

Going beyond the law to spur sustainable palm oil

Vincent Lingga,

When the Indonesian government and the private sector announced in late 2009 a broad plan to launch a sustainable palm oil scheme, it was immediately welcomed.

The announcement was seen as showing a strong determination to develop oil palm plantations that were socially, economically and environmentally sustainable.

That move was made soon after giant consumer product companies, such as Unilever and Nestlé, suspended crude palm oil purchases from several Indonesian companies, which were alleged by the environmental organization Greenpeace to have damaged the environment.

But when the green movement was officially launched in Jakarta early this year under the Indonesian Sustainable Palm Oil (ISPO) program, and when the Indonesian Palm Oil Association (Gapki) decided a few months ago to quit the internationally recognized Roundtable on Sustainable Palm Oil (RSPO), questions arose as to the motives behind that program.

Most big palm oil producers in Indonesia and green nongovernmental organizations (NGOs) see the Gapki move as misguided and narrow-minded, as demonstrated by their strong presence at the ninth RSPO conference and assembly, which ended on Thursday.

The ISPO program and the RSPO could complement each other because the former scheme is designed to make palm oil production sustainable in compliance with Indonesian laws, while the latter program goes beyond the law as it also covers the social aspects of the industry.

While the ISPO program is mandatory, designed and administered by the government, the RSPO is voluntary, running as a multi-stakeholder forum with the mission of promoting the growth and use of sustainable palm oil products through credible global standards.

The establishment of the RSPO in 2004 by plantations (growers), processors, manufacturers of consumer products, retailers, banks, nature conservation NGOs and civil society producers was prompted largely by market forces, or mounting consumer demands for green products.

The RSPO now has over 650 member organizations from 35 countries, including large companies such as Unilever, Walmart, Carrefour, Nestlé, Hershey's, Citibank and the World Bank.

As Norman Jiwon of Sawit Watch, an NGO specializing in monitoring the palm oil industry, argued that if the ISPO program upholds only Indonesian laws and regulations, it will not be adequate because the scheme still falls short of several other elements vital for sustainable palm oil management.

The principles of sustainable management promoted and assessed by the RSPO for its certification process are more complete, covering such elements as transparency, legal and regulatory compliance, best production practices, environmental responsibility and commitments to local community development, human rights and land rights.

By and large, the principles and criteria assessed for the RSPO green certification are precisely the best practices of agricultural development that Indonesia itself has been trying to promote.

Even though the green consumer campaign in Indonesia's biggest palm oil markets of China, India, Pakistan and Africa has not been as strong as those in Europe and the US, Indonesia cannot simply ignore the RSPO and the principles of sustainability it promotes.

Though Europe takes only around 8 to 10 percent of Indonesian total output and its biggest markets now are in Asia, giant companies, increasingly pressured by green consumer organizations, will enforce the

principles of sustainability in their subsidiaries in the region as well.

The allegations that the RSPO movement is a deception by producers of vegetable oil, such as soybean, sunflower, rapeseed and corn oil, in rich countries, in coping with the fierce competition from palm oil, seems misplaced.

Independent product certification has earlier been used in the forestry industry as a market-based instrument to supplement the regulatory system in curbing illegal logging.

Environmental NGOs and other civil society organizations have mobilized consumers and traders to shun forest products that are not certified according to internationally recognized standards of sustainable forest management.

The Bonn-based Forest Stewardship Council (FSC), which groups representatives from environmental and conservation groups, the timber industry, forestry professions, forest certification organizations and forestry communities has developed forest certification standards and accredits independent certifiers.

Therefore, an increasing number of Indonesian companies, mostly furniture producers in Java, have voluntarily sought forest certification for their products from internationally accredited certifiers to gain easier access to American and European markets.

Consumers' buying decisions affect what ingredients manufacturers use and what retailers put on their shelves. As consumers actively seek out the trademark on certified products, manufacturers will be compelled to use only sustainable palm oil and wood in all their products.

However, the success of the RSPO campaign will finally depend on how much the premium price producers can gain by certifying their products.

As Malaysian Minister of Plantations Industries and Commodities Tan Sri Bernard Dompok warned at the opening of the RSPO conference on Tuesday, "If suppliers do not see a growth in market demand, or the RSPO brand is not strong enough, they will not increase supplies."

The author is a staff writer of The Jakarta Post.