

GUE/NGL hosts debate on threats of palm oil production



On the 6th of September 2016, GUE/NGL hosted a hearing at the European Parliament on the threats of palm oil production. The event was organised by MEPs **Kateřina Konečná**, **Stefan Eck** and **Merja Kyllonen**, who chaired respectively sessions on the environmental and social impacts of palm oil production. GUE/NGL President Gabi Zimmer MEP opened the half-day event emphasising the importance of the debate, particularly the need for mitigating Europe's insatiable demand for palm oil, present in food and used as biofuels, and the negative consequences this demand continues to have on producer countries.

Palm oil production is a lead cause of deforestation of precious rainforest and the destruction of indigenous way of life. Damage to the ecosystem and human life risk becoming irreversible at the rate demand is growing. Indonesia and Malaysia are producers of 80 percent of the palm oil entering global trade. The EU, along with India and China, are among the three largest consumers of palm oil in the world. The German MEP positioned the palm oil debate within a broader effort by GUE/NGL to tackle sustainability in the food chain and food sovereignty with binding regulation and effective enforcement. The event, with leading experts and activists, will help the group develop progressive positions to advocate on.

GUE/NGL MEP **Kateřina Konečn** introduced the panel on the environmental impacts of palm oil production with a short video showing both the importance palm oil has on the economy in rural Indonesia and the consequences of overexploitation. Villagers are worried about the water shortages palm oil plantations are causing since one palm tree can use up to 25 litres of water a day. Palm oil plantations are also disrupting the habitat of native species. The population of Orang-utans has been declining as a result. The video served as a taster for the debate to follow.

Voluntary certification schemes lack enforcement

The Czech MEP introduced the speakers on the panel. First addressing the audience were Jakub Kvpil and Stanislav Lhota of the Czech conservationist NGO Lestari. They presented a critique of the Roundtable on Sustainable Palm Oil initiative (RSPO), a voluntary industry standard of self-regulation and certification for sustainable palm oil production, since this is the most recognised and accepted certification body. They identified three key problems/challenges with RSPO: 1) the assessment conducted ahead of the establishment of a palm oil plantation is not available for third party scrutiny, they are drawn up by consultants and experts hired and paid by the company building the plantation; 2) violation of RSPO principles and criteria should force reinstatement of the forested area and not just payment of compensation or forestation elsewhere; 3) RSPO principles and criteria should extend to palm oil processing such as bulking stations and refineries and not just involve plantations as the manufacturing industry is one of the main contributors to environmental damage in the palm oil industry.

The speakers gave examples from Balikpapan Bay in Indonesia where they have had conservation projects since 2005. Two refineries, belonging to Wilmar and Louis Dreyfus, have caused significant damage to the coral reef but without consequences even though they are RSPO members. This is because RSPO rules do not cover refineries. In one instance Wilmar was accused of breaking a deforestation agreement and even though RSPO forced payment of compensation the area was not reinstated and so the damage remained. There was a case where Wilmar's assessment of a forested area relied on an imaginary line on a map to delineate the area for a future plantation without regard for the habitat of the species living there. These examples support the case for the EU to extend its nominal support for RSPO to making sure it achieves its intended outcome of sustainable palm oil production. This means that the EU must help strengthen enforcement of RSPO rules.

The second speaker was Anne van Schaik of Friends of the Earth Europe. Schaik highlighted the phenomenon of forest fires in Indonesia which very often are of criminal nature to clear the land for palm oil plantations and to enable land grabs. The rapid deforestation palm oil production is causing exacerbates climate change. Plantations are also being developed illegally without government oversight. Tropical rainforests contain 80 percent of the world's known terrestrial organisms. Indonesia and Malaysia host 10 percent of the world's remaining tropical forests where threatened species like orang-utans, tigers and rhinos have their homes. In Malaysia 14 percent of the total land area is covered by palm oil plantations. In Indonesia the amount of land covered by palm oil plantations will rise to 4 million hectares by 2020. Companies are expanding rapidly to Africa and in Latin America production has doubled in the past 10 years.

Friends of the Earth Europe has focused its activism on the financiers of the palm oil industry with the goal of reducing the financial incentives of palm oil companies. According to a research by FERN, out of 28 palm oil companies associated with land grabbing, 24 percent are financed by European banks. While financiers have policy on paper for the protection of the environment, implementation is not transparent and there is no clear complaint process. All financiers are members of RSPO but they still finance questionable activity. This is why voluntary self-regulation is insufficient.

