



SUSTAINABILITY FIRST

The prospects of sustainable palm oil certification and consumer action to tackle deforestation



INTRODUCTION



Dr Ibrahim Özdemir is the Chairman of the CSPO Advisory Board, a world-renowned ecologist and is a consultant to the United Nations Environment Programme (UNEP). He teaches environmental ethics and philosophy at Üsküdar University, Istanbul, Turkey

Deforestation is not just an environmental peril but a worldwide health emergency. The continued retreat of fragile ecosystems means that we are increasingly exposed to novel pathogens such as coronaviruses. Europe in particular must work with international partners to confront this threat and through its Green Deal lead to a more sustainable future. Nevertheless, there is occasionally a divergence between perceptions of sustainability and the reality of it. Palm oil, one of the most common and most-commonly misunderstood, forest risk commodities, is an exemplary instance of such a divergence. While policymakers often associate palm oil with deforestation, positive developments are leading us towards a new era of transparent supply chains and heightened international collaboration. For example, Malaysia, the world's second-largest palm oil producer, has experienced annual falls in deforestation, partly attributable to a nationally mandated rubric, the Malaysian Sustainable Palm Oil (MSPO). As such, a closer examination of the global palm oil sector

provides the EU with an opportunity to find templates for other forest risk commodities. Through conscientious international partnerships, the EU can follow the promises of the Green Deal and pioneer a new chapter in environmentally responsible and future oriented trade. On behalf of CSPO, I'm delighted to introduce the 'Sustainability First' campaign, which cultivates palm oil research, analysis and expertise to foster fact-based conversations about sustainable palm oil. Our aim is to empower ethical consumers to better understand how we can develop sustainable patterns of consumption that would not challenge the right of future generations to live in a healthy and prosperous world. European consumers, therefore, have a crucial role to play by influencing policymakers. Debates around climate policies do not happen in a vacuum - they reflect public opinion, whether that has been dictated by lobby groups or non-governmental organisations. Consumers are a key part of the ecosystem that shapes EU policy on environmental sustainability. Fortunately, broader awareness is starting to fix some of the common

ABOUT CSPO
The Center for Sustainable Palm Oil Studies (CSPO) is a think tank dedicated to producing and disseminating research on a wide range of issues pertaining to palm oil. CSPO's geographically diverse and inter-disciplinary Advisory Board, including members of parliaments and senior environmental advisors to the United Nations, offers palm oil producer countries expert support on how the transition to environmentally sustainable cultivation practices can be further strengthened and improved upon.

misperceptions, underscoring the importance of supporting successful certification schemes. Taken with the recent and positive shift in the EU's approach - the establishment of the Joint Working Group on Palm Oil - I believe that the framework for truly collaborative partnerships is now in place. To capitalise on this momentum, slow deforestation, protect ecosystems, and reverse climate change, policymakers must seize the moment and pursue functional international solutions for sustainable production, trade, and consumption. ★

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Contextualising deforestation drivers

Deforestation from beef and soy shows no signs of lessening, but Malaysian palm oil could offer another path, writes **Isabel Schatzschneider**



Isabel Schatzschneider is an environmental activist and researcher specialising in food ethics, religious ethics and animal welfare. Currently working as a Research Associate at the Friedrich-Alexander University Erlangen-Nürnberg

A recent study published in 'Nature Ecology and Evolution' claims that annual Western consumption costs 3.9 trees per capita. This is worrying; deforestation contributes up to 15 percent of all greenhouse gas emissions. As the world approaches the 2027 threshold for dangerous global warming, addressing the drivers of deforestation is imperative to averting catastrophe.

Trees, as natural carbon sinks, absorb almost 25 percent of human generated CO₂, including 10 percent of the EU's annual emissions. However, destroying forests releases these carbon reserves into the atmosphere - accelerating warming.

Forests also offer irreplaceable habitats to 80 percent of all land-based species, protecting biodiversity critical to our health. Increased contact with wildlife provides opportunities for novel zoonotic diseases, such as COVID-19, to spread. Yet deforestation shows no signs of stopping.

WWF recently reported that 166,000 square miles of forest had disappeared between 2004-17. According to a CDP study, forestry and agriculture account for more than 80

“While deforestation increases in soy and beef producing regions such as Brazil, have reached a 12-year high, Malaysia has witnessed an annual decrease in deforestation since 2016”



percent of worldwide deforestation. Beef and soy – the leading drivers of deforestation - are currently responsible for more than two-thirds of Latin American forest loss (and 30 percent of all carbon emissions).

The beef and soy industries are failing to tackle deforestation, lack sustainable certification standards, face little scrutiny from Western governments and oper-

ate through notoriously opaque supply chains. Yet the palm oil industry, which has taken major steps towards sustainability, faces an impending 2030 EU boycott.

