

On the road to sustainable palm oil ?

The soaring ambitions of the Belgian Alliance for Sustainable Palm Oil



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Intro

Palm oil has unique properties which is why it very much coveted by the food industry. But palm oil is also often associated with rampant deforestation in Indonesia and Malaysia.

The cultivation of the so-called orange gold and almost everyone agrees on this must therefore be made 'sustainable'.

The ***Round Table for Sustainable Palm Oil*** is an international organisation that was established to work towards this goal, but some believe things are not happening soon enough. Since 2014 the **Belgian Alliance for Sustainable Palm Oil** aims to speed up the process in Belgium.

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Palm oil is unique

- Palm oil is derived from the fruit of tropical oil palms. **Two countries account for 87% of global production: Malaysia and Indonesia.** Europe is the third importer, after China and India. An estimated 40% of production is by small-scale farmers; the other 60% is produced by large plantations. Palm oil definitely could contribute to regional development and employment.
- Palm oil resists high temperatures and has a neutral taste; it is solid or semi-soft at room temperature and it does not oxidize quickly. In short, palm oil is an **ideal ingredient for the food industry**. In 2005, palm oil surpassed soybean oil as the main vegetable oil around the globe. Today, 1 out of 10 products on the shelves, including cosmetics and detergents, contain palm oil.

Good to know!

Productivity per hectare of palm oil is many times higher compared to other vegetable oils. On 6% of arable land used for the production of vegetable oil, palm oil produces 32% of total output. Likewise, it would take 7 to 10 times more land to obtain the same quantity of vegetable oil without palm oil.

Palm oil controversy

- **Doctors say** palm oil contains **50% saturated fats** (better still than coconut oil or cocoa butter but certainly worse than olive oil or rapeseed oil). That is why Belgium's Superior Health Council advises to limit the consumption of palm oil. This has hurt the image of palm oil and has led some manufacturers to sell their products under a 'no palm oil' label.
- **Environmental and development organizations** claim that the expansion of palm oil has required huge surfaces of **tropical forest to be cut**. Very vulnerable peatland is also increasingly being used. As a consequence, people and wildlife have lost traditional habitats. There are countless social conflicts about land ownership or the rights of plantation workers. Palm oil is definitely not the only factor which contributes to the recent wave of forest and peatland fires in Indonesia, but it does contribute to the high ranking of the country on the list of notorious CO₂ emitters.

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Alternatives for palm oil are not healthier and are even worse for the environment. The only alternative is sustainable palm oil.

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Eddy Esselink of the Dutch Task Force on Sustainable Palm Oil

Row over Nutella

An obvious example of how lively the debate can be came in the summer of 2015 when France's Minister for the Environment, Ségolène Royal, urged for a Nutella boycott since palm oil is responsible for deforestation in South-East Asia.

The Italian government and Ferrero, Nutella's producer, were outraged. Environmental NGOs also leapt to Ferrero's defense: the French minister was right overall, but she chose the wrong example. Ferrero is an industry leader in its sustainable sourcing policy for palm oil.



Response of the industry

Due to the pressure exerted by environmental organizations and general public opinion, a number of steps have been taken over the past fifteen years.

2004 Official start of the RSPO, *Round Table for Sustainable Palm Oil*. The industry takes the initiative, but NGOs such as the WWF and Oxfam join the Round Table. A code of conduct is approved including 8 principles and 39 criteria. To put this into practice, a certification model is developed for producers, processors and traders.

2008 The first shipment of RSPO certified palm oil reaches Europe.

2013 After much criticism of NGOs the RSPO criteria are strengthened. A number of companies and NGOs want to go further with the protection of forests, peatland and local communities and establish the *Palm Oil Innovation Group* (POIG).

2014 Other companies add to the confusion with initiatives of their own such as the *Sustainable Palm Oil Manifesto* (SPOM).

2015 The RSPO certifies 20% of the world's palm oil is sustainable sourced; and this share continues to grow. RSPO is definitely an approach that appeals to the industry. Demand is rising, but still lags behind the offer. Currently, only half of all certified palm oil is sold as certified palm oil.

