

'We Attack,' Indonesia Declares in Joint Bid with Malaysia to Shield Palm Oil

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Palm oil giants Indonesia and Malaysia are teaming up to fight what they call a smear campaign targeted at the commodity. The move sets the stage for what activists say will be a costly PR war that takes the focus away from efforts to clean up the industry.

“Indonesia will continue to fight against palm oil discrimination,” Indonesian **President Joko Widodo** [said](#) at a press conference in Jakarta on Feb. 6 with Malaysian Prime Minister Muhyiddin Yassin. “The efforts will be stronger if conducted together. Indonesia invites Malaysia to have the same commitment regarding the issue of palm oil.”

Yassin said Malaysia would “continue to cooperate with Indonesia in this issue and initiate council of palm oil producing countries to save palm oil industry and millions of palm farmers whose livelihood depends on palm oil industry in Malaysia and Indonesia.”

The two Southeast Asian countries produce 85% of the world’s palm oil, a ubiquitous ingredient in processed foods, cosmetics and biodiesel. But production of the commodity has long been associated with the wholesale [clearing of tropical rainforests](#), [burning of peatlands](#), destruction of [endangered wildlife habitat](#), [land conflicts](#) with Indigenous and traditional communities, and [labor rights abuses](#).

These concerns have fueled consumer campaigns calling for boycotts of products containing palm oil. But the current defense mounted by the Indonesian and Malaysian governments of one of their top commodities is spurred primarily by the European Union’s [refusal to recognize](#) palm-based biodiesel as a renewable fuel and plan to phase out its use as a biofuel by 2030.

The European Commission’s resolution on the issue, [adopted in 2019](#), has prompted retaliatory trade measures by Indonesia and Malaysia, who accuse the EU of favoring its own vegetable oil producers. Both countries have lodged trade disputes on this basis with the World Trade Organization.

“Malaysia has filed a lawsuit against the EU on 15 January 2021 to follow similar step taken by Indonesia in December 2019,” Yassin said at the Jakarta press conference.

Black campaign

Following the call for cooperation, Malaysia’s minister of plantation industries, **Mohd Khairuddin Aman Razali**, said officials from both countries would meet to come up with a strategy.

“I will discuss with my Indonesian counterpart, the Coordinating Minister for Economic Affairs, Airlangga Hartarto, to formulate the best strategy to protect the oil palm industry of both countries in the near future,” he [said](#) as quoted by Malaysian media.

[Reuters](#) recently reported that the two countries are seeking to hire an advocacy firm to run a campaign in Europe to counter the criticisms and fight the introduction of tighter regulations.

In Indonesia, the BPDP-KS, a government fund that manages revenue from palm oil exports, has been enlisted to run a “black campaign” against European producers of olive, rapeseed, sunflower and other vegetable oils.

“So far, the strategy that we use in [fighting the] black campaign against palm oil is always defensive, so that if we do it over and over again, [we] won’t win,” Eddy Abdurrachman, the fund’s director, [said](#) as quoted by local media. “Therefore, looking ahead we have to change our strategy, to become offensive. We attack [the EU] as conveyed by the president.”

He said this means a change of tack from promoting the benefits brought by the palm oil industry, to actively campaigning against other vegetable oils produced in Europe.

“If it is said that palm oil here damages biodiversity, we will also take issue with rapeseed in Europe, [how] their use of fertilizers affect marine biodiversity,” he [said](#).



An oil palm plantation in Sabah, Malaysia. Image by Rhett A. Butler/Mongabay.

‘PR stunt’

The prospect of a PR war breaking out has dismayed environmental activists in Indonesia, who say the focus should remain on reforming the palm oil industry.

Nur Hidayati, executive director of the Indonesian Forum for the Environment (Walhi), the country’s biggest green group, said the money and effort for such a campaign would be far better spent on improving the sustainability of the palm oil industry.

“Instead of taking corrective actions on the palm oil sector seriously, the government is doing a PR stunt that won’t have a positive impact on the people and the environment in Indonesia,” she told Mongabay. “The various facts about environmental degradation and conflicts that taint the palm oil sector can’t be hidden or denied by the government.”

Teguh Surya, executive director of the environmental NGO Madani, agreed that there was no such thing as a smear campaign against palm oil, “as long as it’s based on fact.”