Worryingly, this de facto ban will increase the production of less sustainable biofuels. As explained by the IUCN, palm oil is incredibly efficient, yielding 35 percent of the global vegetable oil supply on less than 10 percent of allotted oil crop land. According to WWF, alternative vegetable oils such as coconut, soybean, rapeseed or sunflower require between four to ten times the amount of land to

produce the same quantity of oil.

Further, banning a commodity means that demand could shift to other regions with less strict environmental policies. According to the NGO China Dialogue, there is far less demand for certified sustainable oil in India or China compared to the EU. In China, for example, there is no discussion on palm oil sustainability, due to lack of environmental awareness among the public.

This makes the immense progress made by countries like Malaysia, towards sustainability and slowing deforestation, even more important. In fact, the Malaysian Sustainable Palm Oil (MSPO) certification was designed with the EU in mind. It compels plantations to reduce their

GHG emissions and is enforced through strict third-party auditing and transparency and sustainability standards. MSPO certification has been required by law for all plantations since January 2020.

As of February 2021, almost 90 percent of all plantations were MSPO certified. This is an achievement with real consequences. While deforestation increases in soy and beef producing regions such as Brazil have reached a 12-year high, Malaysia has witnessed an annual decrease in deforestation since 2016, according to the World Resources Institute.

If developed regions, like the EU, collaborated with palm oil-producing countries to enforce and improve sustainable production then environmental targets could be met on a global scale - a groundbreaking approach to addressing deforestation. Precedents have emerged in some European countries. The UK's Environment Bill requires British businesses to follow due diligence practices that make it illegal to import commodities that have not been produced according to local laws. This Bill will uncover supply chains and fight deforestation by enforcing new collaborations between producer and importer nations. Another positive example is Switzerland's free trade deal with Indonesia, which includes a sustainability clause wherein deforestation-free and sustainably certified palm oil will benefit from reduced tariffs.

The MSPO offers the EU an opportunity for more responsible trade and consumption as well as a model for other forest risk commodities. It is up to the EU to take it. ★

Science, not sanctions, will save our planet

Hard facts correct European palm oil misperceptions - and point the way to a sustainable biofuel strategy, argues **Dr Nafeez Ahmed**



Dr Nafeez Ahmed is executive director of the System Shift Lab, research fellow at the Schumacher Institute for Sustainable Systems and an award-winning investigative journalist and change strategist

The world is confronted by two interrelated crises. The first is immediately urgent: ongoing deforestation is increasing the likelihood of future pandemics. As barriers between humans and wildlife decrease, greater interspecies contact means rising potential for dangerous disease transfer. The second is a systemic threat with terrible long-term repercussions.

In 2019, the EU effectively prohibited imports of palm oil for biodiesel because of its alleged contribution to deforestation. While technically this is not an outright ban, it disincentivises businesses from importing palm oil under a shift toward renewable energy. This is unfortunate, given that palm oil in Malaysia has shifted toward a far more sustainable regulatory infrastructure which has successfully seen deforestation decline from a million acres per year to fewer than 250,000 acres, as an analysis by The Chain Reaction Research shows.

As such, the EU's decision to ban the product is not just a short-sighted strategy, it's also self-defeating.

Careful examination of the evolution of the palm oil industry, particularly, but not only, in countries such as Malaysia, reveals real green momentum. Malaysia's government has developed mandatory national regulation, through the Malaysian Sustainable Palm Oil (MSPO) metric; meaning that a transition to zero deforestation palm oil is already underway.

However, by banning palm oil, the EU is essentially forcing palm oil producers to believe there is no point in further sustainability in-

vestments. A ban provides greater incentives to producers to sell to other markets with less stringent environmental standards - if they have any at all. This is ultimately bad for the environment and does nothing to stop deforestation, even if it does not actually accelerate it.

This is not least because the palm oil ban has no scientific basis.

Overwhelmingly, peer-reviewed studies in leading scientific journals and associations - Nature Sustainability, the International Union for the Conservation of Nature, Current Biology, the Annual Review of Resource Economics - insist, time and again, that if consumers abandon palm oil, they will have no choice but to turn to alternative oilseeds.

These have greater environmental impact, using far more land, water, fertiliser and pesticides, only to produce an equivalent amount of oil. To be unabashedly straightforward, the science proves that boycotting palm oil will devastate the environment, not protect it. Why then has

Europe punished palm oil?

The palm oil ban may have been a protectionist move to shield its own biofuels industry despite significant scientific evidence of its environmental harms. There is some evidence suggesting that some of these biofuels may be of even worse quality than Malaysian and other sustainable palm oil; removing it from the equation therefore, while questionable from an environmental standpoint, certainly empowers the EU's own dirty industries. After all, the EU Green Deal stipulates reducing carbon emissions from vehicles.

