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**A Certified Sustainability
Market-Based Voluntary Standards in Palm Oil Industry**

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Members of the examining committee:

Prof. Ben White [Supervisor]
Karin Astrid Siegmann, PhD [Reader]

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Inquiries:

Postal address:	Institute of Social Studies P.O. Box 29776 2502 LT The Hague The Netherlands
Location:	Kortenaerkade 12 2518 AX The Hague The Netherlands
Telephone:	+31 70 426 0460
Fax:	+31 70 426 0799

What is a teacher?
It isn't someone who teaches something
But someone who inspires the student
To give of her best in order
To discover what she already knows
-Paulo Coelho-

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Contents

<i>List of Tables</i>	<i>vi</i>
<i>List of Graphic</i>	<i>vi</i>
<i>List of Box</i>	<i>vi</i>
<i>List of Acronyms</i>	<i>vii</i>
Chapter 1 Introduction	1
1.1 Background	1
1.2 Relevance and Justification	3
1.3 Main Research Questions	4
1.4 Methodology and Data	5
1.5 Limitations of the Research	8
Chapter 2 ‘Sustainability’, ‘Sustainable Development’, and Market-Based Voluntary Standards: Critical Review	9
2.1 “Sustainability” or “Sustainable Development”?	9
2.2 Mainstream (Neoclassical) Perspective of ‘Sustainable Development’	10
2.3 Post-Structuralist and Marxist Perspectives	11
A. Post-Structuralist	11
B. Marxist Perspective (Eco-Socialism)	11
2.4 Market –Based Voluntary Standards (MBVS)	12
2.5 ‘Sustainability’ in MBVS	14
A. Mainstream Perspective of Supply Chain	14
B. Political Economy Perspective of Supply Chain	15
Chapter 3 Sustainable Palm Oil: The Context	16
3.1 Palm Oil Industry: An Overview of History and Present	16
3.4 The Establishment of Roundtable on Sustainable Palm Oil (RSPO)	18
3.5 Critiques on RSPO	19
3.6 The Production of RSPO’s Principles and Criteria (RSPO P&C)	20
Chapter 4 Oil Palm Plantation: Framing the Problem	22
4.1 Identified Problems in Oil Palm Plantation: Indonesia Case	22
4.2 RSPO’s Perspective on the Problem	26
4.3 Conclusion	29
Chapter 5 The Sustainability Discourse of RSPO	30

5.1. What is in the RSPO P&C?	30
5.2. How is the RSPO P&C implemented?	31
5.3. The Definition “Sustainable Palm Oil Production”	32
A. “Sustainable Palm Oil Production” = “Sustainable Palm Oil”?	34
5.2. Market-Based Voluntary Standards as ‘Code’	35
A. Compliance to the Prevailing Structure of Palm Oil Industry	35
5.3 “Environment Management”: Linking Conservationist Paradigm with Market	40
A. The “Appropriateness” of “Environmentally Appropriate”	40
B. The Boundary of Scale	40
C. The Categorization of Ecosystem: can the Beauty cover the Beast?	41
5.4. ‘Economic Viability’: For Who?	44
Chapter 6 Conclusion	46
<i>Appendices</i>	<i>48</i>
<i>References</i>	<i>57</i>

List of Tables

Table 1. Charles Tilly's Categorization Table of Reason Giving	6
Table 2. Discrepancy of Total and Planted Land under the Concession of PT. London Sumatra – Indonesia	42
Table 3. Discrepancy of Total and Planted Land under the Concession of PT. Mustika Sembuluh – Indonesia	42
Table 4. Excerpt from Stakeholder Consultation Meeting of PT Mustika Sembuluh's Public Summary Report, p. 52	44

List of Graphic

Graphic 1. Map of 'Jurisdiction' Area of RSPO's P&C	37
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List of Box

Box 1. Reinier de Man's Statement on RSPO in www.rdeman.nl	28
Box 2. Excerpt from RSPO Certification Assessment Report made by TÜV Rheinland on PT Mustika Sembuluh – Central Kalimantan, p. 47.	43

List of Acronyms

EIA	Environment Impact Assessment
FPIC	Free, Informed, Prior Consent
FSC	Forest Stewardship Council
GHG	Greenhouse Gases
HCV	High Conservation Value
ILO	International Labour Organization
IUCN	International Union for the Conservation of Nature
RSPO	Roundtable on Sustainable Palm Oil
RSPO P&C	8 Principles and 39 Criteria of Roundtable on Sustainable Palm Oil
UNCED	United Conference on Environment and Development
UNEP	United Nations Environment Program
UNCTAD	United Nations Conference on Trade and Development
WCED	World Commission on Environment and Development
WCS	World Conservation Strategy
WWF	World Wildlife Fund for Nature
WSSD	World Summit on Sustainable Development

Chapter 1

Introduction

1.1 Background

This study aims to understand the framing of “sustainability” discourse by market-based voluntary standards (MBVS) and how the framing enables the standards to respond to the environment challenges of the commodity. For that purpose, this study uses the voluntary standards of sustainable palm oil formulated by Roundtable of Sustainable Palm Oil (RSPO) as the case study by focusing more on how the process works in Indonesia context.

The last decade witnesses the rising popularity of environmental (and social) certification (market-based voluntary standards) in forest and agri-food to ‘non-food, monocrop agrarian’¹ products, which range from standards for forest extracted products, such as Forest Stewardship Council (FSC) for wood products, Fair Trade for agro-food products, to Roundtable for Sustainable Palm Oil (RSPO) certification for palm oil, a non-food, monocrop agrarian commodity. It was first initiated by North-based conservation organizations (NGOs) as the alternative from boycott actions commonly organized in the 1980s to 1990s (Klooster 2005). This initiative particularly derived from the concern over environmentally unfriendly practices of private business sectors. Such certification becomes increasingly popular as it is perceived as the panacea for resolving the environmental and social issues that commonly entails products that are produced through nature extraction (or exploitation). Environmental certification works by establishing its principles and criteria that has to be met by the business sectors in order to obtain the ‘sustainability’ certification for its products.

The policy-making authority of these voluntary standards is drawn from market’s demand for environmentally and socially sustainable produced products (Cashore 2002), where consumers’ awareness on environment and social consequences of the product they purchased becomes the driving and determining force for the implementation of the standards (Cashore et al 2007). The fulfilment of the required social and environment standards as formulated by particular voluntary standards scheme qualified the products to be regarded as sustainably produced, hence, a sustainable product.

Meanwhile, at the conceptual level, the debate that surrounds the concept of sustainable development in which the sustainability discourse of environmental certification lie its root on has not yet been resolved, including the proposed alternatives that is made by the post-structuralist and Marxist school of thoughts against the mainstream perspective of sustainable development (Castro 2004). Becker, Jahn, Stiess (1999) in Redclift (2006) stated that the power

¹ White and Dasgupta (2010)

of the concept “sustainable development” lies in the discourses that revolved around it, instead of any substantive or heuristic value that it may contain (p. 71). Hence, Redclift (2006) expressed the relevance for examining more closely of these discourses as “the term is usually attached uncritically to existing practices and policies that might benefit from “re-branding”” (p. 71). Pezzoli (1997) pointed out that it was “the ambiguous meaning of ‘sustainable’ in the expression sustainable development is what enables so many people to talk and write about it” (p. 550). He further argued that “...the term ‘sustainability’ has ideological and political content as well as ecological and economic content” (p. 550).

Environmental certification standards generated by certification organizations, such as FSC and RSPO, is the result of negotiations among the various stakeholders that involved in the development of the system, such as, pro-labor and pro-indigenous rights group, professional foresters, academics, industrialists, environmentalists, and forest product retailers (Klooster 2005) (Nikoloyuk 2010). Such certification scheme based its concept of ‘sustainability’ from the ‘mainstream definition’² of ‘sustainable development’ as defined in Brundtland Report which is ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’.

Despite its claim of sustainability, some studies show that such environment and social sustainability certification still demonstrates its weaknesses, for instance, in terms of power relations between the local producers and the big retailers, or in the issue of market niche (i.e. price premium) that further influence its sustainability claim (Cashore 2002) (Klooster 2006) (Miyata 2007) (Nikoloyuk et al 2010). Furthermore, some studies have also identified the importance of government policies in the midst of market-driven system as there are environmental or social issues (i.e. pollution) that cannot be tackled by environmental voluntary standards alone, but require a joint collaboration with government policies (McCarthy and Zen 2010).

However, Robinson (2004) expressed that these voluntary standards “represent a remarkable development over quite a short period of time” and that “it’s hard to imagine any transition to a more sustainable society would be possible without the progress in labelling, standards and certification that have been induced by concerns over green hypocrisy” (p. 375). Similar to the concept that sets its goal—‘sustainable development’—the term ‘certification’ has also become the present ‘buzzword’ which have tend to be taken for granted as the assurance of environmentally and socially sustainable practice of business sectors.

Adams (2009), in agreement with Chambers (2005), expressed that “Words like “development” and “sustainability” are “buzzwords” (p.2). They are “unavoidable, powerful and floating free from concrete referents in a world of make-me-believe” (*ibid*). As some of the mentioned scholars have indicated,

² Castro (2004)

especially those who argued from post-structuralist perspective, the word ‘sustainability’ in itself is elusive and ambiguous which open for various interpretations by various actors dependant on their interests. Hence, it is very important to know whose words matter, who uses them and where the ideas derived from. The politics of development language of ‘powerful global actors’ construct the development of the ‘world periphery’ (Adams 2009:2).

This study takes up post-structuralist tradition that paid particular attention to discourse and its practices and aims at deconstructing a particular object of knowledge, which in this research is the sustainability discourse constructed and applied by environment product certification. Through post-structuralist perspective, as Castro (2004) puts it, one learns to see that “discourse takes on a life on its own and has a real impact on people”.

1.2 Relevance and Justification

The elusiveness of ‘sustainability’ as a concept, the ‘yet-resolved’ debate on the concept itself among scholars and the utilization of the concept in the practice of market-based voluntary standards in a product market becomes the main rationale for this study to analyse how the concept has been constructed and framed in market-based voluntary standards. Market-based voluntary standards are the praxis of “sustainable development” discourse in market/private sector. This study is expected to be able to demonstrate ‘sustainable development’ discourse in practice and how it may create impacts on the people.

Meanwhile, a significant amount of studies with various analysis perspective have been carried out on market-based voluntary standards as practiced by Forest Stewardships Council (FSC) or Fair Trade (FT) which have contributed significant insights on the dynamics of market-based voluntary standards and their ‘sustainability’ discourse, while less study is found on RSPO, hence, this is one of the rationale for the choosing of RSPO as case study. Moreover, the notion of ‘sustainable palm oil’ has triggered controversies, especially when palm oil is now gaining more popular ground as bio(agro)fuel market is increasingly popular.

Some environmental organizations, such as, Centre for Orangutan Protection, Friends of the Earth International, Greenpeace or Indonesia-based AMAN (Indigenous Peoples Alliance of the Archipelago) argued that palm oil industry are environmentally and socially unsustainable due to the scale and the imbalance power level between the locals, the company and state authorities.

“All criteria on sustainable palm oil and certification process are merely public lies.” – Novi Hardianto, program coordinator for Centre for Orangutan Protection³

³ See <http://www.worldwatch.org/node/6082>, accessed 15 November 2010

“RSPO is a voluntary certification process for a market premium and membership that may be able to add a much sought after and totally misleading 'green tag' to the industry. Moreover, it provides certification without having to actually address some of the most very basic, structural issues that gave rise to the adverse impacts of oil palm cultivation”- Friends of the Earth International⁴

Nikoloyuk et al (2010) expressed that despite its limitations and potentialities, RSPO is “among the most successful examples of this emerging model of governance of sustainable development”(p. 70). In its website, RSPO claimed its Principles and Criteria as “the global guidelines for producing palm oil sustainably” and “have been described as the world’s toughest standards for sustainable agriculture production and have been variously adapted for other crops”⁵.

As being stated by Becker, Jahn, Stiess (1999) in Redclift (2004), the strength of sustainable development concept lies in the discourses that surround it. Hence, it is relevant to examine more closely of these discourses as “the term is usually attached uncritically to existing practices and policies that might benefit from ‘re-branding’” (Redclift 2004: 71). This study is expected to be able to contribute to the literature on sustainable development and its debate, particularly in market-based voluntary standards for environmental and social sustainability certification.

This environmental and social issues highlighted in this case study will mostly be coming from Indonesia for two reasons; Firstly, the availability of data and references that I have are mostly from Indonesia. Secondly, Indonesia is one of the biggest producers of global palm oil after Malaysia.

1.3 Main Research Questions

Meanwhile, the main research questions proposed by this research is “*What is the meaning of “sustainability” in RSPO discourse?*” and “*To what extent RSPO’s sustainability discourse responds to the problems of palm oil industry?*”

The assumptions of this study are: 1. The sustainability certification of RSPO is framed based on the negotiations among its members and involved parties, i.e. facilitators, etc –hence, it is a negotiated sustainability. 2. RSPO has its own way of framing the discourse of sustainability that it is promoting, although it may be rooted in the mainstream paradigm of sustainable development, however, as the result of negotiations among the involving parties, RSPO has also constructed its “own” sustainability discourse.

⁴ See <http://www.foei.org/en/media/archive/2009/certified-palm-oil-not-a-solution/?searchterm=certification>, accessed 15 November 2010

⁵ See <http://www.rspo.org/?q=page/509>, accessed 15 November 2010

1.4 Methodology and Data

In order to examine more closely the discourse of sustainability as framed by RSPO and how it respond to the social and environmental challenges in palm oil industry, thus, it is relevant to use the method of discourse analysis as developed by post-structuralist school of thought. As argued by Phillips and Hardy (2002), “social reality is produced and made real through discourses, and social interactions cannot be fully understood without reference to the discourse that give them meaning” (p. 3). Hence, the task of discourse analyst is “to explore the relationship between discourse and reality” (p. 3).

There are 2 definitions of discourse which I found to be suitable as the foundational ground of analysis for this research. The definition by Hajer (1993) as quoted by Gasper and Aphorpe (1996) perceived discourse at the ideational level, while the definition as presented by Parker (1992) as quoted by Phillips and Hardy (2002) perceived discourse more at the material level.

Discourse as defined by Hajer (1993) is “an ensemble of ideas, concepts, and categories through which meaning is given to phenomena. Discourses frame certain problems; that is to say, they distinguish some aspects of a situation rather than others”. Whilst, Parker (1992) in Phillips and Hardy (2002) defines discourse as “an interrelated set of texts, and the practices of their production, dissemination, and reception, that brings an object into being”. Furthermore, Phillips and Hardy (2002) sees “what makes a research technique discursive is not the method itself but the use of that method to carry out an interpretive analysis of some form of text with a view to providing an understanding of discourse and its role in constituting social reality” (p. 10).

In order to examine the construction of a discourse, discourse analysts also agree on the crucial role of understanding the context that lay the background for the production of a discourse. As Fairclough and Wodak (1997) in Phillips and Hardy (2002) puts it “Discourse is not produced without context and cannot be understood without taking context into consideration...Discourses are always connected to other discourses which were produced earlier, as well as those which are produced synchronically and subsequently” (p. 3). For this research, firstly, I will present the context in which the discourse of sustainability arise through the presentation of literature review on the concept of “sustainable development” and “sustainability” in Chapter 2. Furthermore, as my research is specifically focusing on the sustainability discourse as framed in industrial agricultural product certification (market-based voluntary standards), hence, I will also present the discussion on market-based voluntary standards in Chapter 3.

