

**EUROPEAN ROUNDTABLE**  
**JUNE 12-13 2017 | LONDON**



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## SUSTAINABLE PALM OIL: AN IMPOSSIBLE DREAM?

Frances Cairncross

FRSE

- A dream crop for development
- A hot target for environmentalists
- Trustworthy certification is essential
- But how do you keep all parties happy?
- And is there a better way forward?

- Production more than doubling 2000-14
- In about half the products on supermarket shelves
- World's highest yielding oilseed crop per hectare
- Provides employment throughout the year
- Excellent growth prospects – including biofuels and.....

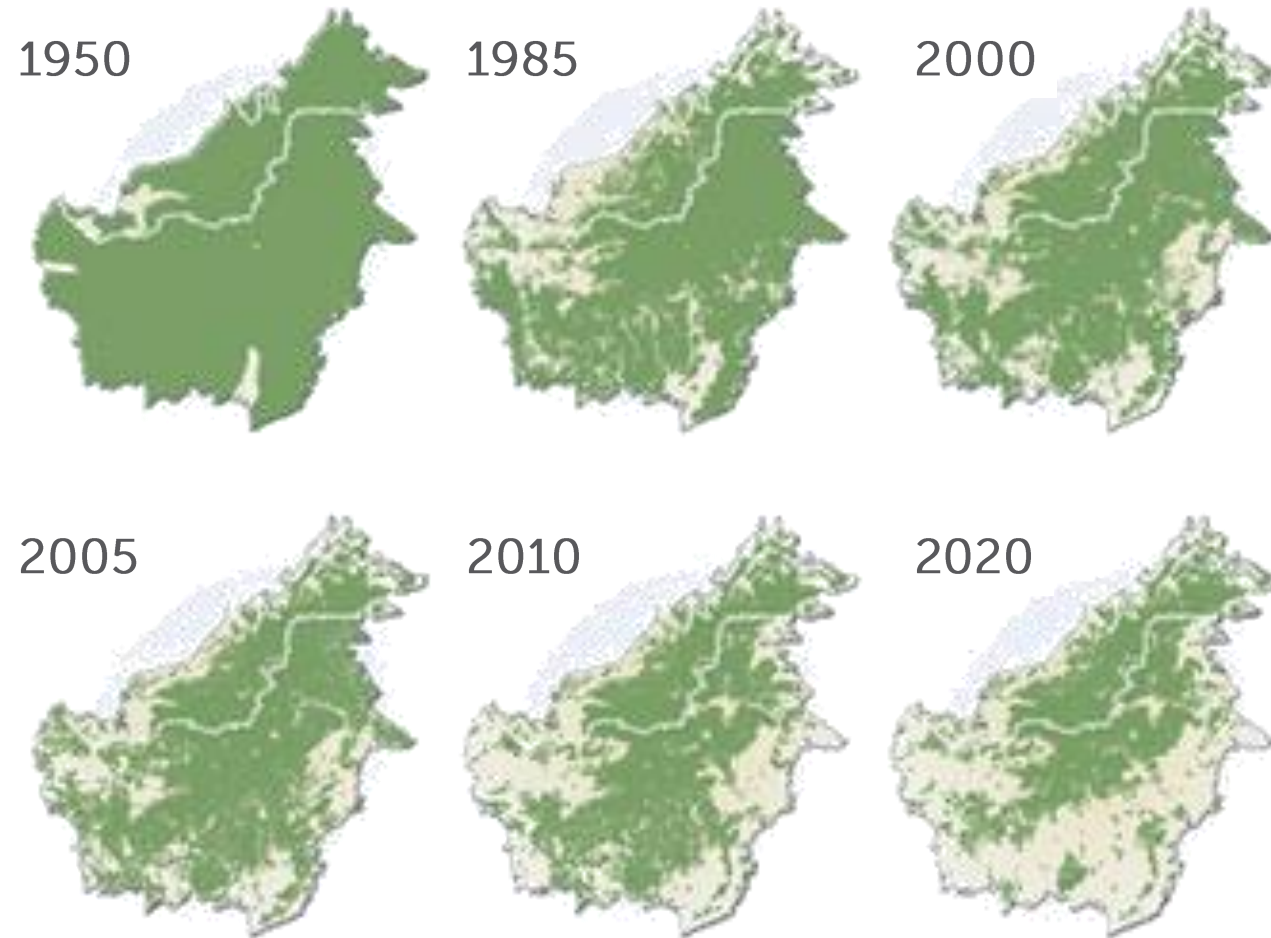




If it weren't for the environmental side-effects, palm oil would be a golden answer to rural development.....



