

RSPO: Merely a certification process

| BY LEELA BARROCK |

Tan Sri Yusof Basiron is not always an easy man to interview. He can be taciturn, impatient and unyielding, say some who have tried to get a story out of the CEO of the Malaysian Palm Oil Council (MPOC). However, when *The Edge* met him a few weeks ago, Yusof was at his blunt best, delivering his one-liners with aplomb (“we don’t respond to non-governmental organisations”). His impatience with those who do not understand Malaysia’s position on sustainability was quite apparent (“we’ve had our sustainability laws in place since the 1950s, 1960s, 1970s and 1980s; the NGOs have been around since yesterday”). And all the while he reinforced his message that there is no oil out there quite like Malaysia’s golden oil.

Yusof is also famously not cowed by the Roundtable on Sustainable Palm Oil (RSPO), which he classifies as a “condition” imposed by certain markets to certify practices that Malaysian planters have been undertaking for years.



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For all his lack of enthusiasm for the RSPO, however, Yusof knows that this is a sensitive time for the industry. Granted, a lot of the concerns the industry is facing are not immediately apparent because of the current demand-supply dynamics — demand for edible oils has outstripped supply consistently. But the issues brought up against palm oil could damage its image and potentially its markets — a fact which is of concern because Malaysia is the world’s largest exporter and second largest producer of crude palm oil.

Thus, MPOC under Yusof is trying to forge an identity for Malaysian palm oil.

“We have good agricultural practices of our own, we have good forestry management practices of our own, we have sustainability criteria of our own. We have been doing all this on our own for years consistently. None of our orang utan sanctuaries were created by NGOs. This is our national responsibility. We have not been reacting to whatever is the flavour at the current time,” says Yusof vehemently, when asked for MPOC’s response to all the criticism that has been

levelled against palm oil players. “We’ve had our laws for decades.”

As the body that spearheads the promotion and market expansion of Malaysian palm oil, it falls on the MPOC to enhance the image of and create better acceptance for palm oil. The idea is to increase awareness of various “techno-economic advantages and the environmental sustainability of palm oil”.

However, at present the task is uphill, especially where European markets are concerned.

Various groups, especially those based in Europe, have raised questions on the practices of oil palm players. Chief among their concerns are the environmental hazards created by the burning of forests and the draining of peat swamps, and ecological issues from the destruction of the natural habitat of tropical animal and plant species with the clearing of forests and the expansion of monoculture cultivation. Then there is what has become known as the orang utan issue. A global campaign against oil palm cultivation because of the destruction of the natural habitat of the orang

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utan and the treatment meted to these animals by unethical planters has grabbed the attention of the lowest denominator in the supply-demand chain — the end consumer. These campaigns have gained traction in recent years, with powerful film footages of orang utans killed and/or maimed by aggressive planters and this lobby group has a powerful image in a baby orang utan clinging to its mother — very human, very moving.

Thus, if not for the current conjunction of high mineral oil prices and an increasing demand for biofuel, these attacks could have harmed palm oil producers where it would have hurt most — at the bottom line.

Recognising this, Yusof says: “There is a need to differentiate Malaysian palm oil vis-à-vis other palm oil producers. We are working on it, we will do what we can for the good image of Malaysian palm oil.”

But, he adds, the issues raised are not representative of what goes on in Malaysia. “The issues [being raised] have no scientific justification on what are Malaysian practices. The orang utan is not even native to Peninsular Malaysia.”

On the environmental front, Yusof says Malaysia has legislated the need for riparian borders (the stretch of land between rivers and planted estates). The nation-wide zero burning policy is in place with criminal penalties for those found to be in breach and wildlife sanctuaries and forest reserves have been clearly gazetted.

However, Yusof disputes the need for natural corridors (that link forest areas through agricultural land).

“You know in the US and Europe they have wheat fields and there are no wolf tracts or cattle tracts or whatever running through agricultural land. Why are they trying to harm our productivity by imposing such requirements on our agricultural land? Agricultural land is agricultural land. Once it is given for agriculture, it should be used for agriculture. Why should our agricultural

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land have forests running through them with wild animals roaming when they don't impose such worries on their farmers?" Yusof challenges.

Trade barriers?

Arguing that the allegations made against oil palm planters are not representative of Malaysian practices, he says it is clear that

much of the diatribe is in reality not much more than a trade barrier — albeit disguised as an NGO issue.

"It's not direct, but they have laws to protect their rapeseed oil and soya oil for biofuel but our palm oil cannot be used. Of course, it's a trade barrier... They don't have similar rules [such as those required by the Roundtable on Sustainable Oil Palm] for the rapeseed and soya farmers. Why not? Why don't

they have the same environmental and ecological concerns? Why are they not certified? They may be sustainable but they are not certified. No other oil in the world is certified, only palm oil."

Having said that, Yusof admits that the current global situation is such that companies that have obtained RSPO compliance will be able to supply adequately to those countries that have imposed such strictures.

"We have enough players who can supply [the Europeans, for example]. But they cannot force compliance for the oil they are not consuming."

Since RSPO compliance certification comes at a price, MPOC says smallholders and smaller companies will not be able to afford it. "But not everybody needs to get it because not everybody demands it," says Yusof.

RSPO has been recognised by the Malaysian government as a business-to-business voluntary initiative with no legislative compulsion requiring compliance.

"But our marketing strategy is to give the consumers what they want. We have different consumers with different requirements and that is what we will look at. We know that palm oil has good fundamentals, it is very productive, very competitive, able to compete with any oils, it is the most efficient, most sustainable, so whatever the consumers want, we can give them. We can compete."

Meanwhile, big Malaysian players such as Sime Darby Bhd are moving along at a steady clip to obtain RSPO certification, which Yusof sees as a sensible marketing strategy.

"We can accommodate [the RSPO] because we are sustainable. The issues raised, we are addressing appropriately. If it's a non-issue, we say so. We don't have to say more."

This classification of RSPO into a mere market certification process may not sit well with some quarters, but Yusof shrugs it off. "RSPO is a certification and Malaysia has sustainable practices. We can differentiate it."

For MPOC, the challenge will be educating the world markets to understand the difference and to separate the white noise from the cold hard facts — the same way the facts on fats separate palm oil from other inferior edible oils. ■