




## Regional perspective and challenges of the oil palm industry and GFP-SPO

Council of Palm Oil Producing Countries  
29 September 2022



## INTRODUCTION TO CPOPC

- Council of Palm Oil Producing Countries (CPOPC) is an intergovernmental organization for palm oil producing countries.
- The Council was established on 21 November 2015. Operationalized fully in mid-2017.
- Indonesia and Malaysia, the world's biggest palm oil producers, are the founding member of the Council as well as the current members.

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- Membership is open to countries with substantial area of oil palm cultivation and net exporter of palm oil.
  - Colombia, Ghana, Honduras, and PNG are the observer countries, i.e., countries in transition to be full member.
  - The Secretariat is based in Jakarta, Indonesia.

## OBJECTIVE OF CPOPC

*Visible, Relevant, Effective*

To promote, develop and strengthen cooperation in the oil palm cultivation and industry among the Member Countries, and

To ensure long term benefits of such palm oil endeavors to the economic development and well being of the people of the Member Countries.



## WHAT WE DO?



### The Scope and Functions

1. Promote consultation on the development of the palm oil industry among the stakeholders in the oil palm cultivating countries;
2. Enhance the welfare of the oil palm smallholders;
3. Develop and establish a global framework of principles for sustainable palm oil;
4. Promote cooperation and investment in developing sustainable and environmentally friendly oil palm zones, including green economic zones;
5. Address impediments to and opportunities for promoting the palm oil trade;
6. Encourage cooperation in research, development, and training; and
7. Any other activities and functions as may be deemed desirable in the interest of the palm oil industry.

## Perspectives of Indonesia and Malaysia Palm Oil - 2021



Planted area	: 22 mil hectares ( Approximate )
Production	: 63 million metric ton ( 84% of world's production ]
Total Export Value.	: US\$45 billion
Contribution to GDP.	: 3.6%
Smallholders involved.	: 3.35 million people
Direct/Indirect Employment.	: 19 million people



## COMMON ISSUE & CHALLENGES

- Labor shortages
- Stagnated Yield
- Price volatility
- Rising production cost
- Negative perception
- Protectionist Agenda
- Environment & Sustainability
- Renewable Energy Directive ( RED II )



### Resultant effect due to the challenges faced by the palm oil industry

#### Stagnated yields in Indonesia and Malaysia

Palm Oil Yields (T per ha)	2022	2021	2020	2019
Indonesia	3.37*	3.30*	3.28*	3.44*
Malaysia	3.59*	3.49*	3.66*	3.82*

#### Stagnated productions in Indonesia and Malaysia

Production in 1000 T	2022	2021	2020	2019
Indonesia	46,550*	44,650*	43,480*	44,300*
Malaysia	18,500*	18,116	19,141	19,858

\*Forecasted by Oil World

### Crude Palm Oil Annual Average Price (USD/tonne)



Year	Malaysia Palm Oil Board Prices
2017	647
2018	554
2019	502
2020	639
2021	1067
2022	1380*

\*2022 CPO price is an average for this year



**INTRODUCING GLOBAL  
SUSTAINABILITY PLATFORM  
GFP-SPO**



POPCs believe that the profit from PO should not be at the expense of people and the environment.

**Palm Oil is Key for Economic  
Development of Producing Countries**



- An economic prime mover that stimulates agribusiness development from upstream rural areas to downstream export hubs and processing areas.
- Significant jobs driver and source of income for rural communities and farmers.
- Able to produce a commodity highly sought after internationally that generates significant national revenue.
- Local area development through large grower companies investing in infrastructure and public facilities.