Secondly, I will deal with the immediate textual context that surrounds the main text for analysis in this research: the RSPO’s Principles and Criteria (RSPO P&C) for sustainability. The choosing of this text as the main data for analysis because this text is the primary and compulsory set of standards that should be met in order to obtain RSPO’s sustainable palm oil certificate. I will analyse the main text together with other texts as the means for inter-textual analysis. The main accompanying texts for inter-textual data analysis are two discussion papers produced by ProForest, the consultant of RSPO,

and two Public Summary Reports of Certification Assessment of two oil palm plantations in Indonesia. Those data are as follows:

1. Discussion paper entitled “Defining Sustainability in Oil Palm Production: An Analysis of Existing Sustainable Agriculture and Oil Palm Initiatives” by ProForest.
2. Discussion paper entitled “Palm Oil, Forests and Sustainability” by ProForest.
3. Public Assessment Report of PT Mustika Sembuluh, Indonesia by TÜV Rheinland
4. Public Assessment Report of PT London Sumatra Tbk, Indonesia by TÜV Nord.

The first two texts are the discussion papers prepared for the formulation process of RSPO P&C that will provide insights on the oil palm issues discussed during RSPO P&C preparation process. Whilst, the last two texts are the certification assessment reports prepared by two of RSPO’s authorized certification bodies, which will provide insights on the application of RSPO P&C. The certification reports are selected in a random manner. All of these texts are available at RSPO’s website.

This study is organized in the following sequence: the review of related concepts of this study is presented in chapter 2; chapter 3 discusses the context of palm oil industry with much focus on Indonesia case study; chapter 4 presents the discussion on the problems found in palm oil plantation; chapter 5 presents the analysis of RSPO’s sustainability discourse; and the conclusion of this study is presented in chapter 6.

In order to understand the construction of sustainability concept by RSPO, I will apply 2 methods of analysis, namely:

- A. **Charles Tilly’s Reason Giving Analysis**, which is used to analyze the genre of RSPO P&C as market-based voluntary standards. Charles Tilly (2004) categorizes human reasons giving into four overlapping categories, namely, conventions which he defines as “conventionally accepted reasons for dereliction, deviation, or good fortune”; stories which incorporates “explanations of exceptional events”; code which is “codified justifications for actions such as legal judgements, religious penance or awarding of medals”; and technical accounts which basically is the usage of technical jargons by a particular (professional) community in which the particular jargons belong to (p. 447). Each of these 4 categories has 2 dimensions, either formulas or cause-effect accounts, and popular or specialized statements.

Table 1. Charles Tilly’s Categorization Table of Reason Giving

	Popular	Specialized
Formulas	Conventions	Code (codified Justification)
Cause-Effect Accounts	Explanatory Stories	Technical Accounts

Source: Tilly (2004), p. 449

The dimension of ‘popular’ and ‘specialized’ statements indicates “the extent to which ordered, disciplined, internally coherent schemes dominate reason giving” (Tilly 2004:449). The difference between the two types of statements is ‘popular’ reasons is widely accessible, while ‘specialized’ reasons require “extensive training in the discourse” (ibid). Meanwhile, the ‘Formulas’ is more of “criteria of appropriateness rather than causality prevail” and that it identifies “an appropriate correspondence between Y (the event, action, or outcome at hand) and X (its antecedent) but enter little or not at all into the causal chain connecting Y to X” (p. 449-450). The ‘cause-effect accounts’ traces the “causal processes” of X to Y – even if the causal lines may be irrational or difficult to understand (p.450).

- B. Frame Analysis that is common for policy analysis in order to understand how sustainability is ‘framed’ by RSPO. ‘Frame’ is a metaphor for *‘underlying structures of belief, perception and appreciation’* (Schön & Rein 1994:23) *which are expressed through language and direct action* (Yanow 2000:12).

Furthermore, Yanow (2000) stated that “frames also entail courses of action” where the way we frame a certain problem/issue determines the way we respond to the problem. She presented an example of the concept of “broken homes” with “single parent families” where the former frame suggested the idea of requiring action from the government (i.e. policy design) to mend the “broken” family relationship, while the latter does not contain the rationale for government’s reparative intervention (Ibid:12-13). Yanow (2000) suggested 5 steps in interpretive policy analysis that uses ‘Framing’ method, which are:

1. Identify the artifacts (language, objects, acts) that are significant carriers of meaning for a given policy issue, as perceived by policy-relevant actors and interpretive communities.
2. Identify communities of meaning/interpretation/speech/practice that are relevant to the policy issue under analysis
3. Identify the “discourses”: the specific meanings being communicated through specific artifacts and their entailments (in thought, speech, and act)
4. Identify the points of conflict and their conceptual sources (affective, cognitive, and/or moral) that reflect different interpretations by different communities.
5. a. show implications of different meanings/interpretations for policy formulation and/or action show that differences reflect different ways of seeing

b. negotiate/mediate/intervene in some other form to bridge differences (e.g. suggest reformulation or reframing). (Yanow 2000:22).

Frame Analysis will be particularly applied to analyzing RSPO's Principles and Criteria for sustainability certification of palm oil production. This method will be combined with analyzing the argument contained in the selected texts. The argument analysis will be focusing broadly on the devices used to strengthen the sustainability claims by RSPO.

1.5 Limitations of the Research

This research is limited to mainly focusing on the textual data analyses. It limits its scope to the context of where the principle and criteria is formulated and applied. Even so, as the principles and criteria along with its related texts are already abundantly rich as data for discourse analysis, hence, this paper can only present several 'foundation' analysis. Due to the limited space available, this research paper also limits its analysis to the legal, economic and environmental dimensions of the RSPO P&C.

This research does not claim the universality of its analyses to all market-based voluntary standards as a further study would be required. As it is limited on textual data, the interpretation of the data can be subjective of my personal interpretation

Chapter 2

‘Sustainability’, ‘Sustainable Development’, and Market-Based Voluntary Standards: Critical Review

This literature review summarises relevant aspects of the debates that surrounds the discourse “sustainable development” and “sustainability” on the one hand and Market-Based Voluntary Standards (MBVS) on the other.

2.1 “Sustainability” or “Sustainable Development”?

Following the title of WCED report published in 1980, “*Our Common Future*”, the word “sustainable development” has indeed become a global “buzz-words” that is “unavoidable, powerful and floating free from concrete referents in a world of make-me-believe” (Chambers (2005) in Adams (2009)). All academics that critically discussed the concept of “sustainable development” agree on one point, that the concept is difficult to define and has been the subject of multi-interpretation by multiple actors, from international organizations, government institutions and non-governmental organization (see Mebratu 1998; Redclift 2004; Robinson 2004; Castro 2004).

The term ‘sustainability’ first appeared in the report produced by Club of Rome in 1972 entitled “Limits to Growth”. The report stated its concern over the Earth’s ‘limits to growth’ as the growth trend (in population, pollution and food production) had shown significant pressure over the world’s ecology (Pezzoli 1997:550-551). “Limits to Growth” later on led to series of meeting at the international level, including the formation of United Nations Environment Program (UNEP). In 1980, the publication of ‘World Conservation Strategy’ by International Union for the Conservation of Nature (IUCN) (in close collaboration with UNEP and World Wildlife Fund for Nature (WWF)) set the ‘launchpad’⁶ for the concept ‘sustainable development’ in which was adopted by WCED later on in its famous Brundland Report. The term “Sustainable Development” later on gain a stronger global ground in 1992 Earth Summit which made it a dominant development paradigm as different discourses are created by different actors in order to justify their activities (Redclift 2006); from international organizations, government institutions, private business sectors to non-governmental organizations. This resulted in ranges of definitions and interpretations on the concept (Mebratu 1998).

For the purpose of this paper, I will use the term “sustainability” to refer to the “sustainability” concept and objective of market-based voluntary standards for environment and social sustainability certification, and the term “Sustainable Development” to refer to the WCED’s concept.

⁶ Mather and Chapman (1995) in Elliott (2006:34)

2.2 Mainstream (Neoclassical) Perspective of ‘Sustainable Development’

Neoliberalism that derives from neoclassic economy theories is the underlying ideology of the concept of ‘sustainable development’ as defined by WCED’s Brundtland Report. It is important to understand and discuss the neoliberal perspective of the mainstream concept of ‘Sustainable Development’ as it is the concept that is referred to by environment sustainability certification standards as applied by RSPO. This perspective of ‘sustainable development’ is inspired by IUCN’s ‘World Conservation Strategy’ (WCS), the first report that indicated ‘development’ as a significant pathway to achieve conservation, and not as obstruction. It suggested that “conservation and sustainable development are mutually dependant” (WCS 1980, chapter 1, point 10).

The famous definition of “sustainable development” as defined in Brundtland Report: “...development that meets the needs of the present without compromising the ability of future generations to meet their own needs”, becomes the main reference for other definitions that follow. This concept takes on the assumption that ecological destruction is the result of poverty caused by overpopulation which shall become the main threat to development in the long term. The proposed solution is economic growth, especially through free market/trade liberalization system⁷ and the emphasis on role of private business and industry in ‘environment management’. This idea is also resonated in *Agenda 21*⁸ of 1992 Earth Summit and other definitions of ‘sustainable development’ formulated by institutions and field of science that follow this strand of perspective, i.e. World Bank or Environmental Economics.

Meanwhile, the commonly known three pillars of sustainable development; economy, environment and social aspects of the concept had earlier been identified in WCS in its definition of ‘Development’:

“For development to be sustainable, it must take account of social and ecological factors, as well as economic ones: of the living and non-living resource base; and of the long term as well as the short term advantages and disadvantages of alternative actions” (‘World Conservation Strategy’ 1980, sec. 1. Introduction, point 3)

This idea is also adopted by Brundtland Report which was contained in its explanation on “critical objectives and necessary conditions for sustainable development” (Elliott 2006:14). Presently, most definitions of ‘sustainable development’ incorporate these “three interdependent pillars of sustainable development” which objective is to “maximize the goals across all three systems and is illustrated by the intersection of these circles” (*ibid*, p. 11).

⁷ See Brundtland Report, 1987, p. 89

⁸ See Agenda 21, 1992, chapter 2, point 2.3; chapter 30, point 30.3

2.3 Post-Structuralist and Marxist Perspectives

This paper discussed the critiques on the mainstream perspective of ‘sustainable development’ from two strands of thoughts: the Post-Structural and Marxist perspectives. The views from these critiques will help to understand the complexities arises from a multi-interpretive concept such as ‘sustainability’ and the elements of the critiques will help in analyzing the ‘sustainability’ frame that is applied by RSPO.

A. Post-Structuralist

For post-structuralist, the discourse of ‘sustainable development’ is the same as ‘developmentalism’ where nature is commercialized and capitalized, Earth is perceived as the object of management, including the people, hence, create further degradation on the ecology. The assumption on nature/earth of this perspective is that it can be rationally and efficiently managed and used in the capitalist system.

In line with post-structuralist critics, Redclift (2006) argued that syllogism was applied in the “consensus” that existed in the discourse of sustainable development in which he argued to be “superficially convenient until we begin to ask how these different definitions (of sustainability) match up” (p. 67). He also highlighted the weakness of environmental economics categorization of “strong” and “weak” sustainability where he found the problem later on exists in its political and distributive aspects. He underlined the realities where resources have owners, whether they are individuals, groups or corporations, hence, the issue of access and control of the resources becomes the counter argument for environmental economics (Redclift 2006:68-69).

B. Marxist Perspective (Eco-Socialism)

Marxist perspective (Eco-Socialism) on sustainable development draws out several points of critiques. The main critique is especially focusing on the issue of economic growth that works as the basis of mainstream concept of sustainable development. As argued by O’Connor, one of the prominent ecological Marxist, sustainability under mainstream perspective is the sustainability of economic growth (or capitalism) (Castro 2004:214).

One of the critiques from this school of thought that can be used for reflecting on Palm Oil global market is the concept of metabolic rift in human-nature relations that exist in capitalist system of development. Metabolic rift is argued to exist as trading has developed to long distant places as well as the concentration of population in urban areas. The condition creates the movement of energy and matter from one place to another by capital activity which create metabolic rift (Castro 2004:216). Marx developed this concept on his critique of capitalist agriculture (production) as he observed urban-rural division which created negative impacts on the soil and its nutrients. As industrial production in urban area grows, food and fibres produced in rural area are sent out to urban areas. The transfer of the food and fibres also means the transfer of soil nutrients away from their point of origin which disabled the completion

of the soil's metabolic process⁹. This phenomenon slowly depletes the fertility of the soil and creates a metabolic "rift" in human-nature relations (Longo 2009:2). Hence, this critic argued that long distant trading is not sustainable environmentally.

Overall, the fundamental argument of Marxist on capitalism is that it does not aim at the goal of environment sustainability or cultural diversity, nor equitable social development that eliminates poverty. Thus, if sustainable development worked based on the developmentalism paradigm, Marxists argue that the social and environment impacts they created will be the same, which are poverty and environmental degradation. Furthermore, it weakens the peoples' potentials to generate their own subsistence as well as the process of substituting their cultures with another culture is taking place (Castro 2004:218).

From the review, some of the key ideas that shall help guide the analysis of this study are: mainstream perspective of "sustainable development" is the concept resulting from the 'collaboration' of developmentalist and conservationist paradigms which framed the problem of ecology as deriving from 'poverty', hence, the proposed solution is 'economic growth' where business sectors are positioned as one of the key actors in the achievement of 'sustainable development'. Meanwhile, the perspective from the critics: Post-Structuralist and Marxist, where Earth is regarded as a rationally and efficiently manageable entity, the elusiveness of the 'sustainability' and 'sustainable development' concepts, the importance of local community participation and Marxist's concept on "metabolic rift" will help to critically reflect on the nature of palm oil global market and the role of RSPO in creating 'sustainable palm oil' market.

2.4 Market –Based Voluntary Standards (MBVS)

Environment and social sustainability certification has become increasingly popular in recent years. Fair Trade's initiative in 1988 for handicrafts and coffee, was the first environment and social sustainability initiative which inspires the formation of other similar initiatives (Bitzer et al 2008:271) on various environment or agricultural products, such as Forest Stewardship Council (FSC) for forest certification in the 1990s and Roundtable on Sustainable Palm Oil (RSPO) in 2004. These initiatives are considered to be one of the effective economic tools as the solution for environmental and social problems resulting from 'historically rooted international trade inequalities and efforts to create more egalitarian commodity networks linking marginalized producers in the global South with progressive consumers in the global North' (Raynolds 2009:1083).

⁹ The concept of metabolism exists in biological and ecological sciences. It explained that nature has metabolic processes (cycle) that allow "material exchanges to take place between an organism and its environment, or a cell and its surroundings" and become their source of "basic building blocks of life" (Longo 2009:2).

It is also considered as part of the ‘win-win solution’ proposed by international environmental organizations as the alternative to boycott which previously much used by those organizations to put forward their environmental concerns on the use of products resulted from natural resource exploitation (Klooster 2005). It is ‘an evolving attempt’ of NGOs to use market ‘to exert environmental and social values on production processes’ (Klooster 2005:405). Scholars noted that Ethical trading standards, certification systems are examples of civil society attempting to insert social and environmental considerations to the already-existing governance of a Global Commodity Chain (*ibid*).

The presence of voluntary standards system can be traced back to the failure of international agreement (in 1992 World Summit on Sustainable Development (WSSD)) to respond to the ongoing global forest destruction which transnational environmental groups decided to take the issue into their hands. World-Wide Fund for Nature (WWF) becomes the main spearhead in the promotion of voluntary standards on environment products. Together with some other environment groups, WWF established Forest Stewardship Council (FSC) that becomes the first non-state private governance system on the field of forestry. Since then, this type of organization has inspired the establishment of other similar institutions, such as Roundtable on Sustainable Palm Oil in 2004 in which WWF is also one of the founders. As noted by Klooster (2006) that alternative or oppositional movements often are the initiator of certification programs and have them expanded into market share (p. 543).

