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Focus on Palm Oil

Cover Story

Defending Malaysia's Trade Interests

Comment

The Oil Palm Tree and the Bank Note

France Faces Test of Pro-science Rhetoric

Norway Mulls Palm Oil Ban

Sustainability

Liberia: Waiting on Palm Oil

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The Rebel Factor

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and responsibility

2

Principle 2
Transparency

3

Principle 3
Compliance to legal requirements

4

Principle 4
Social responsibility, health, safety
and employment conditions

5

Principle 5
Environment, natural resources,
biodiversity and ecosystem services

6

Principle 6
Best practices

7

Principle 7
Development of new plantings

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MSPO Certification Scheme allows for oil palm management certification and supply chain certification, and provides for:



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of certification
standards &
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requirements
& notification
of
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by potential
clients for
certification
audits



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traceability
requirements

Peer
reviewing of
audit reports



Issuance of
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Procedures
for handling
of complaints



Training and
briefing to
auditors &
other
stakeholders



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CONTENTS



8



12



17

Editorial

**Palm Oil in Europe:
Decisive months ahead** 6

Special Focus

Commemorative Coins 8
Celebrating Malaysian palm oil

Beyond Palm Oil 10
A fascinating landscape

Cover Story

Defending Malaysia's Trade Interests 12
In Europe

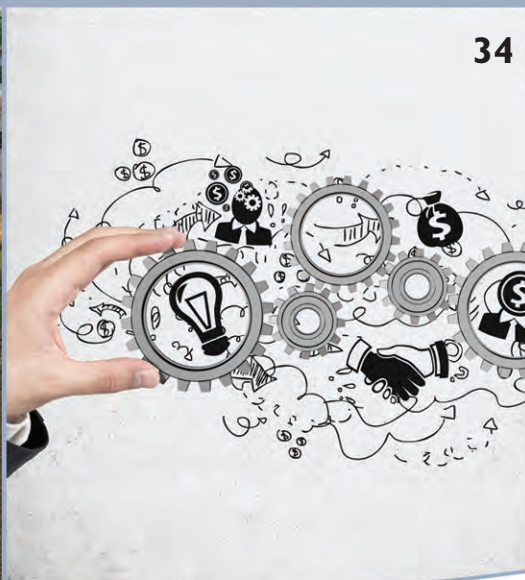
Comment

**The Oil Palm Tree and the
Bank Note** 15
Useful educational tool

**France Faces Test of Pro-science
Rhetoric** 17
... over palm oil

Norway Mulls Palm Oil Ban 20
Contradiction in terms

Market Updates 23



Sustainability

Liberia: Waiting on Palm Oil

Arrested development

26

Branding

The Rebel Factor

Tapping into the tendency

34

Book Review

Expert Views on Palm Oil

Comprehensive compilation

38

Publications

Expansion of the Property, Part 2

The new factory

40

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Palm Oil in Europe: Decisive months ahead

2017 has been a busy year thus far for palm oil especially in Europe. Led by health and environmental claims leveled against palm oil, Europe has launched multiple policy threats, which serve possibly to restrict trade in this important commodity. First, when the European Food Safety Authority (EFSA) released its scientific opinion on contaminants in all oils and fats, palm oil was narrowed down as a culprit by the media and even linked its consumption to cancer. Media twisted facts simply by association in an attempt to further scare consumers away from palm oil. Competing oils and fats, also carrying similar contaminants, were spared the agony.

The EFSA Opinion on process contaminants in foods concluded that all vegetable oils end up with some level of harmful contaminants when they are processed or refined. Media quickly sensationalized and used this report to link Palm Oil with cancer. However, the EFSA Opinion itself never concluded that Palm Oil was cancerous, nor did it advocate the banning of palm oil as a food commodity.

The EFSA report triggered significant debate within the scientific community and some authoritative committees questioned the robustness of the methodology used by EFSA to arrive at its conclusions. It short the relevance and accuracy of the EFSA Opinion was itself debated even as media continued to target palm oil. In response, EFSA decided to re-evaluate its conclusions and will possibly propose revised and updated information later this year.

The Malaysian Ministry of Plantation Industries and Commodities led by its Minister, Datuk Seri Mah Siew Keong, view these as major challenges and immediately the government announced a R&D grant of RM50 million to entice industry to find alternate process technologies that could eliminate these contaminants from palm and other oils and fats. Work is in progress and all going well, Malaysian palm oil may yet emerge as the only oil wherein the said contaminants are significantly reduced or even completely eliminated. Meanwhile unscrupulous competitors are active using the opportunity to call for reductions in palm oil consumption through various bans or even higher taxes on the commodity. So far there are no takers yet!

In April 2017, the European Parliament voted on a Resolution that negatively framed Palm Oil as a “*driver of deforestation*” omitting to take into consideration Malaysia’s advanced track record on sustainability and a century of commercial oil palm cultivation. One had to read the fine print of the EU Resolution to decipher fact from fiction. For starters, Malaysia’s record of forest management was acknowledged, albeit grudgingly despite its emergence as a major palm oil exporter. Production of certified sustainable palm oil was similarly on target, in fact more





than the market was willing to consume. These are all testimonial to the good agricultural practices in the country.

The European Union empowered by the European Parliament's majority vote on the resolution wants to invoke several regulatory procedures on palm oil use. However, it has to contend with the European Commissioners who have the unenviable task of not subscribing to factious demands but must make fact based legislative decisions. Currently two studies have been commissioned by the European Commission, 1) a feasibility study on options to step up EU Action Against Deforestation which is nearing completion, and 2) a study on Certification Schemes that is scheduled for first public discussion this fall. These studies will likely be used to influence and shape the EU Commission's proposal on palm oil. Rumors have it that a timber industry styled FLEGT-arrangement for Palm Oil could emerge as their preference.

The end result could be imposition of far more restrictions on market access for Malaysian Palm Oil, and this will also be reinforced by a possible restriction on Palm biofuels in some EU Member States. France as usual has taken a first unofficial swipe at this. Indeed, ongoing discussions on the revision of the Renewable Energy Directive (RED) could enable Member States to impose restrictions on all biofuels including Palm Oil. Newly appointed French Environment Minister Nicolas Hulot has stated publicly that he plans to examine ways to restrict Palm Oil – specifically Palm biofuels – from the French market. This will only be possible if the revised RED leaves such a door open for Member States to act.

All these ongoing actions by the EU could further restrict the palm oil trade to Europe. But we are hoping that the wise offices of the European Commission prevails and they would be wise to listen and seek collaboration with Malaysia and to look at the available science and facts. After all, we officiated 100 Years of Oil Palm in 2017, and surely a century of experiences in a single commodity must mean far more than the EU Resolution, voted on lackluster information passed on to many unsuspecting European MEPS who simply vote with the crowd.

The months ahead of us will be crucial for Palm Oil everywhere!

Dr Kalyana Sundram
CEO, MPOC



Commemorative Coins

Celebrating Malaysian Palm Oil

Bank Negara Malaysia has issued two commemorative coins in conjunction with 2017 being the 100th anniversary of the Malaysian palm oil industry. Malaysia has the distinction of being one of the world's largest producers and exporters of palm oil.

The palm oil sector has contributed significantly to the country's cumulative earnings, through export of the commodity and many value-added products to the global market. It has contributed to job creation and has enhanced the welfare and living standards of many in the rural areas.

The commemorative coins were launched on July 27 by the Hon. Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities, at the Museum and Art Gallery, Bank Negara Malaysia, Kuala Lumpur.



From left : Bank Negara Governor Dato' Muhammad Ibrahim; Datuk Seri Mah Siew Keong; and MPOC Chairman Dato' Lee Yeow Chor

1. Coloured Silver Commemorative Coin (proof)

This is made of Fine Silver with 99.9 purity and weighs 31.10gm. It has a face value of RM10 and is priced at RM230 a piece (subject to 6% GST). The mintage quantity is 700 pieces.

2. Nordic Gold Brilliant Uncirculated (B.U) Commemorative Coin

This has a face value of RM1 and is priced at RM10 each (subject to 6% GST). The mintage quantity is 13,000 pieces.

These coins are also available in a set of two. Each set is priced at RM280 (subject to GST of 6%), with 1,300 sets available for sale.

Coin design



Obverse

The official logo of the Malaysian palm oil industry's centennial celebration is depicted in the centre of the coin. The words 'MINYAK SAWIT MALAYSIA, KEBANGGAAN DAN PENCAPAIAN KITA' appear on the circumference of the coin.



Reverse

The words 'BANK NEGARA MALAYSIA' as the issuing authority are featured on the upper circumference of the coin, while the face value is inscribed on the lower circumference. The centre features the image of a stylised oil palm tree, symbolising the growth and development of the palm oil industry towards excellence over 100 years.

Technical Specifications

Type	Metal	Alloy	Face Value (RM)	Diameter (mm)	Weight (gm)	Mintage Quantity (pieces/set)	Price* (RM)
Single	Coloured Silver	Ag99.9	10	40.7	31.1	700	243.80
Single	Nordic Gold	Cu89 Zn5 Al5 Sn1	1	30.0	8.5	13,000	10.60
Set of 2	Coloured Silver + Nordic Gold		10 + 1			1,300	296.80

* inclusive of 6% GST

Bank Negara Malaysia

This is an edited version of the press release.



