Lost Command”. Muanag recalled that in 1980, the “Lost Command” which he believes are private armies of NDC-Guthrie, came to their house and forcibly took his father’s land declaration (similar to a land title) for a 5.5-hectare of land that also covers a creek in Ormaca. His father resisted; consequently, his father was killed. His 14-year old sibling was also killed. Only two of them survived out of the nine children in their family. Two of his brothers, Marcelo Muanag and Cesar Muanag were buried beneath their very land. Today, their land is planted with oil palm trees and FPPI was supposedly renting it. However, since the company started its operation, Datu Muanag said he has not received any rental fee, and he could not even erect a house for himself. He wanted to take back the land, but he does not know how.

They added that other farmers were forced to sell their lands while others fled from the villages to escape the harassment.

Other participants in the FGD also shared stories how the “Lost Command” borrowed the wives or daughters of the villagers and raped them. The research team went back to Ormaca on May 2012 to see one



of the rape survivors, only to find out from her relatives that the survivor lost sanity from the horror of the past.

In 1981, NGEI started its operation. In 1983, the company expanded its nucleus plantations in Rosario and San Francisco, ADS covering a total of 8,000 has. of oil palm plantations.

**Table 3.2 Major Oil Palm Growers in Caraga (as of December 31, 2003)**

<b>Name of Firm/Location</b>	<b>Date Established</b>	<b>Plantation Area</b>
Filipinas Palmoil Plantations, Inc. (FPPI) /San Francisco & Rosario	1979 & 1983 for NDC-Guthrie Plantation/Estates	8,429.68 has.
Agusan Plantation Inc. (API)/ Trento	1983	1,815 has.
Evergrow Dev't Agricultural Farm, Inc. / Trento	1998	350 has.
Kabingwangan Upland Farmers Tribal MPC / (KUFTRIMCO) Bunawan	1999	440 has.
Uraya Farms	-	666 has.

**Table 3.3 Existing Palm Oil Mills in Caraga**

<b>Name of Firm/Location</b>	<b>Date Established</b>	<b>Capacity</b>
Filipinas Palm Oil Plantations, Inc./ Rosario, ADS	1980	40 MT of FFB/hour
Agumil Phils. Inc./ Trento, ADS	1993/operated in 1996	20 MT of FFB/hour (expandable by additional 20 MT/hour)

Source: DTI-Caraga, 2011

FPPI is 60 percent owned by Filipino and 40 percent Indonesian (PCA, 2009). Main products are crude palm oil and palm kernel used as raw materials for cooking oil, soap, lard, and margarine, among others. On average, FPPI produces about 133,060 MT of fresh fruit bunches (FFB) annually. Until 1990, FPPI used to export products to the United States, Japan, Malaysia, and Europe. However, due to the increase in local demand for both CPO and PKO, particularly by the big

food manufacturers, the company ceased exportation and concentrated in production for domestic market. However, requirements such as machine spare parts are still imported from Malaysia, the United States, and Singapore. Others are locally procured (Security and Exchange Commission [SEC], 2012).

In 1983, API was established in Trento, ADS. API is 60 percent Singaporean and 40 percent Filipino (PCA, 2009) with Mr. Chang Chee Kong, as the Chief Executive Officer. Although its nucleus farm (plantation) coverage is relatively smaller compared to FPPI, API is more aggressive in establishing out-grower farms in ADS and provinces from Northern and Central Mindanao. It has its oil mill plant under its sister company, AGUMILL. API's annual production is estimated at 85,012 MT of FFB.

API and AGUMILL established two subsidiary oil mills: the 40-ton-per-hour Buluan Palm Oil Mill, located in Buluan, Sultan Kudarat which started operating in 2008; and the 20-ton per hour Philippine Agricultural Land Development Mill (PALM), Inc. located in Bohol, Central Visayas which started operating in 2005 (ibid). In Palawan, it has an exclusive agreement to buy and process FFBS produced by its sister company, Palawan Palm & Vegetable Oil Mills Inc., which undertook the first phase development of 950 has. out of the total 3,650 has. of leased farm lands in Maasin, Brooke Point, Palawan amounting to PhP 217,265.00 million ("Palm oil plantation," 2011).

Other than these two companies, the supply of FFBS also come from other palm oil growers in the region such as Uraya Farms, KUFTRIMCO, and Evergrow Development Agricultural Farms, Inc. KUFTRIMCO in fact has a management service agreement with API inked in November 2006. Under this agreement, API is given free hand to manage the project and in return for its services and expenditures, charges KUFTRIMCO 14 percent compounded interest per annum.

Today, FPPI and API remain as the two major companies which have large-scale oil palm plantations and processing plants in Caraga region. The DA estimates that there are about 439 farms of individual growers and a handful of ARB cooperatives with existing marketing agreements with FPPI and API/AGUMILL.

In the region, AGUMILL and FPPI oil mill are the two major buyers of FFB at a conservative price of PhP 5.75 to PhP 8.50/kg of FFB. Average bunch weight (ABW) is 15 kgs (estimate given by interviewed workers).

## **EMPLOYMENT GENERATION**

In 1996, official government data note that the employed labor force of the plantation and milling firms was estimated at 1,467 workers (Department of Agriculture - Agribusiness and Marketing Assistance Service [DA-AMAS], 2007). The government is expecting to raise this number based on the projection that at least two persons will be employed per hectare, which means that the number of people that could be gainfully employed for the existing 17,252 hectares in Caraga region will be around 34,500 (NICCEP, 2011).

The employment reality on the ground is far from what the government projects.

FPPI, the biggest and oldest company, only employs about 100 office and managerial employees, 459 regular rank and file and 638 contractual workers deployed in both the plantation and oil mill covering 8,000 has. This means that the ratio of worker to land (in has.) is nearly 1:8. API and AGUMILL only employ 154 regular rank and file and about 386 contractual workers translating to a worker to land (in has.) ratio of 1:3 (Personal interviews, February, 2012). There is no data on the estimated number of workers that other growers employ in their farms. However, the study notes that in smaller farms like the five-hectare Servenias Farm only one worker is employed to do all the tasks that the farm requires. This is also similar in other out-grower farms like Uraya and Karaga Farms, where there are only 2 workers assigned to do the tasks covering 10 hectares.

This small number of jobs generated by the industry raises more pressing concerns whether conversion of lands, even agricultural lands previously planted with other crops, into palm oil farming is worth it or might only lead to bigger problems of food insecurity and deepened poverty in rural communities. This study provides some good answers.

## **MARKETING SYSTEM FOR PALM OIL**

The website of the Agribusiness and Marketing Assistance Service, of the DA dated 2007 lists down domestic and multinational companies engaged in food production where the production of CPO and PKO are directly sold. The list includes:

- Asian Plantations Philippines, Inc.
- Ricor Mills Corporation
- Universal Robina Corporation

- RFM Corporation
- Mina Oil Mill Corporation
- Oleo Fats, Inc.
- Royal Oil Products
- Barons Marketing
- Pacific Oil Products

The above companies, which are engaged in downstream processing of crude palm oil, produce the following:

- RBD (refined, bleached and deodorized) palm oil.
- RBD palm olein
- RBD palm stearin
- hydrogenated palm oil

Companies that are engaged in food and industrial manufacturing companies include the following:

- |                          |                                |
|--------------------------|--------------------------------|
| • Ansi Corp.             | • Malabon Soap                 |
| • Windsor Corp.          | • Nestle Philippines           |
| • Serges Products        | • United Chemical              |
| • Meadow Brand           | • Mina Oil                     |
| • Dayton Corp.           | • Oleo Fats, Inc.              |
| • G. A. Import Sales     | • Sandoz Nutrition             |
| • Royal Oil              | • Nutrifats & Oils             |
| • Tantuco Enterprises    | • GLY Marketing                |
| • JNJ Oils Industries    | • Trade Manila                 |
| • United Coconut         | • Handyware Phils.             |
| • Universal Robina Corp. | • Trigon Link Industrial Corp. |

Industry estimates that domestic demand grows an average of 4 percent annually and potential for further growth is high.

IV.

## CHILD LABOR IN THE PALM OIL INDUSTRY IN CARAGA

### PROFILE OF THE HOUSEHOLD MEMBERS COVERED BY THE SURVEY

The survey covers 2,363 household members, of which 54.1 percent are males and 44.2 percent are females. Respondents are from Bgys. Basa, Tudela, Imelda, Manat in Trento, ADS, and Bgys. Cabantao, Ebro, Libuac, Maligaya, Mati, Novele, Ormaca, Tagbahagan in San Francisco, and Rosario, ADS. Of this figure, farms and plantations covered by the survey were: API/AGUMILL and FPPI-NGEI nucleus plantations; and out-grower farms namely Karaga Farm, Uraya, KUFTRIMCO, Lubrico, Armelle Jay, RLI Farm, Luna’s Farm, Romeo Servenia’s, Galo, St. Joseph, Serano and Webina Farms.

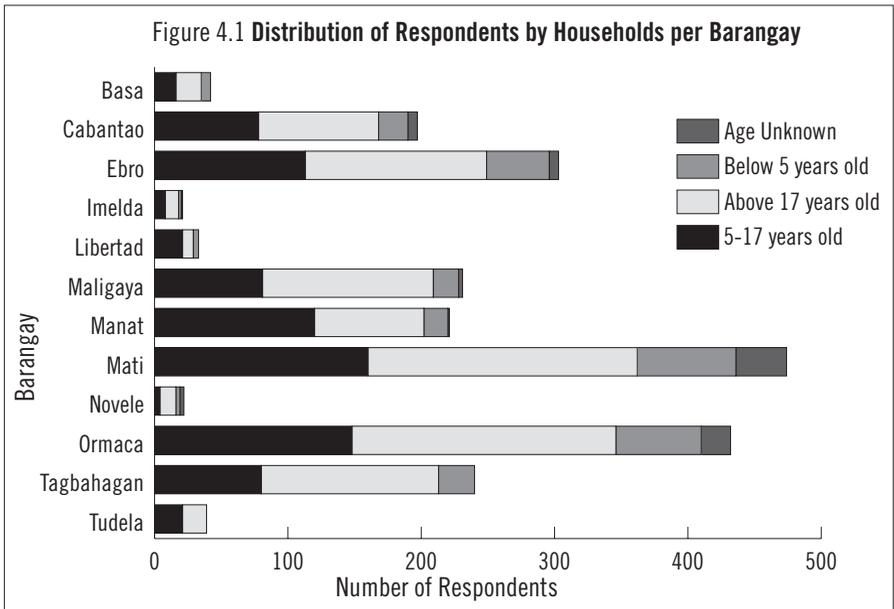


Figure 4.2 Percentage Distribution of Household Members by Sex

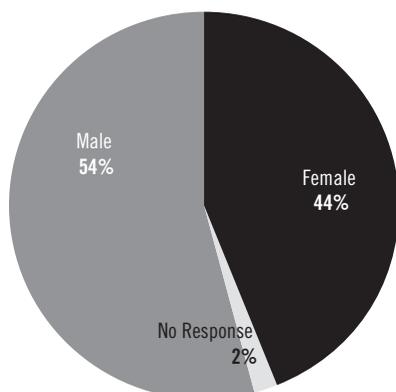
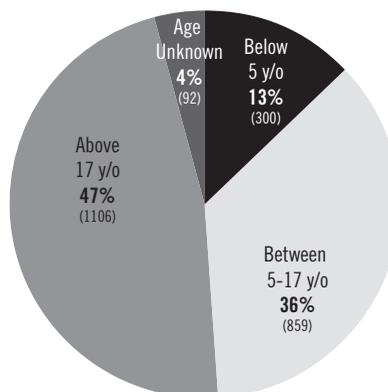


Figure 4.3 Percentage Distribution of Household Members by Age Group



As regards the age of household members covered by the survey, 36.4 percent are children between 5 to 17 years old, 46.8 percent are of working age (above 18 years old) and 12.4 percent are below 5 years old.

In terms of schooling, 74 percent of the children between 5 to 17 years old are attending school, where 38 percent are in lower primary (Kinder to Grade 3), 40 percent are in upper primary (Grades 4 to 6). Fifteen (15) percent are in secondary level (first and second year in high school). However, looking further into the statistics, the survey shows that of the 74 percent attending school in this age group, only 71 percent finished Grade 5.

For age group above 17 years and above, (years in the tertiary education), 69 percent are no longer in school compare to 15 percent who are still attending school. Amongst young children of 5 years old and below 9 percent are already in school.

