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EoF: global supply chains still tainted with illegal palm oil

Lack of screening for legality by palm oil mills and refineries drives deforestation

PEKANBARU –An Eyes on the Forest report published today demonstrates how crude palm oil tainted by illegally grown palm fruit from government-protected areas in some of the last remaining habitats of critically endangered Sumatran tigers, elephants, and orangutans entered the supply chains of several of the most well-known palm oil suppliers in the world: Wilmar, Golden-Agri Resources, Royal Golden Eagle and Musim Mas.

“We are disappointed that despite their corporate commitments to stop deforestation, none of these groups has barred legally questionable oil from their supply chains,” said Nursamsu, Deforestation Monitoring and Advocacy Manager of WWF-Indonesia. “In an environment where there is widespread illegally grown oil palm, increasing numbers of dealers and increasing numbers of independent mills without their own plantations, buyers need to focus on tracing all palm oil supplies all the way to the plantation level.”

EoF found that trucks with illegal fresh fruit bunches (FFB) drove up to 128 km and spent up to 5 days on the road, long enough to reach dozens of CPO mills. Its analysis identified almost all crude palm oil (CPO) mills in Sumatra as being at risk of purchasing illegal or unsustainable palm fruit tainted with deforestation. The location of a CPO mill itself is not a good enough indicator of the risk of buying illegal or unsustainable product.

“We fully agree on the complexity of tracing FFB to sources, but warn this is the loophole that has allowed in FFB supplies coming from some of the most damaging plantations to the country’s natural resources,” added Nursamsu. Dealers aggregating FFB from different “third party plantations” are potentially responsible for illegal or environmentally damaging oil palm plantation development and need the full attention of all mill managers.

“Mills should apply a precautionary approach and not buy FFB from dealers who cannot prove location, legality and sustainability of their FFB sources. Buyers should only deal with mills that have a robust working system to trace all the FFB they purchase,” recommended Nursamsu.

Over the years, palm oil has caused dramatic deforestation in Indonesia, particularly in Sumatra. In all of the forest and land clearance that was monitored for this report, fire was always used to prepare the land for oil palm planting. In 2015, Indonesia and neighboring countries suffered one of the most far-reaching tangible impacts of deforestation -- regional haze and greenhouse gas emissions -- caused by widespread and long-lasting fires. They resulted in the estimated emissions of 1.75 billion metric tons CO₂ equivalent, more than all of Germany or Japan’s fossil fuel emissions.

“Lack of governance and enforcement across the country and increasing global demand for palm oil are among the key drivers of fires in Indonesia, incentivizing large scale encroachment of protected forests for illegal palm oil plantation development. This encroachment has to stop,” said Woro Supartinah, Coordinator of Jikalahari.

“Some companies try to hide behind smallholders and their livelihood needs to justify their purchase of FFB from questionable sources. However, our investigations found that many of the illegal plantation development is financed by a handful of elites and companies who absorb most of the profit,” said Riko Kurniawan, Executive Director of Walhi Riau. “If the companies are truly concerned about the benefit and livelihood of smallholders, they should be working directly with smallholders in legal areas instead.”

The groups mentioned in this report and the industry in general have been profiting from the deforestation of Sumatra’s precious ecosystems for years. Tesso Nilo National Park has only 18% forest cover today, while most of the rest is oil palm. EoF calls on these companies, all implicated in the destruction of this unique habitat, to address their legacy of deforestation by urgently contributing to the conservation and restoration of Indonesia’s ecosystems that have become the victims of illegal palm oil expansions.

“It is time that all stakeholders work together to tackle the systemic illegality and unsustainability in Indonesia’s palm oil sector and ensure that the industry really changes its course to a green, sustainable economy for,” added Riko.

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Notes to editors:

- The report is available for download at <http://www.eyesontheforest.or.id/attach/EoF%20%2806Apr16%29%20No%20One%20is%20Safe%20English%20FINAL.pdf>
- Of the companies found to be involved in the trade of illegal FFB or tainted CPO, EoF contacted Wilmar, GAR, RGE (Asian Agri and Apical) and Musim Mas asking them to review a final draft of this report and respond to EoF’s recommendations. Summaries of their responses are attached in the report’s Appendix 3.
- EoF today published data on 196 crude palm oil (CPO) mills in Central Sumatra, chains of custody of illegal FFB and tainted CPO to CPO mills and refineries or bulking stations at its interactive map <http://maps.eyesontheforest.or.id>