

15th August 2011

Mr Craig Thomson MP  
Chairman,  
House of Representatives Standing Committee on Economics,  
Parliament of Australia.

Dear Sir,

National Association of Smallholders, Malaysia Submission to House of  
Representatives Economics Committee on *Food Standards Amendment (Truth  
in Labelling – Palm Oil)* Bill 2010

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NASH is in total disagreement with the intent and purpose of the *Food  
Standards Amendment (Truth in Labelling – Palm Oil)* Bill 2010 ('the Bill').

NASH considers that the Bill represents a serious threat to the livelihoods of  
over 1 million Malaysians who rely on the palm oil industry to maintain and  
improve their standard of living, and millions more that stand to benefit from  
the industry's growth.

It is for this reason that NASH recently held a protest at the Australian Embassy  
in Kuala Lumpur against the proposed legislation seeking mandatory labelling  
of palm oil in Australian food produce. Subsequent amendments to the Bill to  
extend this provision to all consumer goods containing and manufactured using  
palm oil is a further assault on our livelihoods that would cause widespread  
unemployment and poverty.

Should it be passed into law, the foreseeable consequent negative impacts on the livelihood of its members are immeasurable.

Palm oil contributes RM60 billion (A\$20.5 billion) to Malaysia's export revenue. It is an important crop which has sustained the livelihood of 1 million small farmers and their families who each thrive on small plots of land which is less than 4 hectares in size and constitute 39% of Malaysia's total planted area. For these small farmers, this crop is their sole "bread and butter" and most importantly their primary, and only source of daily livelihood and families' economic survival. Their continued planting on ancestral land and replanting has no bearing on deforestation but instead, support re-forestation. They toil on land which does not encroach on forest habitat of wildlife, including orang-utans. It is a known fact that there are no orang utan in Peninsular Malaysia.

Should the proposed Bill become law, the inevitable negative impact and implication on loss of trade of the commodity, and consequently the welfare of smallholders and their dependence will be at stake. It is evident that the proponents of the Bill have failed to address this socio-economic calamity.

NASH strongly rejects the claimed environmental basis for the Bill. Oil palm cultivation in Malaysia is undertaken in a sustainable, environmentally friendly and responsible manner. Any land cleared for oil palm cultivation is land which has already been designated for agricultural purposes. This land will be cleared regardless of whether oil palm is planted in its place or another crop such as rubber and Malaysia is continuing its commitment to preserve 50% of its forest land – far more than Australia. To identify palm oil as the 'cause' of land clearing is simplistic and deliberately misleading.

NASH wishes to express its disappointment and total disagreement over the Bill as it was drafted without justifiable merits but based on erroneous claims, misinformation and misconceptions formulated from inappropriate environmental issues and misleading health concerns. All for the sake of political mileage and wildlife protection without due concern for the economic welfare of small farming community.

Proponents of the Bill failed to analyse the palm oil industry in its proper socio-economic perspective, and in totality, and accept the truth. Instead, NASH notes the conclusion of the Senate Community Affairs Legislative Committee that the claims of the proponents of the Bill regarding palm oil's environmental impact could not be substantiated and were countered with contradicting evidence.

NASH requests that the House of Representatives Committee seek solid data and sources for the claims consistently made regarding palm oil's environmental impact. NASH contends that while these claims from environmental NGOs and activists are often repeated, they are also wholly unsubstantiated.

It is also unfathomable that proponents of the Bill failed to address the foreseeable high cost impacts to Australian and Malaysian businesses which inevitably will raise the food bill and cost of living to the former's innocent consumers. The resultant negative implications and impacts of palm oil labelling law will also negate trade benefits to both countries, thus making a mockery of the Australia-Malaysia bilateral free trade agreement.

NASH strongly opposes this Bill. NASH considers that it is discriminatory, unfounded and counterproductive to the Australia-Malaysia relationship. In the

interest of humanity, livelihood of its palm oil small farmer members, bilateral trade and long established diplomatic cordiality between Australia and Malaysia it would be in the interest of the Committee members to reject the Bill.

Thank you.

Yours sincerely,



(Dato' Haji Aliasak Haji Ambia)

President,

National Association Of Smallholders, Malaysia (NASH)