Table 4.1 Distribution of Respondents, by Age Group &amp; Attendance in School

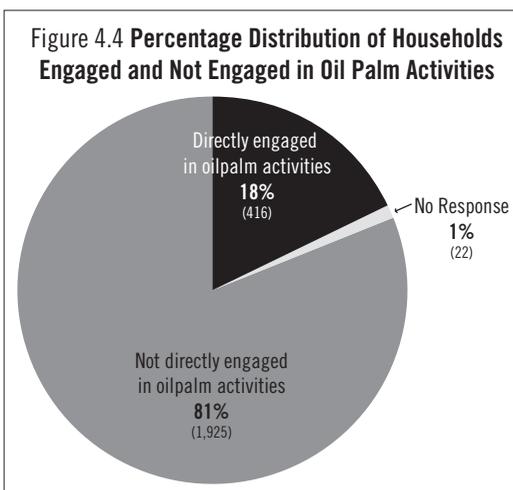
Age Group	Attending School		Not Attending Schools	
	Total	Percent	Total	Percent
Between 5-17 years old	658	74 percent	197	14 percent
Below 5 years old	82	9 percent	199	14 percent
Above 17 years old	137	15 percent	960	69 percent
Age Unknown	12	1 percent	44	31 percent
<b>Total</b>	<b>889</b>		<b>1400</b>	

**EMPLOYMENT IN ACTIVITIES RELATED TO PALM OIL PRODUCTION**

The study revealed that only 18 percent of the household members are engaged in activities related to palm oil while 81 percent are not. The involvement is not limited to fulltime work but also includes seasonal or even a day work in the last 12 months dating back from November 2011. This means that more than majority of residents in plantations covered barangays are either unemployed or finding their means to survive from activities not related to palm oil.

Males comprise the 85 percent of the total population working in the palm oil production while females constitute only 15 percent. This means that for every five men employed, only one woman gets a job, leaving women of working age in the plantations unemployed. The situation can be attributed to the nature of the work that requires physical strength and stamina.

More than half of the employment or 64 percent of palm oil related jobs are provided by FPPI nucleus plantations, 16.34 percent by API/AGUMILL nucleus plantations and 9 percent by contract growers mostly of API/AGUMILL.



**TWENTY FOUR PERCENT OF WORKERS IN PALM OIL PRODUCTION ARE CHILDREN**

**PROFILE OF CHILDREN**

Children aged 5 to 17 years old account for 24 percent or almost a quarter of those engaged in activities related to palm oil production process. This is equivalent to 11 percent of the children of the same age group in the region.

Boys comprise 77 percent of children working while the girls account for 22.6 percent. This is equivalent to a ratio of 3:1 or three boys to one girl working in the plantations. The nature of work that requires

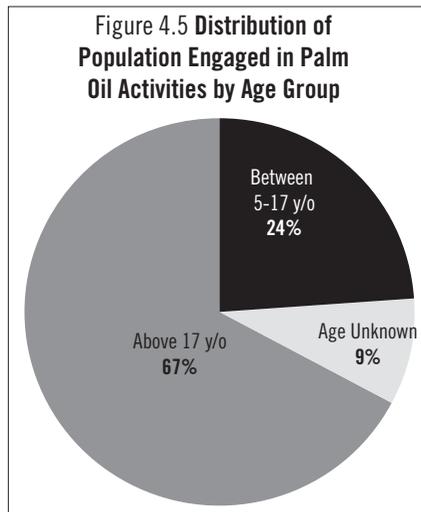
physical strength provides some explanations for higher incidence of boys working than girls.

The presence of child laborers is notable in Bgy. Manat in Trento, and in Bgys. Tagbahagan, Ebro, Maligaya, and Mati which account for 72 percent of the total children working in ADS.

In the FGD, participated by 160 adult workers, respondents revealed that children working in the field are no secret. For decades, children, as young as eight years old are already working. Jayson, Jerald, Junfil, and Jonny, 18 to 22-years-old lads, confirmed that they started working as haulers and loaders (casual status) when they were just 14 and 17 years old. They are still working on the same jobs of carrying FFBS but still considered as casual workers. In another barangay, Jeffrey, 21, shared that he also started his current job as hauler/loader when he was only 15 years old. Joseph, 15, from another village shyly confirmed that he started working when he was 12, like his two other siblings who were only 10 years old.

Racquel, 38, also narrated that she began working at the age of 11 as bagger in the nursery. In her many years of employment, she has moved to weeding, then to uprooting and today, she is employed as spray woman but is still in casual status.

The number of child laborers in the plantation could actually be higher, if children working in home-based side industry of palm oil (like *amacan*-making) will be included. *Amacan* is a woven mat-like handicraft made from 1.5 inch-thin and smoothed long sheets, cut and separated from the middle part of palm leaves. This sheets are manually smoothed by a sharp blade, and woven to create an 8 in. x10 in. mat-like handicraft mat that are often used as walls and ceiling in houses and restaurants. This work is often done by women (wives of harvesters) and children (boys, 7 to 17 years old) who had difficulty finding formal jobs in the plantation or oil mill plants.



### EDUCATION LEVEL OF CHILD LABOURERS

Of the total number of child laborers, 71 percent are already out of school while 29 percent are still attending school. Of the small number of child laborers who are still in school, grades 4 to 6 account for 43 percent while first year and second year high school stands at 40 percent. Joseph, 15, for instance, admitted that he did not even finished Grade 5. Asked if he is still willing to go back to school, he answered looking embarrassed, “*Kung naay kwarta, pwede siguro, pero dili na, ulaw na ako, daku at tigulang na ako para sa Grade V.*” (If there is money, may be, but maybe not, I am ashamed to go back to school because I am already big and old for Grade V).

The utter lack of income and finances by families are cited as the main reasons why children are forced to stop attending schools and consequently engaged in work. Another reason cited which according to parents discouraged students from going to schools is the difficult access to schools. Inside the plantations, primary schools are quite far,



**Figure 4.6** A Child working as a loose fruiter in an oil palm plantation

from the residential areas and in most cases, children have to walk at least six kilometers to go and return from school. During rainy seasons, they will have to cross rivers, which could be very dangerous for small children. *Habal-habal* (single motorbike) is the only available mode of transportation where students have to pay PhP 100.00 to and from schools if they are attending secondary schools located outside the plantations. *Habal-habals* do not have anything to cover its passengers, In Manat and some parts of Trento, motorbikes are a little bit better and safer, as drivers

converted them into what they called *skylab*. These are motorbikes with attached wooden planks (1-2 feet wide and 1 meter long) on both sides, for additional seats for passengers or space for luggage, and wooden pole on four corners where a plastic roofing is tied or nailed to serve as cover. In slopes and hills, the planks provide the balance that reduces chances for bikes to tip over.

#### NATURE OF WORK PERFORMED BY WORKING CHILDREN

Inside the plantations, workers are required to do different jobs. The study revealed that jobs performed by children are no different from the work performed by adults, even the most difficult and dangerous of tasks. There is no distinction as to the kind of work given to children, as long as they can measure up to the demand of physical strength.

Children are found in almost all major types of jobs in the field, such as:

*Loose fruiter.* Picks and collects loose fruits from the ground and place them in a bucket or tin can. A fruiter covers about 3 to 8 has. of both plain and hilly plantations to collect the fruits on foot often just wearing rubber slippers. Often, this work is performed by women or children. For instance, the study shows that there are more children (2:1 ratio) working as Loose Fruiters than adults. There are cases where children working as fruiters are paid separately, PhP 5.00 to PhP 8.00 per 10-kg. bucketful, while others simply helped raised the income of their parents.

*Harvester.* Harvests/cuts FFBS from the trees using a metal pole (alloy) and sickle-like knife at the tip of the pole which can be as long as 50 to 60 meters and weighs 15 kgs. or more. Each worker covers (by walking) at least 3 has. a day and normally works from 7 o'clock a.m. to 3 o'clock p.m., sometimes up to 4 o'clock p.m. Harvesters, are not provided with goggles. Thus, they cannot work when it is raining heavily. Harvesters are male workers. In Agusan's oil palm fields, there are 22 children working as harvesters.

*Haulers/loaders.* They are male workers who carry the FFBS from the field to the main road on their backs using a big bamboo-made basket and workers loading onto and offloading the FFBS from the trucks. This job is literally the heaviest and physically, the most demanding. There are 25 children working as haulers.

*Pruners.* Cleans and clears off bushes around the trees and/or cutting dead leaves of palms. Male workers do the cutting dead leaves or canopy management, wherein the level of difficulty is also close to harvesting. Female workers are often doing the circle weeding.

*Kickers.* All-around workers who assist the harvesters (often casual workers) and share in the income, so the latter can meet their quotas. Kickers are either male or female. There are 23 children employed in this job.

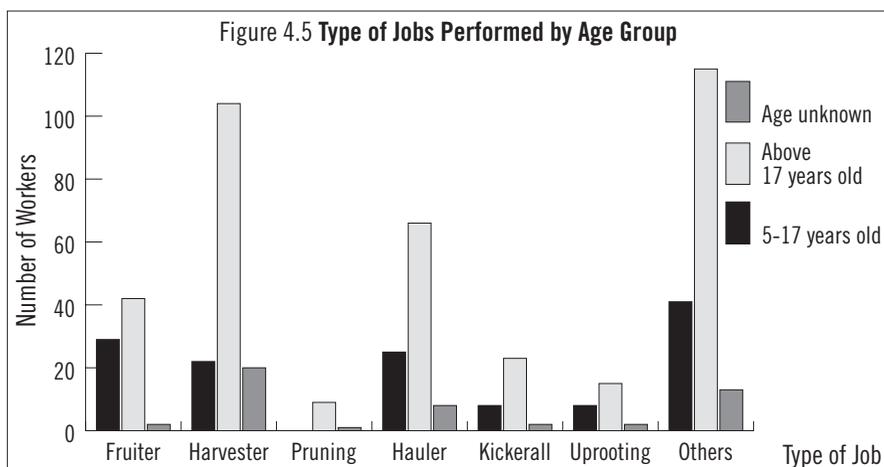
*Uprooting/circle weeding.* Workers who do the weeding or clearing the circular base of palms. This work is done by both male and female workers.

Other jobs include bagging seedlings in the nursery, spraying, and manuring or fertilizer applications. These are work mostly done by female workers and children. More than half of those children in the category are working in the nursery. There are two respondents who worked in the oil mill as machine operator.

Looking at the numbers, it appears that there are children who perform double tasks. Usually, they can easily be assigned to nursery, uprooting or as kickerall. (See Figure 4.5)

Amongst the jobs carried out by children, harvesting, hauling/loading are the most difficult and dangerous.

Separate interviews with adults including parents of children working confirmed that these jobs are not just too heavy for children’s young bodies but also very dangerous. The researcher also verified the statements by conducting observations how harvesting and loading are



actually done by adult workers. At FPPI and API for example, palm trees which are already more than 20 years old can be as high as 50 to 70 feet from the ground. To harvest the FFBS, harvesters first need to clear or to cut the palm leaves covering the FFBS to make the bunches more visible and freer from any barrier, thus cutting becomes relatively easier.

For an adult and highly-experienced harvester (with at least 10 years of experience), the process of clearing the palm leaves to re-positioning the already assembled and raised metal pole and knife to cutting the FFB take between 8 to 10 minutes at best. This rate, the researcher observed, applies only for trees located on a plain where the workers' feet can rest stable on the ground. The task is more difficult when harvesting on a hilly terrain. For a neophyte, raising the long and heavy metal pole is already a tough job, especially when it is windy and drizzling. From one tree to another, the metal pole should be kept hoisted, and the harvester should move in a gallop or brisk walk while continually looking up to make sure that the pole will not fall and the knife will land on the next target tree. Goggles are not provided, so water pouring from the sky goes directly to the harvester's eyes adding to the level of difficulty. When raining becomes harder, harvesters are forced to stop. So is their income. Children ages 14 to 17 years old interviewed for the study said that they tried harvesting and found it extremely difficult so they gave up and endured as haulers.



A child making an 'amacan'

Hauling is even tougher. Plantations are not all plain, instead follow the naturally hilly contours, divided only by rough roads. Naturally, there are palm trees that are located in the inner part of the plantation, 100 meters or more away from the road. Out-grower farms are a little kinder. To be able to load the harvested FFBs onto the trucks, bunches, weighing 15 kgs or more each, are carried by haulers from the site to the road. Each trip, haulers normally carry two to three bunches on their backs depending on the weight of the FFB using a woven bamboo basket that still allows the thorns of bunches to pierce through the basket's tiny slats onto the haulers' back. There are 25 children working as loaders and haulers.

Children interviewed revealed that when they were just starting to work, they had difficulty carrying even just one FFB per trip. After two to three years of hauling, they are now able to carry up to three bunches (15 to 50 kgs.) each trip depending on the size of the fruit.

Joseph Canda (not his real name), 15, is a fulltime hauler. He started working in the oil palm plantations when he was 12 together with 10 other eight-year old kids. He is a little short but very muscular for his age.

Looking at a distance, he narrated his life in mixed Bisaya (Cebuano) and Filipino. He said that he was born on August 3, 1996. He started off as a hauler and tried to work as a harvester when he was 13. Harvesting was difficult so he shifted back to working as a hauler. He explained that he stumbled many times when he was just starting. On his first time, he tried to two bunches at a time, but they were big and heavy so he adjusted by working with one FFB. He gradually increased the weight he is hauling as his body get used to the load. According to him, it becomes more difficult whenever the soil and grass are wet and slippery because of the rains. When asked if the supervisor knew that he is under-age, he said in Bisaya. "Yes, he saw me working and whenever I stumbled and fell on my knees, he just laughed." Asked what he was thinking while carrying the fruit bunches, he replied, "*Wala akong naiisip, kundi ang bigat.*" (I cannot think of anything else except the heavy weight on my back.) He was not angry and he never cried while working because he needs to help his mother. Today, he can haul up to 50 bunches a day, depending on the harvest and get paid PhP 3.00/FFB he carries.