Certification that is part of voluntary standards of market-based approach has the underlying assumption that “Environmental governance can emerge as a natural outcome of the market process: if market regulates themselves, producers will incorporate environmental concerns into their activities wherever consumers value environmental sustainability. In other words, the price mechanism can establish the optimal level of investment in environmental protection efforts” (McCarthy, 2010). Meanwhile, Chan and Patterberg (2008) defined certification or voluntary standards as “a cooperative private regime that combines market mechanisms with the credibility of civil society organizations” (p. 117)

Certification systems involve specified standards, verification procedures, certifications, and often labels. While traditional commodity standards focus on intrinsic product attributes, certification standards typically relate to social and environmental production processes (Raynolds 2009:1084). Cashore (2002:511) identified that the source of authority of market-based voluntary standards (in which he referred as “Non-State Market Driven (NSMD) Governance System”) lied in the evaluations by external audiences which include the parties that are targeted for its regulation. The strongest and most legitimate certifications have non-governmental organization (NGO) coordinating bodies which set and oversee compliance (Gereffi et al (2001) in Raynolds (2009:1084)).

To date, certification has been widely accepted as a “global public policy”¹⁰ in which supported by some of the world governance institutions such as World Bank, some European Governments, USAID or global business actors, such as IKEA. Despite the growing popularity that this mechanism gains, there has been much discussions that reflect the pros and cons of this mechanism. Some scholars take the positions that non-state market-driven mechanism can work as a new governance system that ensures the fulfilment of environment and social objectives in a product commodity chain, while others still see a central role for state-driven regulation to play in ensuring the protection of the people’s social and environmental rights.

Many names are used to address this system. Those who supports this system will usually address it as “partnerships”, while those who are critical will address it by other names, such as, ‘Non-State Market-Driven Governance regimes’ (Cashore 2005) or ‘Cooperative Private Regime’ (Chan and Pattberg 2005). This paper will use the term “market-based voluntary standards” (MBVS) as it is the generic common term.

2.5 ‘Sustainability’ in MBVS

“Sustainability” in MBVS is the target that is achieved in the certification process of a product’s supply chain. A product is declared as “sustainable” when it fulfilled all the “sustainability” criteria set by the MBVS organisation, such as FSC or RSPO. Nikoloyuk et al (2009) stated that the concept of sustainability used in market-based voluntary standards takes its root in “sustainable development” concept as defined in Brundtland Report. Although, it is inspired by “sustainable development” concept, but an MBVS still need to define its own “Sustainability” standards, including its operational criteria, as they are the result of consensus reached among the stakeholders involved in a particular scheme of MBVS. Hence, each voluntary standards system will set up its own “sustainability” standards on a particular product/commodity, i.e. voluntary standards for coffee, soya, banana or palm oil.

A. Mainstream Perspective of Supply Chain

‘Sustainability’ as applied by MBVS for environment and social sustainability certification is framed as “sustainable management”, for instance, the objective of FSC is “sustainable forest management”, or “sustainability” as set by RSPO is “good management” or “best practices”. Mainstream perspective of supply chains are defined as follows:

“A supply chain links production units, one unit’s outputs providing inputs into another unit (on multiple units), for instance, the linkages from raw materials through intermediate products to end-products and finally to consumption. Often waste disposal or recycling is the last step in the chain. Typically, there are multiple chains.” (de Man and Burns 2006:2)

¹⁰ Counsell and Loraas (2002) as quoted by Klooster (2006).

B. Political Economy Perspective of Supply Chain

In his discussion on the critics against the cosmetic environmentalism in mainstream perspective of sustainable development, Robinson (2004) proposed questions on the issue of measuring sustainability: “how can we evaluate the claim that a particular product is “green”, “environmentally benign”, or “socially responsible”?, what criteria should be used to weigh such claims? How does one measure and compare, say, habitat destruction versus greenhouse gas emissions, or either against unfair labor practices in developing countries?”(p. 374).

The complexities of relations that exist in a commodity chain are identified by Hartwick (1998). Using the case study of gold mine that connects the ‘gold widows’ in South Africa and ‘gold windows’ at Tiffany’s in the United States, Hartwick (1998) explained her “materialist commodity-chain analysis” that indicates not merely the vertical dimension of commodity movements, but also in each connecting nodes what she referred as “places” that indicate the horizontal dimensions of the nodes along the commodity chain.

Robinson (2004) further expressed that “the effects of these standards are to some degree independent of the intentions of the industries adopting them” (p. 374). The ironical point is that upon adopting the environmental or social responsibility standards due to public pressure, the private sector found that “the credibility of those standards (incl. any competitive advantage they create) are significantly enhanced by adopting processes of measurement and certification that are transparent, open, subject to credible expert review, and that involve NGO participation.” He argued that although certification standards may not fully guarantee the socially and environmentally sustainable practices of the private sector, however, the adoption of labelling, standards and certification have enabled the transition process into a more sustainable society.

The review above helps to understand the historical background of MBVS, particularly the actors and how they are connected with mainstream ‘sustainable development’ paradigm. Meanwhile, understanding two different concepts of supply chains is useful to understand how the different perspectives shape MBVS view on the ‘relations of production’ of a product. One basic different from the two perspectives of supply chain is that the mainstream perspective of supply chain mainly focuses only on the commodity movement, while the political economy (materialist) perspective of supply chain see the ‘extended’ relations between human force and the commodity. This understanding will help to understand how RSPO P&C shape its perspective on the ‘sustainability’ created in palm oil commodity chain.

Chapter 3

Sustainable Palm Oil: The Context

3.1 Palm Oil Industry: An Overview of History and Present

The history of palm oil as a globally traded commodity began in the period of British Industrial revolution. Originally from the tropical rain forest region of West Africa, oil palm (*Elaeis guineensis*) was transported (traded) by European explorers to European market during British Industrial Revolution as the demand for lubricant for machinery, candle making, including sanitation products (i.e. soap) as sanitation and hygiene were being taken more seriously in Europe (FAO data¹¹). In 14th to 17th centuries, oil palm trees were transported to Americas which later on became naturalized and was associated with slave plantations. From Americas, the oil palm was transported to Far East¹² by the Dutch to its East Indies colony. The first four oil palm trees arrived in Southeast Asia in about 1848 which were planted in Buitenzorg Botanical Garden in Java, Indonesia. These trees became the parental trees to all other oil palm trees as plantations were established. According to Henderson and Osborne (2000), in 1911, a Belgian firm developed the first large-scale commercial plantations in Sumatra. Six years after, in 1917, using the seeds from Sumatra's plantations, large-scale plantations of oil palm were expanded to Malaya (Malaysia).

Presently, palm oil is the second most consumed edible oil after soya oil and gaining more popularity globally as biofuel (agrofuel) takes centrality in the discourse of alternative energy. The three biggest markets for palm oil at the moment is China (28%), Western Europe (26%) and India (24%) (Colchester et al 2006:20). With the rising market for biofuel, governments of the Southern countries are very enthusiastic in expanding their oil palm plantations (Oosterkamp et al 2007:6). Malaysia and Indonesia are presently the biggest world producers of palm oil. Oil palm plantation in Indonesia covered as vast as 7.51 million hectares and further expansion to 8.12 million hectares is being targeted for 2010¹³. Siagian (2008) noted that another expansion of 20 million hectares is planned by the Indonesian government which means area as vast as the combination of England, The Netherlands, and Switzerland (p.6). Compare to other type of vegetable oil grown in temperate climate, palm oil that is pro-

¹¹ See <ftp://ftp.fao.org/docrep/fao/005/y4355E/y4355E00.pdf>, accessed 18 September 2010

¹² *ibid*

¹³ Statement made by Mangga Barani, the Plantation Director General of Indonesia's Agriculture Ministry in Bisnis Indonesia, a daily business newspaper in Indonesia, dated on 4 January 2010. Article republished in the website of Indonesian Palm Oil Association (GAPKI), <http://www.gapki.or.id/news/detail/25/Kelapa-sawit-tetap-menjadi-sektor-andalan>, accessed 27 November 2010

duced in the South is relatively cheaper in its production costs and also yield more per hectare of land in comparison to other oil crops (Clancy 2009:417).

Palm oil global trading is closely attached to Northern market demand, especially with the present bio(agro)fuel boom which is related to fuel security. Meanwhile, the Southern discourse of palm oil and biofuel has always dominated by the notion of rural development and poverty reduction as it provides jobs and increases incomes (*Ibid*, p.417). This discourse has also been used by international financial institution, such as World Bank and International Finance Corporation (IFC)—a member of the World Bank Group, to promote and finance the development of oil palm plantation, particularly in Malaysia and Indonesia¹⁴.

Palm oil plantations in Indonesia are run by large-scale corporations which are state or privately owned. There are also medium-scale companies but their number is decreasing. Indonesia's state-owned oil palm company (PTPN) used to be the biggest operator of Indonesia's oil palm plantation, however, large-scale (multinationals, transnational, and national) private companies are now dominating (Colchester et al 2006:42). Indonesia Government has been the main promoter of oil palm plantation and it remains the prioritized crop up until today due to its significant contribution to Indonesia's capital inflow.

Oil palm plantation in Indonesia is organized by way of contract farming system, where the scheme requires the locals to enrol and surrender a certain amount of land to the community. The amount of land depends on the scheme adopted by the company, for instance, 5:2 or 7.5: 2, which means the locals will have to give away 5 ha or 7.5 ha of land, and later on they will receive back 2 ha of land with planted oil palm trees. The 2 ha land is usually agreed to be given back by the company to the locals 48 months after the handing over. The 2 ha comes along with a debt that should be paid by the smallholders to cover the costs of land clearing, the oil palm trees, transportation fee, .On registration, the locals have entered into contract with the company where as smallholders, they are organized under a cooperative established or appointed by the companies which mainly shall manage the buying and selling of oil palm fruit between the company and the smallholders.

Meanwhile, the price mechanism for oil palm fruit at the local level (the selling price of smallholder farmers to the company (through cooperative) is determined by a pricing team that is formed by local government based on the regulation issued by Agriculture Minister (Permentan) (Mulyana 2008:2). As Mulyana (2008) noted, the price of Oil Palm Fresh Fruit Bunch (FFB) was determined by palm oil export price (FOB) which is influenced by the price fluctuation in Kuala Lumpur and Rotterdam (p. 3), hence, the smallholder farmers are directly influenced by palm oil price fluctuation at global level. Meanwhile, for production chart of palm oil, please see Appendix 7.

¹⁴ See http://www.grain.org/seedling/?id=703#_ref, accessed 27 November 2010

3.4 The Establishment of Roundtable on Sustainable Palm Oil (RSPO)

In the midst of debate and controversy on the palm oil industry, a forum, which has the legal body of an association, called Roundtable on Sustainable Palm Oil (RSPO) was established. It is “an emerging new governance model intending to further sustainable development” (Nikoloyuk 2010:60). RSPO’s statement of objective is “promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders”. RSPO became the first international forum where several stakeholders in palm oil industry, including the environmental and social NGOs, come together to work in achieving what is called as “sustainable palm oil” that is “legal, economically viable, environmentally appropriate and socially beneficial management and operations”¹⁵.

The establishment of RSPO is the initiative of World Wide Fund for Nature (WWF) in which since the late 1990s has formulated its “strategic action for palm oil and soy” (Nikoloyuk et al 2009:59) and formally began the preparation for the establishment of RSPO in 2001. Based on the historical account of the establishment provided in its website as well as some scholarly literature (see Nikoloyuk et al 2010; Laurance et al 2009), RSPO was established as the response to the concerns over environmental degradation, particularly deforestation, resulted from the operation and rapid expansion of palm oil plantation in tropical countries, i.e. Malaysia, Indonesia, New Guinea, Equatorial Africa, Central America and the Amazon (Laurance et al 2009). It was described as a ‘private sector-driven initiative’ that is established due to ‘the weakness of local policies and their implementation’ (Nikoloyuk et al 2010:65). Meanwhile, It is also difficult to intervene at the level of international regulation as it potentially faced sanction of improper trade barriers set by World Trade Organization (WTO) (*ibid.* 60).

The first preparatory meeting of the organizing committee was hold in early 2003 at Heathrow Airport which involved Migros—one of Europe’s supermarket chains (palm oil product retailer), Sainsbury’s—the third largest supermarket in UK, Unilever—an Anglo-Dutch multinational corporation that is the buyer of palm oil, WWF, and ProForest. The establishment process of RSPO, particularly the formulation of its sustainability agenda (RSPO’s Principles and Criteria), involve two key consultants, namely Reinier de Man¹⁶ who is

¹⁵ See the Preamble of RSPO’s Principle and Criteria

¹⁶ Reinier de Man specialized in “initiating, designing and implementing partnerships along global supply chains for commodities such as timber, cotton, soya and palm oil, involving business players, NGOs and public stakeholders” (de Man and Burns 2006:1). His paper entitled “Newspaper that know their trees” received the ICC World Summit Business Award for Sustainable Development. He also worked on partnerships project for sustainable cotton in Africa, sustainable platinum in Russia and sustainable paper in Russia, Asia and South America (*ibid.*).

a consultant for sustainable business development and Proforest¹⁷, an independent consulting company that specialized in the development and implementation of sustainable practices and policy for forests, agricultural commodities and conservation¹⁸.

RSPO was formally established in 2004. The main office is based in Zurich, Switzerland and the Secretariat is based in Kuala Lumpur, Malaysia with a liaison office in Jakarta, Indonesia. With the metaphor “Roundtable” as its name, RSPO claimed its governance structure “ensures fair representation of all stakeholders throughout the entire supply chain”¹⁹.

Presently, there are as many as 489 RSPO members, which comprised of 386 ordinary members, 82 affiliate members, and 21 supply chain associates. By category, present RSPO members comprised of 8 banks and investors, 95 consumer goods and manufacturing companies, 85 oil palm growers, 155 palm oil processors and traders, 23 retailers, 11 environmental or nature conservation NGOs, and 9 social or development organizations²⁰. The role of Unilever that has been prominent since the beginning of the initiative was affirmed with the elected President, Jan Kees Vis of Unilever.

3.5 Critiques on RSPO

During the six years of its active operation, RSPO has been the target of much criticism. A number of non-government organizations have voiced their scepticism and critiques on RSPO, such as Friends of the Earth, Greenpeace, Down to Earth, or World Rainforest Movement. The critiques are mainly focusing on the issue of ‘greenwash’ as they do not find RSPO system will be the remedy for the extensive environmental and social problems posed by large-scale monoculture plantation. More, these organizations criticized that it enabled further ‘tropical deforestation and atmospheric carbon emissions under the guise of stated, but unfulfilled, sustainability criteria’ (Nikoloyuk 2010:378). World Rainforest Movement (2010) also stated that it is impossible for large-scale monoculture plantations, such as oil palm plantations, to be ecologically and environmentally sustainable (p. 3).

Meanwhile, Laurence et al (2010:378) identified some weaknesses of RSPO which include the issues of imbalance of power relations among the

¹⁷ Proforest has facilitated from international financial institution (i.e. ABN AMRO, HSBC), private business sector (i.e. Shell Global, BP Biofuels, Marks and Spencer), NGOs, multi-stakeholder initiative (i.e. RSPO, RTRS, BSI), government institutions (i.e. Belgian Federal Government, Danish Government, DFID) and to global partnership institution, such as, Global Environment Facility (GEF).

¹⁸ See <http://www.proforest.net/about>, accessed 14 September 2010

¹⁹ See <http://www.rspo.org/?q=page/10>, accessed 27 November 2010. Further information on the establishment of RSPO can also be obtained in the website.

