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Dear Presidents,

EU SUPPLY CHAINS, SUSTAINABLE TRADE & PALM OIL PRODUCTION – PUTTING THE RECORD STRAIGHT

We are writing to you as European civil society organisations dedicated to reconciling global trade and human rights, to convey to you our great concern with respect to the letter to you dated 15 February 2018 from the Ambassadors from several palm oil producing countries (hereafter the “Producers’ Letter”), a copy of which is enclosed. Our organisations work in solidarity with forest peoples and local communities in tropical countries where palm oil is produced to defend and realise their human rights, determine their own futures and secure sustainable livelihoods.

The Producers’ Letter presents flawed and incomplete information in an apparent effort to influence current trilogue negotiations on the European Union Renewable Energy Directive (“RED”), which we feel obliged to correct. The claims made in the Producers’ Letter regarding the palm oil (“PO”) industry in the seven signatory producer countries are potentially highly misleading, misunderstand the nature of the proposed revisions to the RED, and misrepresent their domestic PO industries as socially and environmentally sustainable – an assertion regretfully out of touch with reality. Whilst we acknowledge also the role played by PO in creating jobs, income and economic opportunities, the Producers’ Letter fails to acknowledge how widespread unsustainable practices in the sector lead to an undermining of existing international human rights and climate commitments as well as core SDG objectives.
In short, the core assertions made by the signatory PO producing countries in the Producers’ Letter are incorrect and disregard key facts in relation to the production of PO in their own and other producing countries as well as the global trade in this commodity.

This letter rebuts the false assertions made in the Producers’ Letter, presents information that refutes the assumptions about the sustainability of PO production underpinning the Producers’ Letter, and provides some clear recommendations to address links between EU trade and global deforestation and human rights violations. These recommendations were developed together with 14 indigenous community and organisation representatives from 11 tropical and agri-commodity producing countries, including PO producing countries Indonesia, Malaysia, Colombia, Cameroon, Liberia, Peru, and DRC.

A. The Producers’ Letter ignores widely known harmful impacts of palm oil production

The European Parliamentary Committees and European Commission rightly seek to base policy-making on evidence generated by their own bodies and by independent bodies, experts and civil society. In EU policy-making on PO and other conflict commodities, we consider it essential that the European Parliament, European Council and European Commission are not diverted away from the facts by political pressure from third countries and/or vested commercial interests either at home or abroad.

The Producers’ Letter makes the claim that that PO is produced sustainably in the signatory producing countries. This is a broad generalisation and over-simplification of a vastly diverse global industry that ignores both the documented reality of many local communities negatively impacted by PO production, but also the unsettled debate within the international community as to what precisely “sustainable palm oil” means. The EU and EC’s own studies confirm that PO production in countries like Colombia, Guatemala, Indonesia, and Malaysia is plagued by unsustainable activities and illegality. The same EU and EC studies report that the PO production sector is associated with land conflicts, human rights abuses (including exploitation and slavery), intimidation and murder of human rights defenders, illegal land acquisition, illegal land clearance, and illegal deforestation, as well as major damage to biodiversity, water resources and the climate.

These are major, fundamental and widely-known challenges for the PO production sector. The vast scale and scope of negative social, environmental and climate impacts associated with PO production have been substantiated by numerous scientific studies as well as a voluminous library of independent investigations and reports completed by research bodies and civil society. It is disappointing and alarming that these widely known and heavily documented social and environmental impacts of PO production are completely ignored in the Producers’ Letter, particularly when many such negative impacts have been reported in the signatory Ambassadors’ home countries. To give four examples:

1. In Indonesia, forest conversion and land clearance for oil palm plantations and other crops were enabled by forest fires that in 2015 resulted in 24 deaths and 120,000 people seeking medical help because of haze and smoke (Source: Indonesian Health Ministry). In Sumatra and Kalimantan, forest fires for plantation development damaged more than 2.5 million
hectares of land in the same year. Land conversion for oil palm is also linked to violent land conflicts, human right abuse and damage to local livelihoods and resources, including peatlands, forests and water resources. Plantations also suffer from violations of labour rights and slavery.\textsuperscript{v}

