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Tree oil plan tries to bear fruit

Growing palm extract instead of lucrative coca is a hard sell for Colombia farmers

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VUELTA LARGA, COLOMBIA - Standing amid a stately column of African palms, Carlos Lopez points out that the trees' fatty extract, used to make everything from cookies to cosmetics, can provide a steady income for small-scale farmers.

Lopez, an agricultural technician, spends his days in the fields of southern Colombia persuading peasants to switch from growing coca shrubs, which provide the raw material for cocaine, to palm trees.

"If we hadn't promoted oil palm," says Lopez, as he stomps through a grove of 50-foot-tall trees, "surely most of these areas would be covered with coca."

Colombia supplies 90 percent of the cocaine sold on U.S. streets. But the nation has also emerged as one of the world's top producers of palm oil.

In fact, palm oil is considered one of the most promising crops to replace drug plantations, prompting the U.S. Agency of International Development, or AID, to spend $10 million to help coca growers switch to palm.

But supporters of the U.S.-backed effort claim that a separate Washington initiative could undermine Colombia's palm-oil industry and inadvertently boost the cocaine trade.

As the United States hammers out a free-trade treaty with Andean nations, American negotiators are urging Colombia to eliminate protectionist measures — such as import tariffs on soybeans and other commodities used to make cooking oil — that shield its palm-oil producers.

Treaty raises concern

American officials insist that expanded trade would lead to more exports of legal Colombian farm products and more jobs in the war-wracked countryside.

But many Colombian experts argue that the protections are vital. Without them, they say, a flood of cheap imports could bankrupt legions of oil-palm farmers, prompting some to grow coca or join the Marxist guerrilla groups that have been battling the government for 40 years.

"We have a big rural population and high unemployment," said Roberto Albornoz of the Colombian Agribusiness Partnership Program, an AID-financed group that helps small producers secure bank loans and technology. "So, we either help to develop alternatives, or these people are going to produce drugs."

Colombian President Alvaro Uribe supports the treaty negotiations. He recently warned, however, that if new trade rules provoke more joblessness in the countryside, Colombia could see a surge in terrorism by rebels, right-wing paramilitaries and narco-traffickers.

"Weak agriculture," he said, "equals strong terrorism."

Over the years, most campaigns to persuade Colombian farmers to abandon coca have floundered, because the nation's cocaine industry is so entrenched and lucrative.

But oil palm, a generic name for African palm and several other species of tropical trees, can be more profitable than many other food staples, because its clusters of yellow and maroon fruit can be picked every few weeks. The pulpy berries render a greasy liquid that is the base for one of the world's most popular cooking oils as well as a key ingredient in many soaps, industrial lubricants, gum and candles.

Colombia exports about 40 percent of the 630,000 tons of palm oil made in the nation annually and ranks fourth in world production behind Malaysia, Indonesia and Nigeria.

Troubles for farmers

The industry has traditionally been dominated by large landholders, but small farmers in coca-growing regions have recently broken into the business. In fact, the Colombian office of AID, the development arm of the U.S. government overseas, funnels 20 percent of its crop-substitution budget into oil-palm projects.

"You have to get to a tipping point where (drug) farmers go back to the legitimate economy," says an AID official in the Colombian capital of Bogota, speaking on condition of anonymity. Oil palm, he adds, "is a crop that can make a difference in coca areas."

Yet in southwestern Nariño state, palm farmers are barely scraping by.

Part of the problem is that Nariño ranks as one of Colombia's top drug-growing spots. The demand for field hands to pick coca leaves has doubled the price of local farm labor. As a result, the cost of producing palm oil in Nariño is the highest in the country.

Adding to farmers' woes, U.S.-financed crop dusters, which eradicate coca crops, accidentally sprayed herbicide on nearly 500 acres of oil palms growing next to drug fields last year, according to Bismarck Preciado, who heads Cordeagropaz, an AID-backed group that assists peasant palm growers.

Farm subsidies targeted

Breathing hard after harvesting clusters of golf-ball-size palm fruit with a long, metal pole, Carlos Estacio, 38, admits that cultivating the crop has been a long, hard slog.

"People with coca have houses and motorcycles," says Estacio, who clears about $200 per month by selling 2 1/2 tons of fruit to a nearby refinery. "The coca growers laugh at us."

Estacio and other palm growers wonder if the coup de grâce for their livelihood could be the proposed free-trade agreement that the United States hopes to finalize this year with Colombia, Ecuador and Peru.

A key U.S. demand is for Colombia to eliminate a sliding scale of import duties that can reach 40 percent on a wide range of American commodities. U.S. negotiators also want Colombia to eliminate a stabilization fund that compensates palm-oil exporters for their losses when the world price for the product falls below the domestic price.

"Subsidies allow the establishment of palm plantations that would not be feasible in an open market," columnist Rudolf Hommes recently wrote in the Bogota financial newspaper La Republica.

But American officials maintain that freer markets will improve Colombian agriculture by forcing local producers to become more efficient.

Prospect of more jobs

Although some farmers would likely be forced out of business under a free-trade deal, Colombia could gain thousands of new jobs by exporting labor-intensive products such as exotic fruits and vegetables, said David Mergen, the agricultural attaché at the U.S. Embassy in Bogota.

Treaty critics point out, however, that the palm industry's 5,000 peasant growers find it hard to secure credit and new technology, limiting their ability to modernize and compete with farmers in richer countries.

They add that Washington spends millions of dollars annually to underwrite American soybean farmers but that U.S. negotiators refuse to put their own subsidy program on the table in the treaty talks with Colombia.

"It's not a fair fight," complained Jens Dishington, executive director of the Colombian Palm Oil Producers Federation.

In the palm groves of Nariño state, some frustrated palm farmers seem to be nearing their own tipping point, one that might nudge them into the cocaine trade.

As he wraps up his tour of the palm grove, Lopez, the agricultural technician, spots a pair of farmers carrying plastic jugs of gasoline, which is used to turn coca leaves into cocaine. The men disappear into the jungle.

Suddenly, Lopez stops in his tracks.

"You see behind those trees," he says, pointing to an acre of green bushes surrounded by oil palms, "that's a coca field."