

## Organic or Conventional Palm Oil Mainstream sustainability standards vs. organic standards

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### Author's Background

MBA specializing in agriculture economics, with extensive field experience in the implementation of organic, sustainable and social standards in SME in South America and West Africa.

### Summary

*Consumers are requesting more information about the nutritious value as well as the level of social and environmental responsibility around the products they are purchasing. However, instead of facing a mainstream organic movement, new conventional standards are appearing in the market with the label of sustainable production standards. This document presents the main differences in the field implementation between the Roundtable on Sustainable Palm oil standards and the 834/2007 EU organic standards.*

### Background

Consumers are becoming more socially and environmentally conscious. They are becoming interested in the source and the effects in health of the products they take into their mouth. As a result, the demand for organic products has been steadily increasing in recent years. However, it is still a niche market. In order to address consumers' request for more information, the food conventional sector has initiated a group of sustainability standards claiming to address all the impact created by their extensive production sites.

One of these cases is palm oil; an edible oil used as ingredient in many products we use or consume on a daily basis, for example, margarine, soap, cosmetics, etc. International media and non-governmental organizations, due to the extensive deforestation and subsequent decrease in the biodiversity in the vast tracts of land required for the monoculture crop plantations, already covering a total of around 15 million hectares, have heavily questioned this sector<sup>2</sup>. NGOs have been promoting the worldwide boycott of palm oil and requesting alternatives, but there is no alternative with the same yield results, cost of production, and product characteristics in the market. Therefore, boycotting is not the solution; rather, it is necessary to work on more sustainable production practices, zero deforestation, and social responsibility. Organic standards address these issues, but instead of being mainstream, a new initiative called The Roundtable on Sustainable Palm Oil<sup>3</sup> (RSPO) was created in 2004. RSPO has the objective of promoting the growth and use of sustainable palm oil products through credible global standards and engagement of stakeholders.

### Main chapter

Although, public acceptance of the palm oil sector continues to weaken due to social issues, I intend to demonstrate that like any agriculture crop, it is possible to manage it in a sustainable way, promoting social inclusivity and farmers' development while enhancing the biodiversity and protecting the environment. This is true in the case of a group of 80 farmers (from 1- to 40 ha) producing organic palm oil in the North-West of Ecuador. Although the farmers were already organic certified under the EU Council Regulation (EC) No 834/2007<sup>4</sup>, they were additionally requested to get RSPO. By implementing RSPO principles and criteria<sup>5</sup> interesting differences were identified.

Plantation and crop management:

Both standards request the presentation of a production protocol in which all the plantation management techniques are described. For pest control, an Integrated Pest Management system is required for both standards. RSPO still allows the use of chemicals that are categorized as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, only suggesting the identification of alternatives, while organic standards forbid all type of agro chemicals, and genetically modified seeds or ingredients.

Social responsibility:

Organic standards do not address workers conditions and the impact on the community, while RSPO does. It requests supporting documentation showing that all workers' receive a salary and benefits (local law regulation as minimum), training, and have taken part in the development of a health and safety plan. A documented social impact assessment including records of meetings must be presented together with a procedure to address all communications from the community.

Environmental stewardship.

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<sup>2</sup> <http://www.rainforest-rescue.org/topics/palm-oil>

<sup>3</sup> <http://www.rspo.org>

<sup>4</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:189:0001:0023:EN:PDF>

<sup>5</sup> Roundtable for Sustainable Palm Oil [http://www.rspo.org/file/IG-1%20\(Low%20Res\).pdf](http://www.rspo.org/file/IG-1%20(Low%20Res).pdf)

Although both standards do not allow primary forest to be deforested, RSPO allows the use of slash-and-burn and the development of plantations on peat lands. This is creating serious environmental problems in Asia. Organic standards are clear with the non-use of any genetically modified organisms, water, and soil controls, but still more structured environmental mitigation systems are identified in the RSPO principles and criteria.

#### Business sustainability

A unique characteristic of RSPO is the request for a long-term business plan, and the commitment to long-term economic and financial viability. Together with the principle for continuous improvement in key areas of activity, this contributes to combine the companies' effort in sustainability terms with the business strategy, budgeting, and projection.

#### **Core messages and conclusions**

It is clear that conventional palm oil stakeholders' attempts to mitigate the impact of palm oil production impacts are not enough, but at the same time, the organic standards present gaps in long term social and business sustainability. This leaves room for new initiatives creating lack of clarity and consumer confusion. This is a good learning experience, showing that most of the standards in the new initiatives are already covered in the organic standards. The conventional palm oil sector will continue heavily investing on media about their sustainability efforts, and then this is a big opportunity for the organic sector to educate consumers, and to upgrade their standards.