

**THE PALM OIL ACTION GROUP'S SUBMISSION TO
THE SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**INQUIRY INTO
THE FOOD STANDARDS AMENDMENT
(TRUTH IN LABELLING – PALM OIL) BILL 2009**

**REQUEST TO LEGISLATE THE COMPULSORY
LABELLING OF PALM OIL**

Summary of Submission

1. Why This Legislation Is Needed	Page 3
2. Who are we?	Page 4
3. The Impact of Palm Oil Production	Page 4
4. Sustainable Palm Oil	Page 5
5. Consumer Choice – our right to accurate and truthful information	Page 6
6. Consumers Want The Choice	Page 7
7. Growing Company Awareness	Page 8
8. Our Right To Know	Page 9
9. Contact	Page 9
10. Appendix 1	Pages 10 – 14
11. End Notes	Page 15

1. Why This Legislation Is Needed

Our global marketplace today is defined by many things.

Amongst them are:

- consumer's freedom of choice
- climate change and environmental degradation
- consumer's growing awareness of their own personal contribution to these
- consumer's right to make informed decisions about buying products that support a healthy planet
- consumer's assumptions that information relating to their product choices should be easy to access

The question of mandatory labelling of palm oil touches on all these categories.

As you will see from our submission unsustainable palm oil is extremely damaging to the environment. It is threatening the very existence of a number of critically endangered animals, including the orang-utan. It is a major contributor to CO2 emissions. There are also serious human rights abuses associated with palm oil plantations.

There are a growing number of people concerned about these issues who want to ensure that they do not buy products that contain unsustainable palm oil. However as current legislation stands, many companies label palm oil simply as 'vegetable oil' or 'vegetable fat', and in most cases it is extremely difficult to work out whether the vegetable oil used is palm or not.

There are also many people who want to support a sustainable palm oil future. However, as sustainable palm oil does not have to be labelled it is easy for companies to use the smoke screen of being a member of the Roundtable for Sustainable Palm Oil (RSPO) to imply that they supporting a sustainable palm oil industry, even when they are not actually buying any Certified Sustainable Palm Oil (CSPO) and not 'doing the right thing' at all.

Allowing palm oil to be labelled simply as 'vegetable oil' is misleading to consumers and removes their right to make informed decisions about their product purchases, at point of purchase.

Mandatory labelling of palm oil is a necessary next step in the evolution of a fair marketplace that nurtures sustainable businesses and gives consumers the ability to choose products that are in line with their ethical outlook, as is their right.

2. Who are we?

The Palm Oil Action Group is a coalition of Not For Profit organisations concerned about the rampant deforestation associated with palm oil plantations in Indonesia, Malaysia and Borneo. Our members include the Australian Orangutan Project; Friends of the Earth; the Rainforest Information Centre and the Borneo Orangutan Society.

Our aim is to raise awareness of palm oil and its damaging effects, both on human health and the environment, and to promote a sustainable palm oil market – ensuring that everyone is a winner.

We have successfully run Australia wide campaigns aimed at KFC and Woolworths, requesting the removal of palm oil from their products, and also requesting that Woolworths voluntarily label palm oil to give customers a choice at point of purchase as to whether they will buy products that contain palm oil.

3. The Impact of Palm Oil Production

Palm oil is a vegetable oil ingredient that is commonly used in many processed food and grocery products. Recent surveys have uncovered that palm oil is used in up to 40% of the top grocery food brands sold in Australia. The unsustainable processes and methods used to grow conventional palm oil plantations are directly associated with a large number of damaging environmental and social impacts.

Thousands of hectares of rainforest are cleared every day for the planting of monoculture palm oil plantations.¹ Deforestation leads to a decrease in habitat for a number of threatened and endangered species. Some threatened and critically endangered species currently impacted by this deforestation include the Borneo and Sumatran orang-utans, the Asian elephant, the Sumatran rhinoceros and the clouded leopard.

According to a report, published by Friends of the Earth and indigenous rights groups LifeMosaic and Sawit Watch, increasing demand for palm oil for food and biofuels is also destroying the livelihoods of as many as 60 – 90 million people in Indonesia who depend on the forests for their survival.²

Deforestation, land clearing and burning also result in increases in global CO₂ emissions. The release of carbon dioxide, a greenhouse gas, has been directly linked with causing unnatural climate change. Indonesia is currently the world's third highest CO₂ emitter and most of Indonesia's emissions come directly from the clearing of rainforests and draining of peatlands for palm oil production.

