



Senate Economics Committee  
Inquiry into the Food Standards Amendment (Truth in Labeling Laws) Bill 2009  
[Economics.sen@aph.gov.au](mailto:Economics.sen@aph.gov.au)

30 March 2010

Dear Senator,

**Inquiry into the Food Standards Amendment (Truth in Labelling Laws) Bill 2009**

Thank you for the opportunity to make a submission to the inquiry.

We take great pleasure in introducing ourselves, CAROTINO Sdn Bhd which is strategically located 1 km from Pasir Gudang Port, Malaysia. We are glad that the concept of sustainability is now well recognized and widely accepted. The formation of the Roundtable for Sustainable Palm Oil (RSPO), of which we are a member, together with other members who are growers, processors and manufacturers, traders and retailers, as well as NGO's, provides a more focused perspective and comprehensive framework for sustainable operations.

As a member of the RSPO with oil palm plantations in Malaysia, we constantly strive to make positive contributions to both the local and wider environment. Our mill and associated plantations in Peninsular Malaysia producing about 30,300 MT of crude palm oil per year has passed RSPO audit by SGS last July and the certificate is in the process of being issued. Carotino Oil & Fats products are 100% sourced from our own sustainable plantations in Peninsular Malaysia where it has never been a orangutan habitat hence the decimation of the animal does not arise at all in our case. These estates were planted with oil palms as early as 1968. Carotino manufacturing plant maintains a quality management system which is certified by SGS to ISO9001:2008 and by Lloyd's for HACCP to RvA standards. Our RSPO supply chain system is approved by the RSPO Secretariat.

The Roundtable on Sustainable Palm Oil (RSPO) spearheads the global drive for environmentally-friendly palm oil production. It aims to promote the growth of sustainable palm oil through cooperation within the supply chain and open dialogue with its stakeholders and it is now well recognized globally. The first sustainable oil palm plantations have recently been certified. By the end of 2008, RSPO-certified plantations are projected to supply 1.5 million tonnes of sustainable palm oil per year, representing about 4 percent of total world production<sup>1</sup>. The initial volumes are relatively small, but supply will gradually grow in future so that sustainable palm oil can be used in a growing number of products.

Oil palms are highly efficient producers of oil, requiring less land than any other oil producing crop. One hectare planted with oil palms can yield up to six tonnes of oil per year. To produce that much oil from rapeseed (canola), sunflower or soy, up to ten



**CAROTINO SDN BHD** (Company No. 69046-T)

(A member of J. C. Chang Group)  
PLO 519, Jalan Besi Satu, Pasir Gudang Industrial Estate,  
81700 Pasir Gudang, Johor Darul Takzim, Malaysia.  
Tel: (607) 2522 888 Fax: (607) 2522 999  
Web-Site: [www.carotino.com](http://www.carotino.com)  
E-mail: [health@carotino.com](mailto:health@carotino.com)  
E-mail (Energy Division): [enffue@carotino.com](mailto:enffue@carotino.com)







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times more land would be required <sup>1</sup>. Why some NGOs are relentlessly accusing cultivation of palm causes deforestation but they are silent on the adverse changes of the environment caused by cultivation of rapeseed, sunflower or soy is disturbing. If the world is deprived of 1 million tonne of palm oil a year and if this 1million tonne shortage of oil is replaced with rapeseed oil, we would need to clear 1.5 million ha of land as opposed to only 267,000 ha for palm oil.

Palm oil is the most produced vegetable oil in the world which is 37 million metric tonnes<sup>5</sup>. Palm oil is the most used food ingredient in the world. Its growing sales in recent years has contributed significantly to economic growth and alleviating poverty in a number of developing countries. In total, at least 2 million Malaysian and Indonesian workers depend on the palm oil industry for their livelihoods, including from the large plantation communities that make up a majority of the planted oil palm, who don't just provide salaries for workers but also heavily, or wholly, subsidized healthcare, housing and education services <sup>1</sup>. When urban and rural communities are poor, the exploitation of primary natural resources that promote economic growth and drive the development of manufacturing and service industries is their best escape option. But any short-term environmental improvements will be traded off against the livelihoods of the rural poor, who would be better able to protect their environment when they have economically developed and can afford to do so <sup>7</sup>. Should we terminate palm oil cultivation and let those 2 million people loose their job, no income and maybe die of hunger?