Beyond Palm Oil

A fascinating landscape

The fifth World Palm Portraits Photography Competition was launched on Jan 10 as part of the '100 Years of Malaysian Palm Oil Industry' celebrations, by the Minister of Plantation Industries and Commodities, the Hon. Datuk Seri Mah Siew Keong.

The competition is an initiative to inculcate an appreciation of the palm oil industry as well as to educate the public on the biodiversity of plantations, life of the plantation workers and the multiple uses of palm oil in food and non-food items.

The competition is divided into four categories: Nature & Wildlife, People & Portraits, Black & White, and Still Life & Photo Manipulation. Entries were received from Malaysia, Indonesia, India, the Philippines and Singapore this year.

The winning images were selected based on subject, composition, balance of colours and depth, and the meaning they carry. In each

category, the first prize is US\$1,500, while the second prize is US\$1,000.

"The competition, which started as a low key local photography experiment in 2013, has evolved into an international competition which is held annually. It has been gaining momentum among professional and amateur photographers, attracting entries from not just neighbouring countries such as Indonesia, the Philippines and Singapore, but also countries as far as the US and Brazil," noted MPOC Chairman Dato' Lee Yeow Chor, at an event on July 27 to announce the winners.

"Our fascinating collection expresses the industry well, through the faces of the farmers, the daily life of the workers, the admirable landscapes and the wildlife found there. It is a wonderful representation of the many amazing elements of the industry."

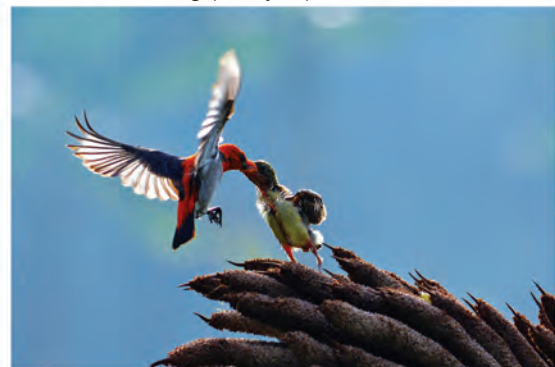
MPOC

Nature & Wildlife

1st Mohd Nazri Sulaiman (Malaysia)



2nd Chan Ko Wong (Malaysia)



People & Portraits

1st Sharif Arasad (Malaysia)



2nd Yadi Setiadi (Indonesia)



Black & White

1st Izlan Somai (Malaysia)



2nd Suwardi Suwardi (Indonesia)



Still Life & Photo Manipulation

1st Rayhan Ibnunnajah (Indonesia)



2nd Zulfikar Md Noor (Malaysia)





Defending Malaysia's Trade Interests

In Europe

In an interview, Malaysian Minister of Plantation Industries and Commodities, the Hon. Datuk Seri Mah Siew Keong, considers the impact of recent actions in Europe that are against the interests of the palm oil industry.

How does Malaysia view the EU Parliament's vote in April to adopt the 'Resolution on Palm Oil and Deforestation of Rainforests'?

The Resolution makes multiple unjust accusations against the palm oil industry, without offering any evidence. It does not recognise the positive and essential socio-economic role that palm oil plays in producer countries, by reducing poverty and enabling prosperity for millions of small farmers. It is highly disappointing, and highly unusual, that a trading partner would take such a confrontational approach.

As the EU works on formalising its sustainability requirements into law, what course of action does Malaysia have in mind?

What is critical now is that we in Malaysia – the government and private sector – must formulate a comprehensive and fully-resourced strategy to defend Malaysia's trade interests in Europe. Securing continued market access for Malaysian palm oil is the over-riding objective.

The Resolution aims at phasing out the use of palm oil in the EU's biofuels production by 2020. Analysts estimate that the EU uses 3-3.5 million tonnes of its palm oil imports for this purpose. Is this a significant volume in terms of Malaysia's exports?



The volume is not the key factor in this issue – rather, it is the principle that the EU must not discriminate against palm oil. The proposal is unacceptable. It also does not make sense, as it would deprive Europe of an excellent year-round supply of feedstock that is sustainably produced.

This is not the first case of discrimination against palm oil in Europe. Just as Malaysia took a strong stance against the ‘Nutella tax’ proposal in France, we will be equally firm in resisting the process to give legal effect to the Resolution.

Could we confirm that the Malaysian government has engaged lawyers to prepare for a scenario where the Resolution may be enforced by law?

It is important to remember that Malaysia and other palm oil-producing countries had communicated facts about palm oil to the MEP Rapporteur in the European Parliament and to others ahead of the April 4 vote on the Resolution.

Malaysia’s Prime Minister has since made it very clear that, whenever there is discrimination, we will retaliate. The correct course of action may not necessarily be legal action, but a comprehensive strategy to defend our products and secure market access in Europe.

We understand that this may test the World Trade Organisation’s rules on discrimination. Is this the only available avenue to contest the matter?



The Malaysian palm oil industry is an economic lifeline for 650,000 small farmers; they, too, need equal opportunities for global market access by being able to offer a certified sustainable commodity.



Many avenues are available to us in Europe and internationally. It is important to remember that trade is a two-way street. The EU cannot discriminate against a major Malaysian product without expecting some form of retaliation.

As at June, seven European countries have signed The Amsterdam Declaration in Support of a Fully Sustainable Palm Oil Supply Chain by 2020. How do you view this development?

I welcome all efforts to support palm oil. Malaysia is able to produce and supply sustainable palm oil to customers. The Malaysian Sustainable Palm Oil (MSPO) certification scheme is our guarantee of sustainability. It was drawn up based on domestic laws and regulations. What is just as important is that trade moves by importing countries are inclusive and non-discriminatory.

arising out of the MSPO certification process. Smallholdings currently make up 2.3 million ha or 40% of the 5.7 million ha under oil palm in Malaysia.

The financial allocation targets the certification of 500,000 ha by the end of this year, with the remainder to be covered by the end of 2019, when the MSPO becomes mandatory.

How should the affixing of the 'No palm oil' label on food products be countered around Europe, now that a court has ruled against this?

The Belgian court's ruling in June in the Ferrero-Delhaize case has clearly indicated that the 'No palm oil' label and advertisements denigrating palm oil are illegal. Companies in Europe now need to end their campaigns against palm oil, while governments should enact regulations to prevent all unwarranted attacks.

This is of great importance to Malaysia. Our exports of palm oil and palm products to the EU were valued at RM10.23 billion last year, accounting for 15% of total exports.

MPOC

How are oil palm smallholders being assisted in achieving MSPO certification?

The Malaysian palm oil industry is an economic lifeline for 650,000 small farmers; they, too, need equal opportunities for global market access by being able to offer a certified sustainable commodity. The government has therefore allocated RM130 million, to be utilised mainly in helping them meet the auditing expenses



The Oil Palm Tree and the Bank Note

Useful educational tool

In an interesting study by UCLA professor Alan Castle and his colleagues, only one person out of more than 100 students could accurately draw the Apple logo from memory. According to Prof Castell, the most famous experiment on this subject showed that few people could correctly recall the placement of the features on a penny coin – which way Lincoln is facing or where the word 'Liberty' goes. This was likely due to information overload or 'attentional saturation'.

Now, how many of us have looked at the Malaysian currency and realised that oil palm tree is prominently displayed at the back of the 50-Ringgit bank note?

Bank notes are an important medium of transaction. They have also come to symbolise a nation's identity, as notes or coins may carry designs associated closely with its history and culture. The country's name is automatically linked to the currency, be it the US Dollar, British Pound Sterling, Japanese Yen, European Euro or the Malaysian Ringgit (RM).





The oil palm tree is reflected on the RM50 bank note in recognition of the strategic importance of the industry in driving the Malaysian economy. The 16 million tonnes of palm oil exported in 2016 represented 37% of the global palm oil trade.

The most recent genesis of the RM50 bank note stems from the 50th year of Malaysia's Independence. In December 2007, Bank Negara Malaysia launched the fourth series of this bank note, featuring the oil palm tree (along with biotechnology) as an icon. The design is based on the National Mission – the first thrust aims to move the economy up the value chain to higher value-added activities in agriculture, manufacturing and the services sector.

Conversation piece

The RM50 bank note is the perfect tool to explain the importance and value of the miracle that is Malaysian palm oil. On my travels, I have observed that many people do not know what palm oil is derived from. This is to be expected because the oil palm is not planted in many parts of the world. Those in Europe, for example, are more familiar with rapeseed, sunflower or the olive tree.

We are unable to transport an oil palm tree across borders to show what it looks like. But I have often wondered why the RM50 bank note has not been used as a promotional tool to educate people about the oil palm and its main product, palm

oil. After all, Malaysians usually carry Ringgit notes in addition to other currencies when travelling.

Some years ago, when I attended a hearing on a palm oil-related Bill in the Australian Parliament, a Senator mentioned never having seen an oil palm tree. And yet, Australia was planning to make an important decision that would affect palm oil.

I then realised how important it is to always carry a RM50 note with me. Although there are other options, such as a photo of the oil palm tree, I can confidently say that the bank note will always make a more interesting conversation piece.

It could earn you a couple more friends, although you may end up losing RM50 as the bank note is sometimes claimed as a souvenir item! But the loss is small when you can remove misconceptions about the oil palm industry. And unlike printed materials used for education and promotion, a bank note will not be dumped in a bin, since people are aware of its monetary value.

The depiction of an oil palm tree on the RM50 bank note makes it an unusual and meaningful gift item, as it promotes Malaysia, its currency and the oil palm industry all at once.

