

The “greening” of a shady business – Roundtable for Sustainable Palm Oil

World Rainforest Movement

Oil palm plantations have spread rapidly around the globe in recent decades, with profound implications for local communities and the environment. A “Roundtable for Sustainable Palm Oil” (RSPO) was formed to promote sustainable production practices. But is this possible? Or does the RSPO merely amount to the greenwashing of an inherently destructive industry? The World Rainforest Movement produced an analysis.¹

Over the past few decades, oil palm plantations have rapidly spread throughout Asia, Africa and Latin America, where millions of hectares have already been planted and millions more are planned for the next few years. These plantations are causing increasingly serious problems for local peoples and their environment, including social conflict and human rights violations. In spite of this, a number of interests – national and international – continue actively to promote this crop, against a background of growing opposition at the local level. It is within this context that a voluntary certification scheme has emerged – the Roundtable for Sustainable Palm Oil (RSPO) – with the aim of assuring consumers that the palm oil they consume – in foodstuffs,

soap, cosmetics or fuel – has been produced in a sustainable manner.²

To pretend that a product obtained from large-scale monocultures of mostly alien palm trees can be certified as “sustainable”³ is – to say the least – a misleading statement, especially for oil palm plantations, with their history of tropical deforestation and widespread human rights abuses.⁴ This, however, is precisely what the RSPO is doing.

The first shipment of palm oil certified as “sustainable” arrived in the Netherlands in November 2008, under enormous controversy. Greenpeace pointed out that “United Plantations, the company producing the sustainable palm oil, is cutting down trees from vulnerable peat forests in Kalimantan, Indonesia.” It added that this company “does not comply with local Indonesian laws that protect the environment” and that it is “entangled in land conflicts with the local population.” It was not a good start for RSPO’s credibility.⁵

The RSPO has been a long, time-consuming and expensive process, involving industry, commerce and some social and conservation NGOs.⁶ The question is: why did the private sector get involved in it? The

1 This article is an edited version of a briefing by the WRM. The full briefing, which was published in March 2010, can be downloaded from: <http://www.wrm.org.uv/publications/briefings/RSPO.pdf>

2 The website of RSPO is: www.rspo.org

3 Although the concept of sustainability is open to many interpretations, most people would probably agree with the following definition from Wikipedia: “Sustainability is the capacity to endure. In ecology the word describes how biological systems remain diverse and productive over time. For humans it is the potential for long-term maintenance of well-being, which in turn depends on the well-being of the natural world and the responsible use of natural resources.”

4 See section on oil palm plantations on the WRM’s website at <http://www.wrm.org.uv/plantations/palm.html>

5 <http://www.earthtimes.org/articles/show/241082,greenpeace-first-sustainable-palm-oil-shipment-not-sustainable.html>

6 The RSPO was established in 2004 and the process for starting certification was completed in August 2008

answer is given very clearly in an “Overview of RSPO” included in a press release on 24 November 2008:

As a result of all the above-mentioned issues [tropical deforestation, social conflicts over land rights, food versus fuel] some environmental and social NGOs are actively campaigning against palm oil. There is a risk that the adverse publicity might lead the European Union to stop buying palm oil for biodiesel blending or remove tax support for palm biodiesel until palm oil meets the minimum sustainability criteria. Consumer outcry for sustainably produced palm oil in their food, soaps, detergents and cosmetics is also growing louder and must not be ignored.⁷

When the RSPO process started, the oil palm industry had already managed to achieve a bad reputation as a result of its direct involvement in human rights violations and environmental destruction. Documentation of these include Eric Wakker’s 1999 publication, *Forest Fires and the Expansion of Indonesia’s Oil Palm Plantations*, and one year later, Wakker and others produced the book *Funding Forest Destruction*.⁸

In 2001, having documented the impacts of oil plantations over several years, WRM published its first book on the subject (*The Bitter Fruit of Oil Palm*), which included three case-studies in countries that were major players in Asia (Indonesia), Latin America (Ecuador) and Africa (Cameroon), accompanied by a number of articles describing struggles in those and other countries against oil palm plantations. Apart from the environmental impacts of these plantations, the book documented a large number of human rights violations linked to oil palm expansion.⁹

The fact that both issues – forest destruction and human rights violations – had been well documented led large corporations linked to the palm oil chain (from plantations to retailers) to think strategically about the negative effects that growing opposition and negative publicity might have on their businesses in the future. What they felt they needed was a mechanism that could certify that the activity – from the production of oil palm fruit to the industrialisation of palm oil – could meet “minimum sustainability criteria” and garner sufficient credibility with importing country governments and consumers.

