

To: The Advertising Standards Authority

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## Regarding

Friends of the Earth England, Wales and Northern Ireland, Friends of the Earth International and Friends of the Earth Europe are filing a complaint to the Advertising Standards Agency (ASA) about a printed advert of the Malaysian Palm Oil Council (MPOC) entitled "Palm Oil: The Green answer". The advert was printed in The Economist edition April 25<sup>th</sup> – May 1<sup>st</sup> 2009, page 45. We believe it constitutes a breach of the British Code of Advertising, Sales Promotion and Direct Marketing.

Already on 9<sup>th</sup> of January 2008 the ASA found that a TV advert by MPOC with the equivalent claims about the sustainability of Malaysia palm oil breached CAP rules and should not reappear<sup>1</sup>. MPOC have chosen to disrespect the ASA's ruling and have continued to produce misleading adverts about the sustainability of Malaysian palm oil.

Friends of the Earth is worried that future adverts of MPOC will continue to ignore the Code and asks the ASA to utilise the full range of penalties at its disposal in response.

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<sup>1</sup> In its adjudication from 9<sup>th</sup> of January 2008 in regards to the MPOC television advert the ASA upheld all four points of the complaint and ruled that "the ads should not reappear in their current form".

## **Relevant articles of the Code**

### **SUBSTANTIATION**

3.1 Before distributing or submitting a marketing communication for publication, marketers must hold documentary evidence to prove all claims, whether direct or implied, that are capable of objective substantiation.

3.2 If there is a significant division of informed opinion about any claims made in a marketing communication they should not be portrayed as generally agreed.

### **TRUTHFULNESS**

7.1 No marketing communication should mislead, or be likely to mislead, by inaccuracy, ambiguity, exaggeration, omission or otherwise.

### **COMPARISONS WITH IDENTIFIED COMPETITORS AND/OR THEIR PRODUCTS**

18.3 They should objectively compare one or more material, relevant, verifiable and representative features of those products, which may include price.

### **ENVIRONMENTAL CLAIMS**

49.2 Claims such as ‘environmentally friendly’ or ‘wholly biodegradable’ should not be used without qualification unless marketers can provide convincing evidence that their product will cause no environmental damage when taking into account the full life cycle of the product. Qualified claims and comparisons such as ‘greener’ or ‘friendlier’ may be acceptable if marketers can substantiate that their product provides an overall improvement in environmental terms either against their competitors’ or their own previous products.

49.3 Where there is a significant division of scientific opinion or where evidence is inconclusive this should be reflected in any statements made in the marketing communication. Marketers should not suggest that their claims command universal acceptance if that is not the case.

## Areas of complaint

1. The advert headlines says  
“Palm Oil: The Green answer”

This is contravention of

- principle 49.2 as the term “The green answer” implies an particularly environmentally friendly product, while the marketer cannot provide convincing evidence that Malaysian palm oil will cause no environmental damage when taking into account the full life cycle of the product.

2. The advert says  
“Palm oil is the only product available to sustainably and efficiently meet a large proportion of the world’s increasing demand for oil crop-based consumer goods, foodstuff and biofuels”

This is in contravention of

- principle 18.3 as the marketer is making a comparative claim while not objectively comparing features relevant for the claim on sustainability (e.g. green house gas emissions, impacts on biodiversity etc.) with similar products.

3. The advert says  
“And the demand for biofuel continues to grow, in many cases driven by government efforts to decrease greenhouse gas emissions. The facts show that palm oil is the most efficient and sustainable means by which to meet this demand, and that there is little in the way of an alternative available today.”

This is in contravention of

- principle 3.1 as the claim that palm oil is the most sustainable means to meet demand for biofuel cannot be substantiated.
- principle 3.2 as MPOC portrays their claims as generally accepted, despite that there is significant division of informed opinion about the environmental and social impacts of Malaysian palm oil.<sup>2</sup>
- principle 7.1 as MPOC misleads the reader by making inaccurate claims in contradiction to generally accepted evidence for major negative environmental impacts of palm oil plantations.<sup>3</sup>
- principle 18.3 as the marketer is making a comparative claim while not objectively comparing features relevant for the claim on sustainability (e.g. green house gas emissions, impacts on biodiversity etc.) with similar products.
- principle 49.2 the claim that palm oil is “the most sustainable means” to meet demand for biofuels is similar to “environmental friendly” and the marketer cannot provide convincing evidence that palm oil will cause no environmental damage when taking account the full life cycle.
- principle 49.3 as MPOC suggest that their claims command universal acceptance while this is not the case.