Belvinder Sron,
Deputy CEO, MPOC

France Faces Test of Pro-science Rhetoric

... over palm oil

How will President Emmanuel Macron's government handle the populist debate around science and regulation in France? The early signs are encouraging – Macron has criticised US President Donald Trump for his stance on climate change, and has encouraged scientific researchers to come to France.

However, to really make France a home for science, Macron will need to be more transformational. Following public opinion (e.g. on climate change science) is easy. Macron also needs to lead public opinion on scientific matters, if he is to really make a mark.

A good place to start would be in France's attitude towards palm oil. Environment Minister Nicolas Hulot recently gave a speech committing to ban some palm oil imports. This is misplaced, and suggests that some Ministers want to continue the

policies of the past government. It's worth examining why this is a bad idea from a scientific standpoint.

The current obsession against palm oil relates to its role as a foodstuff, with the release of a report by the European Food Safety Authority (EFSA), which claims vegetable oils, including palm oil, are unsafe.

The EFSA report claims that vegetable oils create some potentially harmful substances when they are heated, such as when crude vegetable oils are refined to extract impurities – for example, to ensure that the smell of the oil is identical throughout its shelf life. The EFSA indicates that these contaminants appear particularly during deodorisation – which is the high-temperature stage of processing that helps to eliminate bad taste and allows the food to be preserved for longer.

The harmful substances in question are Glycidyl fatty acid esters (GE); 3-monochloropropanediol (3-MCPD); 2-monochloropropanediol (2-MCPD) and their esters. The EFSA arrived at the conclusion these substances could be unsafe and therefore should be

restricted, based on studies performed on rats (i.e. animal testing).

The EFSA report is correct that the refining process leads to contaminants; however, that is not the complete story. Palm oil should not be singled out – nor should any vegetable oil. These outcomes are not exclusive to palm oil, but occur in the refining of all vegetable oils, including rapeseed and sunflower. The EFSA, in its conclusions, did not recommend any ban, or restriction or reduction in the consumption of palm oil, and didn't conclude that palm oil is carcinogenic.



Jean-François Platon
Chemical Engineer, France





The way forward

In recent months, the EFSA has come under heightened scrutiny from the scientific community which has questioned its results. Research undertaken jointly by the World Health Organisation (WHO) and the UN Food and Agriculture Organisation (FAO), as well as the EU Commission's Joint Research Centre (JRC), have all highlighted errors in the EFSA's approach.

The UN FAO/WHO Expert Committee issued an opinion on these three chemicals, stating that the levels of contaminants identified by the EFSA do not exceed the threshold for safe consumption. The EU's JRC even questioned the methodology used by the EFSA, noting it 'has a negative impact on method accuracy'.

Earlier this year, in one of its expert meetings, the EFSA acknowledged its critics and said it would 're-open its scientific opinion' on palm oil, 'to address the identified scientific divergence'. This is internal acceptance by the EFSA that its original report was flawed.

Furthermore, since the report was released, industry and technical oil centres have developed new technologies and discovered new processes that significantly limit the level of these contaminants.

For example, the work of Brian D Craft of the Nestle Technical Centre in Switzerland has found that washing the palm fruit prior to extracting the oil reduced the rate of these contaminants by 95%. Such technological advancements by industry are an important consideration for regulators to take into account.

The scientific situation, then, is clear: Flaws have been identified in the EFSA report, which is now being revised. The political situation is less clear: it is well-known that several of Macron's Ministers dislike palm oil.

It is possible that the flawed EFSA report could be used as an excuse to justify restrictions on palm oil. This would be a bad idea. You cannot regulate effectively while the science is still being reviewed:

that would be irresponsible and would undermine any claims to be a pro-science government.

So, how should President Macron proceed in this scenario? It's simple. His government should not proceed with any regulation or restriction of palm oil as a food ingredient – certainly not while the science is still being reviewed and revised.

This is a test of the pro-science rhetoric of the new government. France can be the global scientific hub that the President speaks about – we have the knowledge, the infrastructure, the people and the institutions, and now we have the vision.

Perhaps the last missing piece is consistency – to demonstrate that France is committed to following science always, even if it does not confirm our pre-existing bias. What better opportunity than with palm oil: it is foreign, controversial and disliked by the public. Many French, including Macron's own Ministers, advocate bans, restrictions and taxes.

The scientific community is against a ban, against restrictions, and against 'Nutella taxes'. If the science on a controversial subject such as palm oil were prioritised ahead of the domestic politics, it would be a show of real leadership by the President. That would be a clear signal that he is serious about France becoming a global leader in science, once again.

Jean-François Platon
Chemical Engineer, France

This is an edited version of the article.

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Norway Mulls Palm Oil Ban

Contradiction in terms

The speed at which news moves around the world today has opened the floodgates to a flurry of questionable information that deliberately misleads and misinforms. 'Fake news' can undermine companies, and even whole economic sectors, if there is no strategy to combat its spread.

This presents a unique challenge to the Malaysian palm oil industry, which constantly battles underhanded moves to restrict the use of palm oil in the production of food and biofuels.

Ongoing vigilance and a sustained effort are required to protect the sector from the harm that opponents and detractors wish to inflict. It requires finding and working with friends and allies both within and outside the industry. Consistent, strong and repeated messages supported by facts are our sword and shield against fake news.

We must not rely only on defensive vigilance, but have the confidence to go on the offensive, too. In the past, we have been most successful when we have taken our arguments, armed with facts and data, to the opposition and made our case. This is even more important in the social media age.

The English author Jonathan Swift coined the phrase that 'a lie can be halfway around the world before the truth has laced up its boots' to demonstrate the difficulty of countering false information. With today's technology, a lie can travel even further and faster.

In Malaysia, we must work hard to prepare for every eventuality, to ensure that we lace up our boots faster than ever before to react to developments. In June, for example, the Norwegian Parliament voted to ban the use of palm-based biofuels or by-products of palm oil in public procurement.

The proposal comes on the heels of a Resolution passed by the EU Parliament in April which claims that conversion of land to oil palm plantations alone is responsible for 40% of the loss of global forest cover. This figure is derived from a misreading of a 2013 technical report on the impact of various commodities on deforestation.

Close scrutiny would reveal that oil palm plantations account for only 2.3% of the 239 million ha of forest lost between 1990 and 2008. The largest source of deforestation from crops is soybean (5.4%), followed by maize (3.3%). So, let's ask the question again: is palm oil responsible for 40% of deforestation? The answer is clearly 'No'.

High standards?

There are some similarities between Malaysia and Norway, as both are major commodity exporters. The *New York Times* reported in June that Norway is



A key difference is that Malaysia's development causes less harm to the environment.



one of the world's biggest producers of oil and gas and that it is increasing production, almost all of it for export. Malaysia is the world's second-largest palm oil producer; due to its small population, it exports palm oil across the globe.

Although both countries are commodity producers, one produces an edible oil that feeds the world's growing population, while the other extracts crude oil from the ground through a process that releases vast amounts of carbon.

Norway claims it wants to ban palm biodiesel in order to curb deforestation;

yet, it exports huge amounts of fossil fuels that add to global greenhouse gas emissions. The *New York Times* report further highlights the work of Peter Erickson, a senior scientist with the Stockholm Environment Institute, a research organisation. He has found that emissions from Norway's oil exports this year will be 10 times as much as its domestic carbon emissions.

Emissions are not the only example of Norway's environmental actions failing to meet the high standards it demands of others. Other revelations claim that Norway is preparing to dump toxic waste into pristine marine environments in its world-famous fjords.

The oil and gas sector is an important contributor to Norway's economy, representing 12% of GDP and more than a third of its exports. The Malaysian palm oil industry contributed almost 6.1% to the GDP and RM67 billion in terms of foreign exchange earnings in 2016, and it employs more than a million people.

A key difference is that Malaysia's development causes less harm to the environment. Malaysia has had the foresight to keep more than 50% of its land area under forest, an unparalleled global commitment recognised by the United Nations. Due to its high yield, the oil palm uses just one-tenth of the land

required to grow other oil crops. More land can therefore be preserved for Nature by growing oil palm.

In social terms, the oil palm industry has helped a great deal in reducing the national poverty rate; in Malaysia, this has come down from 50% in the 1960s to less than 5% today. So, there is no reason why small farmers should be denied the right to cultivate oil palm, which is an important contributor to rural development, and a major source of employment and income.

In economic terms, palm oil is good for consumers, as well as producers. According to the media outlet *Swissinfo.ch*, replacing palm oil with rapeseed oil products would cost Swiss farmers an additional 1 million Swiss francs (US\$1.02 million) annually.

Why is palm oil being targeted especially in the EU? One answer lies in the field of trade. Palm biodiesel has become a viable

and cost-effective substitute for fossil fuels, and has been recognised by the EU as a sustainable renewable energy source. Since local oilseeds are unable to compete against palm oil, countries use trade or non-trade barriers to curb its market access.

A good example is the EU biofuels policy. In the words of Fredrick Erixon, Director of the European Centre for International Political Economy: "EU biofuels policy has become an industrial policy rather than an environmental policy." He further notes that the Renewable Energy Directive (RED) "was designed to hit foreign competitors to Europe's rapeseed oil producers".

According to the USDA, the EU is the world's largest biodiesel producer. On energy basis, biodiesel represents about 80% of the EU transport biofuels market. Rapeseed oil is the dominant biodiesel feedstock in the EU, accounting for 46% of total production in 2016.