The “solution”: voluntary certification

The chosen mechanism – the RSPO – was to a large extent modelled on the previous WWF-led process of the Forest Stewardship Council (FSC). As in the FSC, the RSPO came up with a set of Principles and Criteria resulting from a negotiation process involving a broad range of “stakeholders”; compliance with those standards would be assessed by third-party certification. Both mechanisms also assure consumers that their certified products are

sustainably produced: the RSPO through its own name, “Sustainable Palm Oil”, and the FSC through its stated commitment that “products carrying the FSC label are independently certified to assure consumers that they come from forests that are managed to meet the social, economic and ecological needs of present and future generations”.¹⁰

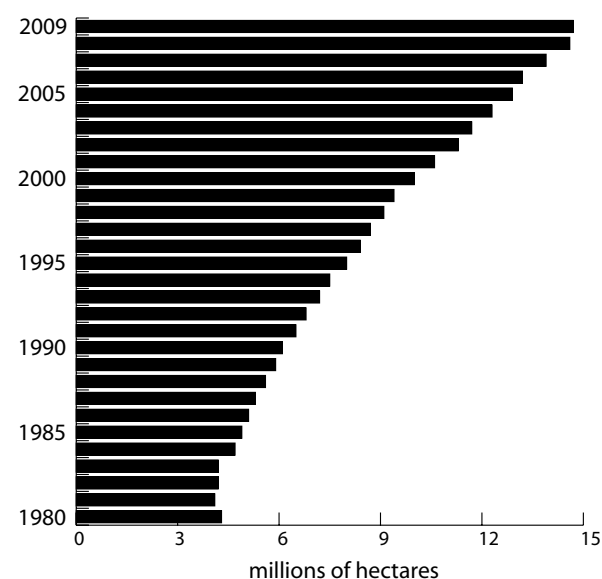
The fundamental problem here, however, is that large-scale monoculture tree plantations cannot be socially and ecologically “sustainable”. In the case of FSC, WRM has produced ample documented evidence proving that large-scale monoculture tree plantations are uncertifiable due to their social and environmental impacts.¹¹ The same is true for large-scale monoculture oil palm plantations. The only forms of palm oil production that are ecologically sustainable is that of local communities using natural palm stands in West Africa – where oil palm is a native species.¹²

However, most of the oil traded internationally – even from West Africa – comes from large-scale monoculture oil palm plantations with profound social and environmental impacts. As with plantations of other trees – such as eucalyptus and pines – the problem is not the species planted but the form and scale in which they are cultivated.

To avoid confusion, it is important to note that industrial production¹³ of palm oil fruit is carried out in three main forms: 1) large, corporate-owned plantations; 2) smallholder farmers’ land; 3) a combination of both – the “nucleus estate-outgrowers” model. However, in all three cases the result is the same: a large area of contiguous land is occupied by monoculture oil palm plantations.

The impact of such plantations on plant and animal biodiversity is enormous, because they destroy the habitat – usually forest ecosystems – of a

Global oilpalm area, 1980–2009 from 4.3m to 14.7m hectares



Source: FAOSTAT

Corporations' firm grasp

The power balance between corporations and NGOs is clearly shown in the RSPO's current Executive Board (February 2010), where the majority of its members represent corporations or associations of corporations:

President: Jan Kees Vis - Unilever

Vice-President I: Adam Harrison - WWF Scotland

Vice-President II: Derom Bangun - Indonesian Palm Oil Producers Association (GAPKI)

Vice-President III: Jeremy Goon - Wilmar International

Vice-President IV: Marcello Brito - Agropalma, Brazil

Treasurer: Ian McIntosh - Aarhus United UK

Members:

Marc den Hartog - IOI Group (Malaysia/Netherlands)

Paul Norton - HSBC Bank Malaysia Berhad

Johan Verburg - Oxfam International

Timothy J. Killeen - Conservation International

Faisal Firdaus - Carrefour Group, France

John Baker - Rabobank International

Christophe Liebon - Intertek

Tony Lass - Cadbury plc

Mohd Nor Kailany - FELDA

Abetnego Tarigan - Sawit Watch

Only two environmental/nature conservation NGOs (WWF and Conservation International) and two social/development NGOs (Oxfam and Sawit Watch) are represented on the board. The other 12 members represent oil palm growers (4), palm oil processors and/or traders (2), consumer goods manufacturers (2), retailers (2), banks/investors (2).