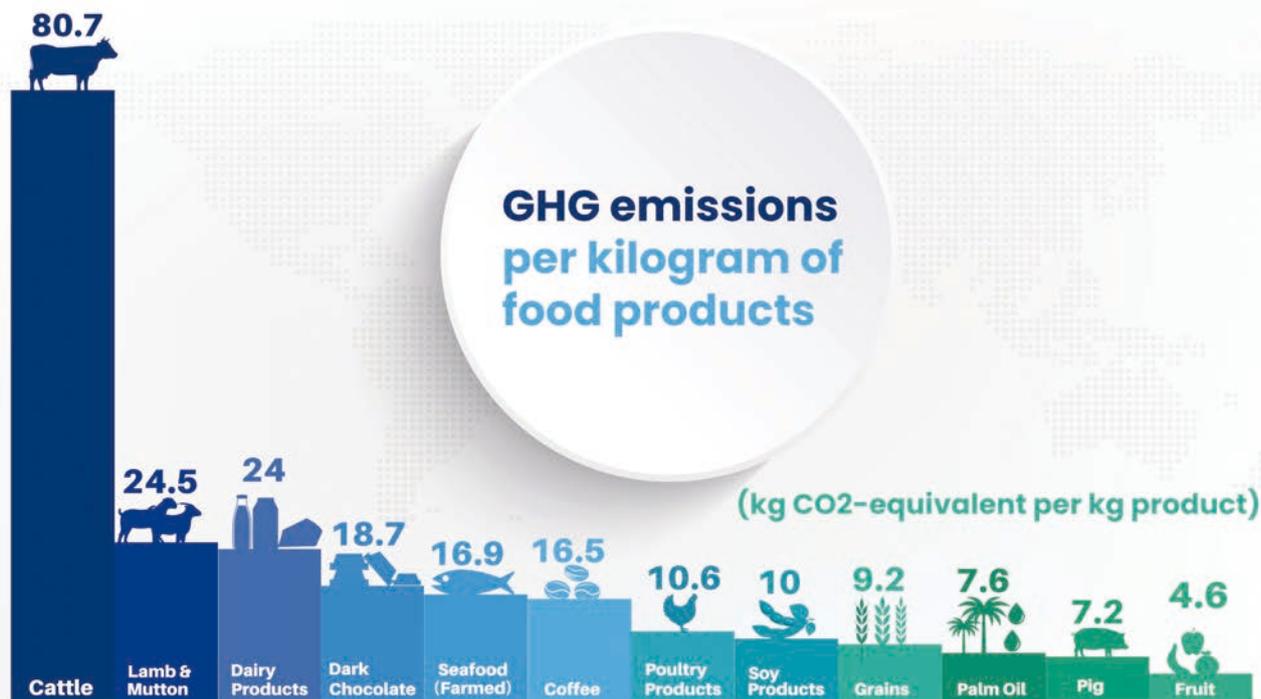
The means to do this, Europe has proposed, is by turning to biofuels, albeit primarily from European rapeseed. This will purportedly provide for renewable fuels, thereby reducing fossil fuel dependency and carbon emissions. Regrettably, however, most of the EU's biofuels consumption relies on rapeseed-derived ethanol.

In the journal *Environment, Development, and Sustainability*, we learn that rapeseed-derived ethanol emits such high levels of carbon emissions that it does not satisfy the EU's own sustainability criteria. Specifically, eight out of ten tests on local rapeseed biodiesel fail to show 35 percent greenhouse gas savings.

What is perhaps more galling and more concerning is the process of deforestation in the West. Recent research published by the journal *Nature Research* showed a worrying increase in rates of deforestation in the EU. Between 2016-18, for example, the loss of biomass due to harvesting in-

“The EU’s decision to ban the product is not just a short-sighted strategy, it’s also self-defeating”





Source: Poore and Nemecek (2018). Reducing foods environmental impacts through producers and consumers.

OurWorldInData.org/food-choice-vs-eating-local • CC BY

creased by almost 70 percent compared with the previous four years.

The area of forest harvested also increased by 49 percent within a similar timeframe. The study blamed this increased deforestation rate on European demand for wood, including as a fuel. In fact, that “abrupt increase”, as the article termed it, threatens to undermine the EU’s own climate mitigation targets. Unfortunately, the EU’s focus is not where it should be. Rather than attend to domestic deforestation, the Union has blamed external commodities, foremost among them is palm oil.

In light of this evidence, one could be forgiven for believing that the EU’s palm oil boycott is more concerned with shielding its biofuel industry from competitive deforestation. This might help us to understand why palm oil is often viewed so much more negatively than other forest-risk commodities in the EU market.

