

SUSTAINABLE OIL PALM PRODUCTION AS THE SOCIO-ECONOMIC AND ENVIRONMENTAL GAMECHANGER IN SRI LANKA

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A warm welcome to the honourable Government and business representatives from Sri Lanka, our most cherished small farmers representatives from Sri Lanka and all the participants who have logged on to this semi-virtual launch of the book “Myths and Truths of Oil Palm”.

Let me start by thanking the scientists from Sri Lanka's four top universities, the Indian Institute of Oil Palm Research, the Indonesian Oil Palm Research Institute and Malaysia's Universiti Teknologi Mara, who came together along with the chief editor of the book Professor Maja Slingerland, from the Wageningen University of the Netherlands to create this unique multi-country research on palm oil. Solidaridad is pleased to facilitate the process.

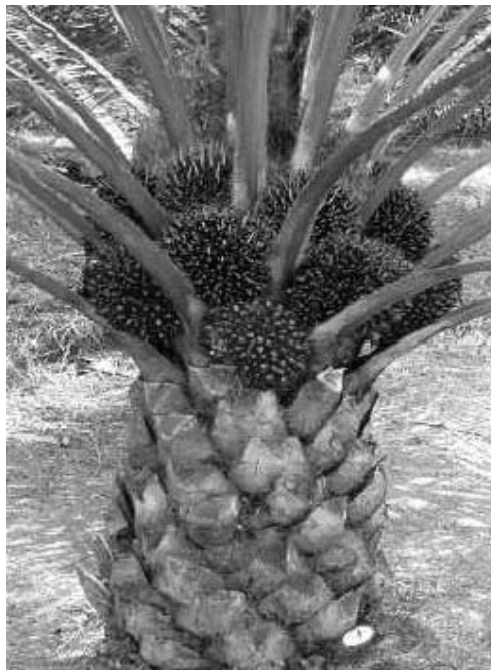
Let me share a bit about my organisation Solidaridad. It is the world's oldest sustainability support organisation, founded in the Netherlands in 1969. Today, with around 1000 staff, we work in over 50 countries worldwide to create fair and sustainable supply chains. In Asia, we are active in almost all major countries with 30 offices, supporting more than a million smallholder farmers each year.

Now let me get back to the Myths and Truths of palm oil. I believe that emotions have strongly dominated the debate on palm oil. Many anti-palm oil campaigns have encouraged binary thinking in which companies, consumers and even governments are faced with only two options: to use or to ban palm oil. You could fill up a library with research work

Presentation by Dr. Shatadru Chattopadhyay, Managing Director, Solidaridad Asia at the hybrid Conference on the launch of the multi country research assessment on “Myths and Truths of Oil Palm” by Solidaridad, on 19th Jan 2022

against palm oil without any scientific rigour. Also, there are very few efforts to conduct research on palm oil sustainability from an interdisciplinary perspective. Unfortunately, like elsewhere in the world, the palm oil sector in Sri Lanka is a victim of a concerted campaign by different anti-palm oil lobbies and radical activists.

Do you know what amazes me? From my own experience of over two decades, there is **hardly any inherently sustainable crop**. At the same time, with a bit of help, farmers can produce all crops in an environmentally and socially sustainable way. So, my humble opinion is- we should stop the condemnation of palm oil while adulating other edible oils, especially when Palm Oil is Asia's power to solve poverty and ensure nutrition security for billions of Asians. Cultivation of oil palm can easily provide five times as much vegetable oil per hectare compared to the alternative crops, and in doing so, spare land from being cleared for other vegetable oils



In Sri Lanka, oil palm production is now banned. Ok. But what does the oil palm plantations are replaced with? They are rubber or coconut. Are we trying to say these crops are inherently sustainable? If you go through the book Myths and Truths of palm oil, the differences in biodiversity between oil palm, rubber, tea, and coconut plantations were neither significant nor conclusive. Palm Oil sequesters more carbon per hectare than tea and coconut but less than rubber.