If they come into effect, both the EU Resolution and the Norwegian proposal could be deemed a barrier to block or limit palm oil's market access, as well as discriminatory to trade. For, obviously, the vacuum created in the market for palm biodiesel will be filled by local oilseeds.

Palm oil producers in fast-growing parts of the world would interpret such a ban as a distinctly negative signal. This would likely lead to calls for retaliation against European interests. Banning the use of palm biodiesel would ultimately be counter-productive to bilateral relations and trade opportunities for Europe.

Belvinder Sron
Deputy CEO, MPOC

"EU biofuels policy has become an industrial policy rather than an environmental policy."

Fredrick Erixon,
Director of the European Centre for International Political Economy



Indonesia expects substantial yield increases with new oil palm materials

PT SMART Tbk, a subsidiary of Singaporean palm oil company Golden-Agri Resources Ltd, announced on May 22 that it had cultivated high-yielding oil palm planting materials that could “substantially” increase the yield from its plantations without increasing land use.

The two materials – Eka 1 and Eka 2 – were developed at the SMART Research Institute and SMART’s Biotechnology Centre, through a conventional selection programme and tissue culture from “elite palms”.



“Tissue culture helps us propagate planting materials through a non-GMO process that produces more CPO; and, in the near future, it will help to produce planting materials that make better use of nutrients and are more resistant to both disease and drought,” said SMART’s head of plant production and biotechnology division Tony Liwang.

The materials could increase SMART’s CPO yield to more than 10 tonnes/ha/year at the prime palm production age of 8-10 years, from its current yield of 7.5-8 tonnes/ha/year under optimal soil conditions, according to the company. Indonesia’s industry average yield is still under 4 tonnes/ha/year, SMART said.

“With the success to date of our tissue culture programme, we can expect to see substantially higher yields with Eka 1 and Eka 2, and greater oil extraction levels from the fruit itself,” Liwang said.

SMART expects the Eka 1 seedling to produce 10.8 tonnes/ha of CPO at prime maturity, with oil extraction levels of 32% due to increased oil ratio in the fruit, while the Eka 2 seedlings are projected to yield 13 tonnes/ha and 36% oil extraction.

Furthermore, the company expects the seedlings to reach the first harvest in 24 months, in contrast to the current industry average of 30 months.

It intends to multiply the seedling clones through tissue culture over the next five years to cultivate a sufficient quantity to plant over a larger commercial area by 2022.

SMART started developing the materials in 2007, when its research team studied more than 4,000 oil palm trees for differing varieties. Field technicians selected and bred the optimal specimens over the next 10 years.

The first clonal seedlings were planted in 2011. Following several trials and commercial pilots, Golden-Agri Resources had by 2016 planted the materials in Sumatra and West Kalimantan in Indonesia.

Source: Oils & Fats International, June 2, 2017

Reserved dairy names barred for plant-based products in the EU



On June 14, the European Court of Justice (ECJ) ruled that plant-based products cannot be labelled with dairy names such as 'milk', 'cheese' or 'butter' even if the plant origin is clearly marked on the label.

The ECJ ruling gives a very strict interpretation of the EU's rules on the use of designations reserved for milk and milk products. This was in a case brought against a German company for marketing vegetarian and vegan products labelled with dairy names such as 'tofu butter' and 'veggie cheese'.

The ECJ concluded that for marketing and advertising purposes, in principle, the designations 'milk', 'cream', 'butter', 'cheese' and 'yogurt' are reserved under EU law for products of animal origin only.

Its ruling prohibits the use of dairy names in association with purely plant-based products unless the names are included in the EU list of exceptions. The ECJ also clarified that this prohibition applies even when the plant origin of the product is stated, because the addition of descriptive and explanatory terms cannot completely rule out consumer confusion.

The ECJ ruling is an interpretation of the EU's Single Common Market Organisation (CMO) 1308/2013 which repealed Regulation 1234/2007. The Single CMO establishes marketing standards for milk and milk products and sets out definitions, designations or sales descriptions that may only be used for the marketing of dairy products.

By way of exception, the Single CMO allows the marketing of plant-based products under the reserved designations when the exact nature of the product is clear from traditional usage (e.g. coconut milk) and/or when the designations are clearly used to describe a characteristic quality of the product (e.g. creamy).

The EU's first Single CMO Regulation 1234/2007 required member-states to provide to the European Commission (EC) an indicative list of non-dairy products meeting the criteria. Based on the lists submitted, Commission Decision 2010/791 – in force since December 2010 – has established a list of non-dairy products that may be labelled with reserved dairy names.

The list of exceptions is a collection of product names grouped per language (not product). Product names included in the list are not translated in all EU languages. The English-language term 'almond milk' for example is not included in the list, but the French, Spanish and Italian terms '*lait d'amandes*', '*leche de almendras*' and '*latte di mandorla*' are.

The ECJ does not accept translations of product names included in the list as falling within the scope of authorised exceptions. The EC has clarified that, in the event of a dispute, it is ultimately for the ECJ to provide a definitive interpretation of the applicable EU law.

Source: USDA, July 11, 2017

Nutella maker wins court battle against 'No palm oil' claim

A Belgian court has ruled that advertising claims about the health and environmental benefits of the palm oil-free *Choco* spread are illegal, in a case brought against the supermarket chain Delhaize.

Ferrero, which manufactures *Nutella*, took the case to court. Delhaize has been ordered not to repeat any claims about its *Choco* spread being better for the planet or human health, on pain of a €25,000 (£22,000) fine for each repetition.



Source: www.theguardian.com, June 19, 2017

European chemicals agency refutes accusations linked to glyphosate



The European Chemicals Agency (ECHA) has fired back at NGO accusations that it carried out a malicious attempt to undermine the authority of the EU's food safety agencies and their assessment of the ubiquitous herbicide glyphosate.

The ECHA also refuted claims it breached EU regulations and colluded with the pesticide industry when assessing the carcinogenicity of the herbicide.

In March, Global 2000 – a consortium of NGOs including Friends of the Earth and the Pesticide Action Network in Europe – released a stinging report. This argued that industry-funded studies showing that glyphosate is safe contained “fundamental scientific flaws” due to the omission of key data and inclusion of irrelevant data.

These studies were then used by both the European Food Safety Authority and the ECHA in their positive opinion of glyphosate.

“[The] ECHA is concerned [about] an attempt to publicly malign the integrity of EU institutions mandated to ensure safe use of chemical substances in the EU,” the Helsinki-based institution responded.

“This is of particular concern, when the process actually provides the opportunity to submit any further data and to make any science-based observations during the process.”

In making its assessment on glyphosate, it said “there was no collective preconception of whether or not the substance was hazardous for any of the end-points, let alone any collusion with industry, as alleged in the Global 2000 report”.

The ECHA's opinion will be taken into consideration by member-countries who must vote on whether to renew the licence for glyphosate by the end of the year.

Source: www.politico.eu, Aug 8, 2017

Liberia: Waiting on Palm Oil

Arrested development

Falie is a typical rural Liberian settlement with a population of around 1,500, roughly 24km off the nearest covered road. The houses are rough and ready, using local timber, mud and corrugated iron. No running water; no sewerage, no electricity, no health clinic, no school, no shop. Not much, in effect, apart from a tightly-knit community spirit and intense loyalty to the Zodua Clan, made up of Falie itself and two similar settlements, Gohn and Karnga – 4,760 people in all, and what seems like a long way from the capital, Monrovia.

I'm there to meet about 20 community leaders, together with Simon Lord, Chief Sustainability Officer for Sime Darby Plantation Sdn Bhd, Malaysia's largest palm oil company, and representatives of Sime Darby Plantation Liberia (SDPL).

The Zodua Clan has 'customary rights' over around 15,000 ha of surrounding forest, 4,000 of which have been designated as 'suitable for oil palm development' as part of the deal struck with



the government of Liberia in 2009, allocating Sime Darby a concession area of 220,000 ha. But a deal done in Monrovia is one thing; making it stick at the local level is altogether different.

It took five years to negotiate the necessary Free Prior and Informed Consent (FPIC) agreement with two of the three settlements – Karnga’s has yet to be done. It included compensatory payments to the communities for loss of farming land, preceded by detailed ‘participatory mapping’, which made it possible for SDPL to plant the first 250 ha, with high hopes of completing the whole 4,000 ha in short order.

Then came Ebola, a horror story for that region, which put everything on hold for 18 months. Then came the moratorium. And that’s where it gets personal for me.

In January 2014, Sime Darby was one of six signatories to the Sustainable Palm Oil Manifesto, in which they all committed to no further deforestation, no planting on peat, and no exploitation of workers and communities. I was present in Kuala Lumpur when the Manifesto was signed, and very actively involved subsequently in helping to determine exactly what is meant by ‘deforestation’, as the Co-Chair for 18 months of the High Carbon Stock (HCS) Science Study.

In September 2014, a moratorium was imposed on all new planting that would otherwise have proceeded at that point – including in Liberia. This was done as a stop-gap, temporary measure, but the debate about what is or isn’t ‘HCS’ forest has been going on since then.

That well-intentioned moratorium suddenly begins to look very different here in Falie, surrounded by people whose lives have been very negatively impacted, not by deforestation, but by all new development being put on hold. And it’s still on hold.