Palm oil is often lumped into

the same category as these other forest-risk commodities, including beef and soy. However, the latter two, consumption of which are increasing, are far less regulated and rarely, if ever, governed by national legislation or enforceable sanctions. They massively contribute to worldwide deforestation and are as such also helping to drive global warming.

Sadly, sustainable palm oil - which has recently made significant environmental progress largely unacknowledged in the West - bears the brunt of European regulations. Meanwhile, much as palm oil faces sanctions while alternative oil ethanol is given a free pass, beef and soy likewise receive almost no scrutiny. This is despite the fact that high-yield palm oil cultivation can produce more than 25 times as much oil as soy for the same area of farmland.

The biggest global driver of deforestation-induced carbon emissions is beef, which totals some 34 percent of emissions. Statistics

like these illustrate Europe has its priorities backwards. In fact, the EU-Mercosur trade deal has not received anywhere near the same level of scrutiny as palm oil, despite - as a recent CDP study finds - it being the most regulated forest-risk commodity.

But there is evidence of change. A paper by the European Parliament’s Directorate-General for External Policies of the Union conceded that it would be more effective and less costly if palm oil producers such as Indonesia and Malaysia implemented a moratorium on deforestation.

Fortunately, in the instance of the Malaysian sustainability metric, MSPO, that is exactly what is taking place. MSPO became mandatory within Malaysia on 1 January 2020, with fines for non-compliant producers. Currently, nearly 90 percent of Malaysian producers are certified under the scheme. There have been immediate and tangible results. Over the last four years, Malaysia has experienced annual

decreases in deforestation, which is in part attributable to MSPO.

In a similar vein, a recent report from the European Parliament’s Committee on Agriculture and Rural Affairs argued in favour of ‘inclusive partnerships’ with the Global South against deforestation. One such approach could be a partnership arrangement with producers such as Malaysia, which are demonstrating verifiable progress in sustainable palm oil.

Europe should work with, not alienate, palm oil producers who have committed to sustainable production, and collaborate with the Global South to improve its adherence to environmental and human rights standards. Genuinely sustainable palm oil could serve as a clean bridge fuel, competitive with EU fuels like rapeseed, as we transition to post-carbon economies. Given the ongoing pandemic threat, the disturbing reality of deforestation and the looming disasters of climate change, we have no more time to waste. ★

Ethical consumers choose sustainability

Certification - like Malaysia's MSPO - is a vital resource for ethical consumers and environmental sustainability, says **Mariam Harutyunyan**



Mariam Harutyunyan is a sustainable innovation consultant and the founder of Belgian sustainable streetwear brand KinArmat

Numerous studies since the start of the pandemic have shown that shoppers are focused on protecting the planet. An Accenture survey, published last year, entitled - 'How Will COVID-19 Change The Consumer?' - showed shoppers "have drastically evolved"; some 60 percent reported making more environmentally friendly purchases since the pandemic started. Nine out of ten of those said they were likely to continue to do so. The shift towards ethical consumption is here to stay.

Consumers are increasingly scrutinising the global economy, strongly influenced by sustainable sourcing, manufacturing and distribution (while also penalising companies that obscure such information). Their concerns extend to labour laws - particularly women's rights - as well as safe working conditions, fair wages and shielding their own communities from climate change.

Not surprisingly, consumers are increasingly demanding assurances from governments and companies that the supply chain will reflect the social responsibility that they champion.

Nevertheless, sometimes con-

sumers get it wrong. For example, when the massive cosmetics industry was criticised for its reliance on palm oil, which - it was assumed - was inextricably linked to deforestation, some companies and consumers switched to coconut oil. Not only did they fail to understand the nuances of palm oil - some of which is relatively sustainable - they also didn't know that coconut oil, as studies have shown, requires five times more land to produce the same amount of oil.

However, a recent report by CDP, 'The Collective Effort to End Deforestation', found that palm oil, of all forest risk commodities, has made by far the greatest progress against deforestation. Nearly all palm oil companies - 98 percent to be precise - have taken at least one industry-accepted measure to address forest loss. While sustainability standards vary across the industry, there are bright spots that European companies, and consumers particularly, would do well to understand.

One such template is the Malaysian Sustainable Palm Oil (MSPO)

certification, which has important successes to its credit, though it is not without potential for continued improvement. Given palm oil's widespread use, MSPO's successes are important to understand.

Specifically, palm oil is one of the most common ingredients in consumer products the world over - from the aforementioned cosmetics to biofuels. As such, the progress Malaysia has made in sustainability is vital for others to learn from, and it is important



"The EU should embrace the opportunity to explore the standards that countries such as Malaysia have realised"

that passionate, ethical consumers should become more aware of this. Their awareness will shape their preferences, and their preferences will shape their purchases.