2016 Launch of RSPO Next, an attempt at addressing lingering criticism.

Reactions from the NGO world

From the onset, the **WWF** chose for a constructive but critical role within the RSPO. Sabien Leemans, Policy Coordinator of WWF Belgium: “RSPO is the only initiative that has any potential for pushing a large part of the industry into a sustainable direction. Many companies must still take the first steps towards banning illegal practices. Then, they can become RSPO certified. But that should not be the end goal.

Some important elements such as the protection of secondary forests and peatland are still too weak within the RSPO approach. RSPO Next works towards addressing this issue, but for a real change to happen the voluntary nature must become an obligation.”

Greenpeace has always been very critical of the RSPO. In its recent report, *Indonesia's Forests: Under Fire*, Greenpeace links RSPO members to satellite images of deforestation, reclamation of peatland and the devastating fires at the end of 2015. “Also after the criteria were reviewed, RSPO certification does not guarantee palm oil without deforestation,” says Sébastien Snoeck, Forest Campaigner of Greenpeace Belgium.



Plantation in Papua, Indonesia © CIFOR

RSPO Certification

Because the chain is complex, the RSPO provides four levels of certification:

- **Book & Claim:** the planter is certified for each tonne of palm oil that is cultivated in accordance with RSPO criteria and places the certificates on the virtual GreenPalm Market. Companies can buy these certificates and label their product as sustainable (even though the labelled product does not contain the actual certified oil).
- **Mass balance:** companies purchase certified palm oil, but conventional and sustainable oil can be mixed in the course of processing.
- **Segregated:** the certified palm oil is kept separate throughout the chain; a guarantee that the palm oil in the end product effectively originates from certified plantations.
- **Identity preserved:** the palm oil can be traced back to the palm oil mill.

In 2013, two thirds of RSPO certified palm oil was Book & Claim. Meanwhile this share has dropped to 50% and the physically segregated supply chains have gained prominence.

RSPO Next

In response to criticism, the RSPO will launch RSPO Next in the course of 2016. The details still need to be made public but it is basically an addendum, a set of extra criteria that companies can voluntarily implement to emphasise their commitment as a sustainable business. With this next level any tie between a company and deforestation, forest fires or peatland should become impossible.



“The criteria are too weak and essential parts remain voluntary. RSPO Next does not change anything about this fundamentally. But for the forest in Indonesia, time is running out.”

Jefri Saragih is the director of **Sawit Watch**, an Indonesian NGO that operates in the midst of all this turmoil: “The forest and peat fires of 2015 were the worst since 2015. Too often small-scale farmers are blamed for this. But when we compare satellite images of the seats of the fire with the concessions of palm oil plantations, we notice RSPO members are also involved. As a member of the RSPO we have regularly tried to file complaints. But these procedures are very slow.”

At the end of December 2015, the RSPO said it worked hard at monitoring the fires and the possible role of its members, but that it still has hardly any access to maps with the most recent data of the concessions. Legal proceedings to obtain them are in a stalemate, both in Indonesia and Malaysia.

The WWF and Greenpeace do find each other though in promoting good practices. That is why they are both actively involved in the *Palm Oil Innovation Group* (POIG), a coalition of NGOs and a number of progressive companies. The group's Charter elaborates the RSPO criteria, but its objectives are higher in three essential domains: ecology (deforestation, use of pesticides, etc.), collaboration with local communities and transparency. Meanwhile, concrete indicators have been developed for these criteria and in the course of 2015, a number of companies were audited on that basis. And the outcome was positive, which immediately shows that steps forward can be taken.

HCS as a key concept ?

To combat deforestation and consequently global warming, Greenpeace developed a land use planning methodology called **High Carbon Stock Approach** or HCS.

It aims to objectively distinguish between different types of vegetation: high carbon stock forests or young regenerating forests that can stock carbon must be protected.

Cleared land with little potential can be used for agriculture or other purposes. The respect for local communities and their way of life is also included in the assessment. Some companies have already applied the HCS to show that they distance themselves as palm oil players from deforestation.

But the members of the *Sustainable Palm Oil Manifesto* (SPOM) view this differently. At the end of 2015 they came up with their own HCS study that highlights 'carbon neutrality'. This means that the carbon stock of palm oil plantations is accounted for in compensations for deforestation of other areas.