When asked what he does with his income and what his dreams are, his answers are short and realistic, "*Grade 5 lang ang ako nahuman, ang duwa ko maguwang, 20 ug 21 anos, nagsugod sa panarbaho diri 13 años pa sa una, harvester, hasta karon.*" (I only finished Grade 5, and my

two other older siblings, 20 and 21 years old, also started as harvesters when they were 13, until now). Asked what he does with his income, he replied, “*palit bugas...kung naa pay extra, usahay palit karne ug snack, biskwit lang.* ([for] buy[ing] rice...and if there is still extra pay we can buy some meat and snacks, just biscuits). He added that it is difficult to dream nor can he think of tomorrow because he knows he cannot go back to school. The school is also far and he has to walk three kilometers to reach school. He feels discouraged. Life is difficult.

#### COMPANIES WHERE CHILDREN WORK

Child labor is found in major nucleus plantations and outgrower farms primarily in ADS. They include API/AGUMILL and FPPI-NGEI nucleus plantations. Out-growers include Karaga Farm, Uraya, KUFTRIMCO, Lubrico, Armelle Jay, Galo, St. Joseph, Serano and Webina Farms.

Under RA 7610 (Section 16, Penal Provisions), as amended by RA 9223, (Section 6, para b) employers, companies, or persons violating the provisions of the law concerning employment of children in hazardous work are subject to the following penalties:

b) Any person who violates the provision of Section 12-D (*Prohibition Against Worst Forms of Child Labor*) of this act or the employer of the subcontractor who employs, or the one who facilitates the employment of a child in hazardous work, shall suffer the penalty of a fine of not less than One hundred thousand pesos (P100,000.00) but not more than One million pesos (P1,000,000.00), or imprisonment of not less than twelve (12) years and one (1) day to twenty (20) years, or both such fine and imprisonment at the discretion of the court.

c) Any person who violates Sections 12-D(1) and 12-D(2) shall be prosecuted and penalized in accordance with the penalty provided for by R. A. 9208 otherwise known as the “Anti-trafficking in Persons Act of 2003”: *Provided*, That Such penalty shall be imposed in its maximum period.

The penalties are also extended to parents or legal guardians who are found violating the law:

f) Parents, biological or by legal fiction, and legal guardians found to be violating Sections 12, 12-A, 12-B and 12-C of this Act shall pay a fine of not less than Ten thousand pesos (PhP10,000.00) but not more than One hundred thousand pesos (PhP100,000.00), or be required to render community service for not less than thirty (30) days but not more than one (1) year, or both such fine and community service at the discretion of the court: *Provided*, That the maximum length of community service shall be imposed on parents or legal guardians who have violated the provisions of this Act three (3) times; *Provided, further*, That in addition to the community service, the penalty of imprisonment of thirty (30) days but not more than one (1) year or both at the discretion of the court, shall be imposed on the parents or legal guardians who have violated the provisions of this Act more than three (3) times.

This provision is what the parents are afraid of. They argued that the law is unfair because they are only forced by circumstances to allow their children to work. They lament that the law (penalizing parents or guardians), which they are generally familiar, punishes them more for their poverty, rather than address the issues pushing their children to work.

#### MANNER OF HIRING

There are different ways by which children start working in the farms or plantations. There is no formal hiring however, and there are no documents required. When children have to go through application process, it can be very informal. The most common ways the children managed to enter and work in the plantations are:

*Through the parents.* The most common entry point. Casual workers particularly, tag their children along to assist in the work and to increase their income. In the beginning, children between, 8 to 10 years old work as loose fruiter to ensure that their fathers will not get reprimanded, suspended or income their reduced when the supervisors see that there are unpicked fruitlets scattered on the ground. Children or sometimes the wives of male workers become the extension workforce of casual workers.

*Open hiring.* In Bgy. Mati, one of the barangays covered by FPPI and where child labor is high, interviewed workers and residents noted

that there was an open hiring in 2010 where children of 17 years and below were hired as part of the casual workforce. Their entry to the workforce was informal and was made possible through the regular workers. There were no documents required to apply. At the time, there was a higher quota, and casual workers could only get paid if the quota is met.

*Capataz system.* *Kapatas* is an informal agent (commonly a regular worker) who is responsible for recruiting casual workers. The *Kapatas* also supervises their recruited worker's registration and dispatches them to work assignments. Unlike for regular workers, where there is a roll call, casual workers and child workers just inform their co-workers whenever they cannot report to work to let the *Kapatas* know as well. At the end of the day, they are informed of their "accomplishment". *Kapatas* exercises some decision-making power. They can choose the workers they will recommend and not recommend. An interviewed *Kapatas*, a union member herself, in Manat—one of the barangays covered by Agusan Plantations Inc. (API)—said that she discouraged 17 years old and below to work, except during summer. And even so, she tells them to work only in the nursery. She manages 10 to 12 adult workers who are either harvesters, haulers, or sprayers.

*Through a regular or casual worker.* A child or a parent of a child requests a worker to facilitate finding a job for the child in the farm or plantation. In some instances, a contractor in a plantation division asks a worker for additional farm hand. In both cases, recommendation is made.

*Replacement for a regular worker and union member as a provision collective bargaining agreement (CBA) provision.* In FPPI, where a union exist, one of the collective bargaining agreement provisions is the privilege of a regular worker to recommend one of his/her children, spouse or a relative, to work in the plantation in case of retirement or work-related sickness and physical incapacity to work. In circumstances where the retiring or incapacitated worker does not have children above 18 years old, he is forced to recommend a much younger child or a relative as a replacement. In this way, hiring of children becomes more formal.

Regardless of the manner of hiring, respondents noted that children (who are paid separately from the parents) are not listed in the roll of workers by companies or farms. Their status is similar to those of casual workers. When they report for work everyday, they are not included in the roll call, but their names, days and time of work are simply listed on the yellow pad by the *Kapataz*, the supervisor or the contractor. The list also serves as basis for payment for the work they rendered.

In the discussion with parents and adult workers, they were asked if they are aware that asking or allowing their children to work in the plantation is prohibited by law. All of them said yes, and added that if they have a choice, they do not like their children to work, particularly as haulers and harvesters. Two of the respondents (parents) who were nearly in tears, shared that they were called by the Department of Social Welfare and Development (DSWD) representatives and warned that they can get to prison, if they continue to allow their children to work in the plantation and, pull them out of school. Both parents explained that if the children stop working, they will all die of hunger, because their income as casual workers is not sufficient. They asked, “*Unsa among mahimo ma’am?*” (What can we do ma’am?).

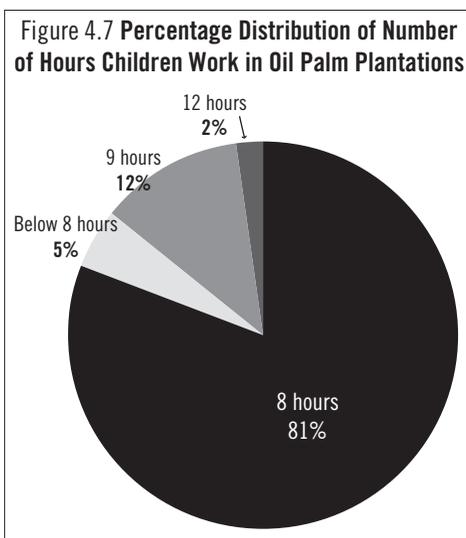
#### NUMBER OF HOURS WORKED

Under Section. 2-A. Hours of Work of a Working Children, paragraphs 1 and 2 of RA 9231. Under the exceptions, the law states:

- (1) A child below fifteen (15) years of age may be allowed to work for not more than twenty (20) hours a week: Provided, That the work shall not be more than four (4) hours at any given day;
- (2) A child fifteen (15) years of age but below eighteen (18) shall not be allowed to work for more than eight (8) hours a day, and in no case beyond forty (40) hours a week;

In the oil palm plantation, the number of hours that children work in the plantation is also no different from the number of working hours by adult workers. The study revealed that 81 percent of the child laborers

work for eight (8) hours while 12 percent of them work for nine (9) hours while the rest work for seven (7) hours and below. These children commonly start to work at 7 o'clock in the morning and end at 3 o'clock in the afternoon. They start their walk home and are able to reach home one hour to 1½ hours later. Harvesters start at 6 o'clock in the morning and leave their houses before 5 o'clock a.m., and return home at about 3 o'clock in the afternoon.

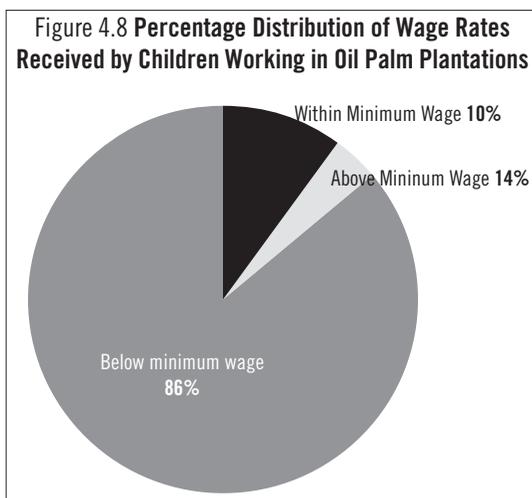


Interviewed children of 14 years old and above said that on rare occasions, they are still able to play basketball but more often, they just rest, because they are simply too tired after work. Normally, they sleep at 8 o'clock at night and get up at 4 o'clock the following morning.

This 8-hour work means that child laborers are virtually cut from the possibility to engage in school and other activities that will help them develop mentally, socially, emotionally, and even physically. This also partially explains why 71 percent of the child laborers in the plantation who attended schools completed only Grade 5 level and were unable to continue their education afterwards.

#### INCOME RECEIVED AND MANNER OF PAYMENT

Child laborers are clear about the reasons why they work and expect to be paid for the work done. Like the informal ways of hiring children, payment of their earnings or salaries is also informal. Payments for their work are similar to the amount paid to adult casual workers and only vary depending on the nature of work performed and company division manager or a farm where they are working. There are cases however, that children's work is not paid. Instead, it is counted as part of their parents' output, particularly as part of a quota imposed.



In the survey conducted, 86 percent of child laborers who work fulltime for eight hours, are paid below the prescribed minimum wage. At the time of the study, the minimum wage for plantation workers in the region was about PhP 231.00/day (US\$ 5.50)<sup>1</sup> or PhP 6,006.00 (US\$ 143.00) a month (26 days work). The amount

they receive also differs. For example, 36 percent of those paid below the minimum wage only get PhP 4,500.00. Thirteen percent receive PhP 3,000.00 (US\$ 69.67) and about 10 percent get PhP 4,000.00 a month. The rest gets PhP 2,500.00 (US\$ 58.14) and below for a month’s work.

Haulers like Joseph is paid PhP 3.00 (US \$0.07) per FFB he is able to carry. When he was just starting three years ago, he only got PhP 1.50 (US\$0.04) for every fruit bunch, because at the time the payment for “cut and carry” was not separate. This means that for every PhP 3.00 per FFB the harvester earned, he gave half to his hauler.

At the time of the interview (February, 2012), Joseph confided that there were times when he earned about PhP 500.00 a week (US\$ 11.63) which he gives to his mother to buy food. His wage is similar to the wages received by adult casual workers at PhP 150/day (US\$3.50) or 65 percent of the prescribed minimum wage. Like adult casual workers, child laborers do not receive other wage-related and social protection benefits like the 13<sup>th</sup> month pay, holiday pay, rest day pay, service incentive leave, Social Security System (SSS), Philhealth (health protection), PAG-IBIG (housing), because as the parents noted “they are underage”.

Payments in out-grower farms are quite similar to payments for workers in nucleus farms. Six of the respondents said they were paid PhP 100.00 a day.

<sup>1</sup> Exchange rate used is US\$1.00 = PhP 43.00

FFBS can weigh as much as 45 kgs. to 50 kgs. each. Differences in weigh and number of harvests do not alter the amount of wage given to the workers. For harvesters, whilst they are paid PhP 3.00 each fruit harvested, their income is not increased even if they are able to harvest more than 50 FFBS. They are also not provided with other social protection benefits such as the Social Security System, Philhealth and PAG-IBIG and other wage-related benefits, such as holiday pay, service incentive leaves, and 13<sup>th</sup> month pay.

Considering the nature of work and the price of FFB per kilogram, wage rates (particularly of the harvesters and haulers)—which is way below the minimum wage—is essentially a negligible cost to the company or farm owner. Using a conservative price given by workers from the milling plant, it appears that 92.75 percent of FFB price goes to the company. This means, that with a single FFB harvested and hauled, the company or a farm is already able to earn the wage it pays to its harvesters and haulers. Even if rent and cost for processing or payments for other workers are deducted, the huge chunk of the amount goes to the company's purse.

