



Palm oil is at the center of a heated debate involving economic development and sustainability. Proponents argue that the “wonder crop” is the most productive oilseed, improves food security, poverty rates and has the potential to open profitable international markets to millions of small holder farmers. However, these benefits come at the cost of reckless deforestation, worsened working conditions, and widened inequalities. The [3D-seminar](#) that took place on **26. January 2023**, dove deeper into these issues maintaining a focus on sustainability, discussing the present and future of palm oil. The two experts leading the session were [Kibrom T. Sibhatu](#), a postdoctoral researcher at the University of Göttingen at the department of agricultural economics and rural development and [Ruben Brunsveld](#), the deputy director of RSPO (Roundtable on Sustainable Palm Oil). The session was moderated by **Fabian Scheifele**, a PhD candidate at the Technical University of Berlin on behalf of the Development Economics Network Berlin (DENEb).

Kibrom T. Sibhatu [started by highlighting](#) that the “environmental curse” posed by oil palm plantations mostly derived from careless deforestation of the pristine rainforest. Oil palm contains fewer carbon stocks, leads to less biodiversity and has lower yield compared to rainforests. Despite the bad ecological footprint, oil palm is also an “economic blessing” as it is comparatively better than other crops, when it comes to effects on poverty rates and food security. Nevertheless, with these benefits come serious social consequences, like poor labour conditions, tensions between local and agro-industrial realities and wider domestic inequalities within producing countries. Therefore, it might be tempting to label palm oil as “bad” and switch to other crops. However, it would be currently the most efficient and least impactful solution. The problem gets bigger if we think that the future will see a growing global demand for vegetable oil of 310 megatons until 2050. This leaves us with two possibilities: increasing land productivity of the already existing crops or allocating new land. In both cases, sticking to oil palm seems to be a solution to avoid further damage and secure the well-being of farmers. For this reason, it is essential to make palm oil production and practice more sustainable along with improved property rights and better land planning.

In the second part of the seminar, **Ruben Brunsveld** introduced the RSPO and its position in the palm oil debate. RSPO, as non-profit international organization, aims to promote sustainable palm oil through credible global standards embodied in seven principles aimed at increasing prosperity while also protecting the people involved (communities, workers) and the environment. He highlighted the importance of palm oil in the global and European market which, to date, constitutes over one third of all

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vegetable oils using less than 10% of the land. EU debates have mainly focused on deforestation and biodiversity protection, especially since the introduction of a recent regulation which bans products related to deforestation. However, recent figures reveal that global deforestation peaks date back to the 1980s and have been declining since then, thereby indicating that the industry is going in the right direction. Now, the EU is a frontrunner for sustainable palm oil with 93% of all palm oil imported for food, feed and oleo chemicals being certified as sustainable. Therefore, Europe should continue to demonstrate that there is a market for sustainable palm oil, in order to incentivize other markets. To reach these ecological goals, it is relevant to acknowledge the importance of smallholder farmers and their needs. This poses a challenge on how to connect smallholders with the EU market, giving that EU and producing countries' regulations are often in conflict regarding the issue of traceability. Ruben Brunsveld's concluding statement was that we cannot pit the economic blessing against the environmental curse: smallholder farmers are needed for better sustainability, but their rights and needs must be protected and fulfilled. Going forward, a holistic approach is needed with everyone working towards a common goal: the sustainable production of palm oil.

Finally, the discussion section of the seminar touched upon several additional topics. For instance, the possibility of opening the European market for other well-accepted sustainability certificates coming from outside of Europe. Opening-up would require compliance with EU standards, and it still would involve the responsibility of companies themselves. Next, potential diversification opportunities for smallholder farmers, who would no longer be able to export palm oil to Europe, were discussed. As Europe is not the only market for smallholder farmers, the impact would be limited. However, if EU consumption of palm oil would largely diminish, EU leverage for sustainability would fall and thus affect the farmers. This might be aggravated by the problem of palm oil marketing and its presence in supermarkets. Without aware consumers the demand decreases as does the incentive for companies to include sustainable palm oil in their products. This might lead to certified palm oil still being sold, but at a lower price, which in turn impacts the farmers. But who has the responsibility to tell the whole story? Moreover, such dynamics might impact the leverage of the EU as a sustainable market which raises questions related to the farmers' benefits for being RSPO certified. The strategy of RSPO is giving small funds and providing access to training to improve yield and productivity to support the change step-by-step.

One more question concerned the strictness of RSPO principles related to deforestation. According to RSPO standards, deforestation is not allowed from 2005 onwards and the definition of

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“deforestation” is stricter than for the EU certification. This is necessary to allow for socio-economic development of high-forest countries who cannot enter the market otherwise. Finally, the discussion involved more politics, sparked by a question on the production of domestic palm oil for fuel in Indonesia. Utilizing palm oil as bioenergy and fuel could be beneficial for Indonesia because it holds a comparative advantage, and it would support farmers. Additionally, it might be a way to exert leverage against Europe’s strong opposition by strengthening the domestic market. Still, the question remains what environmental impacts such a strategy would cause.

Lastly, several questions remain open and there are no easy conclusions as to palm oil being good or bad. The main conclusion that seems clear is that palm oil is here to stay. The seminar has also demonstrated that the impact of palm oil can be discussed at multiple levels; environmental, economic, social, political, nutritional. What these perspectives have in common is that the future of palm oil has to be sustainable.

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