

Getting the Malaysian (MY) Palm Oil Industry Ready for EUDR: Gaps and Opportunities

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CPOPC's Engagement with Academicians and Student Leaders from
Higher Learning Institutions

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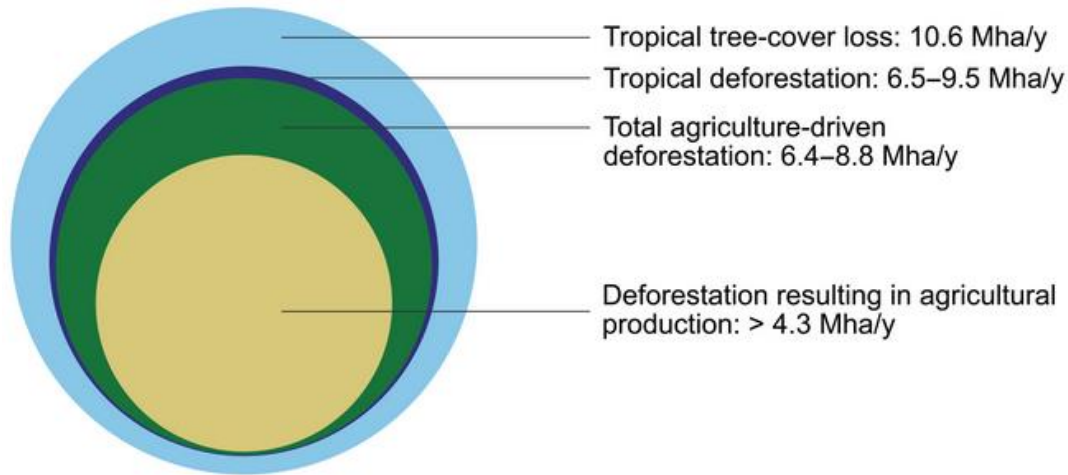


Leading the value chain GOVERNANCE

- Shared climate responsibility: Deforestation-free supply chain is a norm
- The whole is greater than the sum of parts: MY sustainable palm oil framework
- MY able to meet EUDR, with gaps to close
- Opportunities: Climate-smart agriculture partnerships
- Transformed global palm oil value chain governance: landscape management

Introduction: Imported deforestation

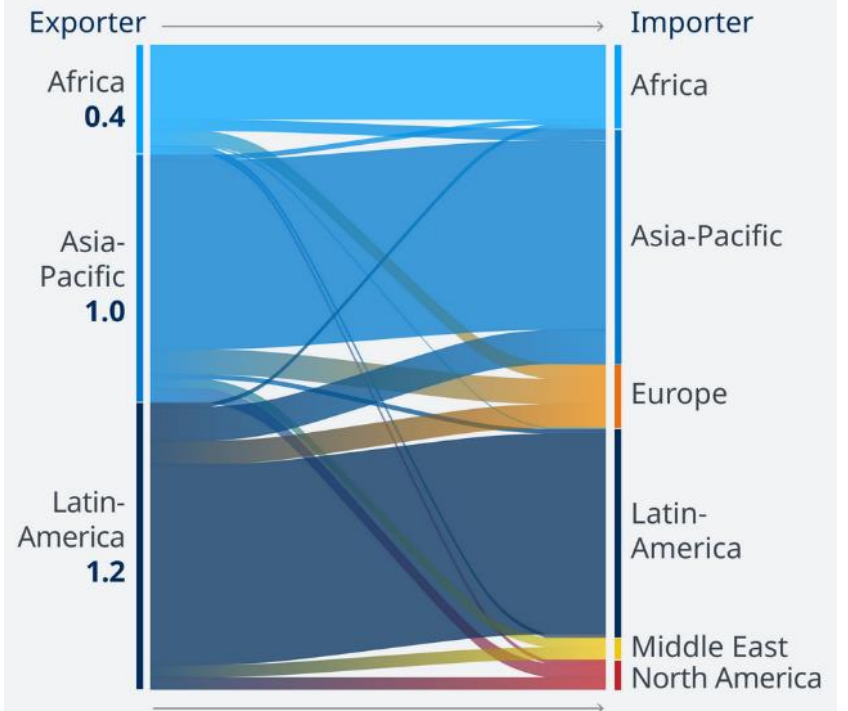
TCL, deforestation, and agriculture-driven deforestation



Source: Pendrill et al., 2023

International trade fuels tree-clearance in the tropics

Trade flows of embodied CO₂ emissions from deforestation 2010-14 (Gigatonnes)



Source: Pendrill et al., 2019

Introduction: Deforestation-free supply chains



The European Union

On November 17, the European Commission presented its [proposal for a regulation on deforestation-free products](#), aiming to ensure that only “relevant commodities and products” that are deforestation free, produced in accordance with the laws of the country of production, and covered by a due diligence statement are available on or exported from the European Union’s common market.