PhP 86.25	price of a 15-kg. FFB at PhP 5.75/kg.
- PhP 6.00	amount paid to the harvester and hauler
-----	
PhP 80.25	amount that goes to the company excluding other costs; equivalent to 92.75 percent of the value of palm oil

This means that in 3 FFBS harvested and hauled, the company is already able to get the daily wage it pays to its harvester and hauler. This is way below the minimum quota imposed by the company (API) which is 45 FFBS per day.

Loose fruiter is paid differently. In Maligaya, Rosario, ADS one of the FPPI's divisions, a Grade V child of a regular worker working as loose fruiter is paid PhP 5.00 (US\$ 0.12) each bucketful (about 5kg.-weight) he is able to fill with fruitlets. In a day, he can fill an average of 5 buckets and thus earn only PhP 25.00 (US\$ 0.58) for an 8-hour work a day.

In Bgy. Ormaca, a loose fruiter is paid slightly higher than in Maligaya at PhP 8.00 (US\$0.18) per bucket but is still not commensurate to the

work done. In Mati, payment for loose fruiter is deducted from wages of casual workers.

Paid child labor receives their salary often from the supervisor. Payment is either given at the end of the day’s work (*bayad agad*) or every two weeks. There is no pay slip and they are also not asked to sign any payroll.

Asked if they think their income is enough to buy food, child workers said no. Joseph and other working children offered how their daily income is distributed:

PhP 51.00	1½ kg. of rice (the cheapest variety from the National Food Authority)
PhP 30.00	2 cans of sardines (cash payment, PhP 17 if credit),
PhP 5.00	Salt
PhP 15.00	¼ kg sugar.
PhP 14.00	2 sachets of 3-in-one coffee
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PhP 115.00	

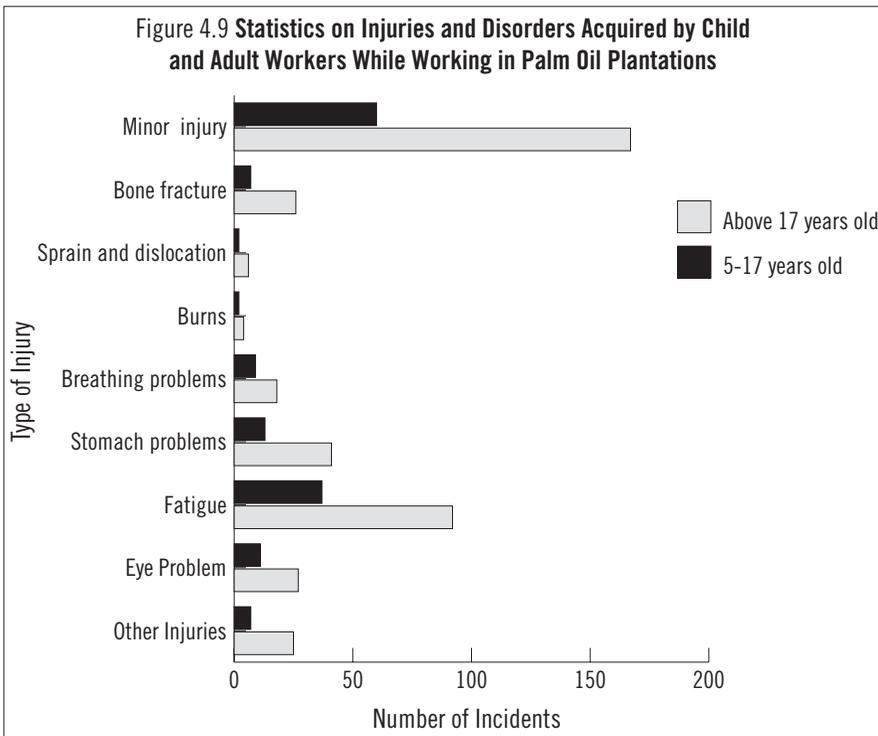
His daily income is barely enough for a day’s food expenses, so there’s nothing left for other necessities. Asked what he thinks he should get to be able to eat a variety of food, or live a little better, he answered, “*Mas maayo kung bente pisos (Php 20.00) kada bantsis dili tulo pisos (Php 3.00)*” (It is much better, if we are paid at least PhP 20.00/FFB, instead of PhP 3.00).

**OCCUPATIONAL HEALTH, SAFETY AND INJURIES**

Oil palm plantations are not specifically identified in the prohibitions for engagement of working child neither identified as a dangerous and hazardous working place. However, Section 12-D. Prohibition Against Worst Forms of Child Labor paragraph 4 of RA 9231 states that:

No child shall be engaged in the worst forms of child labor:

- (4) Work which, by its nature or the circumstances in which it is carried out, is hazardous or likely to be harmful to the health, safety or morals of children, such that it:



- e) Exposes the child to physical danger such as, but not limited to the dangerous feats of balancing, physical strength or contortion, or which requires the manual transport of heavy loads; or
- g) Is performed under particularly difficult conditions; or
- h) Exposes the child to biological agents such as bacteria, fungi, viruses, protozoans, nematodes and other parasites; or

Looking at the nature of work performed by children particularly the harvesters, haulers and loaders, it is apparent that they fall in the worst form of child labor. Hauling and loading does not only demand physical strength but requires a good balancing act to enable the children to carry the heavy loads on their backs particularly along a difficult terrain. Working children also work on their foot especially when it is raining to keep their hold on the soft ground. They also do not use any protective gear.

The study revealed that working children are exposed to various dangers and injuries at work. Sixty-eight out of the 97 child laborers have been injured while working in the plantations. Forty-one percent of them had minor injuries. The most common of minor injuries occur when sharp and long thorns of FFB prick the hands and feet of the child workers. In severe cases, this can cause a few days of fever. Others said that they slipped on slopes and rolled down together with the FFB they were carrying. Even with an aching body, hands, and feet, haulers, loaders or harvesters particularly still report to work and consider their injuries minor. Inability to report will mean no salary for the days they are not working.

Twenty-five percent of the child respondents also complained of fatigue, 7 percent said they had eye problems while 5 percent of children had bone fracture as a result of their work. The study however, was not able to follow-up what happened to those children who suffered bone fracture.

Asked if there are medical provisions given to them, respondents noted that victims of accidents are only given paracetamol and the company or farm strictly implements a “no work, no pay policy” even if inability to report to work is due to accidents. One of the interviewees, now 22 years old but started working in the oil palm plantations when he was 17 years old said that an FFB fell on his head when he was a harvester, but he was not given or even sent to a clinic for medical attention. Like adult casual workers, child laborers are also not provided by protective gears such as goggles or boots.

Apart from the visible injuries, children loose fruiterers are also exposed to herbicides sprayed around circular base of palm trees. As children picked the loose fruits with their bare hands and bare feet, contaminated leaves or grasses contact their skin. The effects of herbicides on skin according to a toxicologist are not immediate and can manifest only a few years after. (*See discussion on Part V.*)



## V. PUSH FACTORS FOR CHILD LABOR IN THE PALM OIL INDUSTRY

Caraga region is one of the richest regions in the Philippines in terms of natural and mineral resources. It is the country's mining capital hosting the world's biggest iron ore deposits estimated at US\$ 10 billion. Agusan provinces are hosts to the largest palm oil plantations and used to be one of the biggest rice suppliers in Mindanao together with Cotabato. Yet, Caraga is the 8<sup>th</sup> poorest region in the country while Agusan del Norte and Agusan del Sur ranked as the 4<sup>th</sup> and 5<sup>th</sup> poorest provinces in the Philippines. The region also ranked 8<sup>th</sup> among the country's regions the most population suffering from hunger at 1,131,000 or 47.8 percent of its total population (DOLE, 2011 based on 2009 survey). Agusan del Sur is the region's poorest province with 58.1 percent poverty incidence (National Statistics Coordination Board [NSCB], 2009). Official data says that 57,189 families are poor, and most of its working people are earning only less than a third of PhP 18,443.00 (US\$ 434.00) per month poverty threshold set by the government. Poverty threshold refers to the minimum income/ expenditure required for a family or individual to meet the basic food and non-food requirements<sup>1</sup> or equal to the cost of minimum basic food plus non-food requirements to stay out of poverty (Bureau of Labor and Employment Statistics [BLES], 2011).

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1 Non-food requirements include: i) clothing and footwear; ii) fuel, light and water; iii) housing maintenance and other minor repairs; iv) rental of occupied dwelling units; v) medical care; vi) education; vii) transportation and communication; viii) non-durable furnishing; ix) household operations; and x) personal care and effects

Both mining and palm oil industries, apparently failed to deliver the much expected or promised employment growth and development. The mining industry for instance, accounts for a mere 2.6 percent or 23,138 workers of the region's total employment while palm oil industry only contributes 1,400 people to employment. Apart from this, Caraga also posted one of the highest underemployment in the country accounting for 26.6 percent or 1.9 million workers.

**Table 5.1 Magnitude of Food Poor Families, Population by Region, 2003 2006 and 2009 (NSCB)**

-Region	Magnitude of Food Poor Families			Poor Population	
	2003	2006	2009	2006	2009
PHILIPPINES	1,357,833	1,511,579	1,453,843	26.0 percent	26.5 percent
-Caraga	69,100	75,221	92,803		1,131,000

**Table 5.2 Annual Per Capita Poverty Threshold in Caraga (2009)**

Region/Province	Annual Per Capita Poverty Threshold (In Pesos)
Caraga	16,858
Agusan del Norte	15,422
Agusan del Sur	18,443
Surigao del Norte	17,261
Surigao del Sur	15,668

Source: Poverty Statistics, Bureau of Labor and Employment Statistics, 2011

The immediate effects of poverty are stark in most barangays covered by the oil palm plantations. To enter the villages from the main highway for instance, one has to traverse the long stretches of rough and bumpy roads (slippery when raining) on board the *habal-habal* (single motorbike). *Habal-habal* is the only available means of public transportation that carries five persons (four passengers and a driver) per trip for a minimum of PhP 50.00 fare. The fare could be higher depending on the distance. Inside the villages, like in Bgy. Maligaya, in Rosario, ADS, residents queue in the lone deep well for their water needs. The well serves more than 25 houses in the area but are still unable to provide drinking water. Residents need to buy their drinking water.

Primary school is also inaccessible, which is about 3 kms. from the main residential areas. School children whose families do not own motorbikes, have to walk at least 6 kms. to and from the school everyday. Secondary schools are even farther as they are located close to the main highway or outside the villages. Colleges or technical schools are in the city which entails a four-hour travel by bus.

**Table 5.3 Poverty Statistics, Agusan del Sur  
Poverty Threshold (in Pesos) and Incidence**

Indicator	2006	2009
Annual Per Capita Poverty Threshold (Pesos)	14004	18,443
Poverty Incidence of Families (percent)	45.5	51.2
Magnitude of Poor Families	54433	57,189
Poverty Incidence of Population (percent)	53.9	58.1
Magnitude of Poor Population	319,936	343,060
Annual Per Capita Food Threshold (Pesos)	7.5	8.5
Subsistence Incidence of Families (percent)	25.3	30.8
Magnitude of Subsistence Poor Families	30,276	34,338
Subsistence Incidence of Population (percent)	30.1	36.1
Magnitude of Subsistence Poor Population	179021	213324
Income Gap	35.4	35.8
Poverty Gap	9737	12844
Severity of Poverty	16.1	18.4

The interviews with respondents and FGD conducted with the residents, adult workers, and parents of working children identified several major factors that engender poverty in the province and force children to work at an early age.

These factors include: i) low level of income by the families as a consequence of low wages prevailing in the farms and plantations and unemployment of most women; ii) precariousness in the employment and lack of access to other means of livelihood; iii) as a consequence of the above, limited capacity or inability of the families to send their children to school, further limiting their economic opportunities; and iv) non-ownership of the land where they can cultivate their own food or livelihood crops. Mrs. Paulina, 52, who has two sons working on

a hauling contract with an out-grower farm said, “*Kung di maka-eskwela, manarbaho ka.*” (If they cannot go to school, then they have to work).

Nearly all parents of child laborers themselves are aware that child labor is prohibited by law and that there is a corresponding punishment to parents and/or guardians who sends or allows their children to work in the field. Ninety-nine percent of the FGD’s adult participants noted that they do not have any other choice but to allow or to find work for their children to help the family survive.

In order to probe deeper into the factors pushing the children to work, the study looked further into the socio-economic conditions of workers in the plantations focusing on: wages and income, social benefits, security of tenure, health and safety and to a certain extent freedom of association or access to union representation. Information in this section came from the FGD participants, collated survey data, and responses to the follow-up questions by the respondents during the survey, recorded interviews by the research teams as well as interviews with key informants, (workers’ union presidents of FPPI, API, NAFLU-KMU-Caraga). The study also used documents (pay slips, CBAS) provided by the union, secondary data from government and various online media websites.

## **SOCIO –ECONOMIC CONDITIONS OF WORKERS AND THEIR FAMILIES**

### **LOW WAGES AND INCOME**

The minimum wage rates in the country are set by the Regional Tripartite Wage and Productivity Board (RTWPB) by virtue of RA 6727 or Wage Rationalization Act. RA 6727 implements around 500 wage levels systems in the country broadly determined by region, (subdivided into urban, semi-urban, growth and new growth areas) and economic sector such manufacturing, service, agriculture. Agriculture is subdivided according to plantation and non-plantation and further divided into the number of workers employed. The criteria used for such classification are so vague that perhaps only the framers understood. RA 6727 was passed in 1989.

