Coordinating Ministry for Maritime Affairs and Embassy of Indonesia to The Holy See

Embassy of Malaysia to The Holy See

Vatican Discatery for Promoting Integral Human Development

PROMOTING POVERTY ERADICATION AND PEACE AND HUMANITY BY LEVERAGING THROUGH AGRICULTURE AND THE PLANTATION INDUSTRY

Conference report and conclusions

Pontifical Urban University, Rome, Italy, 15 May 2018

Palm oil and palm kernel oil represent 38 % of global vegetable oil production and account for 7% of all cultivated land for vegetable oils worldwide. The whole palm oil value chain contributes significantly to economic growth, eradicating poverty and raising living standards in several emerging economies in South-East Asia, Africa and South America. Moreover, it is a net contributor to the reduction of greenhouse gas emissions (GHG). Meanwhile, palm oil agriculture activities and forestry practices have come under increasing pressure especially in the European Union, where the impact on environment and the sustainability of such practices in sourcing countries is being questioned.

Palm oil plantation in Indonesia.

The conference hosted by the Pontifical Urban University in Rome, gathering stakeholders from different countries and disciplines, including Members of the Diplomatic corps, Prelates of the Holy See, policy makers, think thanks, business leaders, academia, and non-governmental organizations, has been an opportunity for assessing concrete activities and promoting policy orientations that contribute to poverty eradication and sustainable management of agriculture and forestry.

In his opening remarks, H.E. Cardinal Peter T.A. Turkson, the prefect of the Dicastery for Promoting Integral Human Development at the Holy See, highlighted the need for striking the right balance between the use of natural resources to eradicate poverty and the safeguard of our planet for future generations. He considered this as the biggest challenge for the "Climate Economy".

He considered that by bringing together experts, policy makers and practitioners to look at all aspects of the agricultural and plantation industry, better solutions could be found to ensure that the plantation industry continues to make a sustainable contribution to help fight poverty while respecting the environment.

Cardinal Turkson considered also that not all facets of the value and impact of palm oil are being properly considered by the media and in the public opinion arena. In his view, this does not help to identify a positive approach that avoids the opposition between economic development, which is instrumental to poverty eradication and environmental protection.

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H.E Luhut Binsar Pandjaitan, Coordinating Minister for Maritime Affairs of the Republic of Indonesia together with H.E Antonius Agus Sriyono, Indonesia Ambassador to the Holy See (left) and Cardinal Peter K.A Turkson, Prefect of the Dicastery for Promoting Integral Human Development (right).

H.E. Luhut Binsar Pandjaitan, Coordinating Minister for Maritime Affairs of the Republic of Indonesia, underlined the substantial contribution of the agricultural sector, and especially palm oil production, to economic growth, employment and social progress. The palm oil sector employs around 17,5 million people in Indonesia. This includes over 2,3 million smallholders, which are supporting more than 6.9 million people. The Minister stressed the efforts the Indonesian government is undertaking to reach the SDG goals and protect its environment via sustainable fisheries measures, a moratorium on deforestation and peat land restoration coupled with the development of a sustainability standard of timber products.

The wide range of measures being implementing by the Indonesian Government include:
a) the One Map Land Reform -including forest & peat land mapping, b) efficient spatial planning, c) a moratorium on opening new plantation, d) forest fire prevention and control. All these measures, which also include reforestation initiatives, have reduced deforestation by one third in less than three years. In 2014-2015 the deforestation netto or deforestation minus reforestation was 1,09 million hectares, in 2015-2016 was 0,63 million hectares, in 2016-2017 was 0,47 million hectares.

All palm oil exported to the EU are certified and 100% sustainable, whereas rapeseed, sunflower, and soybean are never certified. He calls upon the International Community, including the EU, to recognize and support the efforts the Indonesian government is making to ensure the sustainability of its oil palm sector. He also called for an open dialogue amongst all vegetable oil producing countries to establish a common approach to overcome the global issues facing the whole sector

H.E. Tan Sri Bernard Giluk Dompok, Ambassador of Malaysia to the Holy See, pointed to the important contribution palm oil is making to the Malaysian economy as its most important agricultural crop, contributing to the welfare of its rural communities and providing jobs to millions of people. He pointed out that the oil palm industry only utilizes 7% of the total land used for the growth of vegetable oils, but contributes more than 57% of all vegetable oil produced, due to the nature of this high yield crop.

