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European Sustainable Palm Oil Advocacy Group

Position paper on palm oil production and deforestation

Food production and consumption are a vital part of Europe's cultural heritage and diversity and play an important role in social cohesion. Yet the food chain can have significant environmental impacts related to resource use and emissions. Conscious of their responsibility to reduce the environmental impact of their operations, food chain actors have proactively undertaken numerous initiatives to use resources more efficiently and render their businesses more sustainable. They have contributed to the halving of the annual rate of net forest loss between 1990 and 2015, and to a reduction of carbon emissions by forests of 25% between 2001 and 2015.¹

In order to tackle the complex problem of deforestation efficiently and effectively, a comprehensive approach taking into account all drivers of deforestation simultaneously is needed to avoid shifting the problem from one driver to another. Focusing on a single activity or on one crop is not effective in halting deforestation.

ESPOAG², the European Sustainable Palm Oil Advocacy Group, represents major food sectors at European level that source a large range of raw materials. ESPOAG supports the EU objective to stop deforestation by 2030, at the latest, and the promotion of this objective at international level. The sectors ESPOAG represents recognize the important role they play in acting as a responsible

¹ Keenan, R; Reams, G; Achard F; Freitas, J; Grainger, A; Lindquist, E; (2015) Dynamics of Global Forest Area: Results from the FAO Global Forest Resources Assessment 2015. Forest Ecology and Management. p.10. doi:10.1016/j.foreco.2015.06.018

² It is composed of the following European food sectors federations:

- AIBI: International Association of Plant Bakers
- CAOBISCO: Chocolate, Biscuits and Confectionery of Europe
- FEDIMA: Federation of European Union Manufacturers and Suppliers of Ingredients to the Bakery, Confectionery and Patisserie Industries
- FEDIOL: EU Vegetable Oil and Protein meal Industry
- IMACE: European Margarine Association



steward of forests and natural habitat. Throughout our memberships, companies are taking a proactive role in tackling deforestation through improved traceability and supplier engagement.

1. Imported deforestation in Europe

According to the EU Commission, Europe was the largest consumer of imported deforestation in the period 1990-2008.³ In 2008, the EU has committed to reduce deforestation by at least 50% by 2020 and halt global forest cover loss by 2030.⁴ In 2014, the UN Climate Summit in New York endorsed this timeline in its New York Declaration on Forests.⁵ The declaration has been signed by 56 countries and governments, including the European Union, as well as several agricultural and food companies. Palm oil is one of the large scale agricultural crops that have a contribution to the ongoing deforestation.

The EU imported in 2014 close to 9 million tons of palm oil and about 0.7 million tons of palm kernel oil ⁶, representing around 12% and 10% respectively of the total world production. It is estimated that around 45% are processed by the food and feed industry, while 55% are used in energy and in industrial applications. The most important drivers for deforestation are logging and fibre plantations, but the production of palm oil plays an important role in the further development of the cleared forest and the economic development of these areas.

2. Private sector engagements to improve on sustainability & halt deforestation in palm oil production

Steady progress is made every year, but the challenge to reach the target of 100% certified sustainable palm oil in Europe remains significant. ESPOAG is working actively on the impediments and obstacles to further progress.

³ Imported deforestation: contribution to deforestation due to sourcing of products that have deforestation associated with the production of a good, commodity, or service. It excludes e.g. deforestation for local consumption. European Commission Technical Report *"The impact of EU consumption on deforestation comprehensive analysis of the impact of EU consumption on deforestation: final report"* (2013)

⁴ COM(2008) 645 – Commission communication on 'Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss'

⁵ UN (2014) Forests : Action Statements and Action Plans

⁶ FEDIOL (2014) Statistics on imports of vegetable oils and fats: www.fediol.eu



With increased understanding and environmental consciousness within the palm oil sector in the past decade, private sector actors and other stakeholders engaged on the issue. They came together to define and apply criteria for good practices in agriculture and in the value chain in order to preserve land considered of high value for biodiversity and carbon storage, through a credible set of global standards. European food sectors are working closely with stakeholders all along the supply chain - producers, refiners, retailers, non-governmental organizations - to drive sustainable palm oil production.

ESPOAG members are also part of the **Roundtable on Sustainable Palm Oil (RSPO)**⁷ a **multi-stakeholder association which** was formed in 2004 by NGOs and industry with the objective of transforming the palm oil sector towards sustainability and transition towards 100% sustainable palm oil production and consumption. The RSPO has developed a set of social and environmental criteria and created a global certification standard system for sustainable palm oil.

The RSPO was the response to the urgent and pressing global call to mitigate the negative impacts of conventional palm oil production. The activities of RSPO and its 2,700 members have increased the volume of certified sustainable palm oil, reaching 3.51 million ha of certified plantations and 13.47million tons of palm oil i, which represents 21% of global production. This is an achievement per se.

This achievement needs to be valued better. Indeed, less than 50% of the certified palm oil volume was sold as RSPO certified palm oil. Since the launch of the system, the sales of RSPO certified palm oil have increased to 6 million tons for 2015, 9-10% of the total palm oil production. The ambition of ESPOAG and RSPO is to reach 100% sustainable palm oil market uptake in Europe by 2020.

The RSPO, committed to continuous improvement, has set up different supply chain certification systems. Most recently RSPO launched a new set of voluntary criteria called **RSPO NEXT**⁸, to strengthen the existing requirements on deforestation and peat lands.

