



Land-grabbing for palm oil (Liberia)

Sector: Palm oil

Issue: Land-grabbing

The company: UK agri-business company **Equatorial Palm Oil** (EPO) was established in 2005 with its headquarters in London.¹ It was registered on AIM, a sub-market of the London Stock Exchange. In 2020, EPO disposed of its 50 per cent interest in Liberian Palm Developments (LPD) through Kuala Lumpur Kepong Berhad (KLK), a Malaysian palm oil corporation, and has since changed its name to Capital Metals PLC which produces mineral sands in Sri Lanka.²

Affected rights holders: Communities in Liberia claim that EPO's oil palm plantations have encroached on their land, which was illegally cleared for plantation, and that activities went ahead without their consent. As a result, they have lost their livelihoods, and community members who protested faced violence and intimidation. Benefits promised by EPO to the community, including compensation payments, employment opportunities and a health clinic, have not materialised.³

Details:

Forty percent of Liberians live on land that has been transferred to foreign investors for mining or agri-business.⁴ Liberia considers palm oil crucial to its economic development and has granted "concession agreements" to four international palm oil companies, one of which was made with EPO for the purpose of operating two large oil palm plantations: Palm Bay and Butaw. This process was undertaken without seeking the FPIC of the communities who had owned and used that land for generations.⁵

The land in question had been used for oil palm cultivation before falling into disuse during the wars in the 1990s. As a result of the agreement with the Government, EPO took up these areas for use, replanting them and expanding its plantations by annexing adjacent areas. These adjacent areas, traditionally owned by local communities, were used for farming and to generate a source of income.⁶

Five villages gave their land to EPO in what they were told would be part of an exchange agreement with the promise of compensation, employment and investment in infrastructure such as roads, schools and clinics. No contracts or memoranda of understanding were signed with the company, and the communities never saw any of the promised benefits.⁷

Communities reported being subjected to violence and intimidation when they resisted EPO's attempts to grab their land which began in 2013 when the company came to survey the land as it prepared for expanding the plantation, bringing armed men along with the surveyor.⁸ When members of the community marched peacefully on the capital to protest this encroachment onto their land, they were intercepted by EPO security guards and armed Liberian police and reported being flogged and kicked.⁹

How could a UK Business, Human Rights and Environment Act have made a difference?

In our assessment, under a UK Business, Human Rights and Environment Act, EPO might have ensured that the rights of traditional communities were protected. This includes ensuring the right to the ownership and possession of their ancestral domains – the rights to develop, control and use lands and natural resources, to stay in the territories and not to be removed – were protected.

A reasonable process might have compelled EPO to map overlapping land rights or claims to understand the nature and status of the land concerned which might have permitted it to identify the existence of indigenous peoples with active claims over the land. This would arguably have compelled the company to conduct or participate in a consultation and FPIC process (led by or jointly with the host government).

As in the present case, if the company failed to properly consult with and gain meaningful consent from the communities, resulting in their loss of livelihood, it is likely that the affected communities could take a civil claim forward.

The conflict between the affected communities and the armed police resulting from the situation of land-grabbing should have been a foreseeable risk in the context of a post-conflict society. An adequate due diligence process would have included a rigorous risk assessment capable of identifying these risks, and a plan of action to mitigate these risks. If these risks had not been identified or adequately mitigated it is likely that under the UK Business, Human Rights and Environment Act a UK court would not have considered the company's approach to have been reasonable.

Endnotes

- 1 Transform Trade (January 2020), "[Our land. Our rights.](#)"
- 2 Equatorial Palm Oil (30 September 2020), "[Annual Report and Accounts](#)". Shares (13 January 2021), "[Change of Name; Total Voting Rights](#)", p. 5. Harneys (14 January 2021), "[Harneys advises Equatorial Palm Oil plc \(renamed Capital Metals plc\) on its proposed acquisition under AIM Rule 14 of Capital Metals Limited](#)".
- 3 Transform Trade (January 2020).
- 4 Basta, Friends of the Earth, "[Live or drive, a choice has to be made](#)", p. 8.
- 5 Transform Trade (January 2020).
- 6 Transform Trade (January 2020).
- 7 Transform Trade (January 2020).
- 8 Transform Trade (January 2020).
- 9 Transform Trade (January 2020).