RSPO: outsourcing environmental regulation to oil palm businesses and industry

Skewed definitions of sustainability are turning smallholders into villains. Consumers are unintentionally endangering sustainability and helping funnel power into already-powerful hands, by complying with, and thereby legitimising the false standards of sustainability set by big business.

Eco-consumerism and voluntary corporate responsibility supposedly make the market more efficient, letting consumers nudge companies towards better production standards. The Roundtable on Sustainable Palm Oil (RSPO) is an example. RSPO is an industry watchdog for the palm oil sector, responding to community and NGO concerns about the environmentally and socially damaging practices of palm oil production, to act as a guarantor against destructive production practices. (1) RSPO arose from crisis. A crisis of ecological instability caused by corporate destruction has contributed strongly to a crisis of legitimacy of the practice and ideology of capitalism, challenging the hegemony of the system. RSPO, and programmes like it, are able to use these crises not to change or to build a more equitable or ecologically sound system, but to strengthen and reinforce the terrain to their own advantage.

Run by and for companies in the palm oil sector, the group defines the benchmark standards of sustainability by which production practices are judged. RSPO members are audited by the group and receive a certificate of sustainability, so that consumers, mostly from the global North, can shop with an easy conscience, knowing that the cookies, toothpaste, or shampoo they are buying have not caused deforestation, eviction of communities or the death of orangutans.

But there is a major flaw with programmes like RSPO. It is known as ‘moral hazard’ in economic theory: RSPO allows producers who have a vested interest in minimising the costs and complexity of production, to define ethical operating and production standards in a way which legitimises their operations. Producers who do not (or cannot) comply, are morally castigated and excluded from ‘acceptable’ market society. The producers themselves define the standards by which they are judged, and then consumers are given the ‘freedom’, but also (confusingly) responsibility for choosing products – within a value framework set by the people who want the consumer to buy the product.XXX To see how and why this is not a solution to deforestation, and why more broadly the whole model is misleading for understanding ecological sustainability, it is helpful to understand something about the concept and structure of RSPO.

The concept: A crime in the making

RSPO is a corporate-NGO arrangement. Most RSPO members are consumer goods manufacturers, oil palm processors, and traders, with majority membership in Europe and the US (2), including Walmart, Nestlé, Mondelez, and L'Oréal. (3) It started as an informal co-operation in 2002 between WWF (a major international environmental NGO) and Aarhus United UK Ltd (a producer of oils and fats), Migros (a Swiss supermarket chain), the Malaysian Palm Oil Association, and Unilever (a consumer goods company). Today it comprises agribusiness and major palm oil buyers, with WWF,

Unilever, and the Malaysian Palm Oil Association carrying particular weight. (4) For Unilever and the Malaysian Palm Oil Association, clearly palm oil is central to their income, but readers might think “ah it’s okay: WWF will hold them to account!”. But remember: WWF depends on corporate funding to survive, like most conservation NGOs, and it is hard to hold to account the people who provide your bread and butter. WWF has also been particularly influential in the construction of a narrative of responsible consumption through other certification schemes, including FSC for wood and paper products, MSC for fish and seafood, the Roundtable on Responsible Soy and others. The global environmental NGO has long been a proponent of pro-business and pro-growth initiatives. There again is that moral hazard problem.

The standard-setting process is riddled with moral hazard. RSPO is a standard-setting initiative. It is not a legal watchdog, or a legal enforcement agency, in which case it would be accountable to strict legal controls and codes of conduct. Instead, the market (that nebulous, shape-shifting concept) is the standard-setter, the watchdog, and the enforcement body.

The rule-makers (that is, the group of corporate and NGO members of the Roundtable) also manage the oversight and auditing process in RSPO. Oversight and auditing is done by industry- (not government-) appointed actors who are also paid by the industry stakeholders, a major conflict of interest. It is voluntary, in the sense that companies decide whether or not to join the programme, but being uncertified puts producers in a highly subjective moral grey zone, where their products are judged ‘bad’ according to standards set by actors who already dominate market share. At the other end of the production chain, this market-regulated standard-setting system also morally judges particularly middle-class consumers who don’t buy their products: “you don’t buy ‘sustainable’ palm oil? You don't buy a certified shampoo? What a moral reprobate you must be: remind me not to associate with you.”

