

Governing Sustainability and Palm Oil

Lessons from hybrid governance arrangements in the EU

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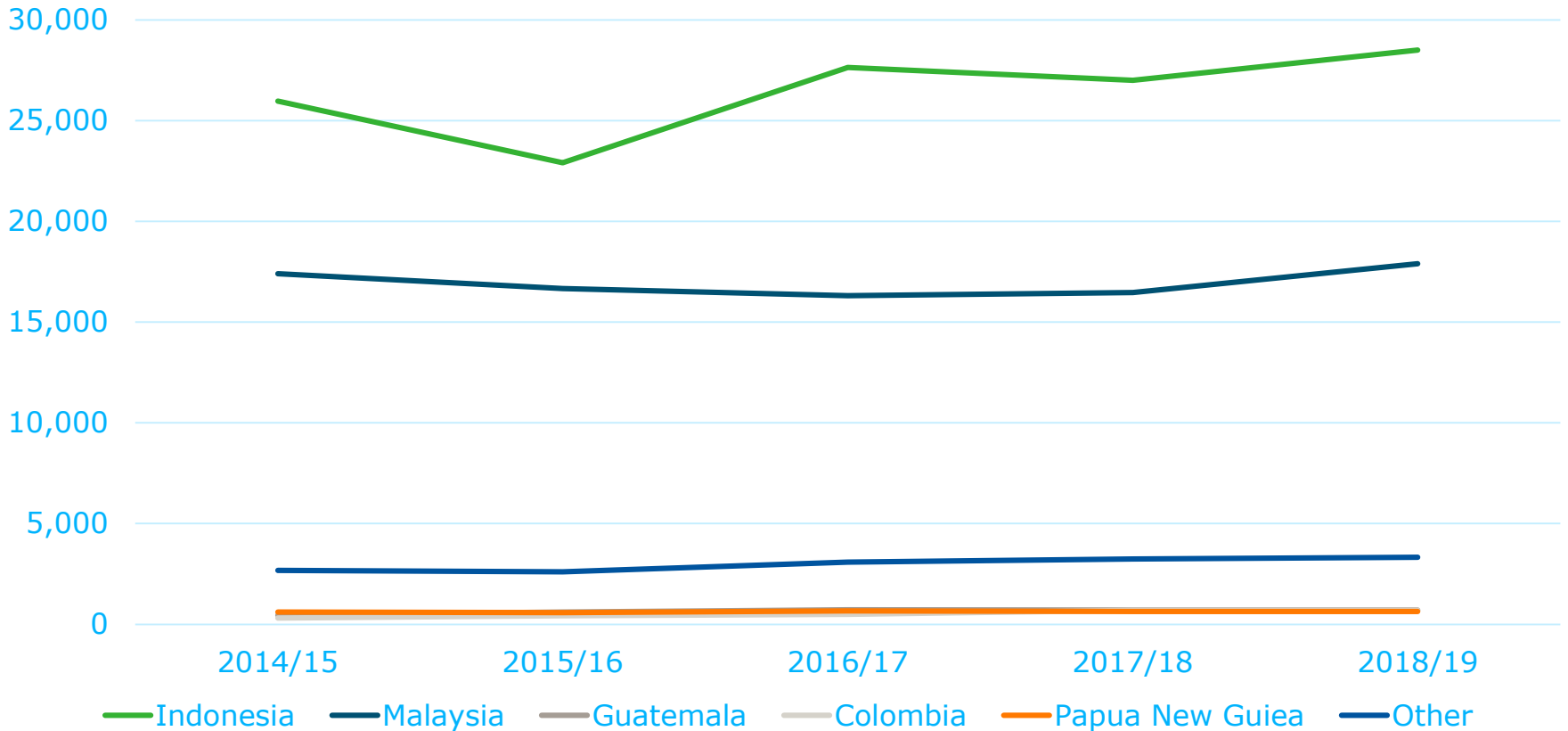
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Outline of the presentation

- challenges to palm oil
- multiple governance initiatives
- complexity and challenges
- conclusions