## But There Is A Cost:



Deforestation on Borneo

Source: Treehugger, 2007

- Inspected certification
- Voluntary membership
- Work with both producers and consumers
- Multi-tier agreement



- .....helps to keep both palm-oil producers and European politicians on board
- ....creates incentives for producers to improve
- ...so its inclusiveness has so far been an advantage.

- Inclusiveness allows a structure of incentives –
  - but may appear to be trying to offer consolation prizes for inadequate policies
  - and multiple labels may muddle consumers...

# Is There An Alternative To RSPO's Strategy?



- Plenty of other attempts to control markets in environmentally sensitive products
- - and to make sustainability pay....
- How well do they work?



## A Familiar Situation:

- Compare pressure for sustainable fishing, animal welfare, no GMO crops.
- In each case, pressure almost entirely from developed world –
  - - and often led by Northern Europe



## Two Basic Approaches:



- Government legislation (trade bans, labelling laws)
- Corporate policy (eco-labelling, relying on consumer preference)
- Both, in different ways, offer rewards for sustainable practices....

- Take two very different examples





- No such thing as “sustainable” ....  
Ivory is easy to spot...and most trade is banned by international agreement.
- It doesn't get much tougher....
  - Yet 20,000 elephants a year killed in Africa
  - So even the toughest trade bans may fail, if there are willing producers and consumers.

- Banned in Europe – *except* as animal feed
- So not always clear when meat is or isn't from GM-fed beasts
- And hard to spot when it isn't....
- Eg GM cooking oil used in some commercial cooking – and on sale in some supermarkets
  - So legislation not a total safe guard

- Usually based on voluntary eco-labelling
- A form of product differentiation
- Relies on consumer understanding of the issues involved
  - And willingness to pay a premium





## Animal Welfare



- Sustainable fish certified since 2000 by Marine Stewardship Council
- Now claim “close to 10% of total global wild-caught seafood” is certified
- Market almost entirely in Western Europe, but growing elsewhere
  - But debate over certification standards

- W European consumers care about it more than others
- But 35% would not pay more for products from animal-friendly production systems
- And only a quarter would pay more than 5% extra for such products



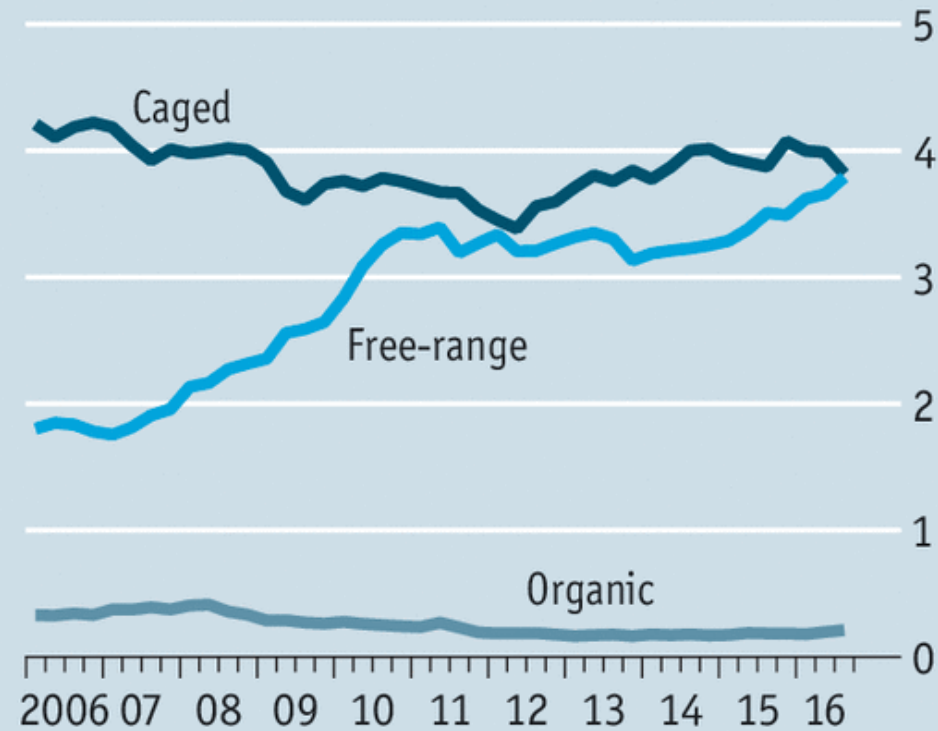
## One Example: Free-range Eggs

- Half of all eggs sold over the counter in the UK now free-range
- Sell for up to twice the price of basic eggs
- But much smaller market for free-range chicken....
- ...and few processed foods use free range eggs