4. The advert says  
“With the increased attention paid to oil crops, and palm oil in particular, a number of criticisms have been levelled at Malaysia’s palm oil industry, from accusations of rampant deforestation and unsound environmental practices to unfair treatment of farmers and indigenous people. These allegations – protectionist agendas hidden under a thin veneer of environmental concerns – are based neither on scientific evidence, nor for that matter, on fact.”

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<sup>2</sup> Already in its adjudication from 9<sup>th</sup> of January 2008 the ASA ruled “that there was not a consensus that there was a net benefit to the environment from Malaysia’s palm oil plantations”.

<sup>3</sup> Already in its adjudication from 9<sup>th</sup> of January 2008 the ASA ruled that “the claim ‘sustainably produced’ was likely to mislead”.

This implies that the countless studies by scientists and non-governmental organisations (NGO) detailing the negative environmental and social impact of palm oil plantations in Malaysia are entirely made up and are in fact driven by the interests of a competing industry.

This is in contravention of

- principle 3.1 as these claims are false and cannot be substantiated
- principle 3.2 as MPOC portrays their claims as generally accepted, despite that there is significant division of informed opinion about the environmental and social impacts of Malaysian palm oil.<sup>2</sup>
- principle 7.1 as MPOC misleads the reader by making inaccurate claims
- principle 49.3 as MPOC suggest that their claims command universal acceptance while this is not the case.

5. The advert says

“Green credentials

What makes palm oil so attractive is that its production put minimal strain on the environment.”

This is contravention of

- principle 3.2 as MPOC portrays their claims as generally accepted, despite that there is significant division of informed opinion about the environmental impacts of Malaysian palm oil.<sup>2</sup>
- principle 7.1 as MPOC misleads the reader by making inaccurate claims as in fact there is generally accepted evidence for major negative environmental impacts of palm oil plantations.
- principle 49.2 the claim of putting “minimal strain on the environment” is similar to “environmental friendly” and the marketer cannot provide convincing evidence that palm oil will cause no environmental damage when taking account the full life cycle.
- principle 49.3 as MPOC suggest that their claims command universal acceptance while this is not the case.

6. The advert says

“The industry’s practices are held to high environmental standards, and the Malaysian Palm Oil Association (MPOA), is a founding party to the Roundtable on Sustainable Palm Oil (RSPO), which defines standards and monitoring criteria for the sustainable production and use of palm oil.”

This is contravention of

- principle 7.1 as this statement misleads readers to believe that all Malaysian palm oil adheres to the standards and monitoring criteria of the RSPO.

Globally only 4% of palm oil is certified as sustainable according to RSPO criteria.<sup>4</sup>

7. The advert says

“In addition to its green credentials, Malaysia’s palm oil industry also plays an important role in the industrialisation of the country and the alleviation of poverty, especially amongst rural populations.”

This is contravention of

- principle 3.1 as these claims cannot be substantiated. In fact there is evidence that the expansion of Malaysian palm oil plantations leads to land loss and impoverishment for indigenous people.
- principle 3.2 as MPOC portrays their claims as generally accepted, despite that there is significant division of informed opinion about the social impacts of Malaysian palm oil.<sup>2</sup>

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<sup>4</sup> "Greener" palm oil finds going tough, Catherine Hornby, Reuters, Tue Apr 21, 2009

## **Complaint**

In its printed advert entitled “Palm Oil: The Green answer” the Malaysian Palm Oil Council (MPOC) is making misleading claims about the sustainability of Malaysian palm oil used for biofuels, food and other vegetable oil-based consumer products.

Through the use of terms like “Palm Oil: The Green answer”, “Green credentials” and unproven claims on sustainability it portrays palm oil in an environmentally positive light that runs contrary to the findings of a large number of scientific studies.

Friends of the Earth believe this constitutes a breach of the British Code of Advertising, Sales Promotion and Direct Marketing.

Friends of the Earth is particularly concerned as the ASA already found in January 2008 that a TV advert by MPOC with similar claims about the sustainability of Malaysia palm oil breached CAP rules and should not reappear. MPOC have chosen to disrespect the ASA’s ruling and have continued to produce misleading adverts about the sustainability of Malaysian palm oil.

