

RESOLUTION 6j

Proposed Resolution to be adopted
At the 8th General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)
8th March 2012

TITLE: MORATORIUM ON RSPO CERTIFICATION

Submitted by:
The Malaysian Palm Oil Association (MPOA)

Reason for This Resolution:

1. There is currently enough certified sustainable palm oil (CSPO) produced to fulfill the requirements of those markets where consumers demand sustainably produced palm oil. However, the offtake of CSPO has not matched the available supply.
2. In 2011 only 52% of available¹ CSPO was taken up by consumers – where 35% was via certificate purchase and actual physical offtake was only 17%². 2,307,986 tonnes (48%) of CSPO produced was not taken up by the market. This significant annual surplus in the production of CSPO drove the original projected premium down from US \$50 per tonne to an actual US 50 cents.
3. Further, there is no differentiated market access for CSPO, so it is being traded in the normal market. This dilutes the value of palm oil which is produced responsibly and sustainably by implementing the RSPO criteria.
4. This situation discourages existing RSPO growers from expanding their certified areas and new entrants from investing in RSPO certification. It is also difficult to encourage smallholders to adopt RSPO. There is no point in producing more CSPO if there is no demand for it, and if the market does not value CSPO compared to regular non-certified palm oil.
5. The pledges to offtake CSPO made by some manufacturers will only occur in future years (2015). Until that time, the surpluses of CSPO will increase as responsible growers meet their time-bound plan obligations. This means even more production of CSPO with limited market access or value addition.
6. If sustainably-produced palm oil is not taken up or consumed by the market, the credibility of RSPO as an effective agent of change is threatened.

¹ 2,490,526 tonnes out of the total CSPO of 4,798,512 tonnes produced

² Certificate trading on 1,659,516 tonnes (35%) and physical offtake of 831,010 tonnes (17%)

MPOA proposes that the 8th General Assembly of the RSPO, on 8th March 2012 resolves:

- To agree a moratorium on RSPO certification until such time as the supply and demand for CSPO is in balance in the market.
- That that this period of moratorium is exempted from the time-bound plans of the companies concerned.

- end –

Note to members on resolutions entered into RSPO General Assembly # 8, March 8, 2012

It is the responsibility of the RSPO EB to ensure RSPO members are duly informed of the impact of the decisions that might be taken during any General Assembly. Therefore, draft resolutions were screened for this purpose. The notes below are for information of members only, and do not reflect any preference on the part of the Executive Board.

**RESOLUTION TITLED:
MORATORIUM ON RSPO CERTIFICATION**

The General Assembly at GA7, on the 11th November 2010, voted and resolved to adopt the following as policy i.e. *“that RSPO will only adopt any decision which impacts the content of the Principles and Criteria (or similar instruments) of the RSPO and/or the certification system guidelines for Certification Bodies (CB) following a formally agreed process which must include the acceptable methodologies.”*

The time bound plan mentioned in this current proposed resolution is currently a requirement mentioned in RSPO’s Certification Systems Document and the Code of Conduct for Members of The Roundtable on Sustainable Palm Oil.

This proposed resolution has not followed *“a formally agreed process which must include the acceptable methodologies”* and would, if passed, lead to a change in the Certification Systems Document and the Code of Conduct.