II. In Malaysia, much of the natural forest has already been cleared to make way for oil palm plantations and customary lands of indigenous peoples have been expropriated without due process. Working conditions on many plantations are highly exploitative and modern slavery practices are reported to plague the sector.\textsuperscript{vi}

III. In Colombia, exploitative working conditions for plantation workers are common place, whilst parts of the industry are reportedly associated with narco-trading, paramilitary groups and organised crime. Expansion of oil palm plantations is linked to illegal land acquisition associated with forced land sales, forced displacement and killings of human rights and forest defenders.\textsuperscript{vii}

IV. In Guatemala, the taking of land for oil palm production has resulted in extensive and violent land conflicts, abuse of core labour rights and killings of human rights defenders.\textsuperscript{ix} The industry has also generated major environmental damage in the country, including deforestation, pollution of water courses and damage to natural fisheries.\textsuperscript{x}

B. Unresolved flaws in industry certification schemes and gaps in ‘sustainability’ benchmarks

The claim made in the Producers’ Letter that sustainability of the PO sector and achievement of the SDGs can be assured through “support for sustainable palm oil certification” is highly questionable. EU reliance on certification schemes as a proxy for genuine sustainability is insufficient for several reasons and will not bring the PO sector into alignment with the SDGs or, for that matter, EU/EC policies on sustainable trade (set out at heading C below) let alone existing human rights obligations (eg. under international law, the OECD Guidelines and EU law) or climate commitments. First, sustainability standards under different PO certification schemes vary considerably\textsuperscript{xii} and many fall far short of adequate protections for community rights and the environment, including both the national sustainability standards of Malaysia and Indonesia (MSPO and ISPO) and the International Carbon Standard (ISCC).\textsuperscript{xiii} While the RoundTable for Sustainable Palm Oil ("RSPO") is the most robust standard and is more closely in-line with EU policies on sustainable production and trade, it continues to suffer from serious compliance problems.\textsuperscript{xiv} The RSPO itself has acknowledged this implementation gap and is seeking to address it.\textsuperscript{xiv}

In sum, given these challenges, certification of PO as ‘sustainable’ is not a reliable, conclusive assurance of genuine sustainability or that the PO was produced without unsustainable social or environmental impacts.

The EU has an obligation to ensure that PO supply chains entering the EU are not tainted by human rights violations, land-grabbing or illegal forest clearing. In relying on industry certification schemes, the EU is effectively delegating this duty to industry participants with an economic interest in uninhibited PO trade. It is thus essential that before the EU relies on certifications schemes as
verification that PO production is genuinely sustainable, the EU ensure that those certification schemes apply and enforce appropriate social and environmental standards, and that major known defects and compliance problems are resolved before such certification schemes may be used as a proxy for EU sustainability criteria.

Crucially, in order to meet EU and EC commitments on sustainable trade and development, additional EU and EC policy and binding statutory measures are needed on the demand side to promote reform in the PO sector and eliminate illegality, human rights violations, land grabs, forest-loss and climate damage from PO production and related trade flows entering the EU. Actions to secure community land tenure rights, combat corruption and cleanse supply chains of criminality and illegality are essential and drastically needed in both producing countries and importing countries.

