

# ISPO and International Recognition

**Palm  il Monitor**



# Why palm oil certification?

- European retailers sought to manage negative impacts from land-use change in Southeast Asian forests and ...
- Preserve their image among European stakeholders
- Voluntary certification (RSPO) was followed by national certification (ISPO and MSPO)
- National certification was originally oriented towards legality, good agricultural practices and sustainable development
- International recognition is now a priority
  - (Keppres)





# Certification and international trade (1)

- Certification (e.g. FSC) started as a way for the private sector to push corporate social responsibility (CSR) for stakeholders
- This included consumer branding for economic and social outcomes, forest/biodiversity conservation, organic production
- The number of 'eco labels' and other voluntary is now very lengthy
- Some companies have moved away from 'systems' and now have 'in house assurance' (e.g. Starbucks)



# Certification and international trade (2)

- BUT ... certification sometimes becomes part of a regulation
- Countries can require that products – imported or domestic -- meet certain standards.
- But under WTO TBT Agreement they can't create obstacles to trade and must be legitimate (e.g. for consumer, environmental protection)
- This includes:
  - Technical regulations
  - Standards
  - Testing
  - Certification procedures



# TBT Principles

- There are four key principles under the TBT
  - Non-discrimination
    - Don't discriminate between domestic/imported or between different countries
  - Avoidance of unnecessary barriers
    - Don't make more trade restrictive than necessary to fulfil a legitimate objective
  - Harmonisation with international standards
    - Use international standards where necessary
  - Notification requirements
    - Notify other members of any possible TBTs



The WTO Agreements Series  
Technical Barriers to Trade  
Third Edition



# International regulations and palm oil

- Which regulations matter for palm oil certification?
- There are four territories where it will matter:
  - European Union
  - UK
  - Switzerland/EFTA
  - US



# European Union

- EU RED
  - Endorses certification systems, e.g. ISCC, SSC (US) for sustainability in biofuels
- Deforestation regulation
  - Currently being developed, likely to allow some systems for evidence of no deforestation within due diligence guidelines
- Due diligence on human rights
  - May instead place greater emphasis on due diligence – target here is countries such as China, but threat remains from NGO claims





## European Union (II)

- In the past, the EU has accepted certification for Indonesian forest products under EU Timber Regulation:
  - IFCC – endorsed under the PEFC umbrella system
  - SVLK – Jointly developed with the European Union under a bilateral VPA agreement



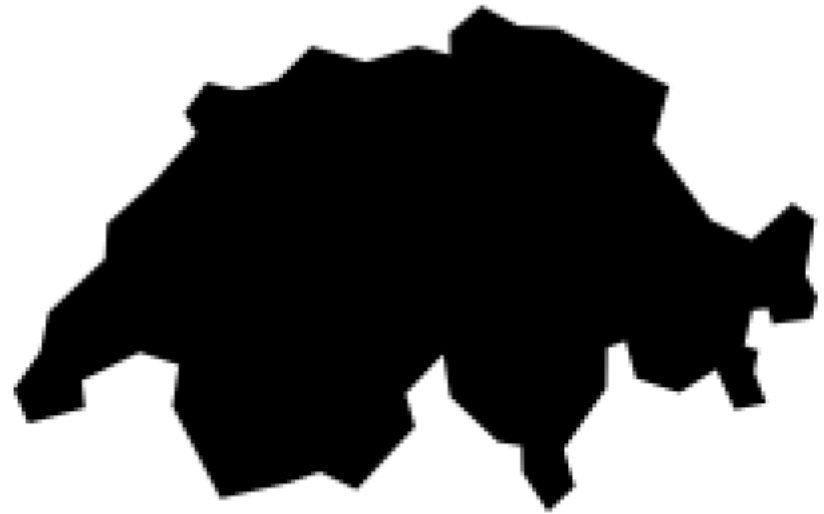
# United Kingdom

- Is implementing due diligence requirements for no illegality in imported commodities
- Has chosen a 'legality' rather than 'sustainability' path in due diligence requirements
- Will be similar to existing requirements under EUTR and will likely have 'pathways' for different certification systems



# Switzerland/EFTA

- CSPO gets a small market preference under the IE-CEPA
- Swiss govt. has endorsed certification systems under IE-CEPA for CSPO
- This includes RSPO, so many RI producers are covered by the agreement
- BUT Swiss endorsement of ISPO will be significant
- Swiss government is funding programs for CSPO implementation and bilateral work should include ISPO



# United States

- US is introducing different legislation that will impact palm oil
  - Senator Brian Schatz (D-HI) is likely to propose legislation similar to the Lacey Act for legality and commodities
  - There is a section on 'Reduced Deforestation' in US CLIMATE bill, with an emphasis on Indonesia
    - Programs will likely be led by USAID





# Recognition (I)

- Falls under two streams
- **Regulation**
  - EU measures
  - Lacey Act amendments
  - IE-CEPA certification recognition
- **Bilateral cooperation**
  - US CLIMATE Act
  - IE-CEPA certification programs



# Recognition and communication

- Both require clear, unified and straightforward outreach to relevant officials
- The basics are:
  - Simple overviews
  - Web communications
  - Participation in consultations
  - Translations of technical documentation
- More complex steps:
  - Joint workshops/working groups to develop pathways
- RSPO is a good communications benchmark

# Recognition prospects

- EU
  - Making things difficult, not agreeing to EU-ASEAN JWG agenda
  - But wants better relations with ASEAN
- Switzerland
  - More pragmatics and receptive, bilateral programs are promising
- US
  - Will be receptive if direct outreach takes place to USAID
    - RSPO will be doing same thing
  - US is seeking greater influence in region
  - Wants climate cooperation

# 'Umbrella' certification – the PEFC model

- PEFC endorses national forest certification systems to international benchmarks
- This provides assurance across different countries that timber products have met international standards
- PEFC was originally 'pan-European', principles were originally based on 'Helsinki Guidelines', developed at a meeting of forest ministers in 1993
- This was the starting point of international consensus among governments on forest certification





# Original Helsinki Guidelines Principles

- Maintenance and appropriate enhancement of forest resources and their contribution to global carbon cycles
- Maintenance of forest ecosystem health and vitality
- Maintenance and encouragement of productive functions of forests (wood and nonwood)
- Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems
- Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water)
- Maintenance of other socio-economic functions and conditions.



# Can the PEFC model be applied to palm oil?

- Existing systems – ISPO, MSPO – can serve as basis for principles
- CPOPC (and/or ASEAN) could serve as a forum for generating ministerial consensus on principles for sustainable palm oil production
- This could subsequently serve as the basis for generating pan-CPOPC C&I on sustainable palm oil production
- A similar approach was used by the ITTO in the development of C&I for sustainable forest management
- Drawing from SDGs to provide some basis would bolster any C&I
- Provide guidance for other countries (Nigeria, PNG, LatAm)



## Conclusion: Critical steps

- International regulation of sustainable palm oil will continue
- Certification will continue to play a role
- Indonesia must push ISPO as far as possible in all bilateral discussions, whether in trade or foreign relations
- International consensus on CSPO must be generated in ASEAN or within CPOPC
- We must avoid 'Western consensus' on vegetable oils

TERIMA KASIH!

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