Not only was the MSPO certification designed to transform Malaysia's entire palm oil industry, but it is specifically tailored to smallholder farmers, who are such an important part of palm oil production in Malaysia and other

countries. Thanks to MSPO, almost 90 percent of Malaysian palm oil is certified sustainable. Year-on-year deforestation rates have decreased, delivering genuine results. While many actors may have contributed to slowing deforestation rates, we can safely assume that MSPO certification is a part of this success.

In key regions of production, palm oil cultivation is now limited to the existing acreage or brown-field areas; all current tropical forest is shielded, guaranteeing its survival.

Nevertheless, the MSPO is not yet widely known, even although the sustainability standard meets the EU's key criteria. Bearing that in mind, while there is no one perfect sustainability certification standard, the EU

should embrace the opportunity to explore the standards that countries such as Malaysia have realised.

The fact that MSPO is deeply invested in human rights, labour rights as well as fair wages and highly responsive to breaches of regulations - acting quickly to correct violations - makes the partnership between regulators, companies, consumers and this standard all the more necessary. For governments, certification standards are means to pursue laudable goals; for companies, they are metrics they can use to guarantee sustainability. Meanwhile for consumers, they are assurances that they open their wallets only for products that can satisfy their consciences. ★

In conversation with

Hariri Sadiman, a smallholder farmer

For a smallholder farmer, the MSPO certification scheme brings greater awareness of the need to care for the environment and biodiversity, **Hariri Sadiman** says



Hariri Sadiman is a Malaysian Sustainable Palm Oil (MSPO) certified smallholder farmer from the town of Kapar, Selangor, Malaysia

What was the process of onboarding onto the MSPO standard like for you?

The process was simple, transitioning from being an isolated rural smallholder to becoming a small part of a global palm oil industry community.

How has the MSPO standard supported sustainable practices?

Starting with the awareness about the broad scope of MSPO, it helps smallholders like me realise the need to pay attention to social, biodiversity and environmental aspects in our farming activities.

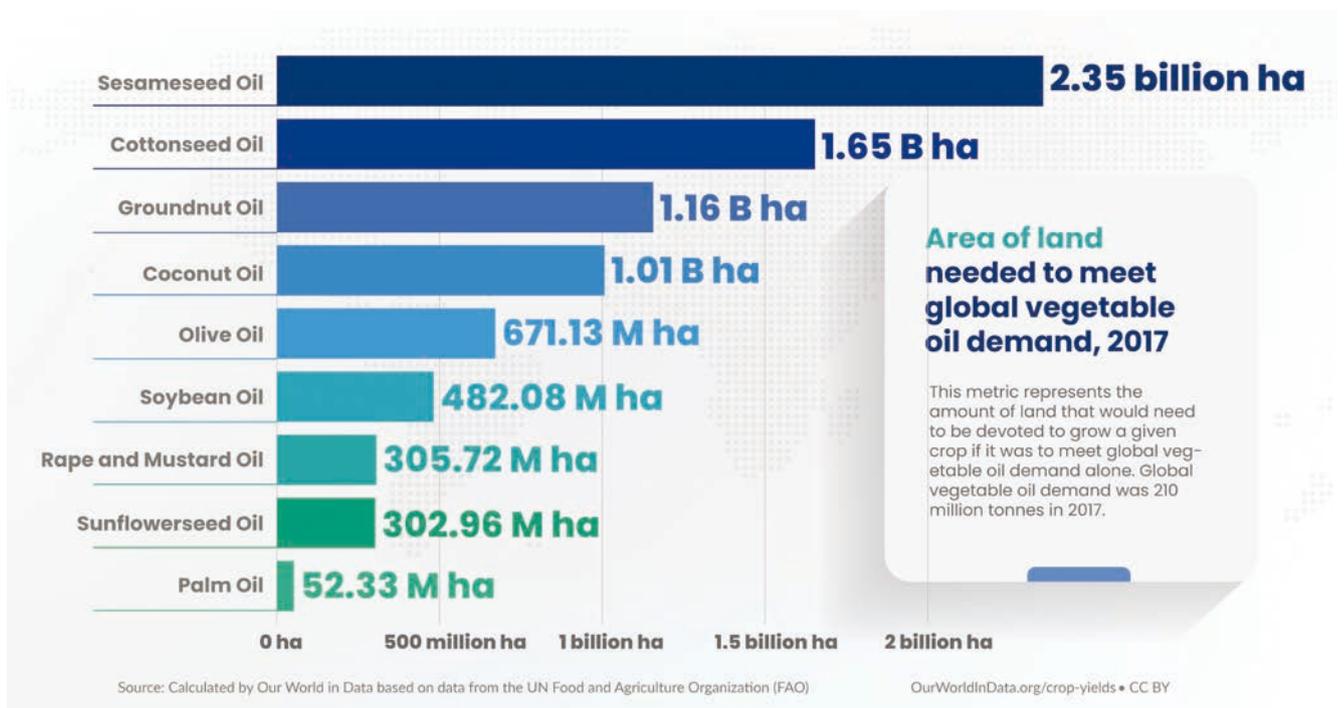
Have your practices changed as a result of becoming MSPO-compliant? If so, how?