The use of biomass and biogas for power generation can bring about savings from diesel consumption. There is yet another untapped source of wealth that the industry is now actively pursuing. Under the Kyoto Protocol, which came into effect in 2008, the industry should be able to claim carbon credits from the reduction in greenhouse gas (GHG) emission from reduced diesel use and also from the sequestration of carbon dioxide by the oil palm. The oil palm industry with its abundance of biomass offers a tremendous opportunity for the country to help reduce GHG emission and contribute to slowing down climate change <sup>2</sup>.

**TABLE 1. POTENTIAL SAVINGS IN DIESEL USE AND REDUCTION IN GREENHOUSE GAS (GHG) EMISSION FROM USE OF BIOMASS IN THE 360 MILLS IN MALAYSIA**

Biomass	Savings in diesel (10 <sup>6</sup> litres)	GHG reduction (10 <sup>6</sup> t)
Fibre and shell	415	0.573
EFB	520	0.719
Biogas	752	1.04

Sources: Chan, KW (2002)

Reports an assessment published in PNAS, palm oil produced from plantations grown in the Amazon is a better option than soy for meeting Brazil's biofuel target. They tested different crops that could serve as feedstock to fulfill Brazil's biodiesel demand and found that oil palm would cause the least land-use changes and associated carbon debt. Oil palm would need only 4,200 sq km to fulfill the 2020 demand for biodiesel in



**CAROTINO SDN BHD** (Company No. 69046-T)  
 (A member of J. C. Chang Group)  
 PLO 519, Jalan Besi Satu, Pasir Gudang Industrial Estate,  
 81700 Pasir Gudang, Johor Darul Takzim, Malaysia.  
 Tel: (607) 2522 888 Fax: (607) 2522 999  
 Web-Site: www.carotino.com  
 E-mail: health@carotino.com  
 E-mail (Energy Division): enffue@carotino.com



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Brazil as compared with 108,100 sq km would be needed for soybean<sup>6</sup>. From here, 103,900 sq km land would be saving. So, oil palm cultivation will result in lower deforestation than other crops and it will lessen forecast greenhouse gas emission.

We support WWF's submission to the Senate Economics Committee, stating the need for labeling of sustainable palm oil products sold to consumers. There should not be a blanket ban on palm oil irrespective of its source and sustainability criteria. Efforts should also be channeled to the governing authority to assist palm oil plantation holders to improve their methods of agriculture and supporting the environment while at the same time assuring economic advancement to the masses.

Maintaining the delicate ecological balance and caring for the world around us has become increasingly important. At Carotino, we firmly believe that it is good business practice to conduct our operations in harmony with the environment and the community we serve. CARE FOR THE ENVIRONMENT IS AT THE HEART OF EVERYTHING WE DO!

Reference:

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Yours sincerely,

U. R. Unnithan  
Executive Director  
Carotino Sdn Bhd



CERT NO: SG98/11830/MY

## CAROTINO SDN BHD (Company No. 69046-T)

(A member of J. C. Chang Group)  
PLO 519, Jalan Besi Satu, Pasir Gudang Industrial Estate,  
81700 Pasir Gudang, Johor Darul Takzim, Malaysia.  
Tel: (607) 2522 888 Fax: (607) 2522 999  
Web-Site: [www.carotino.com](http://www.carotino.com)  
E-mail: [health@carotino.com](mailto:health@carotino.com)  
E-mail (Energy Division): [enffue@carotino.com](mailto:enffue@carotino.com)



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