

Improving the Performance of the Roundtable on Sustainable Palm Oil for Nature Conservation

WILLIAM F. LAURANCE,*† LIAN P. KOH,‡ RHETT BUTLER,§ NAVJOT S. SODHI,**
COREY J. A. BRADSHAW,††‡‡ J. DAVID NEIDEL,**§§ HAZEL CONSUNJI,**§§
AND JAVIER MATEO VEGA†§§

*School of Marine and Tropical Biology, James Cook University, Cairns, Queensland 4870, Australia, email bill.laurance@jcu.edu.au

†Smithsonian Tropical Research Institute, Apartado 0843-03092, Balboa, Ancón, Panama

‡Institute of Terrestrial Ecosystems, ETH Zürich, CHN G 74.2, Universitätstrasse 16, Zürich 8092, Switzerland

§Mongabay.com, P.O. Box 0291, Menlo Park, CA 94026, U.S.A.

**Department of Biological Sciences, National University of Singapore, 14 Science Drive 4, Singapore 117543, Republic of Singapore

††The Environment Institute and School of Earth and Environmental Sciences, University of Adelaide, South Australia 5005, Australia

‡‡South Australian Research and Development Institute, P.O. Box 120, Henley Beach, South Australia 5022, Australia

§§Environmental Leadership and Training Initiative, Yale School of Forestry and Environmental Studies, 205 Prospect Street, New Haven, CT 06511, U.S.A.

Introduction

Oil palm (*Elaeis* spp.) is one of the world's most rapidly expanding crops. Especially prevalent in Malaysia and Indonesia, oil-palm plantations are also increasing rapidly across tropical regions as diverse as New Guinea, Equatorial Africa, Central America, and the Amazon (Butler & Laurance 2009; Koh & Wilcove 2009). Oil palm is an important driver of tropical deforestation, in part, because plantation owners often use timber revenues from old-growth forests to subsidize the initial costs of plantation establishment and maintenance (Fitzherbert et al. 2008). Expansion of oil palm imperils both lowland rainforests and peat-swamp forests, which are, respectively, among the biologically richest and most carbon-dense ecosystems on Earth (Butler & Laurance 2009; Koh et al. 2009a).

The rapid expansion of oil palm seems likely to continue for many years because of its high profitability and the growing global demands for edible oils and biofuel feedstocks. Proponents of palm oil emphasize that its main alternatives, including soy, sunflower, and canola (rapeseed) oils, have production efficiencies just 10–20% as high as palm oil on a per-hectare basis and would therefore require much larger areas of cultivated land to have a similar benefit (Basiron 2009). Nevertheless, from climate-change and biodiversity perspectives, the advan-

tages of palm-oil production are greatly diminished when it contributes either directly or indirectly to deforestation (Gibbs et al. 2008; Danielsen et al. 2009).

Growing concerns about the environmental impacts of palm oil helped initiate the Roundtable on Sustainable Palm Oil (RSPO), a nonprofit, industry-led trade organization whose stated mission is to “provide RSPO-certified palm oil to the market in a clear and transparent manner” and to “promote the growth and use of sustainable palm oil” (www.rspo.org/What_is_RSPO.aspx). As implied by the word *roundtable*, the RSPO professes to advocate a balanced, multistakeholder approach, with considerable emphasis on environmental sustainability. According to the RSPO, this is evidenced by the fact that four of the 16 members of its executive board are from conservation or social-developmental organizations. The RSPO also takes pains to draw a distinction between itself and industry-advocacy groups, such as the Malaysian Palm Oil Council and Indonesian Palm Oil Producers Association, by emphasizing its efforts to improve the industry's sustainability and transparency (V. Rao, personal communication).

The RSPO has considerable potential to improve the environmental performance of producers and users of palm oil. Although established only in 2004, it is strategically positioned within the palm-oil industry and is particularly influential in Malaysia. The growing membership

of RSPO already accounts for approximately 35% of the global production of palm oil, although only about one-tenth of this oil is currently certified as sustainable (RSPO 2008). To define *sustainability* in the oil-palm sector, the RSPO has developed 39 sustainability criteria, organized under eight general principles, which are designed to limit environmental impacts of growing and processing palm oil. These criteria focus on issues, such as reducing herbicide impacts, air pollution, and losses of biodiversity as well as on social and legal concerns (RSPO 2006).

