

**Summary**

# **The oil for ape scandal**

**How palm oil is threatening  
the orang-utan**

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Orangutan Foundation



This report has been compiled with the help of some of the world's leading orang-utan conservation groups, based on information received from researchers on the front line in the dwindling forests of Borneo and Sumatra. It is written in collaboration with Friends of the Earth, which supports the environmental rights of the poor and is campaigning for legislation to ensure corporations act less destructively. See the full research report at [www.palmoil.org.uk](http://www.palmoil.org.uk) or call 020 7490 1555 to ask for a print out.

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“Palm-oil production is linked to species extinction, human rights abuse and worker exploitation. But there is not a single British supermarket that can guarantee that its products aren't fuelling the destruction. Most haven't even worked out where the palm oil in their products comes from.”

*Friends of the Earth's Executive Director (England, Wales and Northern Ireland), Tony Juniper*

“We have already lost huge areas of orang-utan habitat and tens of thousands of orang-utan to the palm-oil industry, and we are losing many, many more as I write. Indonesian newspapers have just reported that a kind of 'oil-palm fence', stretching 845 kilometres along the border between Indonesia and Malaysia in Borneo, is to be established, crossing through orang-utan habitat. The problem is truly immense.”

*Sumatran Orangutan Conservation Programme's Scientific Director, Dr Ian Singleton*

“The rate of loss of orang-utan has never been greater than in the last three years, and oil-palm plantations take the brunt of the blame.”

*Dr Willie Smits, Borneo Orangutan Survival Foundation's Founder/Chairman*

“Governments in countries providing finance or a market for palm oil must legislate to make their corporations responsible and accountable for their impacts. If not, it is we who will have to explain to our children in a few years' time that orang-utan became extinct, not because of a lack of knowledge, but because of corporate greed and a lack of political will.”

*Ape Alliance's Chairman, Ian Redmond*

“The orang-utan is endangered because of habitat loss. Today the greatest threat to orang-utan habitat is the continued expansion of oil-palm plantations. Palm oil is the greatest enemy of orang-utan and their continued survival in the wild.”

*Professor Biruté Galdikas, Orangutan Foundation International*



## 1 Introduction

Orang-utan conservation is in crisis. The population of Asia's only great ape is in steep decline. Already facing a multitude of severe threats, from illegal logging to the pet trade, the orang-utan is now facing a new enemy – one that may drive it to extinction. The enemy is palm oil and the corporations linked to the palm-oil trade, which include UK supermarkets.

Although the focus in this report is the plight of the orang-utan, the species is a barometer for the health of the rainforests of South-East Asia as a whole. If the orang-utan is in such crisis, the survival of tens of thousands of other species is also at stake.

- **Wide use** Palm oil is one of the world's most popular vegetable oils. It is used in thousands of everyday products, from margarine and bread to lipstick and soap, and is consumed by over a billion people across the world. In the UK, it can be found in one in 10 supermarket products.
- **Land-use clash** Ninety per cent of the world's palm-oil exports come from the oil-palm plantations of Malaysia and Indonesia. Most of these plantations are on the islands of Borneo and Sumatra. The very lowland forest that the oil-palm industry favours for conversion is the only remaining habitat of the orang-utan.
- **Corporate irresponsibility** British supermarkets all boast about their corporate social responsibility (CSR) programmes and their commitment to the environment. But not a single British supermarket can guarantee that its palm oil comes from non-destructive sources.
- **Solutions:** This report calls for:
  - an immediate end to all forest conversion to oil palm
  - recognition of the customary land rights of local people
  - reform of UK company law

### IN A NUTSHELL:

This report provides new evidence demonstrating that oil-palm plantations are now the primary threat to the orang-utan, driving the species rapidly towards extinction. It also finds that one in 10 products on UK supermarket shelves contain palm oil but these supermarkets have failed to ensure it does not come from destructive sources.

Right: Oil-palm plantation, Indonesia

Boycotting palm oil is not the answer. There are also serious social and environmental problems associated with growing other vegetable oils, such as soy.



Anne Miehs/Borneo Orangutan Survival Foundation

### The UK Government must legislate

Over the coming year, the UK Government will be taking the Company Law Reform Bill through Parliament, in what will be the biggest shake-up of company law for a generation. The current draft Bill only requires company directors to “consider” the impact of their companies’ operations on the community and the environment. Friends of the Earth and other members of the Corporate Responsibility (CORE) Coalition believe that the Bill should require company directors to act to minimise destructive impacts – not just to think about it.

## 2 Environmental justice

The fate of the orang-utan is inextricably linked with that of millions of indigenous peoples on Sumatra and Borneo. The relentless spread of the oil-palm plantations that are destroying the habitat of the orang-utan is partly due to the fact that the state has stolen land from indigenous peoples and forest-dependent communities.