## Sunny side up

Britain, egg production, m cases\*



Sources: Defra;  
*The Economist*

\*One case contains 360 eggs

## Are There Other Options:



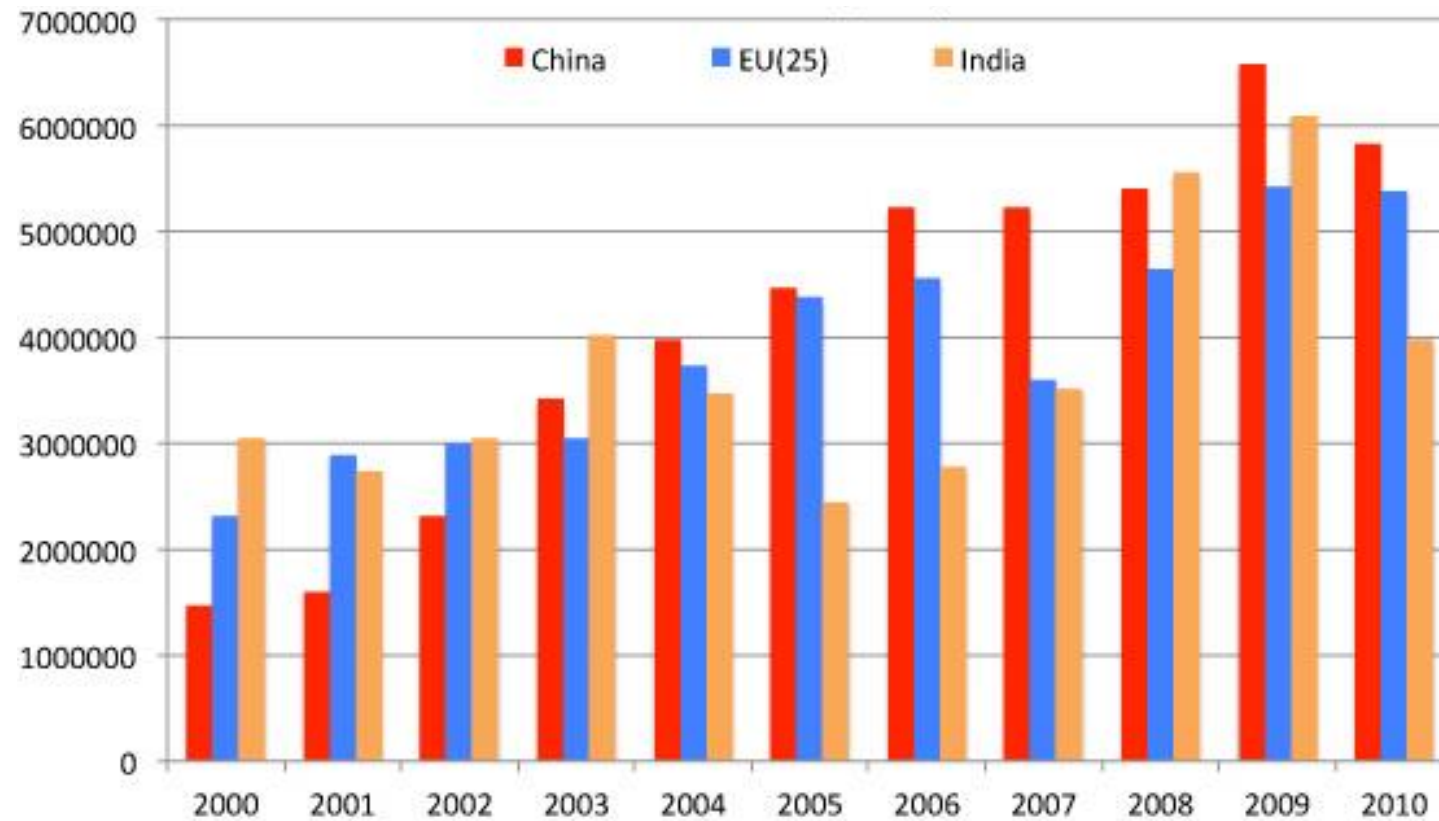
- Tariffs or taxes? – but to check how oil is produced requires reliable certification...
- International aid linked to avoiding deforestation? – but oil production is not the only cause
- Tougher controls on land use in producer countries? – yes, but hard to achieve.

