

Palm oli referendum adds fuel to the political fire

Autor(en): **Hirschi, Eva**

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Palm oil referendum adds fuel to the political fire

Swiss palm oil imports from Indonesia face stiff opposition. Consequently, Switzerland's free trade agreement with the South East Asian country is under scrutiny. Voters will soon give their verdict.

EVA HIRSCHI

For the first time ever, binding rules on sustainability directly govern the import of palm oil. This is actually quite a milestone. A special provision has been stipulated in the trade agreement between Indonesia and the EFTA countries Norway, Iceland, Liechtenstein and Switzerland, in which Switzerland played the main negotiating role.

The Federal Council signed the agreement – essentially a free trade agreement – in December 2018. Parliament approved it one year later. However, palm oil is excluded from the free trade arrangement. Switzerland grants reductions in customs duties

on specific volumes of Indonesian palm oil, but for certified, sustainable products only. “This incentivises Indonesian producers to manufacture sustainable palm oil,” explains Jan Atteslander, Head of International Relations with the business federation *economiesuisse*. “The agreement with Indonesia goes the furthest in terms of sustainability, which is remarkable.”

Opposition from the farming lobby and other organisations

However, the agreement is not yet home and dry. Swiss voters are set to decide on the matter in March, after the Genevan organic winemaker

Willy Cretegny teamed up in June with the *Uniterre* farmers' union in French-speaking Switzerland to submit a referendum proposal that has been backed by around 50 different organisations. “They are clearing the rainforest and destroying nature for the sake of palm oil,” says vegetable producer and *Uniterre* vice director Rudi Berli. “It is also having a negative effect on Swiss oilseed production.”

Swiss farmers are worried about palm oil distorting the market. Easily the most inexpensive oil around, palm oil dominates the global market. No other plant oil is manufactured in such big quantities, with production volumes having quadrupled from

Indonesian workers harvesting ripe oil palm fruit on a plantation in northern Sumatra. Fruit bunches can weigh up to 50 kilograms.

Photo: Keystone





Supporter Jan Atteslander:

“The agreement with Indonesia goes the furthest in terms of sustainability.”

1990 to 2010. Palm oil is found in numerous foods, cosmetic products, and detergents. It is robust, heat-resistant, stable, odourless and neutral-tasting, hence its popularity among manufacturers.

For Indonesia, palm oil is also a key export on which millions of livelihoods depend. Malaysia and Indonesia together produce 85 per cent of all the palm oil used worldwide. This is because oil palms only grow in tropical climates. However, NGOs have repeatedly drawn attention to the dire impact that high demand is having on the environment, biodiversity, and indigenous populations. Palm oil monocultures, for example, are often linked to illegal rainforest destruction and the displacement of local communities.

Economic incentives to promote sustainability

“We have been promoting sustainable palm oil cultivation for quite some time already,” says Damian Oettli, Head of Markets at WWF Switzerland. In 2004, the WWF co-founded the Round Table on Sustainable Palm Oil (RSPO) together with other stakeholders including producers, banks, NGOs, manufacturers and traders. The RSPO introduced a certification scheme, the

RSPO Standard, to help limit the destruction of species-rich tropical forests through a set of minimum requirements that must be met to ensure sustainable palm oil production. These include criteria stating that no primary forests may be cleared for new plantations, and that workers’ rights and the rights of local communities be respected.

Swiss importers have been buying palm oil mainly from RSPO-certified sources for a number of years already. “And doing so is in their interests. No one wants products at the expense of rainforest,” says Stefan Kausch, pro-

ject manager at Palm Oil Network Switzerland – an organisation founded in March 2020 with the aim of promoting the sustainable development of palm oil production. Members of Palm Oil Network Switzerland include companies such as Nestlé, Migros, Coop and Nutrisuisse. “We also want to continue modifying the RSPO Standard,” adds Kausch.

