

MPOC's View on Indirect Land Use Change Consultation

The Malaysian palm oil industry is supportive of the concerns of indirect land use change (iLUC). These encompasses the concern of large indirect emissions of GHG, new land being opened up or land displaced due to the biofuel demand and impact on local population.

However, it is felt that cultivation of biofuel crops in developing tropical countries present some unique situations. Thus, the iLUC rules and regulations may have to be viewed in a slightly different context for these countries. These are discussed below.

1. Displaced earnings for rural population

Many developing tropical countries use agriculture as the backbone for development. The cultivation of oil palm and the production of palm oil provide the much needed income to uplift the rural economy of several developing countries. This uplifting of the rural economy is of utmost importance since it provides stability and peace to many developing countries.

Developing countries may need to clear a portion of their forests for development unlike developed countries which have already done so years ago. Some developing countries have large parts of their land on peat while others have major parts covered by forests. If these countries are denied the right to use a portion of this kind of land for development for agriculture, including planting oil palms, which provide the much needed income to uplift the rural economy, the rural population will actually be deprived of a viable standard of living. This form of impoverishment by curtailing development could lead to social unrest in the country.

It is important that the economic conditions of the world's poor be improved. In fact, this is mentioned in the Bruntland Report published by the World Commission on Environment and Development, whereby it is stated that one of the key concepts for sustainability is for the economic conditions of the world's poor to be improved so that the environment can be protected.

2. No general consensus on iLUC effects

There is no general consensus on the effects of the many issues pertaining to indirect land use change (iLUC). For example, one of the biggest issues of concern in iLUC is the large GHG emission when peatland is drained. Many publications on this topic are centered around GHG emission on drained peatland from one publication (Wetlands International/Delft Hydraulics (2006): Peat CO₂: Assessment of CO₂ emissions from drained peatlands in SE Asia). Many tropical soil scientists opine that the GHG emission from tropical peat has been over-estimated in this report. GHG emissions are expected to be very much lower under tropical conditions. Some reasons pointed out by the soil scientists are the large amounts of woody fragments in tropical peat which are recalcitrant and do not break down easily to release GHG and the lower bulk (peat) density of tropical peat.

3. More research needed to define iLUC methodology and concepts

3.1 The science regarding iLUC effects is still in its infancy. While much is said about GHG losses from peat drainage and deforestation, the concept of “avoided deforestation by crop substitution” has never been given thought. A study carried out by Yusof and Yew (2009) showed that because palm oil substitutes rapeseed and soyabean as vegetable oil, a significant 53 million ha to 87 million ha of forest needed to be cleared to plant rapeseed or soyabean respectively is prevented or avoided. Thus, this “avoided deforestation” by growing oil palm instead of rapeseed or soyabean prevents 4-6.7 billion tonnes of carbon stock loss.

3.2 Deforestation and its loss of carbon stock causes a build up of CO₂ in the atmosphere. The present method of iLUC accounts for the loss of carbon stock from the clearing of forested land in the present areas (planted to meet biofuel demands) and the future areas (that will be felled to replace existing crop areas that are now converted to plant biofuel crops). We feel that iLUC methods should also account for the loss of carbon stock from forested areas that were felled in previous times. This cumulative method of considering past, present and future loss of carbon stock due to deforestation will give a fair, complete and holistic approach to carbon accounting for iLUC.

3.3 Some countries, mainly the developed countries, have deforested much of their land and converted them for agriculture and other land use in previous times. As an example, United Kingdom has only 11 % of its total land remaining as forests. On the other hand, a big portion of land in developing countries still remains under forests. For example, Malaysia still has 55% of land under permanent forests. The present concept of limiting carbon emissions by preventing the felling of more forest is a one sided solution. It is felt that reforestation to be carried out, particularly in countries which have lost major portions of their forests, must also be included as an alternative approach. This noble act, leading to much carbon sequestration potential, would add a new dimension in iLUC considerations.

Choice of policy element

We opt for Policy element H. We would like the EU to follow the US footstep in deferring its implementation of iLUC to determine biofuel sustainability for 5 years. We feel that it would be proper to include iLUC only when the definitions and implications of what constitute iLUC are clear and until the uncertainties regarding iLUC effects are unraveled from studies and research. We feel that the planting of oil palms in developing tropical countries provide some unique social/ technical/political opportunities which warrant such areas to be viewed at slightly differently from the norm.