

PALM OIL IN THE TRADE Hub



Oil palm trees originated in Africa, but were exported to other countries around 100 years ago¹. Today, palm oil is the most consumed oil globally, with over 85% of its global supply being produced in Indonesia and Malaysia². Most recently, production is also expanding in Central Africa.

Within the TRADE Hub we are exploring social, economic and environmental impacts of the palm oil trade, not only in Indonesia but also in Central African countries, where research has been lacking. By studying localised value chains, and understanding country-level trade systems better, especially with regards to deforestation, impacts on livelihoods, and land-use tradeoffs, we hope to inform better regional and global practices in palm oil trade.



Using this diagram which is based on a generic supply chain, we can explore the work that the TRADE Hub is doing at each stage of the Palm Oil supply chain



Acronyms

CBI = Congo Basin Institute
CIFOR = Center for International Forestry Research
IITA = International Institute of Tropical Agriculture
IPB = Institut Pertanian Bogor
RCCC UI = Research Center for Climate Change - University of Indonesia
UoR = University of Reading



FARMERS/PRACTICES



We are studying production systems and mechanisms - filling gaps in knowledge about current farming practices, impacts on ecosystems and people, and direct impacts of high-level policy decisions.

Cameroon

Understanding the extent to which financial gains influence smallholder farmers' decision to invest in oil palm cultivation and crude palm oil (CPO) production in Cameroon

- » Developing a financial cost and benefit discounted cash flow model over an oil palm plantation's useful life of 25y after the first harvest
- » Analysing financial viability of establishing smallholder palm oil plantations in different production basins in Cameroon, and experimenting different selling strategies
- » Assessing the sensitivity of different inputs on the financial viability of investing in smallholder palm oil cultivation and production of CPO

UCI

Indonesia

Developing a business case for sustainable oil palm production: demonstrating how varied typologies of smallholders in forested landscapes in Central Kalimantan behave towards adopting sustainability practices

- » Through participatory action research approaches, the aim is to see how smallholders take up opportunities and overcome barriers towards sustainability practice adoption
- » Investigating how existing platforms at higher levels (e.g., public policy, corporate sustainable sourcing policies) facilitate smallholder upgrading

CIFOR



METRICS AND TOOLS

We are developing powerful models that envision future pathways for trade, as well as metrics and indicators that help plan and monitor for more sustainable trade systems.

CIFOR

Developing a new version of the [Landscape Game](#): this provides a model where stakeholders learn rapidly how human strategies impact a landscape mosaic, where competing land uses, local and global trade of commodities exist. The updated version of the game will facilitate dialogue among actors on landscapes and along value chains, to gather data and foster learning among actors on sustainability outcomes

Exploring the use of a geo-platform called [Atlas](#) in Borneo and Papua to monitor public and private commitments towards sustainable palm oil trade

CIFOR

UoY TRASE

Modelling the impacts of palm oil plantations on biodiversity and their connection to the global palm oil supply chain

CBI & IITA

Creating a Central Africa database for palm oil concessions, and analysing the ecological and social impacts of international palm oil production in the Congo Basin

CAPACITY BUILDING



We are working consistently towards improving capacity and skills for all TRADE Hub members, with an emphasis on interdisciplinary learning and knowledge exchange.

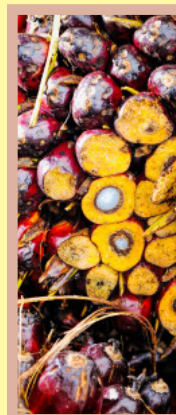
Involving early career researchers and professionals in Indonesia to generate new knowledge for decision makers to better apply sustainability principles in palm oil production and trade from high-risk forested landscapes (IPB University)



TRADE RULES



- Comparing/analysing different tools, policies and approaches for sustainable trade of palm oil – their design, implications and impact – for both the supply and the demand side (*UoR*)
- Collecting information on the use of non-tariff measures (NTMs) as tools regulating international trade of palm oil (*UoR*)
- Managing international databases on trade data and trade policy (NTMs, Regional Trade Agreements - RTAs) in order to create a mother database which will be used to run an econometric analysis, based on a gravity equation model (*UoR*)
- Modelling trade scenarios to assess social, economic and environmental trade-offs associated with different public and private policy options at the landscape and national levels of palm oil trade in Indonesia (*ICRAF*)



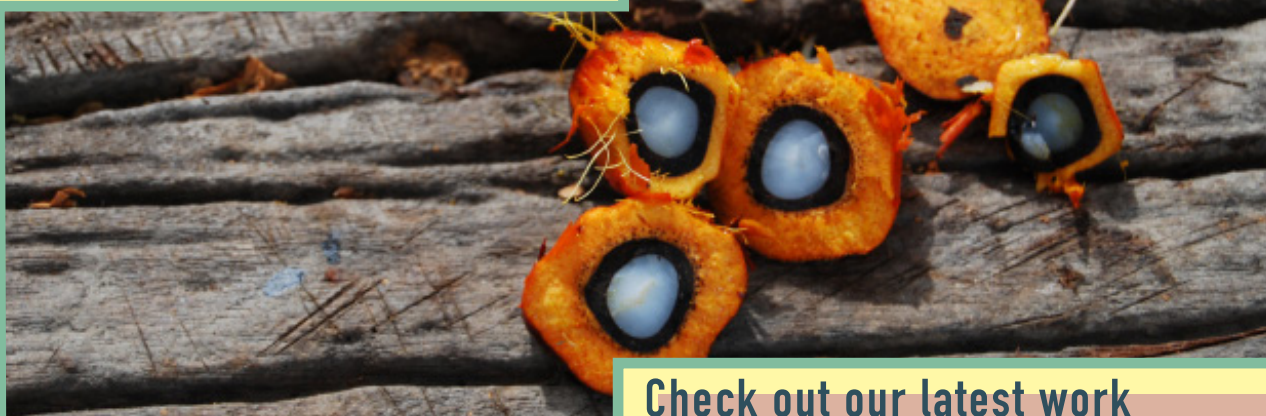
NATIONAL GOVERNMENT



- Influencing the Indonesian fiscal and financial regulatory authorities to adopt improved tools and products resulted from TRADE Hub research for supporting sustainable investing decisions in palm oil trade (*RCCC UI*)
- Investigating how current public initiatives and policies – with a particular focus on West Papua – would be conducive to the private sector and stallholders' sustainability commitments and practices (*CIFOR*)
- Facilitating the incorporation of sustainability information into decision making by government regulators in Indonesia, through policy analysis, scientific advocacy and engagement, (*CIFOR*)

Did you know?

50% of all packaged products worldwide contain palm oil¹, from toothpaste to doughnuts!



Endnotes

- 1 WWF. 2020. 8 Things To Know About Palm Oil. [online] Available at: <<https://www.wwf.org.uk/updates/8-things-know-about-palm-oil>> [Accessed 23 December 2020].
- 2 Indonesia Investments. 2016. Palm Oil. [online] Available at: <<https://www.indonesia-investments.com/business/commodities/palm-oil/item166?>> [Accessed 23 December 2020].

Check out our latest work

Ayompe, L., Schaafsma, M. and Egoh, B., 2020. Towards sustainable palm oil production: The positive and negative impacts on ecosystem services and human wellbeing. *Journal of Cleaner Production*, 278, p.123914.

Center for International Forestry Research, 2020. *TRADE Hub Indonesia Scoping Studies*. TRADE Hub.

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Purnomo, H. et al., 2020. Reconciling oil palm economic development and environmental conservation in Indonesia: A value chain dynamic approach. *Forest Policy and Economics*, 111, p.102089.