The mood is friendly, but tense. There’s a lot of frustration, articulated by Bai Sembeh, the Chairman of the Zodua Land

number of shiny new hand pumps, provided by the company. A nearby clinic and pharmacy serve the community’s healthcare needs. Expectations are high.

Since the end of the horrendous civil war in 2003, they’ve got used to the fact that neither the government in Monrovia nor the battalions of foreign aid workers in the country were ever going to be able to do anything much to help them.



Listening to members of the Zodua Land Committee, speaking at the meeting in Falie

Committee, in his opening speech: ‘We didn’t want Sime Darby to leave our land before, and we don’t want you to leave it now. It’s our land, to do with as we want. You didn’t have to bribe us: we did a deal. And we still don’t understand why you’ve broken your promise to continue planting.’

The concerns start coming thick and fast. Before the deal with Sime Darby, people had to drink from the river, which was often contaminated, but Falie now has a

Armchair environmentalists in the US and Europe might not like it, but SDPL is all that stands between them and near-permanent destitution.

‘If you go now, what do you think is the way forward for us? Who’s going to sort out that road? Who’s going to stop our children getting sick? Is anyone else going to provide any jobs?’... Simon and SDPL General Manager Rosli Taib patiently seek to answer each and every point.

Two worlds

Sime Darby's total planted area at the moment is just over 10,000 ha. Yields have been lower than hoped, a combination of longer dry seasons and the disruption caused by Ebola, which means the company still has to prioritise how best to invest in what are called the 'Project Affected Communities' and other areas. That annual commitment already runs to several hundred

commitment not to cut down forest areas with High Carbon Stock.

"If we go back on that, even in a poor country like Liberia, the international environmental NGOs like Greenpeace and the Rainforest Action Network will come down on us like a ton of bricks, undermining our hard-earned reputation and jeopardising our ability to sell to big companies like Nestlé and

tell us now what we should be doing with our lives, with our forests?"

The words expressed with characteristic passion, but no bitterness, are met with enthusiastic applause.

I can only sympathise with Simon and Rosli: there's no reconciling these two worlds. On the one hand, it's obviously crucially important to do everything we can to stop continuing deforestation around the world, and the oil palm industry has an important part to play in that process – even though its contribution to deforestation is actually much smaller than most ill-informed environmentalists in the West would have you believe.

On the other hand, the situation in Liberia is still so grim that it seems callous to be arguing the toss about the difference between cutting down young regenerating forest with roughly 35 tonnes of carbon/ha (which is apparently OK as far as the NGOs are concerned) and young regenerating forest with around 70 tonnes of carbon/ha (which is absolutely not OK as far as the NGOs are concerned).



SDPL's new palm oil mill

thousand dollars. As Rosli says: "The cake is small at the moment. But bear with us, be patient, and help us grow the size of the cake."

Simon does his best to explain the dynamics of the global oil palm industry: "To sell our oil in Europe and the US, Sime Darby has to comply with all the rules of the Roundtable on Sustainable Palm Oil (RSPO) to get our certification – and of course to honour our

Unilever. And that wouldn't help anybody, least of all people here in Liberia."

This is not a world that the citizens of Falie can be expected to have any real understanding of. Bai Sembeh responds: "What do we know about High Carbon Stock? My mother didn't tell me anything about carbon. But we do know everything we need to know about our forests, about the trees. So how can you

Very little of the forest with which we're surrounded in Falie is primary or old growth forest – it's almost all been logged, worked over or cleared for shifting cultivation or charcoal burning for decades. But a lot of it, according to the detailed mapping that has now been done, definitely has more than 70 tonnes of carbon.

But here's the thing: the best way (and I would argue the only way) of protecting



SDPL Central High School in Senjeh District, Bomi County

what's left of the really valuable forest (with high biodiversity value and high carbon), is to ensure that the community itself acts as the forest's guardians. And they can only do that when they have some reasonable prospect of economic security, of properly paid jobs, of education for their children, of basic healthcare and so on.

Sitting in Falie, surrounded by dignified but increasingly desperate community leaders, this all seems so unanswerably obvious. But for people sitting in comfortable hotels in New York, London or even Kuala Lumpur and Jakarta, endlessly arguing in one committee or another about the finer details of one or another different approaches to HCS, it's a truth that has yet to be seized hold of.

High expectations

At the end of the civil war, the UN Mission in Liberia had its work cut out focusing primarily on security issues. This is something of an unsung success story 14 years on, with the Mission now in the process of pulling out of the country before the end of the year. The

government, supported by a number of Western governments, focused on the economy. And that's been much tougher.

And this, of course, is where it gets really uncomfortable for most of the people reading this article. The dependence on large, paternalistic companies is embedded deep in Liberia's relatively short history, going right back to its foundation in 1847 – which means the local communities' expectations of Sime Darby (as well as Golden Veroleum Liberia and Equatorial Palm Oil, the two other large oil palm companies in Liberia) are understandably but still massively inflated.

Sime Darby has been on the ground in Liberia since 2010, during which time it has been able to plant less than 5% of the concession area. At that level, the operation is still unviable. It's bleeding cash, not least because it has kept the majority of its employees on its books, not just through the Ebola crisis but through the moratorium, even though that makes no straightforward economic sense. It's hard to imagine it can go on doing this much longer.

With 20,000 ha planted, the plantation would be just about economically viable, this being the point at which Sime Darby's incredibly bold investment in a new mill (costing roughly US\$18 million) starts to pay off. But nothing really works until the planted area can be pushed on to a minimum of 35,000 or 40,000 ha.

The socio-economic implications of this are dramatic. At 35,000 ha planted, SDPL has indicated that it would be prepared to start discussions with the government to build a hospital for the area. Without that, there will be no hospital for a very long time – if ever.

It's the same with education. Sime Darby has taken on responsibility for seven schools, employing 122 full-time and 17 contract teachers, providing education for 4,714 students. These incredibly precious jobs make life infinitely more bearable for thousands of 'dependents' – 2,446 males and 1,947 females. There's a smiling face and a well-fed, more-or-less healthy family behind every one of them.

In 2016, the cost of the teachers' salaries and all materials in the schools was US\$52,000. On top of this were the running costs of the school bus service at a further US\$18,700. Over 10 years, with initial construction costs included, that's now pushing up to more than US\$750,000 direct investment into the lives of some of the poorest people on this planet. – and with only 10,000 ha earning Sime Darby any money at all. Wake up, folks, and smell the palm oil!

Cost of delay

The next community meeting is in Senjeh. Back on the main road, we can't help but notice the number of trucks stacked high with sacks of charcoal. We've been told in Falie that one of the Zodua Clan's biggest concerns was the number of charcoal burners coming into their forest from outside the clan area. And it's not just the small stuff the charcoal-burners are using; equipped with powerful chainsaws, the trees they're now cutting down are getting larger and larger.

This isn't an easy issue. Charcoal is a critically important part of Liberia's energy economy, providing a large number of people with decent livelihoods. But there's

obviously no regulation, and as the population continues to grow, the pressure on Liberia's forests will become more intense. That's the real threat to forests in these countries: not so much clear-felling for timber or plantation agriculture, but remorseless encroachment of one kind or another.

As with Falie, things are ready to go in Senjeh. The FPIC process and participatory mapping have been done; the crop compensation (of about US\$250,000, covering just 1,825 ha) has been paid; and 10 contract workers have been employed to monitor any encroachment in the area.

A formal Memorandum of Agreement has been signed, which means that SDPL has already installed a number of pumps and latrines, and is currently paying for the cost of road repairs. It has committed to fund the refurbishment of a school in one of the communities and to support the clinic in Beafinie. All this before a single hectare has been planted!

At the meeting, things settle quickly into the same sort of rhythm, with even more eloquence: "Sime Darby has already

helped us wipe away the tears, and our children are excited at the idea of a new school. We pray to Allah every day to work His influence on our Sime Darby friends to get the bulldozers in, and get the bridge built.

"But so many times we've seen the Sime Darby cars drive up, and then drive away again with nothing changed. Meanwhile, the logging companies are here all the time, wanting to get access to our land. We don't want them on our land, but they're offering us a lot of money."

There's a directness about the comments, as each member of the Land Committee adds a new dimension, with the women focusing on health ('without a proper clinic, our children are dying'), food and education.

The 1,825 ha demarcated in Lower Senjeh are on land formerly planted for rubber. But all work on the plantation ceased at the start of the civil war, allowing the forest to regenerate. There really shouldn't be any problem clearing this land, as a former rubber plantation, but Sime Darby has strictly observed the moratorium on new planting even here.

Of equal interest to Sime Darby is the possibility of expanding the plantation onto another 5,000 ha in Upper Senjeh, once the HCS assessment has been completed. But how much of that will be ruled off-limits, with too much HCS in it?

And because the delay has been dragging on over several years, the company will now also have to re-do its audit of High Conservation Values across the whole area – another part of the extensive regulatory system set up through the RSPO's New Planting Procedures to help minimise environmental damage and direct development into those areas that will be least impacted both from a biodiversity and a high carbon point of view.

Impressive CSO activity

All the NGOs operating in Liberia are very well aware of these dilemmas on the ground, including SDI, the local chapter of Friends of the Earth International, and Green Advocates. Both have been consistently and virulently critical of the oil palm industry, especially in the early days, when a lot of bad mistakes were being made.

