Opportunities and challenges of RSPO oil palm development in Latin America

RSPO – RT10
Preparatory Cluster 3: New Frontiers and Emerging Markets

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LATIN AMERICA
LATIN AMERICA PALM OIL IN WORLD CONTEXT

• Production in Latin America
  – 2.8 millions of CPO
  – 5.5% of world production
• Planted area
  – About 1 million hectares of mature palms
• Number of countries
  – 12 countries: Costa Rica, Dominican Rep, Guatemala, Honduras, Mexico, Nicaragua, Panama, Brazil, Colombia, Ecuador, Peru and Venezuela
• Balance
  – Latin america is a net importer of Palm Oil

LATIN AMERICA PALM OIL IN WORLD CONTEXT

• Production per country

<table>
<thead>
<tr>
<th>Country</th>
<th>Production in 2011 (1000 mt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td>941.4</td>
</tr>
<tr>
<td>Ecuador</td>
<td>495</td>
</tr>
<tr>
<td>Honduras</td>
<td>320</td>
</tr>
<tr>
<td>Brazil</td>
<td>270</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>250</td>
</tr>
<tr>
<td>Guatemala</td>
<td>248</td>
</tr>
<tr>
<td>Mexico</td>
<td>73</td>
</tr>
<tr>
<td>Venezuela</td>
<td>60</td>
</tr>
<tr>
<td>Dominican Rep</td>
<td>44</td>
</tr>
<tr>
<td>Peru</td>
<td>43</td>
</tr>
<tr>
<td>Panama</td>
<td>28</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2785.4</strong></td>
</tr>
</tbody>
</table>

Source: Oil World
LATIN AMERICA PALM OIL IN WORLD CONTEXT

• Evolution of CPO production in Latin America

![Production Graph]

Source: Oil World

RSPO IN LATIN AMERICA CONTEXT

• Production around 155 thousands tons of CSPO (Brazil and Colombia)
• Modest participation on RSPO (currently 33 members in 9 countries)
  – 14 Producers (Growers)
  – 15 Consumers
    • 12 Processors/Refiners; 3 Good Manufacturers
  – 4 Organizations
    • 1 certification body, 1 FFA distributor, 1 Consulting Company, 1 chemical industry
RSPO IN LATIN AMERICA CONTEXT

- Modest participation on RSPO (currently 33 members in 9 countries)
  - Zero retailers
  - Zero Banks
  - Zero NGOs
  - 7 HCV assessors
  - 1 approved National Interpretation Process

OPPORTUNITIES TO RSPO IN LATIN AMERICA

- Supply and demand for CSPO in the next few years
  - 14 Growers as members and 15 Consumer companies
  - Many multi national companies, members of RSPO, that operate with palm oil in Latin America
  - Several International NGOs and Banks that operates in Latin America (support from them)
OPPORTUNITIES TO RSPO IN LATIN AMERICA

• Supply and demand for CSPO in the next few years
  – There is no reason to believe that such companies will decide to import CSPO instead stimulate their local suppliers obtaining certification.
    • more transportation costs; more storage costs; more delivery uncertainty; more GHG emissions; more importation taxes

OPPORTUNITIES TO RSPO IN LATIN AMERICA

• Exportation to USA, CANADA and EU
  – USA and CANADA imported more than 1.1 million tons of CPO in 2011 (oil world)

• Pressure and support from
  – Banks
  – NGOs
  – Affiliates
  – HCV assessors
  – National Interpretation Processes
CHALLENGES TO RSPO OIL PALM DEVELOPMENT IN LATIN AMERICA

• Increasing RSPO certified production and number of grower members
• Engaging NGOs, Banks and Governments
  – Sustainable palm week in Brazil (promoted by Imazon with support from RSPO)
• Harmonizing the sourcing policies of multinational companies
• Increasing the HCV assessors and Certification Bodies
• Engaging smallholders in the process