

Brussels, 27 March 2017

**Mr. Antonio Tajani**  
President of the European Parliament  
European Parliament  
Rue Wiertz 60- Brussels

CC: **Ms. Adina-Ioana VALEAN**  
Chairperson of the Committee on the Environment, Public Health and Food Safety  
**Mr. Czeslaw Adam SIEKIERSKI**  
Chairman of the Committee on Agriculture and Rural Development  
**Mr. Bernd LANGE**  
Chairman of the Committee of International Trade  
**Ms. Linda McAVAN**  
Chairperson of the Committee on Development  
**Ms. Kateřina KONEČNA**  
Rapporteur

Dear President Tajani,

We are writing to you as Palm Oil Producing Countries, in anticipation to the vote which is scheduled to take place during the upcoming Parliament's plenary session to be held in April 2017, regarding an Own-Initiative motion for an European Parliament resolution by the ENVI Committee on "*Palm oil and the deforestation of rainforests*" (Ms. Kateřina Konečná-GUE), hereinafter "the proposed resolution".

As you may be aware, in 2013 the European Commission (DG Environment) issued a report called "*The impact of EU consumption on deforestation*"<sup>1</sup>. This report found that for the period of 1990-2008 crops contributed only to 29% of worldwide deforestation, and within that category it identified soybeans (19%), maize (11%), oil palm (8%), rice (6%), and sugar cane (5%) as main direct or indirect contributors.

While not necessarily subscribing to the outcome of this study, we do wish to bring to your attention that the proposed resolution completely ignores the other drivers (logging, ruminant livestock production, urban expansion, natural hazards) identified by your own services to be responsible for deforestation in greater proportions, and instead, it arbitrarily focuses on and appears to be biased against palm oil.

We note with great concern that –while providing no evidence- the text of the proposed resolution is abundant in broad, unfounded and misleading allegations which negatively impact the reputation of palm oil producing countries.

We are equally worried by the recent inclusion of certain amendments containing trade discriminatory language against the use of palm oil. The imposition of both tariff and other non-tariff trade barriers, or for an outright EU ban on imports of biodiesel derived from palm oil, could provide advantages to the use of other raw materials, entailing direct discrimination against palm oil.

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<sup>1</sup>European Commission, 2013. *The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation.*

As troubling as the language of the proposed resolution is, it is only one in the worrying trend of EU palm-oil-related issues that our Missions have been busy tackling in the past few years<sup>2</sup>.

Such kind of initiatives -especially the current proposed resolution by the ENVI Committee- disregard the great benefits and contributions that imports of palm oil bring to the EU Member States. Indeed, a study carried out by Europe Economics in the year 2012 found that “palm oil imports made a substantial contribution to the EU economy, including:

- A contribution to EU GDP of €2.7bn in downstream industries and €5.8bn including the impact of a resulting rise in demand;
- A contribution to tax revenues of €1.2bn in downstream industries and €2.6bn including the impact of a resulting rise in demand; and
- Palm oil is associated with 67,000 jobs in downstream industries and 117,000 jobs including the impact of a resulting rise in demand”.

We firmly believe that the draft of the proposed resolution as it stands today, ignores the other side of the coin. First, with respect to sustainability certification, the proposed resolution fails to reflect in a fair manner the positive efforts made steadfastly by palm oil producing countries through national certification schemes including MSPO and ISPO in addition to business to business arrangement through RSPO. This reflects the efforts and policies we have adopted in our legislations, in order to ensure the protection of the environment, respect for labor rights and welfare of small farmers. Indeed, the current draft fails to mention the national certification schemes that some of us have developed and implemented successfully and which we believe are worthy of equal consideration. Instead, the proposed resolution calls for the development of a new redundant European single certification scheme.

Secondly, the proposed resolution fails to reflect the great economic contributions and huge positive social impact that the production of palm oil has had in our countries, lifting entire communities out of poverty. In fact, we are concerned that the current draft is not socially inclusive, and on the contrary, that it alienates SMEs and small farmers in producing countries.

Taking into account that each of the undersigned has a unique individual situation, we are enclosing examples from some of us containing success stories behind palm oil production that we deem relevant sharing with you.

As palm oil producing countries, we emphasize that we hold our individual bilateral trade relations with the EU in our highest esteem. Furthermore, we underline that we share the EU’s concerns regarding the challenges we face together as nations to protect and conserve our planet’s environment and biodiversity.

