

Freezing out palm oil - punishing the crop not the crime?

Blog post by Global Counsel Practice Lead Elizabeth Beall, 27 April 2018

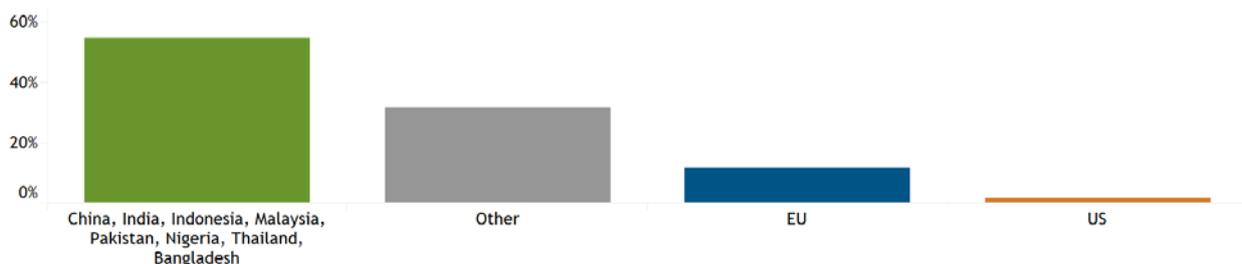
Iceland, a UK supermarket chain, has announced that it intends to ban palm oil from all of its own brand products by the end of 2018. Such a move on palm oil is not a new idea: the EU has been toying with its own potential ban over the last year.

While respecting Iceland's motives and fully backing the ethical consumer instinct it is trying to cater to, its chosen approach raises some questions. A boycott is definitive, sends a strong message and gives consumers a simple choice, but will it actually contribute to more sustainable production systems? To understand why it likely won't, it is first necessary to unpack why Iceland chose to ban palm oil.

The main argument is that existing certification schemes for palm oil, and more widely for other commodities, have not been effective at solving deforestation concerns or stamping out habitat destruction. This is very fair. There are growing concerns about the lack of measurable impact from voluntary initiatives worldwide on many of the issues they were created to address. Certification systems have been criticised for excluding small farmers that struggle to meet their requirements. Even some of the founding members, backing certification as a tool to improve the sustainability of agricultural and forest-based production like Greenpeace, are cooling on the concept.

But the reality remains that, as in any commodity, there are good actors and bad actors. Palm oil is one of the most efficient vegetable oils in terms of land use, as a result of the high yield and multiple uses for various parts of the plant. It is also a commodity with considerable smallholder engagement - more than 40 percent of production worldwide - providing an income to many rural households. There are many places throughout the world where palm oil is produced without forest destruction and can truly be called sustainable.

Total palm oil consumption by country



Source: Oil world database, 2016

A ban ignores these positive aspects and actors, while failing to address the root causes of deforestation which are now largely related to poverty and insecure land tenure. It also potentially shifts demand to other, less efficient, vegetable oils - or butter in Iceland's plan - which may put greater pressure on ecosystems with greater areas of land required - such as dairy production's impact on the Amazon.

A ban also effectively sidesteps any responsibility for addressing the problem directly, since one company's ban or even one region's ban of a single product cannot solve an issue which exists across commodities and sectors. Supply will shift to growing demand in regions that don't have sustainability standards or as widespread consumer awareness around deforestation and climate change.

It also reduces the pressure to continue to refine the developing tools which actually provide companies and governments with the ability to address monitoring and verification more directly through remote sensing and real-time availability of data, instead of relying on the rubber stamp of certification which may not deliver the level of assurance required for all actors.

One big question now is whether the EU will take the Iceland route. When it formulates its own approach to palm oil (including a possible ban on palm oil use in motor fuels from 2021, already supported overwhelmingly in the European Parliament) it will have to choose between the difficult but engaged choice of trying to drive better practice on the ground and the blunter instrument of a ban. Companies using or retailing palm oil will inevitably be pulled into taking sides. Defenders of a ban may like the apparent cleanness of the approach. They also need to recognise that at best it may have no impact but at worst it will drive the debate about how to ensure that sustainability targets are met on the ground backwards.