Belgian Alliance for Sustainable Palm Oil

In November 2014, a business initiative called the Belgian Alliance for Sustainable Palm Oil (BASPO) was established. The Alliance has two types of members: on the one hand, food sector federations, and on the other hand nine companies which collectively produce nearly 60% of all palm oil used in the Belgian food sector. Unilever, Vandemoortele, Lotus Bakeries and Ferrero are doubtlessly the most famous. The goal of the federations is to raise awareness about the issue among its members, whereas the nine companies involved have more concrete goals.

→ Goals for 2015

For the short term, the goal was to make the sourcing policy 100% sustainable. In concrete terms the nine companies promised to purchase only **RSPO certified palm oil by the end of 2015**. That goal was achieved.

BASPO proudly announced that DETIC had joined the Alliance. DETIC is the association of producers and distributors of soaps, cosmetics and cleaning products. It shows **that the demand for sustainable palm oil derivatives is also on the rise in that market**.

→ Goals for 2020

By 2020 the objectives are even higher. Philippe Thiry, CEO of Aigremont and president of BASPO: “We aim to strengthen our sustainability criteria.

This means that we include the protection of all valuable HCS forests and peatlands, that we aim to achieve full traceability (100% segregated) and that we explicitly support smallholder farmers. We want to progress gradually via annual plans and concrete goals.”

BASPO also wants to work with similar initiatives in other countries to come to a European approach.

For instance, BASPO has asked the Belgian government to support the Dutch government's initiative to put sustainable palm oil on the European Council's agenda in 2016.



From left to right : Ariane Louwaege and Philippe Thiry (BASPO), Sabien Leemans (WWF) and Françoise Van Tiggelen (DETIC) © BASPO

The **WWF** is pleased with BASPO's ambitions.

Sabien Leemans: "This announcement is an important step forward. But most of all it means a lot of work. For instance, to determine how these extra criteria can be measured. We hope that the RSPO evolves fast enough and that POIG's or RSPO Next's experience can be used. In addition, the role of the federations should be made clearer and more companies should join the initiative. And we ask the government to develop European legislation through which the production of soy beans and palm oil stops causing deforestation and social conflicts."



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Greenpeace also welcomed the goals. Sébastien Snoeck:

"Of all existing alliances, the French and Belgian have the most far-reaching ambitions. But the most important still are the extra criteria and the assessment thereof. Moreover, there is the speed at which the whole sector follows and processors in Europe put pressure on producers. Now, still too many players in the supply chain play the blaming game. After all, we can only repeat: if we wait five more years, there will be hardly any forest left in Indonesia."

Example : Lotus Bakeries

Five years ago **Lotus Bakeries** launched a project on sustainability, with palm oil as an important element. In 2011, Lotus became an RSPO member. First, the company purchased certificates via the Book & Claim system, but meanwhile it has switched fully to Mass Balance and Segregated. “This was a deliberate choice,” says Els Rutsaert, Corporate QA Manager with Lotus Bakeries. “The RSPO is riddled with loopholes and Book & Claim is a way to provide peace of mind.

But our ambitions are higher. It is not simple. We were often the first ones to ask our suppliers for a fully segregated flow for certified palm oil. But it is possible and the fact that we are encouraged by Greenpeace motivates us even more to continue. Eventually we want to develop a system that tells us where our palm oil comes from with no palm oil linked to deforestation or the exploitation of smallholder producers and local communities.”

And what is the consumer's role ?

Quite remarkably, during a BASPO conference at the end of 2015, the question of the consumer's role in this effort was raised. Most people present were very sceptical in this respect. The reason is that the health aspects have changed the game. Since Belgium's Superior Health Council advised to limit the consumption of palm oil, companies are not keen on labelling palm oil. Consequently, the RSPO label is hardly used. So, the situation is very different from the situation in the cocoa sector, which set itself goals for 2020 and where 'sustainable' labels are used broadly.





Epilogue

“We are very proud that all our members have succeeded in sourcing 100% RSPO certified palm oil. For 2020, the objectives are even higher with extra criteria such as full protection of valuable forests and wetlands. It is important that NGOs critically monitor this process, because thier demands are mostly justified and founded.”

Philippe Thiry, BASPO president



Nursery of palm oil trees in Indonesia. © Ryan Woo for Center for International Forestry Research (CIFOR).

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