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<sup>2</sup> Such as the proposal within the framework of the Codex Alimentarius supported by the EU to modify the standards of "Nutritional Reference Values" (NRVs); the infamous “Nutella Tax” initiative within the French Parliament; the various smear campaigns to discredit palm oil in EU Member States, including “negative labelling” on products not containing palm oil; Regulation (EU) No 1169/2011 requirements to list specific vegetable oils contained in products; and the latest EFSA’s opinion assessing the public health risks of the substances: glycidyl esters of fatty acids (GE), 3-monochloropropanediol (3-MCPD), and 2-monochloropropanediol (2-MCPD) and their fatty acid esters in vegetable oils.

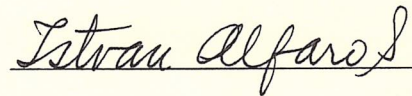
We are also convinced that our shared values and mutual goals are best served through mutual dialogue, joint cooperation, and the inclusion and empowerment of our communities.

Thus, we call on your leadership and urge all Members of the European Parliament to reject the proposed resolution, and rather work with us with a collaborative –not punitive- approach to achieve the much desired sustainability goals of palm oil production.

We look forward to a continued engagement and future work together on this issue.

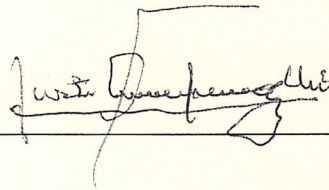
Sincerely yours,

HE. Mr Istvan Alfaro Solano  
Embassy of Costa Rica



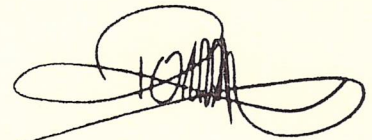
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HE. Mr. Pablo Villagómez Reinel  
Embassy of Ecuador



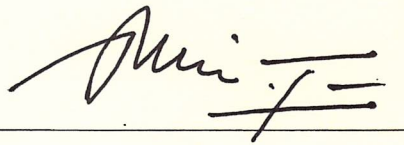
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HE. Mr. Roberto Ochoa Madrid  
Embassy of Honduras



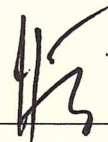
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HE. Mr. Yuri O. Thamrin  
Embassy of Indonesia



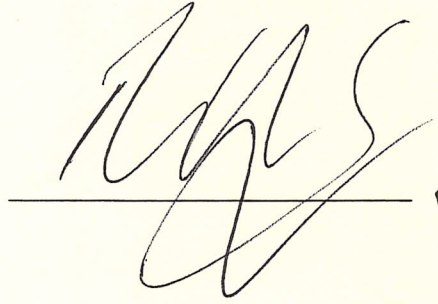
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HE Dato' Hasnudin Hamzah  
Embassy of Malaysia

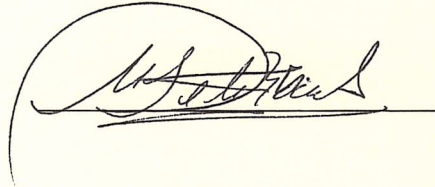


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HE. Rodrigo Rivera Salazar  
Embassy of Colombia

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Mrs. Myriam De la Roca  
Embassy of Guatemala  
CDA a.i.

A handwritten signature in black ink, featuring a large, sweeping initial 'M' followed by several smaller, connected letters, positioned above a horizontal line.