- Government controls on sustainability are tough to apply and need international justification and electoral buy-in
- Eco-labelling works for a minority of wealthier consumers prepared to pay a premium.
- Key to both approaches: reliable certification and consumer education.....



# The Real Test Lies Elsewhere...

Palm oil imports, 2000-2010 (metric tons)  
DATA:FAOSTAT (2012)



- Air and water pollution matter
- Slow awareness of climate change
- Improving living standards far more important than deforestation or species loss
- Trade controls often limit developing-country markets for sustainable products

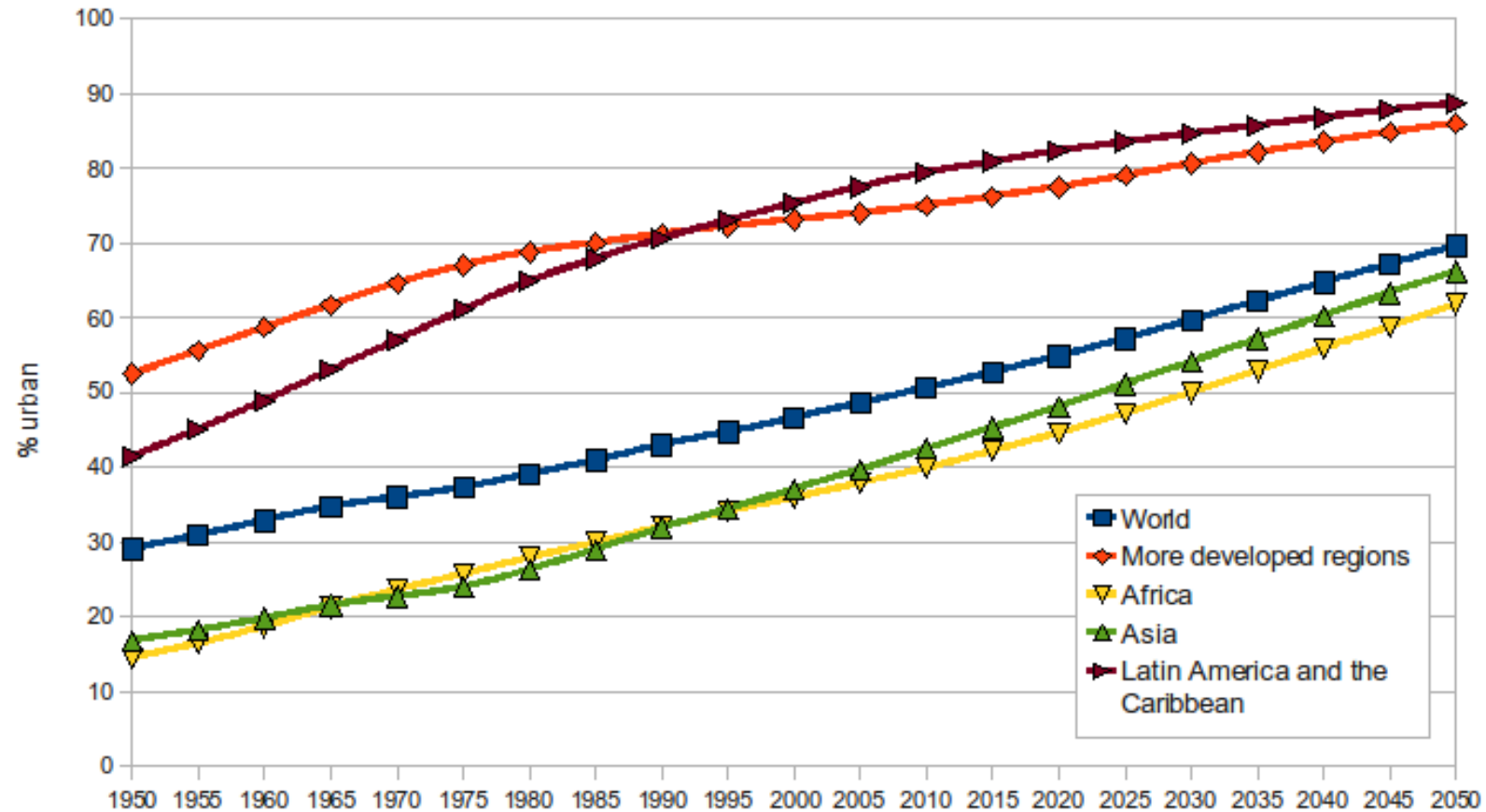
# Might This Change....?