Malaysia takes a holistic approach on sustainability and palm oil by focusing on People, Planet and Profit, in line with the SDGs related to economic growth, social inclusion and environmental protection. He recalled how the Malaysian authorities have introduced the necessary controls to ensure that its palm oil industry is at the forefront of meeting the SDGs and carries out production in a sustainable way. By 31 December 2019, a new certification scheme for palm oil will enter into force, ensuring that the whole industry will need to subscribe to the new sustainability standard, including the small holders.

H.E. Tan Sri Bernard Giluk Dompok, Ambassador of Malaysia to the Holy See (right) next to Cardinal Turkson.

He considered that the position of the European Parliament (EP) to introduce a total ban on palm oil for biofuels would be a huge setback. It would discourage further investments in sustainable palm oil production. By targeting just palm oil, without taking into account other vegetable oil sources, which are produced in a much less sustainable way and require much more land use, the EP approach could be seen more as a protectionist measure, intended to promote European vegetable oil production at the expense of others. Europe, as an important importer of palm oil, instead of a ban on palm oil, should rather plead for 100% sustainable production and sourcing of palm oil, supporting governments and civil society in sourcing countries to implement the necessary programs and reforms to reach this goal.

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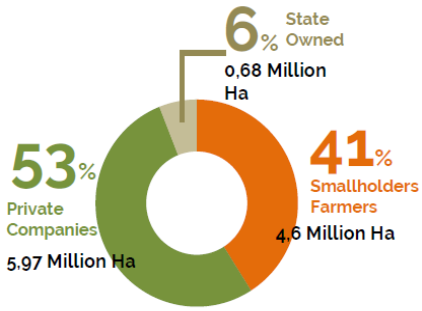
Smallholders Farmers Share Almost Half of The Plantation



Total Plantation ± 11,26 Million Ha

The share of smallholders' land

has increased from 20% to 41%

over the period 1980 - 2016

It is expected to reach 50% by 2020

Source: Directorate General of Plantation, Ministry of Agriculture (2016)

When discussing the existing facts and myths around palm oil, **Mr. Paul Polman**, CEO of Unilever, stated that Unilever as one of the biggest users of palm oil in the world, has invested a lot in breaking the link between palm oil production and deforestation by controlling their own sourcing and supply chain, working with governments and industry to share best practices and develop new standards and by working with public authorities, NGOs and local communities to ensure that the necessary funds are invested to support anti-deforestation initiatives. These efforts are paying off as over 90% of globally produced palm oil is now covered by anti-deforestation commitments. It is now time to pass from words to concrete actions as Unilever is doing by supporting several projects that help local communities, such as the scaling up of agricultural production on degraded lands, rather than through deforestation.

Prof. Pietro Paganini of John Cabot University praised palm oil as the most sustainable crop and thus the best solution at the moment to bring about a rural transformation to lift populations out of poverty. The current critique of palm oil also disregards the impact of the production of other vegetable oils or intensive farming, which have a much bigger negative impact on the environment. He pleads for a respectful and meaningful dialogue on the future of the industry on the basis of facts and science.

Dr. James Fry stressed that many misunderstandings exist around land use, but higher yields do not reduce the demand on the use of land, since the demand for vegetable oils still outgrows the improved productivity. Since palm oil is much more labor intensive than other vegetable oil crops, it creates much more meaningful employment than other crops and leads to much higher incomes than the alternatives.

Although often blamed as a historical source of deforestation, palm oil very often only came as an alternative use for lands that had been cut for logging purposes.

Nowadays, the reforestation schemes and the existing moratoriums have reduced the deforestations significantly when compared to the past. It also often overlooked that palm oil contributes the most output for the smallest land use, when compared to all other vegetable oils such as soy bean oil, the only realistic alternative to palm oil production. This would however require a much bigger land use especially in Latin America. The recent amnesty in Brazil on deforestation also raises serious concerns as to whether this would happen in a sustainable way or lead to massive deforestation.