## Production of Palm Oil in Colombia

- Colombia ranks 4<sup>th</sup> palm oil producer in the world, contributing with 2% of global production. In 2016, Colombia produced about 1.2 million tons of Palm Oil, and exported around the 35% of it to more than 40 countries. The main export product is crude palm oil, recognized by its freshness due to its high quality and low storage time. The European Union market gathers the 60% of palm oil exports. Colombia does not export palm biodiesel.
- Oil palm cultivation has been developed in Colombia without deforestation. Colombia has an agricultural frontier of 43 million hectares, 7.1 million of them are cultivated with different crops, and 0.5 million are of Palm Oil. For this reason, international organizations like FAO has indicated that Colombia is one of the seven countries around the world with availability to expand its agriculture without compromising forests and savannas.
- Different studies, as the one published in 2016 by Madhur Anand from the University of Guelph in Canada, together with Mr. Varsha Vijay and Mr. Stuart L. Pimm, from Duke University, entitled: "*Impacts of oil palm in the recent deforestation and loss of biodiversity*", suggest that even though Colombia increased 69.5% its planted area with oil palm between 1989 and 2013, the deforestation was 0%.
- A study entitled "*Characterizing commercial oil palm expansion in Latin America: land use change and trade*", published in 2016 by Paul Furumo and Mitchell Aide, from the University of Puerto Rico, states that the expansion that took place in Colombia between 2001 and 2014 was in lands that were previously intervened by pastures for extensive farming or by other crops such as cotton, rice or bananas in over 91%.
- Fedepalma, the National Federation of Oil Palm Growers in Colombia, represents the interests and needs of the palm oil sector. Fedepalma joined the Roundtable on Sustainable Palm Oil (RSPO) in 2004 and in 2008 launched the RSPO sustainable certification system. In just 8 years, Colombia was able to certify around 12% of its palm oil as sustainable.
- In 2016, the Second Interpretation of RSPO principles were approved for Colombia, and at present time, the palm oil sector is advancing in its process for sustainability certification. For 2020, it is expected that the 50% of the Colombian palm oil production can be certified by the RSPO.
- A Colombian oil palm company, has being ranked first during three consecutive years, according to the World Ranking of Sustainable Companies designed by the Zoological Society of London, an active RSPO member.

- Since 2012, a joint project financed by the United Nations, called GEF: “A Biodiverse oil palm Landscape” has been jointly undertaken among World Wildlife Fund WWF, the Alexander Von Humboldt Institute, Cenipalma and Fedepalma. This project aims at contributing to biodiversity conservation and to a sustainable management of oil palm systems, by means of a better planning and adoption of agro-ecological practices in the Colombian palm oil areas. These activities have their financing guaranteed until 2018. The project found that about 1200 vascular species and 560 animal species such as birds, mammals, amphibians and reptiles, among others, are preserved as a result of the oil palm crops, which are cultivated in areas that were previously intervened by pastures for extensive farming or by annual crops.
- Colombia has a biodiesel mix of 10%. According to EMPA, a Swiss company, after analyzing the life cycle of this biofuel, Colombian palm biodiesel reduces in 83% to 108% the greenhouse gases (GHG). This is a high range if it is compared with the biofuel parameters of 20% and 35% in USA and in the European Union.
- The Palm oil sector contributes to the welfare and rural development. This is highlighted in a national study conducted by Colombian government, in which a comparison between the regions affected by the internal conflict, with and without the presence of oil palm crops, was analyzed. The results show that within the regions affected by the conflict, those with oil palm crops have higher per capita income in about 30%. This difference is considered as the palm’s social dividend.
- The World Bank conducted a study in 2011 on the palm oil sector worldwide. The study found that the palm oil sector creates 30 times more employment per surface unit than any other large-scale crop such as soybeans. Likewise, the study reveals that for each 1% increase in oil palm- planted hectares in productive stage, there is a reduction of around 0.15 to 0.25 percentile points of people living in poverty.
- Nearly 30% of Colombia’s total population (14.4 million) are currently located in our country’s rural area. They are considered among the poorest and most vulnerable population in Colombia. The creation of decent quality jobs- such as those provided by oil palm cultivation- is greatly needed in these areas.
- In Colombia, 4.600 small holders (less than 50 hectares) representing nearly 85% of cultivated oil palm are organized around 133 strategic productive alliances; thus demonstrating that palm oil can indeed be developed through inclusive schemes. Due to the high cost of an additional EU-only single certification requirement as proposed in the resolution being discussed, small holders whose livelihoods depend on exports to the EU would be greatly affected.

## The Sustainability of the Malaysian Palm Oil Industry

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1. Malaysian palm oil is currently exported to 162 countries worldwide. It has gained worldwide acceptance due to its versatility in both food and non-food applications as well as its competitive price.
2. Malaysia has implemented the Malaysian Sustainable Palm Oil (MSPO) certification scheme since 2014 MSPO will be made mandatory beginning December 2019.
3. There are four parts of the MSPO, namely :
  - Part 1: General principles
  - Part 2: General principles for independent smallholders
  - Part 3: General principles for oil palm plantations and organised smallholders
  - Part 4: General principles for palm oil mills

The MSPO is governed and implemented by a dedicated agency, the Malaysian Palm Oil Certification Council (MPOCC). As of February 2017, 245,414.8 ha of Malaysian oil palm plantations have been certified under the MSPO Certification Scheme involving 238,545 ha of private plantations and 6,869.8 ha of oil palm areas owned by smallholders.