Where to do the right thing?

To accept the concept of the well-informed consumer guiding corporate production networks through ecologically responsible decisions at the point of purchase, one also have to accept a whole way of thinking about 'freedom'.

To be fair, responsible (or eco-) consumption sounds like a good idea at first: if you believe in universal suffrage, then it makes sense to vote with your money. Here is the logic: if companies show that they are ‘sustainable’, they will win more market share; unsustainable ones will become market pariahs. The democracy of the market is leveraged, to make every Euro, Dollar, and Franc count at the supermarket checkout. Unfortunately, this assumes that the choice is a commercial one.

The supermarkets, where consumers can choose sustainable palm oil products, are built for consumption and are ‘non-creative and anti-choice’ spaces, in which confined people are only ‘free’ to consume. They are places where shoppers (not people) come to buy stuff. They are not designed to improve the natural environment. Cleverly though, businesses have encouraged consumers to feel guilty for the environmental problems that, they are told, come from over-consumption; (6) but it is okay! There is a new thing called 'ethical consumption' which gives redemption for consuming too much! So the spaces designed and built for us to consume have been tweaked, and now offer forgiveness, for a price – rather like the collection plate at church. Apart from being morally rotten, this convenient solution is not even a very good commercial choice for the consumer, however: consumers judge products by the standards and values designed by the very companies who are selling the product. What could go wrong?! That is like fraudsters and murderers redefining fraud and murder, and then inviting a jury, made up of their friends and peers, to judge

their behaviour.

The final, fatal flaw with the 'responsible consumer' idea is that most consumers do not have the knowledge, context, or time to confirm whether a product is correctly labelled, if the ingredients of that product have been sustainably sourced or processed, or if the 'sustainable' objectives of the producing companies are ecologically or socially reasonable. This is not a value statement: the whole process of production, and assessment of sustainability, is extremely complex.XXX For the ‘responsible consumer’ concept to work, consumers would also need to act collectively in very large numbers to change any product they did not like. Managing the ecological footprint of the planet so that infinitely-diverse global society lives sustainably is a complicated, specialist issue which cannot be solved with a ‘one size fits all’ approach. Its seriousness is undermined by the idea that the general public can be the watchdog protecting the environment and society, yet the consumer goods sector, palm oil producers, and NGOs suggest that consumers should be the end-point check of their code of conduct. Implying, as some industry participants do, that consumers are responsible for environmental degradation because of their consumption 'demands’, encourages this logic. (7)XXX RSPO, at a glance, gives an appearance of ‘doing something’; this is misleading however and acts as a smokescreen, concealing the ecologically damaging consequences of the whole network of production and consumption which underpin the oil palm industry.

A morally bankrupt system of logic

RSPO issues certificates guaranteeing standards of sustainability that are run by the same producers who are then judged by it. At the same time, the legitimacy of the state to set and arbitrate laws is weakened by the argument that the market should set and arbitrate standards of sustainability. Legally, then, there is less competition for the market as arbitrator of legality. Neat.XXX In a final twist of the knife, operating procedures written by big business are complicated and expensive for small businesses, smallholders, and independent workers. All too easily, the standards criminalize small, vulnerable operators who can’t afford to comply with an economic and legal system that has actually been built to exclude them.

All this would be brutal enough if the outcome were a more ecologically sustainable system. But it doesn’t even do that: it just redistributes more power into the hands of the already powerful, makes smaller actors more precarious, and weakens even further the concept of sustainability. Meanwhile, the forests continue to burn.

Dr. Bernice Maxton-Lee is the author of *Forest Conservation and Sustainability in Indonesia: A Political Economy Study of International Governance Failure*, published in 2020 by Routledge, and *A Chicken Can’t Lay a Duck Egg: How Covid-19 can solve the climate crisis*, published in 2020 by Changemakers Books.

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(3) RSPO, ‘RSPO - Who We Are’, 2017
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