Mr. Frans Claassen of the European Palm Oil Alliance relativized the impact of palm oil production to deforestation and stressed the commitment of the palm oil industry to sustainability, via sustainability initiatives developed by public authorities and private organisation, via company commitments on sourcing and traceability, and via a sustainable landscape approach. At the moment, the offer of sustainable palm oil outstrips the demand but several industry and government initiatives in Europe are increasingly pushing for the exclusive use of sustainable palm oil. This is the way forward, rather than a ban, since sustainable palm oil can play a huge role in reaching the SDGs.

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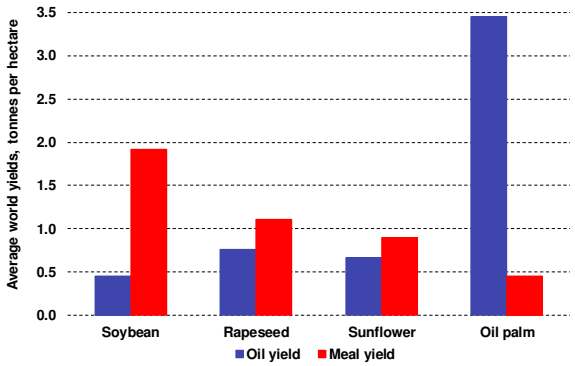
Poverty is mostly concentrated in rural areas. Given the increased role of small holders and the geographical distribution of palm oil plantations, the palm oil industry contributes significantly to help install stability and peace in Indonesia. In order to strengthen small stakeholders, they need to acquire significant production gains through high yield seeds and better access to the value chain. This is exactly what the government is now trying to achieve with a business model aimed at replanting the farm land of the small stakeholders. This is the solution of sustainable farming for the world, since the alternatives would need an excessive supplementary use of land for new crop growth.

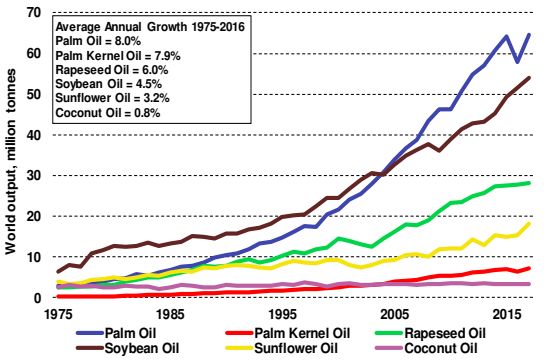
CPOPC is working on a system that would help to ensure the full respect of the SDGs for all vegetable oil production. That would create a level playing field for all vegetable oil. Mr. M. Siregar, Executive Director of the Council of Palm Oil Producing Countries, was struck by the amount of positive information available on Palm Oil that got lost in translation in Europe. That makes it more difficult, but even more important to find common ground and common solutions, which will always need to be international ones, rather than those unilaterally imposed.

Few people in Europe realize that Europe only consumed 13% of global palm oil in 2017. In addition, it is actually Indonesia that has become the biggest consumer of palm oil itself. So a ban on palm oil will have a much bigger impact on developing countries not only as producers but also as consumers. Palm oil contributes to nearly 3,5% of Indonesia's GDP, similar to the GDP of Croatia. In South-East Asia, 25 million people are involved in palm oil production, similar to the workforces of the Czech Republic and the Netherlands combined. A total European ban would also have a big impact on Europe itself, since it would need to replace palm oil with more expensive and less sustainable alternatives.

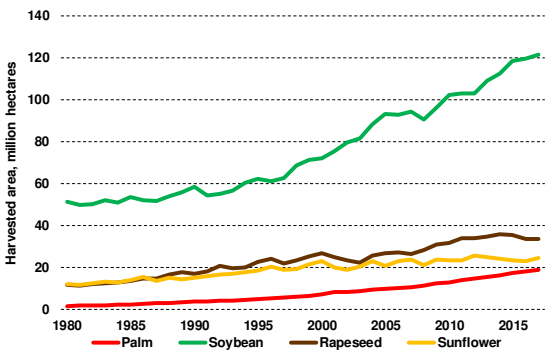
Oil palm minimises pressure on land for vegetable oil supplies