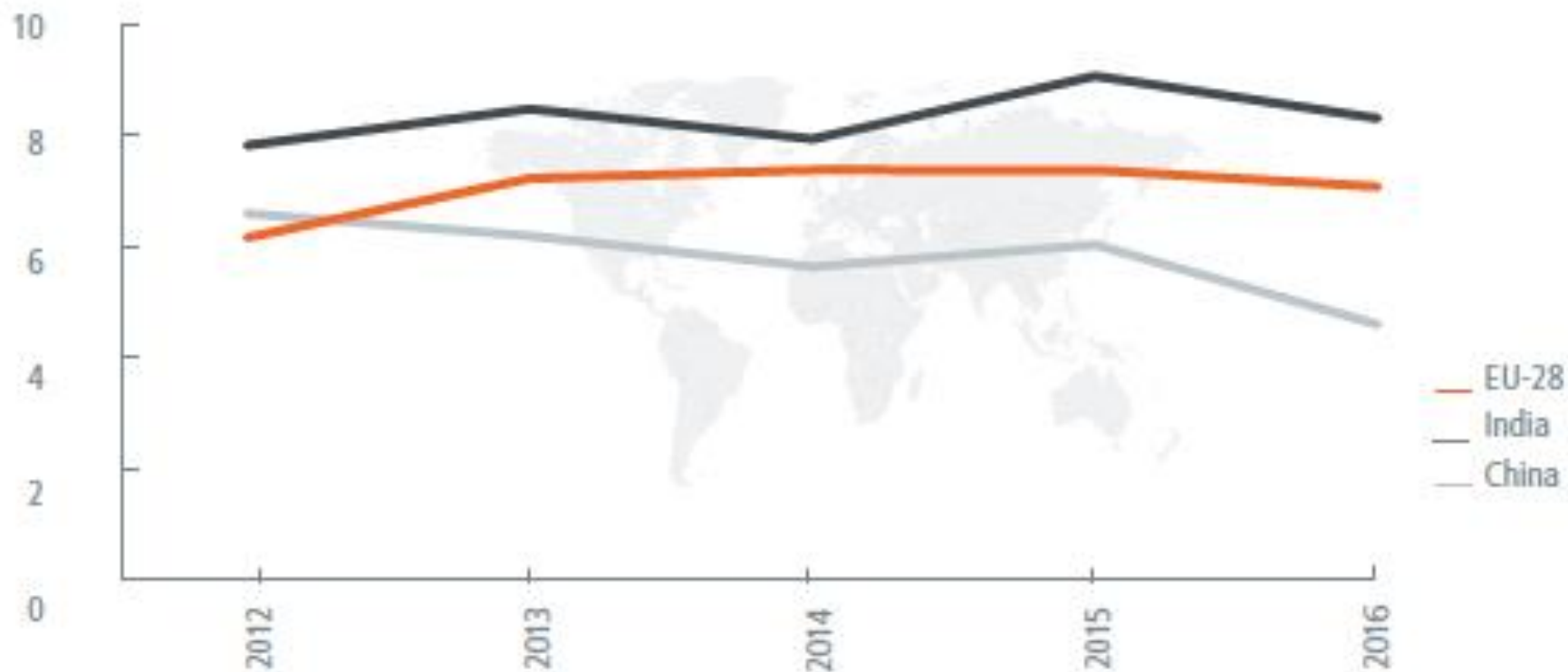


Palm oil exporters



Main palm oil importers

FIGURE 5
Total annual import of palm oil to EU-28,
China, and India (x 1000 tonnes)



Public perception of palm oil in Europe (Survey by Kantar 2018)

- *people's health*: palm oil is often seen as harmful for human health by consumers in Europe (seen as containing harmful fats)
- *environmental impact*: palm oil is often seen as having negative environmental impacts by European consumers; more than other vegetable oils
- *social impact on local communities*; palm oil is seen by quite some European consumers as having negative impacts on local communities; most respondents did not select one vegetable oil as negative for the environment

Particular debate in Europe on palm oil concerns

- deforestation: destruction of the world's precious rainforests
- threat to species survival: threatening biodiversity and the habitat of species such as the orangutan
- environmental damage: release of carbon speeding up global warming
- social consequences: social conflicts due to displaced communities and illegal land grabs



Global palm oil governance initiatives

- multiple concerns has driven multiple initiatives to address them:
 - private regulation (RSPO)
 - hybrid governance (biofuels) (ISCC)
 - public regulation:
 - Malaysia (MSPO)
 - Indonesia (ISPO)