²⁰ Data per 5 November 2010, <http://www.rspo.org/?q=categorystat>, accessed 5 Nov 2010. Country-based membership data is also available in the website. Further information on the establishment of RSPO can also be obtained in the website.

members who are dominated by the industry, hence, pro-industry bias, and the non-existence of ‘blanket ban’ on peat forests destruction, moreover, the authors think that RSPO “appears to be in denial” on the apprehensive rate of the destruction, the non-compliance of RSPO members, i.e. the case of PT SMART Tbk, the monitoring capacity of RSPO on its members are only modest, including certified suppliers and processors. RSPO also rejects the use of remote sensing for monitoring, has easy procedures to become RSPO member in order to attract more members (this compromises its own credibility as it potentially creates ‘false imprimatur of legitimacy for members that are performing poorly’ (Ibid:378)), and the RSPO criteria have not yet met EU directives for renewable energy and fuel quality which may contribute to the present weak demand for certified sustainable palm oil.

Furthermore, Oosterkamp et al (2007) also identified that there is no representation of critical NGO from other countries, for instance Colombian NGOs. So far, the NGOs that have joined membership are only from Indonesia and international NGOs (p.24). Also, smallholder and local communities have not yet been represented in RSPO, so far, their voice is represented only NGOs.

3.6 The Production of RSPO’s Principles and Criteria (RSPO P&C)

“All initiatives incorporate to some extent a definition of what is meant by ‘sustainability’ or ‘good management’. This definition is often laid out in a set of guidelines, code of practice or formal standard, and most such documents cover the three main elements of sustainability: environment, social and economic. However, the exact balance between the three elements and the requirements they contain differ between definitions of sustainability”. (ProForest 2003a:5)

Similar to other market-based voluntary standards, RSPO has to work on defining its concept and criteria of ‘sustainable palm oil’. The consultant of RSPO stated that there is “no universally agreed, detailed definition of sustainability for oil palm” (ProForest 2003b:1). RSPO’s 8 Principles and 39 Criteria (P&C) are developed over a period of 20 months (March 2004-November 2005), by RSPO-appointed Criteria Working Group (CWG) (with the assistance of the consultant, ProForest) with two times public consultation before it was finalized and approved by its Board of Executives. The significance of the public consultations of the Principles and Criteria for RSPO, as explained in the initial discussion paper of ProForest²¹ for RSPO was the credibility of the document and the larger inputs it can draw

²¹ See ProForest Discussion Paper (2003a) ‘Defining Sustainability Oil Palm Plantation: An Analysis of Existing Sustainable Agriculture and Oil Palm Initiatives’, p. 6.

from. Public consultation also gives the principle and criteria further legitimization for RSPO's sustainability claim.

The CWG had 25 members that were selected through votes from the members of RSPO's Interim Board. The CWG members consisted of 10 palm oil producers, 5 supply chain and investors, 5 for environmental interests, and 5 for social interests. "The CWG was numerically dominated by industry interests and excluded any direct representation of Indigenous peoples, smallholders, or trade unions or other organizations representing workers in the palm oil sector." (Colchester et al 2006:34). Decision making was made by consensus, and although procedure for voting existed but it was never used. The newly adopted P&C was tested for two years before public claim on production of RSPO certified palm oil can be made effective (*ibid*:34).

In its website, RSPO claim its Principles and Criteria as "the global guidelines for producing palm oil sustainably" and "have been described as the world's toughest standards for sustainable agriculture production and have been variously adapted for other crops" (RSPO 2009)²². "The criteria cover those aspects widely regarded as being essential to sustainable natural resource management, namely: legality of operations; economic viability; best practice in operations and environmental and social responsibility. The criteria cover both the management of existing plantations and the development of new ones" (RSPO 2009)²³. RSPO's 8 Principles and 39 Criteria becomes the mandatory set of checklists that should be met by its members in order to have their palm oil qualified as sustainable palm oil.

RSPO P&C is then extended by "National Interpretation" to each country where their members are operating. The RSPO P&C is thus the generic document of the standards, and the National Interpretation is intended to adjust these to the situational context of the particular country. So far there are 7 NIs (Colombia, Indonesia, Malaysia, PNG, Solomon Island, Ghana and Thailand). Recently also, the P&C for smallholder is launched.

In the beginning, assessment of (non)compliance to RSPO P&C was done by way of interim assessment which means by RSPO itself. However, in order to gain higher legitimacy, third-party assessment system was developed where RSPO appointed its authorized certification bodies (companies) to do the work. The assessment process is done based on the NI of the country where the grower/miller is located or based on the international P&C in case there is not yet an NI applied to the particular country.

²² See <http://www.rspo.org/?q=page/509>, accessed 7 November 2010

²³ See History and Development of RSPO P&C, <http://www.rspo.org/?q=page/807>, accessed 27 November 2010

Chapter 4 Oil Palm Plantation: Framing the Problem

This chapter presents the framing of problems posed by oil palm plantation by scholars, NGOs, and RSPO. The information on the perspective of the first two groups are obtained from their publications (journal articles, reports), whilst the discussion on RSPO's perspective on palm oil problems is primarily drawn from the discussion papers produced by ProForest, RSPO consultant that facilitate since the beginning the formulation of RSPO P&C. Yanow (2000) stated that “frames also entail courses of action” where the way we frame a certain problem/issue determines the way we respond to the problem.

4.1 Identified Problems in Oil Palm Plantation: Indonesia Case

The establishment of oil palm plantation is usually justified by bureaucrats, state actors, plantation managers or developers with the discourse of modernity (which means ‘progress’). Local people, especially the indigenous peoples, are particularly vulnerable when they are made to choose the option between catching up and being ‘modern’ (meaning accepting the presence of oil palm plantation to their area) or being left behind and backward (means not accepting oil palm plantation) (Cooke 2002:189-190). Such discourse occurs both in Indonesia and Malaysia. Another discourse which is also usually used in Indonesia is oil palm plantation as one of development programs brings direct income to the region and as the means for poverty alleviation. The image of oil palm is being constructed as agent of ‘progress’.

Numerous studies on the environment and social impacts of palm oil industry (and its relation to bio-(agro)fuel market) are produced by academicians, local and international NGOs, as well as UN bodies and organizations²⁴. The issue of massive conversion of agricultural lands and forest areas into monoculture oil palm plantation has been the target of public scrutiny, especially by environment organizations, such as Greenpeace, WWF, Friends of the Earth networks, Forest Peoples Program and several others, which have produced numerous reports on the environmental impacts of oil palm plantations. Scholars identified various source where the ‘problems’ are originated, from the producers to the system of the palm oil industry as a whole which is linked to the larger global economy structure.

The problems discussed can be identified in three stages of oil palm plantation; the pre-establishment process, the establishment process and operation,

²⁴ See for instance Clancy (2009), Sirait (2009), Colchester et al (2006), Oosterkamp et al (2007), Mol (2007) or UNPFII working paper (E/C.19/2007/CRP.6) on oil palm and other commercial tree plantations, monocropping and its impacts on indigenous peoples’ land tenure and resource management systems and livelihood.

and the extended impacts on the plantation community. Problems that are documented in the pre-establishment process, i.e. during the ‘socialization’ process to the community such as the above-mentioned situation, gender issue also commonly occurred in this stage as usually it is the men who are attending the ‘socialization’ process and women often do not know clearly about the whole process until plantation is established, or as identified by Colchester et al (2006), information that is misleading or manipulated (p. 170).

The problems that are identified during the process of establishment and operation of oil palm plantation comprise a complex entanglements of environment, social, economic and even legal issues. For instance, Colchester et al (2006), Sirait (2009), Marti (2008) and Siagian (2008) identified problems that are triggered by the practices of government regulations that are not in favour of the (local) indigenous communities or in the inconsistency of regulation application. Deforestation, the use of fire for land clearing, peat land planting, massive amount of fertilizers or pesticides are among the environmental problems identified.

“Expansion of oil palm plantations has greater climatic impacts than acknowledged by the RSPO. In addition to destroying Southeast Asian peat forests, expansion of oil palm is concentrated in the lowland tropics, often occurring at the expense of old-growth rainforests” (Koh & Wilcove (2008) in Laurence et al (2009:378))

“Tropical Rainforests not only contain large carbon stocks, but also, via massive evapotranspiration, promote large-scale cloud cover that reflects much solar radiation back into space. Hence, hectare for hectare, tropical rainforests are probably more important for mitigating harmful climate change than other types of forests” (Bala et al (2007) in Laurence et al (2009:378)).

It is feared that these problems will be aggravated as palm oil is increasingly becoming the popular option in the growing bio(agro)fuel market.

Meanwhile, the social problems highlighted include among others the issue of local food security (Clancy 2009), and ‘broken promises’ to the smallholders/local farmers/community (Marti 2008:8) that ranges from not handling smallholder certificates in accordance with the promised time to the amount of credit that should be paid by the smallholder farmers without them knowing the amount of the credit, the allocation of smallholder plots of land in locations (i.e. other village) other than the village where the farmer lives. Such social issues often lead to a more alarming social problem, which is conflict between the community and the plantation company, and even between the community where the farmer is from with the community of the village where the farmer’s land is allocated. Many reports, especially the ones published by NGO, are highlighting the issue of intra and inter-community conflicts, between the community and the oil palm plantation, the (local) government and the military/police (Sirait 2010, Colchester et al 2006, Siagian 2008, Oosterkamp et al 2007). In Sarawak State of Malaysia, similar opposition (conflict) to

palm oil among the indigenous Dayak peoples also took place (Cooke 2002:190). Problems within and between communities can also occur due to the competition over agricultural land that is getting scarcer as the area is taken over by plantation company. Sawit Watch²⁵, one of the national NGOs in Indonesia that focuses its work exclusively on advocating the issue of palm oil industry in Indonesia, recorded as many as 513 oil-palm-related active conflicts per January 2008 which involved 135 companies both private and government-owned (Sirait 2009; Marti 2008).

This is one example of the extended impacts that are brought about by oil palm plantation. One side that is still seldom observed is the gendered impacts of oil palm plantation, on the women members of the community. Some identified gender issues are the phenomena of scattered oil palm fruits scavengers who were mostly women and who are vulnerable to the intimidation from the plantation or security officer as their activity was considered to be illegal. The phenomena of feminization of agriculture was also observed as the male members of the community are becoming more mobile due to their work in plantation or searching for other jobs in other locations. Prostitution and the growing incidence of sexually transmitted disease (STD) were also identified in oil palm plantation area (Julia and White (2008)).

Problems on the economic side include the fluctuation of palm oil price on the global market that made the smallholder farmers and local community become the most vulnerable stakeholder. This could be observed in the latest economic crisis in 2008 where the local community were suffering from the significant drop of the world market palm oil price. Also, the monopoly and monopsony practices of oil palm scheme direct the smallholder farmers to only sell their harvest to the company in which they are 'participating farmers' (usually through the farmer cooperative established by the company) and to buy the needs for their smallholder plots from the cooperative that was managed under the company, such as fertilizers, seedlings, etc.

Meanwhile, another problem of injustice is also identified in the smallholder system that is established in Indonesia's palm oil industry, which is the land sharing system between the company and the smallholder. As explained by Sirait (2009) in White and Dasgupta (2010:602), taking the example of the Nucleus-Plasma scheme in West Kalimantan where it was arranged in the way where the farmers would have to hand over land as large as 7.5 ha (usually their customary land), in which 5.5 ha will be under the management of the plantation (nucleus) and 2 ha will be returned to the farmer with planted oil palm trees. The farmers are not receiving their 2 ha land with planted oil palm trees for free, but the plot also comes with credit loan for land clearing, oil palm cultivation items, maintenance, road construction and land certification. The scheme also creates an 'indirect' conversion from community land to state land.

²⁵ Sawit Watch is one of the member of Roundtable of Sustainable Palm Oil

“The idea that taking away 7.5 ha of sustainably cultivated land from local cultivators and returning only 2.0 ha planted with a single low-value monocrop, with many costs attached, represents progress for indigenous cultivators is a remarkable construction to justify the process of expropriation. Schemes (or scams) of this type appear to be the norm, and are often planned on a massive scale” (White and Dasgupta 2010:602)

The massive and swift change of ecosystem as oil palm plantation is established brings swift changes, not only to the environment, but also to local community's social and economic structure and life, even political. Clancy (2009) pointed out that the characteristics of such industry which directly bring impacts on the local communities in terms of labour demand, land use and ownership, have a strong poverty dimension (p. 418).

The problems identified above in each stage of oil palm plantation establishment are complex in nature, as environmental, social, and economic impacts form a complex causal relationship where one problem may lead to another. Such complexities of relations that exist in a commodity chain are identified by Hartwick (1998). Using the case study of gold mine that connects the ‘gold widows’ in South Africa and ‘gold windows’ at Tiffany’s in the United States, Hartwick (1998) using her “materialist commodity-chain analysis” explains that not merely in the vertical dimension of commodity movements, but in each connecting nodes of the dimension there exist also what she refers to as “places” that indicate the horizontal dimensions of the nodes along the commodity chain.

“‘Place’ has...the potential for bringing together several aspects of the production and consumption of commodities. Beginning at the production end of a gold commodity chain, ‘place’ means local relations between capital and labor, such as between gold-producing companies and southern African workers. ‘Place’ integrates spatial connections between the localities within a region, so that male migrant workers in South African goldfields are connected with ‘gold widows’ in the labor reserves of Lesotho. ‘Place’ means local interconnections between institutions involved in production (corporations, the state in South Africa), or aspects of consumption (retailing, advertising, media, the state, etc in the United States), or local relations between intersecting commodity chains, where one forms the conditions of existence for another (labor reproduction and the textile industry in Lesotho). ‘Place’ means local nature bound into the material and semiotic conditions of production and consumption. ‘Place’ also concentrates the effects of interregional connections, the results of activity at one site (consumption in the United States) on the conditions prevailing in another (social and natural relations in the gold-producing regions of Southern Africa)”. (Hartwick 1998:425)

From the perspective of such analysis, we are enabled to see the complexities of environment, social and economic impacts that are presented by large-scale (transnational/multinational) industry, such as palm oil industry.

4.2 RSPO's Perspective on the Problem

Discussion presented in this sub-section is primarily drawn from the discussion papers written by ProForest in the P&C formulation process. The discussion on the framing of palm oil industry problem by RSPO is important in order to further understand how the sustainability discourse is constructed and the action that it applies in order to respond to the problem.

“Most observers, both inside and outside the industry, would agree that at its best, palm oil production is well managed in terms of economic performance and social and environmental responsibility. At the same time, there is increasing recognition that some producers are associated with various negative impacts. A major issue facing stakeholders is how to encourage the transfer of best practice from the best plantations to the poorer performing ones.” (ProForest 2003b:1)

“A central principle is the believe that, given sufficient commitment to improving and adopting best practice within the industry, oil palm cultivation can continue to develop whilst at the same time preventing or minimizing most of the serious negative impacts that have been reported.” (ProForest 2003b:1)

The above excerpt is the opening paragraph of the discussion paper prepared by ProForest, the consultant contracted by RSPO for the formulation process of RSPO P&C. It is clearly indicated in the excerpt that the problem of palm oil industry as framed and presented by the consultant is only highlighting **the plantation (producer)** in the discussion of problem identification of palm oil industry in which it is categorized into best plantation vs bad plantation. The perspective is also mainly focused into the issue of “company performance”, hence, it is about *best performing plantation vs poorer performing plantation*.

It also suggested that as the bad performing plantations (at the side of “palm oil production”) are “*well managed in terms of economic performance and social and environmental responsibility*” then it will be a best performing plantation or “*at its best*”. It also emphasizes the “**central principle**” of “**sufficient commitment**” to “**best practice of the industry**” which gives the causal and effect rationality for the ability of the industry to expand (“*oil palm cultivation can continue to develop*”) by reducing the “*most serious negative impacts reported*”. Hence, the suggested answer to the identified problem of the whole industry is also rest on the shoulder of the producer through its “*sufficient commitment*”.