Oil palm provides more of the world's oil than other oil crops



Yet, its high yield means oil palm uses less land than other oils



Source: Dr. James Fry presentation

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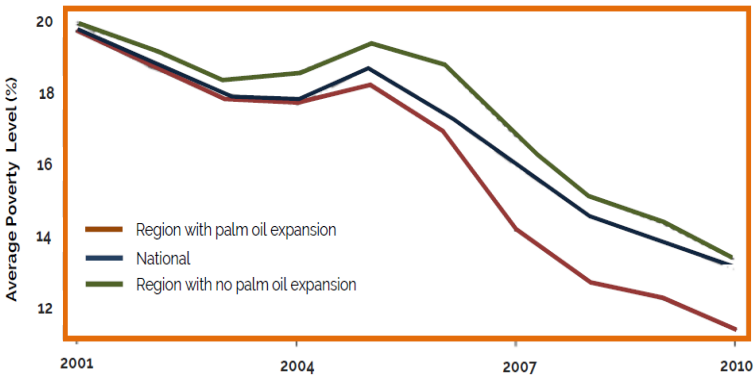
Role of palm oil in poverty reduction



Regions with palm oil expansion have higher poverty eradication level than other regions

Source: Ryan B. Edwards, Center on Food Security and the Environment, Stanford University, 2016

Mr Godwin Obaseki, Governor of the Edo province in Nigeria, underlined in his intervention the important contribution of palm oil for the country's economy and poverty alleviation. He reminded that, as a result of the civil war, the military dictatorship and the unbalanced distribution of wealth following the discovery of crude oil, poverty have been rising significantly in Nigeria. There is a clear correlation between human trafficking, forced migration and poverty. The increased production of crude oil and the sudden wealth, reduced the emphasis on agricultural production. But agricultural production is a very important contributor to job creation and palm oil is uniquely placed for this purpose. Over the next four years additional investments will be made to sustainably regrow palm oil production in Edo province. Deforestation as a result of illegal logging is another challenge to be addressed. As part of the palm oil initiative new reforestation initiatives will be undertaken. All this should help to move the economy from one based on crude oil to one based on palm oil.

Dr Ryan B. Edwards from the Stanford University shared his research on tropical oil and its impact in fighting poverty. According to his research, at least 1,3 million people were lifted from poverty in Indonesia as a direct result of the expansion of the palm oil industry.

"the successful reintroduction of sustainable palm oil in Western Africa should be a prime focus for the European Union, since the alternative is the growth of migratory movements of young people without economic prospects at home, and looking for a better future in Europe"

Governor Godwin Obaseki

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Speakers and contributors to the conference

H.E. Antonius Agus Sriyono, the Indonesian Ambassador to the Holy See closed the seminar by summing up the conclusions of the conference, which had underlined the fundamental importance to the global community of achieving the Sustainable Development Goals (SDG) of the United Nations by 2030. Social and economic progress are fundamental to achieving the eradication of poverty and promoting peace and well-being and environmental protection is essential to ensuring quality of life for our future generations. Therefore economic and social progress, whilst noble goals, should be balanced out with the sustainability of our environment in general.

The conference stressed the need to avoid any discrimination against the plantation industry in any part of the world, and called on governments, the private sector and local communities to join forces and exchange best practices to better address the SDG goals within the whole vegetable oil industry, which represent for several countries an important factor of economic and social development.

The conference recognized the significant contribution of oil palm cultivation towards raising the income level of rural small farmers, addressing poverty, employment creation, and providing new business opportunities.

Palm oil is also an important component of the global food supply chain from developing economies in particular among the vegetable oils traded globally.

The future development of palm oil cultivation and palm oil industry will have to be based on sustainable practices that take into account environmental as well as social considerations in order to create a balance between economic growth, better employment and income for the small holders.

The conference agreed to address the SDGs on a non-discriminatory basis across the whole vegetable oil sector to cover all challenges the sector is facing and to promote a greater awareness of the sustainable management of natural resources via educational campaigns across the local agricultural communities.

The conference underlined the need to champion assistance to the agricultural community to help increase yields to meet vegetable oil demands in a sustainable manner.

Finally, it agreed to avoid discriminatory trade practices, protect the rule of law in the vegetable oil sector and ensure that regulatory requirements are fully respected and implemented to include the protection of human rights.