Additionally, its ordinary and affiliate members include some very well-known corporations typically associated with social and environmental damage - Cargill, Cognis, International Finance Corporation, British Petroleum, Bunge, Syngenta and Bayer, among others.

large number of species. This impact is magnified by the heavy use of agrottoxins, ranging from herbicides to insecticides, that result in the elimination of yet more animal and plant species. The chemicals pollute local water resources, which are also affected by the extensive drainage systems put in place for the plantations. Monoculture plantations, moreover, provoke erosion, because land formerly covered by forest is cleared prior to plantation, leaving the soil exposed to heavy tropical rains.

The consequences of plantations for local communities are often severe, particularly in corporate-owned plantations that appropriate large areas of land which had hitherto been in the hands of indigenous or peasant populations and had provided for their livelihoods. The dispossession generates resistance from local people, who are then confronted by repression from state forces and the oil palm companies themselves. The violation of land rights is thus typically followed by other human rights violations, including even the right to life.

Leaving aside other social and environmental impacts, it is a well-known fact that most of the plantations owned by companies involved in the RSPO process have been established at the expense of tropical forests. In spite of that, the fruit harvested from those same plantations will be industrialised and sold as "sustainable" palm oil. This is made possible by one of the RSPO's criteria (7.3), which states that certification will check that "New plantings since November 2005 have not replaced primary forest". This of course means that all deforestation prior to that date will not be taken into account, and that plantations where such deforestation occurred will still receive the RSPO seal of approval. Given that oil palms can be harvested for up to 30 years, this implies that much of the palm oil traded with the RSPO "sustainable" seal in the next 10-20 years will

be harvested from plantations that have "replaced primary forest".

The scenario most likely to result from the RSPO process is that in the future there will be two production sectors supplying different markets. On the one hand there will be a group of companies with certification that will attempt to a greater or lesser extent to comply with the principles and criteria adopted by the RSPO, while on the other hand there will be a second group of uncertified companies that will continue with "business as usual". The first will cater for markets like the European Union, where consumers - and governments - demand compliance with certain social and environmental standards, while the second will supply all the other, less demanding markets.

To complicate matters further, what is being certified is not the overall performance of an oil palm company, but specific plantation areas. This means that it is possible that one company will have some of its operations certified under RSPO principles and criteria while it carries out other operations

7 http://www.rspo.org/resource_centre/Press%20Release%20-%20Post%20RT6_1.pdf

8 Eric Wakker et al., *Funding Forest Destruction. The Involvement of Dutch Banks in the Financing of Oil Palm Plantations in Indonesia*, Amsterdam, Bogor, Castricum: AIDEnvironment, Telapak and Contrast Advies, 2000.

9 In September 2006, WRM published a second book: *Oil Palm: From Cosmetics to Biodiesel - Colonization Lives On*.

10 http://www.fsc.org/vision_mission.html

11 See WRM web page section on certification: <http://www.wrm.org.uy/actors/FSC/index.html>

12 Wild groves are harvested by subsistence farmers, who extract the oil by traditional methods. In West Africa, palm oil is a major food item and it is typically used for making foodstuffs, as its natural flavour has a distinguishable effect on dishes. Palm oil is also used to make palm wine and local medicines. The leaves may also be used to make thatches, which are used as roofing material in certain areas.

13 Harvesting from wild groves or small scale plantations is not considered to be "industrial production".

☛ that violate those same principles. This would be a likely scenario in plantations owned by one company in different regions within a country, as well as in different countries.

The final result will be that the cultivation of oil palm will continue to expand, and the accumulated impacts of both “sustainable” and other plantations will continue to have serious impacts on people and their environment. The RSPO will have fulfilled its main objective: growth (as stated in the RSPO website: “Promoting the Growth and Use of Sustainable Palm Oil”).

