

OPENING OF THE CONFERENCE

Speech of the Executive President of Fedepalma at the Inaugural Ceremony



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First Latin American Meeting of
the Roundtable on Sustainable
Palm Oil, RSPO

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Madams and Sirs:

It is a great pleasure for me, as Executive President of Fedepalma, to have the opportunity to speak to all of you at this inaugural ceremony of the First Latin American Meeting of the Roundtable on Sustainable Palm Oil, RSPO, with the attendance of a number of prominent local and international personalities representing various public and private entities that are directly or indirectly involved in the oil palm value chain and who are, in turn, members of RSPO or are interested in learning about it.

I would like to specially thank the Minister of the Environment, Housing and Territorial Development of Colombia, Mr. Juan Lozano Ramírez, for his attendance. He once again ratifies and deepens the national government's interest and commitment to the establishment of close links with the oil palm sector and Fedepalma, with the aim of ensuring the sustainability of our industry. We also make extensive this recognition to other environmental authorities in the country. In fact, we must highlight the important role played by the Vice-minister of the Environment, Ms. Claudia Patricia Mora Pineda, during her participation in the 5th Annual Meeting of RSPO, RT5, held in November of 2007 in Kuala Lumpur, Malaysia, where the initiative to hold this Latin American meeting in Cartagena was first discussed and approved. I am certain that our counterpart organizations from other palm oil producing countries that are present here today will appreciate the benefits of having common objectives and joint efforts between the public and private sectors, as is the case in Colombia.



I would also like to highlight the presence of Mr. Jan-Kees Vis and Mr. Vengeta Rao, President and General Secretary, respectively, of RSPO, as well as representatives from national and international NGOs such as WWF, from certifying agencies and other entities involved in the oil palm business from Europe, Asia and America. It is of course essential for the proper development of this meeting to have among us trade group and industrial delegations from the Latin American oil palm sector, specifically from Ecuador, Honduras, Brazil, Costa Rica, Venezuela, Guatemala and Peru, as well as a numerous and highly representative delegation from Colombia.

I would specifically like to wish the international visitors who honor us with their presence a pleasant stay in our country and particularly in the beautiful city of

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Cartagena de Indias, surrounded by the warm waters of the Caribbean and endowed with a valuable historical and architectural heritage, largely a legacy marked both by heroic feats and collective achievements, which continues to be the pride of Colombia and the world. And I wish to express to all of you my confidence that the development and results of this important meeting will fully meet your expectations.

I must say I am very pleased by the fact that what we have done and achieved thus far has fully demonstrated the validity of the objectives that were proposed when the RSPO was first established in 2002. This is demonstrated in the growing number of institutions and companies that have joined the initiative, the numerous events that have been held in different countries, the attention and the acceptance given to the issues that have

been formulated by national and international bodies of the private and public sectors, as well as NGOs, and the initiatives, programs and projects that have been implemented to date in several countries.

Fedepalma has participated in RSPO from the outset. It joined in 2004 as an ordinary member and represented the producing countries from the “Rest of the World” at the Executive Committee during the time period between 2004 and 2006. In addition to Fedepalma, Grupo Daboon, an important Colombian producer of organic palm oil and similar products, has also been an active participant in RSPO and has demonstrated its high level of commitment to the initiative from the very start and has also made substantial progress in its certification process. We should also make a similar acknowledgement to Agropalma from Brazil, which also has an organic palm oil production line and is in the process of obtaining RSPO certification. These two companies have set an example that should be followed by other oil palm companies in Latin America.

Fedepalma has always vigorously promoted RSPO in other regions, particularly in Latin America. We are well aware of the importance and the leadership that Asia has in the oil palm agro-industry, evidenced by the fact that Indonesia, Malaysia and Thailand jointly account for slightly over 88% of world palm oil production, but we must keep in mind that Latin America already accounts for close to 6% of production and we are now the second-largest producing region. It is precisely in this context that this meeting is being held, with the main objective of bringing RSPO closer to the region so that farmers, companies, trade organizations and other public and private parties involved in the palm oil industry may increase their awareness of the transcendental importance of this initiative, to come closer and establish a direct link with it. In this sense, we urge and invite all of you to join and become active members of RSPO, to become involved in its cause and to assist it in any matter it may require.

