

EU PALM OIL BAN IS HYPOCRITICAL

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WE used to laud free trade. The World Trade Organisation (WTO) was once hailed as the platform for global fair trade.

Unfortunately, many developed countries, especially in the European Union (EU), were unwilling to compromise on their unfair agricultural support.

New trade platforms emerged, such as the Asean Free Trade Area.

The 12-nation Trans Pacific Partnership agreement, better known as TPP, failed to materialise.

A leading member of the group, the United States, pulled out. The remaining 11 member nations are trying to salvage the agreement.

Many agree that free trade is the driver of global growth in recent decades.

Many developing countries have moved up the ladder of economic progress, thanks to free trade and better access to developed markets. However, lately, new movements have emerged to deny such market access.

How will this impact world growth?

Take palm oil, for example. Ever since Malaysia and Indonesia expanded their palm oil exports, most countries saw that as a win-win deal.

Importing countries gained economically from the value addition offered by the imports.

EU has always been a major user of palm oil, attracted by its almost unmatched versatility in applications.

Add to that the fact that it is highly cost-competitive, it is easy to understand why palm oil is much preferred in EU.

Palm oil accounts for more than one-third of global trade. EU has always been a major export destination.

Things started changing in the mid-1990s. This was when the issue of sustainability took a new turn.

Some environmental non-governmental organisations saw the opportunity to do business on sustainability.

Although some were genuinely interested in fighting global warming, quite a few had hidden agendas.

They looked at the certification scheme as a way to make money. Palm oil was viewed as a soft target.

They cooked up arguments linking palm oil to climate change.

The fact that palm oil comes from the tropics helps in their strategy to make palm oil the bad guy.

One claim links palm oil to deforestation, which many know is exaggerated. In reality, the palm oil industry has long embraced sustainability practices.

Add to that the story of threatened species, like the orang utan, and the recipe to desecrate palm oil's image is complete.

After years of lobbying EU legislatures, banning palm oil in EU has now become law.

A victory for the sustainability certifiers no doubt, because the new law has insisted only on one certification scheme.

The biggest losers are small oil palm farmers. They do not have the financial muscle to put into place the criteria stipulated by the certification schemes.

They are among the low-income groups in the country. In fact, they were worse off before oil palm came to their rescue.

In Malaysia and Indonesia, oil palm proved to be the most potent poverty eradication instrument.

Many countries have hailed Malaysia's Federal Land Development Authority (Felda) scheme of oil palm growing by small farmers as a poverty alleviation success.

Many are keen to emulate Felda. However, by denying market access, the EU ban spells bad news for oil palm smallholders.

Under the United Nations Sustainable Development Goals (SDGs), reducing global poverty is at the top of the 17 goals.

There can never be sustainability if the poverty menace is not resolved.

EU is among those that support SDGs. Clearly, the palm oil ban, which has recently been legislated by EU, is not a reflection of such support.

The ban contradicts the first and important goal under SDGs, which is to reduce poverty. If this is not hypocrisy, I do not know what is.

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