



Summary of the webinar

Deforestation-Free Commodities, The Case of Palm Oil & the Latest State of Play in Indonesia and Malaysia

Date: 21 April 2022

Background

Palm oil production and consumption are sometimes associated with deforestation. But it seems that images in Europe of large scale deforestation for oil palm is based on data from the past. The Sustainable Palm Oil Choice (SPOC) and the Council of Palm Oil Producing Countries (CPOPC) have organized this webinar to inform participants on the latest state of play regarding deforestation/ forest conservation in Indonesia and Malaysia. During the webinar presentations were given by:

- Niels Wielaard (Satelligence)
- Dr. Petrus Gunarso (Former Country Director Tropenbos Int)
- Dr. Ruslan (Director of Science, Environment, and Sustainability at MPOC)
- Bart W. van Assem (Founder of KAYON)

The recording of the webinar is available here.

<u>Presentation of Niels Wielaard</u> (Satelligence) The case of palm oil & the latest state of play in Indonesia and Malaysia

• The public perception in the EU is that palm oil causes most deforestation, while in reality cattle, soy and timber & pulp have higher deforestation rates. Palm oil is leading in deforestation-related commitments.



 Satelligence verifies sustainable sourcing with satellite data. For palm oil, there is a clear decline in deforestation in Indonesia since 2016. This is in line with the 2015 NDPE cutoff date set by many companies.



- Palm-driven deforestation keeps declining despite strongly increasing palm oil prices since 2019. The research of Satelligence shows that the following reasons are not the cause of the decrease in deforestation rate:
 - production volume decrease because the production volume is actually increasing;
 - decreasing (EU) demand because (EU) demand is not decreasing;
 - 'there is hardly any forest left to deforest because actually there is still around' 20-70% forest remaining inside concessions.
- Industrial plantations expanded faster than smallholder plantations. Smallholders converted 3 times less forest (2.13 Mha vs. 0.72 Mha), according to Gaveau et al. 2021.
- In Malaysia we see a similar decreasing deforestation pattern as in Indonesia.
- Despite the general decrease, there are areas where deforestation is ongoing. This is caused mainly by companies that are operating outside of NDPE supply chains.

- Satelligence is working on a blog with data on palm-driven deforestation in Africa and Latin America. A first glimpse of the data shows that it differs a lot per country.
- It is possible to identify deforestation by smallholders, but this requires more work and especially cooperation with people on the ground.

<u>Presentation of Dr. Petrus Genurso</u> (Former Country Director Indonesia, Tropenbos International): Deforestation and Conservation in INDONESIA

Dr. Petrus presented how the Indonesian government is incorporating its approach to stop deforestation in its overall climate change approach.

- Climate change, deforestation and conservation are key in Indonesia's government policy: in 2021, Indonesia has updated its **Nationally Determined Contribution** to counteract climate change: commitment for 29% reduction target for 2030. 60% of this reduction target depends on Forestry and Other Land Use. Therefore, stopping palm-related deforestation is part of the NDC-commitment.
- 27 million hectares, a third of the nation's forest is designated as conservation forests.
- In 2019, Indonesia implemented a permanent moratorium on the conversion of primary natural forests and peatlands for oil palm, pulpwood and logging concessions. This is different from the now lifted temporary moratorium on palm oil licenses.
- ISPO is the national certification scheme. Certificates are issued by independent third party auditors.
- Mandatory ISPO certification now applies to 55% of the plantation area (company plantations). After 5 years it should apply to the other 45% of plantation area (smallholders).

<u>Presentation of Dr. Ruslan Abdullah</u> (Malaysian Palm Oil Council): IMPACT OF OIL PALM ON DEFORESTATION IN MALAYSIA Roles of Certification Schemes

Dr. Ruslan presented on the impact of oil palm on deforestation in Malaysia and the role of certification schemes:

MALAYSIAN PALM OIL INDUSTRY



- Under **Malaysia's Green Deal** the following measures are implemented to achieve Malaysia's goal of becoming a zero-deforestation-linked oil palm nation:
 - Total oil palm planted area **capped** at 6.5 mHa.
 - **Ban** on new planting of oil palm in peatland areas.
 - Ban on new planting of oil palm on land converted from forest reserves.
 - All oil palm plantation maps will be made available for public access. This decision was made in 2019, to increase transparency in the industry. The government is working on the mapping exercise, but it takes years to be implemented. We should expect a few more years before the concession maps are published. Most of the plantation companies have their maps ready, but for smallholders it is more difficult. The Malaysian Palm Oil Board therefore has to do this for the smallholders. Interested parties can write to the big companies and ask for their maps.
- MSPO is made mandatory in 2019. The Principles and Criteria of MSPO are updated in 2022, but not yet published in detail.