A 2007 report from the UN Environmental Programme (UNEP) says: "The tropical forests of Southeast Asia, important for local livelihoods and the last

home of the orang-utan, are disappearing far faster than experts have previously supposed." The report says that the natural rainforests of Sumatra and Borneo are being cleared so rapidly that 98 per cent could be destroyed by 2022 without urgent action. "The rate of loss, which has accelerated in the past five years, outstrips a previous UNEP report released in 2002 at the World Summit for Sustainable Development. Then, experts estimated that most of the suitable orang-utan habitat would be lost by 2032." Overall, the more up-to-date report concludes that loss of orang-utan habitat is happening at a rate up to 30 per cent higher than thought.³

4. Sustainable Palm Oil

Nurturing a sustainable palm oil economy just makes sense. Sustainable palm oil provides for its use in products of which it is a necessary ingredient, but without the damaging environmental impacts and human rights abuses associated with conventional palm oil production. However, with no clear way for consumers to determine if a product is using sustainable palm oil or not, nurturing a sustainable palm oil economy is very difficult.

Many companies claim that they are supporting sustainable palm oil, citing membership of the Roundtable for Sustainable Palm Oil (RSPO) as proof. We have attached three emails that are the responses from Coles, Goodman Fielder and Mars (for example), showing how they try and trick consumers into thinking that they are doing the right thing (please see Appendix 1). These emails are mirrored across the industry.

RSPO membership alone is not any proof that the company is using certified sustainable palm oil. In 2008, for example, only 1% of sustainable palm oil produced was bought worldwide.⁴ This amounts to only 15,000 litres of 1.5 million litres produced and yet almost all companies contacted about their use of palm oil cite membership of the RSPO as proof that they are taking responsibility for the palm oil that is in their products, by implying that they are working towards a sustainable palm oil industry.

This highlights a needed requirement to not only provide consumers with the knowledge about the presence or absence of palm oil in products, but additionally to specify if the palm oil used has come from a certified sustainable source. It is only when consumers have the ability to choose products based on their sustainable ingredients that companies act and live up to their promises.

For example, it was only after the WWF released its Palm Oil Buyers' Scorecard in October 2009, showing that the majority of European palm oil buyers were failing to buy certified sustainable palm oil despite its availability and their previous commitments to purchase it, that the first quarter of 2010 saw a huge jump in certified sustainable palm oil bought. For the first time, in March 2010, a record 136,000 tonnes (or corresponding certificates) were purchased from palm

oil producers, exceeding the 126,000 tonnes that were produced that same month.⁵

There is still a long way to go. More than 1.8 million tonnes of RSPO-certified sustainable palm oil have been produced since 2008, while only close to 0.7 million tonnes have been purchased by traders, consumer goods manufacturers and retailers.

Sustainable palm oil ensures that plantations are not planted on land that has been cleared of rainforest. This then ensures that the CO₂ stored in the rainforest trees remains stored; that the CO₂ stored in the peatland underneath these rainforests also remains stored; that habitat is left for critically endangered species such as the orang-utan; and that native peoples of the area are left with a livelihood.

In short, sustainable palm oil is produced with a low impact on the environment and with minimum human rights abuses, ensuring a better future for everyone and everything.

Requiring manufactures to mandatorily label certified sustainable palm oil as CS Palm Oil will give consumers access to the information that they need to support sustainable products. It gives industry transparency to consumers, which is desperately needed. Without this transparency, as shown in the example above, many companies will continue to pay lip service to a sustainable palm oil future, whilst those companies who are indeed sourcing sustainable palm oil will continue to be at a disadvantage.

With mandatory labelling of palm oil and CS palm oil, and therefore a way for consumers to tell at point of purchase whether they are buying a sustainable product, there will be a clear business benefit for manufacturers to buy CS palm oil.

5. Consumer Choice – our right to accurate and truthful information

With all the corresponding issues surrounding palm oil production, and the growing awareness of the palm oil issue, there can be little doubt that consumers should have the right to choose products that do not contain unsustainable palm oil. What is in doubt at the moment is their ability to do so.

Without clear and strong labelling laws ensuring that any food product that contains palm oil must specifically state “palm oil” on the ingredients list consumers are left in the dark as to what they are buying.

The issue of informed choice is not limited in any way by the FSANZ Act and it can (and should) extend to international and/or local environmental issues and any other issues about which consumers may wish to be informed. This actually

highlights the necessity to expand FSANZ's objectives to include sustainable food production.