The United Kingdom

The [UK Environment Act 2021](#) was adopted on November 9, laying down a framework to address deforestation. According to the act, a regulated person must not use a forest risk commodity or a derived product in his/her commercial activities unless there is compliance with relevant local laws.



U.S. lawmakers have introduced an ambitious bill in congress that would prohibit the import of products connected to illegally deforested land, and would establish a roadmap for countries that need to strengthen environmental regulations.

The [FOREST Act of 2021](#), sponsored by Senator Brian Schatz (D-HI) and Representative Earl Blumenauer (D-OR), is designed to hold countries accountable for agricultural products that are destroying forests all over the globe.



China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) has more than 6,300 member enterprises in the various fields of metals, minerals, oil, chemicals, construction materials, natural rubber and tires. It is China's largest and most professional industry organization in this sector.

[InFIT](#) China-UK Collaboration on International Forest Investment and Trade (InFIT)

Jointly initiated by the Ministry of Commerce of the People's Republic of China (MOFCOM), the China National Forestry and Grassland Administration (NFGA), and the Department for International Development (DFID) of the United Kingdom, it is the China Programme of a global programme – Forest Governance, Markets and Climate (FGMC) – aimed at addressing potential negative impacts of international investment and trade in timber products and other commodities grown on forest land. The InFIT programme supports CCCMC in promoting the “Sustainable Natural Rubber Project”.

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Sustainable Natural Rubber

The Sustainable Natural Rubber Project aims to:

- ▶ Strengthen enterprises' capacity building in sustainable rubber planting and production and processing;
- ▶ Reduce the negative impact on local environment and society;
- ▶ Effectively improve the livelihoods of affected people and communities
- ▶ Promote the synergy between upstream and downstream of the industry to build a sustainable natural rubber value chain.



One thing in common: Operators are required to present **Segregation chain-of-custody**, which is **traceable** to suppliers or the suppliers' own suppliers' **land use change**.

MY sustainable palm oil framework

	Deforestation	Legality	Due Diligence	Traceability
Macro	<ul style="list-style-type: none"> •Oil palm area capped at 6.5 mil ha •No afforestation for oil palm plantations in permanent reserve forests •Reforestation under 5th National Physical Plan •NDPE of financial institutions 			<ul style="list-style-type: none"> •iPLAN Bursa Malaysia's FCPO Revamp •Physical seller: Up to mill level
Sectoral	<ul style="list-style-type: none"> •Deforestation threshold cutoff: 31.12.2019 •No new planting on peat •Map oil palm areas (GeoPalm) 	License to sell and move FFBS <ul style="list-style-type: none"> •Legal ownership •Surveyed land •Env. Impact Assessment (>500 ha) •MSPO certification within 6 months 	MSPO 1.0 & 2.0 compliance <ul style="list-style-type: none"> •MPOB License •Principle 7: Dev. of new planting •EIA (+HCV) •SIA (+FPIC) 	<ul style="list-style-type: none"> •MSPO Trace •Sawit Intelligent Management System
	RSPO site-specific methodology: <ul style="list-style-type: none"> • Primary forest & HCV, Nov 2005 • HCV & HCS forests, 15 Nov 2018 		RSPO compliance <ul style="list-style-type: none"> •New planting procedures •EIA (+HCV, HCS) •SIA (+FPIC) •Public consultation 	RSPO Palm Trace
	NDPE of palm oil companies		Palm oil companies' supplier audit	Palm oil companies' traceability system

Rapid assessment: Key EUDR provisions



Commodities: **Palm oil**, soy, word, cattle, cocoa, coffee & rubber



Deforestation: The conversion of forest
- 0.5 ha
- 5m
- canopy >10%



Forest degradation:

Structural changes to forest cover, taking the form of the conversion of primary forests or naturally regenerating forests into:
- plantation forests or
- planted forests



Cutoff date: **31 December 2020**



Country Benchmarking (Article 29) by Competent Authority:
- "**High risk**" (2-fold approach - check X% of operators & quantity)
- "**Standard risk**" (X% of operators)
- "**Low risk**" (simplified DueD - X% of operators)



Operators to do due diligence:

- Information requirements (Article 9)
- Risk Assessment (Article 10)
- Risk Mitigation (Article 11)



Operators to provide geolocation:

- <4ha (6-decimal digit coordinates)
- >4ha (polygon)