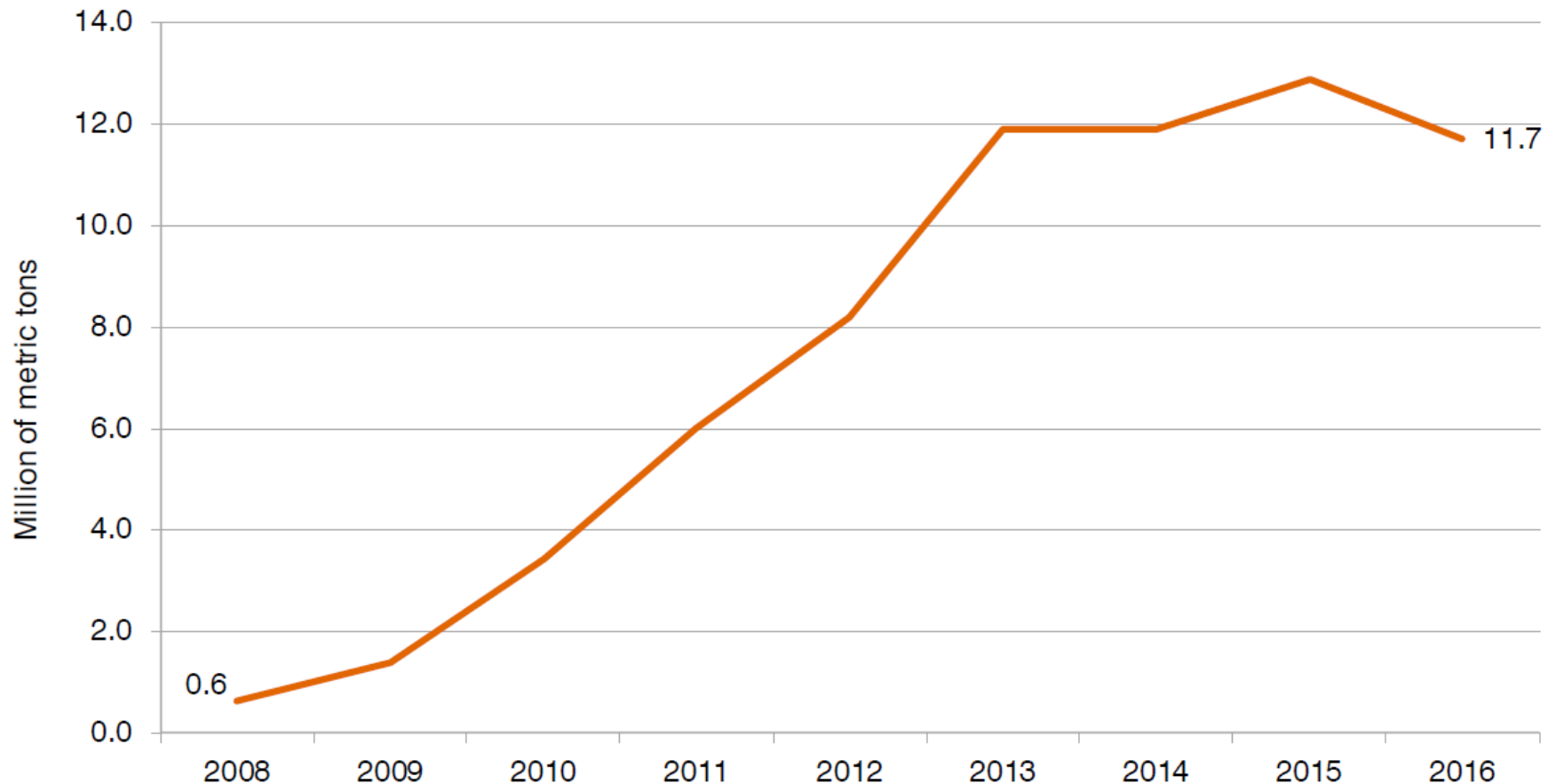
The RSPO

- RSPO is a multistakeholder initiative to secure a global market based on economic, social, and environmental sustainability
- RSPO has 659 members
- RSPO developed a certification scheme for sustainable palm oil (2007)
- sustainable palm oil now covers some 19% of the global palm oil market (13.38 million tonnes from 3.76 million hectares)



RSPO volume (ITC 2018)