Yes, the practices on my farm have changed. First, I now purposely allow undergrowth to flourish in between palm rows so it promotes biodiversity. Second, I have eliminated the use of herbicides on the farm since I have no need to kill undergrowth. Third, I practise intercropping of cash crops which brings in additional income and reduces my household expenses. Fourth, I compost my farm waste and use it to supplement fertiliser

for the palm trees and other plants, which means I can spend less on additional fertiliser.

What have been the key benefits of the MSPO certification scheme for you?

The greatest benefit for me is that it has made me more aware of the need to care for the environment and biodiversity. ★



MSPO – sustainable palm oil redefined

The Malaysian Sustainable Palm Oil (MSPO) certification is redefining the responsible supply chain from producer to consumer, writes **Robert Hii**



Robert Hii is the editor of the Certified Sustainable Palm Oil (CSPO) Watch and a commentator on sustainability and nature conservation for publications such as National Geographic, Global Policy and Huffington Post

A new UN report entitled, *'Making Peace With Nature,'* finds that nearly 90 percent of all known species are threatened by climate change. Another UN report warns the world is "nowhere close" to fighting climate change. Unsurprisingly, panicked governments are adopting short-sighted solutions, and in

Asian Sustainable Palm Oil (MSPO).

Unlike the Roundtable on Sustainable Palm Oil (RSPO), which is supported by companies and founded on voluntary adherence, the Malaysian government enforces this nationally mandated, government-backed sustainability metric with penalties and sanctions. Further, the MSPO provides a greater focus on smallholder farmers

"What makes the MSPO a model for global sustainability is its capacity to contribute to a nationwide conservation landscape to protect its natural landscape and endemic wildlife species."

the process are missing important templates for slowing, and even reversing, climate change.

Malaysia offers such a template; as a leading palm oil producer, the country's progress towards sustainability deserves to be both widely studied and rewarded with robust trade agreements. The key to its success in slowing deforestation has been - if not solely, at least in part - due to its nationally mandated certification scheme, Malay-

and on preventing deforestation.

Given its corporate focus, the RSPO scheme is difficult for smallholder farmers to navigate, despite the fact that they make up, worldwide, about half of all palm oil landholdings. The RSPO is also very expensive, making it even more burdensome. This is something the MSPO has been able to overcome by being more accessible; the fact that almost all organised **smallholders are**

MSPO certified speaks for itself.

In fact, in the year since it became mandatory, **89** percent of Malaysian producers were certified under the MSPO. That includes nearly all organised smallholders and plantation companies and **38** percent of independent smallholders.

Recently, the World Resources Institute found that, over the last four years, Malaysia's rate of deforestation has decreased annually. This could possibly be a result of Malaysia's forest management and conservatorship, which includes tougher law enforcement and mandatory moratoriums.

Another aspect in which the MSPO differs from other certification schemes is in its commitment to wildlife protection, leading in the conservation of endangered species (Malaysia has one of the most biodiverse ecosystems in the world). In its capacity of creating a nationwide conservation landscape, MSPO offers the chance to protect particularly vulnerable species. That includes the pygmy elephant and Bornean orangutan, two beloved animals.

In fact, the palm oil sector has been funding several conservation projects throughout Malaysia, ensuring that humans and wildlife coexistence. For example, under the MSPO - and contrary to widespread misperception of the palm oil industry - fragmented forests have been reconnected, to the benefit of endangered orangutans. A recent study by *'Frontiers in Forests and Global Change'* underscored the importance to Malaysia's orangutan population of such efforts.

What makes the MSPO a model

for global sustainability is its capacity to contribute to a nationwide conservation landscape to protect its natural landscape and endemic wildlife species. The Malaysian palm oil industry, with the backing of the Ministry of Primary Industries and the Ministry of the Environment and Water, has effectively created a model of sustainable development.

Extraordinary programmes to protect endangered wildlife and habitats have the support of multinationals such as Unilever and Nestle, both of which have committed to sustainable palm oil production in Malaysia. In addition, project-specific funding from the Malaysian Palm Oil Green Conservation Fund and foreign NGOs, including Panthera from the US and Orangutan Appeal UK, have been instrumental in preserving wildlife species in Malaysia.

These outcomes have been made possible because the MSPO wisely connects all stakeholders, from farmers to plantations and even wildlife. That spirit of inclusivity should be adopted by the EU, which - instead of simply issuing decrees for the Global South - should consider working consultatively. After all, Malaysia's road to sustainability has not been an even or easy one.