Friends of the Earth is worried that future communications of MPOC will continue to fail to comply with the Code and asks the ASA to utilise the full range of penalties at its disposal in response.

In particular Friends of the Earth suggests that

- (1) MPOC publish an advert of the same size that explains that their previous advert was misleading.
- (2) The ASA advises media not to publish any adverts of MPOC for a period of 3 years, as they consistently mislead.

## **Annex 1**

### **Background information on sustainability of palm oil**

A wealth of evidence, from both scientists and stakeholders, indicates that not all palm oil is produced in a sustainable way.

#### **1. Greenhouse Gas (ghg) emissions**

The Malaysian palm oil lobby has claimed that “oil palm absorbs almost as much carbon dioxide as tropical forests do”. The claim is based on a nine-year old study that did not take into account the GHG emissions released from deforestation or drainage of peat lands. There is growing international consensus that the GHG emissions from such sources must be taken into account when determining if a biofuel delivers a net “carbon credit”, or “carbon debt” (and is thus good or bad for the climate).

Joseph Fargione found that palm oil from S.E. Asian rainforest creates a “carbon debt” of 86 years and palm oil from S.E. Asian peatlands a “carbon debt” of 840 years<sup>5</sup>.

At present, most new plantation developments in Malaysia are established on peat land and/or forested land.<sup>6</sup>

#### **2. Open burning to clear (peat) land**

The Malaysian palm oil lobby has claimed that “zero-burning is strictly enforced by Malaysia’s laws”. This claim is false. Sarawak has in place its own environmental laws, which allow plantation companies to practice open burning to clear land for planting, even on peat soils. Open burning is regularly practiced in Sarawak and contributes to the regional air pollution (haze) problem and promotes faster release of GHGs into the atmosphere. The legislation in Sarawak is independent of the Malaysian Federal law, and runs counter to the spirit of the ASEAN Transboundary Haze Agreement, to which Malaysia is a key signatory.

#### **3. Deforestation**

The Malaysian palm oil lobby has claimed that “forests are not converted for oil palm expansion in Malaysia”. This claim is false. There is an overwhelming body of evidence that oil palm plantations are being expanded at the expense of tropical forests. In Sarawak, peat swamp forests are particularly targeted for expansion and for this purpose at least 400,000 ha of Permanent Forest Estates were allocated for the conversion into agriculture plantations, mostly oil palm. A recent call by Malaysia’s Prime Minister on the country’s state governments to end this practice was swiftly brushed off by the Chief Minister of Sarawak, indicating that the state will continue to allocate more forestlands for oil palm expansion.

According to the Malaysian Palm Oil Association (MPOA, the private sector association), 66% of all oil palm estates have been converted from rubber and cacao and the rest were established in logged forests.<sup>7</sup> These (conservative) figures imply that in the years leading up to the end of 2002, some 1,210,000 hectares of forest were cleared for oil palm development in Malaysia.<sup>8</sup>

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<sup>5</sup> ‘Land clearing and the biofuel carbon debt’, Joseph Fargione et al, 7 February 2008 / 10.1126/science.1152747

<sup>6</sup> Friends of the Earth International, 2008. Malaysian palm oil - green gold or green wash?

<sup>7</sup> Data from: MPOA 2003. Sustainable Palm Oil: Malaysian Palm Oil Association Perspective Malaysian Palm Oil Association

<sup>8</sup> Wakker, E. 2004. Greasy Palms: The social and ecological impacts of large-scale oil palm plantation developments

Citing on government statistics in Sieh & Ahmad (2001), Dr. Colin Nicolas, presently coordinator of the Center for Orang Asli Concerns (COAC) in Malaysia, states that 86 per cent of all deforestation in Malaysia from 1995-2000 was attributed to oil palm development.<sup>9</sup> Palm oil production in Malaysia is not just affecting forests. Dr. Nicolas emphasises that “invariably, as a result of these effects of forest clearing and oil palm planting, it is usually the indigenous peoples who bear the consequences of such environmental degradation (..). Together with logging and large-scale development projects, the rapid expansion of the oil palm plantation business into Orang Asal lands makes this sector the most conflict-ridden one in rural Malaysia. Recent experiences in Sabah, Sarawak and Peninsular Malaysia clearly attest to this.”<sup>5</sup>