C. The European Parliament, European Council and European Commission must prioritise upholding and implementing their own existing commitments

Member States and the institutions of the European Union have made multiple progressive commitments on forests, human rights, good governance of tenure and sustainable development. Policies and legislation on renewable energy, agri-commodities like PO and other sectoral policies must be coherent and consistent with existing commitments and obligations already established, including inter alia under the following policies, instruments and targets:

I. The **EU Action Plan on Human Rights and Democracy** (2015-2019), which commits the EU to "...implementing the entire human rights and democracy agenda as reflected in the 2012 Strategic Framework for Human Rights and Democracy";

II. The **Trade for All** Policy, which affirms that "The EU’s trade and investment policy must respond to consumers’ concerns by reinforcing corporate social responsibility initiatives and due diligence across the production chain with a focus on the respect of human rights...";

III. The **New European Consensus for Development**, which pledges that "The EU and its Member States will promote the universal values of democracy, good governance, the rule of law and human rights for all...across the full range of partnerships and instruments in all situations...";

IV. **EU biodiversity targets and related global Aichi targets**, which aim to ensure full respect for "the traditional knowledge, innovations and practices of indigenous and local communities relevant for the conservation and sustainable use of biodiversity, and their customary use of biological resources..." by 2020; and

V. **The Council of the European Union Conclusions on Indigenous Peoples** (2017) that commit to "...further develop EU policy in line with the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Outcome document of the 2014 UN World Conference on Indigenous Peoples".
D. Evidence, not assertion, and testimonies of impacted communities should inform EU policy, development cooperation and legislative measures

We are convinced that the shared values of the international community and mutual goals of all nations and peoples for a sustainable global economy and survivable global climate are best served through inclusive dialogue, good faith cooperation, and the inclusion and empowerment of local communities and indigenous peoples who are most likely to be impacted EU trade and energy policies. Transparency and true stakeholder inclusion are essential hallmarks of democratic, just and well-informed policy-making. These principles should equally apply to EU policy on PO and other imported agri-commodities.

In addition to the core principle of European citizen participation in EU decision-making, it is encouraging and commendable that the European Parliament and European Commission are open to meetings with and learning about policy matters directly from civil society organisations, citizens and community representatives from third countries in order to hear testimonies of the reality on-the-ground, understand local issues and learn about the impacts of EU trade and policies overseas.

FPP and Both ENDS have together brought southern community leaders, indigenous peoples’ representatives and human rights defenders to meet directly with MEPs and EC officials to discuss the impacts of conflict commodities, including PO, on their human rights, communities, lands, forests and livelihoods. In 2016 a delegation made strong calls for stricter regulation of EU supply chains bringing PO and other agri-commodities into European markets and businesses.\[xv\]

Recently in February 2018 Both ENDS and FPP supported a major community and NGO forum involving 14 community leaders and human rights defenders from 11 agri-commodity producing countries who met in Amsterdam, and later engaged in meetings with member states and EU policy makers (in Amsterdam, Brussels and London). Community and civil society delegates proposed concrete measures to improve sustainability in EU trade and imports of PO and other products like soybeans, beef, biofuels, pulp, paper and ‘conversion’ timber. The recommendations for action for the EU developed during this forum to improve the sustainability of EU trade are annexed to this letter.

We and the delegates are genuinely grateful for the recent audiences with Parliamentarians and EC policy makers. Regrettably, however, DG-Trade declined a meeting with the delegation despite requests being sent several months in advance. The refusal by DG-Trade to meet with representatives of communities impacted by European trade and supply chains raises concerns about the seriousness of the European Union’s commitments to human rights and the sustainability commitments listed above.

It is vital that the local on-the-ground reality shared by the delegates with the EU and EC on PO production, human rights violations and environmental impacts informs current and future EU decision-making on biofuel and deforestation policies, regulation of conflict commodities, and European efforts to promote sustainable development, tackle ‘embodied’ deforestation and climate change linked to EU trade.
Hence, we call for EU institutions to have an open and effective dialogue with those stakeholders of the PO industry most vulnerable to unsustainable practices and most marginalised from policy dialogue; local, indigenous, and rural communities in PO producing regions. These are the people who will suffer most from misinformed EU policy-making. Simultaneously, these are the people who can contribute the most valuable information to inform EU policy-making by sharing their personal experiences of living under the shadow of unsustainable PO production. Indeed, the design and implementation of public policy with international implications, including in relation to the regulation of PO imports, should take the views of those who will be directly affected into consideration.

