



Indonesian palm oil stakeholders are working hard for sustainable palm oil, but how about the market uptake?

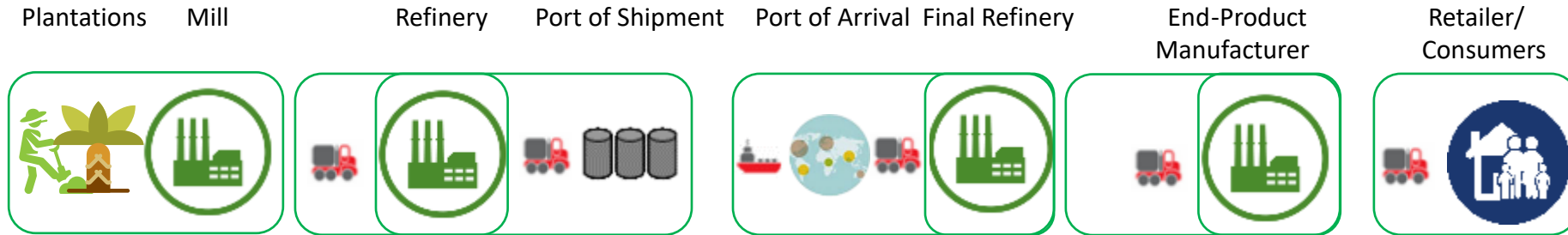
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Gabungan Pengusaha Kelapa Sawit Indonesia

Indonesia Palm Oil Association

Palm Oil: one of the most highly certified commodities



ISPO, RSPO, ISCC.

RSPO SCCS., ISCC, ISPO SCCS is underway

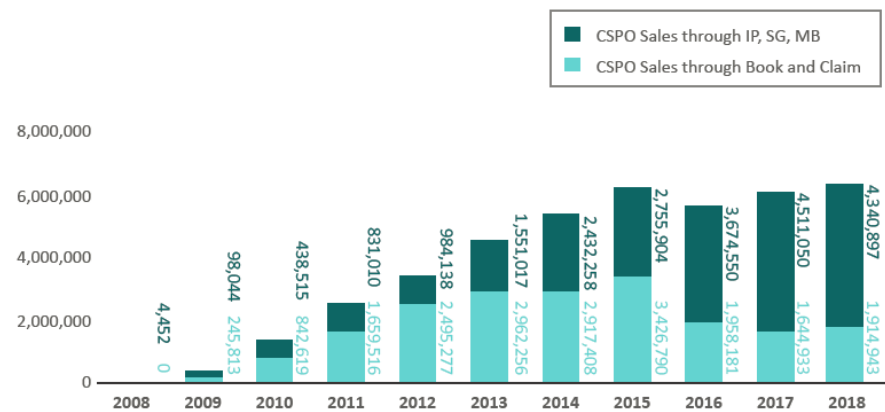
RSPO SCCS. ISCC, HCCP, ISPO SCCS is underway

ISPO: 4.7 m ha

RSPO market uptake <50%, from total 14 m ton CSPO produced

Indonesia
 Certified Area (ha) : 2,417,105
 CSPO Volume (tonnes) : 10,573,575

Annual Sales of CSPO (MT)



* All figures are based on full calendar year data (1 January-31 December)

