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Overview

- » Approximately 85 percent of the world's palm oil production occurs in Indonesia and Malaysia.
- » The Congo Basin is the focus of oil traders and producers looking for new profit.
- » Conversion of tropical forests into palm oil plantations poses serious threats to ecosystems and the global climate.



It's a Fact

\$5.3million

lost in revenue and assets annually in Cameroon due to illegal logging costs

Palm Oil Expansion and Illegal Forest Conversion in Cameroon

Major oil traders and producers are looking to the forests of the Congo Basin as the next profitable destination for oil palm plantations. However, as illegal logging runs rampant across much of the globe, there is a serious need to regulate forest conversion. In Cameroon for example, palm oil expansion poses devastating threats to forests, communities, and wildlife. Their country's current laws must be reformed and strengthened to ensure sustainable and fair forest conversion.

Key Points

- Unsustainable palm oil development poses increasing social, economic, and environmental threats in the Congo Basin region and in Cameroon.
- Large areas of land where forest-dependent communities currently live have been allocated to agricultural use, in many cases illegally and/or without consent of local and indigenous communities.
- Agro-industrial concessions are currently being used to launder illegally harvested timber and commercialize it in violation of Cameroonian law and the Voluntary Partnership Agreement (VPA) signed between Cameroon and the European Union.
- Cameroon's Forest Law of 1994 is currently being updated, and there is an opportunity to address forest conversion in order to ensure any conversion is done legally and with the full consent of forest communities.
- Cameroon can choose a profitable and sustainable path or a destructive and negligent one.



Introduction

Palm Oil (*Elaeis guineensis*), originally from Africa, is the most widely used oil on the planet, and global demand is increasing.¹ Currently, the majority of palm oil (approximately 85 percent) is grown in Indonesia and Malaysia.² However, major oil traders and producers are looking to the forests of the Congo Basin as the next profitable destination for vast oil palm plantations. While palm oil cultivation can bring positive economic changes to communities, all too often, large scale plantations

are developed at the expense of community rights and without their consultation or consent. Tropical forests where food is grown, water is purified, and families make their homes become massive acres of palm oil trees, and the surrounding forest communities are often left out of the conversation entirely. Conversion of biodiverse forests to monoculture palm oil plantations also results in significant, negative consequences for ecosystems and the global climate. Policies at the local, national, and international levels apply to community rights in the conversion of forests to agricultural expansion; and community should understand, as well as exercise, these rights in the transformation of Cameroon's unique forests.

Growing palm oil expansion and Cameroon

There are a number of palm oil projects planned and currently underway in the Congo Basin which could cover an estimated 0.5 million hectares of forested land.⁵ As a result, it is projected that palm oil expansion will quickly and dramatically increase regional deforestation rates,⁶ and commercial agriculture is very likely to become the largest cause of forest loss in the region, as it already is elsewhere in the tropics.

The ongoing reform to Cameroon's 1994 Forest Law is a key opportunity to consider the issue of conversion timber in the Cameroon's forestry legislation.

Herakles Farms, a U.S.-based palm oil company, currently holds an agreement to develop palm oil on nearly 20,000 hectares of forested land in Southwest Cameroon near important protected wildlife areas. The Environmental Impact Assessment for the project admits that it will destroy 75 percent of existing biodiversity within the concession.⁷ Previously-established companies like Palmol, CDC, and Bollore Group are planning to expand their existing palm oil concessions and are also looking to develop additional plantations in new areas.⁸ New agro-investors in the country, such as Biopalm, Sime Darby, Goodhope, Cargill, Palm Co and Smart Holding, are also looking for land to develop their plantations.⁹

Conversion Timber: International Obligations to Ensure Sound Forest Governance

In recognition of the significant role illegal logging plays in the destruction of forests globally, many international markets have passed laws prohibiting the import of illegally sourced timber, including the United States, the EU, and Aus-



tralia. While no such law currently exists prohibiting illegally sourced palm oil or other agricultural commodities, these laws still apply to timber harvested from palm oil concessions. If a forest is cleared without legal permits and permission, the timber coming from that land cannot be legally sold on the international market where such laws exist.