Rapid assessment: EDUR's Articles 9, 10 & 29

DATA COLLECTOR	OIL PALM	INDIGENOUS PEOPLE	FOREST
National (Government)	A29(3)(b) Rate of agri area expansion A29(3)(c) Production trend	A10(2)(c) Indigenous people presence	A10(2)(b) Forest presence
State (Government)	A10(2)(i) Supply chain complexity A10(2)(j) Processing stages of products A10(2)(j) Risk of product mixing		A10(2)(f) Prevalence of deforestation or forest degradation
District (Government)	A10(2)(l) History of non-compliance along the relevant supply chain with this Regulation A10(2)(m) Info of non-compliance		A29(3)(a) Rate of deforestation or forest degradation
Supply chain (Mill / refinery / trader)	A9(1)(e) Seller name, address, email A9(1)(f) Buyer name, address, email A9(1)(b) Product quantity A9(1)(d) Production time range A9(1)(d) Plot grower's plantation geolocation A9(1)(g) Product is deforestation-free A9(1)(h) Product is legally produced A10(2)(n) Complementary info of compliance	A10.2(d) Good faith with indigenous people A10(2)(e) Claim of land ownership by indigenous people	
Plantation (Grower)	A9(1)(e) Producer name, address, email A9(1)(b) Product quantity A9(1)(d) Production time range A9(1)(g) Product is deforestation-free A9(1)(h) Product is legally produced A10(2)(n) Complementary info of compliance	A10.2(d) Good faith with indigenous people A10(2)(e) Claim of land ownership by indigenous people	

Major gaps:

- Segregated chain-of-custody
- Polygon (>4 ha)
- Forest & forest degradation definitions

Rapid assessment: EDUR's opportunities for climate-smart agriculture

- A11: Risk mitigation by operators / traders

Such procedures and measures may also include supporting compliance with this Regulation by that operator's suppliers, in particular smallholders, through capacity building and investments.

- R29

prior and informed consent (FPIC). Building upon the experience and lessons learned in the context of existing initiatives, the Union and the Member States should work towards partnerships with producer countries, at their request, and address global challenges while meeting local needs and paying attention to the challenges faced by smallholders, in line with the communication on Stepping up EU Action to Protect and Restore the World's Forests. The partnership approach should help producer countries and parts thereof in protecting, restoring and sustainably using forest, hence contributing to the objective of this Regulation to reduce deforestation and forest degradation, including through the use of digital technologies, geospatial information and capacity building.

- A29

5. The Commission shall engage in a specific dialogue with all countries that are, or risk to be classified as, high risk, with the objective to reduce their level of risk.

6. Without prejudice to paragraph 5, the Commission shall formally notify the country concerned of its intention to classify that country or a part thereof to a different risk category and invite it to provide any information deemed useful in that regard. The Commission shall also inform the competent authorities of such intention.

Article 30

Cooperation with third countries

1. Within their respective spheres of competence, the Commission, on behalf of the Union, and interested Member States shall engage in a coordinated approach with producer countries and parts thereof that are concerned by this Regulation, in particular those classified as high risk in accordance with Article 29 through existing and future partnerships, and other relevant cooperation mechanisms to jointly address the root causes of deforestation and forest degradation. The Commission shall develop a comprehensive Union strategic framework for such engagement and shall consider mobilising relevant Union instruments. Such partnerships and cooperation mechanisms shall focus on the conservation, restoration and sustainable use of forests, deforestation, forest degradation, and the transition to sustainable commodity production, consumption, processing, and trade methods. Partnerships and cooperation mechanisms may include structured dialogues, administrative arrangements, and existing agreements or provisions thereof, as well as joint roadmaps that enable the transition to an agricultural production that facilitates the compliance with this Regulation, paying particular attention to the needs of indigenous peoples, local communities and smallholders and ensuring the participation of all interested actors.

- Could negotiate for piloting via



Jurisdictional Certified Sustainable Palm Oil (JCSP0) - Sabah, Malaysia

3. Partnerships and cooperation shall promote the development of integrated land use planning processes, relevant legislation of producer countries, multi-stakeholder processes, fiscal or commercial incentives and other pertinent tools to improve forest and biodiversity conservation, sustainable management and restoration of forests, tackle the conversion of forests and vulnerable ecosystems to other land uses, optimise gains for the landscape, tenure security, agriculture productivity and competitiveness, and the transparency of supply chains, strengthen the rights of forest-dependent communities, including smallholders, local communities, and indigenous peoples, whose rights are set out in the UN Declaration on the Rights of Indigenous Peoples, and ensure public access to forest management documents and other relevant information.