We met with SDI before we left Monrovia. As a former Director of Friends of the Earth in the UK, I warmed to SDI's story of doing its best to help protect Liberia's natural resources, and its forests in particular. For that, inevitably, they need a lot of international support, and that comes most easily if they keep putting the boot into the palm oil companies. They know this isn't necessarily 'fair', but it keeps bringing in the money.

But for me, it was infinitely more valuable meeting with the three Civil Society Organisations (CSOs) that work on the ground with communities in Zodia and Senjeh, as well as with the 17 so-called 'Project Affected Communities' in the first areas that were planted up before Ebola and the moratorium.

By any standards, these CSOs are impressive. Their entire existence is geared to helping the communities themselves – the Foundation to Protect People's Dignity working with the Senjeh Land Committee; the Whistleblowers' Union with the 17 Project Affected Communities; and Communities Organised Against Hunger working with the Zodia Clan.

Their leaders are outspoken but always constructive, telling it to the SDPL team just as they see it, and always seeking solutions and more corporate social responsibility support for their communities. They themselves receive no money from SDPL. But, above all, they want to see the development resume: they fervently believe that that's the only way to secure real economic uplift for their people, at the same time as protecting the forests.

We also had an exceptional session with leaders of the 17 Project Affected Communities, and quickly discovered that there are still plenty of spiky issues that have to be resolved. The most controversial relates to an ongoing dispute about the amount of compensation paid to the Project Affected Communities when Sime Darby first arrived in the country – and was

much less attuned to the sensitivities of dealing with local communities than it is today.

Their case is passionately advocated by Oscar Dolo, head of the Whistleblowers' Union, who wants to see justice done for more than 1,400 subsistence farmers (all of whom claim to have been paid less than they should have been) on a case-by-case basis. A huge inquiry is under way, with the full and active support of SDPL.

The original concession agreement between the government and Sime Darby promised the company 'unencumbered access' as far as its 220,000 ha were concerned. Nothing could have been further from the reality that awaited on the ground, where every community within the concession has historical 'customary rights' over different areas, often overlapping and, more often than not, undocumented. A lot of the early problems can be traced back to this major misunderstanding.

Listening to the articulate, fired-up CSOs, I began to appreciate in a rather different way just how critical the different and often overlapping processes developed through the RSPO and other initiatives really are – FPIC; participatory mapping; Environmental and Social Impact Assessments; High Conservation Value assessments; HCS analysis, and so on.

It's hard to imagine any other commodity crop having to go through an equivalently rigorous process before being able to get its boots on the ground. And Liberia urgently needs those boots on the ground.

There's little if any Foreign Direct Investment coming into the country. According to the World Bank, about 70% of the citizens live below the poverty line of US\$1.90 a day, while the level of male unemployment stands at 70-80%. The population of about 4.5 million is growing fast, with an average fertility rate of 4.6 children per woman. Only 60% of the children complete primary education, with a very low 37% going on to secondary education.

All that counts for little when your primary concern (if not your exclusive concern) is stopping trees being cut down, even if those trees are growing on land that has been intensively farmed (for rubber; in the case of Senjeh) at some stage in the recent past.

I asked Boima Sando, the guiding light behind the Foundation to Protect People's Dignity, what message he would want to send to the international NGOs. He replied: "It's difficult. This HCS thing is pretty strange for us. So just tell them what's going on here. And tell them too that there's going to be an uprising if we can't find a solution to this moratorium. Do they really want people here to go on living without any prospect of proper jobs or decent living conditions?"

Strong stuff, but definitely not meant in any inflammatory way. After 500 ha of oil palm were burnt to the ground in April last year, everybody's top priority is to resolve things as amicably as possible. This year, not one oil palm has been lost.

Still talking ...

I'm leaving Liberia feeling pretty wretched. When I was last here, two years ago, as part of the work that we were doing on the HCS Study, I spent the best part of three days meeting politicians and key stakeholders in Monrovia. It seemed obvious at that time that a deal could be done quickly, to strike the right balance between promoting sustainable economic development and protecting Liberia's forests.

Two years on, and as you'll have seen, next to no progress has been made. The 'collective leadership deficit' is staggering if you take stock of the last decade when discussions first started between the government and the three big oil palm companies – Sime Darby, Golden Veroleum Liberia (part of Golden Agri Resources) and EPO (part of KLK).

The 'big picture' was crystal clear even then: if the three companies, through their own plantations, plus supported outgrowers' schemes, plus 'community palm oil' initiatives of different kinds, could get oil palm in the ground on around 120,000 ha, that would be enough to justify investment not just in more mills, but in a refinery.

That may not sound much to people who know little about either Liberia or the oil palm industry, but a refinery represents *the* single most important value-adding opportunity for the economy for the foreseeable future. It will allow high-value refined products (not just the raw oil) to be exported to Europe, create tens of thousands of jobs,

and secure significant and sustainable prosperity for the next few decades. Just 120,000 ha!

The area in Liberia under forest cover is around 4 million ha, most of which are at risk precisely because people have no choice but to carry on with their customary 'slash and burn' farming or charcoal burning. Sure enough, that's still quite a lot of young regenerating forest that would have to be felled on those 120,000 ha. Which would inevitably entail some damage to Liberia's biodiversity. And quite a lot of CO₂ in the atmosphere.

Moreover, minimising that damage these days would mean having to put more trust in the companies, which is really difficult for NGOs, as those companies didn't exactly cover themselves in glory in those early days, with some incredibly clumsy interventions on what they had assumed was 'unencumbered land'. Trust is now worryingly elusive.

But look at things now. The government still desperately wants this kind of international development. All the communities most closely involved want it. The three companies obviously want it but, critically, want to do it in the right kind of way. Supportive governments (like Norway) want it, even if the Tropical Forest Alliance (that Norway helped set up) has proved itself to be something of a thumb-sucking waste of time.

Potential funders like IDH (backed by the Dutch government) theoretically want it, just so long as they can avoid any of the risks involved. And some international



A group of Zodia women wearing their t-shirts with the motto 'Yes to Development'

NGOs (including Conservation International, Forest People's Programme and the RSPB) are now in there making serious efforts to get stuff moving.

But what of the rest of the international NGO community? Well, you may be interested to know that the HCS Approach Steering Group has just produced a new (and actually rather impressive) Toolkit 2.0 – 'a global methodology for putting No Deforestation into practice'. It still has a special Working Group trying to come up with some ideas about what to do about very poor, densely-forested countries, such as Liberia. Expect more meetings, more guidance, more politically correct 'consensus' – from which the communities of Falie and Senjeh will of course be completely excluded.

As a representative of the 'Western NGO community', I'm deeply ashamed for myself and for my colleagues. As I board my plane back to the UK, I leave behind tens of thousands of Liberian citizens in the communities we visited.

Their testimony has moved me, deeply; the visual impact of the conditions that they're living in has moved me, deeply. The rage I feel at our collective failure has still not gone away.

So what could we, dear NGO colleagues, have done better? Well, we could have acknowledged that getting things right in very poor, densely-forested countries is always going to be complicated and messy, and that the perfect is always the enemy of the good.

We could have got ourselves out of Liberia much earlier on, perhaps as soon as the moratorium on further development had been announced, putting on the 'Yes to Development' t-shirts worn so hopefully by the citizens of Falie in the Zodia Clan. And we could have worked together with the government, with the companies, and with the communities themselves, with the blessing of the Norwegian and Dutch governments, to identify the 120,000 ha that could be developed with the least possible damage to Liberia's forest.

In other words, we could have helped in a small but significant way to get them on that path to a new palm oil refinery. But we did not. We sat and we talked. True enough, we did some really good stuff to stop the oil palm companies riding roughshod over people's human rights and valuable forest. But then we talked some more, even as children went uneducated, and children died.

And just as much of Liberia's forest has been damaged or destroyed during that time anyway, primarily because we've given none of those communities a compelling reason to help protect it. It's not too late. But I suspect we're still too stuck in our arrogant ways to make that possible.

Jonathon Porritt
 Founder Director
 Forum for the Future

This is an edited version of the article.



The Rebel Factor

Tapping into the tendency



One of the biggest factors in a successful branding campaign, whether we are talking about edible oils and fats or other products for the market, is motivation. As a marketer of many years, I'm still amazed at how organisations can so easily get caught up in 'big picture' concepts and 'small stuff' details, such as budget and pricing, without remaining focused on motivation.

The essence of branding and marketing can be summed up in two questions:

1. What can we do to motivate our target audience to at least be motivated enough to take a look at our product, service or idea?

2. What can we do, once our target market has taken a look at our product, service or idea, to motivate them to 'buy' with a cash transaction or with measurable support?

It's worth taking a moment to reflect on what marketing and branding is all about. I'd say motivation is a key issue. Why are people buying our product or idea? Of the people who aren't buying, what can we do to make them want to buy?

These are super questions and, in my experience, they aren't asked often enough. In any marketing or branding operation, it is

all too easy to forget them and instead get caught up in the details of a project or become overwhelmed thinking about what your immediate boss might want to hear about.

Branding is often a complex business. One would like to have a simple rule, such as 'be positive because people like positive messages' or 'be negative, as nothing motivates people as much as being scared'. Sometimes the positive message works best, and other times it is the negative. The reason is that humans are complex beings.

I'm going to talk about the negative because I've found it often gets overlooked. Now that we are in 2017, there are two special reasons:

1. The UK Brexit vote: The British, very much against the prediction of then Prime Minister David Cameron, voted to get out of the EU.
2. The US Presidential vote: This resulted in the installation of Donald Trump as the 45th President.

