

Palm Oil Factsheet

Over the last few years there has been a lot of controversy over the use of palm oil in a wide range of consumer products. This briefing explains what all the fuss is about, what the current situation is, and what people who care about the conservation of tropical forests can do to help.

What is palm oil?

Palm oil is a vegetable oil that is used in many day-to-day products such as foods and toiletries. It is estimated that as many as half the packaged food products in an average supermarket may contain palm oil¹. Thanks to new European legislation², enacted following our *Clear Labels, Not Forests* campaign³, all products containing palm oil now have to list it specifically in their ingredients (rather than simply calling it 'vegetable oil' as they used to).

Where does it come from?

The oil is extracted from the seeds of the oil palm tree, which originated in West Africa. It is now grown around the tropics: in south-east Asia, Africa, and Latin America. It is usually grown in large plantations with the seeds sent to mills in the same country for processing, and the resulting oil being distributed worldwide.



What is good about it?

Oil palms produce more oil per hectare of land than any other vegetable oil crop⁴, making it the world's cheapest vegetable oil, and palm oil accounts for about 30% of global vegetable oil supplies⁵. Although it takes up to five years from planting to first fruiting, it is a standing crop that can continue to provide a high output for 25 years or more⁶.

What is wrong with it?

Unfortunately in many areas where palm oil is produced, and particularly in Indonesia and Malaysia, oil palm plantations are expanding, and internationally important forests are being cut down to make way for them⁷. The clearance of these forests threatens many unique animals including several endangered species such as the Sumatran and Bornean orangutan, Sumatran tiger, Sumatran rhino and Bornean and Sumatran elephant. The forests also act as a very important carbon sink⁸, and many stand on peat reserves which hold massive additional carbon stocks that can be released when the forest is removed⁹.



Why are the forests being chopped down?

Global demand for vegetable oil is constantly growing, and oil palm is a very efficient and profitable way to meet this demand.

Establishing new plantations on areas of rainforest has benefits both for the government granting the plot and the company planting the crop. For the government it provides an economic use for an area of land that was previously unprofitable (despite being immensely valuable in other terms¹⁰). For the producer, the forest can be logged and the timber sold to provide an extra income. Even when there are other viable areas to establish plantations, these considerations mean that often new plantations replace existing rainforests.



What can be done instead?

There are known to be extensive areas of 'degraded' land in these countries which are not of major importance for wildlife or carbon storage. These may have been previously deforested or cultivated and subsequently abandoned, and much of this land would be suitable for new oil palm plantations¹¹ as an alternative to forest sites. In addition, studies show that many oil palm plantations could produce much more oil per hectare if they were tended and managed differently¹². A modest investment in new technologies or practices could improve yields on existing plantations and meet demand that way.

What needs to change?

Palm oil producers need to go about their business with a greater sense of responsibility for the environment. Treatment of people also needs to be considered, as some plantations provide very poor pay and conditions for their workers, or are established on areas that have traditionally belonged to local people¹³. Pressure needs to be applied through the whole supply chain, so that product manufacturers demand commitments from the companies they source palm oil from, those companies demand commitments from the oil producing mills, and the mills demand commitments from the plantations which supply them.

Why shouldn't we boycott palm oil?

We do not believe that boycotting palm oil will help the situation for various reasons. For a start, given how common palm oil is in all sorts of consumer products, completely avoiding it would be extremely difficult. Besides this, palm oil is a very efficient way of producing vegetable oil, so if it were abandoned there would be a huge rise in demand for land to grow other oil crops, which would itself have significant environmental and social impacts. But realistically, palm oil is here to stay, and what we need to do is ensure that it is cultivated in the least damaging way possible – a blanket boycott would not distinguish between responsible and irresponsible production, so it would not advance this crucial agenda.



How can I buy responsible palm oil?

Unfortunately there is not currently a logo you can look for on packaging that reliably indicates that the palm oil is responsibly sourced. Several companies have made their own pledges to source palm oil more responsibly, and these vary from token gestures to strong and meaningful commitments. There are various 'scorecards' which rate the performance of different companies or products (see below), but these vary in how usable and comprehensive they are.



Supporting companies that have made strong commitments or work with environmental groups on targeted programmes may be the best way forward. If you do change your buying habits and you have time to write a letter it is always worth telling companies that you have chosen to use them or to avoid them, and explain why. It is also worth noting that various concerned groups occasionally launch petitions or other campaigns targeting companies which have failed to make robust commitments. These can lead to significant improvements in cases of poor practice and hence raise the accepted standards on a wider scale.



What are RSPO and POIG? ¹⁴

The Roundtable on Sustainable Palm Oil (RSPO) is a membership organisation that includes companies that produce, trade, use or invest in palm oil, and conservation and social NGOs. Palm oil companies can be audited against the RSPO standard in order to be able to sell their oil as Certified Sustainable Palm Oil (CSPO). The RSPO criteria include the protection of some forest areas as well as certain social issues, but the association has been criticised by environmental groups for setting low standards and failing to monitor or enforce them adequately.



The Palm Oil Innovation Group (POIG) ¹⁴ is a collection of NGOs and progressive palm oil producers committed to reinforcing and improving the RSPO standard. Their charter stipulates that palm oil operations must be completely free from deforestation, the destruction of peatlands, and human rights abuses. The RSPO often uses the term 'sustainable palm oil', however we do not think it is clear whether palm oil consumption can be truly sustainable. We therefore favour the term 'responsible' palm oil, as preferred by the POIG, to refer to their more stringent Charter and more accurately reflect what can be reasonably expected from palm oil producers.



Which collaborative programmes could companies be working with?

At the time of writing there are two main organisations working directly with companies to improve the way they source palm oil. TFT (The Forest Trust) work with large companies to help them identify where their palm oil is coming from and ensure that it is responsibly sourced, both environmentally and socially. Every partner has to commit to a No Deforestation policy on palm oil, and they are working with the two biggest palm oil trading companies in the world– Wilmar and Golden Agri-Resources – as well as consumer giant Nestle¹⁵. Meanwhile the World Resources Institute works on a site-by-site level to identify areas that are

suitable for establishing plantations without removing forest or other valuable natural habitats. Working with palm oil companies they focus on relocating proposed high impact projects to more suitable locations¹⁶.

How can I find out about companies' palm oil commitments?

Companies that have made commitments will usually make these available on their websites. There are also several 'scorecards' available which evaluate the commitments or practices of a range of companies or brands and give them a rating. These often cover different companies and use different criteria, and none of them is definitive. The Rainforest

Foundation UK Palm Oil Guide¹⁷ (in collaboration with Ethical Consumer) gives scores to most major brands found in UK supermarkets for a range of products from biscuits to makeup - although it is worth noting that the highest ratings normally go to products that do not contain any palm oil. The Union of Concerned Scientists¹⁸ in America has produced a rating for 30 major companies in the sectors of fast food, packaged food and personal care. WWF has produced a Palm Oil Buyers Scorecard¹⁹ every other year since 2009 which provides a score for a wide range of retail outlets and manufacturers based on the RSPO criteria. Greenpeace has a Scorecard on Palm Oil Producers²⁰ which ranks the companies that own the plantations based on their policies on deforestation and peatlands, and their level of RSPO certification.

For more information please visit orangutans-sos.org or contact info@orangutans-sos.org

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Notes and References

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