Sustainable, improved or greenwashed?

The problem with the RSPO is that it conveys the message that palm oil can be certified as “sustainable”. Confronted with that claim, the only possible response from anyone who knows about the impact of large-scale oil palm monoculture is that RSPO certification is a fraud.

Most people would of course agree that a company that complies with some of the more progressive social and environmental criteria included in the RSPO’s principles and criteria will have improved its performance. Even when the wording of almost every criterion allows for some “flexibility” in its interpretation, some criteria are at least a step forward as compared with currently prevailing practices. For instance, criterion 6.5 establishes that “Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.” It is not much to require “minimum standard” wages, and it is difficult to define what the phrase “decent

living wages” means, but it is obviously better than nothing.

Some social organisations, particularly in Indonesia have seen this process as an opportunity for helping to open up political space for indigenous peoples and affected communities. It is clear to them that the RSPO cannot solve the fundamental problems of land tenure and community rights, but it has been successfully used by some communities to assert their rights, and to force member companies to respect the rights of communities affected by their oil palm operations. As some companies attempt to apply the RSPO standard, this is helping to show that companies and the industry overall will not be able to respect indigenous peoples’ and communities’ rights unless there is legal reform.

The bigger question, however, is not whether the RSPO contributes to improving current practices –which it probably will in some cases – but whether it can be a useful means for addressing the industry’s most severe impacts on forests, local peoples, soils, water, biodiversity and climate. And the answer is: no.

With forests, the RSPO legalises past, present and future destruction of all types of forest, with the exception of “primary forests” and “rare, threatened or endangered species and high conservation value habitats”. As for the rights of local people, the criteria do not provide sufficient safeguards against the further expansion of oil palm plantations over their territories, which will deprive them of their lands and means of livelihoods and adversely affect their health. When it comes to soils, water and biodiversity, the RSPO will serve only to disguise the inevitable impacts of oil palm plantation management on these three crucial resources, while forest

No World Bank money for palm oil

The World Bank has invested US\$2 billion in palm oil cultivation and use since 1965, at least half of it in Indonesia and Malaysia. Palm oil companies such as Wilmar International were regularly granted loans and development funds by the World Bank and the International Finance Corporation (IFC), a member of the World Bank Group. Over the last 45 years, oil palm plantations have grown eightfold worldwide – 23-fold in Indonesia, according to the World Bank. The World Bank has financed 15 palm oil projects in Indonesia and boasts about the “successful establishment of 100,000 hectares of oil palm plantations”.

The impacts have been disastrous: oil palm expansion is the main cause of hundreds of – often violent – land conflicts, rainforest destruction and species extinction in south-east Asia. Indigenous peoples have been deprived of their homes and livelihoods for palm oil. Thousands of orang-utans are killed as rainforest is cut and burned down for plantations. In Africa and Latin America, too, people and nature are suffering as a result of fast-expanding, export-oriented oil palm plantations.

Last year, the World Bank could no longer ignore the complaints: in August 2009, World Bank President Robert Zoellick suspended all

palm oil funding and announced a comprehensive palm oil strategy. Now, however, the World Bank seems determined to go back to “business as usual”. The new World Bank Draft Framework for Palm Oil is a farce.

The World Bank claims to want to promote “sustainable” palm oil production, but the vast industrial plantations which they want to continue funding and the production of great quantities of palm oil for the global market can be neither environmentally nor socially sustainable. Palm oil production consumes vast quantities of energy, land, fertile soils and water. RSPO certification cannot change this fact. Palm oil is now contained in ever more products, from food to cosmetics and cleaners, and it is being increasingly used for biodiesel and in power stations. This disastrous development must be stopped.

On 21 September 2010, environmental and social campaigners worldwide marked the International Day Against Tree Monocultures. Several NGOs collected signatures to a letter to be sent to the World Bank. The letter can be read at: <http://www.rainforest-rescue.org/protestaktion.php?id=623>

* Rettet den Regenwald (“Save the rainforest”) is a German-based NGO. For more information, see: <http://www.rainforest-rescue.org/index.php>

Rettet den Regenwald*

destruction will add further CO₂ emissions to the atmosphere.

