



The fruit of oil palms © World Bank Photo Collection

Towards sustainable palm oil?

A controversial story

Over the last few decades, palm oil has steadily been on the rise and worldwide it has become the most important vegetable oil. NGOs and environmental activists are very worried. For many years tropical forests have been destroyed at an alarming rate to make room for oil palm plantations. Can this orange gold be sustainably cultivated?

Success story

Palm oil is extracted from the pulp of the fruit of oil palms. Just before the refining process it is orange, giving it its nickname. The reason for palm oil's success is obvious. Productivity per hectare is many times higher compared to other vegetable oils. Compared to soy, rapeseed or other alternatives, palm oil production takes up less land. Also, palm oil can resist high temperatures and gives food a smooth taste, which makes it an interesting ingredient for the food industry. As a result supermarket shelves are filled with products with palm oil, from food to cosmetics. This does not yet show on product labels, even though in Europe this will change as from December 2014. The current generic term 'vegetable oil' will have to be specified, a change founded mainly on health arguments.

Meanwhile, palm oil has become big business for obvious reasons. Production is concentrated in two countries, Malaysia and Indonesia, while production in Africa is on the rise. The commodity chain is long and complex: from the farmer or plantation owner it passes via refineries and processors to producers of ingredients as well as end products. Demand is expected to grow steadily over the next few years, especially because of the population growth in China and India.

Cleared for palm oil

The timber and paper industry used to be the primary drivers of deforestation in Indonesia; now this questionable honour goes to oil palm plantations.

The consequences are catastrophic because the rain forest is of crucial importance, on the one hand for storing CO₂, and on the other hand as a habitat of various plant and animal species under threat of extinction. Increasingly, peatland is also used for palm oil. It does not make happy reading if you also know that oil palm cultivation requires huge amounts of water which, combined with fertilizers and pesticides, leads to contamination and fish mortality. But there is also a social downside, indigenous forest dwellers are displaced and human rights are violated on a large scale.

Round table

This issue is not new. In response to public indignation, planters, producers, processors, investors and NGOs (including WWF and Oxfam) established the Roundtable for Sustainable Palm Oil (RSPO) in 2004 already. In 2005 a code of conduct laid down 8 principles and 39 criteria that led to a label for sustainable palm oil.

The first shipment of certified oil arrived in Europe in 2008. Critical voices such as Greenpeace considered the whole RSPO story nothing short of greenwashing, but the initiative seemed to catch on. In 2010, the 25,000th family business was certified in Jakarta. And large retailers and processors saw membership as an ideal means to show their concern for the environment. Kellogg's, Unilever, Carrefour, Mondelez, Nestlé and others promised to go for 100% sustainable palm oil. But we are not there yet.

GreenPalm

Every planter can have an RSPO controlled and certified plantation. But it is further up the chain that issues arise. The palm oil commodity chain is so complex it becomes very difficult and particularly expensive to keep sustainably produced oil separate from other palm oil.

Because RSPO risked failure, one of its members, British oil processing company AarhusKarlshamn, looked for solutions. This resulted in the GreenPalm Certification. According to Bob Norman, president of GreenPalm, it is the only way to gradually change the whole palm oil industry from within: "It is important not to reserve sustainable palm oil for large companies, which can afford segregate processing, and to encourage producers to produce in a sustainable way."

RSPO in het eye of the storm

It could be expected that NGOs would be critical about the Book and Claim certificates. But the RSPO has also had other issues to deal with over the last few years.

Claims about conflicts and human rights abuses near newly won oil palm areas were rife. Important RSPO criteria such as the prohibition to clear primary forests with a high biodiversity (high conservation value areas) or the



Farmer in Pulau, Malaysia © Tianyake

obligation to announce plans for new plantations and involvement of the local population were often not complied with. For instance, Borneo Surya Mining Joaya's bulldozers could just go ahead, despite the many complaints. The RSPO secretariat usually fails to respond adequately. In May 2013, Indonesia's Duta Palma, an infamous forest destructor, was the only company ever to have been excluded from RSPO membership after years of complaining.

In part because of increasing criticism, debates within RSPO about stricter criteria and procedures were fierce. The new text, approved in April 2013, contains a few new criteria, such as reduced greenhouse gas emissions at new plantations, and guidelines about ethical business practices, human rights and the abolition of forced labour. But the demands of many members, scientists and NGOs to expand the prohibition to clear primary forests to secondary forests and peatland and to completely ban the use of harmful pesticides were not included.

RSPO-certification

RSPO has four levels of certification:

- **Book and Claim:** (managed by GreenPalm): the planter is certified for each ton 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). The planter can use his premium to make his production more sustainable.
- **Mass balance:** conventional palm oil can be mixed with sustainable palm.
- **Segregated:** the certified palm oil is kept separate throughout the chain; a guarantee that the palm oil in the end product effective originates from certified plantations.
- **Identity preserved:** palm oil can be traced back to the original plantation.

In 2012, 72% of RSPO certified palm oil was traded as *Book and Claim*.



Ready to harvest © CIFOR

Greenpeace

It is no wonder that Greenpeace remains critical about RSPO in its recent report *Certifying Destruction*. An Lambrechts, international policy coordinator for the Indonesian rain forest campaign, explains: "Greenpeace has never been an RSPO member, and is not likely to become one soon, because the criteria are fundamentally weak. The recent review only includes voluntary guidelines for the reduction of greenhouse gas emissions and peatland development has not been banned."

Palm oil and global warming

Unlike oil palm plantations, tropical forests store huge amounts of carbon. When the forest is cleared or burned, these greenhouse gases are released.