#### **4. Indigenous peoples**

The Malaysian palm oil lobby has claimed that the Penan indigenous communities in Sarawak were given large tracts of virgin forests to sustain their nomadic way of life. This claim is false. The “Biosphere Reserves” promised to the Penan have no legal basis and have never materialised. Under the limited interpretation of land rights legislation by the Sarawak state authorities, the nomadic Penan communities are often denied full recognition of their traditional land rights. Now that logging companies have degraded much of the tropical forest on which they depend and plantations are expanding, the Penan have become more impoverished than ever. This situation, which is applicable to other indigenous groups in Sarawak as well, is in clear violation of the UN Declaration on the Rights of Indigenous Peoples, to which Malaysia is a signatory.<sup>1</sup>

#### **5. Social impacts**

Friends of the Earth International also believe that the actual rate of palm oil expansion in both Malaysia and Indonesia have and will create serious social problems at national level related to the displacement of many forest dependent people, and small farmers, in so doing, augmenting the vulnerability of many livelihoods in areas where palm oil plantations are present.

#### **6. Environmental impact assessments**

The Malaysian palm oil lobby has claimed that EIA studies “ensure wise development”. This claim is false and potentially misleading. It fails to mention that in Sarawak, the public is denied the right to participate in the EIA process. The Sarawak state authorities have even insinuated that public participation would render uneducated rural communities susceptible to manipulation by nongovernmental organisations opposing development plans. The standard overall recommendation of plantation EIAs in Sarawak is that the projects should go ahead. The bias towards affirming government policy, combined with numerous technical weaknesses and the denial of public participation is out of line with international guidance on best practices in EIAs, such as those of the International Association for Impact Assessment (IAIA). Plantation EIAs in Sarawak do not ensure that impacts are adequately identified or addressed.<sup>1</sup>

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<sup>9</sup> Certifying the oil palm plantation business and protecting indigenous Peoples’ rights, Public Forum on Sustainable Palm Oil, 6 January 2005, Kuala Lumpur  
Summary of presentation by Colin Nucholas Coordinator Center for Orang Asli Concerns.

## Background on the Malaysia Palm Oil Council

The advert only gives the name “MPOC” at the bottom of the page as company responsible for the advert. The interests and the identity of the advertiser are not clearly presented to the reader in this case.

According to Friends of the Earth International’s information, MPOC was set up by the Malaysian government in 1990. Although private sector parties are represented in the Board of Trustees, MPOC ultimately operates as a governmental organisation (council) that falls under the auspices of the Malaysian Ministry of Plantation Industries and Commodities.<sup>10</sup>

Among the objectives of the MPOC are:

- To improve understanding of palm oil, its applications and its benefits.
- To uphold the good name of Malaysian palm oil by closing the gap between the issues of perceptions, allegations and the realities of palm oil.
- To safeguard Malaysian palm oil as the most dominant palm oil in terms of market coverage, nutritional benefits, environmental sustainability and commercial success.<sup>11</sup>

It is, in our view, crucially important to note that the Malaysian government, through substantial or controlling interests via the National Equity Corporation (Permodalan Nasional Berhad, PNB) and its unit trust funds, is an important economic stakeholder (shareholder) in the largest Malaysian oil palm plantation companies such as the Guthrie Group, Golden Hope, Sime Plantations, Boustead and others.<sup>12</sup>

As a council linked to the Malaysian Ministry of Plantation Industries and Commodities, MPOC plays a key role in promoting the image of palm oil within the country and abroad. The responsible Minister of Plantation Industries and Commodities, Peter Chin, stated that “Malaysia has agreed (in 2006) to jointly work with Indonesia to combat any anti-palm oil campaigns and to promote the sustainability as well as the good value of palm oil.”<sup>13</sup> Earlier that year Indonesian media reported that both countries agreed to allocate 500,000 Euro to pay the fees of a consultant or joint spokesman to counter campaigns launched by non-governmental organisations against palm oil production in the two countries.<sup>14</sup>

It is against this background that the advertisement must be read and understood: responsibility for this advertisement and the subject to this complaint is the Malaysian government and the palm oil companies in which it holds financial interests. The advertisement must also be seen in the context of Malaysia’s efforts to promote palm oil consumption regardless of its origin. Malaysia is the largest palm oil producer country in the world and Malaysian plantation companies (including those with controlling stakes held by Malaysian government funds) also hold around 1.8 million hectares of oil plantation land in Indonesia, about one third of the existing oil palm acreage in the country.

