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RSPO'S 10TH Annual Roundtable Meeting on Sustainable Palm Oil

Talking about palm oil brings back happy memories of my six years as the Ambassador of Singapore to the US and my friendship with the Malaysian Ambassador, Mr Bertie Talalla. ASEAN had only six Ambassadors in Washington, between 1984 and 1990. The six of us were good friends and used to travel together to various cities and states, to project ASEAN, to network and to explain our interests and concerns to the American people. In those roadshows, I would talk about the importance of free trade. Bertie Talalla would talk about the merit of palm oil and seek to rebut the anti-palm oil propaganda, which was then very strong in the US. I remember that, on a few occasions, Bertie told me that he was tired of talking about palm oil and requested that we switch places. I acceded to his request and I would talk about palm oil and he would talk about trade. I think the Malaysian palm oil industry owes me, at least, a good lunch for having acted as their unofficial spokesman in the US!

When I told my wife that I had agreed to speak to the palm oil industry, she was puzzled. She observed that, almost every year, Singapore suffers from haze, emanating from forest fires in Indonesia. She asked if some of the fires were not started by palm oil plantations. I told her that it was true that some of the bad guys in the industry were still using fire to clear land for palm oil plantations. However, I assured her that the members of the Roundtable were the good guys who did not do so. The point of this story is to remind you that the reputation of the industry is being tarnished by the bad behaviour of a minority and that, as a result, palm oil suffers from a bad image in the minds of Singaporeans.

I also suspect that most Singaporeans have no idea of the many uses of palm oil and of its importance to the world economy and to Malaysia and Indonesia. I learned that palm oil is the second most traded vegetable oil after soy. I learned that almost 90 per cent of the world's palm oil exports are produced in Malaysia and Indonesia. I was surprised at how ubiquitous palm oil is. It is used as edible oil for cooking, baking and in animal feed. Its non-edible uses include soap, detergent, oleo chemical products, gum candles, cosmetics, fuels, etc. In view of the above, the certain prospect is that the industry will continue to grow in the coming years, especially in Asian markets, such as China, India and Indonesia. RSPO's vision to transform the markets to make sustainable palm oil the norm is, therefore, a very important one.

The story of how RSPO began is a teachable one. In 2001, WWF approached the Malaysian Palm Oil Association, Golden Hope Plantations and a number of companies in the UK, Switzerland and Netherlands to explore the possibility of starting a Roundtable on Sustainable Palm Oil. The responses were positive. The first roundtable took place in Kuala Lumpur in August 2003. In 2004, RSPO had 47 members. By now, the membership has increased to 1,000. The membership comprises stakeholders from the seven sectors of the industry, namely, producers, processors, traders, consumer goods manufacturers, retailers, banks and investors, and NGOs.

I would summarise RSPO's achievements to date as the following:
(a) the adoption of eight principles and criteria for sustainable palm oil production (2005);
(b) the adoption of the members' code of conduct (2006);
(c) the adoption of the RSPO certification system (2007);
(d) the adoption of the RSPO supply chain certification system (2008);

(e) launch of RSPO trade mark (2011); and

(f) creating a forum which is progressively transforming the whole industry globally.

The first decade has been a period of very significant and substantial progress. On 25 August 2011, the industry reached a turning point by hitting the first one million hectares of certified production area. The latest number is 1.5 million hectares. The global production of CSPO has reached almost 7.7 million tonnes. While we celebrate these milestones, we should remind ourselves that 7.7 million tonnes represent only 14 per cent of global palm oil production. In other words, 86 per cent of global production is uncertified. I hope that when we meet again in 10 years time, the whole or nearly whole of the global production would have come under RSPO's certification. It will take a gigantic effort to raise the bar but, with determination, I am confident that it can be done.

Although there are no palm oil plantations in Singapore, Singapore has a stake in RSPO. Some of the palm oil companies are listed here. Some of the owners live here. Singapore is a major centre of oil trading, including the trading of vegetable oils. Singapore will benefit if all palm oil plantations in Indonesia, Malaysia and elsewhere, meet the RSPO standard.

I recall that RSPO's membership is drawn from seven sectors. One of those sectors is banks and investors. I have noticed that none of Singapore's banks is a member of RSPO. I must, of course, acknowledge that several foreign banks, which are members of RSPO, have offices in Singapore. I would respectfully request them to consider doing so.

I shall conclude. The theme of this roundtable is whether RSPO is a business model for achieving sustainability in the next 10 years as well as it has done in the first decade. My short answer to the question is yes. Let me give you three reasons for my answer. First, the roundtable unites the industry and the environmental movement. This is much more productive than confrontation and mutual recrimination. Second, the roundtable includes the stakeholders from all sectors of the industry, both upstream and downstream. Third, the roundtable seeks to promote sustainability in a pragmatic, step by step approach, beginning with a set of principles and criteria, progressing to a code of conduct and on to a system of certification, and finally the issuance of a trade mark. The RSPO is, therefore, a viable business model for the future.