Now, what about fertiliser use and water use by palm oil? As per several scientific studies conducted by Sri Lankan scientists, per litre of palm oil requires lesser fertilisers and less water than coconut, dry rubber or tea. **So, I would like to assure the concerned organisations that in Sri Lanka, oil palm will not deplete water resources.** It is cultivated in areas with 2,500 mm rainfall, which exceeds its water needs of 1,300mm. Moreover, palm oil mainly uses rainwater almost everywhere globally, and there is no evidence of palm oil plantations leading to ground-water depletion.

The Sri Lankan Government policy of reversing palm oil import was a prudent one that helped to manage the immediate crisis faced by the local food and confectionary industry. However, it is difficult to understand is the decision of the Sri Lankan Government to persist with the ban on oil palm production. The decision becomes even more perplexing considering the rapid dwindling of foreign

reserves of Sri Lanka with many import substitution strategies in place today.

But, you know what, oil palm can emerge as a strategic commodity for Sri Lanka. Over the last decade, edible oil consumption has grown at a compounded annual growth rate of 3%. At present, local consumption is around 264,000 MT, from which only about 20-25% is produced locally. Expanding in coconut from the present 40,000 MT to meet the shortfall is neither economically viable nor technically feasible. So, there is clearly a potential for expanding oil palm production-

more so when less than 1% of the total agricultural land in the country is under oil palm cultivation. Such a policy could not only assist in creating self-sufficiency on a strategic product that directly impacts the food security of the country but also assist in invigorating the rural economy.

And indeed oil palm has worked like a miracle in eradicating rural poverty in Indonesia and Malaysia. Our own oil palm support programmes in Ghana show massive income growth for the farmers. As per a recent assessment by a world reputed consultancy firm, per hectare profitability of oil palm farmer, would be around 6 Lakhs per year. Now you can do the rest of the calculation for rubber, tea or coconut.

Currently, the Sri Lankan palm oil sector has only minor smallholder participation. So, how can Sri Lanka create an oil-palm eco-system where smallholders and large plantations could co-exist. Three critical things would be needed for such a transition to happen.

Firstly, the ban on oil-palm production needs reconsideration. Such a ban creates foreign exchange losses for Sri Lanka while the massive taxes paid by the palm oil importing companies are passed on to the Sri Lankan consumers. The time has come not to deny the Sri Lankan farmers to benefit from the most profitable plantation crop on earth and allow Sri Lankan consumers to buy reasonably priced, locally produced sustainable palm oil.

Secondly, the Sri Lankan Government may consider setting up a palm oil mission with a

vision of producing 300,000 MT of palm oil in the country. A special-purpose fund could be created for that purpose with a focus on supporting smallholder farmers to cultivate oil palm.

Thirdly, Sri Lanka may devise its sustainability



framework for producing oil palm. The world's biggest producers like Indonesia and Malaysia have decided to create their national sustainability frameworks, Indonesian Sustainable Palm Oil (ISPO) and Malay-

sian Sustainable Palm Oil (MSPO). India has developed its national sustainability framework in the form of the Indian Palm Oil Sustainability (IPOS) framework. Most oil palm producers are certified by external auditors against those standards, assuring that the oil palm is produced in a socially and environmentally sustainable way. Sri Lanka may also choose to certify its oil palm producers under one of the voluntary certification standards like Round Table on Sustainable Palm Oil (RSPO), Rainforest Alliance or Fair Trade.

We hope the conclusions arrived together by experts from across the world in this book may help create a balanced perspective on palm oil. **I also hope university scholars and scientists in Sri Lanka will take up further research to disentangle hard facts from myth and full truths from half-lies.**

I sincerely believe, if the Government, industry and NGOs join hands to give palm oil a chance in Sri Lanka, it can create an even more significant socioeconomic impact than tea, coconut, or rubber sub-sectors.