Implications

- **Greater transparency:** facilitating **improved communication** about the integrity of MY sustainable palm oil.
- **Cross-government collaboration** crucial for sustainable palm oil transition
- **Cross-national partnership** crucial for exchange of info, technical assistance, and guidance to facilitate transition



Call for tenders' details

TED publication date:	07/06/2023	Status:	Closed
Time limit for receipt of tenders:	13/07/2023		

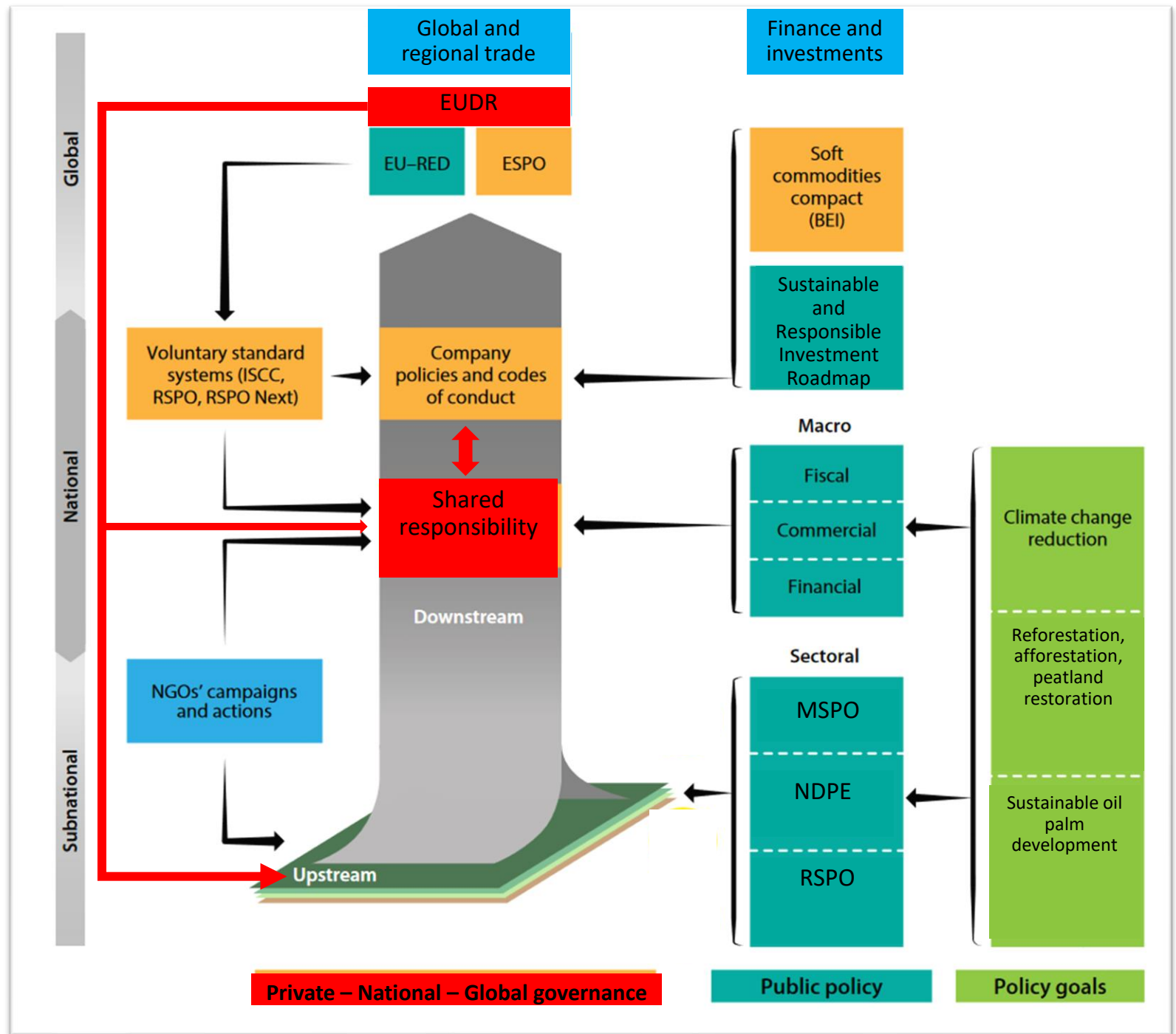
Information

Tender reference number	ENV/2023/OP/0013
Title	Support Contract for the Establishment of a Benchmarking System According to Article 29 of the Regulation on Deforestation-free Supply Chains

This includes providing support for:

- **Gathering objective data and information** on each specific criteria as defined in Article 29 of the Regulation and assessing their relevance.
- Designing of an **assessment methodology**, based on the different criteria set out in Article 29.3 and 29.4 of the Regulation.
- Setting up a **benchmarking tool or mechanism** based on the methodology and carrying out the first assessment.

Transformation of **global** palm oil value chain **governance** :
Landscape management



L 150/206

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REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 31 May 2023

on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010



English

Energy, Climate change, Environment

Environment

[Home](#) > [All Environment Publications](#) > [Frequently Asked Questions - Deforestation Regulation](#)

GENERAL PUBLICATIONS

Frequently Asked Questions - Deforestation Regulation

Details

Publication date

29 June 2023

EU
Deforestation-
free
Regulation's
major
references