This is even more so for peatland. Even though they only cover 3% of the planet's surface, they hold a huge amount of carbon. The destruction of Indonesia's peatland is the main reason why the country is the biggest producer of CO₂ after China and the United States. Even though it is forbidden in Indonesia to drain peatland any deeper than 3 metres, the industry usually does not comply with this rule.



Oil palm plantation on peatland, Sarawak © Wakx

Moreover, RSPO certification is no guarantee for palm oil without forest clearance. Companies are able to obtain an RSPO label for one certified plantation and then hide behind that certificate and just carry on as before elsewhere. A concrete plan that should be presented for the remaining issues is hardly followed up.

In October 2012, Greenpeace published a scorecard ranking eleven of the world's major palm oil producers' sustainability efforts. Only one company, Brazil's Agropalma, made genuine efforts to protect forests and peatland. Whatever RSPO does, it does not prevent deforestation."

WWF

The WWF, which is one of the co-founders of the RSPO, follows an altogether different strategy. Sabien Leemans of WWF Belgium: "The RSPO is the only initiative that brings the whole industry together. Since it is our ambition



© Greenpeace

to push the whole sector into the direction of sustainable production we will stay at the table. Of course, we expected more from the review. An outright ban on planting oil palm on peat soils or the use of harmful pesticides – which we pushed for – has not made it. But we think that the new criteria, even though they are not binding everywhere, will be the basis for change."

Adam Harrison, negotiator for WWF International adds: "That is why we have insisted that emission data should be made public through a uniform Palm Greenhouse Gas Tool. That way it will become clear that clearing peatland plunges the numbers into the red and companies, urged by investors, politicians or consumers, will understand that they have to evolve towards low carbon palm oil. The same applies to traceability, now that palm oil from different sources is being mixed on a large scale. The WWF proposal for due diligence did not seem feasible, but the obligation of refineries to register the origin of the palm oil is a first step."

New coalitions

Greenpeace and WWF agree on the promotion of good practices. Companies that go further than the RSPO can be the first dominoes on the way to sustainable palm oil production, such as the Palm Oil Innovation Group (POIG), a coalition of NGOs including Agropalma (Brazil), New Britain Palm Oil Limited (British but with plantations in Papua New Guinea), Daabon (Colombia) and GAR (Indonesia).

In a joint statement from June 2013 they presented themselves as innovators. They want to go further than the RSPO in three essential areas: ecology (no more deforestation, spare peatland, reduce pesticide usage...), collaboration with local communities and 'integrity' (transparency, traceability...). An Lambrechts: "We hope to prove that more ambitious standards can break the link between palm oil and deforestation."

In March 2013 Greenpeace issued a press release welcoming a GAR pilot project. This pilot in West Kalimantan is to be the launch of a general business policy that spares high carbon-storage forests and peatland. Local farmers that spare such areas are compensated and the government is involved in deciding which parcels of land can be released.

A solution that is increasingly used is the planting of new oil palm trees on land that was cleared long ago. Based on research conducted in Kalimantan (Indonesia), a WWF study showed that good cultivation and harvesting techniques are often more important for soil quality and yields. Thus, even plantations on degraded soils could become economically profitable. There are millions of hectares of land in Indonesia, and more so in Brazil, that could be used for this purpose.

This short overview clearly shows that civil society plays a key part in fostering the debate and promoting actions for sustainable palm oil. Most industrial actors, on the other hand, play for time and only make marginal changes to their practices as slowly as possible while sowing dissent between actors, counting on bureaucracy and threatening with the loss of employment and economic damage to do the rest.

Unfortunately, environmental degradation goes faster than the implementation of sustainable production methods, resulting in the known effects on biodiversity.

Sustainable palm oil

“Pioneers who look for solutions are very important”, is Sabien Leemans’ conclusion. “But it is equally important that palm oil buyers are encouraged to take the step toward segregated/identity preserved RSPO certified palm oil. Right now it is the only real option for sustainable palm oil.”

However, a new, still minor, player recently appeared in the field of palm oil certification, i.e. the American NGO Rainforest Alliance. Its standards for sustainable agriculture go further than the RSPOs and like for coffee, cocoa and other crops they want to broaden the offer of sustainable and fully traceable palm oil. In 2012, Colombia’s Daabon was the first company with a green frog label on its palm oil.



Oil palm plantation in Papua, Indonesia © CIFOR



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SOURCES

The BTC brochure “Palm oil in world trade - A strategic and controversial issue” (February 2011) and the Roundtable on Sustainable Palm Oil fact sheet can be downloaded from www.befair.be.

Greenpeace: www.greenpeace.org/belgium

Certifying Destruction. Why consumer companies need to go beyond the RSPO to stop forest destruction (September 2013) and Greenpeace Scorecard on Palm Oil Producers (October 2012) can be downloaded from www.greenpeace.org.

WWF: www.wwf.be

FAQ on the Review of the RSPO Principles and Criteria (April 2013) and Assessment of RSPO Member Palm Oil Producers 2013, can be downloaded from www.panda.org/palmoil.

RSPO: www.rspo.org, www.greenpalm.org

Other alternatives: <http://grist.org/article/the-death-of-sustainability/>

Timothy Fairhurst and David Mc Laughin, Sustainable Oil Palm Development on Degraded Land in Kalimantan, WWF, can be downloaded from www.worldwildlife.org.

GAR: www.goldenagri.com.sg/sustainable_hcs.php?PgId=pilot

The Rainforest Alliance: www.rainforest-alliance.org/work/agriculture/palm-oil

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