“Honestly, we’re confused with what’s perceived as a palm oil black campaign,” he told Mongabay. “The definition is not clear. This narrative is dangerous because it will hamper the development of Indonesia’s palm oil itself.”

Nur called on the government to stop “spending the state budget to polish the image [of palm oil] ... and immediately solve agrarian conflicts, stop the expansion of oil palm plantations especially on natural forests and rehabilitate degraded ecosystems.”



Oil palm fruit bunches in a truck for transport to market. Image by John C. Cannon/Mongabay.

Silencing criticism

The palm oil industry has welcomed the government's call for a counter-campaign, and is already targeting local NGOs that it accuses of siding with foreign groups to demonize palm oil.

"There are domestic NGOs that accuse [the industry] as they wish, for example [saying that] floods are caused by oil palm," said Master Parulian Tumanggor, head of the Indonesian biodiesel producers' association, APROBI.

He called on the government to "make it clear" how much freedom Indonesian NGOs had to "protest against the country's top commodity" and to find a solution "so that oil palm businesspeople don't fall victim."

The plantation and coal industries came under increased scrutiny recently when heavy floods inundated large parts of southern Borneo. Environmentalists said extensive deforestation for plantations and mines compromised the ground's ability to absorb the heavy rainfall, thus [amplifying the impacts of the disaster](#).

The environment minister, **Siti Nurbaya Bakar**, [denounced](#) this as "misinformation," while Master also said it was not fair for activists to blame the palm oil industry for the floods.

"Don't [say] floods in Jakarta, Central Java, East Java and earthquakes in many places are caused by palm oil," he said. "What is the cause of [flooding](#) in Germany? [Is it] palm oil? Rapeseed? Sunflower? Our NGOs never comment on flooding in Europe."

Back in science, however, various studies have linked the spread of oil palm plantations to worsening floods in Indonesia. A [2020 study](#) in the journal *Ecology and Society* shows that

“the observed and measured increase in flood frequency and intensity within the Tembesi River catchment area [in Sumatra’s Jambi province] is most likely driven by land use change from forests to monoculture plantations.” The study [found that](#) groundwater levels in both oil palm and rubber plantations fluctuated widely, indicating a lower water storage capacity compared to forests.

And an analysis by the environment ministry itself of floods that struck the hilly district of North Konawe on the island of Sulawesi in 2019 [cited](#) “river silting” and “oil palm plantations” as among the causes of the disaster.

Walhi climate justice campaign manager Yuyun Harmono said NGOs don’t criticize the palm oil industry at the behest of other countries, but in the interests of the people of Indonesia.

“We are also critical against the EU,” he told Mongabay. “The problem is not about the interests of the EU or Indonesia, but about the interests of the people.”

He cited the disparities in the EU’s stances on palm oil and nickel, of which Indonesia is also a top producer. The global push for clean energy has made nickel a hot item, key in the manufacture of the batteries used for electric vehicles and power storage. A [new report estimates](#) that the EU’s demand for nickel will increase by a factor of 31 from 2020 to 2040, while analysts [predict](#) that Indonesia will account for almost all of the growth in global nickel supplies over the next decade.

Yuyun said the EU had failed to apply the same standard to nickel that it imposed on palm oil, by failing to be critical of the environmental and social problems associated with nickel mining, including [waste disposal](#) and [land conflicts](#) with local communities.

“If [the EU] wants to be stringent on one commodity [palm oil], then it should do the same for the other commodity [nickel],” he said. “Are nickel mines free from deforestation? There are many nickel mining permits that are illegal, and the practice of nickel mining and smelting don’t yet have strict regulations that can guarantee people’s safety.”

Walhi’s Nur said Master’s call could be interpreted as an attempt to gag critics of the palm oil industry.

“These businesses have already been given too many protection and facilities, not to mention impunity for the legal violations that they commit, from tax evasion to environmentally destructive practices like forest fires,” she said.

Madani’s Teguh said civil society shouldn’t be painted as the enemy for pushing for sustainability in the industry through monitoring and campaigning.

“NGOs should be seen as stakeholders who play a positive role because they can benefit businesses by monitoring [them] and pushing for the improvement of palm oil management,” he said.



Interior of an oil palm plantation in Indonesia. Photo by Rhett A. Butler.