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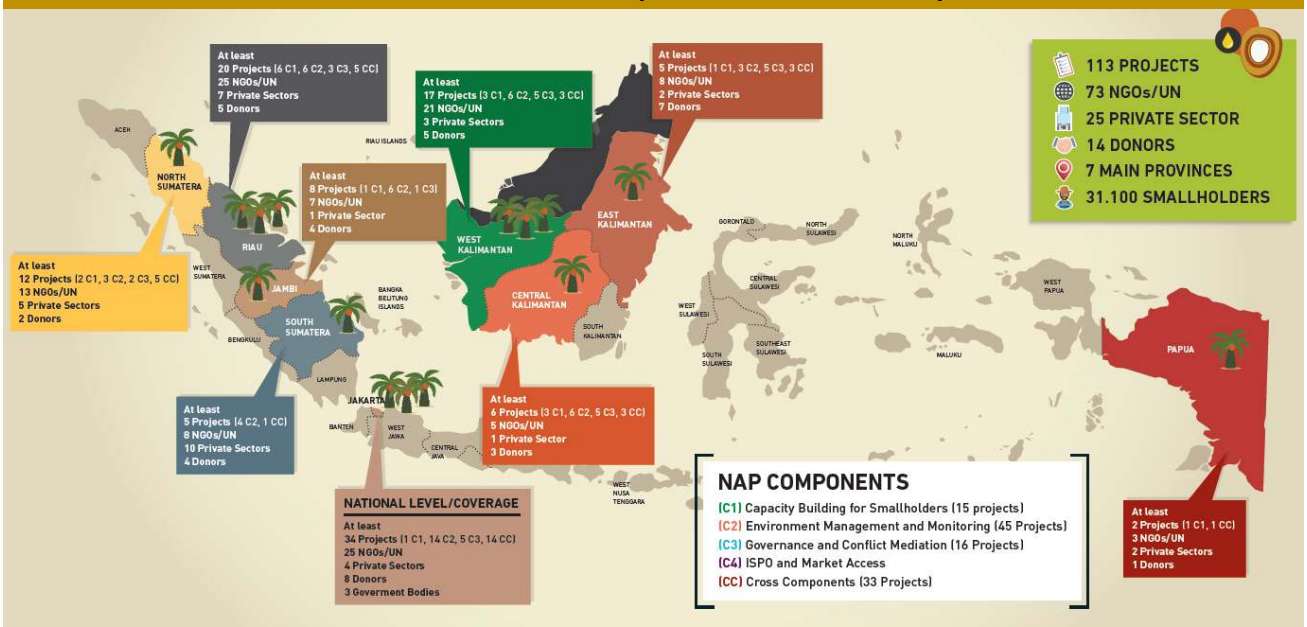
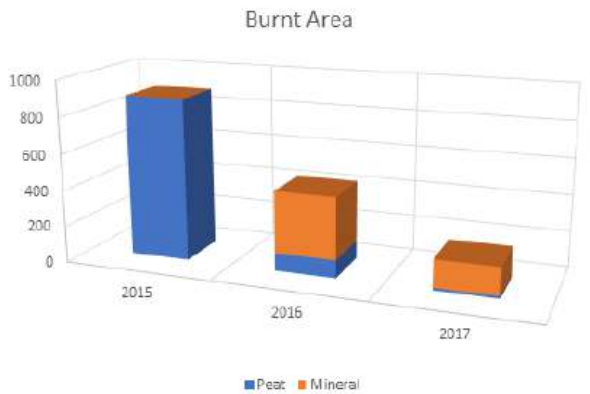
Local projects of the National Action Plan of Indonesia to drive sustainable palm oil development



Exponential reduction of burnt area and hotspot in Indonesia

Year	Number of Hotspot	Burnt Area (Ha)		
		Peat	Mineral	Total
2015	70,971	891,275	1,720,136	2,611,411
2016	2,844	97,787	340,576	438,363
2017	2,440	13,555	151,929	165,484

As a result of the new approach adopted by Indonesia to manage the drivers of fires, between 2015 and 2017, the number of fire spots has been reduced by 93,6% and the impacted areas by 61,8%.



Source: Managing Peatlands to cope with Climate Change: Indonesia's Experience, Ministry of Environment and Forestry of Indonesia, March 2018