We must be clearly aware that the oil palm activity is a large industry that makes a substantial contribution to the economic and social development of the regions and communities where it is present. In order to persist and deepen this objective it is important to fully comply with the mandates established at the national and international levels in terms of social and



environmental sustainability. We should also clearly note that in some specific cases or circumstances there is a worrying level of non compliance, which demerits the serious and responsible efforts of those who fully comply with them. This unfortunate reality has drawn growing criticism and complaints by NGOs, some of which, with somewhat unclear intentions, have found in them a justification to stigmatize the entire industry and in some cases have used misinformation to attack our agro-industry.

In view of the above, the legitimate and responsible players involved in the oil palm agro-industry must join together to demand, defend and assert the development of our activities under the precepts of sustainability, from which various benefits of different types may be derived. In this effort we must be able to counteract and clarify any vague generalizations, half-truths and unwarranted judgments, and at the same time be willing to ensure that those who do not act properly receive the penalties that the market and the authorities deservedly may impose, while keeping those who do things right free from any harm. In this sense, RSPO is a very fortunate initiative because the certification process it proposes allows the establishment of clear differences between those who do things well and those who refuse to do so. It is therefore highly relevant and timely to have included in this meeting's agenda the issue of sustainability certification.

It is of course important to understand the particularities of the development of the oil palm agro-industry in Latin America, compared to other palm oil producing regions. One key difference is the greater availability of land to expand the crop in our region, and consequently a lower risk of exerting pressure over lands covered by primary forests and eco-systems with a high environmental value. Another differentiating feature is the presence of a large number of small and mid-sized producers, particularly compared to the norm in other countries. Consequently, the adoption of the RSPO guidelines in this continent must take into account these specific circumstances in order to make it possible for the producers to apply the Principles and Criteria, regardless of their size. However, this process should not cast doubts on the viability and economic sustainability of the palm production activity in any region, specifically through the unjustified imposition of non-tariff barriers on trading of palm oil.

This meeting's agenda includes, among other issues, a careful assessment how different countries are interpreting the sustainability Principles and Criteria established in RSPO, both in general terms and also in terms of the experiences that several countries have had until now, which represents the preliminary step the producers of each country must take prior to certification. On this matter I must say with great satisfaction that in the specific case of Colombia, over the past three years we have carried out a series of activities that have set us on the right path, including, first of all, communicating the scope and the implications of the Principles and Criteria to the companies and communities in the country's palm-growing regions during the time period between 2006 and 2007; the publication of the Principles and Criteria in Spanish; active participation in the discussion of the Principles and Criteria prior to their approval at the General Assembly of RSPO members, held in Kuala Lumpur in November of 2007; the launch event of the National Interpretation process, with the participation of the Minister of the Environment, Housing and Territorial Development, the Environmental Vice-Minister and representatives and from entities committed to this cause such as WWF, the Alexander Von Humboldt Institute for Research on Biological Resources, the regional environmental authorities whose jurisdictions cover the palm-growing regions, academics, Cenipalma, NGOs and others, in mid-2008, which was followed by various regional workshops with experts, and an institutional workshop, the results and conclusions of which are included in a document to be presented during this event and which should be completed within the next few weeks in order to officially present it at the 6th meeting of RSPO, RT6, to be held in November in Bali, Indonesia.

Finally, our meeting also includes two modules on specific topics. The first module covers various Colombian experiences in terms of special palm oil sustainable production projects, and the second is devoted to studying the markets and their requirements.

