

WHY IS OIL PALM IN COLOMBIA A UNIQUE AND DIFFERENTIATED CROP?



Oil palm production plays a relevant role in the agricultural sector in Colombia. According to Fedepalma estimates and reports by the National Department of Statistics (DANE, in Spanish), production in the oil palm sector in 2016 achieved a 9% share of the national agricultural GDP. This translates into a production value in real terms of \$2.6 billion for this agribusiness (crude palm oil and palm kernel oil).



Oil palm agribusiness is innovative and, in order to continue to evolve, it requires new financial mechanisms and public policies designed to drive its natural capabilities of the sector.



The Colombian oil palm sector is well known for its high standards in organization, enabling the advantages of the economies of scale for the procurement of inputs, oil palm production and palm oil processing.



Comprehensive use of all oil palm-related products is possible as a result of the versatility of this oil-bearing plant, source of energy in human and animal food, as well as for the development of new oleochemical products. This plant also represents an alternative source of clean energy in the form of oil palm biodiesel, and holds energy generation potential from its biomass.



© In Colombia, the oil palm sector makes an important contribution to rural development. In a study conducted in 2015 by the National Planning Department which compared revenue levels between municipalities affected by armed conflict where oil palm is grown and municipalities also affected by the armed conflict but where the crop is not present, revenues in the former are 30% higher than in the latter. The study attributes this difference in agrarian development to the social dividends arising from oil palm cultivation.

© Oil palm has been recognized in Colombia as a representative example of formal job creation. So much so that a study on employment characterization prepared by Fedesarrollo concluded that compensation levels of oil palm workers in Colombia are 20% higher than in other agricultural sectors. Moreover, close to 160,000 direct and indirect jobs were created in 2016.

© Jobs created by oil palm cultivation grew at a rate of 6% per year during the period between 2014 and 2016, an increase 2.4 times higher than the national rate, in stark contrast with the -0.1% contraction of the agricultural and livestock sector.

© A study on the oil palm sector worldwide conducted in 2011 by the World Bank found that this sector creates 30 times more jobs per surface unit compared to other large-scale crops, such as soybean. Also, according to this study, a 1% increase in oil palm production area results in a reduction of 0.15-0.25 % in the poverty levels of those communities living in the area of influence of oil palm plantations.


© The oil palm sector has created 13 corporate foundations and a wide range of social responsibility programs that contribute to the local development of communities. These programs focus on young children, nutrition, family consolidation, income generation, care for the elderly, rural housing for oil palm workers, and recreational facilities, among others.

© Colombia has some issues related to the legal ownership of the land. Today, nearly 30% of the land is legalized, but 70% lacks formal ownership titles and awaits for legalization in accordance with the requirements of the National Government.

© Bearing in mind the new reality in Colombia and the implementation of the Peace Agreements, with agricultural development at the core of the consolidation of the peace process, it is important to think about bringing rural activity into mainstream business operations ("empresarización"), in order to ensure sustainability and formalization in the rural sector.



ENVIRONMENTAL




The development of oil palm production in Colombia has not been a significant driver of deforestation. This has been shown by the study “The Impacts of Oil Palm on Recent Deforestation and Biodiversity Loss” published in 2016 by Varsha Vijay and Stuart L. Pimm from Duke University, in which these authors report that although the planted area grew 69.5% between 1989 and 2013, associated deforestation was 0%.



On the other hand, the study “Characterizing Commercial Oil Palm Expansion in Latin America: Land Use Change and Trade” published in February 2017 by Paul Furumo and Mitchell Aide (Environmental Research Letters, IOP Publishing), shows that 91% of oil palm cultivation expansion in Colombia between 2001 and 2014 took place in lands previously intervened with pastures for extensive cattle raising or other crops.



Oil palm agribusiness contributes to climate change mitigation: the use of Colombian oil palm biodiesel reduces greenhouse gas emissions by 83-108% compared to those of diesel production and use.



The Colombian oil palm sector is committed to biodiversity conservation. Colombia is one of the few megadiverse countries in the world, hence our intent of making sure that oil palm agribusiness development is consistent with our natural heritage. Since 2012, Fedepalma has been working on the “Biodiverse Oil Palm Landscapes” (PPB in Spanish) project funded by the United Nations Global Environmental Facility (GEF) and jointly implemented with Cenipalma, WWF and Colombia's National Biodiversity Research Institute. This project has produced guidelines and successful experiences for the identification of High Conservation Value (HCV) areas in oil palm growing regions planning and design of oil palm projects in harmony with their natural environments; and the adoption of good practices from an agro-ecologic perspective, among others.



Fedepalma has been a member of the Round Table on Sustainable Palm Oil (RSPO) since 2004, and has been advocating for the adoption of its sustainability standard, the most widely recognized for oil palm in the World. By the end of 2017, eight Colombian oil palm companies (and close to 15% of the palm oil produced in the country) had already attained RSPO certification. The goal is to achieve sustainability certification for 50% of the Colombian palm oil by 2020.



ECONOMIC



Of the total number of growers, 84% are small scale producers, own less than 50 hectares, and the majority of them are members of the 139 strategic oil palm productive alliances operating in the country.

Colombia is the top producer of palm oil in America and the fourth in the world, with a 2% share. Production in 2016 amounted to 1,146,000 tons, and a growth of around 40% is observed for 2017. During this same year, there were 6,000 producers in the sector, organized in 65 oil palm nucleus with operational mills, present in 152 municipalities and 21 departments of the country.



Colombia has an agricultural frontier of 43 million hectares. According to the DANE National Agriculture and Livestock Census, only 16.5% (7.1 million hectares) are planted with agricultural crops. Of this percentage, only 512,000 hectares are devoted to oil palm plantations (accounting for 1%), and none of them are within the Amazon region. According to the United Nations Food and Agriculture Organization (FAO), Colombia is one of the seven countries with a potential to increase food production within the existing agricultural frontier, without the need for deforestation.

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