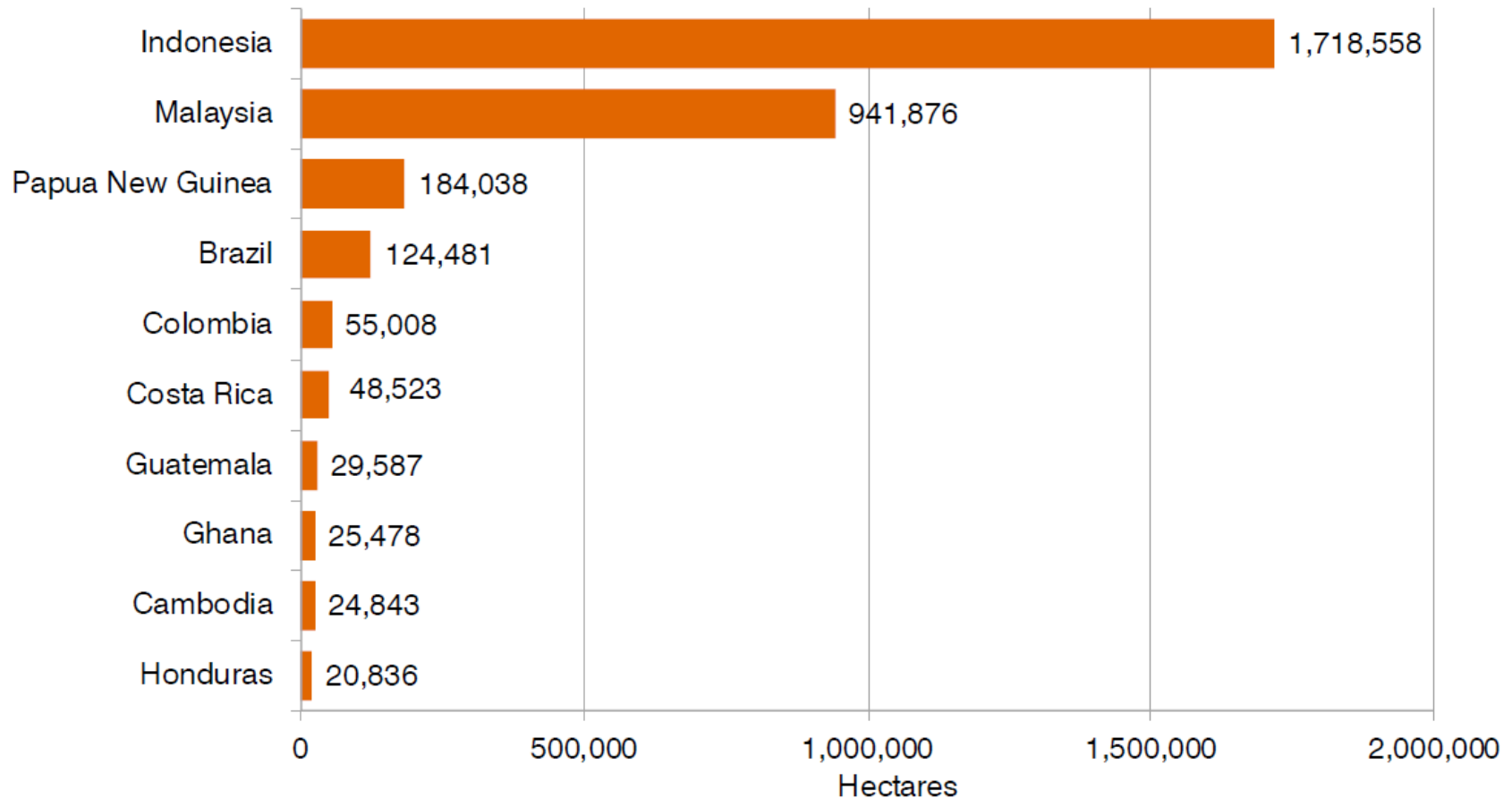
Figure 68: Roundtable on Sustainable Palm Oil: Palm oil production volume, 2008–2016



Source: Roundtable on Sustainable Palm Oil (RSPO) 2014, 2015, 2016, and 2018.

RSPO – top 10 countries area (ITC 2018)

Figure 69: Roundtable on Sustainable Palm Oil: 2016 close-up – Top 10 countries by area



