

Trading orangutans for palm oil



VIEWPOINT

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One of the hallmarks of a Third World Economy is the high weight of food in the consumer price index (CPI). People spend a larger proportion of per capita on food in poorer countries. Food and Beverages has above 45 per cent weight in India's CPI. The weight is in the range of 10-15 per cent for US indices, and less than 2 per cent for Japan and Germany.

One of the problematic items in economic and environmental terms in the Indian food basket is edible oil. India imports 60 per cent of its cooking oils, and more than half those imports are of palm oil, sourced from Malaysia and Indonesia.

The import bill for edible oil comes to around ₹80,000 crore. In the interest of *atmanirbhara* and cutting down forex outflows, the government has set up a ₹11,000-crore mission to incentivise palm oil production.

Palm oil is grown across 300,000 hectares in India. The mission targets adding 650,000 hectares of new palm oil cultivation, more than tripling domestic production. The new plantations would be in the Andaman & Nicobar archipelago, and the Northeast.

The problem is, palm oil is a horrible plant from health and environmental angles. Monoculture of this tree has led to the deforestation of over 10 million hectares of tropical forest in Indonesia and Malaysia. It is the primary reason why the orangutan is endangered. Deforestation has also ruined the habitats of other rare species like the pygmy elephant, the Sumatran tiger and the Javan rhino.

The European Union (EU) has an advisory that recommends import bans due to the environmental damage, though the Dutch do import and resell palm oil, from their erstwhile colony, Indonesia. Sri Lanka has banned palm oil imports. There are many health advi-

sories indicating that it is not a healthy cooking medium.

The advantage is, this is an ever-green plant with a very high-yield, though it is water intensive with every tree consuming around 300 litres per day. The oil doesn't spoil at room temperature. It doesn't have a strong smell, and it's colourless. Hence, it's versatile and used in pizzas, chocolate and doughnuts apart from being a staple of many Asian cuisines. It's also used as a base in deodorant, shampoo, toothpaste and lipstick and as a biofuel. Replacing it with alternatives would take much more land.

Globally, apart from the EU advisory, there are many initiatives to encourage more sustainable cultivation methods. At ground level, this consists of convincing smallholding farmers to change their methods. In the First World, packaged brands certify the sustainable nature of the oil that's sourced — it's an open question if you can rely on such certifications.

Palm oil can be guaranteed to cause some degree of environmental degradation, wherever it is cultivated. In India, it is more likely to cause devastation than merely degradation, given the delicate habitats of the target areas.

If the Palm Oil Mission flies, it would cause unhappiness across the First World, including within the investment community. Quantifying the potential opportunity costs arising from that unhappiness is difficult. But it would be considerable. Think child labour and carpets for example.

The major headache is the import bill. It would be good if that can be balanced off, without risking environmental degradation. If it can be offset while improving the environment, it would be even better.

So here's an alternate suggestion. Set up orangutan, pygmy elephant and Java rhino sanctuaries in the target areas instead. Those habitats are suitable. The Andamans are geographically part of Indonesia in geographical terms, with similar climates and forestation. So are those parts of the Northeast where palm oil can be cultivated.

Importing the animals, and generating suitable vegetation for their consumption, may take a little time. But there would be positive payoffs. One is high-end tourism. Orangutan safaris could generate forex. There would also be brownie points from the global investor community for implementing such a scheme. It may sound crazy and ambitious but an orangutan mission may be a better option than a palm oil mission.