



# Oil Palm and Soy: The Expanding Threat to Forests



*The expansion of oil palm plantations and soy fields has become a major threat to tropical forests and other critical habitats. WWF believes that economic development, environmental conservation and social priorities can be met if proper land-use planning and good plantation practices are implemented.*

Deforestation of tropical forests took place at a rate of 10–16 million ha per annum during the last two decades, and is showing no signs of slowing down. The causes are complex and often interrelated, but among them is the role of plantation agriculture. Without significant changes in policy and practice, the process of forest conversion is likely to continue at a rapid rate and pose a major threat to High Conservation Value Forests (HCVFs), freshwater ecosystems, livelihoods of forest dependent peoples, and habitats of endangered species.

**Oil palm and soy are rapidly expanding**

In recent years, some of the fastest expanding crops in the tropics have been oil palm and soy. Globally, the oil palm area increased by 43% to 10.7 million ha during the period 1990 to 2002, while the soy area planted to soy increased by 26% to 77.1 million ha during the same period. Most of this growth has occurred primarily in Indonesia and Malaysia (for oil palm) and in Argentina, USA and Brazil (for soy). While the growth of both sectors has conferred important economic benefits for all of these countries, WWF is concerned about the impact area expansion is having on critical habitats, primarily the forests in Southeast Asia and Latin America and the Cerrado savannah region in Brazil. Concerns are being heightened by the fact that further growth in all of these areas is predicted.

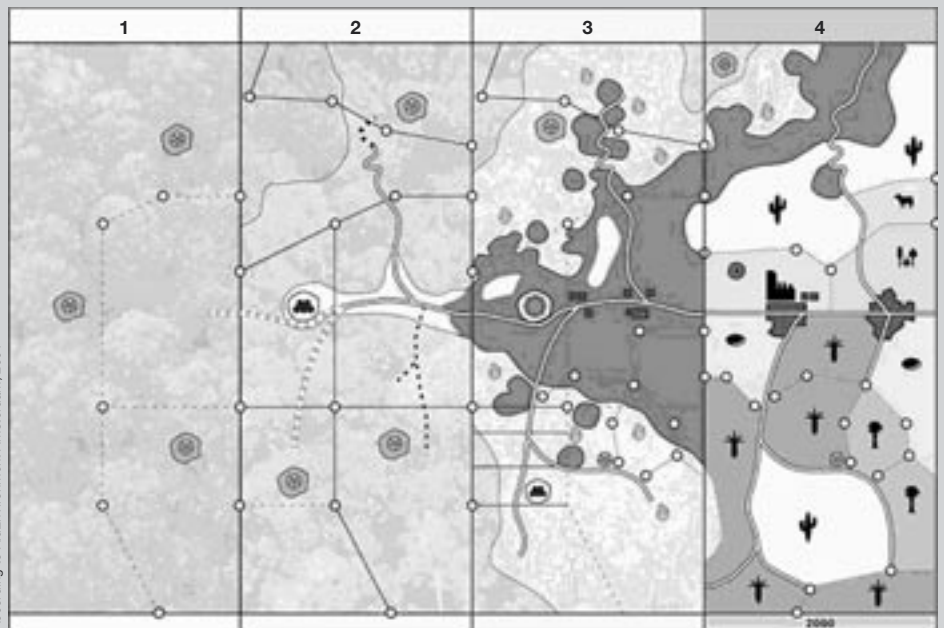
**A threat to critical habitats**

Oil palm and soy expansion has had significant direct and indirect impacts on the environment. This is clearly demonstrated by the cases of Indonesia and Brazil. The most direct impact in these countries has arisen through the felling, clearance and burning of natural vegetation and its replacement by oil palm or soy agriculture. This has resulted in the loss of approximately 2 million ha of tropical forest in Indonesia by 1999, and the loss of vast areas of Cerrado vegetation in the Centre-West region of Brazil. The tropical forests of Indonesia and the Cerrado vegetation of Brazil are important living spaces for a rich plant and animal life and are home to a number of endangered species including the orang-utan, Sumatran tiger, Sumatran elephant, the maned



Harvest in an oil palm plantation.

**Little by little the forest is disappearing**



Forest conversion is a continuous process. Little by little, tropical forests are turned into agriculture and plantation monocultures. There are four stages of forest conversion:

- 1. Primary forest**
- 2. Exploited forest**
- 3. Degraded forest: agricultural land and settlements of local farmers**
- 4. Unwooded stage: agriculture and plantation monocultures**

wolf, the giant armadillo and the giant anteater.

In Brazil and Indonesia, government policies have facilitated soy and oil palm expansion, threatening critical habitats such as Sumatra's lowland tropical forests and the Cerrado ecoregion, despite the existence of vast areas of degraded land. Similar government policies are projected to stimulate further growth in the near future. Further soy expansion is also expected to increasingly have a direct impact on the Amazonian region as new high-yielding tropical soy varieties have been specifically developed for expansion in this region. According to data from Brazil's National Institute for Space Research, the annual rate of forest loss in the Amazon increased by 40% in the year 2002, resulting mainly from pressure to replace forest with soy agriculture and cattle ranching.

### **Monocultures reduce biodiversity**

Large-scale oil palm and soy plantations have a significant negative impact on biodiversity because plantations are primarily planted as large-scale monocultures for commercial production. While monoculture plantations offer considerable economic benefits, development predominantly results in the total clearance of diverse natural vegetation and the consequent loss of the wide variety of habitats it provides for wildlife. Pesticides and herbicides kill off the last vestiges of biodiversity able to co-exist with the plantations, and significantly diminish the chances of habitat restoration.

Oil palm and soy expansion is interlinked to a number of other activities known to be causing critical habitat loss. In Indonesia and Brazil, oil palm and soy companies have been linked to devastating forest fires, that in 1997-98 alone destroyed over 11.7 million ha of forest and other vegetation in Indonesia, and 3.3 million ha of forest and other vegetation within the northern Amazonian state of Roraima, Brazil. Oil palm expansion has also inadvertently resulted in the clear-cutting of tropical hardwoods in areas designated for oil palm; and soy expansion in Brazil is linked to charcoal production and cattle ranch expansion.



Soy field in Brazil.

## WWF's Initiative for positive change

The production of internationally traded commodities, such as palm oil or soy, is influenced by international markets and investments, as well as by national and international economic policies. WWF engages all stakeholders along the chain of custody to address the environmental and social problems associated with the expansion of palm oil and soy.

WWF recognises that global demand for palm oil and soy will rise substantially in the next decade. Furthermore, palm oil and soy production play an important role in the economic development of some tropical countries. Therefore, a boycott of these products is not proposed.

WWF believes that conservation and social priorities can be met if proper land-use planning and good plantation practices are implemented that halt the conversion of High Conservation Value Forests (HCVF). HCVFs have been defined by the Forest Stewardship Council (FSC) as being forests of outstanding and critical importance due to their high environmental, socio-economic, biodiversity or landscape values.

### WWF's Forest Conversion Initiative is working to:

- Develop better palm oil and soy plantation practices by means of research and collaboration with industry partners.
- Appeal to the investment sector to promote better practices by applying rigorous investment criteria.
- Encourage key market actors to adopt and promote better practices.
- Influence government economic and trade policy in support of better practices.
- Communicate with key audiences to inform them and make them aware of the issues.



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The goal of WWF's Forest Conversion Initiative is to ensure that High Conservation Value Forests and habitats of key species in focal ecoregions are no longer threatened by the expansion of oil palm and soy.