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<sup>10</sup> MPOC website [<http://www.mpoc.org.my>]; website Ministry of Plantation Industries and Commodities [<http://www.kppk.gov.my/>]. See also: Teoh, Cheng Hai, 2002. The Palm Oil Inn Malaysia: From Seed to Frying Pan. Report prepared for WWF Malaysia.

<sup>11</sup> [http://www.mpoc.org.my/Corporate\\_Profile.aspx](http://www.mpoc.org.my/Corporate_Profile.aspx)

<sup>12</sup> See also: Teoh, Cheng Hai, 2002. The Palm Oil Industry in Malaysia: From Seed to Frying Pan. Report prepared for WWF Malaysia

<sup>13</sup> Speech by YB Datuk Peter Chin Fah Kui, Minister of Plantation Industries and commodities at the launch of the seminar on “Biodiversity conservation through sustainable plantation practices on Carey Island” 28th November 2006, at Dewan Kuliah Teratai, Fakulti Sains, Universiti Malaya, Kuala Lumpur.

<sup>14</sup> Indonesia, Malaysia launch joint move to defend palm oil industry. The Jakarta Post, 19 July 2006.

## Annex 2

### Examples of non-sustainable oil palm production throughout Malaysia.

Below, we present exhibits of environmentally and socially destructive oil palm development as they have been taking place in various Malaysian States in Malaysia over the past 5-7 years.



#### Kelantan

In the West Malaysian State of Kelantan, many plantation projects result in deforestation and serious environmental damages. In the vicinity of Gua Musang, several major land clearing projects can be observed from satellite imagery. Field checks confirmed that a number of large-scale clearing projects are taking place in Kelantan, some of which fall under the direct ownership of the State Government.

The projects involve the clearing both older rubber plantations and natural tropical lowland rainforest.



*Stripping the forest: oil palm development in Kelantan (Google Earth satellite image)*

In various localities land and natural forest clearing is conducted on extremely steep slopes (30-50°, see image below). These areas are terraced but as they remained unplanted for some time, these soils are subject to land slides and severe erosion.



*Land clearing between Gua Musang and Limau Kasturi in Kelantan, Malaysia. Note (above) the large land slide resulting from forest clearing on very steep slopes. In April 2007, natural forest logs were still being removed and few young oil palms were being planted. This is a State government land clearing project.*



**Kedah**

Because of its environmental and health impacts, open burning to clear land for oil palm planting is strictly illegal in Malaysia. However in the State of Kedah in West Malaysia, not far from Kulim town, burning stacks of debris from a clear-felled oil palm plantation were documented as recently as April 2007 (see image).



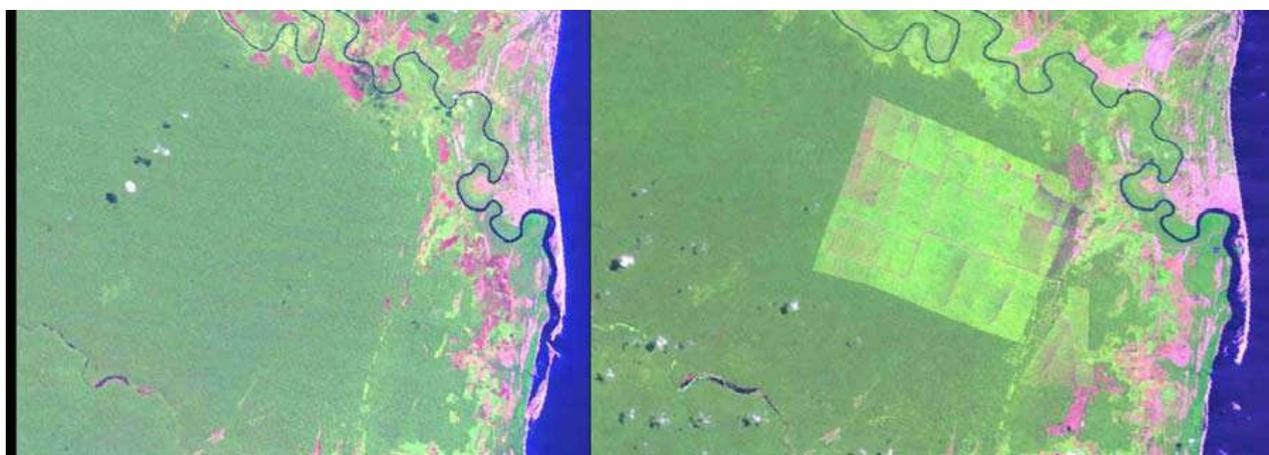
*Illegal burning of rows of debris resulting from the clearance of an old oil palm plantation. Kedah, April 2007.*

