

2020 European Parliament INI Report on Stepping up EU Action to Protect and Restore the World's Forests

Recommendations

As an integrated palm-based agribusiness, Golden Agri-Resources is convinced that **the only viable long-term solution to deforestation is to incentivise sustainability**, principally through fostering demand for existing certification (ex: ISCC and RSPO) and requiring companies to source sustainably produced agricultural commodities.

No commodity is inherently sustainable or unsustainable. Production practices and methods are what determine a commodity's sustainability. By failing to recognise the difference between conventional and certified sustainable palm oil, policymakers and consumers punish sustainable producers and disincentivise investments in sustainability policies such as No Deforestation, No Peat, No Exploitation and certification requirements. Therefore, the EU's future sustainability policies should apply the same standards to all agricultural commodities in the EU and abroad, creating a fair level-playing field.

Unintended consequences of reducing EU demand for all palm oil:

Palm oil is the most productive and efficient vegetable oil. It has the highest yield per hectare (3.5 tonnes/hectare) and requires the least land to produce one tonne of oil compared to the other major sources of vegetable oil. Measures aimed at reducing EU demand for all palm oil, without distinguishing between sustainable and unsustainable production, would have the following unintended consequences:

- **Less productive and efficient vegetable oils would have to replace all palm oil, including that complying with the highest sustainability standards, to meet EU demand for vegetable oil.** This would create additional pressure on land and lead to greater forest conversion to plant these less productive crops in other countries – since EU demand can in no case be met by any type of EU domestic production.
- A reduction in EU demand for all palm oil, including sustainable palm oil, would **send strong negative market signals to companies which commit to policies such as no deforestation, no peat, and no exploitation.**

How the EU can use its influence to prevent global deforestation:

Promoting certified sustainable palm oil and due diligence in supply chains should be the way forward. The market is already doing this, so helping to accelerate this process would be a positive contributor.

EU Consumption	<ul style="list-style-type: none"> • The EU should recognise and encourage, not penalise, sustainable producers. The EU should engage with these producers to define best practices and leverage them through existing standards. • As certifications like RSPO and ISCC already exist, demand-side regulation should avoid re-inventing the wheel in terms of verification, reporting, and disclosure and should not add unnecessary burden to producers. Demand-side measures should therefore build on existing certifications and encourage demand for certified products.
Partnership with producing countries	<ul style="list-style-type: none"> • As companies are increasingly required to apply sustainable practices due to market signals – both from customers and the financial community – deforestation risk is now shifting to smallholders and communities. While palm oil companies and national authorities are already helping smallholders to become sustainable, the EU should use the Neighbourhood

	<p>Development and International Cooperation Instrument (NDICI) and other tools to help them achieve higher sustainability standards.</p> <ul style="list-style-type: none"> • The EU should require companies to source certified, sustainably produced products, for all vegetable oils including palm oil.
Finance	<ul style="list-style-type: none"> • The EU should support producing countries in creating positive incentives for investments in improving traceability and sustainable practices, including affordable and easy access to sustainable finance for smallholders.

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