Industry talking points

One of the industry's key talking points is that, hectare for hectare, oil palm is [far more productive](#) than other vegetable oil crops, in some cases yielding 10 times the oil from the same area of cultivated land. Proponents cite this to make the case that replacing oil palms with rapeseed, soybean or other vegetable crops would require a much greater area of land to achieve the same yield — nearly [six times as much](#) in the case of soy, which is itself strongly associated with deforestation in Brazil.

Teguh said this argument doesn't excuse the deforestation associated with the palm oil industry.

"High yields can't be used to justify bad practices that damage the environment," he said. "It's better for the government and businesses to focus on their commitment to protect the environment."

Eddy of the BPDP-KS dismissed these environmental concerns outright, saying the palm oil industry is not a driver of deforestation.

"In fact, oil palm plantations occupy lands that are abandoned due to forest encroachment," he said. "Thus it can be said that palm oil actually reforests" abandoned land, he added.

Eddy also said the palm oil industry is actually good for biodiversity, providing a "home for both flora and fauna."

Again, the science says otherwise: A 2017 study published in the journal [PLOS ONE](#) looked at the impacts on Amazonian mammals of converting primary and secondary forests into oil palm plantations, and concluded that "conventional oil palm plantations are extremely

hostile to native tropical forest biodiversity.”

Another industry talking point is that the forest-clearing spree that marked the early years of the palm oil industry has largely ended, and that deforestation associated with the industry continues to decline every year. Palm oil-linked deforestation in Indonesia, Malaysia and Papua New Guinea [hit a three-year low](#) in 2020. But that’s likely due to the economic slump and [travel restrictions](#) prompted by the COVID-19 pandemic, Teguh said.

“Deforestation declines due to many factors, and don’t forget that our [overall] deforestation is still huge, which in 2019 was [466,000 hectares](#) [1.15 million acres],” he said. “Even this still exceeds the [minimum deforestation] threshold that we have to stay under in order to achieve our carbon emissions reduction commitment, which is 325,000 hectares [803,000 acres].”



Fire burning through forest and oil palm on peatlands in Indonesia. Photo by Rhett A. Butler.

Tainted with conflict

Enabling the environmental and social problems associated with oil palm plantations is the global network of processors, traders, and consumer goods companies. Many of these players committed to zero deforestation in their palm oil supply chains by the end of 2020, but fell short, according to the Zoological Society of London’s (ZSL) [annual assessment](#) of 100 of the world’s most significant palm oil producers, processors and traders.

A more expansive version of the zero-deforestation commitment is NDPE, which stands for no deforestation, no planting on peatland, and no exploitation of workers and local communities. On this pledge, too, the industry has failed to deliver.

[A report](#) by the Consortium for Agrarian Reform (KPA), an Indonesian NGO that advocates for rural land rights, the plantation sector accounted for the largest number of land conflicts in 2020, at 122 cases, or a 28% increase over the previous year. In 101 of these cases, the

companies were palm oil firms.

“It can’t be denied that even though palm oil is more competitive [in terms of yields per hectare], its chain supply is still tainted [with deforestation and conflicts],” Madani’s Teguh said.

The Indonesian government’s response to these problems is the ISPO, a mandatory sustainability certification scheme modeled on the Roundtable on Sustainable Palm Oil (RSPO) and introduced in 2011.

However, industry experts and observers [regard the ISPO](#) as a weaker version of the RSPO. A [2017 report](#) by the Forest Peoples Programme (FPP) ranking various certification schemes for biofuels and edible oils put the ISPO at the very bottom of the list. It said the ISPO had the weakest set of requirements of the schemes evaluated.

And even though the government updated the ISPO’s standards last year, activists [say](#) it still doesn’t do enough to protect Indigenous communities from land grabs or prevent the destruction of forests. Furthermore, many plantations in Indonesia, which [sprawl across](#) a combined 16.3 million hectares of lands, an area the size of Florida, are still not yet certified.

According to the government, only 30% of oil palm plantations in Indonesia [had been](#) certified under the ISPO by 2020. The country’s palm oil business association, GAPKI, [recorded](#) 61% of its members being certified.

Those numbers, however, underscore the ISPO’s lack of bite as a sustainability benchmark. A 2019 government audit [found that](#) more than 80% of oil palm plantations are operating in violation of numerous regulations, such as operating in areas larger than permitted, not complying with the ISPO standard, and failing to allocate sufficient land for smallholder farmers in their operations.

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Featured image: Excavator working in an oil palm plantation in Aceh, Sumatra, Indonesia. Image by Rhett A. Butler/Mongabay.

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