## **Pahang**

In 2003, a Malaysian newspaper exposed a major case in which UMNO, the leading political party in Malaysia and in the State of Pahang, had in 1998 had been awarded by the State government the rights to log and deforest 4,000 hectares of virgin peat swamp forest, 90% of which was classified as “*Permanent*” Forest Reserve, for an oil palm plantation. Environmental laws were circumvented by splitting up the project in 10, so that no Environmental Impact Assessment had to be (and was) conducted (the minimum size for an obligatory EIA is 500 ha).

In 2000, Umno Pahang conferred logging company Seruan Gemilang Makmur (SGM) with the exclusive right to fell, extract and sell the logs in the area. In return, the company paid the party a mere RM 50,000 (7,100 GBP) for the deal which was believed to be worth millions. The logging contractor, who was sued over the case, exposed receipts to payments of around 45,000 pounds each to two UMNO leaders in the State of Pahang. Most of the timber value – estimated at 14 million GBP - was cashed in, but years later the site remained unplanted.

A massive gap in the peat swamp forest, that was once the home of rhinos, tigers, honey bears, gibbons, tapirs, and panthers as well as endangered ramin trees, remains easily distinguished from space.<sup>15</sup> See the satellite images below (1992 – 2001).



*Ladang UMNO from space (prior to deforestation in 1992, left; after land clearing and construction of peat drainage canals, 2001, right).*

## **Selangor**

Open burning to clear land for oil palm planting is strictly prohibited in Malaysia but such practices can still easily be observed. Even in close vicinity to the city Kuala Lumpur, it is not uncommon to observe from the air open burning practices in the State of Selangor.

In August 2004, a land fire just outside Subang airport burnt for at least a week without action being taken. The area was located adjacent to existing oil palm plantations and thus most likely comprised an expansion project:

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<sup>15</sup> Umno Pahang given multi-million ringgit logging concessions. Malaysiakini.com, July 21, 2003;

Umno Pahang logging scandal: ACA report lodged. July, 30, 2003; Satellite photos confirm widespread logging on Umno's land. Malaysiakini.com, August 7, 2003; DOE has no explanation why EIA not done on Ladang Umno. Malaysiakini.com, 20 August, 2003; RM320,000 paid to Umno leaders, claims logging firm. Malaysiakini.com, September 15, 2003.



*Land burning outside Subang / vicinity Kelang. August 2004.*

Rights to demonstrate are strictly limited in Malaysia, but as Selangor hosts the Federal capital, Kuala Lumpur is sometimes also the center of community and plantation workers' protests against poor treatment by the industry and government. Weak housing rights and low wages in oil palm plantations for workers, and land rights conflicts remain the major social sustainability challenges that the Malaysian palm oil industry is yet to address before it can claim sustainability.



