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Farmers’ and academia’s views”

An environmental governance analysis of the Malaysian palm oil sector

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Abstract

The oil palm (*Ellaeis guinensis*) is one of the most productive oil crops in the world. With 85 % of the world’s production Indonesia and Malaysia are the world biggest producers. Oil palm production has led to important rural and economic development of the two countries but has also caused social conflicts and environmental damages.

Nowadays, palm oil production is characterised by different national and international policies and standards such as the RSPO, the ISPO and the MSPO. The setting of these policies and standards can be summarised under the term “environmental governance”. Often governance structures are intransparent and complex but nevertheless important to achieve a change in the palm oil sector and guide it towards a more sustainable future.

The thesis aimed at conducting an analysis of the current environmental governance structure of the Malaysian palm oil sector. Switzerland was taken as a case study to understand international trade and regulation influences on the palm oil sector.

A systematic literature review as well as in depth expert interviews contributed to the completion of the thesis.

The results show that the role of the different actors within the palm oil sector are clearly defined. Different public and private governance structures shape the sector and contribute to its complexity. Switzerland, in these terms, reached an important historical step in adopting so-called PPM-based measures in its free trade agreement with Indonesia. However, the implementation of sustainability standards are challenging due to their voluntary character. As long as political enforcement is low standard adoption will remain low as well. An exception is Malaysia as there the Malaysian Sustainable Palm Oil Standard (MSPO) was implemented by legislation. Solutions for a promising future are needed. Harmonisation and recognition of the different sustainability standards are necessary. Double-certification of palm oil could be a solution as well as a more quality-oriented palm oil production.

However, an open policy dialogue with private and public actors involved in the palm oil sector is necessary.

Keywords: Environmental governance, Malaysia, palm oil sector, tropical agriculture