Palm oil industry falls under the category of agriculture-plantation and is thus governed by the following wage rates:

Table 5.4 Daily Minimum Wage Rates, Caraga (in Pesos) Per Wage Order No. RXIII-11 Effective 11 November 2011				Family Living Wage Poverty Threshold (in Pesos)	
INDUSTRY/SECTOR	Basic Wage	COLA	Total DMWR	Living Wage	Poverty threshold
Caraga /Agusan Sur				PhP 570 per day	PhP 18,433/ month
AGRICULTURE					
Plantation	PhP 231	PhP 17	PhP 248		
Non-Plantation	PhP 211	PhP 17	PhP 228		
NON-AGRICULTURE	PhP 241	PhP 17	PhP 258		
Source: Department of Labor and Employment [DOLÉ]					

Despite many criticisms, RA 6727 has been strengthened by the passage of RA 8188 in 1996 which mandates all employers, regardless of industries or economic sectors to pay their workers, regardless of employment status, the prescribed minimum wages in their areas of operations. Under this law, non-payment of mandated minimum wages is punishable by a fine of PhP 100,000 or imprisonment of not less than two (2) years but not more than four (4) years, or both such fine and imprisonment at the discretion of the court.<sup>2</sup>

Apart from wages, RA 6715 (Presidential Decree 442 or the Labor Code of the Philippines, as amended) prescribes and enumerates other wage-related and social protection benefits that every worker in the country must enjoy as part of the labor standards. These include 13<sup>th</sup> month pay, holiday pay, 5-day incentive leave with pay for worker who served his/her employer for more than a year, rest day pay, overtime pay, social security (sss), contributory health insurance (Philhealth Insurance) and PAG-IBIG.

However, workers in the oil palm plantations and farms are yet to enjoy what is prescribed by the existing laws. Not only are they paid below the standards, they are also discriminated in many ways because of their employment status. What is apparent in the study however, is the

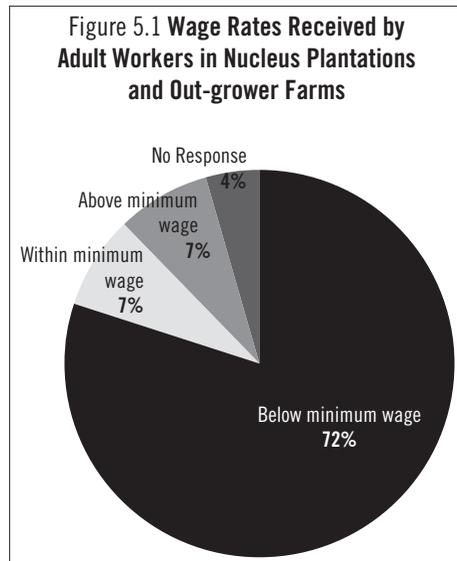
2 Republic Act 8188 - An Act Increasing The Penalty And Imposing Double Indemnity For Violation Of The Prescribed Increases Or Adjustments In The Wage Rates, Amending For The Purpose Section Twelve Of Republic Act Numbered Sixty-Seven Hundred Twenty-Seven, Otherwise Known As The Wage Rationalization Act was approved on June 11, 1996.

pervasive violation of the minimum wage and other labor standards with 72 percent of workers in the industry paid below the minimum wage. The study also shows that only 17 percent of worker received the prescribed salary while 7 percent received wages above minimum rates.

### Wages in Nucleus Plantations

In nucleus plantations such as FPPI and API/AGUMILL, regular workers are paid according to the prescribed minimum wage rates, but casual workers, regardless of length of service are paid much below the minimum wage or on piece rate (per FFB harvested or hauled) or *pakyaw* of hectare basis.

Regular workers who are also union members were happy that the union CBA was able to slightly increase their wage rates at PhP 20.00/day in their first three years, 2008 to 2010. However, Mr. Elmer Jamero, FPIWU President said, that until August 2012, the company has not implemented the PhP 10.00 wage increase for the years 2011 and 2012, together with the recent Cost of Living Allowance (COLA) by virtue of DOLE Wage Order No. 11. FPIWU is an affiliate of National Federation of Labor Union-Kilusang Mayo Uno (FPIWU-NAFLU-KMU).



Casual workers are in a more desperate situation. Regardless of length of service (which run up to 30 years for some workers), casual harvesters are paid PhP 150.00 per day without other benefits even if they are able to surpass the 60 FFB daily quota. There are no pay slips nor are they included in pay rolls. They received their pay in cash without any documentary evidence to show how much wages they receive from the company and that they are indeed workers of FPPI.

The PhP 150.00 (US\$ 3.53) daily wage of contractual workers are reduced further when they ask for their wages in advance of the normal

pay day (every two weeks) or what they called as *bayad agad* or *cash agad* (immediate payment or immediate cash). This means, that if a casual worker requests her/his supervisor to get her/his daily wage at the end of the working day, or on a Saturday that is not the regular pay day, the supervisor specifically in Rosario deducts PhP 10.00 from their daily pay, leaving them with only PhP 140.00 daily wage.

Deductions from salaries are illegal, unless authorized by the worker and deductions fall in the lists of items that are considered beneficial to workers such as SSS, Philhealth, PAG-IBIG contributions where the workers must be a member. Loan payments and union dues deductible from salaries should be authorized prior to actual deductions.<sup>3</sup>

Workers interviewed however said that this practice which has been existing for 4 to 5 years is solely the supervisor's 'racket' or 'sideline' (meaning unauthorized income generating activity) but the workers have no way of checking it.

In Bgy. Mati, another village covered by FPPI plantations, interviewed workers revealed that the payment for loose fruiter is deducted from the wages of casual workers. A loose fruiter is paid PhP 8.00 (US\$ 0.19) per bucket, and is able to gather an average of five buckets a day. This means, that a casual worker will lose PhP 40.00 from his wages, in order to pay the fruiter. There are also casual workers who revealed that they were asked to sign a paper by the supervisor confirming that they work for six (6 days) when in fact, they only worked and were paid for five days.

In Bgy. Ormaca, other casual workers have other worries when it comes to payment. Charlito, 37 years old, inherited his father's job as harvester in 1990 when the latter got seriously ill and was unable to work. Charlito's employment status remains casual, thus he is paid PhP 150.00 per day. When he replaced his father, he was asked to sign an agreement that he will pay the metal pole used for harvesting for PhP 5,000.00 for 10 months, if he misses even for a month, he will be dismissed. He completed the payment and has been working for 12 years now.

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3 Article 13, Wage Deductions, Labor Code of the Philippines "No employer, in his own behalf or in behalf of any person, shall make any deduction from the wages of his employees, except... [para b]) For union dues, in cases where the right of the worker or his union to check-off has been recognized by the employer or authorized in writing by the individual worker concerned; and

**Table 5.5 Wage rates and Benefits in Filipinas Palm Plantations, Inc. (FPPI)**

<b>Workers and Employment Status</b>	<b>Wage Rate/COLA</b>	<b>CBA Increase*</b>	<b>Other benefits</b>
Regular - harvester / field workers /plant workers - 16 years -30 years in service	PhP 273-PhP 274 / day plus PhP 10.00 - COLA	PhP 20.00	SSS, Philhealth, Pag-ibig, 13th month pay, 4 liters of cooking oil in December
- harvester – 15 years and below	PhP 244/day	PhP 20.00	-same as above-
Regular plant workers- 15 years & below	PhP 220/day without PhP 11.00 COLA	PhP 20.00	- SSS, Philhealth, Pag-ibig, 13th month pay
Regular Mill-maintenance	Php 275-281	Php 20.00	
Regular Farm tractor operator	PhP 257/day		
Casual - harvester	PhP150/day if they meet the 60ffb daily quota	PhP 0.00	
- maintenance	PhP 150/day	PhP 0.00	
- hauler / loader	PhP 3.00-P3.75/ ffb hauled	PhP 0.00	
sprayman/woman manurer	PhP17.00/sack of fertilizers applied with 10 sacks quota/day		
Casual- Loose Fruiter (women)	PhP 5.00-PhP 8.00/bucket		

Exchange rate: PhP 42.50 = US \$1.00

\*Wage increase gained through the CBA in 2010, has not been implemented until the time of this writing. This has been the subject of workers strike on October 2010 and labor case filed at the DOLE when it assumed jurisdiction of the strike (Source: FGDs Interviews, 2012)

Very low wages are not the only concerns. There are workers in the plantations who have been regularly doing several tasks but were unpaid. Marcelo, 34, for instance has been working at FPPI since 1982 and remains casual. He started working when he was 10 years old when

his father brought him along to help. He used to work as a harvester, but shifted to removing epiphytes (plant that grows upon another plant and is also grows on oil palms trees) from the palm trees. He received his first pay only in 1992, ten years after he first worked. At thirty years in service, he is now paid, PhP 170.00 a day (US\$ 4.00) for an 8-hour work. He emphatically noted in the interview, “*Di kaigo ang sweldo ug lisod kaayo mangutang sa tindahan. Naay time na di ka makautang kung wala pa kabayad, magutuman man.*” (My salary is not enough, and it is very difficult to borrow goods from the store. There are times that the store will not give us loan, because we were not able to pay, so we go hungry.)

Workers pay at API/AGUMILL also varies depending on the nature of jobs performed and employment status. The prevailing rate common to regular workers is PhP 244.00 per day, which is still PhP 4.00 below the mandated minimum wage. Harvesters could only receive the amount if they meet the daily quota of 110 FFBs taken from young mature palms (7 years old) and 45 FFBs from mature palms (8 years and above).

Regular workers working as harvesters, as per the provision of the union’s (PIGLAS MAPAPI-NAFLU-KMU) CBA with the API management are supposed to receive incentive as follows:

- PhP 150.00 per ton in excess of 110 FFB daily quota (young mature palms)
- PhP 3.00/FFB with an ABW of 20 kgs./FFB in excess daily quota of 45 FFBs (mature palms, convertible to peso per ton (PhP 150.00) as the basis for payment.

However, if the harvesters fail to meet the daily minimum quota, (except on lean season) deductions from their basic daily rate shall be made as follows:

- PhP 0.75/FFB (from young mature palms)
- PhP 1.50/FFB (from mature palms)

Similar with FPPI, regular workers, who are also union members are provided with other benefits mandated by law, such as sss, Philhealth, PAG-IBIG, 13<sup>th</sup> month pay rest day and holiday pay, sick leave, etc. These benefits are not extended to casual workers who have also been excluded in the bargaining unit.

Casual workers at API are only paid PhP 233.00 daily as against the PhP 244.00 mandated daily wage. Unlike the harvesters, casuals who are

Table 5.6 Wage Rates and Benefits (2011- August 2012), API/Agumill

Employment status	Basic Rate	COLA (Wage Order # 10-2010)	CBA Daily Wage Increase	DMWR	Mandated minimum Wage
Regular-Harvester, Maintenance, Loader	Php220/day	Php 13	Php 10	Php 244	Php 248
-Manurer			Php 10	Php 200- Php 231	
- **Artisan, **Drivers **Kapatás	Php 233/day Php 244/day plus P10 (as Kapatás)	Php 13*	Php 10 Php 10	Php 254 - Php 277	
Casual-Harvester	Php 2.95 – Php 3/FFB***	None	None		
-Nursery, manurer, sprayer	Php 223	None	None	P223	
Exchange rate: Php 42.50 = US \$ 1.00					
<p>*- Php13 – Interviews show that COLA is not fully implemented for all regular workers, so the amount of daily wage rates differ</p> <p>**Kapatás, Drivers and Artisans are given Php 10,00 increase in daily wage rate by virtue of their position [CBA provision]</p> <p>Piece-rate basis , Php 3.00/FFB harvested was implemented until January 2012. Amount varies depending on the Divisions and Phase No, the harvesters are assigned. After that the management change the payment system for harvesters (casual status) into Php 150/daily if they are able to harvest FFB weighing 1 ton in a day.. As August of this year (2012), management reverted back to piece rate payment for harvesters.</p> <p>Source: Workers' Payslip, and union's CBA (PIGLAS-MAPAPI-NAFLU-KMU)</p>					

working as manurers for instance, were also paid the PhP 11.00 COLA. But the mode of payment differs, sometimes, manurers (those who put fertilizers on the base of the trees) are paid on daily basis or *pakyaw* or per hectare. This means that a team of three workers will work together to cover a number of hectares. Their payment is based on the number of hectares they are able to cover per day at a rate of PhP 240 per hectare. Carolina, 41 years old, a manurer explained that sometimes they are able to cover six (3) hectares a day, which gave them a take home pay of PhP 240.00 each in a day,

### Workers' Pay in Out-grower Farms

Workers' pay in out-grower farms differs from farm to farm and nature of jobs performed. The most common mode of payment is piece-rate at PhP 2.50/FFB, though there are farms who give daily wage. All workers interviewed are paid below the minimum wage rates and only try to subsist from their income. Nearly all of them are casuals in employment status even if their years of employment are as old as the farms they are working.