In the spirit of dialogue, we request that representatives of forest-dwelling, indigenous, and rural communities impacted by PO production be given the opportunity to have direct consultations and participation in EU decision-making processes regarding PO and other agri-commodity trade.

E. **The EU must take a consistent approach to all conflict commodities & enforce robust human rights due diligence standards, verified by direct participation of civil society and impacted communities**

The EU has made commendable strides to improve the scrutiny, transparency and sustainability of supply chains for other conflict commodities; timber, fish and conflict minerals. The crux of these measures is (and rightly so) robust human rights due diligence obligations on importers. Palm oil issues should not be the exception to this approach.

Given the mountains of evidence of social, environmental, human rights and climate impacts of global PO production, we urge the EU to treat PO the same as other ‘conflict commodities’. Most importantly, we urge the EU to establish robust human rights due diligence obligations for PO importers that place the onus on importers to demonstrate that their supply chains are free from human rights violations and deforestation in accordance with international human rights law and existing EU commitments. Such due diligence obligations should be enforced locally and verified by the direct participation of local communities from PO producing regions.

We strongly support the European Parliament’s calls to establish a strong Action Plan on Deforestation and Forest Degradation as a crucial first step towards ensuring PO supply chains entering the EU are genuinely sustainable. At the launch of the Amsterdam Declarations on 7 December 2015, DG Trade Commissioner Ms Cecilia Malmström publicly announced the Commission would formulate such an Action Plan. As yet, the Action Plan has, however, still not materialised. We urge the Commission to prioritise developing such an Action Plan and ensure there is policy coherence and collaboration to that effect with the other relevant DGs, such as DG ENVI, DG Trade and DG DEVCO.

A robust Action Plan should also support development of the institutional mechanisms necessary to enable indigenous and local communities impacted by deforestation-related commodities, such as PO, to participate in supply-chain monitoring and land conservation processes. A growing body of research shows that empowering impacted communities to participate in sustainability and forest-
protection initiatives works, is economically efficient, and reduces the risk of supply-chain related human rights violations.

In conclusion, we acknowledge that great diplomatic and political pressure is being brought to bear on the EU from PO producing countries. The Producers’ Letter is an emblematic, but not isolated example. We urge the EU not to buckle under this pressure, and to ensure that decision-making processes are transparent, reflect the EU’s existing human rights, environment and climate commitments, and are not influenced by threats of WTO challenges, trade sanctions or political brinkmanship. We call on your leadership in the face of this external political influence, and ask you to ensure all related decision-making processes afford fair and non-discriminatory involvement for representatives of local communities at the upstream end of EU PO supply chains.

Yours sincerely,

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2. E.g. the recently released reports commissioned by the EC itself:  
   http://ec.europa.eu/environment/forests/studies_EUaction_deforestation_palm_oil.htm  
4. Colchester, M and Chao, S (Eds)(2013) Conflict or Consent? The palm oil sector at a crossroads FPP and Transformasi Untuk Keadilan INDONESIA  
   See also Persch-Orth M and Mwangi E (2016) Company-community conflict in Indonesia’s industrial plantation sector CIFOR Info Brief No.143, Bogor  
7. Slater, C (2017) "Slavery in the Palm Oil Industry"  
   https://www.humanrightsfirst.org/blog/slavery-palm-oil-industry  
8. See, Eubus B (2017) Palm oil mounts 'new offensive' in Colombia while workers decry labor conditions  
   https://www.somo.nl/palm-oil-land-rights-and-conflict-in-colombia/ See also Miroff, N (2014) "In Colombia, a palm oil boom with roots in conflict"  
   Washington Post, December 30, 2014  
de la palma de aceite en Colombia” https://www.carrodecombate.com/2016/10/18/no-la-llames-africana-la-violenta-expansion-de-la-palma-de-aceite-en-colombia/


e Furthermore, there are reports that plantations and mills are being certified as RSPO-compliant without guarantees that all applicable RSPO standards have been met. In some cases, certificates are being issued or renewed despite evidence that the PO producer is in breach of the RSPO’s own rules and requirements. Many such violations are brought to RSPO’s complaints mechanism or ASI; see: https://rsopo.org/members/status-of-complaints/

f For example via the establishment of the RSPO’s Assurance Task Force; https://www.rsopo.org/about/who-we-are/task-forces/assurance-task-force.