Forested land must be cleared of trees and wildlife before palm oil saplings can be planted. "Conversion timber" is a relatively new term used to describe timber cleared from forests to make way for palm oil or other agricultural expansion. In many cases, the timber inside agro-industrial concessions is extracted in violation of national laws, and communities see little to no profit from sale of illicit timber.¹⁰ As the sale of this timber provides a significant subsidy to palm oil developers, communities can leverage these new demand-side laws to ensure their rights are respected and ensure that ongoing efforts to reform the forest sector of Cameroon are not undermined.

A clear example of illicit palm oil development in Cameroon is illustrated by Herakles Farms. According to Greenpeace,¹¹ Herakles Farms began clearing the forest without an official authorization to do so as required under Cameroonian law.



Palm oil cultivation in Indonesia and Malaysia

Lessons from Southeast Asia

Palm oil plantations are a major leading driver of deforestation in Southeast Asia. In Indonesia and Malaysia, the expansion of oil palm between 1990 and 2005 resulted in the deforestation of 1.7m hectares and 1.1m hectares respectively, and 50-60 percent of all palm oil expansion in Indonesia and Malaysia destroyed natural forests.³ Palm oil development does not have to occur in natural forests. Companies could create plantations on already degraded land. Water pollution, land conflicts, and dispossession have unfortunately been common occurrences with forest communities in Southeast Asia. Palm oil is also clearly linked to human rights abuses towards forest communities including land grabbing and illegal forest conversion.⁴ It is imperative that Cameroon extract lessons from this region so that the same unfair, unsustainable practices are not replicated.



Additionally, Herakles Farms illegally exported the timber to China despite not being an accredited logging company, which is the only status that allows a company to commercialize timber under Cameroon's Forest Law. While Herakles Farms claimed the timber was exported legally through a valid logging permit,¹² evidence shows instead that the permit was illegal according to Cameroon's forest legislation.¹³

This example clearly demonstrates how the new trend of forest conversion to palm oil jeopardizes the country's efforts and commitments to improve its forest governance. If conversion timber is not addressed in the national legal framework, deforestation will certainly increase as agri-businesses gain millions of dollars from—often illegal—sale of timber from forested lands.

Legal frameworks and opportunities to address conversion timber in Cameroon

The ongoing reform to Cameroon's 1994 Forest Law is a key opportunity to consider the issue of conversion timber in the Cameroon's forestry legislation. Unfortunately at the time the new law was drafted, conversion timber was not a major threat and therefore was not addressed in the law. But recent developments with Herakles Farms demonstrate how crucial it is for Cameroon to address conversion timber in its new Forest Law. Otherwise, the country runs the risk of great economic and ecological loss. Already, experts estimate that illegal logging costs Cameroon \$5.3 million in lost revenue and assets annually.¹⁴

Demand-side policies such as the EU Timber Regulation (EUTR) and Cameroon's Voluntary Partnership Agreement (VPA) with the EU state that all timber trade between Cameroon and the European Union must be legal and traceable.¹⁵ Conversion of forested lands to palm oil plantations and subsequent sale of conversion timber would be in violation of the VPA agreement if the timber itself was cleared in violation of Cameroonian laws. For example, if permits to log were never obtained or were obtained illegally—meaning, given without any public auctions—or the exported wood is not traceable, the conversion timber would be in violation of the VPA. "Forest conversion" itself is not specifically addressed in the VPA, hence there is a need to reconsider the details within the VPA text to highlight the the role of forest conversion in illegal timber trade. If the legality grid is modified to include illegal conversion timber, the VPA could further help to stem the flow of illegal timber coming from agro-industry concessions to consumer markets.

In addition, The U.S. Lacey Act prohibits trade of wood products in the United States that are sourced in contravention of the laws of the country of origin.¹⁶ No timber from illegal operators may enter the U.S. market without risk of forfeiture and strict penalties such as prison time and hefty fines. Similar laws exist in Australia. All of these international wood trade laws are important levers in the fight against unfair, unsustainable palm oil development.