Rainforests: a rapidly shrinking ecosystem

Next in the panel was Rudi Putra, local activist and head of Indonesian NGO HAKA. Putra's presentation focused on the unique Leuser ecosystem in Aceh province. In the recent years this ecosystem has been under threat. There has been an increase in incidence of flooding which has cost Aceh at least \$27 million a year with billions in indirect costs and long-term damage. The floods are the result of deforestation and it is expected that the forest may disappear completely. In 1970 there were 2.2 million hectares of forest but now there are only 1.2 million hectares left. Palm oil is one of the reasons the rainforests are being destroyed in Indonesia. Putra recognised that palm oil is essential for the Indonesian economy but plantations that are not sustainable are putting future generations at risk.

GUE/NGL MEP Stefan Eck introduced the panel on the social consequences of palm oil production. Eck said that indigenous populations are being forced off their lands and their future survival is threatened. Europe and industrialised countries must take responsibility for the consequences of their demand for palm oil.

The first speaker in the panel was Sonja Vartiala of Finnwatch, an organisation dedicated to corporate responsibility. As with Indonesia, palm oil is vital for the economy in Malaysia. Migrant workers, who make up the majority of the workforce in the Malaysian palm oil industry, pay the highest cost. They come from Indonesia, Nepal, Bangladesh and Myanmar. A report published by the organisation shows how workers are being brought to the plantations under false promises: they sign contracts they do not understand, have their documents confiscated, are subjected to bondage and interest-laden debt to the point that they are unable to free themselves from the work. Migrant workers have lower rights in Malaysia and are not allowed union membership or collective bargaining with employers. Workers are paid according to the work they do and based on their performance which makes their life unstable as they do not always receive the minimum wage and hours are sometimes not recorded. It is therefore urgent that regulations address also social issues and human rights related to palm oil production as currently they are ignored.

The next speaker was Marcus Colchester of the UK-based Forest Peoples Programme.. His talk highlighted the plight of indigenous populations living and depending on forests. The World Bank estimates that forest peoples represent about half of the world's poorest people. About 70 percent of Indonesia is classed as forest yet millions live and depend on them. The Indonesian government does not recognise customary land ownership rights. Communities are asked to accept palm oil and surrender their rights to plantations as if they had not lived in these forests for generations. Palm plantations extinguish community rights to their land, people are being pushed out and denied access to forest resources. This brings people into conflict with large companies vying for this land. There are about 8000 land conflicts in Indonesia, about half of them are palm oil related.

Indigenous forest peoples under threat of violence

Companies pay for police and gangs to stifle community objections to palm oil plantations. Communities live under threats of violence. While RSPO requires third party verification, recognition of customary rights, informed consent and other such principles, in reality concessions are being given to companies without consultation and in violation of customary land rights. This is why voluntary standards are unreliable and the EU should look towards binding regulations. Palm oil is promoted as a poverty alleviation measure but the long-term benefits on communities are unclear and studies have shown no correlation with economic and social development. The EU must include

social considerations and human rights as part of its deforestation action plan and RSPO should be called upon to strengthen enforcement of its rules.

Tanya Murray Li, a researcher at University of Toronto, was the last speaker on the panel. She presented the results of her research in West Kalimantan in Indonesia. The conclusions were decisively in favour of a smallholder model, instead of a plantation model, for palm oil production. The majority of production in Malaysia and Indonesia is in plantation form, the crop is very lucrative and companies make thousands of dollars per hectare. Plantations are given land almost free of charge, these concessions represent subsidies to the industry. However plantations do not provide meaningful employment, it is estimated that one worker is needed for each 3-10 hectares in Indonesia and one worker for each 10 hectares in Malaysia. The quality of jobs is low, workers are outsourced and subcontracted. Communities, who have paid the price with the loss of land for these plantations, do not hold the good jobs. The solution should rest on communities having their own plantations on their own land, they can establish a balance between palm oil and other crops, and this would still guarantee a steady supply of palm oil. More research needs to be done on the steps needed for this transition to happen but the demonstrated benefits are clear.

Both panels were followed by lively debate on the issues presented thanks to the presence of a variety of civil society actors working in this field and the presence of an Indonesian diplomatic representation.