



CPO Indonesia Export Guarantee Certification

- *Palm oil is the superior non oil and gas commodity of Indonesia*
- *Certification ensures the market for palm oil products in Indonesia thus helps to enhance the welfare of farmers and increase the economy of rural area*
- *Asian Agri has encouraged more than 75% of their smallholders to attain RSPO certificate*

Jakarta, 10 December 2014 – Indonesia has become the world’s largest palm oil exporter since 2006. The export value is increasing year to year, and it is expected to reach 29 million tons in the end of 2014. However, the issue of sustainability and environment, which include palm oil industry in general, has hindered the marketing of palm oil products in international market. The actors in palm oil industry are encouraged to maintain their commitment to pursue the certification to prove that their products are in accordance with sustainability values.

This is unveiled in the Public Discussion under the topic of “Palm Oil Certification: Open the Access to Global Market and Enhance Wealth of the Farmer”, Wednesday, 10 December 2014, in Jakarta. Attended as the speakers in this discussion were Daily Chairman of ISPO Rosediana Suharto, Director of RSPO Indonesia, Desi Kusumadewi, and General Manager Asian Agri Freddy Widjaya.

Herdrajat Natawijaya, Director of Yearly Plants Ministry of Agriculture, said that this palm oil production needs 4,5 million hectares in on farm sector. The employment will be larger if it includes the workers in off farm sector and service in the field of palm oil agribusiness. On the side of area development, palm oil is generally built in the remote area and encourages the development of economic center on the basis of palm oil, for instance Sumatera, Kalimantan, and West Sulawesi.

”The palm oil development should be done in accordance with sustainable development values. According to Minister of Agriculture Regulation No.19 of 2011 regarding ISPO. ISPO integrates several Indonesian Acts and become the evidence of compliance from the actors of agribusiness to the regulations,” Herdrajat explained.

Rosediana Suharto, Daily Chairman of Indonesian Sustainable Palm Oil (ISPO) Commission, said that this certification is a form of instrument that can be utilized to guard trade activity, since WTO allows countries to implement technical barrier to trade in a form of standard.

“This certification could help the farmers to increase their standard of living from productivity aspect,” said Rosediana.

Currently, actors in Indonesia palm oil industry still strive to do the certification. One of the company that has a commitment to do the certification is Asian Agri. This company has become the member of RSPO since 2006 and has been supporting over

75% of their plasma farmers to attain the RSPO certificate. Aside from getting market assurance, this certificate is able to enhance the income of farmers.

Freddy Widjaya, General Manager of Asian Agri said that Asian Agri consistently assists their smallholders to increase their productivity, improvement, environment management, as well as good farming practices to ensure the sustainability of farmers. Asian Agri's production target is one million tons, which 50% is from the core company and the other 50% is from their plasma farmers and independent farmers.

"We don't do land clearance, we are focusing on intensification instead. In 2015, we plan to rejuvenate 5.000 hectares of core farm and 1.150 hectares of our plasma farmers' land. The plan is expected to cost Rp 200 billion," he said.

Asian Agri build partnership with independent farmers as well. In the end of 2014, it is predicted that there will be more than 10,000 ha independent farm that will become Asian Agri partners and will be added up to 5.000 hectares more in 2015 and 2016." It is hoped that through the assistance and training, they can increase their palm farm productivity and optimize production cost, that will finally enhance the wealth of farmers," said Freddy.

Freddy said that one of the advantages of the certification is the enhancement of market access to 20% to European Union palm oil market. It is also possible that the buyers in China are related to European Union market. Without certification, European market is a huge challenge for palm oil industry actors.

In the past 2013, Asian Agri has succeed in attaining several certify premium palm oil, from which US\$ 220 thousand has been distributed to plasma farmers which are partnering with Asian Agri. "For ISCC, we have successfully certified all core and plasma farms. In 2014, all core farms are targeted to attain RSPO certification in line with ISPO. Meanwhile, plasma farms are targeted to get RSPO certification at the end of 2015" ujarnya.

Freddy Widjaya said assistance that is being done by Asian Agri is not limited to their plasma farmers. Since 2011, Asian Agri has also assisted independent farmers. In July 2013, through training and assistance that was given by Asian Agri along with environmental organization WWF, KUD Amanah in Riau Province had successfully became the first palm oil independent farmers association in Indonesia that attained their Roundtable Sustainable Palm Oil (RSPO) certificate.

Desi Kusumadewi, Director of Roundtable Sustainable Palm Oil (RSPO) said that RSPO certification is important for a negotiation tool in the global market. On this matter, Indonesia has become a giant certified palm oil producer. The benefit for the companies that have ISPO certificate is that they could increase their productivity and reply to the black campaign that has been accused to palm oil industry.

About Asian Agri:

Asian Agri is one of the leading private companies in Indonesia producing crude palm oil (CPO) since 1979 and employs around 25,000 people today. Since 1987, Asian Agri has been a pioneer of the Indonesian government's Trans-National Government Migration (PIR-Trans) program. Today, the company manages 100,000 Ha of land and partners 29,000 smallholder families in Riau and Jambi who operate 60,000 Ha of palm oil plantation.

Asian Agri's success in becoming one of the leading CPO companies has been acknowledged internationally with the ISO 14001 certification for all of its operations. Its Learning Institute in Pelalawan, Riau, as well as its nursery research center in Kampar, Riau are ISO 9001 certified. In addition, Asian Agri's R&D Center in Tebing Tinggi has also obtained certification by the International Plant-Analytical Exchange at the WEPAL lab at Wageningen University in The Netherlands, for its high standards.

Aside from its success in becoming a leading CPO producer with the most advanced technology, Asian Agri is also committed to preserving the environment.

The plantation in Riau (Buatan, Soga and Ukui) and Jambi (Tungkal Ulu and Muara Bulian) and the plasma plantation (Buatan and Ukui plasma, and Tungkal Ulu Plasma and Muara Bulian plasma) have received RSPO certification (Roundtable Sustainable Palm Oil).

All plantations have also been ISCC-certified (International Sustainability & Carbon Certification), including plantation owned by smallholders and KKPA.

Mills in Buatana, Ukui, Tungkal Ulu and Muara Bulian have received certification from ISPO (Indonesian Sustainable Palm Oil).

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