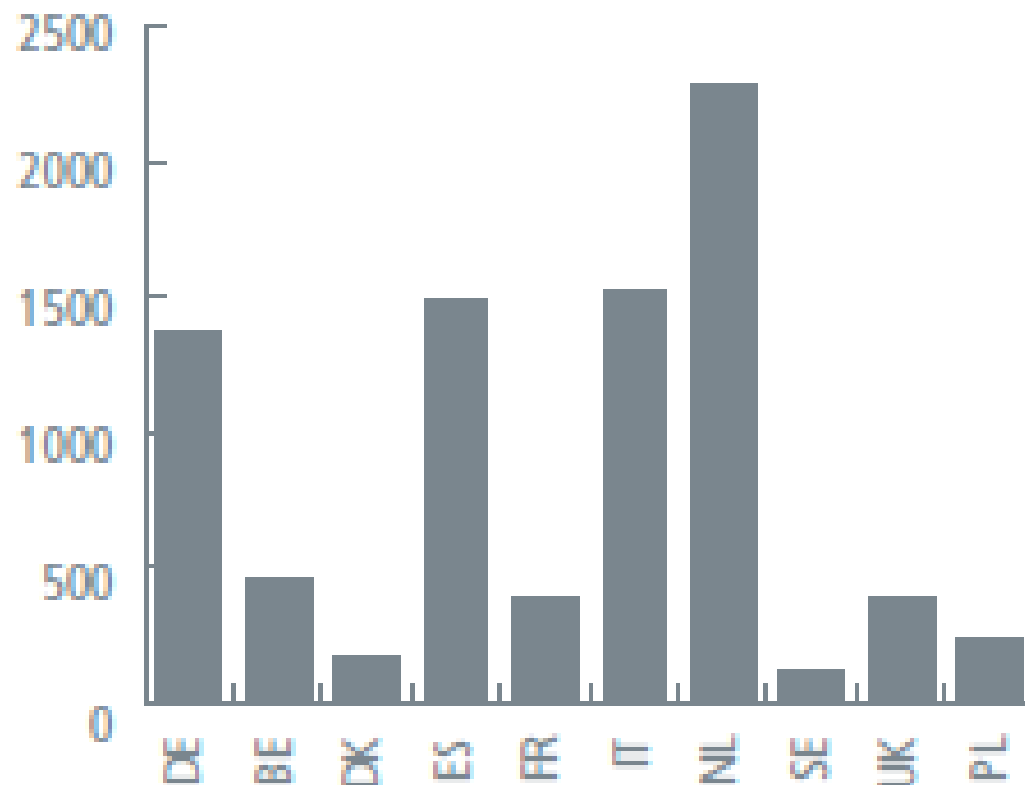
Source: Roundtable on Sustainable Palm Oil (RSPO), 2018.

RSPO-certified palm oil is dominating EU markets

- in 2017 69% of the palm oil imported for food into European refineries was RSPO-certified