In Uraya Farms for example workers received different payments. Interviewed workers noted that payments vary from PhP 130.00 to PhP 177.00 (US\$ 4.16) for an 8-hour work depending on the jobs performed. Harvesters are paid PhP 177.00 at most, which is only 71 percent of the minimum wage. At least four workers said that they received the same amount in spite of 10 to 17 years of service. They also do not have other social benefits like the sss, Philhealth and PAG-IBIG, except for some regular workers.<sup>4</sup> They were also not provided any wage-related benefits like 13<sup>th</sup> month pay. The only benefits they received are t-shirts handed to them in December together with PhP 500.00 to PhP 700.00 cash as bonus.

Apart from that, harvesters have to pay for the metal alloy they used in harvesting FFB. When they get sick, they too, cover for their own medicines.

In Karaga Farm, harvesters and those working in blanket/carpet tasks (clearing, manuring, circle weeding) are paid the PhP 233.00 per day or US\$ 5.48 minimum basic rate at for an 8-hour work but without the cost of living allowance (COLA).

In KUFTRIMCO, interviewed workers' pay is much lower, with rates ranging from PhP 2,000.00 to PhP 3,000.00 per month, as there are days or week without work. In other smaller farms, harvesters and haulers are paid on piece rate basis at PhP 2.50 for smaller FFB and PhP 3.00 for bigger ones. Others like maintenance workers are paid just PhP 100.00 or US\$ 2.35 per day

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4 SSS, Philhealth or and PAG-IBIG – are mandated contributory social protection benefits -- managed by government-owned corporations, Social Security Systems (sss), Philippine Health Insurance Corp and Mutual Home Development Fund – which the employers must provide to all their workers regardless of employment status o contributory manner.

In some other farms in Tudela and Basa Trento, ADS where the interviewees could not specifically identify the name of the farm (one is simply called MIM), workers are paid PhP 180.00/day for a leadman and PhP 120.00 for maintenance. Rosemarie lamented, “*Tigulang na ang ako bana, 14-16 ka tuig na nananarbaho, pareho pa rin sweldo. Wala siyang sss.*” (My husband is already old, he has been working 14 or 16 years, I think, but he’s salary remains the same. He does not have sss.) A maintenance worker said that the company implements sss though he is not included among them.

#### Other Sources of Income and Expenditures

Asked if the workers’ families have other source of income or livelihood such as raising some farm animals, very few respondents both in the nucleus plantations and outgrower farms responded negatively. A handful of workers get extra income from *laksi* (collecting the middle part of the palm leaves taken out from the tree) for the *amacan*-making. A bunch of *laksi* is sold to *amacan* makers at PhP 20.00 (US\$ 0.47). In Manat, Trento, Agusan del Sur, *amacan*-making used to be the livelihood project of *Nagkahiusang Kababay-ehan sa Manat* (United Women of Manat), an association of women who are mostly wives of plantation workers, until API essentially prohibited the collection of *laksi* by workers for free. *Amacan*-making is one income generating activity where children also engage in.

Others get their supplementary income from other members of the family who were able to work in the city.

In out-grower farms, only one respondent affirmed that they have other means of raising family income. It was Mrs. Paulina, who said that they had two horses which helped them raise the volumes of FFBS her two sons can haul in a day and enabled the two to get paid PhP 6,000.00 to PhP 7,000.00 in 15 days.

Other than those mentioned above, hundreds of workers both in FPPI and API are members of agrarian reform beneficiaries (ARBS) cooperatives that are renting land to the companies. However, the rent does not make any difference in their income. Members of cooperatives interviewed by the study revealed that FPPI and API pay a mere PhP 6,000.00 to PhP 7,000.00 per three hectares of land per year, PhP 2,000.00 or US\$ 47.06/ha./year or PhP 5.48/ha./day (US\$ 0.13) an

amount lower than the average price per kilogram of FFB at PhP 5.75. Yet, each hectare can grow 120 to 128 palms. (See related discussion on *Other Issues*)

In Rosario, San Francisco, and Manat ADS, FGD participants also mentioned that in their respective barangays, there are more than a 100 beneficiaries of conditional cash transfer (CCTs) or *Pantawid Pamilyang Pilipino Program* (4Ps). Financed primarily from loans from World Bank, 4Ps gives financial subsidy to poor Filipino families to lift them out of poverty. The program is managed and implemented by the DSWD.

Six of the 4Ps beneficiaries attended the FGDs. They noted that in Bgy. Ormaca alone, there are 43 4Ps beneficiaries. One of them who has 7 children, revealed that she receives PhP 300.00 (US\$ 6.98) every two months, while others get PhP 600.00 to PhP 700.00. They were told that even if they have more children, if some are not attending school, they will receive less subsidy. Their main concern is that they need to go to the town center to collect the support. This means that they spend PhP 60.00 for fare, but if the meeting runs up to 4 o'clock in the afternoon, then they will have to rent a *habal-habal* at PhP 50.00 in order to go back home. Often they skipped lunch, otherwise, there is nothing left of the amount to take home.

Even if the workers are paid the minimum wages or find occasional extra source of finance, their income is still insufficient to cope with the cost of living in the region. The National Statistical and Coordination



Figure 5.2 A worker manually hauls a palm fruit bunch

Board (NSCB) estimates that a family of six needs at least PhP 18,433.00 a month to stay out of poverty. This low income is aggravated by delays in payment of wages that workers, especially casual workers, irrespective of employers are complaining about.

The immediate logical consequences of this predicament are mirrored in the nature of food the family takes and the increasing number of children dropping out of school. At the FGD, respondents underscored the “normal” meals they have, consisting rice, diluted salted fish with some vegetables tops and canned sardines. They buy a kilo of salted fish at PhP 50.00 which is almost a third of the price of fresh fish that serves as their main viand. Very seldom that family of workers serve fresh fish or meat for their meals.

Even with this kind of meals, families depend on small loans from variety stores or money lenders to support their food consumption. The price of goods slightly increased when they are not paid in cash. For example, a canned sardines is sold at PhP 15.00 in cash but becomes PhP 17.00 when credit. Mrs. Paulina’s family, the only respondent with an income of PhP 14,000 or PhP 15,000 a month, revealed that she still has to take a sack of rice from a store on loan basis and pays it after 15 days when her sons get their wages.

The study however, did not probe deeper into the state of health and nutrition amongst members of workers’ families which could have been useful in measuring the impact of wages, apart from the increase in child labor. FGD participants and interviewees also revealed that the common health problems experienced are stomach ulcer and kidney disorder. The researcher also observed that most workers, adult and children are skinny-built, tend to be shorter but a bit muscular and broad shouldered.

Negligible labor cost- a government program ingredient to entice oil palm growers and investors

Extremely low wages paid by companies and growers to workers are actually not surprising, particularly when you look at government promotion of oil palm growing. In a six-year business proposal or feasibility study to possible oil palm growers or investors found in a website by National Economic Research and Business Assistance Center (NERBAC), Region XII, it is crystal clear that the government places least

premium to improving workers condition by taking direct labor cost as negligible expense. NERBAC enticement is anchored on the benefits and profitability of oil palm growing for growers. For example, after four years of planting—which NERBAC calls as payback period of investment—labor cost is placed at a mere PhP 1,200.00 to PhP 1,323.00 (US\$ 28.24 to US\$ 31.13) per year, while highlighting PhP 26,714.23 (US\$ 628.57) and PhP 69,925.11 (US\$ 1645.30) net profit per ha. in the fifth and sixth year after planting.

It is thus, safe to say that maintaining the industry's profitability requires suppressing labor cost, which is translated into suppressing wages and benefits. Taking the proposal as a reference, it can hardly be said that developing and expanding the palm oil production is a precursor to undercutting poverty and lifting the farmers and workers out of perennial poverty.

NERBAC was legally created by virtue of RA 7470, also known as the National Economic Research and Business Assistance Center (NERBAC) Act of 1992. The law mandates the establishment of NERBAC to provide entrepreneurs and investors with the basic information on various business opportunities, and to facilitate, through a one-stop action center, the processing and documentation of requirements for business establishment, including credit services.

### **SERIOUS LACK OF SECURITY OF TENURE, DISCRIMINATION AGAINST CASUAL WORKERS**

Parallel with substandard wages, the lack of job security is the most glaring condition that characterizes the oil palm farms and plantations. Ninety-eight percent of workers in the out-grower farms are casuals or seasonal with the length of service almost the same as the years of the farms' existence.

In FPPI for instance, out of almost 1,000 workforce, only 361 are regular workers as against more than 600 casual workers. As noted previously, about 90 percent of these casual workers have been serving the company for 10 years to 30 years.

The same is the cases in API/AGUMILL where only a third of its workforce are considered regular, 154 workers, while more than 300 workers are still considered casuals. Like in FPPI, some of the casual workers have been working in the company for 10 years and above.

Article 280 of the Labor Code of the Philippines on regular and casual employment is clear about what casual employment is:

... “an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer, except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or service to be performed is seasonal in nature and the employment is for the duration of the season. An employment shall be deemed to be casual if it is not covered by the preceding paragraph: Provided, That any employee who has rendered at least one year of service, whether such service is continuous or broken, shall be considered a regular employee with respect to the activity in which he is employed and his employment shall continue while such activity exists.”

This provision of the law is also reiterated, confirmed and embodied in the collective bargaining agreements (CBA) signed between the workers unions and the managements of FPPI and API.

Yet, both the law and the CBA provisions are grossly violated. The jobs of harvesters and manurers, haulers or loaders for example, are absolutely “necessary and desirable” to the operation of oil palm farms. Harvesting and hauling are done all year round, even during the three months-lean season. Thus, they can not be construed as casual and seasonal. Yet, in both plantations and to a certain extent in their own respective oil mills, majority of workers have been employed as casuals even after 10 years of continuous employment.

The workers’ unions in two nucleus plantations have initially succeeded in the getting some workers to become regular. Still, more than 200 casual workers with more than 15 years length of service in FPPI have been denied promotion to regular status since 2010 in spite of the FPIWU’s persistent demand through grievance procedures and dialogues with the management and DOLE. This issue was in fact one of the main subjects of the union strike last October 2010. However, up to this writing, the company has not granted the demand.

Casual workers are not only deprived of their right to become regular employees, but they are continually stripped of all the benefits due to regular workers. In their words, “*Kami gid ang nagpasaka sa kumpanya, pero ubos kaayo ang aming kondisyon sa panarbaho ug sa pamilya.*” (We are the ones who developed the company, but our conditions at work and our family are very poor.)

Martin Pineseba, 49, is a harvester who started working at FPPI in 1981. He was only 19 years old then. He was not included in the payroll and never had an employment ID. In 1981, he was paid PhP 20.00/day, then PhP 25.00/per day. Thirty years later, he is paid PhP 150.00/day, half of what a regular worker gets. If he avails *cash agad* from his supervisor or contractor, then he will only get PhP 140.00. He said that he could no longer wait for pay day every 15 days. The most he could wait is one week because his family desperately needs money. Because of this, the contractor deducts PhP 10.00 from his salary. He covers four areas of fruit bearing palms to harvest. When he was just starting, he is able to harvest 200 to 300 FFBS a day, but today, the most he can harvest is 30 bunches. The trees have grown 50 feet taller and the metal pole and sickle he uses now is heavier. He has also aged. When he gets sick, he gets nothing from the company. He was never given nor was he ever able to taste even used palm oil for cooking; not even once, unlike the regular workers who get at least four liters of cooking oil every Christmas. With mixed feelings of pain, sadness and anger, he said, “*Mas maayo pa ang pulitiko ug bisita sa kumpanya, gihatagan sila bisan tag-usa ka balde o tag pila litro sa langis, ako 30 tuig na nanarbaho wala katikim kung unsa lasa sa palm oil.*” (It’s better for the politicians, guests of the company; they are given a big can or several liters of cooking oil, but I who has been working for 30 years, have never tasted palm oil). He could only lament that life is very very difficult.

Martin is still a casual worker and his income could not support his family. He is lucky, because his brother is supporting his child’s education. His son could no longer go to school, so he got him to work in the plantation as sprayer when he became 18 years old. He is now 21 years old now, also a casual worker.

At the discussion, it was apparent that Martin is not alone in that predicament. All casual workers, regardless of specific job function do not have employment ID issued by the company. They are also not

included in the roll of company employees as well as payroll. They do not have pay slip, no time card, except for S1 form that the *kapatas* ask them to sign everyday containing their names, time that they start and ends the day's work, and signature. The column on the amount of pay is left blank. The *kapatas*, as well as other workers in the same division or phase where he is working, knows that he is a worker. But there is no official record (by the company) of employment of casual workers.

For harvesters, the listing is more informal—just a yellow pad with their names and the number of FFB harvested each day. Except for this list, there is no documentary evidence that they are working in the company. Thus, there is also no document which they can use for any legal claims, making it is easier for the management to deny that there are more casual than regular workers.

Apart from profits they get from very low wages, plantation and farm owners also profit from long-term casual employment. All casual workers, like the child laborers are not paid their 13<sup>th</sup> month pay, holiday pay, rest day pay, sss, Philhealth, PAG-IBIG, service incentive leaves, medical care, paternity and maternity benefits. They are also excluded from the collective bargaining unit, thus, deprived of any gains that the union won in the CBA.