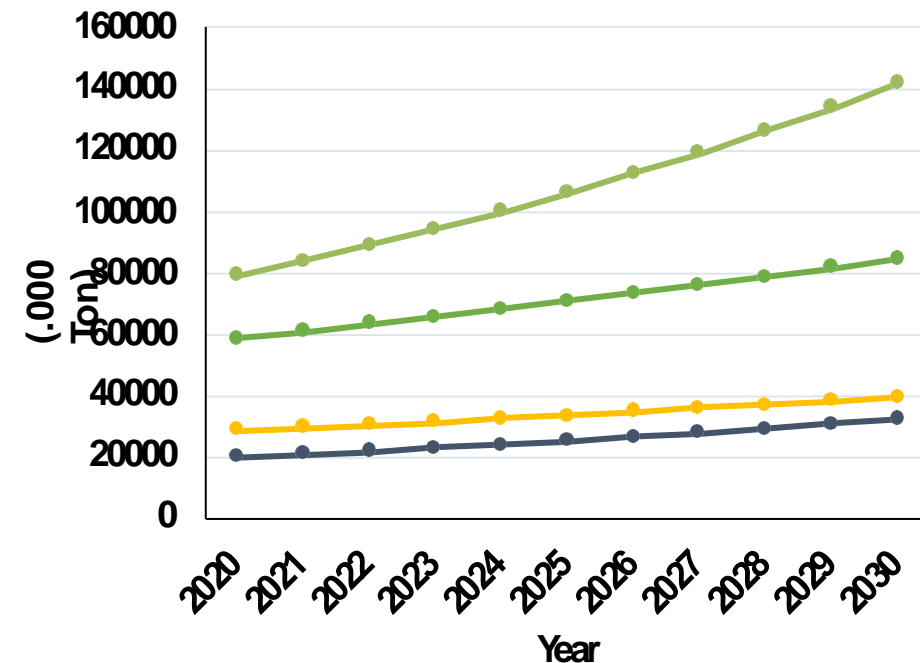


- **Indonesia and Malaysia have mandatory sustainable certification for the production of palm oil, namely ISPO and MSPO.**
- **ISPO and MSPO ensures that, as the world's most consumed edible oil, palm oil can be cultivated sustainably.**
- **Recognition on sustainability of palm oil comes beyond the producers. Palm oil has IPOS, ISCC, and RSPO that represent consumer and multi-stakeholders' perspective, but share similar principles with ISPO and MSPO.**



- To feed the growing population, global demand for vegetable oils continues to increase.
- VO producers has responsibility to provide the world with sustainably produced VOs
- Indonesia and Malaysia spearhead the sustainability initiative through ISPO and MSPO.
- **Under CPOPC, Indonesia and Malaysia developed GFP-SPO.**
- A common sustainability system based on SDGs, with palm oil as its initial pilot, can be a huge win for all in support of sustainable production of VOs.

### Global Demand for Vegetable Oils\*



\*Source: Jambi and IPB University; Presented on Webinar Sustainability Perspective in Vegetable Oil Sector: Experiences of ASEAN Countries, 31 March 2020

## GFP-SPO Principles:

1. Develop partnerships for sustainable development through transparency and collaboration and include other vegetable oils
2. Uphold peace, justice, and strong institutions through compliance with laws and regulations
3. Invest in innovation and technology to drive the adoption of efficient and best management practices
4. Minimize the net impact to the environment and ecosystems through the efficient use of natural resources
5. Benefit workers and local communities by improving their living conditions and respecting their rights

6. Inclusiveness for smallholders and low-income consumers
7. Commitment to continuous improvement

## ANNEXES

- 1) **Comparison of this framework and alignment to existing certification schemes**
- 2) **SDG deep dive,**
- 3) **Technology ,**
- 4) **High level implementation ,**
- 5) **Business model design**
- 6) **Extrapolation towards other vegetable oils**
- 7) **Engagement with smallholders**
- 8) **Engagement with the UN, and**
- 9) **Template for countries to form their new national certification scheme**



## How do principles align across certification schemes

### GFP – SPO Principles

1. Develop partnerships for sustainable development through transparency and collaboration and include other vegetable oils

2. Uphold peace, justice, and strong institutions through compliance with laws and regulations

3. Invest in innovation and technology to drive the adoption of efficient and best management practices

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### ISPO

**Added transparency in 2018**

**Prin 1** – Plantation permit and management

**Prin 2** - application of technical guidelines

**Prin 3** – Environmental management

**Prin 4** – Workers  
**Prin 5** – Social respon.  
**Prin 6** – Community

**Prin 7** – Continuous improvement

### MSPO

**Prin 2** – Transparency

**Prin 1** – Mgt. commit.  
**Prin 3** – compliance to legal requirements

**Prin 5** – Protect biodiversity and the environment

**Prin 4** – Social responsibility health safety and employment

**Have a framework for small holders**

**Prin 7** – New planting  
**Prin 6** – best practices

### RSPO

**Prin 1** – behave ethically and transparently

**Prin 2** – Operate legally and respect rights

**Prin 3** – Optimize productivity and impact

**Prin 7** – Protect the environment

**Prin 4** – Respect comm. and human rights  
**Prin 6** – worker rights

**Prin 5** – support small holder inclusion

### ISCC

**Prin 5** – Production shall happen in compliance with laws (regional, intl.)

**Prin 1** – Protect high HCV  
**Prin 2** – Produce in an enviro. sustainable way

**Prin 3** – Safe work cond.  
**Prin 4** – Not violate human rights

**Prin. 6** – Good management practices

## CONCLUSION

- CPOPC aspire that GFP-SPO will become a benchmark of sustainability for other vegetable oils and provide guidance and reference to new sustainability schemes.
- A common sustainability system based on SDGs, with palm oil as its initial pilot, can be a strong modality in supporting sustainable and productive vegetable oils.
- It will allow for the evaluation of vegetable oils production holistically rather than singling out certain commodity, country or company.







## Our contact

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