This perspective is further reflected in the perspective of RSPO as published in its website where it also highlighted the bad practices of plantation as the main problem for unsustainable production of palm oil. The referred bad practices range from “*conversion of large areas of forests with high conservation value*” into oil palm plantation, the “*use of fire for preparation of land for oil palm planting on a large scale*”, and also the arising of social conflicts between indigenous/local

communities with plantations²⁶. Those mentioned problems become the rationale for ‘sustainable palm oil production’ initiative which can be achieved through *“better managed plantations and oil palm smallholdings serve as models of sustainable agriculture, in terms of economic performance as well as social and environmental responsibility”*.

ProForest divided the identified palm oil plantation’s problems into two time bound; **the time of plantation operational establishment** (deforestation, forest fires, the impacts on local community’s land) and **during the operation of the plantation** (pollution, declining soil quality, employment for local communities and workers’ rights) (ProForest 2003b:2). The paper addressed the environment and social problems in each of the phases. The environmental issues addressed in the phase of new plantation establishment are forest conversion, clearance technique-use of fire, choice of site-soil type, while the environmental issues addressed in the phase of plantation operation (management of existing plantation) were soil loss, soil fertility, pest management, biodiversity on plantations, water management, energy and gas emissions. Meanwhile, the social issues addressed in the phase of new plantation establishment were land claims competition, large-social transformation management, social justice and grievance procedures, while the issues of workers’ rights and working conditions, welfare provisions for workers, and terms of trade for smallholders were categorised as social problems that emerged during the operation of plantation.

The consultant also acknowledged that one of the basic problem of palm oil industry is land allocation that lies in the authority of government (land-use planning). However, due to the inability of RSPO to address some state-sovereignty issues that are closely related to palm oil industry, such as, land-use planning policies or income distribution, it recommended that “the minimal level of best practice is to abide by government land-use decisions on appropriate land-use” (ProForest 2003b:9).

“Minimal Sustainability” and Consultants’ Disclaimer

In the early stages of preparation for the formulation of RSPO’s P&C, ProForest included a disclaimer in their discussion paper²⁷ that it is ‘neither desirable nor relevant to cover all environmental and social aspects of plantation and mill management’ into the paper as “many of these are well understood and are not generally thought to pose significant threats to the environment or widespread social problems” (ProForest 2003b:1). Indeed, a discussion paper will not be able to cover the extent of problems that exist in palm oil industry, however, the second statement of the consultant was not quite clear in meaning. The statement declares an immediate assumption of the consultant that

²⁶ See Why Sustainable Palm Oil?, <http://www.rspo.org/?q=page/789>, accessed 10 November 2010

²⁷ See ProForest (2003b), p.

problems other than the ones discussed in the papers are not significant or posing serious environment and social problems, moreover, the consultant also assume that their audience were familiar with those problems, hence, need not to be discussed.

MBVS's "sustainability" concept and criteria are reached based on the consensus among its stakeholders. Consultants that specialize in facilitating the formulation an MBVS's sustainability criteria, such as ProForest or Reinier de Man²⁸, expressed that the sustainability criteria defined in an MBVS is a "minimal sustainability". Does "minimal sustainability" means "sustainability" criteria that are reached based on the consensus of all its stakeholders? In their paper, Nikoloyuk, de Man, and Burns state that one of the 'two major reasons' for RSPO's limited effectiveness is because "the criteria are weak and lack much precision, since they are the result of consensual negotiations" (Nikoloyuk et al 2010:67).

Furthermore, in his website, Reinier de Man also made a straightforward statement that RSPO is only effective as "a minimum standards for growing palm oil" or "regulating plantation management" but not to respond to forest conversion due to its limitations.

Box 1. Reinier de Man's Statement on RSPO in www.rdeman.nl

Stopping Forest Conversion?

We may conclude that RSPO is effective in setting minimum standards for growing palm oil, i.e. regulating plantation management. For saving the forest, however, RSPO is not the right instrument, since it does not and cannot address the central issues:

- land-use planning, a government responsibility
- payments for opportunity costs of not using the forest

For protection of biodiversity, another procedure should have been chosen:

- identifying the forests that need protection
- identifying the oil palm developments and other economic activities that should be stopped
- identifying alternative land that can be used
- calculating the opportunity costs of moving the planned activities to alternative (e.g. deteriorated) land
- creating a public/private fund for paying the opportunity costs.

Source: Palm Oil, Reinier de Man (2009). Accessed 29 November 2010
<<http://www.rdeman.nl/site/palmoil.htm>>

²⁸ See ProForest (2003b), Nikoloyuk et al (2010)

4.3 Conclusion

The analysis in this chapter clearly showed the different framing of problems between RSPO and the scholars and NGOs who are critical on palm oil industry. Studies conducted by scholars and NGOs found that the problems of palm oil industry in Indonesia is a complex entanglements of environment, social, economic and legal issues which involves actors ranging from the producers, government, to global palm oil market structure. Meanwhile, although RSPO consultant was aware on the extent of palm oil problems, however, it consciously framed palm oil problem by RSPO (as facilitated by its consultant) only at the production node, hence, constructing the problem of palm oil industry to be sourced only from the producer, which further influence the formulation of solutions that are exclusively concentrate on the 'best practices' of oil palm producers in order to achieve 'sustainability'.

The discussion also indicates the awareness of the consultants on the limited capacity of MBVS, such as, RSPO P&C, especially in its relation to the state.

Chapter 5 The Sustainability Discourse of RSPO

This chapter will present the analysis on the sustainability discourse as presented in RSPO's Principle and Criteria (RSPO P&C)²⁹ in the field of palm oil production. This chapter first presents a brief summary on the content of RSPO P&C and its implementation. Then, sentence-structure analysis is done on RSPO's concept of 'sustainable palm oil production' by paying attention on its rhetorical device. Afterwards, analysis on the genre of RSPO P&C is done by using Tilly's 'reason giving' method. This analysis also related to principle 2 of RSPO P&C.

5.1. What is in the RSPO P&C?

In the preamble of RSPO P&C, it showed that RSPO attached its concept of 'sustainability' to the activity of 'palm oil production' which stated as **"Sustainable palm oil production is comprised of legal, economically viable, environmentally appropriate and socially beneficial management and operations"**. The definition of sustainable palm oil production is applied through 'the set of principles and criteria, and the accompanying indicators and guidance' (RSPO 2007). The shortened version of RSPO P&C is provided in Appendix 1 of this paper.

The sustainability discourse of RSPO as reflected in its P&C is a mixed of several discourses that cover the legal, economic, social and environmental pillars of 'sustainable palm oil production'. The discourse of 'good governance' is reflected in Principle 1 and Principle 2 with criteria that ensure the respect of indigenous peoples' rights to land through the principle of Free, Informed and Prior Consent (FPIC). The discourse of 'economic growth' which primarily designated for the oil palm plantation company is reflected in Principle 3. Meanwhile, the discourse of 'best practice' as reflected in principle 4 is principally aims for the 'sustainable yield' of the plantation through best practices in environmental management and the attention to workers' health and capacity.

Principle 5 primarily highlights environment responsibility and conservation practice through identification and mitigation of environmental impacts, waste and energy management, pollution and emissions (including greenhouse gases), and the application of High Conservation Value (HCV) concept. Principle 6 covers a wide range of social dimensions, ranging from transparent communication, workers' rights, the issue of child labor, women's rights, local development contribution (from the growers and millers) to transparent business deal between growers, millers with smallholders and other local businesses.

²⁹ See Appendix 1 that contained the shortened version of RSPO P&C

Principle 7 covers the issues of new planting establishment with a mix of social and environmental elements (social and environmental impacts assessment activities, site planning with soil surveys and topographic information, no conversion of HCV or primary forest after November 2005 (the time of RSPO P&C adoption), prohibition of planting on local peoples' land without FPIC, and compensation for local people's land acquisition and relinquishment of rights through FPIC, the avoidance of use of fire in new planting). The last principle, Principle 8, is the reinstatement principle for the commitment of the growers and millers to 'continual improvement in key activity areas'.

5.2. How is the RSPO P&C implemented?

The RSPO P&C is applied to the producers of palm oil at the production node of palm oil supply chain. The application is done through certification assessment process which involve the role of 'expert' or the third-party certification body authorized by RSPO as the independent party who does the assessment process³⁰. Prior to the assessment, public notification on the assessment process is published in RSPO website approximately a month before the assessment process.

From the samples of public summary reports of used in this study³¹, they showed that the assessment is done in the period of five to twelve days and another one to two days for verification of non-conformance which is usually done a month or two months after the assessment period. Verification of non-conformance is the re-assessment activities of findings during assessment activity that are considered to be non-compliance to the principle and criteria, or 'compliance with observation'.

The public summary report of PT Mustika Sembuluh indicated that the assessment made by TUV Nord was done in five (5) days in one visit, and the verification of non-conformance is done in two (2) days after two (2) months from the assessment period. Meanwhile, the assessment of PT London Sumatra Tbk was done in twelve (12) days by TUV Nord, divided into three (3) phases, where each phase took the time of two to three days. The verification of non-conformance was done in one day. The assessment activities comprised of document checking and field assessment in the form of on-site inspection and stakeholders' interview.

The implementation of RSPO P&C is also time bounded, where it only considers and assess the practices of palm oil growers and millers after November 2005, especially new planting activities.

³⁰ See Certification, RSPO (2009) Why RSPO Certification? Accessed 2 December 2010<<http://www.rspo.org/sites/default/files/RSPO%20P&C%20certification%20system.pdf>>

³¹ Information on the assessment report is in Chapter 1. Methodology and Data

5.3. The Definition “Sustainable Palm Oil Production”

"The emphasis of sustainable production is on the supply side of the equation, focusing on improving environmental performance in key economic sectors, such as agriculture, energy, industry, tourism and transport. Sustainable consumption addresses the demand side, looking at how the goods and services required to meet basic needs and improve quality of life - such as food and health, shelter, clothing, leisure and mobility - can be delivered in ways that reduce the burden on the Earth's carrying capacity."

Robins and Roberts, 1997³².

The term “sustainable consumption and production” discursively reflects the mainstream perspective of sustainable development as produced in World Summit on Sustainable Development (WSSD)’s Plan of Implementation³³ in 2002. The link between the term “sustainable production” as used by RSPO with the term that is contained in WSSD is highly likely, bearing in mind that as Reinier de Man, one of the facilitators of RSPO was a recipient of ICC World Summit Business Award for Sustainable Development for the paper chain partnership he organized for his corporate clients during the Johannesburg World Summit on Sustainable Development.

As indicated in the Final Draft of “Discussion Paper on the Development of Criteria to Define Sustainable Palm Oil” (dated 22nd February 2004)³⁴, there was a conscious process in selecting and determining the linguistic materials (i.e. selection of words, the structure, etc) for the formulation of the definition for the final version of ‘sustainable palm oil production’. This can be seen for example in the discussion on opting between ‘sustainable palm oil’ (referring to the product) or ‘sustainable oil palm’ (referring to the plant from which it derived); or on opting for ‘sustainable palm oil production’ or to drop the term ‘production’, and also in the evolution process from ‘economic, environmental, and social viability’ to its present ‘legal, economically viable, environmentally appropriate, and socially beneficial management and operations’³⁵. In the first

³² In Instruments for Change, Definitions & Concepts, <http://www.iisd.org/susprod/principles.htm#top>, accessed 25 November 2010

³³ See Johannesburg Plan of Implementation, http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POIToc.htm, accessed 25 November 2010

³⁴ The documents of the process are provided in RSPO’s website, <http://www.rspo.org/?q=page/807> (accessed 28 September 2010). However, not all link work and some documents cannot be downloaded. Documents that are not available are Framework for Drafting Criteria for Sustainable Palm Oil, Technical Group’s general comments on criteria development, Technical Group’s comments on process for developing the criteria, Technical Group’s comments on specific criteria, guidance and issues.

³⁵ Discussion Paper on the Development of Criteria to Define Sustainable Palm Oil- Final Draft, 22nd February 2004, p. 1-2. Link:

version of the public consultation draft of “RSPO Draft Criteria for Sustainable Palm Oil”³⁶ that was produced 8 months after the Discussion Paper, the ‘Sustainable Palm Oil Production’ was already defined in the way it appears in the final version.

Based on grammatical interpretation of words, the meaning conveyed by the definition of ‘sustainable palm oil production’ is the production of palm oil that is sustainable which could mean either the physical volume of production that is sustainable and/or the method of production that is sustainable. Meanwhile, the definition of sustainable palm oil production refers to the ‘management and operations’ that comprises of four aspects of sustainability, namely, legal, economic, environment and social in which three aspects are attached to an adjective which formed a meaning respectively: economically viable, environmentally appropriate and socially beneficial.

Based on Oxford Dictionaries³⁷, ‘viable’ means ‘capable of working successfully; feasible’. Meanwhile, ‘appropriate’ is an adjective that means ‘suitable or proper in the circumstances’, whilst, ‘beneficial’ means ‘resulting in good; favourable or advantageous’. The question arises on how the meaning of these adjectives will alter the conceptual meaning of ‘sustainable palm oil production’ when the three adjectives are shuffled to the different pillars of sustainability it previously attached to in which will alter the ideological perspective of RSPO on sustainability, i.e. ‘economically appropriate, environmentally beneficial, socially viable’. The conscious process of selecting the sequence of the sustainability elements is also visible in the above-mentioned discussion paper, where there was suggestion to arrange the order of the elements based on the sequence of importance³⁸.

Van Dijk (1995:24) stated that it is common to identify the ideological implications of syntactic sentence structure in literature in which he gave an example of underlying semantic or cognitive agency that is coded in word order and its transactional structure of sentences. Thus, I would like to argue that the syntactic sentence structure of RSPO’s definition on ‘sustainable palm oil production’ is ideologically produced and does bring an ideological implication on how RSPO applies its concept of ‘sustainability’ in its certification practice. The following discussion on the elements of sustainability as defined by the

http://www.rspo.org/files/resource_centre/Comments%20on%20draft%20%20of%20framework%20criteria.pdf, accessed 28 September 2010

³⁶ See RSPO Draft Criteria for Sustainable Palm Oil, Public Consultation draft version 1 (25 November 2004), p. 1, in Project and Work Groups, Principles & Criteria for Sustainable Palm Oil, <http://www.rspo.org/?q=page/807>, accessed 25 November 2010

³⁷ Oxford Dictionaries, <http://www.oxforddictionaries.com>, Accessed 28 September 2010

³⁸ See p. 1 of Discussion Paper on the Development of Criteria to Define Sustainable Palm Oil-Final Draft, 22nd February 2004

‘sustainability palm oil production’ concept will serve to explain further my argument.

A. “Sustainable Palm Oil Production” = “Sustainable Palm Oil”?

RSPO has been using the term “sustainable palm oil production” and “sustainable palm oil” interchangeably. RSPO stated in its objective that it aims “to promote the growth and use of **sustainable palm oil** through co-operation within the supply chain and open dialogue with its stakeholders”³⁹. One can also see the same statement on the ‘lead banner’ of RSPO’s website written “Promoting the Growth and Use of **Sustainable Palm Oil**”⁴⁰. The question then, is ‘sustainable palm oil production’ is the same as ‘sustainable palm oil’?

‘Sustainable (palm oil) production’ is interpreted as sustainability that is achieved (only) in the production node of a supply chain. As a reference, in WSSD’s Plan of Action, the promotion of ‘sustainable production’ does not stand alone, but is tied to ‘sustainable consumption’. Hence, it can be concluded that ‘sustainable palm oil’ does not deliver the same meaning as ‘sustainable palm oil production’. Unlike ‘sustainable palm oil production’ that specifically referring to a node within the supply chain, ‘sustainable palm oil’ delivers the message of sustainability that encompasses the whole system/structure of palm oil market. From Hartwick’s (1998) ‘materialist commodity-chain analysis’, one knows that commodity or supply chain involved a complex relations (and impacts) of its various actors or relations of production. This is one element of critique on mainstream perspective of ‘sustainable development’ posed by Marxist perspective.