Despite that, casual workers from four barangays who participated in the FGDS said that they supported the union strike at FPPI and API in 2010. They hoped that union would be able to struggle and win their demand to be promoted to regular status.

Asked why they did not complain when they are aware that their rights are violated, casual workers responded that they are dissuaded from launching any action because they can get evicted from the houses they occupy inside the plantations.

Nucleus plantation owners provide basic and modest housing to their workers. Houses are of studio type or one room house, which can be divided to make another room or extended a little more than a meter outside. Free housing is only provided to regular workers and casual workers in FPPI have to pay rent and only allowed to stay, as long as they work in the plantations or oil mill. At API, casual workers will have to build their own houses on their own, in allowed areas inside the

plantation. Most houses however, are temporary in nature, built with wooden and light materials like *amacan*.

Probed further, why they did not move or migrate to other places and find work somewhere outside the plantation, majority of the respondents replied that they are *Lumads*, indigenous people in the area. They were born and raised there and they have no other place to go. They were already in the barangays and towns before the “Lost Command” arrived in 1980’s to take their land and paved the way for the oil palm plantations.

Workers of out-grower farms especially smaller ones do not have such housing provision and have to build or find their own dwellings. If there are workers in out-grower farms who were provided housing, the study was not able to meet them during the survey.

## **OCCUPATIONAL HEALTH AND SAFETY**

Occupational health and safety is a key concern in all plantations and oil palm farms, third to wages and contractualization as the most neglected aspects of work. Whilst the study is limited to identifying the types of injuries or diseases affecting children, it is also able to compare and initially look at the health and safety condition of adult workers.

There is no health and safety orientation given to workers concerning possible hazards or effects of chemical and fertilizers applied. Again, there is a difference between regular and casual workers in two big plantations when it comes to implementing safety and health standards.

Regular workers in nucleus plantations have at least annual physical examinations and have access to a doctor who visits the plant once in two weeks. They too, can avail medical care from sss, when they get sick, and some of them are provided with occasional personal protective gear. Most of these provisions are gains from the unions as the situation was different prior to the union formation.

The study reveals that in general, OSH standards are not followed particularly with regard to handling pesticides.

There are no personal protective equipment (PPE) such as helmets and boots provided to harvesters, loaders and haulers leaving them unprotected when fruit bunches and even palms accidentally fell on their heads. Haulers do not have gloves, making them vulnerable from long and sharp thorns piercing their hands and even arms. Apparently,

not all haulers or carriers are males. In Manat, a woman worker, 27, said that her job is hauling, “*Ang akong trabaho, hauler. Pirmiro, nag-uban-uban pa sa akong papa, tabang lang, la pa ako bayad, mag-haul, naay time kalayo ang kuhaan. Sa usa ka byahe, 5 ang akong nakarga, 4 dagko, 1 gamay.*” Aghast, asked if she can really carry those bunches weighing 15 to 20 kgs., she said, yes. Asked what age she started and she replied that she started when she was just 14 years old. Her father is a harvester and her mother is a manurer. She is still a casual worker and often suffer from back and body pains. In further probing why she chose to be a hauler when she is as a woman, she replied that initially she worked as an extra during weekends when she was still studying. She is now a mother of two, and she experienced difficulty in breathing and fatigue.

There are also no goggles provided to harvesters and this becomes a big problem whenever it rains and when “chemicalized insects” accidentally enter their eyes while harvesting causing severe pain. Chemicalized insects are described by workers as insects that came into contact with herbicides and transfer the chemicals to human or animal skin, or eyes that they come into contact with. Workers also suspect that this condition has something to do with workers having cataracts or vision impairment.

In Rosario, ADS, at least five workers said they got cataract from their work and six others said that their visions are blurred. However, they are unable to confirm their suspicion due to absence of medical check-ups. Overall, 27 workers said that they have contracted eye problem from work, while 26 have bone fractures. Next to minor injuries, workers have also underscored stomach problems as a common disorder they are experiencing.

Not only are the workers’ heads not protected, their feet are bare, too. The absence of boots left them unprotected from snake bites and from herbicides sprayed around trees. Years later, some older workers particularly those who worked as sprayer and as harvesters, experienced not just impairment in their vision but also white patches on their skin or appearance of burn skin that can get itchy.

Several interviewees who have been victims of falling bunches or palms or even snake bites, testified that they were given paracetamol and unable to work for several days. They still consider these injuries



**Figure 5.3** Bienvenido Diego's charred body after being electrocuted while harvesting palm oil

as minor. Their parameter of considering an accident as minor is their ability to stand and return to work even after a few days.

Harvesters are indeed the most prone to various accidents. On December 21, 2011, Bienvenido L. Diego, 37, married with four children and a harvester of casual status was burned to death when the metal pole and sickle he was using accidentally crossed a live wire. He was instantly electrocuted and half of his body was charred consequently. Diego worked in FPPI for five years (Jamero, 2011).

Sprayers, on the other hand, who are mostly women, are no better compared with harvesters. They are also not provided with masks or gloves and contend with old shirts or towels to cover their nose when spraying. Occasionally, a mask is issued but even if it is already worn out, replacements do not come in time. Thus, sprayers are exposed to chemical hazards, which according to Dr. Romeo Quijano, a pharmacologist and an expert on the effects of pesticides on human body, can be irreversible.

Raquel, 38, married with two children started at FPPI in 1984 when she was 11 years old. She worked as seedling bagger in the nursery, circle weeder, loose fruiter, and in 2005, as sprayer. She uses Paraquat or Gramoxone, Lyphosate, and Round up plus. She narrated that she

often feels itching and burning sensations. There was a time where she badly burned her bottoms and back when she slipped and the chemicals she was carrying on her back splurged on her unprotected body. Despite severe burns, she received no medical assistance except paracetamol and thus forced herself to work. Her daily quota is 10 liters. Apart from burns, she also fell on a ravine while walking with the load on her back, a cobra fell on her from the top of the palm tree. She is grateful that at least it did not fall on her face. She was chased by the cobra that was disturbed when she sprayed the tree it was inhabiting. With the hazards her job entails, she is only paid PhP 150.00 a day and she remains a casual worker. After many years of working in FPPI Her husband has also been working at FPPI for 15 years and yet, is still a casual.

Other workers also complained of difficulty in breathing, various skin diseases (white spots on the skin), *katol-katol* (itching), dizziness, headaches, poor eyesight, fever at night and others. These workers also worked as sprayers and used the same chemicals as Raquel's, in addition to Furadan.

Rule 1950 on Pesticides and Fertilizers of the Philippine Occupational Safety and Health Standards, as amended (DOLE), states:

“Pesticides and fertilizers shall be handled and used only by persons thoroughly instructed in their use, handling hazards and the precautions that shall be taken to avoid such hazards....Rule 1954, 1(b) prescribed that Pesticides shall not be borne directly on the back of workers or work animals.

In Raquel's experience as well as others, no such orientation occurred; they were not even informed about the hazards of pesticides they were carrying.

Gramoxone, previously known as Paraquat before its patent protection has expired, is one of the most widely used herbicides, and held the largest share of the global herbicide market until recently overtaken by Glyphosate. At spray strength, Paraquat is of relatively low acute toxicity but regular use, such as required on plantations, leads to health problems.<sup>5 1</sup>

5 Being less acutely toxic at spray strength, the greatest risk to workers of fatal and serious accidents is during mixing and loading. Studies show high incidence of paraquat-related ill-health. For example a study in Guápiles, one of the main plantation regions of Costa Rica,



**Figure 5.4** An oil palm workers's skin loses melanin in most parts of his body after prolonged exposed to Paraquat.

Dr. Romy Quijano, Department of Pharmacology, University of the Philippines maintained that Paraquat is a highly toxic pesticide and should be completely removed from the market. In a trip with him at FPPI and API plantations last February 9 and 10 2012, to interview workers affected by Paraquat, he explained that the immediate visible effects of Paraquat is the loss of melanin manifested by the appearance of white spots on the skin. He added that from simple dermatitis to severe burns.

According to the Pesticide Action Network (PAN), Paraquat damages the lungs, heart, kidneys, adrenal glands, central nervous system, liver, muscles and spleen, causing multi-organ failure. Its chronic effects include Parkinson's disease, cancer and lung disease among those exposed for prolonged periods (Pesticide Action Network [PAN], 2012). Paraquat is in the list of restricted pesticides in the United States.

Round up also known as Glyphosate is a herbicide. Its label writes that it has only "slight" toxicity when inhaled and/or brought into contact with skin and eyes. It is also "slightly to moderately" toxic to aquatic organisms. To avoid skin and eye irritations, those who have

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identified 284 accident cases caused by paraquat between 1988 and 1990, including 123 cases of systemic poisonings, burns, eye injuries and fingernail damage.

contact with Round up should wear all-cover up clothes (long sleeves and gloves) and must wear chemical splash goggles when mixing and pouring the herbicide.

Oil mill workers, particularly the casual workers are also not spared. They too, are not given proper training about the hazards involve in their work.

Three workers—Jim Nazarino, 21, single, casual worker for 2 years, Roel Reyes, single, casual worker for 3 months, and Mycel Simugan, married, casual worker for 2 years at Raw Water Pump House, Oil Mill Plant, Division 4, FPPI in Bgy. Tagbayagan, Rosario—died instantly when the submersible pump malfunctioned and electrocuted them on November 7, 2011. The three victims were waist deep into the muddy water when the accident happened. Their three other colleagues were spared as they were still on their way to go into the water before the accident happened.

### **ACCESS TO UNION REPRESENTATION**

FPPI and API nucleus plantations are unionized, except that only regular workers are covered. FPPI Workers Union and PIGLAS-MAPAPI were organized almost at the same time in 2007 and are affiliated with NAFLU-KMU.

FPIWU has 559 union members from both plantation and oil mill plant while PIGLAS-MAPAPI has 120 members. Both union managed to ink a CBA with their respective management in 2007. But in 2010, both unions staged a strike over the two companies' refusal to renegotiate the economic provisions (wages and wage related benefits) in the last two year of the five-year CBA term, and non-implementation of the agreement in the last three years. The DOLE Secretary assumed jurisdiction over the FFPWU strike and the strikers were directed to go back to work without resolving the strike issues. Although casual workers are not officially members, they also joined the strikes and other actions called by the unions. The discussion with them revealed that they are hoping and counting on the unions to change if not reverse their conditions.

In interviews with workers and union members from both plantations, key improvements in pay and other benefits were made when they were organized:

- separation of payment for harvesters and haulers
- increase in the rate of pay from PhP 2.50/FFB to PhP 3.00 to PhP 3.75/FFB
- commitment by company to implemented government wage orders on top of the current wage already received by the workers
- implementation of social protection benefits

The toughest challenge that both unions have to address is long-term casual employment by most plantation workers, depriving them access to union representation and benefits due to regular workers.

On February 2012, a union election was held at FPPI and FPIWU again won in the election. However, until the time of this writing, the management has not acted on the union's CBA proposal and has already reneged on the previous agreement such as the implementation of wage orders issued by DOLE.

At API, delay in payment of wages is a workers' major complaint in addition to the non-implementation of wage orders and other provisions in the CBA. In February 2012, the company also cut on subsidy for water distribution in Manat, Trento leaving the workers' families to get their water supply from contaminated wells and river. For kitchen's use, families have to go to the milling plant, almost a kilometer away from the workers houses to fetch potable water.

In out-grower farms, no union is known to have been organized.



## VI. OTHER RELEVANT ISSUES

The palm oil industry however, is not only mired by issues of child labor and pervasive violations of labor and occupational safety and health standards. Workers' wages and lack of job security apparently are just one of the many reasons that contributed to the current poverty, existence of child labor and hunger besetting the communities in plantation covered barangays. Respondents raised serious concerns over other issues that when addressed could decisively eliminate the worst forms of child labor, complementary to issues abovementioned. The issues discussed below necessitate further investigation, which for the purpose of this study also serve as recommendations.

### LAND OWNERSHIP AND DISPLACEMENTS OF INDIGENOUS PEOPLE

Workers and residents in barangays covered by plantations narrated the alleged horrendous and massive land grabbing in the 1980's perpetrated by what they called "Lost Commands" or LCs. The Lost Commands forced the residents to sign a paper, as proof that they sold or allowed their land to be rented or used by oil palm plantations. *Lumads* like the family of Datu Alfie Muanag, 49, from Bgy. Ormaca, San Francisco, ADS, vividly remembered what the LCs did to his father and four siblings in 1980. In mixed Cebuano and Filipino, he narrated:

*"Niadto sila sa among balay, at pilit kinuha ang deklarasyon ng lupa sa tatay ko. Dili pumayag tatay (Marcelo Muanag) ko, at binaril siya. Ang ako inahan, gipahawa niya uban ang akong manghod na babaye, nakagawas sila. Gisuko ang akong mga*

*kapatid, at binaril din sila. Si Cesar Muanag at Marcelo Muanag Jr, sa among lupa inilibing, palm oil na ngayon. Ang iba don sa Lapinigan ang dalawa, naka-eksit sila sa pikas, si Alberto at Baltazar [Muanag], gibarahan sila..Ngayon ako, dito ako sa Ormaca, ang gusto ko tulungan mo ako na mabawi ang lupa namin.”*

(They came to our house and forcibly took the land declaration [similar to title] from my father, Marcelo Muanag. My father refused, so they shot him. My mother and my sister were driven away by my brothers to escape. My two brothers were also shot dead. Cesar Muanag and Marcelo Muanag Jr. were buried beneath our land that is now planted with oil palms. Others were killed in Lapinigan [San Francisco, ADS]. The two were also able to go out of the town but they, Alberto and Baltazar [Muanag] were blocked and also shot. Today, I am the only one here in Ormaca, what I want is you [addressing to the researcher] help me recover my land.)