4. It is also important to note that currently, we produce more sustainable palm oil than the volume Europe imports. Under the business to business arrangement within the framework of RSPO, as of 28 February 2017, some 929,081 ha of oil palm plantations in Malaysia are RSPO certified and produced about 3.73 million tonnes of certified sustainable palm oil. However, only about 2 million tonnes of certified palm oil globally were exported to Europe. Companies with RSPO certification will be mandated to adopt the MSPO scheme by December 2018.
5. The Malaysian oil palm industry has recorded impressive achievements, especially in transforming the landscape of the Malaysian agricultural sector. Oil palm cultivation in Malaysia currently covers about 5.74 million hectares which account for only 17.5% of our total land area. Under the current Economic Transformation Programme (ETP), Malaysia will double its palm oil production through increased productivity.
6. Even more significant, 2.23 million hectares (about 39%) of the oil palm cultivation nationwide are owned by 600,000 smallholders. Initiatives by the Malaysian Government to promote the development of the palm oil sector has improved the quality of life of rural smallholders and reduced poverty.

7. The development of the oil palm industry in Malaysia is guided by numerous laws and regulations to uplift the three principles of sustainability – people, planet and profit. The sustainability laws and regulations include the zero-burning policy, Integrated Pest Management System (IPM), guidelines on good agricultural practices (GAP), and the use of oil palm waste as organic fertilizers.
  
8. Despite the pursuit for development, Malaysia still retains 55.3% (at the Rio Earth Summit in 1992, Malaysia had pledged to maintain at least 50%) of our total land area under green cover and the oil palm industry in Malaysia has undertaken concerted efforts to maintain ecological balance with a minimum disruption from agricultural activities.



## The Sustainability of Indonesian Palm Oil

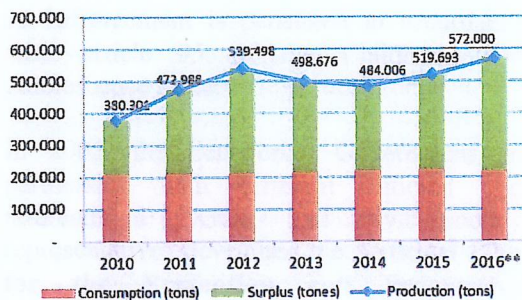
1. Palm oil is one of the key drivers of Indonesia's economy which has created more than four million jobs for traditional farmers and laborers, including about 12 million indirect work opportunities. Oil palm farmers also enjoy an income four to seven times higher than that of farmers of other crops at the same location. This has encouraged the World Bank to record the palm oil industry as the real contributor to poverty alleviation in many areas in Indonesia in the last 30 years.
2. Indonesia is recognized as the biggest producer and exporter of palm oil products in the world. The palm oil industry has produced export quality products with a value recorded as the "biggest export commodities of Indonesia". Indonesia's palm oil export value is estimated to surpass the entire amount of oil and gas export. Further, Indonesia is also noted as the biggest producer and exporter of "internationally certified sustainable palm oil" in the world. Indonesia hopes that this sustainable palm oil certification will improve the competitiveness of its palm oil products in the international market.
3. In the context of Indonesia, palm oil is relatively the most developed and advanced industry in its downstream sector and in the application of technology. Palm oil has been sourced from domestic raw materials, produces diverse commercially valuable products and covers a broad spectrum of businesses. Despite the occasional sharp fluctuations, the demand for world vegetable oil is currently on the rise, including in the EU. Palm oil is also preferred by the market because it is cheaper and irreplaceable by other vegetable oils.
4. Indonesian palm oil product exports had reached 26.2 million tons in 2015, not to mention the domestically distributed products. The palm oil business portfolio has therefore expanded, not only for traditional edible oil products but also bioplastics and biofuels.
5. Palm oil biofuel does not come only in liquid forms (biodiesel or bioethanol) but also in solid products such as palm fruit shells or in the form of biogas (from palm oil wastes) to generate electricity. It is worth mentioning in particular that palm oil biodiesel is currently entering an important stage of development as investment to produce biodiesel is rapidly expanding. In Indonesia alone, the installed biodiesel production capacity has reached 9.5 million kiloliters. At present, investments in the logistics and consumption sectors are around 30 percent of the investment in the production stream. Expectedly, investment in the logistics and consumption sectors will increase to 60 percent, enabling the industry to grow at a significantly faster rate.
6. The achievements of the palm oil industry in Indonesia today cannot be separated from the decisions made by policy makers in the past. In 2007, representatives of the palm oil industry, chairmen of associations, farmers' representatives, owners of big palm oil companies and government high officials agreed on the *Palm Oil 2020 Vision* i.e. by 2020, Indonesia will produce the equivalent of 40 million tons of crude palm oil (CPO), of which 10 percent is biofuel. This objective was then realized by implementing a progressive export duty – the first policy applied to a certain export commodity in Indonesia – encouraging the development of downstream industries. It was followed by the mandatory policy to blend B2.5 Biodiesel which gradually has turned into B20 this year, along with the prospect of blending 20 percent Bio-Ethanol by 2020. Many plantations have implemented the "25-25 principle" namely 25 tons of fresh fruit branch (*Tandan Buah Segar/TBS*) per hectare with 25 percent yield of CPO in order to increase productivity. Businessmen also have brought new investments in the industry, not only in factories but also in the plantations. It is also worth noting that Indonesia already makes it obligatory for companies to obtain the *Indonesian Sustainable Palm Oil* (ISPO) license in their operations. With these achievements, it is not hard to see that the *Palm Oil 2020 Vision* will be reached even before the year 2020.
7. Nevertheless, self-complacency is not an option as Indonesia still faces some challenges as follows:

- **First**, the Indonesian palm oil industry is being challenged to provide solid evidence that it is not causing forest fires and deforestation, but instead contributing to prevent such disasters. The industry also needs to continue promoting and protecting landscapes of high conservation value as the main source of carbon stock.
  - **Second**, the Indonesian palm oil industry also needs to face the fact that oil price will be lower in the future at the range of US\$ 30-40 per barrel. Consequently, this means that it is difficult for biodiesel products to maintain their competitiveness. On the other hand, the lower oil price will also be dragging down the price of other commodities, including the major competitors of palm oil such as soybean and seed oil, thus further reducing the competitiveness of palm oil.
  - **Third**, the “negative campaigns” against palm oil in the EU, especially those driven by the competition and protectionism interests are threatening the trade and sales of Indonesian palm oil products in the region. These negative campaigns are anti-competitive in nature and therefore run counter to the spirit of fair trade.
8. The Government of Indonesia under President Joko Widodo has and will continue to implement strong policies to combat deforestation and forest fires as well as to restore peatlands. Since October 2015 the Government has released eight regulations including on protection of remaining peatland forests and a moratorium on conversion of peatland regardless of license status. Indonesia welcomes constructive cooperation with the European Union to implement Indonesia’s policies in protecting and restoring forest and peatland while at the same time empowering SMEs and small farmers. The EU should also recognize and support the existing cooperation among tropical peatland countries under the Global Peatland Initiative (GPI) led by the UNEP.
9. The EU should recognize and appreciate national sustainable certification schemes, such as Indonesia’s ISPO created with the participation of all important stakeholders including industries, farmers and civil society groups. Indonesia is open-minded to cooperative efforts with the EU to further improve ISPO standards to attain a “FLEGT License”-like Palm Oil Certificate. We believe the ongoing negotiation of Indonesia-EU CEPA provides an appropriate forum for discussing sustainable palm oil certification agreeable both for Indonesia and the EU. Indonesia believes in a more inclusive and collaborative approach with the EU to attain the goal of sustainable palm oil.

Brussel, 27 March 2017

## FACTS DOCUMENT ON THE OIL PALM-GROWING IN ECUADOR AND POLICIES FOR SUSTAINABLE OIL PALM PRODUCTION

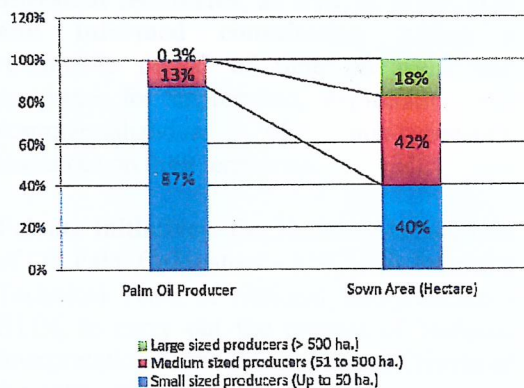
Ecuadorean oil palm production had an average annual growth rate of 8% in the period 2010-2016, mainly in areas of agricultural production already controlled.