Nevertheless, some environmental organizations have repeatedly criticized the RSPO and its members, particularly for enabling tropical deforestation and atmospheric carbon emissions under the guise of stated, but unfulfilled, sustainability criteria (e.g., Down to Earth 2004; Greenpeace 2008; Maitar 2009). Here, we critique the RSPO from an environmental perspective and identify some specific ways it can become more effective in reducing threats to tropical ecosystems.

Challenges for the RSPO

On balance, we see at least seven limitations or structural deficiencies of the RSPO that either weaken its efforts to limit the environmental impacts of oil-palm expansion or diminish perceptions of its commitment to sustainability:

1. At least numerically, the RSPO is dominated by industry. Of 312 ordinary-member organizations as of October 2009, just 12 and nine hail from conservation or social-development groups, respectively (6.7% in total). By far the largest stakeholders are the 206 oil-palm growing, processing, and trading corporations; the remainder are from banking, investment, and other corporate sectors. Oil-palm interests also numerically dominate the RSPO Executive Board (www.rspo.org/Executive_Board.aspx). This imbalance contrasts with the leadership of trade groups such as the Forest Stewardship Council (www.fsc.org), which has a mandate to improve sustainability of timber production and whose membership consists of distinct Social, Environmental, and Economic chambers led by a board of directors that equitably represents each interest group.
2. The RSPO has yet to promote a blanket ban on destruction of peat forests and appears to be in denial about the alarming pace of peat-forest destruction (Koh et al. 2009a). Although it emphasizes that peat forest is less than optimal for oil-palm production (V. Rao, personal communication), the RSPO fails to recognize that these forests are concentrated in coastal areas in Southeast Asia and, because of their high accessibility and often-limited legal protection, are bearing the brunt of development activity (see Koh 2009; Koh et al. 2009a). Peat forests are also largely unoccupied by local communities, which

means exploiting companies avoid land-rights conflicts (M. Bujang, personal communication).

3. Noncompliance by RSPO members may be widespread. For example, Greenpeace-International asserts that RSPO-certified palm oil used by food giants such as Nestlé, Procter & Gamble, and Unilever were grown on recently deforested lands, despite assurances to the contrary from the RSPO (Greenpeace 2008). Likewise, recent field surveys by Greenpeace-Indonesia in Kalimantan and Papua found substantial evidence of destruction of primary rainforests and peat forests by RSPO members or their immediate subsidiary companies (Fig. 1) (Maitar 2009).

4. The RSPO lacks teeth. With an annual budget of around US\$500,000, paid by dues of its member organizations (V. Rao, personal communication), the RSPO has only a modest capacity to monitor the behavior of its members, including certified suppliers and processors that wield budgets many times larger. Moreover, the RSPO has repeatedly rejected the use of remote sensing, the most reliable and transparent method for monitoring the behavior of its members (cf. Turner et al. 2003).

5. Becoming an RSPO member is too easy. The RSPO allows palm-oil producers and processors to become ordinary members without actually having their operations certified, so long as they are putatively working toward certification and abiding by a rather loophole-filled code of conduct (http://rspo.org/Expected_Contribution_from_Members.aspx). In reality, this diminishes the significance of being an RSPO member and provides a false imprimatur of legitimacy for members that are performing poorly. Although we understand the RSPO needs to attract a wide range of actors in the palm-oil industry, the granting of ordinary membership to underperforming producers and processors threatens to erode the organization's credibility.

6. Expansion of oil palm plantations has greater climatic impacts than acknowledged by the RSPO. In addition to destroying Southeast Asian peat forests, expansion of oil palm is concentrated in the lowland tropics, often occurring at the expense of old-growth rainforests (Koh & Wilcove 2008). Tropical rainforests not only contain large carbon stocks, but also, via massive evapotranspiration, promote large-scale cloud cover that reflects much solar radiation back into space. Hence, hectare for hectare, tropical rainforests are probably far more important for mitigating harmful climate change than are other types of forests (Bala et al. 2007).