Securing environmental justice for those communities trying to defend their land from oil-palm developers will not only help them – it will also help to protect the rainforests, and the rich array of species which live there, including the orang-utan.

The oil-palm plantation business is the most conflict-ridden sector in Indonesia,<sup>1</sup> and one of the most polluting. Plantations are often forcibly established on land traditionally owned by indigenous peoples,<sup>2</sup> and plantation development has repeatedly been associated with violent conflict.<sup>3</sup> In Indonesia, between 1998 and 2002 alone, 479 people were reported as having been tortured in conflicts defending community rights, and dozens of people have been killed in land-tenure disputes.<sup>4</sup> In many plantations, workers have to contend with low wages and appalling living conditions. The palm-oil industry may create jobs and generate export revenue, but it can also trap entire communities in poverty.

**Destructive oil-palm plantations will continue to spread, and the forests of Borneo and Sumatra will continue to be destroyed, unless the governments of Indonesia and Malaysia recognise the customary land rights of indigenous peoples and local communities. The UK Government must also legislate to stop UK companies from buying products linked to environmental destruction and human rights abuse.**

### 3 Palm oil destroys orang-utan habitat

Indonesia has one of the highest rates of tropical forest loss in the world,<sup>5</sup> and illegal logging is rife. The island of Borneo, which is divided between Indonesia and Malaysia, has lost half its forest cover, while the smaller Indonesian island of Sumatra has lost more than 70 per cent.<sup>6</sup> In Indonesia, the rate of deforestation has increased to 2 million hectares of forest each year, an area of forest the size of Wales.<sup>7</sup> A World Bank report has blamed commercial developments – especially oil-palm plantations – for the acceleration.<sup>8</sup> In Malaysia, the development of oil-palm plantations was responsible for 87 per cent of deforestation between 1985 and 2000.



The palm-oil industry has set up 6.5 million hectares of oil-palm plantations across Sumatra and Borneo, but is probably responsible for the destruction of 10 million hectares of rainforest.



Oil-palm plantations could be responsible for at least half of the observed reduction in orang-utan habitat in the decade between 1992 and 2003.<sup>9</sup>



Experts have identified a number of priority forest areas that are crucial for the continued existence of orang-utan in the wild. Within just one Indonesian province, Central Kalimantan, two-thirds of these are either about to be converted to oil palm, or are at high risk of conversion.<sup>10</sup>



Year after year, satellite imagery has shown that many plantation companies, especially in Indonesia, have used uncontrolled burning to clear land.<sup>11</sup> One huge fire in 1997-98 was responsible for the loss of 5 million hectares of forest and one third of Borneo's orang-utan population.<sup>12</sup> In early August 2005 the Indonesian authorities detected 788 fires in Riau, Sumatra. The Indonesian Forestry Minister told reporters, "The major fires are in oil-palm plantations."



By 2020 Indonesia's oil-palm plantations are projected to triple in size to 16.5 million hectares<sup>13</sup> – an area the size of England and Wales combined. This expansion will have devastating impacts on the remaining orang-utan habitat.



In August 2005 the Government of Indonesia announced a project to build the world's largest oil-palm plantation on Borneo, along the Malaysian border, which will slice right through a proposed protected area. This would have a devastating impact on the local people, and would destroy one of the most wildlife-rich forests left in South East Asia, with an orang-utan population.



Helen Buckland

**Above: As their habitat shrinks, orang-utan are forced out of degraded forest fragments into plantations and private gardens in search of food. These endangered and protected animals are viewed as agricultural pests and killed. Orphaned baby orang-utan end up in the pet trade.**



Sumatra now has more than 4 million hectares of oil-palm plantations, an area more than four times bigger than the area of orang-utan habitat remaining on the island. As their habitat shrinks orang-utan extinction becomes ever more likely.

## 4 Orang-utan in crisis

There are two species of orang-utan. The Bornean orang-utan is classified as “endangered”, while the Sumatran orang-utan is “critically endangered”. **Almost 90 per cent of orang-utan habitat has now disappeared.<sup>14</sup> Some orang-utan populations have been halved in the past 15 years, and from a total remaining population of less than 60,000, an estimated 5,000 are lost each year.<sup>15</sup> If this rate of decline continues the orang-utan will be extinct within 12 years.**

In **Sumatra** there are fewer than 7,300 surviving orang-utan, scattered between 13 forest patches.<sup>16</sup> Their forest habitat has now been reduced to less than 6 per cent of its original extent<sup>17</sup>. Only three of the remaining groups are considered to be genetically viable, but most of these individuals are living outside the protected areas<sup>18</sup> and their habitat is likely to be converted to oil-palm plantations.