Whilst public health and safety is the highest priority of FSANZ in developing food standards, and this issue must be considered in determining whether to make or vary a food standard, this is not the only matter relevant to the making of a food standard.

Unsustainable palm oil production is a clear and present international environmental threat to the wellbeing of ecosystems, species survival, Indigenous peoples, and global warming. And people care about these issues.

This is clearly backed up by current market research which shows that "almost unanimously, market research organizations are predicting that sustainability will take centre stage in 2010, with consumers more likely to read ingredients lists with an eye on ethics."⁶

With growing awareness of these issues, and a growing want to not be complicit in unsustainable ways of living, consumers deserve the right of choice at point of purchase as to whether they buy products that are made with palm oil as an ingredient.

6. Consumers Want The Choice

The Palm Oil Action Group has been campaigning to stop unsustainable production of palm oil. As our campaign has grown we have seen an increase in consumer outrage over their unwitting contribution to the extinction of species and the speeding up of global warming.

Consumers have written to us telling us of their confusion and frustration at their inability to determine whether palm oil or sustainable palm oil is included in a product. It is currently difficult and time consuming to track this information down.

Consumers are powerless at their point of purchase, instead having to phone or write to manufacturers if they want to find out if the vegetable oil being used in a product is palm oil. Without palm oil labelled they are not easily able to make an informed decision about whether to buy a product or not.

This frustration and inability to make informed choices can be directly attributed to the fact that there is currently no legislation stating that palm oil must be labelled as such, and many companies therefore simply label it as 'vegetable oil' or 'vegetable fat', clearly denying consumers the ability to make an informed decision about the foods that they buy, as is their right.

The Palm Oil Action Group's campaign included interaction with thousands of Australian citizens. We set up letter writing stalls outside KFCs and Woolworths'

around Australia, and we collected letters and signatures on petitions to KFC, Woolworths and the Government. During this campaign we ran 14 consumer actions involving over 70 volunteers, and had the following outcomes:

- a) Over 3,000 petitions collected and submitted by The Palm Oil Action Group.
- b) Hundreds of letters written to Woolworths and KFC about their use of Palm Oil.
- c) Hundreds of requests to Woolworths to clearly label Palm Oil in their products, so that consumers could make the choice as to whether or not to buy their products.
- d) Increased consumer awareness about the Palm Oil issue, and a commensurate increase in dismay about consumer's unwitting contribution to deforestation in South East Asia.

In June 2009 KFC announced that they would switch their cooking oil to a healthier canola blend oil in 2010, and in late 2009 Woolworths called a stakeholder meeting to discuss the use of Palm Oil. From this stakeholder meeting Woolworths clearly saw that the unsustainable palm oil issue is important to Australian consumers and they have since announced their intention to label palm oil on their own brand products, and to switch to 100% CSPO by 2015.

Other examples of the public showing deep concern for this issue can easily be seen:

- a) The enormous response to Melbourne Zoo's 'Don't Palm Us Off' campaign – over 100,000 signatures telling us that they want the choice.
- b) Public backlash at Unilever when it was found that they were buying palm oil from suppliers that were destroying primary rainforest for palm oil plantations.⁷
- c) Public backlash at Nestle when they tried to suppress a Greenpeace Kit Kat add, showing the environmental price of buying a Kit Kat.⁸

These figures and outcomes clearly show that consumer awareness of the palm oil issue is growing, and that consumers will make decisions on whether to buy products based on whether they contain unsustainable or CS palm oil. Consumers want this information at point of purchase so that they have a choice.

7. Growing Company Awareness

Already many companies have bowed to consumer pressure and decided to remove palm oil from their products and food processing. Other companies have decided to voluntarily accurately label palm oil in the ingredients list (for example Coles supermarkets and now Woolworths supermarkets).

In mid 2009 Cadbury Australia added palm oil to its Dairy Milk Chocolate. Due to consumer backlash over this change Cadbury Australia stated that it "[...] got it wrong" and made a commitment to remove palm oil from its Dairy Milk Chocolate.

After 2 years of consumer protests, last year KFC confirmed they would phase out palm oil in 2010.

Woolworths has excluded palm oil from its Select Brands, however they admit it is difficult to police this through the supply chain as many of the lesser ingredients in products contain palm oil derivatives. They have also agreed to source CSPO by 2015 and to label their own brand products if they contain palm oil.