European consumers play a key role

European consumers play a key role in demanding products containing sustainably produced palm oil. The main hurdles for further rapidly increasing the uptake of sustainable palm oil in European

⁷ <http://www.rspo.org/>

⁸ <http://www.rspo.org/certification/rspo-next>



markets are the extra costs involved due to the complex supply chain and the lack of market/consumer demand for products with sustainable palm oil. The lack of a strong consumer demand in the EU for sustainable palm oil is twofold: many markets in the EU are characterized by a lack of consumer awareness of its existence and, on other markets, there is a general avoidance of products with palm oil (consumers opt for products with alternative oils). This is further fuelled by “palm oil free” claims on products in the EU markets.

Sustainability as the new norm for the mainstream supply

The ultimate goal is to establish sustainability as **the new norm** for the mainstream supply, **but sufficient time must be given** to allow all players in the value chain to transform their supply chain's practices. Given the critical situation of climate change some urgent steps are needed to stop deforestation. Therefore, a **stepwise approach is desirable to get as many players as possible on board**.

Sustainability certifications, for example, can be a stepwise and evolving tool in the transition toward the new norm. The tools and policies developed to speed up the transition to the new norm should carefully consider the increase in operational costs and economic viability for all actors in order to be successful. A sufficient number of actors need to sign up to make the changes effective.

Certified sustainable palm oil contributes to meeting sustainability concerns and RSPO is a platform for interested stakeholders to further strengthen the sustainability standards.

3. Vision for the way forward to stop deforestation

Private sector initiatives alone cannot drive the change towards sustainability.

ESPOAG believes that deforestation is a global problem with local solutions: **the EU should aim at finding an approach which can deliver local results.**

- Since deforestation is closely correlated with economic and social development of communities, **making reference in bilateral agreements, whether free-trade or development cooperation agreements, to sustainable development objectives would be the most effective means to stop deforestation across the globe.** *A key element is the better*



enforcement of forest law and promotion of an inclusive approach involving the private sector. Strengthening forest governance and institutions at local and national level is a pre-condition for any effective policy response. Emphasis should lay on governance reforms and capacity building, supported by actions aimed at developing cooperation and complementary demand-side measures designed to support the consumption of sustainably sourced commodities and contributing to the wider objective of sustainable forest management.⁹

- **Environmental policies and regulations, and their enforcement in producing countries, remain critical to ensuring biodiversity and environmental protection, as well as to preventing deforestation.** *A careful distinction needs to be made between illegal deforestation and products that have been legally produced in accordance with the national legislation of the producing country. Legitimate trade should not be impeded. If policy is to be designed and implemented properly, it must be based on extensive information. Existing forest monitoring and assessment programmes are neither complete nor integrated. A more comprehensive science-based approach is required to guide policy decisions and monitor implementation. Initiatives such as from the World Resources Institute (WRI) which released maps for all RSPO certified palm oil concessions on the Global Forest Watch platform are an important step forward.*
- **Technological aid and know-how and financial support to smallholders is needed to be able to increase yields and adhere to the sustainable development objectives.** *Another important factor for success is **collaboration with producing countries** by exchanging information about state-of-the-art, sustainable and **economically viable business practices**. Providing support to producing countries to **build capacity in sustainable practices** can effectively help them to develop both livelihoods and the economy in a sustainable way.*
- **Public procurement guidelines can also have a significant short/medium term impact.** *Public procurement practices should be sustainable. As some States are large buyers of palm oil, this could significantly boost the demand for sustainable palm oil. This important market signal can trigger market actors to become more sustainable.*

⁹ COM/2008/0645 <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52008DC0645&from=EN>



ESPOAG encourages **further alignment on definitions, criteria and standards** to set a common goal for sustainable palm oil and for the reduction of deforestation. ESPOAG is of the opinion that in developing specific EU policies on deforestation, **the EU Commission should define a sustainability baseline for crops contributing to deforestation against which local production systems could be benchmarked, granting the existing schemes like RSPO, a role in future EU policies and/or bilateral trade agreements on deforestation.**

Given the relative limited weight of the EU market (only 11% of the total palm oil production is used in the EU), **in order to be effective in the fight against deforestation, caused by palm oil production or other crops and products imported into the EU, a global approach beyond the EU-scope is also needed.** Emerging economies, such as India and China, need also to be made more aware of their role in tackling sustainability and deforestation issues, including in their sourcing practices. All this followed by a global call to action to tackle deforestation with whatever means possible.

4. About ESPOAG

The European Sustainable Palm Oil Advocacy Group (ESPOAG) was created in January 2013 with the objective to support the uptake of sustainable palm oil in Europe and to communicate scientific and objective facts and figures on environmental, nutritional and functional aspects of the ingredient sustainable palm oil. ESPOAG provides a platform for key European Sustainable Palm oil stakeholders. Next to the aforementioned food sectors, participants include national platforms for sustainable palm oil¹⁰, the Roundtable on Sustainable Palm Oil (RSPO), the European Palm Oil Alliance (EPOA), as well as the missions from Indonesia and Malaysia to the EU. ESPOAG supports and promotes sustainable palm oil sourcing throughout its memberships, from the very small to the very large companies.

¹⁰ Dutch Taskforce for sustainable palm oil - <http://www.taskforceduurzamepalmolie.nl/>
Belgian Alliance for sustainable palm oil - www.duurzamepalmolie.be and www.huiledepalmedurable.be
Alliance Française pour l'huile de palme durable - <http://www.huiledepalmedurable.org/>
Swedish Alliance for sustainable palm oil - www.livsmedelsforetagen.se/
The UK Food and Drink Federation has also signed up to a national statement covering the wider UK palm oil supply chain setting out an ambition of 100 % sourcing of certified sustainable palm oil by the end of 2015. New platforms are being created in Italy and Spain.