In **Borneo** the situation is no less perilous. The Bornean orang-utan is found in the Indonesian provinces of West, Central and East Kalimantan, and in the Malaysian states of Sabah and Sarawak.<sup>19</sup> The population is estimated to stand at around 50,000 individuals, divided into three distinct subspecies.<sup>20</sup> Forest fragmentation, particularly from oil-palm plantations, has separated the Bornean orang-utan habitat into 306 forest patches. It is predicted that by 2010 all unprotected lowland forests, excluding peat swamps, will have disappeared from Kalimantan,<sup>21</sup> spelling disaster for the species.



### Case study

#### Indonesia: National parks under threat<sup>22</sup>

**Tanjung Puting National Park**, in Central Kalimantan, Indonesia, is the world's most renowned and prestigious national park for orang-utan conservation.<sup>23</sup> However, even this park is not safe from the advancing frontier of oil-palm development. In 2004 NGOs uncovered plans by three plantation companies to expand their operations into the park. Satellite analysis of these plans revealed that more than 17,000 hectares of forest in the park, and nearly the whole of the "buffer zone" along the eastern border, would be lost. In June 2005 the Indonesian Forestry Minister cancelled these three concessions but announced five new ones, proposing a reduction in the park area by one quarter in order to accommodate them.

**Bukit Tigapuluh National Park**, in Sumatra, is home to one of Indonesia's most important orang-utan rehabilitation projects. To ensure that the population becomes viable, conservationists are calling for the park to be increased in size. The same forest area targeted by the conservationists for the park extension is also being targeted by the palm-oil industry for development.

**Right: Orang-utan orphan rescued from a forest being cleared for an oil-palm plantation, Indonesia**

**Far right: The world's insatiable appetite for palm oil is taking the orang-utan perilously close to extinction**

Jo-lan van Leeuwen/Borneo Orangutan Survival Foundation



Global palm-oil production is projected to double by the year 2020 to meet increased demand. The majority of this growth in production will be in Indonesia and the Malaysian states of Sabah and Sarawak, on Borneo.<sup>27</sup> This expansion will have disastrous consequences for remaining orang-utan habitat.

#### **Case study**

##### **Borneo: Overcrowding in rescue centres<sup>24</sup>**

The conversion of forests to oil palm is strongly linked to the illegal capture, killing and trade in orang-utan, because the degradation of the forest increases accessibility for hunters and poachers. The growing problem has resulted in overcrowding at orang-utan rehabilitation centres in Kalimantan, Borneo. For example, the resources of the Orangutan Care Centre and Quarantine, managed by Orangutan Foundation International, are now under increasing pressure from an influx of orphan orang-utan originating from forests being cleared and converted to oil palm. At another centre, the Nyaru Menteng Rehabilitation Centre in Central Kalimantan, managed by the Borneo Orangutan Survival Foundation, 93 per cent of the orang-utan originate from forests being cleared for conversion to oil palm. Nevertheless, only a very small proportion of the animals removed from the forest will end up in one of these rehabilitation centres. For every infant that makes it to centres such as this, it is estimated that four adult females and three infants will have died.

#### **Case study**

##### **Malaysia: The demise of most important wetland orang-utan habitat<sup>25</sup>**

The floodplain of the Kinabatangan River, in Sabah state, is home to the largest population of orang-utan in Malaysia.<sup>26</sup> By 1996, half the forest area had undergone conversion to oil palm, severely damaging the most important wetland orang-utan habitat in the world. Malaysia is the world's biggest palm-oil producer, but it has achieved this status at considerable cost to the environment. The Kinabatangan landscape now consists of patches of protected forest surrounded by huge oil-palm plantations and secondary forest degraded by logging activities. The river basin has suffered widespread pollution from palm-oil mill effluent, pesticides and fertilisers, as well as sedimentation from land-clearing activity.



## 5 UK plc turns a blind eye

In the UK we all consume palm oil, so we are all unwittingly playing a part in the demise of the orang-utan. However, it is not the consumer who is responsible. It is the corporations which have been involved in this trade for many years but which have failed to ensure that they do not buy palm oil from destructive sources. The case of palm oil demonstrates that the voluntary approach to corporate responsibility has failed spectacularly.

In 2005 Friends of the Earth wrote to 96 UK companies asking them to:

- trace all their palm oil
- adopt minimum standards to make sure it came from non-destructive sources
- join the Roundtable on Sustainable Palm Oil, a business initiative that aims to adopt criteria for “sustainable” palm-oil production.

Only 18 of the 96 companies responded. None were able to trace all their palm oil back to non-destructive plantation sources, and the majority did not even know where their palm oil came from. Only 15 have joined the Roundtable on Sustainable Palm Oil.