INTERNATIONAL FORUM ON CLOSING THE GAP: HUMAN RIGHTS, DEFORESTATION AND SUPPLY CHAINS

RECOMMENDATIONS FOR ACTION

Background: This set of recommendations is the result of a three-day meeting between 14 indigenous leaders, human rights defenders and activists from 11 countries (Peru, Colombia, Paraguay, Argentina, Guyana, Suriname, Liberia, Cameroon, DRC, Malaysia and Indonesia) working with different social justice NGO allies, who together held a forum on "human rights, deforestation and supply chains" in the city of Amsterdam, the Netherlands, between the 12 and the 14 of February, 2018. As a result of this meeting, we adopted a Call to Action in a consensual manner issued on 15 February 2018.

In addition, we formulated precise recommendations for different actors, sectors and initiatives supporting efforts to combat deforestation and involved in formulating policies on sustainable trade. The recommendations presented below are aimed at promoting and accelerating a positive and effective change in the global supply chains of commodities with a high risk of generating conflicts and serious harmful impacts on our peoples, lands, forests and territories.

A. To all national, provincial and local governments, the European Union, the United Nations, local and international civil society

Take urgent action to increase and improve protections afforded to human rights, forest and environmental defenders ("HRDs"), and their families, colleagues and communities by, inter alia:

1. Giving increased support to prevention and protection measures for human rights and forest defenders in their territories at the local level, including support, for community-based prevention and protection initiatives for strengthened early warning and security systems;

2. Raising public awareness and empathy of citizens in forest countries on the positive work of HRDs, using the media and dissemination of public information;

3. Establishing dedicated national protection programmes for HRDs, which include an early warning system to trigger the launch of preventive and protective measures and address risks to defenders' family and community members and colleagues;

4. Providing urgent training to security and law enforcement officials, including national police and security forces, on HRDs and the need to refrain from coercion, false imprisonment, intimidation and criminalisation of peaceful protesters and rights activists;

5. Prohibiting and sanctioning human rights abuses occurring in other countries that are committed, caused or contributed to by multinational corporations resident or registered in local jurisdictions and providing effective mechanisms of redress that enable foreign victims to pursue remedies in local jurisdictions;

6. Increasing support via bilateral and global programmes for HRDs, including targeted donor support to national initiatives and programmes on HRDs – such as the proposed Integrated Programme for the Security and Protection of Human Rights Defenders in local indigenous, ethnic and smallholder territories in Colombia;
7. Expand and strengthen existing HRD initiatives such as the "Shelter City Initiative" coordinated by Justice and Peace Netherlands, to afford protection to HRDs facing extreme levels of risk/when she or he feels under extreme threat.

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B. To the European Union and European Commission

Accelerate actions to ensure EU/EC policy coherence and implement commitments and targets on human rights, forests, conflict commodities and good governance of land tenure enshrined in different EU and EC policies, including the EU Guidelines on Human Rights Defenders (2008), EU’s Trade for All Policy (2015), the EU Action Plan on Human Rights (2015), the European Consensus for Development (2017) and renewed EU and European Council commitments to the EUTR and FLEGT and FAO Voluntary Guidelines on Responsible Governance of Tenure ("VGGT"), through, inter alia:

1. Taking urgent decisions and concerted actions to develop and adopt a fully-fledged EU Action Plan on Deforestation and Forest Degradation;

