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Cargill launches innovative oil palm smallholder sustainability program in Malaysia

Program first to create partnerships within the palm oil supply chain to help independent oil palm smallholders meet the RSPO standards for sustainable palm oil production

Kuala Lumpur, Malaysia, 25 June, 2013 – Cargill, in partnership with Malaysian-based social enterprise Wild Asia and the international non-governmental organization, Solidaridad, announced today they are launching an innovative independent oil palm smallholder sustainability support program in Malaysia. The three-year program will provide technical assistance, training and capacity building to over 2,500 independent oil palm smallholders.

It is one of the first programs in Malaysia that is focused on sustainable palm oil production through partnerships with independent smallholders, palm oil dealers, mills and refiners. The goal is to help smallholders employ sustainable palm oil production practices, to bring about higher oil palm fruit yields and increase farmer incomes.

The program is in line with the government's efforts to help smallholders and independent millers meet sustainable palm oil production standards in Malaysia. Smallholders in the state of Perak will receive direct training and support on best agricultural practices and improved farm management practices covering key areas of health and safety, and environmental and social impact management.

“This multi-party, independent oil palm smallholder program is a significant milestone for progressing smallholder development towards the adoption of sustainable practices. Smallholders who are constrained by resources need the right training and support to learn how to increase their productivity and become sustainable. In addition, we also want to leverage all stages of the oil palm supply chain towards sustainable palm oil production – from independent smallholders, dealers and mills, to refiners and finally to the end users,” said Chai Wei Joo , managing director, Cargill Palm Products Sdn Bhd. “The ultimate success of the three-year program will be a complete supply chain that adopts sustainable practices and increased production of RSPO certified sustainable palm oil.”

Dr Piers Gillespie, Asia Pacific manager for Solidaridad explained, “This program is unique as it demonstrates the strength of collaboration when the stakeholders from the palm oil supply chain, both upstream and downstream, work together to produce and use sustainable palm oil.”

Wild Asia, through what is called the Wild Asia Group Scheme (WAGS), will provide technical management to support and certify the independent smallholders to RSPO standards. This new project will mean that WAGS will be operating in over four regions of Malaysia. “We recognize that working with smallholders in Malaysia and implementing our scheme will be our biggest challenge but we are committed to work with our partners to undertake this noble task,” said Dr Reza Azmi, executive director of Wild Asia. “We understand that there is a clear gap in the supply chain for sustainable palm oil production. We look forward to building innovative partnerships between refiners, millers and their smallholders and to help close this gap.”

“Cargill has always had a strong focus on sustainable palm oil production. We appreciate how our existing business relationship and partnership in this program will help us as an independent miller, to move towards sustainable palm oil production in Malaysia,” said Steven Tan, group executive director of Tian Siang Group. “I am also pleased that the independent smallholders in our supply chain will be receiving the technical support they need, and in the long run, they will benefit from becoming RSPO certified.” The independent mill, Tian Siang Oil Mill (Air Kuning) Sdn Bhd, Perak, is committed towards achieving RSPO certification.

In Malaysia, there are around 177,000¹ independent oil palm smallholders with a total planted area of 692,000 hectares (14 percent of Malaysia’s total oil palm planted area in 2012). These smallholders play a significant role in the rural development and economic progress of the country.

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About Cargill

Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. Founded in 1865, the privately held company employs 142,000 people in 65 countries. Cargill helps customers succeed through collaboration and innovation, and is committed to applying its global knowledge and experience to help meet economic, environmental and social challenges wherever it does business. For more information, visit www.cargill.com and its news center at www.cargill.com/news/index.jsp.

About Cargill in Malaysia

Cargill has been conducting business in Malaysia since 1978. Today, our businesses include palm oil refining and production of value added products, grain and oilseeds distribution, animal nutrition and supply of specialty food and health promoting ingredients. Headquartered in Kuala Lumpur, Cargill currently employs about 750 people in 12 locations countrywide. For more information , visit <http://www.cargill.com.my>.

About Wild Asia

Wild Asia believes that an understanding of social and environmental issues is fundamental to sustainable developments. Our mission is to inspire businesses to improve their social and environmental practices to meet and exceed global standards. We aim to create change from within the industry through direct engagements with businesses which have an impact on our environment and people. The Wild Asia Group Scheme (WAGS for smallholders) is one of our platforms for providing technical support to small independent oil palm producers. It aims to address the current gaps in the sustainable palm oil supply chain by strengthening relationships between smallholders, CPO mills, traders, and large corporations. For more information, visit <http://oilpalm.wildasia.org>.

About Solidaridad

For change that matters

Solidaridad is an international organization dedicated to responsible food production to feed the growing world population and to providing the world with an alternative to fossil fuels like oil and gas.

Solidaridad is convinced that the agricultural sector can produce more efficiently so that it will be able to feed to world population in 2050, as well as supply energy and plastic to the industry. That is why Solidaridad is investing in enterprising farmers in developing countries and putting emphasis on the improvement of their land use, so that production can increase while at the same time harm to people and the environment is decreased.

Mining and industry need to switch to a responsible means of production. Worker rights are respected and the environment is preserved for future generations, keeping intact its potential.

Solidaridad focuses on the production chains that matter worldwide and where changes have great impact: coffee, tea, cacao, fruit, textiles, cotton, soy, palm oil, sugar cane, gold and cattle breeding. - See more at: <http://www.solidaridadnetwork.org/aboutus#sthash.lhBP1mLR.dpuf>

1. Malaysian Palm Oil Board