Datu Muanag, who looks older than his age and traces of poverty written all over his face, further explained that he wanted to grow other crops so he can eat. The company has not paid him even a single centavo rental for his 5.5 has. of land. He wanted to go back to coconut and corn farming but is unable to do now. Families whose lands were taken became the casual workers of the plantations until today.

### **LAND REFORM, COOPERATIVES OF AGRARIAN REFORM BENEFICIARIES AND LAND RENT**

Following the farmers and indigenous peoples displacement from their lands in the 1980s, and the subsequent employment of a certain number of them workers in the oil palm plantations, their hope to recover the ownership of their lands came when the Comprehensive Agrarian Reform Law was passed in 1988. Consequently, NDC sold the lands it leased to Guthrie Plantations Inc—which later became the FPPI—to the Department of Agrarian Reform (DAR) for distribution.

Similarly, land leased and occupied by API and FPPI was also subject to agrarian reform.

As a consequence, different land acquisition schemes came out such as the lease and out-growership. ARBs granted with Certificate of Land Ownership Award (CLOA) were encouraged to form cooperatives. In 1990, the NGPI Multipurpose Cooperatives of the agrarian reform workers, used their collective CLOAs and entered into a lease agreement with FPPI until December 31 of 2007 which could be extended to another 25 years. Under the agreement, FPPI will pay the cooperative members the following:

- PhP 635.00 per hectare per annum as annual fixed rental, covering all taxes on the land, administrative charges, and amortization charges
- a variable component equivalent to 1.00 percent of net sales from 1988 to 1995 and 1.5 percent of net sales from 1996 to 2007.

In 1998, the said lease agreement between the NGPI Multipurpose Cooperative and FPPI was amended and the lease was extended to 2032. Included in the amendments was an economic package (not a rent increase and annual remains fixed at PhP 635.00) to be given to each member.

**Table 6.1 Economic Package to be given to Coop members based on Addendum to the Lease Agreement**

<b>Years</b>	<b>Amount Per Hectare</b>
1998-2002	Php 1865
2003-2006	Php 2365
2007-2011	Php 2865
2012-2016	Php3365
2017-2021	Php3865
2022-2026	Php4365
2027-2031	Php4865
2032	Php 5365

Source: Lease Agreement, Addendum to the Lease Agreement – NGPI Multipurpose Cooperative and FPPI

This economic package shall be given 90 days before the end of the fiscal year, but the amount can be reduced by FPPI when the company

is unable to operate normally, during but not limited to the act of God (floods...) civil commotion, acts of sabotage, plantation and mill breakdown, labor unrest and other similar causes. (Clause 2.3 Lease Agreement)

Cooperative members, many of whom are also in the union, narrated that they received only flat rate (rent, economic package) of PhP 6,000.00 to PhP 7,000.00 per 3 has. or PhP 2,000.00 per ha. of land every year. They further noted that the rent did not improve and continue to fail in raising their income. Raquel says that her husband, himself a member of the cooperative, cannot rely on the rent to pay for their needs, but on occasion tapped the cooperatives for emergency loan. Loans are automatically deducted from the workers' salaries every pay day. Her husband is also a casual worker. Currently, there are about 1,280 members of the said cooperative.

At API, an ARB cooperative was also organized and currently claims to have about 435 members. API also pays the same rent as FPPI.

Members also argued that the rent is even lesser than a token. In a short study made during the discussion, workers cum land renters estimate that companies only pay PhP 166.00 (US\$ 4.00) per month per hectare. But if a hectare has 128 trees that bears a minimum of 2 FFBS each month with an ABW of 15 kgs. each, then the rent is only 1 percent of the total earnings of an hectare of land.

$$\begin{aligned}
 &128 \text{ trees} \times 2 \text{ FFB yield} \times \text{ABW } 15\text{kgs/FFB} \times \text{PhP } 5.75 \text{ price per kilogram} \\
 &256 \times 3,840 \times \text{PhP } 5.75 = \text{PhP } \mathbf{22,080} \text{ (total minimum earning /ha./mo.)} \\
 &\text{Rent is PhP } 166/\text{month}/\text{PhP } 22,080 = .01 \text{ or } 1\%
 \end{aligned}$$

According to the workers, mature palms (8 years and above from planting) can bear fruit up to 30 to 50 kgs. each, and occasionally 60 kgs. Using using the same calculation, the rent, they contend amount to nothing compared to the gain the company gets.

At that FGD, the workers/cooperative members were aghast to realize how little the rent the company is paying them, and how immense they have been fooled to initially agree on a 25-year contract, which is also equivalent to the trees life span. The agreement was extended to 42 years of land lease (in the cases of NGPI cooperative and FPPI) at a fixed rental of PhP 635.00 per hectare per annum. Whatever caused or pushed the

beneficiaries to agreeing into such onerous agreement, and their total shock on the immensity of implications to their lives by such agreement are something that has to be studied deeper.

Rent is perhaps the most blatant onerous provision of the agreement, but there are clauses, called “Lessors Covenant” giving full power to the lessee to the leased property. Clause 8.3 or the Lessors Covenant states, “It shall keep the LESSEE (FPPI) in full, peaceful and quiet possession and enjoyment of the Leased Property.” In addition, a clause, stating that the lease agreement shall remain unchanged and shall continue to be valid, binding and effective, except to the extent nullified by the addendum to the lease.

### **FOOD SECURITY**

Residents said that plantations and farms used to be agricultural lands planted with corn, rice and coconut are now growing oil palms. With the plantations, agricultural production for food consumption had stopped except in small piece of land whose owners left the villages in 1980s and returned only in the mid 90s. Inside the plantations, workers and their families could not also use the space between palm trees to grow vegetables due to chemicals applied to palm trees to clear the weeds.

Researchers also noted that some out-grower farms used to be rice or corn fields. The province as previously noted used to be the biggest rice producers in Mindanao. From testimonies of workers and residents, the price of rice in the province has gone up several times (e.g. an NFA rice costs PhP 34.00/kg. in the plantation, more expensive than in Metro Manila while commercial rice is placed as PhP 36.00 to PhP 40.00/kg., same price as in Metro Manila). With hunger incidence in the province increasing, the further expansion of oil palm plantations as well as aggressive promotion that oil palm farming yields higher income for farmers against agricultural (food crops) are now being questioned.

ARB cooperative members have regretted the decision to lease their lands to oil palm growing for 25 years starting in 1997.

It would be interesting and helpful to know if the condition of out-growers or independent oil palm growers is any better than those of the ARBs cooperative members.



## VII. **CONCLUSION**

**T**here is no doubt that the palm oil industry is growing, at least in terms of production and trade, as indicated in the rise of market demand and production volume of crude palm oil and palm kernel oil. Its continuing expansion in other provinces like in Misamis Oriental in Mindanao and Palawan in Luzon despite protests from farmers, indigenous peoples, and environmental activists is another testament to its profitability. The aggressive promotion of government and industry players to entice farmers and businessmen to engage in oil palm farming will likely see more plantations in other parts of the country. The yield and profitability are indeed higher, as shown by simple mathematical calculations made by oil palm workers in Agusan del Sur and a business proposal made by NEBAC.

Lies beneath the secret of what is now tagged as “sunshine industry” is biting poverty of affected communities, slave-wages received by workers and children pushed to work in oil palm plantations and farms in Caraga region. Behind this hype, is the industry’s beginning, built from horrendous stories of land-grabbing as well as farmers and indigenous peoples’ displacements made possible by the Lost Commands who are suspected to be government and oil palm companies supported paramilitary groups. Equally disturbing are the testimonies that children were mobilized to work in the land clearing, nursery or as kicker-all (all around workers) but invisible and unpaid complementary workforce to their parents particularly in the first 10 years of the industry.

Not much has changed 30 years later. Child labor remains a strong feature in oil palm plantations and farms and, to certain extent, in

oil mills operation. Palm oil growing only expanded in covered land areas and only benefited the companies, but did not slash rural poverty, neither the number of poor and hungry in the region. On the contrary, poverty continues to rise. In addition, except for *amacan*-making, oil palm plantations, offer the affected communities so little opportunity for other means of livelihood or alternative source of food, as vegetable growing or raising animals became difficult due to non-ownership of lands or potential hazards from pesticides applied to palm trees.

Moreover, the study also revealed that child laborers are in fact, mostly children of workers or farmers themselves—a reality which the adult workers or parents readily admit. This re-confirmed the inter-relationships between i) the presence of child labor and the objective condition of oil palm workers predominantly illustrated by sub-standard wages; ii) utter lack or to a great extent absence of benefits, precarious employment and serious income insufficiency; iii) inability of children to continue schooling; and iv) getting into work at the palm industry as the only “opportunity” to increase income.

Thus the law, punishing the parents or guardians to the extent of detaining them or removing custody to their children, by allowing or sending their children to work, will not in this case, resolve the problem but exacerbate it. Parents participants to the FGD are correct to say, that punishing them is tantamount to detaining them because they are poor, rather than resolving the question of why they continue to be poor in spite of the rapid growth of palm oil industry.

The scant wages paid by the companies and growers to the workers offers an explanation. This meager income is further cut down by the unjustifiably and pervasive long-term casual or contractual employment of workers even those who have already reached 30 years in service. Not only does this system of employment grossly violates labor standards, but also the very human rights of the casual workers. Casual workers are severely discriminated in wages, benefits and protection and deprived of other rights to be legally considered workers and the right to legally belong to a union of their choice. This glaring discrimination stripped them of any means to uplift their family and support themselves when they retire, as they are excluded from retirement pay or government pension such as SSS or PAG-IBIG.

Workers who have retired due to physical condition much earlier than the maximum retirement age of 65 years old, as shown by the study, consequently put additional responsibilities to their younger children, forcing the latter to work or inherit their work in fields even at an early age to support themselves, their other siblings, and their retired or incapacitated parents.

All respondents of the study in fact were asked about their feelings concerning their work. No one expressed satisfaction, but insisted that their work is very important as it is their only means of survival. Asked to compare their lives, family's economic and social standing, today and 10 years ago, 50 percent have said that their situation has not changed and 50 percent said that life is far more difficult now with prices of commodities constantly rising while their income remains the same as 17 years ago.

Whilst the study only re-confirms the anecdotal evidence of child labor in oil palm plantations and underscores the appalling labor rights violations in the industry, it presents a solid argument that runs counter to the claims promoted by industry players: i) that oil palm plantations and farming raise income for farmers and growers; ii) it creates employment for the rural population; and iii) it has a potential to reduce rural poverty. Without addressing the issues raised, the palm oil that the industry produces, marketed and promoted as healthier and more beneficial than other commercial oil, is not healthy afterall.



## VIII. RECOMMENDATIONS

**A**s pointed out, the study did not only underline the problems but also highlighted various solutions to reducing dramatically the presence of child labor and improving the lives not only of the children but their families. It is imperative that economic capacity of parents is ensured, strengthened and sustained, and thus, this paper recommends the following:

For immediate and short-term action,

1. Urgently implement the legally-mandated minimum wages, cost of living allowance, and other benefits for all casual workers in the industry and support the workers' demand to increase wages which the industry is capable of.
2. Push for the promotion to regular employment status of all casual workers as mandated by law, at the very least, for all casual workers who have served the company for more than two continuous years with provision for back wages.
3. To include all casual workers in the existing bargaining unit to enable them to benefit from whatever gains the unions achieved in the two main companies.
4. Investigate the *bayad agad* reduction in wages of casual workers.
5. Better working conditions in the industry, without discrimination.
6. Respect of the right to freedom of association and investigate compliance to the provisions of the CBA.

7. Look into and develop some means of livelihood and capacity-building especially for women who are unable to find work inside the plantations.
8. Develop a support system, infrastructure or services, to provide some form of continuing education for those children who were forced to stop their studies.
9. When implemented, this will relatively increase the capacity of the workers' families—though still not enough—to keep their children in school beyond Grade 4.

For future research and in aid of policy advocacy,

1. A study on the impact of oil palm farming on individual farmers' or growers' income and economic status, as well as impact on food security.
2. A study on the impact on health condition of workers particularly those who have been working for more than five years have been exposed to pesticides and fertilizer input, especially amongst children and women. This will also provide more concrete basis for continuing education and training on the impact of pesticides and chemicals on workers, communities and environment.
3. A study on the issues of land rights, cooperatives leasing land to palm oil production and its impact on food security.

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