Instead, Malaysia continues to face obstacles in enforcement and could greatly benefit from collaboration with global experts in relevant fields. That is help the EU is uniquely positioned to offer. Sustainability, after all, is not only an environmental issue but an economic one; competition for land and agricultural expansion is often motivated by a hope among small-





holder farmers of lifting themselves out of poverty. This is precisely what Malaysia has witnessed since the rapid expansion of palm oil production in the 1960s, due to increased demand for palm oil by Western consumers. The fates and fortunes of these smallholder farmers were front and centre during the formulation, and now the enforcement of, the MSPO; namely, a concern for the human rights of local workers and of indigenous communities.

Today, the MSPO contains robust regulations on sustainability, conservation, human rights, and labour and women's rights. While there is always room for improvement, the government of Malaysia has been highly responsive to breaches of MSPO regulations. During my visit to palm oil plantations in Sarawak, Malaysia, a few years ago, I was impressed by the measures taken

to ensure fair living standards for migrant workers and their families. While no certification scheme is perfect, the willingness to make the MSPO as close to ideal as possible exists on the ground.

However, to develop and advance sustainability certifications for forest risk commodities such as palm oil, a focus on smallholder farmers is important, as is a consideration of the effects of European consumer demand. This process cannot be one-sided. Questions about how to achieve long-lasting palm oil sustainability cannot be adequately answered without a dialogue with producer countries as well as incentivisation by the EU.

Regrettably, although there has been some increase in the EU's awareness of sustainable palm oil and MSPO, there still is not enough understanding of the metric or of

“The MSPO holds the potential to truly transform supply chains, not only for the palm oil sector but for all forest-risk commodities”

its successes. In fact, *Global Policy* magazine found that progress in MSPO certification is “double the EU's outdated estimate,” resulting in a certification process that is “far more substantive” than EU policymakers currently recognise. Remedying this shortcoming is a critical priority; after all, as a University of Bath study published in *Nature Sustainability* found, banning palm

oil, as the EU has done, would actually increase deforestation.

Reducing palm oil production would not see consumer demand evaporate, but rather migrate to alternative oils, such as soy, sunflower and rapeseed, which are far less efficient. Palm oil is less costly, both monetarily and environmentally.

The MSPO holds the potential to truly transform supply chains, not only for the palm oil sector but for all forest-risk commodities. That said, the ability to tap into its full potential to eradicate deforestation, in Malaysia and globally, lies in the willingness of trade partners such as the EU to invest in, and strengthen, the certification. The zero-deforestation commitments make the EU and Malaysia natural partners - as long as both parties are willing to listen to and learn from each other. ★

Green trade war on palm oil

The EU's palm oil ban unintentionally sparked a green trade war against the world's palm oil producers, reviving memories of colonialism, argues **Muhammed Magassy**



Muhammed Magassy is a member of the CSPO Advisory Board, of the National Assembly of Gambia and of the Parliament for Economic Community of West African States (ECOWAS)

The European Union occasionally implements policies that produce unintended, even harmful effects on historically marginalised populations. In January 2018, for example, the European Parliament - citing environmental concerns - banned palm oil for biofuels. The European Commission approved this, ignoring the devastating impact the ban would have on millions of smallholder farmers.

It should come as no surprise that major palm oil producers like Malaysia and Indonesia labelled this decision 'crop apartheid': it reanimated the exploitative, colonial origins of the industry.

In order to optimise the efforts to combat climate change, such massive discrepancies in how the EU and palm oil producers view the biofuel ban must be resolved. While smallholder farmers are responsible for significant percentages of palm oil production, they are overwhelmingly

not responsible for catastrophic deforestation. Nevertheless, the marked decline in demand provoked by the pandemic, followed by the EU biofuel ban, presents these farmers with a survival crisis, made all the more severe considering the significance of palm oil.

"COVID-19 has further increased economic insecurity in developing countries, leading many to conclude that the EU is dictating the rules of global trade without taking into account the world's poorest"



In Malaysia, conscientious oversight of the industry - including the equitable distribution of viable plots for smallholders - has powered that country's development and altered the fortunes of millions. Malaysia has complemented such prudent policies with a commitment to the Malaysian Sustainable Palm Oil (MSPO) scheme, which has realised the widespread adoption of sustainable standards across that country.

In light of Malaysia's progress, it is easier to understand why it reacted strongly to the EU's biofuel ban, describing it as 'crop apartheid' and 'green colonialism'. Despite undeniably positive intentions, the European Union's decision to apply sanctions to palm oil will cause immense hardship to huge numbers of economically precarious people of colour and threatens to drive them back into poverty. Simultaneously, the ban effects a subtle protectionism, exempting European oil seed products such as rapeseed and sunflower, which require more land,

water, and fertiliser than palm oil, from any kind of economic penalty.