In the rhetoric of economics (McCloskey 1985:85), such kind of usage is called ‘synecdoche’, a figure of speech where a part is being taken as a whole or vice versa. In this case, ‘sustainable palm oil production’ (the part) is taken as ‘sustainable palm oil’ (the whole). The usage of ‘sustainable palm oil’ can be immediately identified from the name of the organization itself, the ‘Roundtable on Sustainable Palm Oil’, or the usage of ‘Certified Sustainable Palm Oil’ (CSPO) to refer to palm oil that is certified by RSPO. It is also found across the content of RSPO’s website to represent what is really meant by ‘sustainable palm oil production’. The website is one of the means of RSPO to disseminate information to the public. Thus, such usage of figure of speech will certainly create a public impression that the RSPO system produced palm oil that is sustainable across the whole system of palm oil industry.

As it has been stated by the facilitators of the formulation process of RSPO P&C (refer to Chapter 5), the sustainability principle and criteria is a ‘minimal standards’ and there are ‘central issues’ that are unable to be addressed by RSPO system. However, such disclaimers were not mentioned in

³⁹ See RSPO’s vision, mission and aspirations statements, <http://www.rspo.org/?q=page/16>, accessed 24 November 2010

⁴⁰ See RSPO’s website, www.rspo.org

RSPO's website. This issue also became the attention of one of the commentators of Draft of RSPO P&C during the first round of public consultation of the P&C, in which stated:

“It should be clearly stated that the intention to make palm oil production more sustainable than it is now. It should not be stated or implied that palm oil can be sustainable as this is by no means clear. In certain regions oil palm plantations are regarded by local communities as an unsustainable and damaging development model. “Sustainable Criteria” should be renamed “Minimum Criteria” (Comment ID 71)⁴¹

Recalling the rhetorical, “buzzword” character of this expression “sustainability” as noted earlier, we may conclude that RSPO's usage of ‘sustainable palm oil’ as the overarching name or label for what actually is ‘sustainable palm oil production’, has an ideological purpose attempts to invoke the audience's sympathy and imagination. The sympathy over RSPO's certified palm oil and public or consumers' imagination (especially those who are located far away from the production area) is derived from the impression that that the certified product has been checked for its ‘cleanliness’ from any problems, thus ‘sustainable’.

5.2. Market-Based Voluntary Standards as ‘Code’

As I have discussed in Chapter 4 on the context of the production of RSPO's P&C, the P&C is market-based voluntary standards that was produced from the negotiation among its involved stakeholders who are of private sectors with the involvement of NGOs as the representation of the ‘people (grass-root) community’, minus the government, in order to achieve a commonly agreed definition of ‘sustainability’, de Man and Burns (2006) used the term ‘partnerships for sustainability’. The ‘non-(direct) involvement’ of state is the further extension of ‘hesitant’ relationships between private sector and state as conditioned by prevailing neo-liberal economy system where state intervention is to be kept ‘as minimal as possible’.

A. Compliance to the Prevailing Structure of Palm Oil Industry

According to Fairclough (2003) it is important to understand the genre of a text and it should be taken into account as part of the analysis. RSPO P&C is a market-based voluntary standards which based on Charles Tilly's ‘Reason giving’ categorization, it falls into the category of ‘code’ as its 8 principles and

⁴¹ See Comments from 1st Public Consultation on RSPO Principles and Criteria for Sustainable Palm Oil (2005), p. 15, in Project and Work Groups, Principles & Criteria for Sustainable Palm Oil, <http://www.rspo.org/?q=page/807>, accessed 25 November 2010

39 criteria are its ‘formula’ for sustainable palm oil production. Those principles and criteria are the ‘criteria of appropriateness’ for sustainability (of palm oil production) as set by RSPO which require ‘an appropriate correspondence’ of Y, which is the principles and criteria (outcome), with X, the action to meet the required Y. The principles and criteria govern the actions of RSPO members to be in conformity with the formulated ‘regulations’ (or standards) if they would like to have their companies certified as ‘good performing’ producer of sustainable palm oil production.

Meanwhile, the principles and criteria also contained ‘specialized’ terms/jargons in the field of conservation biology, environment conservation, business/management sector, human rights (children, women and workers’ rights), palm oil industry and market which requires a ‘training’ or a certain level of knowledge on and familiarity with the industry and its related issues in order to understand its content.

As a code, RSPO P&C is designated only to govern the action of producers of palm oil (oil palm growers, millers and later on, the smallholders), which means only on the production node (that is why it is ‘sustainable palm oil production’). The exercise of compliance with the code is determined by the ‘expert’, in this case is third-party auditor, an accredited Certification Body that is authorized by RSPO. RSPO’s Certification Body should also met some qualifications as stipulated by RSPO before it can be declared as RSPO’s Authorized Certification Body.

The Principle of ‘Good Governance’: RSPO’s principle of ‘Best Practice’

RSPO P&C is inspired by the principle of ‘good governance’ which clearly reflected in its principle no. 1 and 2 which is the ‘commitment to transparency’ and ‘compliance to applicable laws and regulations’. This sub-section will primarily discuss the relation of RSPO P&C with the national and international laws and regulations that it relates with as it related with the character of RSPO P&C as code.

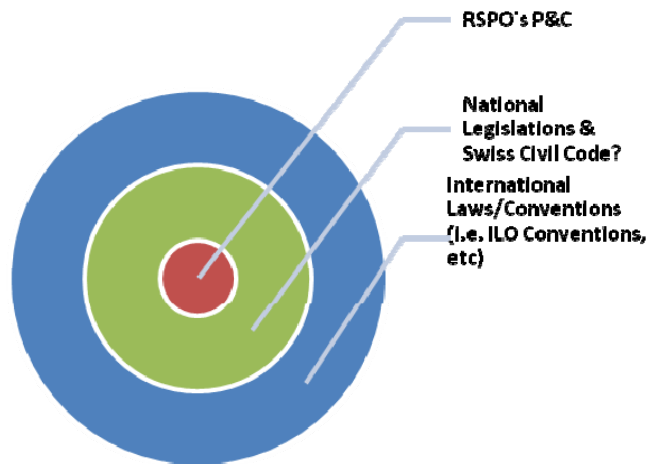
RSPO P&C stipulated that its members should comply to the national laws of the respective country where RSPO’s members are operating, and also their compliance to international conventions, such as, numerous ILO conventions, UN Convention on Biological Diversity, UN CERD, UN Convention on ECOSOC, InterAmerican Human Rights System, UN Declaration on the Rights of Indigenous Peoples, Stockholm Convention on Persistent Organic Pollutants, FAO International Code of Conduct on the Distribution and Use of Pesticides, and Rotterdam Conventions on Prior and Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

Despite the commonly accepted notion that market-based voluntary standards are formed ‘without’ the need to involve the state/government and that the very presence of the voluntary standards are also due to ‘weakness of local policies and their implementation’ (i.e RSPO) (Nikoloyuk et al 2010:65), in its practice, it appeared that RSPO needs the government/state to support the application of the standards on the private business sectors in the country.

Hence, it sounds like a paradox as RSPO P&C required its members to comply with applicable laws and regulations, while at the same time, also acknowledged the possibility of presence of ‘contradictions and inconsistencies’ in the laws which ‘should be identified and solutions suggested’⁴². However, as stated by ProForest, the facilitator, in such condition, the “minimal best practice” is to follow what has been decided by government on “appropriate land-use”⁴³.

Given the nature of RSPO’s sustainability agenda as voluntary standards which is formulated and implemented by a non-profit organization, it doesn’t have the legal power as state/public law/regulation possesses or the authority as international laws/regulations have. It mainly relies on the demand of its market as the pressuring power for its members to comply, hence, also influenced by the nature of market fluctuation. The following graphic indicates where P&C is located within the various codes it refers to as stated in its principle on compliance to rules and regulations.

Graphic 1. Map of ‘Jurisdiction’ Area of RSPO’s P&C



The subordination of RSPO’s P&C creates immediate problem on its own in terms of the fulfilment of its formulated sustainability objective. In the hierarchy of law application, the authority of subordinated law will access to the law that has broader authority than itself, in this case, the RSPO’s P&C to national and international laws and regulations. “...For those who plays the game, codes have an air of inevitability, even of sanctity” (Tilly 2004: 18), in the case of RSPO’s P&C, it has a weaker ‘air of inevitability’ and ‘sanctity’ compared to the national and international laws and regulations.

⁴² In the ‘Guidance’ for Principle 2, Criteria 2.1, of RSPO’s P&C

⁴³ See ProForest (2003b), p. 9

In such a case, the ‘receiver’⁴⁴ of a code authority can refer to a different code that has higher authority than the code it imposed where both are effective to the receiver. This is clearly indicated in the recent case that RSPO tries to resolve which involve SMART Tbk, a member of RSPO that is also one of the biggest palm oil company in Indonesia. The case was filed by Greenpeace against SMART Tbk through RSPO’s grievance procedure which report the breaching of RSPO’s P&C by SMART Tbk. In response to the report, SMART Tbk responded and justified its actions by referring to the higher codes in which it also (obliged to) complied (as also emphasized by RSPO’s P&C). As follow is the excerpt of the report produced by BSI-CUC⁴⁵ that formed the Independent Verification Expert (IVEX) team on the case:

“3.3. A thorough analysis of the three concessions in Kapuas Hulu, West Kalimantan, showed that there was no potential of economically valuable timber. Consequently, SMART did not continue to process its IPK application.

In West Kalimantan, all except two concessions examined had the necessary EIA (AMDAL) prior to land clearance activities. **In these two cases, the local government, District Head of Ketapang (Bupati) allowed land clearing before EIA approval for all oil palm plantation concessions in its district.**

In Central Kalimantan, all concessions examined were found to have carried out land clearance before the EIA was approved. **SMART explained that they had interpreted the Ministry of Agriculture Regulation No. 229/Kpts/KB.550/4/91 date 25 April 1991 and 753/Kpts/KB.550/12/93 date 6 December 1993 that a plantation company can develop the plantation before EIA. SMART also interpreted Ministry of Agriculture Regulation No. 786/Kpts/KB.120/10/96 date 22 October 1996 that a plantation company can develop the plantation simultaneously while EIA and HGU (Land Use Title) being processed before the company obtains a permanent plantation permit”.**

(BSI-CUC: Verifying Greenpeace Claims: PT SMART Tbk-August 2010, p. 4)⁴⁶

⁴⁴ Tilly (2004) uses the term ‘giver’ and ‘receiver’ to refer to party who impose a code (giver) to another party (receiver)

⁴⁵ BSI (BSI Group) and CUC (Control Union Certifications) are two certification bodies/companies endorsed by RSPO as its official certification companies. IVEX team is the third-party independent verification team commissioned by SMART Tbk to verify the allegations made by Greenpeace against it. Further information on the case can be obtained at

<http://www.greenpeace.org/international/en/publications/reports/RSPO-letters/>, accessed 28 September 2010

⁴⁶ The report can be accessed at <http://www.smart-tbk.com/pdfs/Announcements/IVEX%20Report%20100810.pdf>. The link is provided in RSPO website <http://www.rspo.org/?q=page/1518>, accessed 23 September 2010

This focus on compliance with laws and regulations represents a bias towards only one of the RSPO principles while neglecting the many other dimensions included in RSPO criteria precisely because they are *not* covered by the higher authority of laws and regulations.

The above discussion clearly indicates another issue regarding the sustainability goal of RSPO. In the case where national or provincial laws or policies are not working in accordance to an RSPO's principle or criteria, RSPO will not have the authority to respond or take action to 'inconsistent' law institution and RSPO members are better justified with state law institution than RSPO's voluntary standards. For instance, Indonesia's Minister of Agriculture no. 14/2009⁴⁷ on peat soil planting provides the justification for Indonesia's RSPO members to establish their plantations in peat land area, despite Principle 7 of RSPO's P&C stipulated that the planting on peat soils should be 'avoided'.

Normative relation to international standards

Meanwhile, in terms of the reference to other international standards by RSPO P&C, Indonesia has so far ratified 18 ILO conventions among which seven are included in the list of international conventions referred by RSPO. Meanwhile, out of 16 ILO conventions referred by RSPO, Malaysia has ratified as many as six conventions. Both countries have ratified Convention on Biological Diversity, and Indonesia is one of the signatories of UN Declaration on the Rights of Indigenous Peoples. However, RSPO does not explain how it relates itself to those conventions. So far, it only reflects its adoption of the values formulated in the conventions, such as, the protection of the rights of workers, ensuring the equal treatment of women and men workers, no child labour, etc. Questions arise as to whether RSPO has the capacity to report its members (or the state) to one of the conventions in the case of violation of the articles in the conventions.

Based on its legal status as a charity organization registered under Article 60 of Swiss Civil Code as well as its form as a multi-stakeholder initiative, RSPO does not have the capacity to act as a regular NGO (or Employer or Worker organizations in the case of ILO conventions) in relation to international conventions, either ILO, CBD, or UN Convention on ECOSOC. Furthermore, international convention such as Convention on Biological Diversity emphasizes the authority of state in managing the natural resources within its territory⁴⁸.

⁴⁷ In "Kriteria Lahan Moratorium Butuh Penyamaan Persepsi", <http://www.mediaindonesia.com/read/2010/06/02/146640/89/14/Kriteria-Lahan-Moratorium-Butuh-Penyamaan-Persepsi>, accessed 29 September 2010

⁴⁸ Article 3 on Principle of Convention on Biological Diversity stated that "States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental policies, and the responsibility to ensure that activities within their

5.3 “Environment Management”: Linking Conservationist Paradigm with Market

The environment perspective utilized in RSPO P&C can be traced back to conservation paradigm as promoted by big conservation organizations, such as IUCN, WWF, TNC, etc, and becomes the underlying perspective of ‘environmentally appropriate’ frame of RSPO. The notion of environmental management as practiced by RSPO certification system is rooted in ‘World Conservation Strategy’, a report produced by IUCN, UNEP and WWF back in 1980⁴⁹ which becomes the ‘launchpad’⁵⁰ for the term ‘Sustainable Development’. RSPO P&C’s perspective of ‘environment’ is limited to natural environment.

Adams (2009) expressed that “wildlife or nature conservation has been the most deep-seated root of sustainable development thinking. Indeed, sustainable development was put forward as a concept partly as a means of promoting nature preservation and conservation” (p. 29).

A. The “Appropriateness” of “Environmentally Appropriate”

The environment element of ‘sustainable palm oil production’ is framed by RSPO as ‘appropriate’. As the dictionary meaning of ‘appropriate’ is ‘suitable or proper’ in the circumstances’, further question can be proposed as on whose and which circumstances does it considered to be suitable or proper?

Fairclough (1995) argued that “appropriateness is an ‘ideological category’, which is linked to particular partisan positions within a politics of language—within a struggle between social groups in a speech community for control of (or ‘hegemony’ over) its sociolinguistic order” (p. 234). ‘Appropriateness’ has a normative and prescriptive nature (ibid). ‘Appropriateness’ is as defined conceptually in RSPO P&C which is shaped by Conservationist perspective and as interpreted for its application in the field by certification auditor.

B. The Boundary of Scale

The nature of RSPO certification system isolates environmental phenomena into particular location of oil palm concession, as the certification assessment omits the occurring environmental phenomena that take place beyond the concession boundaries.

The sustainability concept of RSPO does not take into account the impacts that are created by the aggregate amount of areas converted into palm oil,

jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction”.