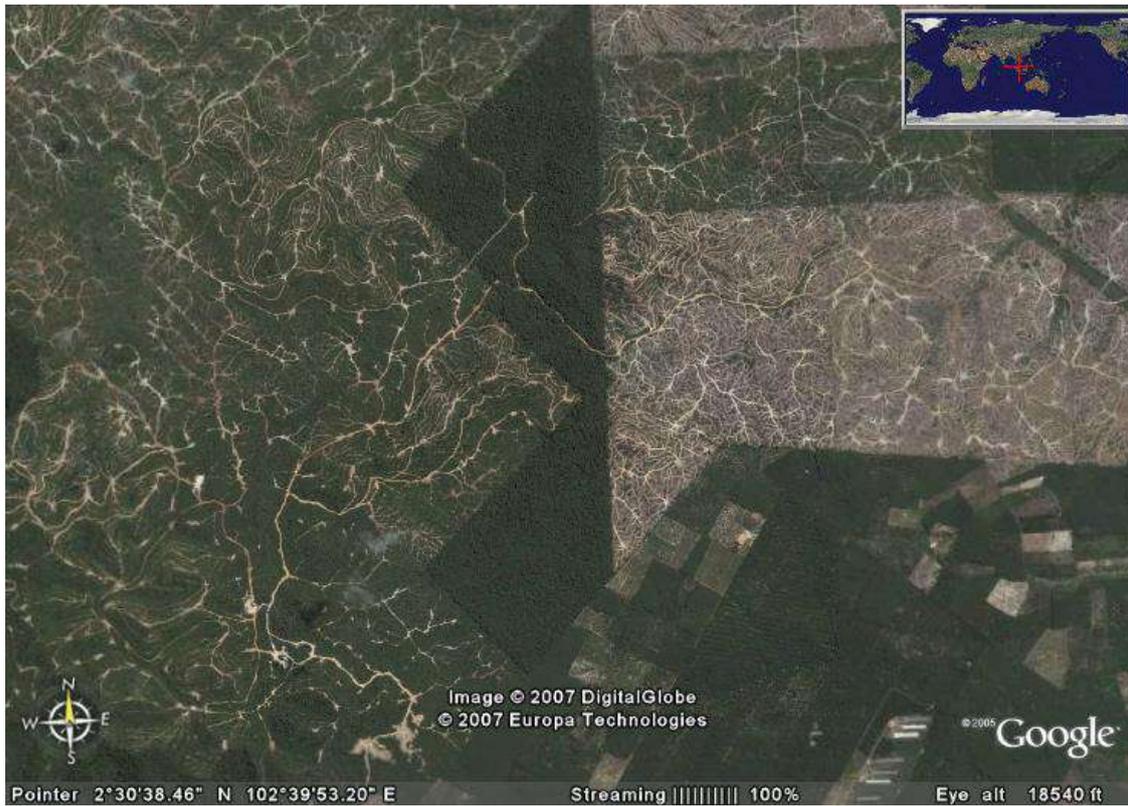
*Workers of the Golden Hope company demonstrating in Kuala Lumpur with banners "Golden Hope: No Hope", "Golden Hope, compensate us".*



*Signboard for an oil palm project set up by JEOA, the government department that is to assist the Orang Asli (Semai) indigenous communities in their development. The project sign announces the project started in 2000 and ended in 2003. However, when the image was taken in March 2003, no oil palms had been planted. Indigenous communities in Malaysia are rarely enabled to provide inputs on development projects based on free, prior and informed consent.*

### **Johor**

While flooding is an annual event in the east coast of the Malaysian peninsular, it was considered uncommon in Johor and Malacca until recently. These two States that suffered extensive damages from heavy flooding in December 2006. The flooding was particularly severe in the vicinity of Gemas and Segamat in the State of Johor where in the surroundings of this town, large-scale land clearing for oil palm plantations have been ongoing for the past few years. Satellite images demonstrate that some rubber plantations have been converted, but again that also extensive tracts of lowland tropical rainforest were and continue to be cleared (see image):



*Large land clearing project for oil palm plantations in Gemas - Segamat, Johor State. The green triangle blocks represent remaining natural tropical rainforest. The bottom right corner below, oil palm smallholdings.*



*Top part is oil palm, the lower part a new clearing of rainforest, with the two triangles again representing some remaining lowland rainforest.*

## **Perak**

Open burning, most likely with the aim to prepare land for planting with oil palms, was observed from the air somewhere in the border area of Selangor and Perak State in April 2007:



## **Negeri Sembilan**

Malaysian government policies and environmental better management practice recommend the conservation of natural (forest) vegetation buffer zones along rivers and streams as this helps to reduce the impact of soil erosion and river sediment loads (which contributes to flooding). It is, however, still more common practice to see the policies and better practices violated as plantation companies merely strive to maximize the commercial use of land. Even previously conserved buffer zones are frequently cleared and planted with oil palm trees in Malaysia. The satellite image below is in the State of Negeri Sembilan. Light brown areas are recent clearings, the systematically planted crop, oil palm. The broccoli shaped vegetation, remnant natural forest or village forests.