- Will companies – and consumers – in developing countries care about forests or child labour?
- Will China or India feel a sense of global environmental responsibility?
- Will growing urbanisation and education develop environmental awareness?

# Here Is Urbanisation

Percentage of Population Living in Urban Areas by Region, 1050-2050.  
Source: UN World Urbanization Prospects, 2007.

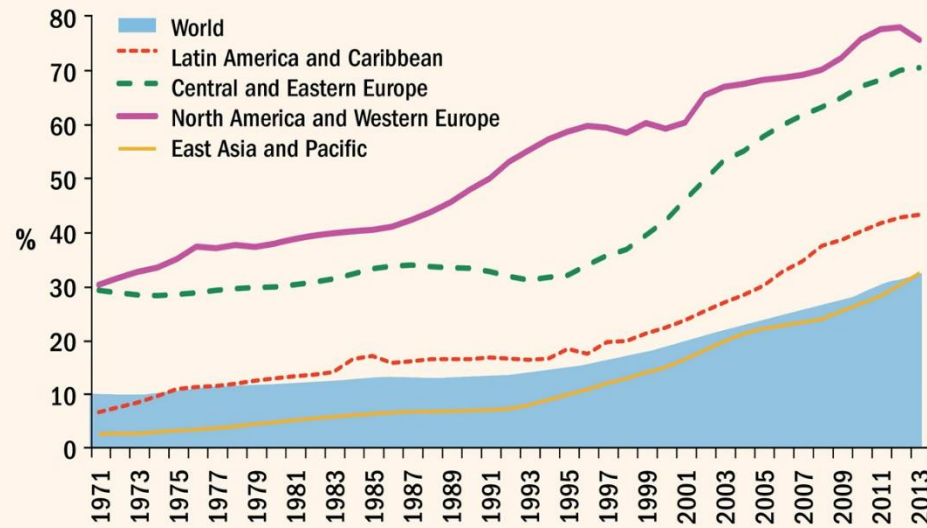




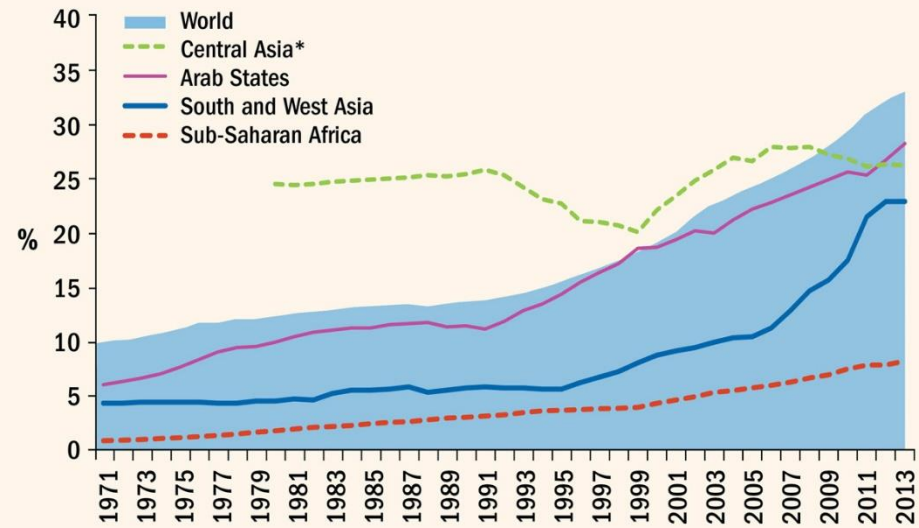
# ...And Here Is University Education

## THE GLOBAL RISE IN UNIVERSITY STUDY

Gross tertiary enrolment ratio (%), world and world regions: 1971 to 2013



Source: Charts prepared by Simon Marginson using Unesco data



\*Data for 1971-79 not available

- might environmental consciousness spread through parts of the developing world?

Let's hope so.....





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THANK YOU!

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