Let me briefly talk about the new characteristics shown by the oil palm agroindustry in our country and our level of commitment to sustainable and responsible production of palm oil. Colombia's leadership in the Americas is reflected in the following aspects: This year, the area planted to oil palm will exceed 350,000

hectares, of which approximately 210,000 hectares are already in production; the production of oil palm at the end of the year is estimated to be 806,000 tons; more than 7,000 producers concentrated in 55 production centers; the domestic market demand has been mainly concentrated in the food industry and to a lesser extent in the cosmetic and balanced food industries; the biodiesel market, that emerged at the beginning of this year, will have an accumulated installed capacity of approximately 500,000 tons next year, which will be more than enough to meet the demand for a 5% palm biodiesel blend nationwide, a percentage that will be increased to 10% as of January 1 of 2010. Also of special note is the fact that since 1990 more and more oil palm products are being introduced into world markets, particularly in Europe and Latin America, reaching 45% of the total production in 2007.

Apart from the challenge of closing the competitive gap with world leading countries in the Agroindustry, by reducing costs and improving productivity, which no doubt will result in an important rise in production, we have favorable conditions to meet the growing domestic and international demand for oil palm products; particularly, a large agricultural frontier of approximately 3,000,000 hectares suitable for oil palm cultivation, without affecting areas of high environmental conservation value, including virgin forests. This explains the high expectations of the National Government, the private sector and foreign investors of expanding the planted area in our country. Therefore, the adherence to the RSPO Principles and Criteria and their implementation guidelines, including performance indicators and, of course; certification processes, is deemed to be the appropriate course of action.

For more than a decade now, Fedepalma and the Colombian oil palm industry have carried out programs and projects around social and environmental issues, among which the following stand out:

- The Clean Production Agreement, currently under renewal process, signed in 1997 with the Ministry of the Environment and Regional Autonomous Corporations with jurisdiction over oil palm growing areas and companies, in which some strategic lines of action aimed at improving the sector's environmental performance, were identified.
- Environmental Management Plans, approved by Regional Autonomous Corporations for all oil palm companies that have oil mills, to coordinate control processes and to follow-up environmental performance.
- Environmental Guidelines for the Colombian Oil Palm Industry, published in 2002, which is a technical guide to environmentally friendly practices associated with oil palm cultivation and extraction.
- Environmental Performance of the Colombian Oil Palm Agroindustry, an independent assessment of the environmental management by Fedepalma and other oil palm companies, conducted in 2003 by a renowned team of consultants, whose considerations and conclusions were compiled and published in 2005.
- The CDM Umbrella Project of the Colombian Oil Palm Sector, conceived and developed within the framework of the Kyoto Protocol, implemented in 32 oil mills with the aim of reducing greenhouse gas emissions by capturing methane, using non-fossil fuel sources, co-generating renewable energy, and participating in the carbon certificate market. Recently, the CDM Executive Board, attached to the United Nations, officially registered the project and opened an international public consultation that is currently being undertaken for final approval in the very near future.
- The Corporate Social Responsibility Program, Respect, that includes a project aimed at generating a sector model that interprets the sustainable corporate responsibility as a key strategy for the sustainability of the companies, and as support to all companies and oil palm communities in the management of risks resulting from problems associated with sensitive issues such as human rights, relations with the community and environmental protection. This is complemented with sustainability reports, best practice manuals and corporate performance indicators. Some of the main results have been compiled in our publication titled "*Los Rostros de la Palma*".



Finally, I would like to reiterate my invitation to close ranks around the sustainable development of our agroindustry, working conjointly under common parameters and sparing no effort or energy to achieve the objective. As part of this commitment, I reaffirm my expectations that the attendance of producers and trade association representatives from various Latin American palm oil producing countries to this event will be the first step towards becoming active

members of the RSPO, embracing the roadmap and undertaking the relevant tasks, including the development and adoption of Principles and Criteria; with the understanding that they will not be set in stone, but rather designed to provide basic action guidelines for each country and even for each oil palm growing region, in accordance with their own particular problems and opportunities.

Thank you!