We should be supporting companies that are taking steps to give consumers what they want. Indeed we should be creating a level playing field, and mandatorily requiring the labelling of Palm Oil and CS Palm Oil will help do this.

8. Our Right To Know

We at The Palm Oil Action Group believe that it is imperative that consumers have the right to know if a product contains palm oil or not. The current Act is out of date and requires amendments to include the mandatory labelling of palm oil. In fact this issue clearly shows that the current legislation is too narrow in its objectives. Ideally the Act would be expanded to include sustainable food production.

In this case mandatory labelling requirements will provide consumers with the knowledge required to make an informed choice. We therefore recommend that the mandatory labelling of Palm Oil and Certified Sustainable Palm Oil, as proposed by the Food Standards Amendment (*Truth in Labelling Laws – Palm Oil*) Bill 2009 be passed and receive the Royal Assent.

9. Contact

The Palm Oil Action Group would be happy to appear in front of the Senate Committee Inquiry into the Food Standards Amendment (*Truth In Labelling Laws - Palm Oil*) Bill 2009 to answer any questions in relation to the submission.

Please contact either Anasuya Claff, Australian Campaign Coordinator 0431 779 644, or Tony Gilding, Joint Founder 0413 123 000.

Appendix 1: Reply emails to consumers who question the use of palm oil in products, stating membership of the RSPO as proof that they are dealing with the issue.

COLES SUPERMARKET

On 26 March 2010 08:42, Coles Customer Care

<Coles.Customer.Care@coles.com.au> wrote:

Dear Mrs Allen

Thank-you for your letter expressing concern for the use of palm oil in products found in Coles Supermarkets. We share your concern, and respect your rights as a consumer to be able to determine ethical and sustainable choices.

At present we are not in a position to confirm that the palm oil used across our entire range of products come from sustainable sources. Our product quality standards state that where palm oil is used we aim to conform to the Roundtable of Sustainable Palm Oil Principles & Criteria for Sustainable Palm Oil Production, which we consider to be industry best practice.

The Roundtable of Sustainable Palm Oil is a conglomerate of social and environmental NGO's, palm oil growers, processors & traders, consumer goods manufacturers, and retailers. Their aim is to promote the growth and use of sustainable palm oil through cooperation and open dialogue amongst industry stakeholders.

You would appreciate that Coles does not set industry guidelines nor regulate regarding palm oil production. However, we work closely with our suppliers to strive to source environmentally sustainable, and ethical ingredients.

We recognise there are a number of private label products which contain palm oil. Our intention is to indicate through more transparent labelling which products contain palm oil as an ingredient. This would be indicated in the ingredient list.

In some cases we are able to verify the country of origin of the palm oil, and we are currently in the process of implementing a database that will allow us to verify the source of ingredients in all of our 'private label' products.

Once again, thank-you for your letter, and we are determined to make ethical and environmentally sustainable choices easier for our customers.

Yours Sincerely,
Katie Bryce
Customer Care

From: Coles Customer Care [mailto:Coles.Customer.Care@coles.com.au]
Sent: Tuesday, 23 March 2010 1:03 PM
To: 'nellit@gotalk.net.au'
Subject: S/N: CONOSTORE Ref/N: C075116150

Dear Nell

Thank-you for your letter expressing concern for the use of palm oil in products found in Coles Supermarkets. We share your concern, and respect your rights as a consumer to be able to determine ethical and sustainable choices.

At present we are not in a position to confirm that the palm oil used across our entire range of products come from sustainable sources. Our product quality standards state that where palm oil is used we aim to conform to the Roundtable of Sustainable Palm Oil Principles & Criteria for Sustainable Palm Oil Production, which we consider to be industry best practice.

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In some cases we are able to verify the country of origin of the palm oil, and we are currently in the process of implementing a database that will allow us to verify the source of ingredients in all of our 'private label' products.

Once again, thank-you for your letter, and we are determined to make ethical and environmentally sustainable choices easier for our customers.

Yours Sincerely,
Kate Lyons
Customer Care Consultant

GOODMAN FIELDER

Goodman Fielder also attached a PDF (please see attachment), which I have transcribed. It should be noted that the email response was sent late 2009 and their standardised response had not changed since 2007.

Please also note that WWF can not work out how Goodman Fielder can accurately say exactly where their palm oil comes from and believe that this is intentionally misleading.

----- Forwarded message -----

From: <cac@goodmanfielder.co.nz>

Date: 2009/11/13

Subject: Palm Oil ref: RT 11350980

To:

Good morning Rana,

Thank you for your recent email regarding our product(s).