Unfortunately, palm oil is not the only example of EU environmentalism - no matter how well intended - that has sparked feelings of resentment in the Global South. We in Africa know this too well; the EU's Common Agricultural Policy (CAP) provides domestic farmers €42 billion in annual subsidies, strengthening their ability to export at artificially low prices to the developing world. This gives European producers an unfair advantage in markets such as Africa, bankrupting local farmers as a result. COVID-19 has further increased economic insecurity in developing countries, leading many to conclude that the EU is dictating the rules of global trade without taking into account the world's poorest. As a result, farmers in the Global South are prioritising survival over sustainability - but not by choice.

Rather than penalising the Global South for the demands of Western consumers, the EU should work towards a level playing field. This would mean the EU working with the Global South, rewarding real momentum towards full sustainability, such as the MSPO scheme, and also pursuing mutually supportive forms of production, cultivation, and consumption. The Global South is, after all, no less invested in saving the world than Europe. As a global environmental leader, the EU has the opportunity to show that its policies are not motivated by protectionism or bias, but by genuine environmental concerns.

Done correctly, international trade can contribute to curbing global deforestation. However, there cannot be such exchanges if one party dictates to another. Otherwise, the EU will place on the Global South a burden it simply cannot shoulder. ★

EU-ASEAN partnership for a greener future

Shifts in attitudes towards palm oil by European nations could herald a new Europe-ASEAN partnership to tackle deforestation, writes **Glenn Schatz**



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While the EU's decision to ban palm oil as a biofuel was a well-intentioned move to reduce deforestation, that ban ignores the progress made by some producer countries towards full sustainability. It has also had the unintended consequence of promoting the production of alternative, less eco-friendly alternatives. Fortunately, the EU has now begun to reconsider its position on palm oil.

The European Parliament's Directorate-General for External Policies of the Union has released an analysis, 'Trade and Biodiversity', suggesting that it would be "more effective and less costly" if major palm oil producers were to "implement a moratorium on deforestation" instead of banning palm oil. An opinion by the European Parliament's Committee on Agriculture and Rural Affairs advanced this newfound perspective, encouraging 'inclusive partnerships' with the Global South to prevent deforestation while calling for new powers to criminalise deforestation.

Likewise, the UK's new standards on forest risk commodities require companies to prove compliance in their supply chains to local standards of production, meaning that - for example - a British vendor selling a product containing Malaysian palm oil would have to prove their adherence to Malaysia's sustainability scheme, the MSPO.

Finally, in December, a Joint Working Group on Palm Oil was established at the 23rd ASEAN-EU

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Ministerial Meeting to increase understanding between the blocs. The Group convened its first meeting the following month, defining an ambitious agenda of research and cooperation. Such steps are understandably cautious but are nevertheless promising.

The European Union is an essential player in any move to sus-

tainability. Given the size of tropical forests, and their remoteness, tracking deforestation has been difficult at best. While producer countries like Malaysia are increasingly realising sustainable palm oil production, they need assistance from the developed world to enforce and expand their green policies.

Satellite imaging arguably provides the best solution to identifying illegal logging and forest destruction; ASEAN cannot match the EU (or US) lead in space technology. This is why an EU-ASEAN partnership is necessary. There is already an example of how such technology could be deployed in the Global Forest Watch project, run by the World Resources Institute. The US-based

Institute uses satellite mapping to track real-time deforestation.

The findings include country-specific results that reveal a positive trend - a significant decrease in the rate of primary forest loss year-on-year for four years - for Malaysia, the world's second-largest palm oil producer. In 2020, for example, the levels of primary forest loss in

Malaysia were at their lowest since 2004. Coincidentally, from January 2020, the Malaysian Sustainable Palm Oil (MSPO) certification was made nationally mandatory, with penalties for non-compliance.

Today, 89 percent of Malaysian palm oil producers are MSPO certified, including nearly 100 percent of organised smallholders.

So why are such efforts not being supported by the European Union?

While, unfortunately, we do not yet have the ability to coordinate environmental policies globally, we nevertheless have the advantage of massive economic blocs, like the EU and ASEAN, which can determine the world agenda. Moreover, concerted action by the EU and ASEAN will provide more than just a framework for the private sector; such efforts may well push civil society and academia to move in the same direction, and thereby change consumer opinions of palm oil.

With increased consumer investment in sustainable and transparent supply chains, producers – for palm oil and other forest risk commodities – will have no choice but to render their industries sustainable. Where the European Union and ASEAN go, the world will follow. ★



SUSTAINABILITY FIRST

The prospects of sustainable palm oil certification and consumer action to tackle deforestation

