



## Oil Palm

Figures released by The United Nations Food and Agriculture Organisation (FAO) in 2005 indicate that the rate of natural tropical forest loss is about 13 million hectares a year – the equivalent of 36 football fields a minute. The conversion of forests to agricultural use is one of the biggest contributors to forest loss. A report published in 2007 by the United Nations Environment Programme (UNEP), acknowledges that palm oil plantations are now the leading cause of rainforest destruction in Malaysia and Indonesia. In Indonesia, the area of land occupied by oil palm plantations has increased 35 fold since 1967, occupying 6 million hectares as of 2005.

### Position Paper

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One of a series explaining  
WWF's position on key  
issues impacting the world's  
forests

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Oil palm plantations have often imposed environmental and social costs due to indiscriminate forest clearing, habitat loss of threatened and endangered species, uncontrolled burning with related haze, and disregard for the rights and interests of local communities. In addition, forest conversion by plantation companies contributes to climate change, as 20 per cent of all human induced greenhouse gas (GHG) emissions are caused by deforestation. The industry practice of draining and converting peatland forests is especially damaging to climate mitigation efforts, as these "carbon sinks" store more carbon per unit area than any other ecosystem in the world. An average of 1.8 billion tonnes of GHG are released by the degradation and burning of Indonesia's peatlands each year.

WWF recognizes that palm oil is a basic foodstuff with high consumer demand. In addition, palm oil is increasingly used to replace fossil fuels in the transport and energy sectors of (mainly) developed countries. Taking into account the growing demand for palm oil for bioenergy as well as traditional uses, the FAO estimates that palm oil production will double between 1999/2001 and 2030.

WWF is concerned that the growing demand for palm oil could create incentives for oil palm plantations to expand into areas with high conservation values (see separate WWF Position Paper on High Conservation Value Forests), also threatening freshwater ecosystems, livelihoods of forest dependant peoples, the habitats of endangered species such as elephants, rhinos, tigers and orang-utans, and the success of climate change mitigation on the global level. WWF also recognizes that an increase in palm oil production for energy use may have wider sustainability impacts, such as food shortages, food price increases, or displacement (bioenergy production displacing agricultural production and pushing it into other areas, causing a net expansion of the area under cultivation and associated forest loss).

While recognising that the oil palm industry generates valuable foreign exchange earnings and employment opportunities for tropical producer countries, WWF is concerned at the prospect of the industry continuing to expand and operate in an unsustainable manner.

WWF calls upon the industry, regulators, financiers, buyers and other stakeholders to work collectively to develop and promote adoption of environmentally appropriate, socially beneficial and economically viable practices in the oil palm industry.

***WWF believes that key elements of sustainability within the oil palm industry, regardless of the end use, are:***

- **Maintenance of High Conservation Value Areas:** Oil palm plantations should not replace High Conservation Value Areas.
- **Balanced land use mosaics:** Zoning and infrastructure planning at a regional level should be used to integrate palm oil production into a mosaic of natural areas, agriculture and infrastructure, leading to a land-use plan negotiated and agreed with stakeholders. This mosaic should include a clearly designated permanent forest estate made of protected areas, production forests and areas under restoration.
- **Independently certified sound environmental and social management practices:** Palm oil producers should comply with the Roundtable on Sustainable Palm Oil (RSPO) principles and criteria (P&C). The RSPO criteria cover the following issues: commitment to transparency, compliance with laws, commitment to economic viability, use of best practices, conservation of natural resources and

biodiversity, consideration of employees and communities, respect for indigenous peoples' rights, responsible development of new plantings and commitment to continuous improvement. Companies buying palm oil products should require that the palm oil originates from RSPO-certified sources.

- **Strategies to avoid conversion:** Industry participants should achieve increased production without converting new forestland, while at the same time lowering environmental and social impacts. Strategies recommended by WWF include increasing the level of oil production from existing plantations through the use of better management practices, establishing new plantations on degraded and unused land, and, in the case of palm oil production for bioenergy, using existing waste and by-products.
- **Addressing displacement:** Governments and companies should work together to ensure that increases in palm oil production for biofuel or other uses do not result in displacement of other food crops into natural areas with high conservation value. In addition to the strategies above, governments should establish functional and coherent land use, agriculture and rural development and energy policies that secure land allocation for biodiversity conservation as well as food and fuel crops and reduce price fluctuations of commodities.
- **Positive GHG balance:** Palm oil plantations and processing plants should take measures to reduce GHG emissions, especially when the palm oil is designated for bioenergy uses. Industry participants should set standards for measuring the life-cycle GHG balance to ensure that the bioenergy from palm oil delivers a positive GHG balance over fossil fuels. (See WWF Position Paper on Bioenergy)
- **Proficient regulatory frameworks:** Governments should close the gap between standards under regulations and the performance required to meet voluntary best practice standards such as RSPO.
- **Transparency:** Industry participants should join the RSPO and abide by the RSPO's P&Cs and Code of Conduct. In addition, they should adopt and make public their policies, practices and implementation plans pertaining to their social and environmental performance. They should encourage independent monitoring of their performance and make public their findings.

***WWF works with governments, private companies, financial institutions and civil society organizations at the farm, landscape, national and global levels to:***

- Identify, analyse and promote those better production practices that reduce the environmental and social impact of palm oil production to acceptable levels while being financially sustainable.
- Support the Roundtable for Sustainable Palm Oil (RSPO) and implementation of the RSPO certification system by encouraging companies to make tangible commitments to produce, procure and use certified sustainable palm oil, and monitoring the progress of companies against their commitments.
- Identify and advocate for the removal of incentives for palm oil production that replace High Conservation Value Forests, degrade priority freshwater ecosystems or alter the natural conditions for biodiversity in these habitats.
- Identify areas that should be zoned out of palm oil production or protected in some other way due to their high conservation value or critical ecosystem functions.
- Promote responsible purchasing and investment policies in the palm oil sector.
- Support the RSPO to develop and implement a greenhouse gas accounting system for palm oil to be used for power generation or as a fuel.
- Invite retailers and consumers (especially in developed countries) to reduce their footprint on the world's forests by purchasing only products with certified sustainable palm oil.
- Encourage utilization of available degraded lands for the establishment of new palm oil plantations.

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