⁴⁹ See ‘World Conservation Strategy’

⁵⁰ Term borrowed from Mather and Chapman (1995) as quoted in Elliott (2006:34)

furthermore, it also does not have the capability to recognize the other existing natural resource extraction activities within the same area.

C. The Categorization of Ecosystem: can the Beauty cover the Beast?

This part is particularly highlighting the application of concept “High Conservation Value (HCV)” as one of the ‘environmentally appropriate’ element of RSPO’s sustainability. The framing of environment by the P&C indicates the categorization of ecosystem into classes where it is translated by the implementation of HCV concept or High Conservation Value forest. This concept is first formulated and applied by Forest Stewardship Council (FSC)⁵¹, and is adopted by RSPO.

Both FSC and RSPO stipulated that area that is identified with the presence of HCV⁵² must be protected and preserved for maintaining “the ecosystem services and provide connectivity between existing conservation areas as much as generate profits” (Poetz 2010:8). HCV assessment is one of the requirement in RSPO certification process for its members which will be done before land clearing activity in their concession area is done.

The application of HCV concept by RSPO clearly indicates the framing of environment as a class-based system: High Value vs Low Value. The message is clear, only area that is considered as “high value” that will be maintained, while the “low value” can be exploited. Such classing of ecosystem overlooks the nature of ecosystem as an integrated system. This class-based perspective rooted in ‘environment management’ notion of conservation movement. The language of management that derived from the field of economy, classified performance based on its quality (as how ‘sustainability’ is being classified as ‘best practices/management’ in the discussion paper of ProForest): good vs bad, best vs poor. The “good” one will be maintained, and the “bad” one shall be discarded or improved.

In the application to oil palm plantation, such classification brings a real impact to the ecosystem where the plantation is located as it transformed the area into (small) patches of “HCVs” in the midst of oil palm plantation forests. The following tables will provide an idea on how HCVs takes its real form in the field.

⁵¹ The concept HCV was established and popularized by Forest Stewardships Council, ForestEthics, Forest Peoples Programme, Greenpeace International, International Tropical Timber Organization, MONDI, Tetra Pak, World Bank, World Business Council for Sustainable Development (WBCSD), World Conservation Union (IUCN), WWF International, The Nature Conservancy, and ProForest.

⁵² See Appendix 6 for classifications/types of HCV

Table 2. Discrepancy of Total and Planted Land under the Concession of PT. London Sumatra – Indonesia

Estate	Location	Area Summary (ha)		Discrepancy (Unplanted Area)
		Total	Under Palm Oil	
Turangie	Langkat District, North Sumatra	3,156.45	2,851.66	304.79
Bungara (HCV)	Langkat District, North Sumatra	2,777.48	2,587.82 (93.17%)	189.66 (6.83%)
Pulo Rambong	Langkat District, North Sumatra	3,098.47	2,849.95	248.52
Sungai Merah (HCV)	Deli Serdang District, North Sumatra	1,854.46	1,769.20 (95.4%)	85.26 (4.44%)
Begerpang (HCV)	Deli Serdang District, North Sumatra	5,724.16	5,112.33 (89.3%)	611.83 (10.69%)
Bah Lias	Simalungun District, North Sumatra	4,052.16	3,658.59	393.57
Dolok	Batubara District, North Sumatra	3,190.79	3,067.42	123.37
Bah Bulian	Simalungun District, North Sumatra	1,246.46	625.20	621.26
Si Bulan	Serdang Berdagai District, North Sumatra	1,240.83	529.51	711.32
Rambong Sialang	Serdang Berdagai District, North Sumatra	5,275.12	4,825.70	449.42
Gunung Melayu (HCV)	Asahan District, North Sumatra	4,988.69	4,936.45 (98.95%)	52.24 (1.05%)
Sei Rumbiya	Labuhan Ratu District, North Sumatra	5,882.14	1,619.66	4,262.48

Table 3. Discrepancy of Total and Planted Land under the Concession of PT. Mustika Sembuluh – Indonesia

Name of Estate	Area Summary		Discrepancy (Unplanted Area)
	Total (ha)	Planted (ha)	
Mustika Sembuluh Estate 1 (HCV)	6,590	6,098.01	491.99
Mustika Sembuluh Estate 2 (HCV)	6,107.19	5,731.71	375.48
Mustika Sembuluh Estate 3 (HCV)	6,753.06	4,377.83	2,375.23
Total	19,450.25	15,604	

The columns of Discrepancy (Unplanted Area) in the above tables⁵³ give us a slight hint on the amount of land remaining within oil palm plantation compounds that are categorized as HCVs, in comparison to the thousands of hectares of land planted with oil palm. The Estates that are marked with (HCV) means HCV areas are identified within the compound. This information is provided based on the reports of the two companies. Meanwhile, un-

⁵³ The above data are obtained from the Public Summary Reports of the two companies published in RSPO website. The excerpts of the original tables are provided in Appendix 2 and Appendix 3.

derneath the table of PT London Sumatra has a short note made by its auditor stating that “the unplanted areas may have been allocated other uses, e.g. rubber (in si Bulan and Sei. Rumbiya), housing and HCV areas”. Thus, HCV area will still have to share its space with other usage. The usage of the term “may have been” indicates also that the auditors did not have a clue on how the remaining unplanted land is being managed.

“Fortress Conservation”

The area that is classified as HCV will be required to be ‘sealed’ and protected from any human interference, as the information shown in the box below⁵⁴. The information is the excerpt from the Public Summary Report of RSPO certification assessment on PT Mustika Sembuluh, an oil palm company that is the subsidiary of Wilmar International Ltd.

Box 2. Excerpt from RSPO Certification Assessment Report made by TÜV Rheinland on PT Mustika Sembuluh – Central Kalimantan, p. 47.

<p>Criterion 5.2. Posters and signs warning of the presence of protected species are to be produced, distributed, and made visible to all workers and the community, including guidelines in handling them.</p>
<p>Non-conformance, No.7 of 12 (Minor):</p> <p>There are no warning signs against illegal fishing activities in MS 3 estate, although from patrol records, evidence of illegal fishing activities using poison at river riparian zone were found and recorded.</p> <p>Correction: Warning signs prohibiting illegal fishing will be erected at strategic areas within MS3</p> <p>Corrective Action: To prevent or minimize illegal fishing/hunting activities, the management of MS1, MS2, and MS3 will implement the following:-</p> <ol style="list-style-type: none"> 1. More warning signs will be erected at all strategic places prohibiting illegal fishing/hunting. 2. Communicate company regulations on prohibition of illegal fishing/hunting activities to all workers. 3. Conduct regular patrolling of all rivers in accordance with the HCV monitoring and Action Plan <p>Auditor Conclusions: Closed, the effectiveness of corrective action will be verified during surveillance audit</p>

‘Fortress conservation’ is a conservation practice where “land set aside for ‘nature’ or ‘wildlife’, where human use could be either prevented or severely constrained” (Adams 2009:278). Such approach of nature protection is a conventional conservation approach that was globally mainstreamed through the nineteenth and twentieth century and are common among the industrialized countries where the practice of ‘protected areas’ (PAs) that fence out human use in the area. This type of conservation also commonly triggered direct con-

⁵⁴ Similar excerpt taken from the public summary report of PT London Sumatra is shown in Appendix 5

licts with the community who lives or depend their livelihood from the resources in the protected areas (*ibid*:278).

5.4. ‘Economic Viability’: For Who?

Principle 3 of RSPO’s P&C that addresses ‘economic viability’ is designated mainly for the palm oil growers which is translated as the presence of ‘long-term business/management plan’ that incorporate targets, such as, Fresh Fruit Bunch (FFB) production, supply and purchasing, planting and replanting or palm oil production. In the guidance statement of this principle, RSPO P&C acknowledged that ‘long-term profitability is also affected by factors outside their direct control’, however, the main demand of RSPO P&C is that the “top management must be able to demonstrate attention to economic and financial viability through long-term management planning”. Hence, RSPO P&C’s sustainability element of ‘economic viability’ mainly centred on the palm oil producers.

While, other economic issues that are related to the presence and operation of oil palm plantation are overlooked. For instance, it does have the capacity to respond to the issue of economic sustainability of the local communities (non smallholders) within the vicinity of the plantation, the issue on how the presence of the plantation brings impact to local economy, the changes of local economy structure and its sustainability. Furthermore, global palm oil market that determines the price of palm oil is also beyond the scope of RSPO P&C. The framing of “economic viability” takes the assumption that the palm oil plantation will remain in operation (hence, growth) in a constant and continuous (long run) time frame and overlook the dynamic of capital flow, as White and Dasgupta (2010) pointed out that the nature of capital flow where ‘when contexts and conditions change, capital abandons its less profitable ventures and moves on, regardless of what problems are left behind’ (p. 596)

RSPO P&C and its practice also incapable of responding to the nature of business practice that is based on competition. In the case of oil palm plantation area that is mostly located in rural area, rural community with their limited resource and capacity is unable to compete with other business groups that has bigger resource and capacity. This issue is clearly reflected from the following excerpt of from the public summary report of PT Mustika Sembuluh noted by the auditor during stakeholder consultation meeting.

Table 4. Excerpt from Stakeholder Consultation Meeting of PT Mustika Sembuluh’s Public Summary Report, p. 52

No	Issues Raised	Management Response	Audit Verification
10	The company has very few partnerships with local people. For example, only a small number of local entrepreneurs have successfully bidden	The opportunity for local cooperatives to have casual contracts/long term contracts with the company will depend on the needs of the company. We always direct	The company’s response was accepted.

	for projects in the company	them to the operating units that require the services. Sometimes the local cooperatives cannot meet the company's requirement and guidelines, which is why their bid for the contract is not accepted.	
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Chapter 6 Conclusion

As set out in this paper, the aim of this study is to understand how MBVS frames, in this case is RSPO P&C, its “sustainability” discourse and how the framing enables the standards to respond to the challenges of palm oil industry.

This study shows that the process of formulating the sustainability concept of RSPO itself is a negotiation among its parties involved, including the initiator (WWF) and the consultants. Hence, it is a discursive process of construction of RSPO’s sustainability concept. This finding confirms the first assumption formulated in this study.

Meanwhile, analysis on the nature of RSPO P&C as a code showed that as a charity organization with legal body registered in Switzerland, RSPO has the authority based on market pressure, while still being bound within state’s legislations and international laws/conventions. This is a paradox of an MBVS that often claim itself to remain free and independent from state influence, moreover, when the establishment of an MBVS is due to the weakness of state laws in environmental and social sustainability enforcement. With this fact alone, I would argue that the subordination of RSPO P&C to state’s laws and regulations has become an obstacle on its own for RSPO to enforce its sustainability agenda.

RSPO P&C also works in conformity with the existing structure of oil palm industry in Indonesia and global level. Its ‘sustainability’ discourse is framed and practiced in the ‘locality’ of a particular oil palm concession, and work for improving some practices of the respective oil palm company, such as, the conservation of soil fertility, water management, or in its treatment to the workers and attention to indigenous peoples’ rights. Meanwhile, the sustainability certification assessment does not take into account environmental phenomena that occur beyond the company’s ‘domain’, even if the other neighboring concessions are belonging under the companies of the same consortium. Furthermore, field fact shows that an area may not only support one particular natural resource activity but can also have other types of natural resource extractions, such as mining, or other types of monoculture plantation, such as, timber estates for pulp and paper industry. RSPO P&C only concerns with the activity of oil palm plantation and does not have the capacity to interfere to the plantation-related legal procedure that is handled by the state, while many conflicts are arising due to the practice of concessions allocation, etc.

RSPO approach to environment is influenced by conservationist perspective and mainstream “sustainable development” concept. As findings shows, the practice of the conservationist perspective in RSPO P&C has the boundary of scale and categorization of ecosystem. As the consequence, it does not take into consideration/discuss the impacts of large-scale monoculture plantation on the ecosystem as an integrated system, as well as the aggregate environmental impacts brought about by the conversion of large land area into monoculture plantation. Despite the “localized” sustainability of RSPO P&C, RSPO

promotes its 'sustainability' claim to public as if it represents the whole supply chain or structure of global palm oil market.

RSPO P&C has the characteristic of "strong reductionist perspective" where Mebratu (1998) addresses such sustainability perspective to be rooted from "a strong reductionist domain" that "take the 'parts' as the point of departure and consider the "whole" as a linear summation of the parts" (p.512).

Reflecting from the dimensions and complexities of problems that surrounds the palm oil industry and the "localized" sustainability response of RSPO, it is understandable that many sceptics opinion are voiced out against the efforts of RSPO.

Appendices

Appendix 1. RSPO's 8 Principles & 39 Criteria (for Oil Palm Growers and Millers)

<p>Principle 1: Commitment to transparency</p> <p>Criterion 1.1 Oil palm growers and millers provide adequate information to other stakeholders on environmental, social, and legal issues relevant to RSPO criteria, in appropriate languages and forms, to allow for effective participation in decision-making</p> <p>Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes</p>
<p>Principle 2: Compliance with applicable laws and regulations</p> <p>Criterion 2.1 There is compliance with all applicable local, national and ratified international laws and regulations</p> <p>Criterion 2.2 The right to use the land can be demonstrated and is not legitimately contested by local community with demonstrable rights</p> <p>Criterion 2.3 Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent</p>
<p>Principle 3: Commitment to long-term economic and financial viability</p> <p>Criterion 3.1 There is an implemented management plan that aims to achieve long term economic and financial viability.</p>
<p>Principle 4: Use of appropriate best practices by growers and mills</p> <p>Criterion 4.1 Operating procedures are appropriately documented and consistently implemented and monitored</p> <p>Criterion 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield</p> <p>Criterion 4.3 Practices minimise and control erosion and degradation of soils</p> <p>Criterion 4.4 Practices maintain the quality and availability of surface and ground water</p> <p>Criterion 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed whilst chemical use is optimised through using appropriate Integrated Pest Management (IPM) techniques</p> <p>Criterion 4.6 Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.</p> <p>Criterion 4.7 An Occupational health and safety plan is documented, effectively communicated and implemented</p> <p>Criterion 4.8 All staff, workers, smallholders and contractors are appropriately trained</p>
<p>Principle 5: Environmental responsibility and conservation of natural resources and biodiversity</p> <p>Criterion 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.</p> <p>Criterion 5.2 The status of rare, threatened or endangered species and high conserva-</p>

<p>tion value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.</p> <p>Criterion 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner</p> <p>Criterion 5.4 Efficiency of energy use and use of renewable energy is maximized</p> <p>Criterion 5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.</p> <p>Criterion 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored</p>
<p>Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills</p> <p>Criterion 6.1 Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.</p> <p>Criterion 6.2 There are open and transparent methods for communication and consultation between growers and/or mills, local communities and other affected or interested parties</p> <p>Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties</p> <p>Criterion 6.4 Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions</p> <p>Criterion 6.5 pay and conditions for employees and for employees of contractors are always meet at least legal or industry minimum standards and are sufficient to provide decent living wages</p> <p>Criterion 6.6 The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel</p> <p>Criterion 6.7 Child labour is not used. Children are not exposed to hazardous working conditions. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.</p> <p>Criterion 6.8 Any forms of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age is prohibited</p> <p>Criterion 6.9 A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.</p> <p>Criterion 6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses</p> <p>Criterion 6.11 Growers and mills contribute to local development wherever appropriate</p>
<p>Principle 7: Responsible development of new plantings</p> <p>Criterion 7.1 A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plant-</p>

	ings or operations, or expanding existing ones, and the results incorporated into planning, management and operations
Criterion 7.2	Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations
Criterion 7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values
Criterion 7.4	Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided
Criterion 7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions
Criterion 7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements
Criterion 7.7	Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.
Principle 8: Commitment to continual improvement in key areas of activity	
Criterion 8.1	Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continual improvement in key operations

Source: Roundtable on Sustainable Palm Oil (RSPO) (2009). Accessed 29 November 2010 <<http://www.rspo.org/?q=page/807>>

Appendix 2. Excerpt from Certification Assessment Report of PT. London Sumatra by TÜV Nord, p. 9

1.9 Areas of Plantation

Table 6. Area details of 12 estates for this certification (Data as at September 2008)

Estate	Location	Area Summary (ha)			
		Total	Under Oil Palm	Mature	Immature
Turangie	Langkat District, North Sumatra	3,156.45	2,851.66	2851.66	—
Bungara	Langkat District, North Sumatra	2,777.48	2,587.82	2587.82	—
Pulo Rambong	Langkat District, North Sumatra	3,098.47	2,849.95	2849.95	—
Sungai Merah	Deli Serdang District, North Sumatra	1,854.46	1,769.20	1,764.20	5.00
Begerpang	Deli Serdang District, North Sumatra	5,724.16	5,112.33	5,112.33	—
Bah Lias	Simalungun District, North Sumatra	4,052.16	3,658.59	2,258.99	1,399.60
Dolok	Batubara District, North Sumatra	3,190.79	3,067.42	2,689.15	378.27
Bah Bulian	Simalungun District, North Sumatra	1,246.46	625.20	625.20	—
Si Bulan	Serdang Berdagai District, North Sumatra	1,240.83	529.51	529.51	—
Rambong Sialang	Serdang Berdagai District, North Sumatra	5,275.12	4,825.70	3,305.50	—
Gunung Melayu	Asahan District, North Sumatra	4,988.69	4,936.45	4,901.45	1,520.20
Sei Rumbiya	Labuhan Ratu District, North Sumatra	5,882.14	1,619.66	1,619.66	35.00

The unplanted areas may have been allocated other uses, e.g., rubber (in Si Bulan and Sei Rumbiya), housing and HCV areas.