Attached is some information on Palm Oil we use, and I hope this gives you reassurance about using about products.

Kind regards

Rona
Consumer Advisory Centre
Goodman Fielder Ltd

Goodman Fielder also attach a PDF that has the following wording:

Goodman Fielder Commercial Statement. March 2007
The Ecological Impacts of Palm Oil Production

Goodman Fielder recognises the recent concerns about the ecological impacts of palm oil production. The issue has been raised that rainforest habitats of endangered wildlife, including orang-utans, are being cleared to accommodate for new palm oil plantations. The geographical areas of particular concern are Borneo and Sumatra in South East Asia.

Being the largest processor and supplier of edible fats and oils to the Australian food industry Goodman Fielder takes a pro-active approach to addressing and responding to a wide range of consumer issues, including ecological and environmental concerns.

One such pro-active measure is membership and involvement in the Roundtable on Sustainable Palm Oil - a not-for-profit global association formally established under article 60 of the Swiss Civil Code . By taking a multi-stakeholder approach, the Roundtable provides a unique forum for the pragmatic co-operation, consideration and promotion of sustainable production and use of palm oil.

Australian food manufacturers and the Australian food services industry are accustomed users of palm oil and Goodman Fielder imports significant volumes of refined, bleached and deodorised palm oil from Peninsula Malaysia. Goodman Fielder sources and procures palm oil from well-established plantations, many of which would have been converted from existing rubber plantations over two decades ago (NB: Palm Oil Plantations rarely last beyond 20 years, so this is very unlikely). As such there are no implications of present or planned rainforest destruction in these areas. Goodman Fielder has no contracts with plantations in Borneo or Sumatra for the supply of palm oil.

MARS

To: nellt@gotalk.net.au

Sent: Friday, November 27, 2009 2:27 AM

Subject: Re: Palmoil

Dear Janelle

Thank you for contacting us.

Mars deals only with those suppliers who have respect for the environment and is committed to working with all stakeholders to make progress towards more sustainable production.

We support the environment and the sustainable production of palm oil. Currently we only use palm oil suppliers that are members of the Roundtable on Sustainable Palm Oil (RSPO). We are going further and our aim is to move to 100% RSPO certified palm oil, originating from sustainable sources by 2015.

We can confirm that as a first step towards this aim Mars Chocolate UK Ltd have recently agreed to purchase sustainably sourced palm oil - this will be used within some of our products from as early as February 2010.

The Roundtable on Sustainable Palm Oil (RSPO), a non-profit association works to promote the growth and use of sustainable palm oil within the supply chain and open dialogue between its stakeholders. More information on the RSPO can be found at www.rspo.org

Once again, thank you for contacting Mars.

Yours sincerely

Ashley Jones
Consumer Care Team
0845 045 0042

End Notes

¹ During the last 50 years over 74 million of hectares of Indonesia's forests have been destroyed. That equates to over 4,000 hectares a day. [Need for cheap palm oil drives deforestation](#), Paul Eccelston, 08/11/2007. In recent years it is well documented that most of the clearing in Indonesia is linked to Palm Oil, and that at least 300 soccer fields an hour are lost for Palm Oil Plantations.

² [Biofuel demand leading to human rights abuses, report claims](#), Jessica Aldred, 11/02/2008; [Losing Ground](#), The human rights impacts of oil palm plantation expansion in Indonesia, A report by Friends of the Earth, LifeMosaic and Sawit Watch, February 2008.

³ [Globalization & Great Apes: Illegal Logging Destroying Last Strongholds of Orangutans in National Parks](#), 24th Session of UNEP's Governing Council / Global Ministerial Environment Forum 5-9 February 2007; [The low-down on palm oil](#), Virginia Winder, 14/10/2009;

⁴ [Slow Sales Of Sustainable Palm Oil Threaten Tropical Forests; WWF To Grade Palm Oil Buyers](#), Steve Ertel, 12/05/2009.

⁵ [Sustainable palm oil purchases hit record high](#), WWF , 14/04/2010.

⁶ [Time to speed sustainable palm oil supply](#), Caroline Scott-Thomas, 21/12/09.

⁷ [Unilever drops major palm-oil producer](#), Martin Hickman, 22/02/2010; [BBC prompts Unilever palm oil action](#), Food Navigator News Brief, 24/02/2010.

⁸ [Handling bad PR turns sticky for Nestle](#), Julian Lee, 26/03/10.