



CAO ref: SUST-Palmoil-032016-660-106

16.03.2016

PUBLIC HEARING ON PALM OIL AND RAINFORESTS: WHAT CAN EUROPE DO TO STOP DEFORESTATION?

European Parliament Committee on Environment, Public Health and Food Safety (ENVI)

Draft ESPOAG speech 17 March 2016: "Towards a sustainable palm oil industry"

Mr La Via, chair of the Committee on Environment, Public Health and Food Safety (ENVI),
Members of the European Parliament,
Ladies and Gentlemen,

Thank you for the opportunity to bring the views of the **European Sustainable Palm Oil Advocacy Group (ESPOAG)** to the European Parliament public hearing.

ESPOAG was set up in 2013 by 5 European food industry sector associations representing Food manufacturers using palm oil in their products CAOBISCO, IMACE, AIBI FEDIMA and FEDIOL

The ESPOAG objective is:

- To support the uptake of sustainable palm oil in Europe
- To communicate scientific facts and figures on environmental, nutritional and functional aspects of sustainable palm oil in Europe
- To support national alliances for sustainable palm oil in their national outreach on sustainable palm oil

The main activity of ESPOAG is to facilitate dialogue and coordination through a European-wide palm oil coalition of a number of organisations representing the supply chain:

- Refiners and producers through the European Palm Oil Alliance (EPOA) and,

- National alliances on Sustainable Palm oil (e.g. UK, Belgium, Sweden, France, Netherlands, Italy, Spain¹)
- Roundtable of Sustainable Palm Oil (RSPO)
- Palm oil producers (producers countries Malaysia and Indonesia),
- ESPOAG has an extended network across the European Union and downstream in the palm oil supply chain and origin countries.

Palm oil is an important ingredients for the European Food Industry. It has specific functional properties that make it a key ingredient in food manufacturing (e.g. providing texture, spread-ability, and shelf-life). The European food industry is and has been committed for several years to optimising the nutrient composition of its products on a voluntary basis. Palm oil is a positive alternative to partially hydrogenated oils which contain trans fatty acids.

Palm oil, when produced sustainably, can make an important contribution towards the sustainability of food production and consumption.

ESPOAG supports EU objective to stop deforestation by 2030, at the latest.

In December 2015, ESPOAG organisations signed along with other European private sector organisations and national alliances a **Commitment to Support 100% Sustainable Palm Oil in Europe by 2020**. The commitment was presented by the Dutch Minister for Foreign Trade and Development Cooperation to the EU Commissioner for Trade, Mrs Cecilia Malstrom and received the governmental support of Denmark, France, Germany and the United Kingdom. The work did not start then of course but more than 10 years ago!

ESPOAG members are active supporters of the Roundtable on Sustainable Palm Oil (RSPO).

¹ Dutch Taskforce for sustainable palm oil - <http://www.taskforceduurzamepalmolie.nl/>
 Belgian Alliance for sustainable palm oil - <http://www.sustainabelpalm.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 CSPO-certified sustainable palm oil by the end of 2015. New platforms are being created in Italy and Spain.

The **Roundtable on Sustainable Palm Oil (RSPO)**² a multi-stakeholder association 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.

A serious acceleration of efforts is needed and planned.

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**³, to strengthen the existing requirements on deforestation and peat lands.

BUT Private sector initiatives cannot drive the change towards sustainability alone. In ESPOAG's members view, DEFORESTATION IS A GLOBAL PROBLEM WITH LOCAL SOLUTIONS. Hence, the European Institutions/authorities should aim at finding and support an approach, which can deliver local results. Working in public/private partnership at origin is part of the solution.

1. **Environmental policies and regulations, and their enforcement in producing countries, recognition of indigenous peoples rights 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

² <http://www.rspo.org/>

³ <http://www.rspo.org/certification/rspo-next>

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 publishes maps for RSPO certified palm oil concessions on the Global Forest Watch platform are an important step forward

2. Deforestation is closely correlated with economic and social development of indigenous peoples, smallholder farmers, and local 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 the promotion of an inclusive approach to forest law involving all actors including 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.⁴
3. **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

⁴ **COM/2008/0645** <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52008DC0645&from=EN>

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

One of these challenges is Palm oil free claims and ‘no palm oil’ campaigns. **Making negative palm oil claims undermines industry activities and commitments on sustainable palm oil.** Such claims only have the ultimate effect of harming further uptake of sustainable palm oil. Many expert NGOs agree, boycotting palm oil as such is not a solution. The solution is to support and promote increased use of certified sustainable palm oil.

With increased understanding and environmental consciousness within the palm oil sector in the past decade, private sector actors and other stakeholders are 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.

ESPOAG encourages **further alignment on definitions, criteria and standards** to set a common goal for Agricultural commodities including 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 (11% of the total palm oil production is used in the EU, the 3rd largest PO consumer market – after India and Indonesia, **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. All this followed by a global call to action to tackle deforestation with whatever means possible.

CONCLUSION:

- Steady Progress is being made by the industry to transform its supply chains
- More action, support and funding from ALL STAKEHOLDERS are needed to reach our goals of 100% sustainable palm oil in Europe
- More collaboration between Public and Private actors is also needed

ESPOAG believes that deforestation is a global problem with local solutions.

The EUROPEAN COMMISSION in its current deliberations on the EU ACTION PLAN FOR DEFORESTATION should aim at finding an approach, which can deliver local results.

Thank you for listening.

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