Widespread civil society opposition

In contrast to the Forest Stewardship Council – and probably as a result of experience with it – few civil society organisations have joined the RSPO process, and many are actively opposing it.

In October 2008, a large number of national and international organisations responded to the first Latin American meeting of the RSPO with an “International Declaration Against the ‘Greenwashing’ of Palm Oil by the Roundtable on Sustainable Palm Oil”.¹⁴ The choice of Colombia as the site of the meeting only confirmed the concerns of those organisations. The Colombian military and paramilitary forces have routinely used murder, torture, rape and “disappearances” in evicting whole communities to make way for oil palm plantations.

The declaration called the RSPO “a tool for the expansion of the palm oil business” and “another attempt at camouflaging and denying the true situation, providing ‘a green-wash’ to make a model of production that is intrinsically destructive and socially and environmentally unsustainable, appear to be ‘responsible’.” It gave several reasons for rejecting the RSPO, including:

- that the principles and criteria proposed by RSPO to define sustainability include large-scale plantations;
- that the RSPO is designed to legitimate the continuous expansion of the palm oil industry;
- that any model that includes the conversion of natural habitats into large-scale monoculture plantations cannot, by definition, be sustainable;
- that the RSPO is interested in economic growth and opening up markets for palm oil, not social and environmental sustainability;
- that the RSPO is dominated by industry and does

- not genuinely consult affected communities;
- that the participation of NGOs in RSPO, such as the WWF, only legitimates an unacceptable process;
- that the RSPO allows companies to certify individual plantations, eluding overall assessment of their whole production.

A year later, just before the RSPO’s 2009 general assembly in Malaysia, an open letter was sent to RSPO and WWF by a number of organisations under the heading “Oil palm monocultures will never be sustainable”.¹⁵ The letter stated:

We are deeply concerned that RSPO certification is being used to legitimise an expansion in the demand for palm oil and thus in oil palm plantations, and it serves to greenwash the disastrous social and environmental impacts of the palm oil industry. The RSPO standards do not exclude clear cutting of many natural forests, the destruction of other important ecosystems, nor plantings on peat. The RSPO certifies plantations which impact on the livelihoods of local communities and their environments. The problems are exacerbated by the in-built conflict of interest in the system under which a company wanting to be certified commissions another company to carry out the assessment.

The need to step up the struggle

Regardless of the good intentions of the NGO representatives participating in the RSPO process, or even those of participants from other sectors, it is obvious that the majority of the members and affiliate members of the RSPO do not question the expansion of oil palm monocultures. On the contrary, they are actively seeking to boost both production and consumption in traditional markets (food, soaps, detergents and cosmetics) and in the emerging market of agrofuels. While it is true that many aspects of the production process can be improved, it is equally true that the model as a whole – even with these improvements – continues to be unsustainable.

The RSPO process did not emerge out of the blue, but was in fact an industry response to the many local resistance struggles and national and international campaigns waged to denounce the current situation. Therefore, rather than supporting or opposing the RSPO process, what is most important now is to step up these struggles and campaigns to curb the further advance of this essentially destructive industrial model. The key challenge today is not to improve large-scale monoculture oil palm plantations, but rather to halt their expansion.

GOING FURTHER

- WRM, “RSPO: The ‘greening’ of the dark palm oil business”, Montevideo, March 2010.
<http://www.wrm.org.uy/publications/briefings/RSPO.pdf>
- “International Declaration Against the ‘Greenwashing’ of Palm Oil by the Roundtable on Sustainable Palm Oil” signed by 256 Organisations.
<http://www.biofuelwatch.org.uk/docs/17-11-2008-ENGLISH-RSPOInternational-Declaration.pdf>
- “Oil palm monocultures will never be sustainable” Open letter to RSPA and WWF.
http://www.wrm.org.uy/plantations/RSPO_letter.html
- “Sustainable monocultures no thanks!”, GRAIN, Against the grain, June 2006.
http://www.grain.org/articles_files/atg-6-en.pdf
- The WRM website, with a special resource page on plantations: <http://www.wrm.org.uy/>

¹⁴ See: <http://www.biofuelwatch.org.uk/docs/17-11-2008-ENGLISH-RSPOInternational-Declaration.pdf>

¹⁵ http://www.wrm.org.uy/plantations/RSPO_letter.html