- in 2017 88% of the palm oil imported for food into the Netherlands was RSPO-certified and 56% of the palm oil imported for animal feed was RSPO-certified

EU importing countries

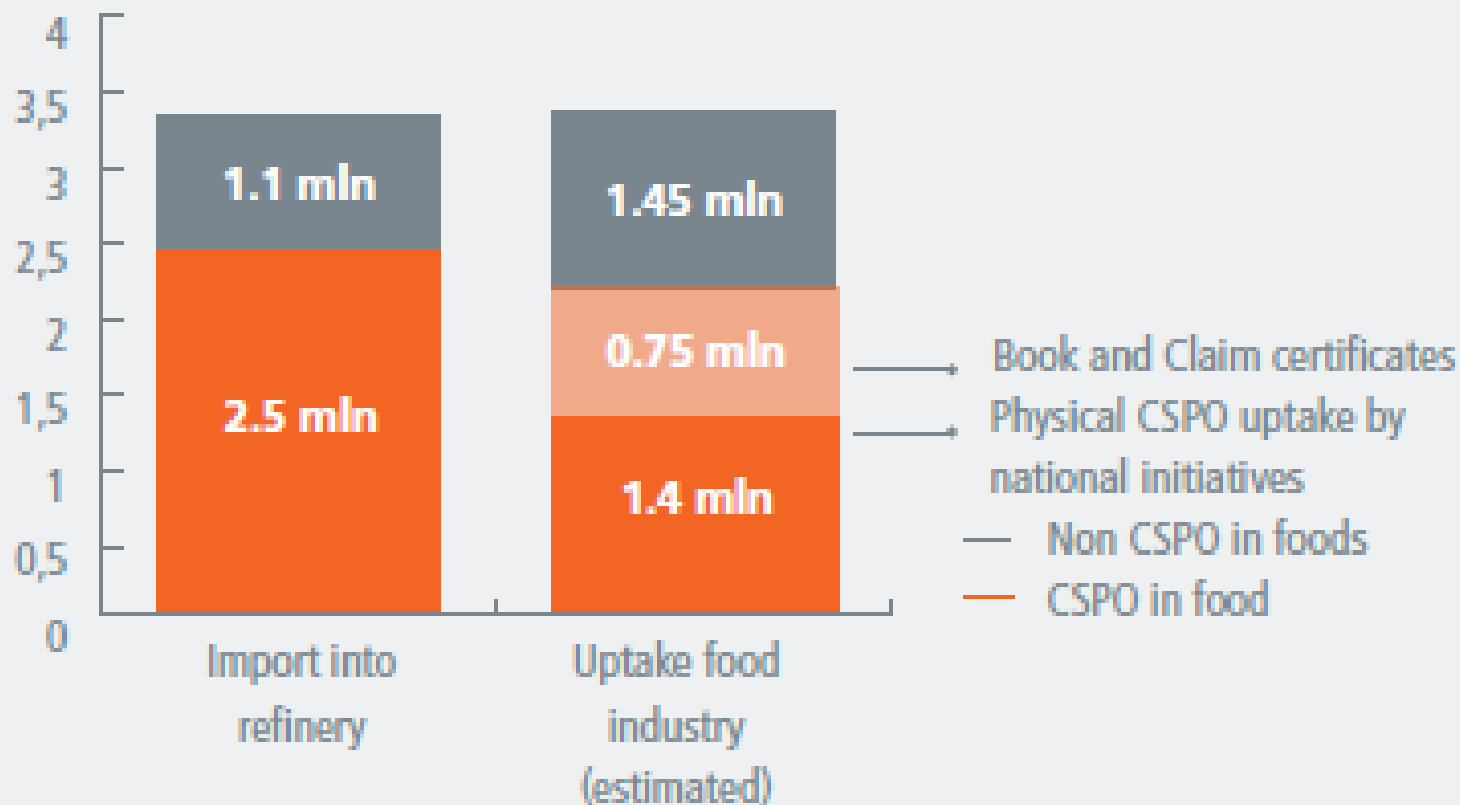
FIGURE 6
Total imports of palm oil
to the main players in EU
(x 1000 tonnes)



