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Palm Oil Green Development  
Campaign



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# Collateral Damage: How the Bogus Campaign Against Palm Oil Harms the Poor

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## Executive Summary

In an organized campaign lead by Greenpeace and Friends of the Earth and financed by misguided foundations in Europe, palm oil is derided as a leading generator of greenhouse gases.

A rash of reports blame palm oil for causing deforestation, destroying habitat and endangering orang-utan habitat in Southeast Asia.

The leaders also lodged complaints with national authorities and the World Bank claiming palm oil companies in Asia disregard environmental safeguards.

### The Campaign is Bogus

Oil palm plantations are blamed for deforestation and loss of orang-utan habitat by environmental activists in Europe. This is simply not true. Development and forestry experts know two-thirds of forest clearance is driven by low income people in poor countries searching for land for habitation and food production.

Palm oil is the most environmentally sustainable vegetable oil available. It uses one-tenth of the land required by other vegetable oil crops to produce the same quantity of oil, a third of the amount of energy as input (e.g. fertilizers) and is as an effective sink to absorb carbon dioxide as any well managed forest.

It is also a more effective renewable diesel fuel as a low emission substitute for fossil fuels than biodiesels made from other vegetable oils such as rapeseed in Europe.

Palm oil producers are working with conservationists to implement effective strategies to preserve orangutan. They are making a bigger contribution to conservation efforts than the environmental protesters.

It is now also routinely asserted that palm oil is dramatically increasing greenhouse gases because it is being developed on peat lands. Yet the palm oil planted on peat lands is at most only one-quarter of production.

Knowledge of the real impact of plantations on peat land is rudimentary. There is no evidence for the sweeping conclusions. The industry is researching and developing techniques to minimize emissions where palm oil is developed on peat land.

### Palm Oil's Problem is its Success

Within a decade, palm oil has emerged as the main global source of vegetable oil. Available in greater quantity and at lower cost than other vegetable oils, demand is strong in poor countries. Production is set to soar because of its commercial attractiveness in tropical countries.

Low cost agro-imports are never welcome in Europe. Following the well established pattern of protection of costly farm production in Europe, the EU has set environmental standards which would impede palm oil imports.

There, heavily subsidized producers of more costly rapeseed oil, clustered in Germany, insist on import controls to keep the market for renewable fuels, created by EU regulation, to themselves. The losers here are European consumers keen to reduce emissions of greenhouse gases in Europe.

### The Duplicious Diplomacy of European Environmental Activists

European environmental groups argue commercial forestry and plantations like palm oil must be halted because they cause deforestation and increase emissions.

This is not correct. Two-thirds of all deforestation is caused by poor people acquiring land for food and shelter. The key to reducing deforestation is prosperity.

The positions of these Green activists mask other motives. The first is to use climate change as an excuse to execute their long running campaign to restrict forestry worldwide, particularly in developing countries.

The second is to downplay the fact that active development of forest land with more forestry and leafy plantation crops is, as the IPCC has noted, the cheapest way to reduce emissions in the long term. The Green groups are obsessed with the palm oil industry. Their agenda is to reduce emissions by cutting consumption of fossil fuels, the most costly strategy.

### An Anti-Poor Strategy

Denying these countries the right to develop a palm oil industry denies them the right and opportunity to reduce poverty and raise living standards.

The World Bank once commended Indonesia for promoting palm oil when it was first developed and expanded. It distributes wealth, creates property rights and raises living standards. The Malaysian Government fostered palm oil production to create wealth generating enterprises for people who were previously landless plantation workers.

The International Fund for Agricultural Development is also supporting development of this model in Uganda.

However, the environmental activist agenda and the policies of the EU deny tropical forest countries the opportunity to reduce poverty. The World Bank and major aid donors are now submitting to this antipoverty reduction stance. They have agreed to provide funds to assist developing countries to manage climate change strategies in forestry, provided conversion of forest land to more productive uses is halted.

If developed countries and development agencies want developing countries to sign on to a new global strategy to reduce greenhouse gases, they must advance strategies that raise living standards and not regard increases in poverty as unavoidable collateral damage.