

# Southeast Asia's palm oil industry touts sustainability narrative, but activists cast doubts



**SIAM, Riau:** Kimia Tirta Utama Junior High School is located amid 6,400ha of palm plantation owned by Indonesian palm oil producer PT Kimia Tirta Utama (KTU). With palm trees being a familiar plant in their surroundings, the 282 students are taught sustainable agriculture from an early age. They learn how to recycle waste and more importantly, how to keep palm plantations free from fires. There is a special programme on palm oil environmental education for the students to learn about palm oil and peatland. "Look at these posters. We teach our students about peatland so they are aware and will protect them," principal Eri Apriadi told CNA. KTU junior high school

Palm is so ingrained in their lives that even the school motto has taken on a palm oil theme. "Dr Sawit (Indonesian for palm)", an abbreviation of a string of Indonesian words, guides the students to be disciplined, respectful, broad-minded, responsible and to have integrity. "It is safe to say our school is the ambassador of peatland," Mr Apriadi said. Palm oil, which can be found in a variety of products including soaps, cosmetics and biscuits, is an important commodity in Southeast Asia, particularly for Indonesia and Malaysia.

Together, both countries produce about 85 per cent of the world's palm oil.

**PALM OIL PRODUCTS:** The industry has encountered headwinds in terms of a negative narrative regarding how its farming practices have caused deforestation, as well as a looming ban by the European Union (EU). Large agriculture companies interviewed by CNA say not all the criticism is warranted. Activists, however, say these companies need to back up their words with actions.

**SLOWING DEMAND FOR PALM OIL:** Indonesia is the world's largest palm oil producer, with an output of 43 million tonnes in 2018. Palm oil is the country's top commodity with a total export value of US\$21.4 billion. The industry contributes to 3.5 per cent of GDP and employs around 17 million people. Demand has slowed since the EU said it plans to stop using palm oil in transport fuel



by 2030, arguing that the cultivation of palm oil causes deforestation and yearly fires. This is a blow for Indonesia, as the EU consumes about 7.5 million tonnes of palm oil a year. It is Indonesia's second-largest palm oil market after India.

Indonesian President Joko Widodo has on numerous occasions said if the EU is serious about the palm oil ban, Indonesia should consume more palm oil domestically to keep prices stable. From next month, Indonesia will use more palm oil in its biodiesel, upping the current 20 per cent bio-content to 30 per cent. Ms Tiur Rumondang, the Indonesian country director of Roundtable on Sustainable Palm Oil (RSPO), a global organisation focusing on sustainable oil palm growing, told CNA that the government should play a role in ensuring that palm oil is used in a sustainable fashion. "If there is any practice found not complying with the regulations ... the government must lead the process (to take companies to task)," she said. Palm oil production has been blamed by environmentalists for driving massive deforestation. Meanwhile in Malaysia - the world's second-largest producer of palm oil - politicians have hit out at Europe's decision, saying such moves are protectionist in nature.

As of December 2018, the total oil palm cultivation area in Malaysia stood at 5.849 million ha. About half - 2.7 million ha - are in peninsular Malaysia, while the Bornean states of Sabah and Sarawak have 3.12 million ha of oil palm plantations.

Earlier this year, Malaysian Primary Industries Minister Teresa Kok said the government has capped the total oil palm plantation area at 6.5 million ha, adding that no new permanent forest areas or peatland would be allowed to convert to oil



palm cultivation. Issues such as human-wildlife conflict, sometimes with fatal results, are not uncommon in oil palm estates, where wild boars often come to feed on fallen ripe palm fruit, and elephants also pass through oil palm estates on their way between their familiar grazing grounds.

In Sabah, it was revealed that 115 Bornean pygmy elephants had been killed between 2010 to 2018, with most of the deaths occurring on palm plantations or forest reserves close to the plantations. Between late September this year right until Dec 8, six Borneo pygmy elephant carcasses were discovered, either shot in oil palm plantations or poisoned after eating tainted oil palm or possibly fertiliser.

**EMPHASIS ON TECHNOLOGY:** Parts of Indonesia, including Riau province, have been plagued by annual forest fires for more than two decades, largely due to the slash-and-burn practices to open agricultural plantations dominated by oil palm. This year, the situation was severe, with fires sending haze to neighbouring countries such as Singapore and Malaysia. Singapore's Minister for the Environment and Water Resources Masagos Zulkifli said in September that the forest and land fires in Indonesia have released 360 million tonnes of carbon dioxide since August - more than Spain's emission for the whole of 2018.

PT KTU plantation manager in Riau, Mr Achmad Zulkarnain, said there was no fire on the company's plantation this year. "In all Astra plantations, there was zero fire because we've got a system called fire management protection," he claimed. "So we have teams going on patrols and watching for fires. We also have



monitoring towers to monitor fires." Locals interviewed by CNA said PT KTU's area was indeed free from fire this year. Satellite images also did not show any fires or hotspots on PT KTU's concessions. Mr Zulkarnain said all plantations under holding company PT Astra Agro Lestari are managed under the pillars of "good performance, people and environment".

Astra Agro Lestari is one of Indonesia's biggest agribusiness companies, with 41 subsidiaries in the palm oil industry.

PT KTU started planting oil palm in 1994 and the latest land opening was in 2004. About 2,200 ha of its land are peatland, fossil-rich soil which stores more carbon than normal mineral soil. In order to ensure the peatlands on PT KTU's concessions are continuously wet and hence non-flammable, the company has installed deep wells and monitoring stations. Drones are used to constantly monitor the area. PT KTU also has a laboratory on its concession, an area of protected forest which the company maintains to protect wild animals and their habitats as well as employee housing.