Rudi Berli from Uniterre has a different opinion: “The scheme is just a form of corporate greenwashing. Nothing has changed on the ground. Rainforest is still being destroyed.” This is why the referendum committee have also criticised the criteria stipulated in the free trade agreement. There is no mechanism for punishing violations either, they say. The WWF has reservations about the agreement too, but has given it a cautious thumbs-up ahead of the referendum, according to Damian Oettli. “Environmental problems are hard to solve without market access,” he says.

Oettli believes that certification schemes are very helpful for trade, if insufficient: “The RSPO Standard has already been around for 16 years, but small-scale producers that don’t fit



Critic Rudi Berli:

“They are clearing the rainforest and destroying nature for the sake of palm oil.”

into the scheme have to look to parallel markets. The main demand for sustainable palm oil comes from Europe and the USA. China and South East Asia continue to buy conventional palm oil for the most part.” Nevertheless, the WWF believes that integrating sustainability criteria into the agreement is a step in the right direction.

Rapeseed and sunflower oil are no substitute

You cannot simply substitute Swiss-made oils for palm oil, as Uniterre are suggesting, says Oettli. On a per-hectare basis, oil palms produce much more oil: around three tonnes. Soybean, rapeseed and sunflower all manage less than one tonne. Oil palms also require fewer pesticides compared to other crops, the WWF has reported. Furthermore, the oil palm is a perennial – unlike soybean, rapeseed and sunflower.

What is curious about the whole debate is that palm oil is at the heart of the politics surrounding the trade agreement with Indonesia, but it accounts for a minuscule share of the volume of trade with Indonesia. Switzerland imports about 26,500 tonnes of palm oil per year, but the biggest proportion of this comes from Malaysia (22 per cent). Indonesia supplied just 35 tonnes last year. Exports that can be sold duty-free to Indonesia are of much greater economic relevance to Switzerland, benefiting the mechanical engineering and pharmaceutical sectors in particular.

It is this streamlining of market access that Jan Atteslander of *economiesuisse* believes is the agreement’s

biggest plus. “According to the World Bank, Indonesia is likely to become one of the world’s biggest economies over the next few years, so a trade agreement allows us to steal a march on other countries,” he says. Above all, the sustainability requirements for palm oil send an important message, albeit less of an economic one. “EFTA is pioneering in this respect and can inspire other countries to devote more attention to palm oil sustainability as well.” However, it is a pity that these requirements only apply to palm oil, says Oettli of WWF Switzerland: “Unfortunately, the environmental provisos attached to the free trade agreement are of no relevance to things like wood, prawns and other commodities,” he says.

Referendum committee website:
nein-zum-freihandel.ch

economiesuisse position paper
(available in French and German):
ogy.de/palmoil

EVA HIRSCHI IS A FREELANCE JOURNALIST BASED IN LAUSANNE

Good, not so good

75

Encouraging non-COVID-related statistics – yes, they do exist. Take the share of electricity obtained from renewable sources, for example. In 2019, 75 per cent of the power consumed in Switzerland was sustainable. In particular, solar, wind, biomass and hydroelectric power sources are becoming increasingly important.

369

Bottles, cans, newspapers, batteries, organic waste – the Swiss love recycling these and many other materials. Per capita, 369 kilograms of waste are properly recycled every year in Switzerland. We can either applaud this or we can ponder how on earth we manage to produce so much rubbish in the first place.

41

Switzerland has myriad regional newspapers. Turn the pages and we realise how similar a lot of the news looks nowadays: same content, same analysis, same layout. The loss of media diversity is most evident in coverage of domestic politics, where 41 per cent of all newspaper articles now appear in several, if not many, publications simultaneously. Our media landscape is anything but varied.

58.6

Happier news from Switzerland’s universities, where the proportion of female students is increasing. For example, 58.6 per cent of people who study at the University of Zurich are women. This figure is set to rise. Marie Heim-Vögtlin, who in 1874 became the first female student to graduate from Zurich, would certainly have been pleased. She was in a minority of one back then.

160

The number of new cars sold in Switzerland is currently down year-on-year. Electric cars are the only vehicles bucking this trend: sales were 160 per cent up in August 2020 alone. One only hopes that all these “eco-friendly” cars actually use electricity from renewable sources.

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