Source: FEDAPAL  
\*\*Estimated Data

### RELEVANT FACTS OF PRODUCTION CHAIN IN ECUADOR

- Oil palm is a socially important crop, since it sustains 100 thousand jobs, corresponding to 2% of the Economically Active Population (EAP), especially in marginal and dangerous areas, where it contributes maintaining calm and social peace.
- There are 290 thousand ha planted in oil palm, 240 thousand are currently in production and the rest is nowadays in formation.
- There are 7,000 producers, of which 87% are smallholders with less than 50 ha in production.



Source: ANCUPA

- Oil palm cultivation has improved the living conditions of producers and has been an alternative overcoming the conditions of poverty in rural areas. (Approximately 28 US \$ / year / producer)
- It contributes 4.5% to Agricultural GDP
- 0.79% of contribution to National GDP
- Palm generates foreign exchange from exports: 271 million in 2016.
- It is 7th agricultural product exported by Ecuador.

### Environment benefits of oil palm cultivation in Ecuador:

- Oil palm is the most efficient oilseed crop on land use, compared to other oilseed.
- It maintains organic matter and there is no impact on soil erosion since it does not require tillage process.
- The rachis is used as organic fertilizer in the production procedure.
- Pest control is performed through root absorption methods, avoiding harmful aerial fumigations.
- It captures more CO<sub>2</sub> than any other crop: oil palm 45.10 T CO<sub>2</sub> / ha / year.

### Importance of oil palm in health

- Does not contain TRANS fatty acids.
- Does not require hydrogenation for its solidification, avoiding formation of acids and TRANS fats.
- Lower content of unsaturated fatty acids than other oils and lower saturated fatty acid content than coconut, butter and cocoa butter.
- It is a natural antioxidant, rich source of carotenes (vitamin A), tocopherols and tocotrienols (vitamin E).
- In Ecuador there is production of oil of hybrid varieties with high content of olein (85% aprox.), having high levels of unsaturated fatty acids with good cholesterol.

**security and imprisonment for those who do not affiliate their workers.**

Ecuador has a **minimum wage**, mandatory for the entire national territory, which is reviewed annually by the competent authority and is adjusted due to inflation. **In January 2017 it was set at US \$ 375.**

The "Labor Code" **prohibits child labor** and its infringement is penalized in accordance with article 95 of the Childhood and Adolescence Code.

In 2005, the Ecuadorian Government, in partnership with different national and international NGOs, and civil society representatives developed the **National Plan for the Prevention and Progressive Eradication of Child Labor in Ecuador (PETI)**, which has been implemented through different projects, up to the current **"Project to Eradicate Child Labor 2014-2017"**

Ecuador adhered the **ILO Convention 169**, which recognizes the collective rights of indigenous people. Within the framework of the Convention, Ecuador has supported the titling and regularization of property rights and possession of land, among other actions such as consultation on exploitation activities that could affect environmental and cultural heritage.

Ecuador, through its Constitution, guarantees the right of communities, people and nationalities **not to be displaced from their ancestral territories, as well as prior, free and informed consultation** within a reasonable period of time on plans and programs for exploration, exploitation and commercialization of non-renewable resources on their territories.

**Private initiatives:** the National Association of Oil Palm Cultivators - ANCUPA formed a Technical Team of National Interpretation - ETIN, to carry out the process of National Interpretation of the Principles and Criteria of the international standard RSPO to promote

the production of sustainable oil palm in Ecuador.

The companies work with communities to support a sustainable production of oil palm in their territories, ensuring the transfer of "know-how" in order to enhance productivity and environmentally friendly oil palm production.

In addition to the policies adopted by the National Government in favor of environmental protection, the respect for labor rights and the sector itself in terms of sustainable management of African palm cultivation, there are associations of producers and palm companies which have obtained certifications of organic palm and sustainable palm (RSPO).