

Sustainable Palm Oil Dialogue: Market Transformation towards Sustainable Palm Oil in India

Moderator: Mr. Kamal Prakash Seth, India Country Head, Roundtable on Sustainable Palm Oil (RSPO)

Panellists: Mr. Darrel Webber, CEO, RSPO, Mr. Paul Schuilwerve, CEO and Head, Rabobank India, Mr. Prakash Chawla, Chairperson, AAK Kamani, Mr. Sandeep Bhan, COO, Sime Darby Oils, Ms. Teenal Sethi, Chief Risk Officer, RaboBank

The session brought important players and consumers of the sustainable palm oil sector to take stalk of the Indian markets. Are Indian markets conducive to shifting towards certified sustainable palm oil, what can be done to speed up the uptake, the challenges and the potential solutions, were tabled by the speakers. Keeping it interactive, important aspects were added by the audience to this very engaging session. The panellists agreed it is a slow transition but also expressed positivity towards it. Consumer awareness, climate change impacts, and pressure built by the financial institution can play an important role in this transition.

Key Highlights

Mr. Kamal Seth initiated the morning panel with a passionate video reminding us of our dependence on nature. Saying that the failure to move towards our commitments to produce and consume sustainable palm oil will come at a huge cost, he invited the panellists to share their role in forwarding the agenda.

Mr. Prakash Chawla reflected on his organisation's journey as one of the biggest manufacturers of speciality oils and shared its current practices, which are aimed at enhancing sustainability. Mr. Paul Schuilwerve representing Rabobank India talked about its sector focussed policies which mandates the engagement with industry clients. As a facilitator, Mr. Darrel Weber highlighted that his most important responsibility is to ensure that right people who can voice their opinion are represented at RSPO platforms. He also mentioned that RSPO comes out with policies governing the sector through universal consent. It encourages its members to become ambassadors to encourage sustainable palm oil procurement, production and consumption of certified palm oil across regions. Mr. Sandeep Bhan, representing Sime Darby Oil - the largest producer of sustainable palm oil, said his company is 100% RSPO compliant, Malaysian sustainability compliant, and Indonesian Sustainability Compliant.

Elaborating on the certifications provided by RSPO, Mr. Weber explained the system of buying or supporting certified sustainable palm oil. The credit system provides market access to small farmers as well as big plantations. Mr. Ashwin Selvaraj added that 40% of global palm oil production comes from small scale producers, though regionally it can go up to 90%. Saying that there is a price difference for credits between mills and small farmers, the difference is due to the cost involved in getting small farmers certified.

Since palm oil is being grown for India outside India, there should be shared responsibility of sustainability between both partners. Sharing a survey result, Mr. Seth said that consumers in India are happy to pay the premium of extra cost of using certified palm oil. He made a case for spreading consumer awareness, especially among millennials to demand companies to use certified palm oil in their products. Mr. Weber and Mr. Schuilwerve believed that consumer awareness has the potential to drive change.

Though India has shown a 10% growth in certified sustainable palm oil (CSPO) consumption, it is negligible when compared to global CSPO production. Mr. Bhan added that the Indian and multinational FMCGs show keen interest towards sustainable palm oil, but the Indian traders are resistant. Cost is another factor slowing the uptake. Unless the products are priced properly, it is

difficult to promote large scale use of expensive oils, added Mr. Chawla. He stressed upon the slow, stage-wise shift as consumers become more aware. He also opined that certificates have the largest potential to steer India towards sustainable palm oil consumption. The cost of climate change impacts needs to be built in the product pricing, added Mr. Schuilwever, agreeing with Mr. Chawla. Mr. Schuilwever also mentioned policies by financial sector can be driving force.

India produces 2-3% of its home demand, relying on exports for the rest. According to Mr. Bhan, India does not have a choice other than importing, due to the growing demand. Though the Government wants to explore local oilseeds as a substitute to reduce imports, the demand for palm oil will not change in the next couple of decades.

Growing palm oil locally though is a good idea theoretically, the panellists pointed to a host of issues. Dr. Weber warned about allocating land in an ecologically sensitive area, which can never get RSPO certification as it's not sustainable. Mr. Schuilwever also questioned this decision by saying issues like water scarcity and landholding are not conducive to palm oil production. Mr. Chawla added that palm oil is not an easy crop to grow and requires multiple support and facilities. The panellists requested to engage with the Government to present the impacts of growing palm oil in North East to dissuade them from making this mistake.

Mr. Seth introduced India Sustainable Palm Oil Coalition (I SPOC) forum. The forum aims to engage with RSPO non-members to educate them about palm oil and its impact. The experience shared by Mr. Rijit Sengupta resonated with the speakers saying there is a growing trend of Indian companies showing interest in sustainable palm oil consumption. The session was wrapped up by Ms. Teenal Sethi summarising the key points as mentioned.

Recommendations

- Consumer awareness can drive companies to use sustainable palm oil. Millennials can play an important role.
- Engage and influence Government not to grow palm oil in ecologically sustainable areas.
- Relook at product pricing, build in the cost of climate change impact, and address the issue of water scarcity in the products.
- Engage with Indian companies who are aware of impacts of palm oil to facilitate the shift as part of the pledge 'India will not import deforestation.'