

SCIENCE TALK

# Profits at a 'naturally' hefty price

South-east Asia's oil palm industry is threatening rural livelihoods and native wildlife

By KOH LIAN PIN

SOMEWHERE deep in an oil palm plantation in south-east Sabah, a labourer hauls a bunch of oil palm fruits onto his tractor as the morning fog begins to lift.

A plantation manager making his rounds rides by on his motorcycle, pausing to inspect the fruit, before continuing along the dirt track. In the distance, the unmistakable bubbling call of an adult female Bornean gibbon is met by silence.

This seemingly tranquil scene belies an intensifying land-use conflict in South-east Asia: between profit-driven oil palm plantation companies, disenfranchised rural communities and biodiversity under threat.

The global land area under oil palm cultivation has quadrupled from 3.6 million ha in 1961 to almost 14 million ha today.

The world's largest producers of oil palm are Indonesia and Malaysia, annually exporting a combined total of 26 million tonnes of crude palm oil - worth US\$10 billion (S\$13.9 billion) - to over 40 countries worldwide including China, India, the Netherlands and Pakistan.

The economic importance of the oil palm industry to South-east Asia is undeniable.

But such financial gains have come at a hefty price to traditional rural livelihoods and the native wildlife in this region.

Social activist groups such as Oxfam, Sawit Watch and Borneo Resources Institute have documented numerous cases of alleged land-use conflicts between oil palm companies and indigenous communities.

Conservation scientists have also shown that oil palm expansion has directly resulted in deforestation over the past few decades, to the detriment of many rare and endangered species that depend on these forests for survival. Not only are such clashes continuing, but they are likely to intensify as international demand for oil palm products grows.

In an effort to improve plantation management practices, the Roundtable on Sustainable Palm Oil (RSPO) was established in 2002 by a group of non-governmental organisations, oil palm producers and retailers. It awards certificates to firms that demonstrate the sustainable production of palm oil according to a set of principles and criteria.

The ultimate goal of the RSPO is to enhance the environmental performance and corporate image of the oil palm industry. However, given the powerful economic forces driving oil palm expansion, this is much easier said than done.

Indeed, environmental groups have warned that efforts by the RSPO to date have not stopped, or even slowed, oil palm-driven deforestation. Reports of rural communities being displaced from native lands continue to surface in the regional media.

A potential solution might lie in a scheme called Reducing carbon Emissions from Deforestation and forest Degradation (REDD).

REDD was initially developed by climate change scientists and policymakers as a financial mechanism to compensate land owners, organisations or governments for the value of carbon stored in forests that would otherwise be released into the atmosphere through deforestation.

Carbon credits generated from REDD could be used to pay for not only forest protection, but also biodiversity conservation and poverty alleviation.

Currently, REDD credits can be traded only in voluntary carbon markets such as the Chicago Climate Exchange ([www.chicagoclimatex.com](http://www.chicagoclimatex.com)), or be paid for using designated carbon finance funds such as the Forest Carbon Partnership Facility ([www.forest-](http://www.forest-)



A worker plucking bunches of oil palm fruits on a plantation in Malaysia. The country is the world's second-largest exporter of palm oil after Indonesia. PHOTO: AGENCE FRANCE-PRESSE

carbonpartnership.org).

Carbon credits sold through these avenues do not fetch a high price. As a consequence, it remains more profitable to convert a forest to oil palm than to preserve it for a REDD project.

However, if in future climate policies, REDD becomes recognised by the United Nations as a legitimate activity for reducing carbon emissions, its credits can then be traded in UN-sanctioned markets

where they are valued at much higher prices.

If this comes about, protecting forests could become an economically competitive land-use option compared to oil palm agriculture or other similarly profitable land-use activity.

Over the last decade or so, large plantation companies rather than small-scale rural farmers have become the dominant driving force of land-use change across the tropics. Many plantation companies hold

large tracts of yet unplanted and still forested concessionaries - the sheer extent of which would contribute significantly to biodiversity conservation in the region if they could be preserved.

Some plantation companies are already setting aside patches of forests as private nature reserves, driven by pressures from environmental groups, and also as part of the RSPO certification process.

An often overlooked fact is that oil palm companies have not always planted oil palm, but have shifted from planting rubber to coconut to cocoa over the last few decades, suggesting they are always on the look-out for the next profitable cash crop.

The adoption of REDD by UN climate policymakers could be a tipping point for the way plantation companies operate. Through their participation in REDD, companies could be turned from being destroyers of natural forests and biodiversity to becoming their managers and protectors - much like how former wildlife poachers in Sub-Saharan Africa and Latin America had been successfully turned into effective rangers in nature reserves.

This is a radical proposition. And there undoubtedly are difficult technical, political and ethical challenges to be resolved.

However, a paradigm shift of this magnitude may be necessary, if not critical, in developing effective strategies for ameliorating the detrimental impact of oil palm expansion.

The writer is a research fellow at the science and technology university ETH Zurich in Switzerland.

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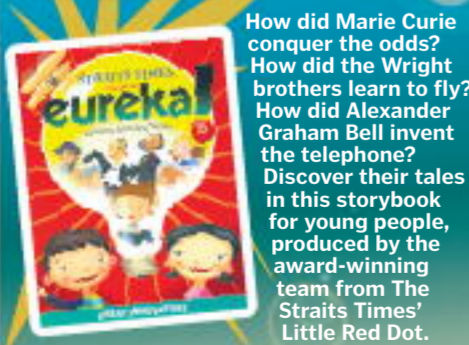
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