Source: Roundtable on Sustainable Palm Oil (RSPO) (2009) 'Certification Assessment – Public Summary Report of PT London Sumatra Tbk by TÜV Nord'. Accessed 29 September 2010<http://www.rspon.org/files/resource_centre/Public-Summary-Lonsum-30June2009.pdf>

Appendix 3. Excerpt from Certification Assessment Report of PT. Mustika Sembuluh by TÜV Rheinland, p. 18

Name of Estate	Area Summary		
	Total (ha)	Planted (ha)	Mature (ha)
Mustika Sembuluh Estate 1	6,590	6,098.01	6,030.10
Mustika Sembuluh Estate 2	6,107.19	5,731.71	5,731.71
Mustika Sembuluh Estate 3	6,753.06	4,377.83	3,271.25
Total	19,450.25	15,604	15,033.06

Source: Area statement 2009

* Total area for each estate is per total approved HGU area and HGU area under application for approval

Source: Roundtable on Sustainable Palm Oil (RSPO) (2009) 'Certification Assessment Report of PT Mustika Sembuluh by TÜV Rheinland'. Accessed 29 September 2010
<http://www.rspon.org/sites/default/files/RSPO%20Public%20Summary%20Report_PT%20MS_TUV_08092010.pdf>

Appendix 4. The concept of High Conservation Value Forests

The concept of High Conservation Value Forests (HCVFs) was developed by the Forest Stewardship Council (FSC) as a means to ensure that the world's most important forests are adequately maintained under FSC certification. The FSC provide a generic definition (below) which must then be adapted to reflect the realities in each country.

HCVFs are those that possess one or more of the following attributes:

- HCV1. Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).
 - HCV2. Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.
 - HCV3. Forest areas that are in or contain rare, threatened or endangered ecosystems.
 - HCV4. Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).
 - HCV5. Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).
 - HCV6. Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).
- FSC Principles and Criteria, February 2000

Source: Publications, ProForest (2010) 'Palm Oil, Forests and Sustainability : Discussion paper for the Round Table on Sustainable Oil Palm (March 2003b)'. Accessed 1 October 2010 <<http://www.proforest.net/objects/publications/round-table-discussion-paper-1.pdf>>

Criterion 5.2

The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations



The SPO management has prepared a list of the flora and fauna on its land in its "Flora and Fauna Identification Book". The HCV areas have been determined to be 4.1, 4.2 and 6. The HCV areas at Bungara, Begerpang, Gunung Melayu, Sungai Merah estates are well demarcated with signboards. Figure 7: High Conservation Value (HCV) area in Bungara estate. Identification of the HCV areas is documented in "Laporan Hasil Identifikasi Flora & Fauna" and regularly updated by the Environment-Technology Transfer Department.

The Environmental Policy (evidenced in an internal memorandum by the Managing Director for Operations) is to maintain the HCV areas.

Training for awareness and understanding of HCV areas was conducted internally in 2006. The same year, CSIRO was co-opted to develop a model for managing the riparian strips. In 2008, WWF Indonesia was invited to train the estate managers on identification of Flora and Fauna. The maps of HCV were formally issued by BLRS (Bah Lias Research Station) in 2008, complete with the types of HCVs and GPS points. Despite Lonsum cultivating its plantations for >100 years, the fact that some HCV areas are still found is testimony to the management's concern for the environment.



Figure 7: Riparian strip at Begerpang Estate



Figure 8: Riparian strip at Bungara Estate



Figure 9: Protected plant (Nepenthes sp.) at Sei Rumbiya estate

The SPO Management also monitors the river water quality periodically based on National Regulation No. 82/2001 for river water, to ensure that its operation is not affecting the river.

Source: Resource Centre, Roundtable on Sustainable Palm Oil (RSPO) (2009) 'Certification Assessment – Public Summary Report of PT London Sumatra Tbk by TÜV Nord'. Accessed 29 September 2010

<http://www.rspo.org/files/resource_centre/Public-Summary-Lonsum-30June2009.pdf>

**Appendix 6. Profile of Certification companies: TUV Rheinland, TUV Nord
and oil palm companies: PT London Sumatra, PT Mustika Sembuluh**

A. Profile of PT London Sumatra – Indonesia

“Established since 1906 with the initiatives of the London-based Harrisons & Crossfield Plc, as a general trading and plantation management services firm. The London-Sumatra plantations, which later came to be known as “Lonsum”, evolved over time to become one of the world’s renowned plantation companies, with almost 100,000 hectares of planted oil palm, rubber, tea and cocoa plantations spread across Indonesia’s four largest islands”.

Source: Profile PT London Sumatra Tbk, Linked in (2010). Accessed 29 November 2010 <
<http://www.linkedin.com/companies/pt-pp-london-sumatra-indonesia-tbk>.>

(below is the profile of PT London Sumatra Tbk, obtained from Google’s cached page of www.londonsumatra.com, dated 11 Nov 2010. On the time of accessing (29 November 2010), the website of www.londonsumatra.com is not functioning). The cached page is
<http://webcache.googleusercontent.com/search?q=cache:ART5y2_kq80J:www.londonsumatra.com/content.aspx%3Fcode%3D1000000+Profile+PT+Lonsum&cd=2&hl=nl&ct=clnk&gl=nl>

“The origin of PT Perusahaan Perkebunan London Sumatra Indonesia Tbk goes back over more than a century to 1906 with the initiatives of the London-based Harrisons & Crossfield Plc, as a general trading and plantation management services firm. The London-Sumatra plantations, which later came to be known as “Lonsum”, evolved over time to become one of the world’s renowned plantation companies, with almost 100,000 hectares of planted oil palm, rubber, tea and cocoa plantations spread across Indonesia’s four largest islands.

Having diversified into rubber, tea and cocoa in its early years, Lonsum concentrated on rubber throughout Indonesia’s formative years as an independent nation, and commenced oil palm production in the 1980s. By the end of the following decade, oil palm had replaced rubber as the Company’s primary commodity.

Lonsum’s 38 inti estates (Company owned) and 14 plasma estates (smallholder farmer), which are currently operational in Sumatra, Java, Kalimantan and Sulawesi, make use of advanced research and development as well as agro-management expertise and a highly skilled and an experienced workforce. The scope of the business has broadened to include plant breeding, planting, harvesting, milling, processing and the selling of palm products, rubber, cocoa and tea. The Company now has 20 factories which are operational in Sumatra, Java and Sulawesi. Lonsum is known in the industry for the quality of its oil palm and cocoa seeds, and this high-tech business is now a major growth driver for the Company.

In 1994, Harrisons & Crossfield sold its entire interest in Lonsum to PT Pan London Sumatra Plantation (PPLS), which took Lonsum public by listing its shares on the Jakarta and Surabaya stock exchanges in 1996. In October 2007, Indofood Agri Resources Ltd, the plantation arm of PT Indofood Sukses Makmur Tbk, became the Company’s majority shareholder through its Indonesian subsidiary, PT Salim Ivomas Pratama”.

B. Profile of PT Mustika Sembuluh – Indonesia

“PT. Mustika Sembuluh is one of seven plantation companies located at Central Kalimantan and owned by Wilmar International, which has a palm oil mill (POM) and palm kernel mill (PK). PT Mustika Sembuluh operates at North Mentaya Ilir Sub-District and Kota Besi Sub-District of Kotawaringin District, and Danau Sembuluh Sub-District of Seruyan District.

PT Mustika Sembuluh was founded on November 29, 1988 in Palembang and initially named PT Rimba Ogako Hayu, under deed of establishment No. 168. On February 12, 1994, the company name was changed to PT Mustika Sembuluh based on Minutes of Notary No. 94. PT Mustika Sembuluh then moved location from Palembang to Palangkaraya, and the business was expanded into oil palm plantation, palm oil and palm kernel processing.”

Source: Resource Centre, Roundtable on Sustainable Palm Oil (RSPO)(2009) ‘Certification Assessment Report of PT Mustika Sembuluh by TÜV Rheinland’. p. 9. Accessed 29 September 2010

http://www.rspo.org/sites/default/files/RSPO%20Public%20Summary%20Report_PT%20MS_TUV_08092010.pdf

C. Profile of TÜV Rheinland Malaysia Sdn Bhd.

“TÜV Rheinland Malaysia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. It is based in 61 countries with 490 locations in 5 continents. Overall, TÜV Rheinland Group has a workforce of more than 13,300 with a turnover of € 1.1 billion in 2008. It TÜV Rheinland has been a member of the Global Compact of the UN since 2006. It is over 135 years old and its headquarters are in Cologne.”

Source: Products and Services, TÜV Rheinland (n.d), accessed 29 November 2010

(http://www.tuv.com/my/en/products_and_services.html)>

D. Profile of TÜV Nord

TNI is a subsidiary of the German TÜV NORD Group. The company focuses in “inspection, testing and certification services”. In the public assessment report of PT Lonsum, it stated that it “offers high added-value services but also trust and confidence in their certificates/reports”. It also claimed to “satisfy their direct customers as well as the other stakeholders, namely regulators and affected society at large including NGOs” through their “competent auditors, inspectors and analysts”.

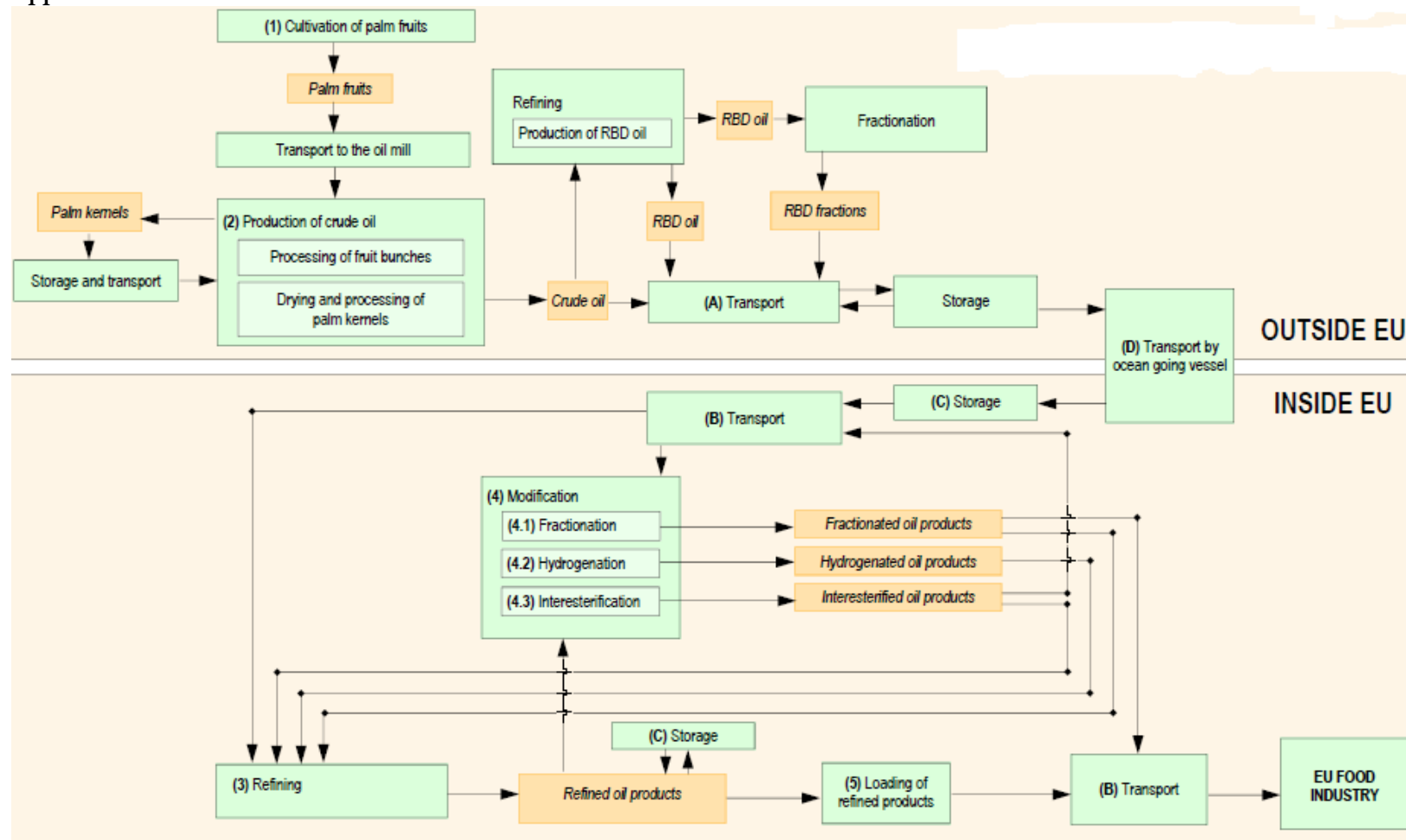
“TNI has its headquarter in Germany and is a member of the International Accreditation Forum (IAF). It is accredited by DAR (Deutscher Akkreditierungs Rat, a German Accreditation Body) and the Indonesian Accreditation Body (KAN)”.

“Services provided by the Systems Certifications are Food Safety Management Systems (ISO 22000), Information Security Management Systems (ISO 27001), Social Accountability (SA 8000), Food Hygiene (HACCP), Medical Device Directive (MDD, ISO 13485), Occupational Health and Safety (OHSAS 18001), Product Certification (GS-Mark, CE-Mark, SNI Mark), Inspection for ISPS Code, Clean Development Mechanism (CDM), Validation & Verification, British Retail Consortium (BRS Issue 4)”.

Source; Resource Centre, Roundtable on Sustainable Palm Oil (RSPO) (2009) ‘Certification Assessment – Public Summary Report of PT London Sumatra Tbk by TUV Nord’. Accessed 29 September 2010

(http://www.rspo.org/files/resource_centre/Public-Summary-Lonsum-30June2009.pdf)

Appendix 7. Production Chain of Palm Oil and Palm Kernel Oil Products



Source: FEDIOL, <http://www.fediol.be/5/pdf/09SAF056.pdf>, accessed 27 November 2010

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