Conclusion

Cameroon stands at a crossroads with regard to how forests are managed. Palm oil expansion poses devastating threats to forests, communities, and wildlife. Reforms in the draft Forest Law and in the VPA should specifically address forest conversion for agro-industrial means. Domestic and international laws and policies exist to strengthen community rights and should be applied when rights are violated. Cameroon must take lessons from the forest destruction in Southeast Asia and take a stand against unsustainable and unfair forest conversion.



Summary Points

- » Conversion of natural forests to monoculture palm oil plantations results in significant, negative consequences for ecosystems and the global climate.
- » Planned palm oil projects within the Congo Basin will cover an estimated 0.5 million hectares of forested land
- » Experts estimate that illegal logging costs Cameroon \$5.3 million in lost revenue and assets annually.
- » In 2011, zero percent of timber produced in Cameroon was a result of forest conversion, compared to 65 percent projected in 2014.
- » Herakles Farms, a palm oil developer and production company, has operated illegally in Cameroon and blatantly lied to the Cameroonian Government and community members, illustrating the threats to the country's efforts to enforce and strengthen forest regulations. It is estimated that only over a 4 year period, Herakles' concession alone could increase Cameroonian conversion timber production from 0 to 20 percent equaling nearly 1.8 million m³.
- » Ongoing national natural resource policy reforms and 3existing international wood trade laws in the EU, United States, and Australia are important levers in the fight against unfair, unsustainable palm oil development.

The new trend of forest conversion to palm oil jeopardizes the country's efforts and commitments to improve its forest governance.

Footnotes

- ¹Greenpeace. (2012). Palm Oil's New Frontier: how industrial expansion threatens Africa's rainforests.
- ²The Rainforest Foundation, UK. (2013). Seeds of Destruction--Expansion of industrial palm oil in the Congo Basin: Potential impacts on forests and people.
- ³The Rainforest Foundation, UK. (2013). Seeds of Destruction--Expansion of industrial palm oil in the Congo Basin: Potential impacts on forests and people.
- ⁴Rainforest Action Network. (2013). Conflict Palm Oil.
- ⁵The Rainforest Foundation, UK. (2013). Seeds of Destruction--Expansion of industrial palm oil in the Congo Basin: Potential impacts on forests and people.
- ⁶Forest Trends. (2014). Consumer Goods and Deforestation: an analysis of the extent and nature of illegality in forest conversion for agriculture and timber products.
- ⁷The Rainforest Foundation, UK. (2013). Seeds of Destruction--Expansion of industrial palm oil in the Congo Basin: Potential impacts on forests and people.
- ⁸Carodenuto et al (2013) Drivers of deforestation in Cameroon: A case study for testing methodologies.
- ⁹The Rainforest Foundation, UK. (2013). Seeds of Destruction--Expansion of industrial palm oil in the Congo Basin: Potential impacts on forests and people.
- ¹⁰The Rainforest Foundation, UK. (2013). Seeds of Destruction--Expansion of industrial palm oil in the Congo Basin: Potential impacts on forests and people.
- ¹¹Greenpeace. (2013). Palm Oil's New Frontier: how industrial expansion threatens Africa's rainforests.
- ¹²According to Greenpeace, Herakles used a front company called Uniprovince to obtain a logging permit inside the Herakles concession and laundered logs.
- ¹³Greenpeace. (2014) Licence to Launder.
- ¹⁴Doetinchem, N and C. Megevand. The World Bank. (2013). Deforestation Trends in the Congo Basin: Reconciling Economic Growth and Forest Protection, working paper 2, logging.
- ¹⁵Text of Cameroon's VPA can be found at: <http://ec.europa.eu/environment/forests/legit.htm>. See <http://eia-global.org/lacey/> for more information on the US Lacey Act.
- ¹⁶Forest Trends. (2014). Consumer Goods and Deforestation: an analysis of the extent and nature of illegality in forest conversion for agriculture and timber products.)



Call to Action

- » Illegal forest clearance caused by palm oil expansion should be halted because it deprives forest communities from their livelihoods and the State from important forest royalties
- » The current Forest Law reform, plus demand-side policies such as the VPA and the EUTR, are good opportunities and tools to address forest conversion driven by palm oil development in order to avoid irreversible forest destruction.
- » The Cameroonian government is at a crossroads in which it must choose sustainable and fair forest conversion to ensure community, forest, and wildlife rights.



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