Meanwhile, Sime Darby Plantation, headquartered in Malaysia, has put in place a real-time sustainability tracking system called Crosscheck. Launched in April, it is an open-access platform for the public to trace the company's palm oil supply down to the mill level. A look at the Crosscheck system shows company-owned refineries, mills, as well as independent mills supplying Sime Darby Plantation. The system will display how the business units are linked to the company's supply chain. Users can overlay different risks based on parameters such as proximity to forests, peatland or megafauna (orang utan, tiger and elephant) presence based on international reports, as well as satellite data on whether there was recent clearance or deforestation on the ground. The system also highlights mills that had issues or grievances lodged against them. "The platform is open and we can put in more information and data over time," said Sime Darby Plantation's Chief Sus-



NEW YORK: Traders work on the floor at the New York Stock Exchange (NYSE).

## Colombia awards three operators bandwidth in \$1.5 billion auction

**BOGOTA:** Colombia has awarded bandwidth to three bidders in an auction that raised 5 trillion pesos (US\$1.5 billion) as part of efforts to improve mobile telephone services and expand internet access. Claro, a subsidiary of America Movil, Tigo de Millicom and Novator Partners from Britain were all awarded bandwidth in the auction, while Movistar, a subsidiary of Telefonía de Spain, was not. "This is the largest



mobile social connectivity project in the history of Colombia that will allow, for the first time, to bring internet to millions of Colombians in rural areas," President Ivan Duque said on Twitter. Claro dominates Colombia's mobile market, followed by Movistar, Tigo, Avantel and ETB. The Ministry of Information Technology and Communications said on Friday that Claro was awarded 20 megahertz (MHz) in the 700 MHz band and 30 Mhz in the 2,500 MHz band. Tigo won 40 MHz in the 700 Mhz band and Novator Partners secured 20 MHz in the 700 Mhz band and 30 MHz in the 2,500 Mhz band, it added in a statement. No offers were submitted for the 1,900 MHz band and in the 700 MHz band 10 MHz were left over. All of the 2,500 MHz band on offer was taken. The 700 megahertz band covers Colombia's least developed and most rural regions, while the higher megahertz bands are useful for service providers seeking market share in urban areas, where their range helps ensure service amid higher user density.

## Trump says phase one trade deal with China to be signed 'very shortly'

**WASHINGTON:** President Donald Trump said the United States and China would "very shortly" sign their so-called Phase One trade pact.

"We just achieved a breakthrough on the trade deal and we will be signing it very shortly," Trump said at a Turning Point USA event in Florida. The Phase One deal was announced earlier this month as part of a bid to end the months-long tit-for-tat trade war between the world's two largest economies, which has roiled markets and hit global growth. Under the deal, the United States would agree to reduce some tariffs in exchange for a big jump in Chinese purchases of American farm products. Treasury Secretary Steven Mnuchin said last week the pact would be signed in early January, saying that the deal had already been translated and was just undergoing a technical "scrub."

US President Donald Trump said Friday that he had a "very good talk" with his Chinese counterpart Xi Jinping on a partial resolution of the countries' huge trade war. Trump tweeted that China "already started large scale" increases in purchases of US farm goods, in line with the deal. However, he did not give a date for when the so-called "phase one" agreement will actually be signed. "Formal signing being arranged," he

said. The "phase one" is a partial resolution that is expected to see China boost imports of US agricultural and other goods, while Washington has eased massive tariffs on Chinese im-

ports. However it falls a long way short of the fundamental changes in Chinese trade policies that Trump had sought and which will now be put off to a second phase. —Reuters



## Christmas in Lebanon not so merry as economic crisis bites

**BEIRUT:** Rafi Tabakian's clothing store in a Beirut suburb is usually buzzing with customers during the holiday season, but with Lebanon's economy in ruins, shoppers are in short supply. "We've been in business for 30 years, and I've never seen anything like this," he said, adding that sales have dropped 80% in December even though he has cut his prices.

"Now we see customers entering, asking for the price, and then leaving. It's scary," Tabakian, who produces and sells clothes in the densely populated, commercial Burj Hammoud neighborhood of the capital, told Reuters. Lebanon is suffering its worst economic crisis, rooted in decades of state corruption and waste, since the 1975-1990 civil war, leaving streets dimmer and shopping centers emptier, with many stores and restaurants void of customers. The economic woes have sparked huge protests against the ruling elite, banks are imposing capital controls, pressure has piled on the pegged Lebanese pound, and a hard currency crunch has pushed importers to hike prices. Hotel bookings, flights and events have plunged during what is usually a busy commercial season for Lebanon, which has the Arab world's

biggest proportion of Christians. Many from Lebanon's large diaspora normally return home to streets packed with cars and decked out with lights.

But Pierre Ashkar, the head of Lebanon's hotel association, said December bookings have plummeted from a usual 65-75% occupancy to 7-15% this year. "Hotels have closed some parts of their buildings, are giving employees unpaid leave and removing services such as free shuttle transportation to the airport to minimize losses." Some local councils have opted to either re-use old decorations or do without. "We put up last year's decorations,

without adding anything because these are exceptional circumstances," said Raymond Atieh, head of the Jdeideh municipality, north of Beirut. "The holidays are coming, but they're coming with a pinch. People are angry... People are getting fired, paid half-salaries, or not working," Atieh added.

Charbel Daccache, a priest in Mount Lebanon's largely Christian town of Adma, said it was better to help feed the poor in tough times "than to decorate and throw glitter". "Some days are harsh, others are better but it's not the end. That's why I tell people, let it be a joyous time." —Reuters