CHINA

COMMITMENT

10% CSPO uptake by 2020

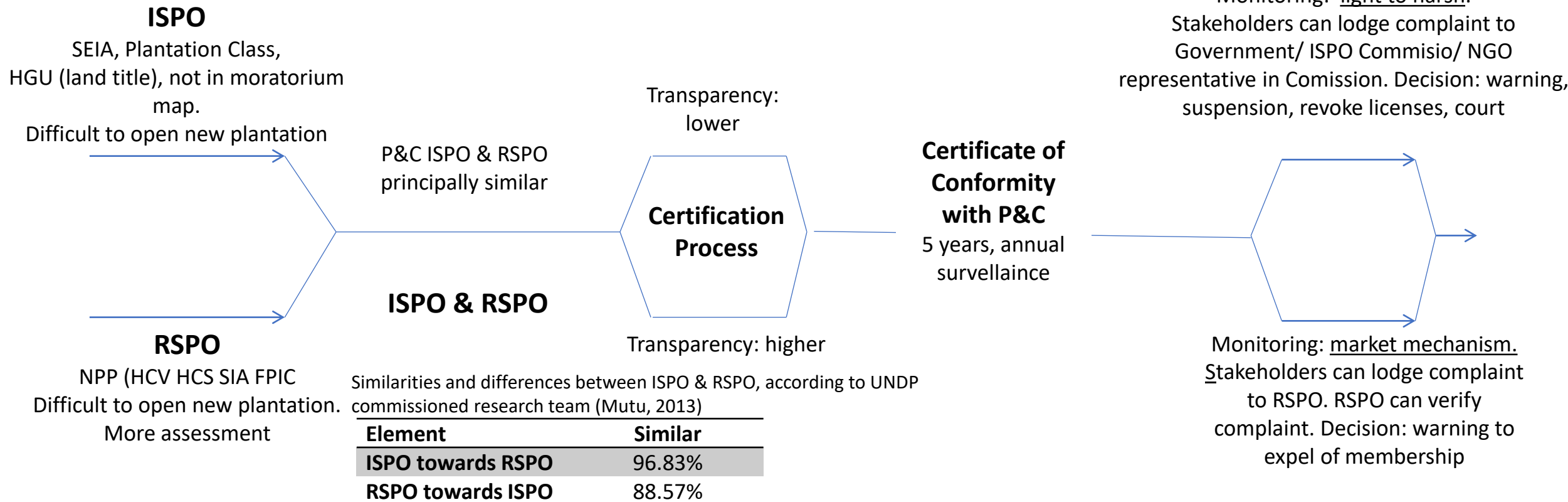
PROGRESS

- Physical uptake of CSPO: 1.5% as at 30 June 2018
- RSPO members: 87
- Products with RSPO Trademark: 2

- Industry has been producing CSPO substantially, but market uptake is disappointing
- GoI support is encouraging, but our ISPO badly needs SCCS (Supply Chain Certification Standard)
- If producers are ready, does Chinese market also ready for uptake? → getting certified, buying CSPO, etc
- Market prices: CSPO: \$2-3/mt; CSPKO \$30-40/mt

Elements in the Sustainability Standards: Generic, ISPO & RSPO. NDPE is adopted both in ISPO RSPO. Practically, palm oil standards are higher than others

- Generic, in all standards:
 - People: labour, child labour, women, local community, etc
 - Planet/Environment: biodiversity, water, fertilizer, chemical, etc
 - Profit/Prosperity: benefit to local community, etc
- Specific & advanced (found only in palm oil. Some in Soy)
 - No Deforestation: RSPO: use HCS; ISPO: use moratorium map, use government regulation
 - No Peat Planting: RSPO: use HCS, peat drainability. ISPO: use moratorium map, use government regulations
 - No Exploitation: RSPO: SEIA, SIA, FPIC, etc. ISPO: SEIA, use government regulations, etc



Conclusion

- Palm oil sustainability standards
 - Higher in P&C & implementation than other commodities.
 - Voluntary used to be higher. But Mandatory is catching up. Voluntary works with market mechanism. Mandatory works with law enforcement & market mechanism
- We are ready
 - Producing & selling CSPO according to voluntary standard
 - Producing CSPO according to mandatory standard. GoI needs to expedite the selling standard (SCCS)
- But, does the Chinese market ready?
 - Market uptake come with a cost
- Sustainability standard should not be a non tariff measures/discrimination in international trade relations
 - No need to do the European way of imposing trade discrimination thru sustainability standards