It is hard to overstate just how much both of these events were unexpected. Even in the last few days of the US Presidential election, the Democrats' candidate Hillary Clinton was widely reported as having a "97%" probability of a win.

So what happened? The same as with Brexit vote – the people rebelled. Most of the UK media had talked about Britain remaining in the EU, and most of the

political leaders wanted it that way. But the vote went in the opposite direction.

The power of the negative

Every now and then, in markets and in politics, there comes a point where negative emotions take over. And there's one thing about the negative which is very important: it is powerful.

Yes, people will do all kinds of things in the hope of a positive outcome (such as cash, a bit of status, happiness or better relationships). But most of the time, the 'greater voltage' emotions are fully charged from the negative.

There are many academic studies on this, such as the widely-quoted Herzberg work on money and motivation. This



showed that money on its own is not much of a motivator – that is to say, paying someone more money generally won't motivate people to work harder or produce better results.

However, money is a super de-motivator when you get it wrong. A good example would be when someone finds out that the person in the next cubicle, doing the same job, with the same qualifications, gets a higher salary. When that happens,

were seriously fed-up with political leaders, technical experts and the mainstream media. There are many clues as to why this rebellious tendency took hold.

The first comes from the British comedian and thought-leader of modern European satire, the late Spike Milligan. In a TV interview, he put it succinctly: "I resent being told what to do." It is a widely held view. And these days, with so

Trump win. His rationale is easy to follow and it goes like this:

1. Many voters are feeling resentful and disenfranchised because they see their taxes going up and their job security going down. This is particularly the case for the blue-collar middle-class who have worked hard for many years in supposedly 'secure' jobs.
2. The political leaders and the media keep telling them that 'things are fine', but they can see that things aren't fine at all.
3. Blyth quotes the fact that, in 2015, the bonuses (I emphasise not the salaries, just the bonuses) of Wall Street's financial executives totalled US\$28.4 billion. Compare and contrast that with the total earned by millions and millions of US workers on minimum wage, which came to US\$14 billion during the same period.



'gnashing of teeth' and bad-mouthing the boss are sure to follow, with a high degree of emotion and motivation, too.

The Brexit vote and the election of Trump are both examples of the power of negative emotion. In short, the voting population got to the point where they

many people telling folks what to do, it's not about to go away.

Useful insights on this topic also come from Mark Blyth, the economics professor at Brown University in the US. He is currently enjoying a bit of fame as an economist because he predicted the

In other words, the inequality and, consequently, the motivation to be rebellious is massive. Yes, not many people like Trump. But in many ways, a vote for Trump was a vote that was a result of rebelliousness – and that rebelliousness was a result of resentment.

What about the oils and fats business?

What can the oils and fats industry do about this social trend? Oddly enough, a large part of the answer could be 'nothing at all'. After all, it is a golden rule in politics that, when your opponent is

making a mess of things, you should sit back and let them dig their own graves.

At the moment, there is a long list of organisations, especially NGOs, telling the general public what to do, how to think and what to buy. To be fair, this has worked rather well for these organisations for a long time. But at some stage, people will feel resentful about being told what to do and consequently flip to a point of view that would be against what is normally popular:

The problem is, of course, to get the timing right. We don't know everything about resentment as a motivator but we do know one thing: it has a gestation time or, if you prefer, a time-lag. The general public will endure all kinds of things – from being treated like they are stupid to outright insults – but only for a certain period of time. And, as any good politician will tell you, timing is everything.

It is always hard to make predictions on timing, but it seems that 2016 was a special year for the changing mood of the general public; it is almost as if things came full circle. It reminds me of the 1976 Oscar-winning movie *Network*, where the main character keeps saying "I'm as mad as hell and I'm not going to take it anymore".

The next point is: which group is 'the establishment'? With politics the answer is easy: the politicians who are in power and their related peers.

But with the oils and fats industry, what is the situation? Is a palm oil producer 'part of the establishment' or does that term fit better with Greenpeace? A lot of the answer comes down, again, to motivation. The edible oils industry is viewed as motivated by profits. Politicians are viewed as motivated by votes.

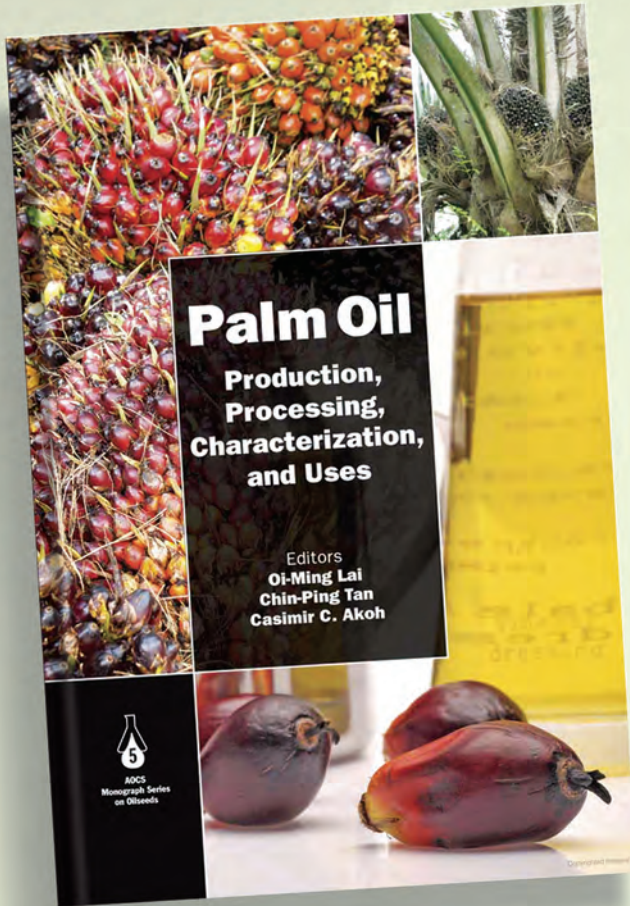
But what is the case with NGOs? Environmental groups are typically viewed as decent people whose hearts are in the right place. That is a view that is unlikely to change until some factor arises, be it internal (the NGOs or their audience change of their own accord) or external. For the latter to happen, the edible oils industry needs to tap into the rebellious tendency of the public. A good way would involve pointing out economic unfairness.

Back to Prof Mark Blyth. Many US voters saw a vast number of middle-class jobs disappear, while Clinton and her supporters in Wall Street and among media moguls grew their millions.

The oils and fats industry could gain support by pointing out that they provide a livelihood to a vast number of workers, while many NGOs have very highly-paid executives on their staff.

Dr Ian Halsall
Author & Researcher





Expert Views on Palm Oil

Comprehensive compilation

The editorial committee of the American Oil Chemistry Society asked Professor Casimir Akoh to edit a book on palm oil. The ambitious title given was 'Palm Oil Production, Processing, Characterization and Uses'. Prof Akoh and his two assistants invited contributions from known experts across the world. The resulting book of 836 pages in 25 chapters fully satisfies the title.

The book covers up-to-date information on every aspect of palm oil (literature references up to end of 2011), including current research programmes. A number of the authors are

from the Malaysian Palm Oil Board (MPOB) reporting on their own research or on the results of international collaborations.

Consistent government support has enabled the MPOB to carry out a planned programme of research over more than 20 years that has enabled the elucidation of the oil palm genome and big improvements in the techniques used in breeding.

In particular, genetic engineering can be used to introduce a specific gene selected from any living organism, i.e. animal, fungus or bacteria. Tissue culture is used for rapid propagation. Enzyme systems can be introduced that result in products of industrial value, such as ricinoleic acid and biodegradable plastics.

The oil palm flourishes in tropical areas with high and frequent rainfall. It grows wild in suitable areas of West Africa. A number of reports of the oil appeared in Europe from the early 17th century. Furthermore, there is archaeological evidence of its use in human food for more than 5,000 years. Today palm oil is, together with palm kernel oil, about 30% of the major vegetable oils in world trade. It is traded as a bulk commodity in 150 countries.

The oil is a major component of the flesh of the fruit, which can be consumed direct – as it still is today in local cuisine, for example in Ghana. The palm fruit is likely to have been used for food by forerunners of *homo sapiens* for millennia. This is in contrast to the other major vegetable oils, which require sophisticated technology for extraction and purification before use. (The only exception is olive oil, also fruit flesh oil, with a long history in human food.)

Dramatically improved yield

In the first chapter of the book, LE Henson describes the increase in yield in palm oil of about 0.3 tonnes/ha in Nigerian wild groves to 1.8 tonnes/ha/year in Nigerian plantations. More recently, average national yields of over 4 tonnes/ha/year were obtained in 2008 in Malaysia and Papua New Guinea.

This dramatic increase was the result of a combination of factors: the use in Southeast Asia of exceptional *Deli dura* parent palms from Africa; continual selection; and assisted pollination

initially by hand and then by the introduction in 1981 of the weevil *Elaeidobius kamerunicus* from West Africa.

Further improvements are foreshadowed by experimental yields of 10 tonnes/ha/year or more obtained from selected best trees without the need for additional land. Tissue culture was developed to speed up the introduction of high-yield palms and has also been used to introduce changes in the enzyme systems that control or change the fatty acid composition of the oil, for example by increasing oleic acid content.

A comprehensive chapter on pests and diseases is contributed by Gait Fee Chung. Contributions from Brazil and Nigeria describe their palm oil industry.