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)



- Challenges for MSPO are:
 - Land matters are under the jurisdiction of state legislation;
 - Certification among smallholders;
 - International acceptance of MSPO.
- Malaysian Palm Oil Certification Council (MPOCC) through MSPO engage independent local and international certification bodies and auditors in the process for certification. Some of these were also engaged for RSPO certification.

<u>Presentation of Bart W. van Assen</u> (Auditor and founder of Kayon): CONSERVING BIODIVERSITY & FORESTS THROUGH ISPO, MSPO AND RSPO

Bart presented if and how the ISPO, MSPO and RSPO schemes have integrated the conservation of biodiversity and forests. Among others he referred to <u>a 2019 comparative</u> <u>analysis of ISPO, MSPO and RSPO</u>. Main conclusions of his analyses:

- Identifying the safeguards in the ISPO, MSPO and RSPO standards requires a new, objective angle to assess their impact on biodiversity and forests. One such angle is identifying common themes in their indicators. At the moment, many indicators in especially ISPO and MSPO lack clarity in when and why the verification should be done.
- The three standards depend similarly on additional requirements, such as legal permits and monitoring under ISPO and MSPO and high conservation value and high carbon stock assessments under RSPO. These standards within the ISPO, MSPO and RSPO standards significantly increase costs and risks.
- Regarding conserving forests (rare, threatened and endangered species and ecosystems), the RSPO standard is most explicit regarding conserving biodiversity (in particular peat and waste management).

- Bart also highlighted the difficulties in analyzing satellite data. With over 50 definitions, the term 'forest' is not as straight-forward as often assumed. Hence, the polarising discussions over whether plantations are still forests and whether temperate tree plantations bear any resemblance to tropical wildwoods/jungles. The Western, romantic perception of forests facilitates false accusations of forest conversion in the tropics.
- Related to this: sometimes satellite analyses are not fully correct due to the '*Pretty Earth Fallacy*'. Google Earth satellite imagery is often used to declare forest conversion, despite it not being suitable to do so. Its imagery has been extensively manipulated, amongst others by replacing clouds with mosaics of (much) older imagery. To the untrained eye this *Pretty Earth* imagery can be interpreted as intact rainforest. This means that sometimes what is flagged as deforestation, might actually not have been forest in the past 50 years.

Discussion & Questions

Q: Gusti Anshari (Tanjungpura University, Pontianak, Indonesia):

How do you monitor and ensure that the expansion of smallholder or unlicensed oil palm does not convert the forests?

Answers

Dr. Gunarso: It is indeed difficult to monitor smallholder compliance and revoke licenses if needed. It is important that the government's plantation services monitor on the ground. Indonesia is using its spatial planning on top of enforcement of laws.

Dr. Ruslan: There are more than 17 Malaysian laws for oil palm operators to comply with, before they are issued a license to operate. With the implementation of MSPO made mandatory in 2019, millers processing FFB sourced from unlicensed producers will have non-compliance issues. This will make them non-compliant. Thus, there is no room for non-compliant producers and millers to operate.

Q: Daphne Hameeteman (Wilmar): *is it allowed by Indonesia to share concession maps of palm companies? Reason I am asking is because this limits EU buyers to monitor deforestation. We need concession maps to decide if deforestation is inside or outside of concessions.*

Answers

Dr. Petrus: Indonesia only shares these maps for research purposes.

Bart: no shapefiles are shared by the Ministry of Forestry.

Dr. Petrus: but you can check the borders of concessions online. Shapefiles are owned by the concession holder, so they are the ones that have to share them.

Niels: the data is there, but it is difficult to get access to. Local consultants need to go to different offices/sites to gather the data. I wonder whether it is necessary to publish all concession data to the general public. What needs to be public: the control of deforestation-free production and audits.

Q: Kamal Seth (WWF Singapore):What steps can be taken to make sustainable certified palm oil more affordable for consumers in countries like Malaysia, Indonesia, India and China? What can be the role of governments and businesses, especially financial institutions and banks?

A: Marieke Leegwater: Quite some multinational companies have 100% CSPO commitments for some moment in the future. However, for the Asian market this is more difficult.

Concluding remarks

While notable steps and achievements have been made in reducing deforestation in Indonesia and Malaysia, it is good to note that the two major producing countries are continuing their work to further improve the commodities sector.

The webinar has once again made it clear that demand-side measures alone cannot fully solve the issue of deforestation. The same goes for supply-side measures. Both sides of the supply chain need each other to counter deforestation, improve livelihoods and build sustainable economies. Understanding each other is crucial in finding sustainable solutions for this sector. As SPOC and CPOPC, we hope this webinar contributed to mutually increased understanding and provides ground for increasing collaboration between producing and consuming countries.