RSPO-certified palm oil imports

FIGURE 9

Import and use of certified sustainable palm oil in Europe in 2016



Source: RSPO 2017, Oil World 2017, expert judgements and national initiatives

European National Palm Oil Initiatives

National Palm Oil Initiatives

- Norway**
100% CSPO = 2015
Additional Targets = 2018
- Sweden**
100% CSPO Commitment = 2015
Additional Targets = 2020
- Denmark**
100% CSPO Commitment = 2016
Additional Targets = 2018
- Netherlands**
100% CSPO Commitment = 2015
- Belgium**
100% CSPO Commitment = 2015
Additional Targets = 2020
- United Kingdom**
100% CSPO Commitment = 2015
- Germany/Austria/Switzerland**
100% CSPO Commitment = 2014
Additional Targets = Various Dates
- France**
100% CSPO Commitment = 2015
Additional Targets = 2020
- Spain**
100% CSPO Commitment
- Italy**
100% CSPO Commitment



- Countries with a signatory national initiative to the ESPO Commitment
- Signatory governments of the Amsterdam Agreement

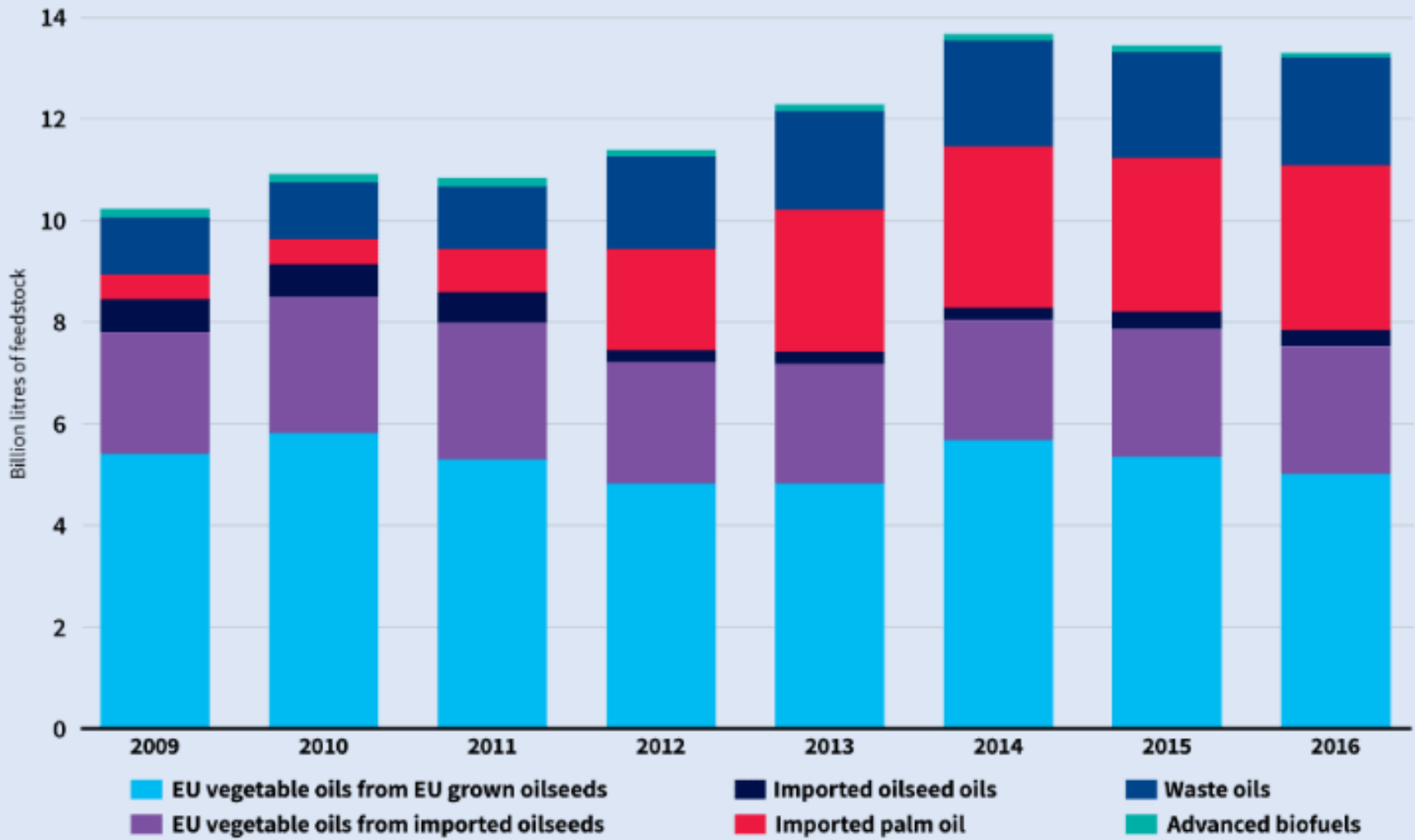


EU-Biofuel policy – hybrid arrangement

- EU aims for 10% renewable fuel for transport in 2020
- EU aims for an overall reduction of 6% in GHG intensity from fuel mix compared with 2010
- biofuels are an option if they are produced in a sustainable way:
 - not from land with high biodiversity
 - not from converted land with high carbon stock
 - sufficient reduction of GHG
- biofuels need to be certified by voluntary (private) schemes recognised by the EU:
 - ISCC; Bonsucro; RTRS; RSB; 2BSvs; Red Tractor; SQC; RSPO; etc.



Feedstocks used for EU biodiesel production 2009-2016



Market share for vegetable oil in EU biofuels

Origin	2010	2011	2012	2013	2014
Rapeseed	80%	79%	72%	66%	63%
Soybean oil	13%	12%	6%	3%	4%
Sunflower oil	1%	1%	1%	1%	2%
Palm oil	6%	8%	21%	29%	31%

ISCC International Sustainability and Carbon Certification

- 5.6 million tonnes certified palm oil in 2015
- 353 palm-processing companies were ISCC-certified in 2017
- about 22 million tons of ISCC-compliant FFB were produced in 2016

Malaysian Sustainable Palm Oil (MSPO)

- developed by the Malaysian government; launched in November 2013, officially implemented since January 2015:
 - standards for responsible management of palm oil plantations, smallholdings and palm oil processing facilities
 - supply chain certification for processing, trading or manufacturing palm oil from certified oil palm management units
- mandatory for smallholders by 31 December 2019 (RSPO-certified plantations: 31 December 2018; other entities: 30 June 2019)

MSPO-certified

- total 758,923 ha and 70 mills certified (February 2018)
- about 13 per cent of total plantation area of 5.8 million ha in Malaysia
- 5.2 per cent of smallholder area certified:

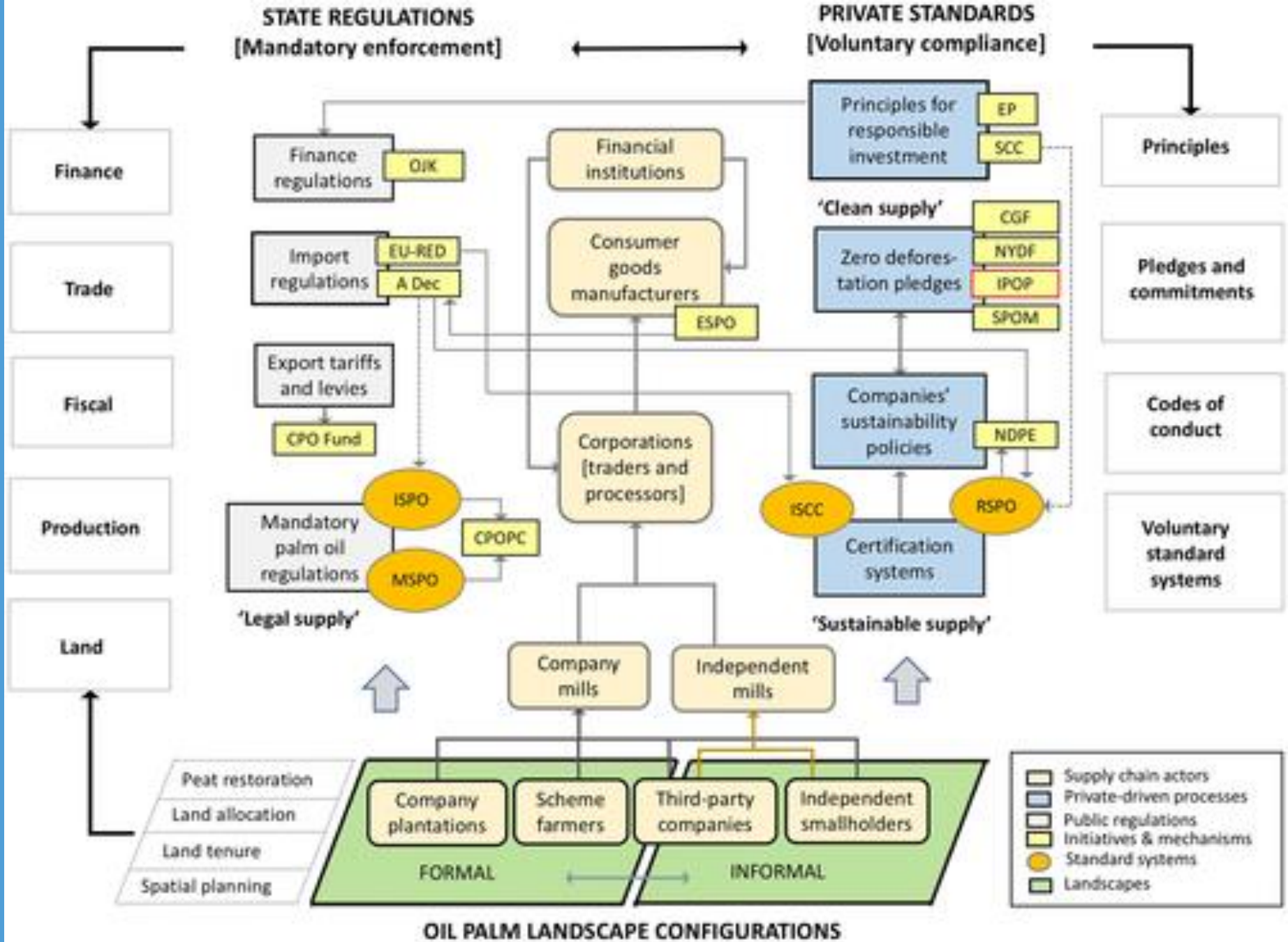
Category (certified July 2018)	Certified smallholders	Certified area
Independent smallholders	3,235	12,312.02
Organised Smallholders (56 Schemes)	32,170	107,503.90
GRAND TOTAL	35,405	119,815.92

The Indonesian Sustainable Palm Oil (ISPO)

- introduced in 2011 by the Government of Indonesia; based on existing Indonesian legislation
- mandatory for all oil palm growers by 2020
- situation August 2017:
 - 16.7 percent of 11.9 million ha oil palm plantations certified
 - 1.9 million ha, production 8.2 million tons CPO
 - 306 ISPO certificates granted to 304 Indonesian oil palm companies, one plasma farming association, and one farmer self-help cooperative

Public and private initiatives

- RSPO, ISCC, organic certification are private initiatives by private companies and NGOs
- MSPO and ISPO are governmental initiatives by the Malaysian and Indonesian governments
- hybrid regulations combine private and public initiatives:
 - Amsterdam Declaration: governments commit to support sustainable commodity chains through aid to producing countries (aid & trade agenda) and policy incentives (e.g. national procurement policies)
 - EU biofuels policies: import requires certification by recognized private schemes



OIL PALM LANDSCAPE CONFIGURATIONS

Complexity and confusion: what way forward?

- many initiatives => collaboration is required
 - public & private;
 - North & South
- often the Southern perspective is ignored in policy dialogues
- focal areas:
 - save High Conservation Values and High Carbon Stock areas
 - responsible finance
 - smallholder support



Collaborative sustainable palm oil governance arrangements

■ main goals:

- strengthen accountability and transparency in value chain and governmental arrangements
- increase smallholder empowerment
- identify and develop new incentive to increase uptake of sustainability practices
- consider more innovative ways forward:
 - multi-cropping
 - forms of landscape governance

Conclusions

- palm oil is a global commodity subject to many challenges with respect to governing its sustainability
- the current governance landscape is complex and confusing:
 - public – private
 - exporters – importers
 - national - international
- addressing this complexity requires dialogue and collaboration to create synergies in governance initiatives and achieve the impact needed
- how to drive this process?



Thank you for
your attention



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