



TAN SRI DATUK DR. YUSOF BASIRON
CHIEF EXECUTIVE OFFICER

Our Ref. : 0602 - 11/08

Date : November 5th, 2008

Dear Ms. Raman of *Sahabat Alam Malaysia / Friends of the Earth Malaysia*,
Ms. Van Schaik of *Friends of the Earth Netherlands*, Mr. De Clerck of *Friends of the Earth Europe*, and Mr. Richter of *Friends of the Earth England, Wales and Northern Ireland*

I am writing to you on behalf of the Malaysian palm oil industry to express our deep disappointment over your recent report "*Malaysian Palm Oil: Green Gold or Green Wash*" and the accusations leveled against our industry and the Malaysian government.

The most disappointing element of the report is its attempt to label genuine efforts undertaken by Malaysia to address the EU's sustainability concerns as misleading lobbying and PR activities.

Our industry leaders and politicians are proactively engaging with decision-makers in Europe to listen to the EU's views and work towards common solutions in the interest of both the environment and the development needs of Malaysia. We believe this is the right thing to do. After all this is our responsibility as Malaysia is still the world's leading exporter of palm oil contributing about 5-6% of Malaysian GDP and providing employment for 1.4 million workers. The industry therefore has an enormous importance in terms of not just the macro-economic but more so the micro-economic perspective for Malaysia.

One such initiative has been the support by the Malaysian Palm Oil Association who through its members joined the Round Table for Sustainable Palm Oil (RSPO) shortly after this was officially formed 4-5 years ago. This multi-stakeholder process including many NGOs such as WWF, Oxfam etc. have actively been promoting the production, use and growth of sustainable palm oil through cooperation within the supply chain and open dialogue with its stakeholders.

In August 2008, a Malaysian palm oil plantation company, United Plantations Bhd was the first in the world to be certified in accordance to the RSPO Principles & Criteria. This was recently followed by Sime Darby Plantations and New Britain Palm Oil. Many others are expected to follow suit in due course. Many Malaysian companies have and will continue to invest significant human and financial resources to achieve compliance with the RSPO standards because they believe that sustainable production is the right way forward.

Unfortunately, your report undermines these very efforts. By attacking those committed to engagement and improvement, your report will not achieve the objective of helping to protect the environment - on the contrary.

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Our government and industry recognises that there is still much room for improving our cultivation and processing practices. We are making a concerted attempt to address these problems.

Whilst we do welcome constructive criticism, we nevertheless take strong objection to your attempts to undermine the efforts taken over the last few years towards promoting more sustainable practices.

We need an honest debate, not unfounded accusations. One way to achieve this is to rely on objective and verifiable evidence. It is a scientific fact that the EU's current biofuels proposals greatly understate the green house gas savings potential of palm oil. While Malaysia supports stringent sustainability criteria, it cannot accept inherently discriminatory policies that disregard scientific evidence. We will work closely with the European Commission's scientific service in the coming months to address this issue.

The Malaysian government and palm oil industry will continue their active engagement in Europe – and indeed globally – to listen to, as well as exchange views and raise our concerns with decision-makers and stakeholders. This is in the interest of developing an effective and workable sustainability scheme at international level.

Malaysia is also committed to maintaining an ongoing dialogue with environmental groups. We very much hope that Friends of the Earth will be part of this dialogue and would like to propose a bilateral meeting in Malaysia or Europe in the coming weeks to find some common ground in the interest of protecting our environment, while allowing Malaysia as a developing country to continue its development.

Yours sincerely,

TAN SRI DATUK DR. YUSOF BASIRON
Chief Executive Officer