The UK is the second biggest importer of palm oil in Europe, after the Netherlands. Palm-oil imports into the UK doubled between 1995 and 2004 to 914,000 tonnes, which represented 23 per cent of total EU palm-oil imports. Demand in the UK and Europe is likely to increase rapidly with the development of bio-fuel plants, many of which favour palm oil as an energy source.



**Above: Just a small selection of Tesco own brand products which contain palm oil. Yet supermarkets are astonishingly lax about sourcing palm oil from sources which do not damage people or wildlife like the orang-utan. Every little hurts.**

### **Tesco: You shop, we drop**

UK supermarkets are major end-users of palm oil. Tesco sells hundreds of products that contain palm oil, including its own-brand bread and crisps. As the UK's largest and most profitable supermarket, Tesco should play a leading role in driving demand for palm oil from non-destructive sources. By September 2005 neither Tesco nor any of the other major UK supermarkets were able to give assurance that the palm oil they use is sourced from such places, and none had joined the Roundtable on Sustainable Palm Oil.

Tesco told Friends of the Earth that it is “ready to actively participate as soon as the issues to address are clear and there is a need and a value for our further involvement.”

The problems associated with palm oil have been discussed for many years. It is hoped that Tesco will not wait for all the lowland forest in Borneo and Sumatra to be cleared, and for the orang-utan to become extinct, before deciding that the issue is “clear”.

The failure of most UK companies involved in the palm-oil trade to act responsibly – especially supermarkets – shows that stronger regulation is needed to force companies to do so, and to stop them buying products and ingredients from environmentally destructive sources.



## 6 Recommendations

The conflict between palm oil and the orang-utan represents a classic development crisis of our time. It shows how corruption and lack of respect for the rights of the poor in developing countries combines with corporate greed and lack of accountability in the global market place. The result is an environmental and social catastrophe. This is what needs to happen:

- **The Indonesian and Malaysian governments must introduce legislation to immediately stop all further forest conversion**
- **The Indonesian and Malaysian governments must recognise the customary rights of local people. In particular, they must:**
  - establish prior informed consent with the local communities before any further land conversion takes place
  - ensure that communities have open access to information about the impacts and future expansion plans of palm-oil companies.
- **The UK government must ensure that the Company Law Reform Bill, which is now passing through Parliament, provides company directors with a clear legal duty to minimise the negative social and environmental impacts of their business, including their purchasing decisions.**

For more information about how to tackle the orang-utan decline, or to read the full report, go to: [www.palmoil.org.uk](http://www.palmoil.org.uk)



**Friends of the Earth**

**This report was a collaborative project between the following organisations**

***Friends of the Earth***

[www.foe.co.uk](http://www.foe.co.uk)

Friends of the Earth inspires solutions to environmental problems, which make life better for people.

Friends of the Earth is:

- the UK's most influential national environmental campaigning organisation
- the most extensive environmental network in the world, with around 1 million supporters across five continents and more than 70 national organisations worldwide
- a unique network of campaigning local groups, working in more than 200 communities throughout England, Wales and Northern Ireland
- dependent on individuals for over 90 per cent of its income.



***The Ape Alliance***

[www.4apes.com](http://www.4apes.com)

The Ape Alliance is an international coalition of 65 organisations working for the conservation and welfare of all apes. Founded in 1996, it works to:

- develop position papers on key issues, such as bushmeat, palm oil or the use of apes in entertainment and biomedical laboratories
- lobby collectively for enactment and/or enforcement of legislation to improve the welfare and/or conservation of apes
- campaign for greater public awareness of ape issues and increase respect for apes
- facilitate information exchange between member groups, and co-ordinate activities to maximise their beneficial effect.



***The Borneo Orangutan Survival Foundation***

[www.savetheorangutan.info](http://www.savetheorangutan.info)

The Borneo Orangutan Survival Foundation, with its 13 supporting agencies worldwide, works towards the conservation of the orang-utan and its rainforest habitat. In addition to operating two rehabilitation projects for more than 500 orang-utan in Borneo, the organisation is involved in far-reaching conservation efforts for the rainforest itself. It also works with local people to support them in non-destructive uses of land, while providing them with higher sustainable income.



***The Orangutan Foundation (UK)***

[www.orangutan.org.uk](http://www.orangutan.org.uk)

The aim of the Orangutan Foundation is to support conservation work in Indonesia and Malaysia, and to raise funds and awareness in the UK and overseas. As part of its Indonesian conservation programme, it actively supports the protection of Tanjung Puting National Park and other areas of critical orang-utan habitat. It also seeks to advise government policy and educate the public.



***The Sumatran Orangutan Society***

[www.orangutans-sos.org](http://www.orangutans-sos.org)

The Sumatran Orangutan Society is dedicated to the conservation of the critically endangered Sumatran orang-utan. Through education and awareness, the organisation aims to help preserve the orang-utan and its ever-diminishing forest home for future generations.

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