7. The RSPO is faced with weak market demand. The world's largest consumers of palm oil, China and India, have to date shown little interest in purchasing RSPO-certified palm oil (RSPO 2009), which is 8–15% more expensive than uncertified palm oil. Demand for certified palm oil is also weak among other consumers. For example, WWF-US recently found that just 1% of all RSPO-certified palm oil has been purchased since becoming



Figure 1. Recent forest destruction for oil-palm plantations in Indonesia by corporations that are members of the Roundtable on Sustainable Palm Oil (RSPO) or their immediate subsidiaries (in Indonesia, major corporations often spawn numerous subsidiary companies to circumvent laws limiting land ownership by large firms): (a) large-scale clearings at Lereb, Papua, in April 2009 by a direct subsidiary of RSPO member Sinar Mas; (b) forest burning near Semunying Jaya, Kalimantan, in April 2009 by RSPO member Duta Palma; and (c) draining and clearing of peat forest near Sentarum Lake National Park, West Kalimantan, in April 2009 by another direct subsidiary of Sinar Mas (photos a–c by Ardiles Rante, David Gilbert, and Edy Pumomo, respectively (images © Greenpeace).

available on the global market (http://news.mongabay.com/2009/0513-palm_oil_wwf_rsपो.html). One factor contributing to weak demand is that RSPO criteria (especially those relating to greenhouse-gas emissions) are insufficient to fulfill European Union directives for renewable energy and fuel quality (www.r-e-a.net/policy/european-policy/Euro-legislation/renewable-energy-directive). The recent economic slowdown has probably also contributed to weak demand for certified palm oil as well as other ecocertified products.

Potential Solutions

Rather than throwing the baby out with the bathwater, we recommend a push for serious reforms within the RSPO. First, the RSPO has a pro-industry bias that, under its present structure, appears to be compromising its broader mission to promote environmental sustainability. Although it is to be expected that palm-oil producers and users will numerically dominate the RSPO membership, we believe the organization should be restructured to give more weight and decision-making power to environmental organizations and experts. The Forest Stewardship Council, which has much more equal representation of environmental, social-welfare, and economic interests, is one potential model.

Second, the RSPO needs to develop a real monitoring and enforcement capability, or to partner with an organization that has such capacities. Real-time remote sensing could be used, for instance, to ensure that its members are complying with strictures against deforestation. Such measures are already being used, even by modestly funded environmental groups, to monitor illegal deforestation in places such as the Amazon and Southeast Asia. A further challenge for monitoring is that palm oil from RSPO-certified plantations is often mixed with unsustainably produced palm oil, if not at the mill then during shipping. Such mixing destroys the chain of custody needed to ensure that those buying RSPO-certified palm oil are actually getting what they are paying for.

Third, the RSPO should take a far stronger stand against forest destruction and the draining of peat swamps and strive to eliminate this as an option both for its members and nonmember companies. For instance, the RSPO should work more actively to curb forest loss in Malaysia (Wilcove & Koh 2010), where the government simultaneously acts as oil-palm producer, regulator, and enforcer, which creates potential conflicts of interest (Lopez & Laan 2008). At its 2008 general assembly, RSPO members agreed to submit annual “communications of progress” toward the RSPO sustainability criteria; this should make it more difficult for underperforming members to remain so indefinitely.

Finally, the RSPO needs to have an independent watchdog group that monitors and critiques the organization, ensuring that it abides by its own strictures. If made up of reputable outside experts, such a watchdog could greatly increase credibility of the RSPO and its members to the public. The Forest Stewardship Council, for instance, is monitored by an independent group called "FSC-Watch" (www.fsc-watch.org), which is often critical of FSC projects. Some individual RSPO members currently use outside entities to perform external audits of their performance, but an independent watchdog group is needed for the entire organization to ensure that the audits themselves are suitably robust.

For its part, the environmental community needs to do a much better job of convincing palm-oil users to buy certified sustainable palm oil. For corporations that use palm oil, this could be achieved via information campaigns and, if necessary, trade boycotts (Butler & Laurance 2008). Pressures can also be brought to bear on governments—such as those of the European Union and United States—to favor certified sustainable palm oil as part of their broader trade policies. These governments should also require products containing palm oil to be labeled as such (rather than allowing the generic term *vegetable oil*) so that consumers can make informed decisions. Without such carrots and sticks, there will be little incentive for those in the palm-oil industry to join the RSPO or for the RSPO to force them to clean up their act. Globally, <4% of the annual production of palm oil is currently certified sustainable (FAO 2009), and far too many corporations and consumers still buy palm oil grown at the expense of biodiverse tropical forests.

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