2. Incorporating well-resourced right-based components in the aforesaid EU Action Plan, including:

   a. Allocation of existing and new EC budget to create a dedicated EU Community Forest Tenure Fund providing direct support to indigenous peoples and other first peoples and/or forest dependent communities;

   b. Targeted EC budget support for community-conserved forests and territories, enabling direct and easily accessible funds for grassroots actions in support of community forest management, autonomous traditional systems of self-government, sustainable livelihoods and self-determined development by indigenous peoples and other first peoples and/or forest dependent communities, including support for forest peoples to protect, restore and defend their customary lands, territories, forests and waters, especially in conflict areas;

   c. Assistance for independent community-based monitoring of conflict commodity supply chains to assess compliance with human rights, land and territorial rights and forest protection standards;

   d. Setting up a new dedicated and permanent dialogue space to establish an "EU-Indigenous Peoples Forum on Forest Defenders, Territories and Biodiversity".

3. Formulating new EU binding instruments to regulate conflict commodity supply chains, including for agri-commodities (beef, soy, palm oil etc) linked to human rights abuse, illegal land acquisition and deforestation;

4. Expanding and reinforcing arrangements for preventing, monitoring and verifying human rights impacts of EU bilateral and multilateral free trade and investment agreements, including via verifiable indicators and independent community-based monitoring and reporting initiatives, including through the development of an EU Human Rights Risk Register by producer country\(^1\) - to guide

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\(^1\) This might include a public database of human rights risk factors and indicators, which could include, among others: customary land ownership and security; past or present reports of human rights violations including women's rights violations; prevalence of corruption; prevalence of narcotics trade; reported incidences of land-grabbing; evidence of non-compliance with or violation of international law and human rights conventions; serious lack of food security and food sovereignty; lack of water security and sovereignty for local and indigenous communities; intimidation, injury and murder of human rights, forest and land defenders; absence of proof that local communities have their own freely chosen representatives, safe spaces, and means to influence policies impacting their rights, livelihoods, land or territories.
and scrutinise foreign trade and investment agreements, and to inform due diligence by the EC itself, European companies and EU member states;

5. Adopting policies to ensure EU and EC commitment to, and alignment with, UNDRIP and related instruments on the rights of indigenous peoples are respected in EU trade agreements, including through a review of supply chain legality criteria for FLEGT VPAs to include international law and customary law as part of legality definitions;

6. Strengthening compliance with the EU policy on Indigenous Peoples with improved human rights safeguards and complaints mechanisms for all EC development cooperation, including developing safeguards to prevent abuse of forest peoples’ rights by recipients of EC development cooperation alongside clear criteria for the suspension of funding in cases of proven forced evictions and other right violations;

7. Expanding EU support for crime-free and deforestation-free EU supply chains via inter-agency, bilateral and multilateral programmes for police and justice cooperation to tackle illegal forest conversion, forest crime and related human rights violations, including through involvement of Europol, Interpol, importing and producing countries, and local and international civil society organisations.

8. Amending the EUTR scope and rules to cover forest-risk products like charcoal and require the seizure of timber placed on the EU market in violation of its Due Diligence provisions;

9. Reinforcing existing EU support for human rights defenders through strategic partnerships to support national programmes and initiatives for those countries with a high risk violence against HRDs.

10. Promote, scale up and empower alternative strategies for economically and environmentally sustainable systems of food production via increased support for local food security and food sovereignty and reforms in EU and EC agricultural, trade and development policies to enable strengthened local, diverse and ecological farming systems both in third countries producing and supplying agri-commodities to Europe and in EU countries, including support for small scale technological developments.

General recommendation: Overhaul the current EC grant-making procedures and budget lines to reduce bureaucracy and remove barriers which currently channel the bulk of EC grant funds to consultancies, large global agencies and bigger international NGOs. Changes must ensure EC grants are more accessible to community organisations, indigenous peoples and other first peoples and/or forest dependent communities.