Other chapters deal with processing technology, quality maintenance and physical properties. The nutritional properties of the oil and its uses in food have been attacked, often by industrial interests in rival products. An extensive international programme of research has proved beyond doubt that it is a safe and beneficial food.

Professor Kiyotaka Sato describes his studies of the polymorphic behaviour of palm oil and the practical implications in foods such as margarine. Minor components of palm oil including tocopherols, tocotrienols, carotenoids and antioxidants are described by a team from the Wilmar R&D centre in Shanghai. Interest in industrial uses of palm oil is increasing, as is the use of the oil palm trunk.

Complaints about the adverse impact of the palm oil industry on the environment led to government intervention and later to the formation of the Roundtable for Sustainable Palm Oil (RSPO). This body consists of stakeholders in the industry from growers to food retailers. The RSPO has agreed standards, which are independently verified. Major food manufacturers and retailers require their palm oil suppliers to conform to the RSPO standards so that they can, in turn, reassure their customers regarding the sustainability of their products.

Small producers of palm oil in Malaysia find that meeting the RSPO requirements for inspection and testing is too expensive. An alternative has therefore been introduced by the government – the 'Malaysian Sustainable Palm Oil Certification Scheme'. This is fully supported by the government, enabling the entire industry to be certified.

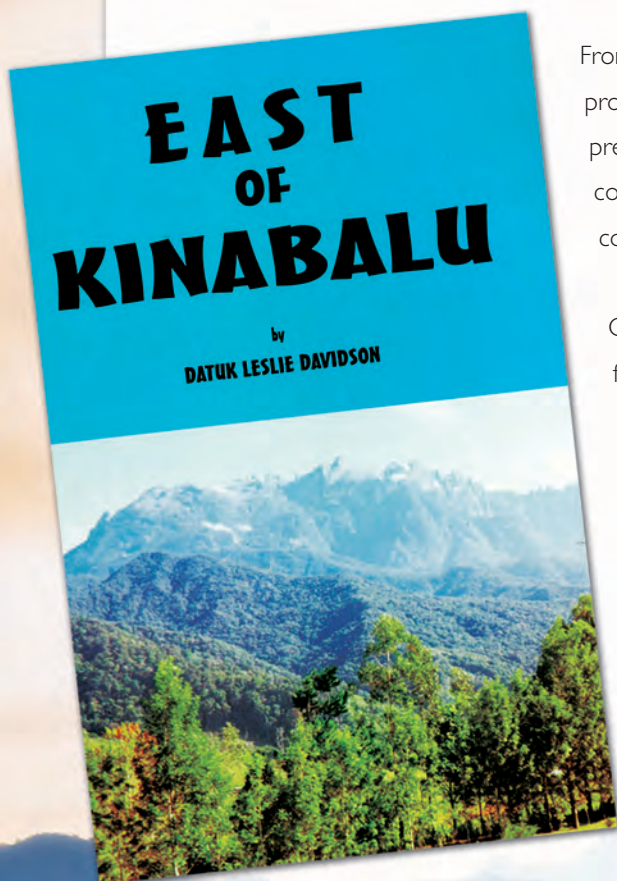
The oil palm has been an important element in the economic development of regions in West Africa, South and Central America, and Southeast Asia with suitable climatic conditions. In Malaysia, a government support scheme under the Federal Land Development Agency was used to settle landless people and has been effective in increasing the prosperity of the nation.

KG Berger

Food Technology Consultant, UK

Expansion of the Property, Part 2

The new factory



From 1965 to 1967, in addition to bringing to completion our programmes for planting, roads and buildings, we were also very preoccupied with the erection of our factory. At that time, the only company which could build a standard turn-key palm oil mill on contract, was Messrs Stork of Amsterdam.

CDC in Tawau had already commissioned them to build their factory and it had been opened – the first palm oil mill in East Malaysia – the previous year. The Stork's erection team arrived on their estate, built a standard palm oil mill to a tried and tested design, and departed once it was commissioned.

I was keen that we should follow their example and get Storks to install one of their off-the-peg plants on Tungud. I felt that our management team had enough to worry about without getting involved in all the problems of erecting a factory ourselves. It was not to be, however.

It was decided in London that we would build our own factory to a Plantations Group design. This was, I grumbled, typical of Plantations Group. Not only did they choose a flood-liable, leech-infested swamp in the most inaccessible area they could find for our first project in Sabah, now they wanted to complicate matters further by asking us to build the factory!

The chairman, David Martin, explained their thinking to us with his usual tact and forbearance. Unilever's engineers had, he said, been involved throughout the 1950s in experimental work at a mill at Mongana, in what was then Belgian Congo. This had resulted in several innovative improvements in the extraction process and in the design of palm oil mill machinery.

It was felt, correctly in the light of subsequent political events in Congo, that much of this work – written–up in what came to be known as the Mongana Report – might be lost after Congo got independence. The Board had decided therefore that as many as possible of the findings at Mongana would be incorporated into the Tungud factory.

In several ways it would be a departure from past designs and it was necessary therefore that we should build it ourselves. Unilever hoped that the Tungud Mill with its many processing improvements could become the first of the next generation of palm oil factories throughout the industry, and that it might result in some improvement in the quality of the palm oil exported.

John MacDonald, the man they selected to do the work at our end, had operating experience in Unilever palm oil factories in Nigeria and Camerouns. He was an extremely competent engineer, as he had already demonstrated to us by erecting the Tungud bridge.

In view of the remote situation of the estate, he was faced with a formidable task. The lead times were of course horrendous. The steel-work for the buildings came from Japan, the boilers from UK, the turbines from Germany, the presses from France, and the centrifuges from Westphalia in Sweden.

From the date of designing and ordering these items, to the time they were assembled in Europe, shipped to the East, unloaded in Sandakan, put on a scow to be taken up the river, and finally transported by tractor from the riverside to the factory site, could be as much as three years. We made great use of network analyses at both ends of the operation to ensure that each major item of plant was on site at the time it was needed, but not too long beforehand.

Astonishing record

It was a complex and time-consuming business. As MacDonald's right-hand man we were able to recruit the services of a young Chinese mechanical engineer, Lau Chung Fung, who had worked for Shell in Miri. After the construction was completed, he took over as Chief Engineer. He and his wife Elsie were popular figures in the community.

The company was very fortunate in the calibre of the local engineers we were able to recruit within Malaysia. My own view is that, in general, they were technically superior to many of the expatriate engineers we recruited for our plantations in other countries.

When Lau moved back to West Malaysia, he was replaced by Peter Yee, a brilliant engineer who was to become in due course the Technical Director of the local company. Yee was sent to Europe to study automation techniques in some of the most modern Unilever factories and, on his

return, was able to introduce a degree of automation to our process systems both at Kluang and Pamol Sabah.

As it happened I was being unfair to our Engineering Department in London when I complained about the cost of the factory. It was finally completed within the original estimated budget. It was indeed more expensive than an off-the-peg standard factory.

One reason for this was that, with their long experience of building and running mills in remote parts of Africa, UPI Engineering Group were conscious of the necessity of building-in sufficient stand-by units right at the outset. This avoided the long wait for spare parts to be sent out from Europe whenever a breakdown occurred.

When I was the Chairman of UPI in London many years later, Ho Sui Teng, then the GM of Tungud, reported the achievement of an astonishing record. The factory had milled a million tons of bunches over 20 years without a single day being lost to breakdowns, other than planned stoppages for maintenance. I doubt if many palm oil factories in the world could make that claim.

The factory was finally opened on target, on Nov 15, 1967. The event was widely reported in the Malaysian Press. The opening ceremony was attended by Lord and Lady Cole, Sir Michael

Walker, the British High Commissioner from Kuala Lumpur, and many of our friends and colleagues from the Sabah plantation industry as well as by representatives of the state government.

With the opening of the factory and the planting up of 10,000 acres of oil palm, we had now completed the original development. Lord Cole was delighted to learn that, in spite of the many vicissitudes encountered, we had done it well within the original Capital Grant.

While congratulating us on our achievement, he reminded us that, now that we had completed the first phase of the development within the budget, the next thing we had to do was to show that we could produce a return on the shareholders' investment.

This proved, however, to be a much harder task than any of us anticipated.

Datuk Leslie Davidson

Author, *East of Kinabalu*

Former Chairman, Unilever Plantations International

This is the second part of an edited chapter from the book published in 2007. It can be purchased from the Incorporated Society of Planters; email: isph@tm.net.my

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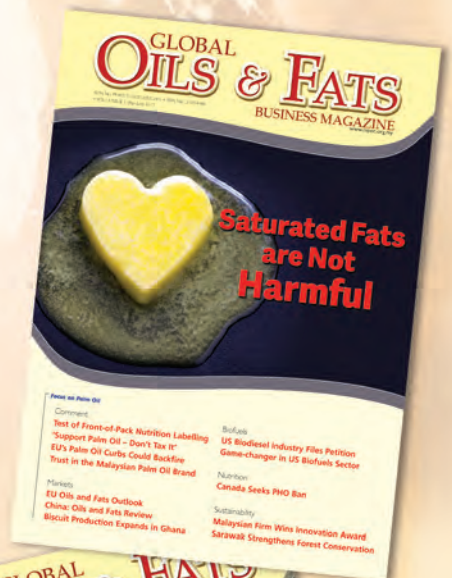
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