*Clearing of river buffer zones for oil palm in Negeri Sembilan.*

### **Sabah**

In Sabah, East Malaysia, extensive areas of swamp forests were converted for oil palm plantations, among which forests along major rivers such as the Kinabatangan river. These forests provide crucial habitat for orangutans, proboscis monkey and Borneo's only elephant populations. Land clearing up to the river bed, except for a last single row of trees, has made it impossible for wildlife to migrate and sustain their populations and, with them their tourism value. Extensive flooding in 2000 caused many new oil palm plantings to be destroyed and a couple of companies now allow some of the river buffer areas to be restored.



*The single tree "beauty strip" along the Kinabatangan river (image August 2000).*



*Flooding of the Kinabatangan watershed (2000, images WWF Malaysia).*

### **Sarawak**

The government of Sarawak aims to expand the acreage of oil palm plantations to over a million hectares in the next decade(s). This expansion is already taking place at the expense of peat swamp forests and Native Customary Rights land, held or claimed by indigenous communities, resulting in numerous social conflicts. Local people and the general public cannot influence the way in which the plantation projects are planned as public participation in, for example, Environmental Impact Assessments is not required in Sarawak. Serious lack of transparency and public participation are among the biggest constraints to be addressed if the palm oil industry is to claim sustainability in Sarawak.

Friends of the Earth Malaysia (SAM) recently revealed that between 1999 and 2002, one oil palm and two tree-plantation projects jointly covering more than 300,000 hectares have been approved for development within the watershed of the controversial Bakun Dam in Sarawak. This is in conflict with the government's indications in 1996, when it said that it would gazette a total catchment area of about 1.5 million hectares. The Environmental Impact Assessment report for the oil palm project, which is located only 13 km above the dam, boldly states that there are no permanent settlements within their project area. SAM documented the existence of at least five Penan settlements in the vicinity of the project. The peoples' livelihoods and their access to clean water have been and will be severely threatened with the degradation of their land.<sup>16</sup>



*Land clearing for oil palm around Miri, Sarawak (2006).*

<sup>16</sup> SAM Calls for Transparency and Accountability in Sarawak, Press Release Sahabat Alam Malaysia, 21 June 2007; New doubts over Malaysia's Bakun Dam, Asia Times Online, 10 July 2007.

## Outside Malaysia

From the early 1990s onwards, Malaysian companies have been expanding into Indonesia to seek cheap land for oil palm development. According to estimates by the Malaysian government, Malaysian companies held a land bank of around 800,000 ha in Indonesia by the end of 2004, but according to Friends of the Earth, the present area is more likely in the order of 2 million hectares.<sup>17</sup>

While denying that Malaysian companies in Indonesia are guilty of damaging the environment (in Indonesia), the chairman of the Malaysian Palm Oil Board (MPOB) at the same time recently also conceded there “could be some black sheep”.<sup>18</sup> There are, indeed, cases of Malaysian companies developing their plantations in environmentally destructive manners. PPB Oil Palms, one of Malaysia’s leading oil palm companies is expanding aggressively in Central Kalimantan where peat soils are cleared, burnt and planted with oil palms, to significant part on lands not yet released for conversion by the relevant Indonesian authorities.<sup>19</sup>



*Mothers and children bathing in a river destroyed and polluted by land clearing and open burning in the concession area of PT Mustika Sembuluh, the Indonesian daughter company PPB Oil Palms Bhd. in Central Kalimantan.*

<sup>17</sup> Malaysian investments in oil palm companies, according to the Ministry of Plantation Industries and Communities. In reply to parliamentary questions: 12/19/2005; corporate research by Friends of the Earth Netherlands.

<sup>18</sup> Call to enlist EU help on palm oil. Daily Express News, 16 June 2007.

<sup>19</sup> Milieudéfensie (Friends of the Earth Netherlands), Lembaga Gemawan and KONTAK Rakyat Borneo. June 2007. “Policy, practice, pride and prejudice: Review of legal, environmental and social practices of oil palm plantation companies of the Wilmar Group in Sambas District, West Kalimantan (Indonesia)”.



*Burning of wood rows prior to oil palm planting in PT Titian Sarana, a PPB subsidiary in Central Kalimantan. August 2006*

**Conclusion**

We presented a small selection of materials that exhibit some of the key environmental and social challenges in achieving sustainability in Malaysia's oil palm industry. A selective series of images may also be presented to demonstrate that some plantation companies are working on introducing better management practices. The essence of the evidence presented here, however, is to illustrate that in many locations Malaysian palm oil is not sustainably produced.