Nigerian Partial Response on the Global Economy of Palm Oil

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Abstract
The origin of oil palm tree came from the tropical forest of West African, it has been transferred to tropical area of Southeast Asia, and it has been developed into an agricultural yield. In Africa, the oil palm is being used for over 8,000 years for food consumption. During the British Industrial Revolution, the trade of palm oil began, Nigeria was among the few places where the fruit was first discovered. Palm oil is the major vegetable oils produced globally, it generates nearly 60% of vegetable oils global trade. Previously, palm oil has been criticized publically by campaigns in Europe and US, and associated it with deforestation, burning of forest, violation of human rights, and brutality to animals. Due to this, the palm oil importation to Europe and the US diminished. However, this forced the palm oil suppliers as well as producing countries to embark on producing certified palm oil as requested by Europe and the US. The objective of this paper is to highlight the Nigerian partial response on the global economy of palm oil, the paper is qualitative, it used document analysis, the findings of the paper, is the Nigerian partial response on the global economy of palm oil as well as the challenges raised by western countries.

Keywords: Oil Palm, Palm Oil, Challenges by Western Countries, Nigerian Partial Response.

INTRODUCTION
Nigeria is a society which is characterized as an agricultural economy. In the course of pre-colonial and colonial era, it mainly relied on agriculture as its main source of income. In that time, Nigeria served as a major agricultural products exporter especially when it first obtained its independence. (Central Bank of Nigeria, 2010). The oil palm is significant to Nigerian national economy with great and much emphasis. It can be assessed for food producing and consuming, employing people, generating income to farmers, generating revenue to the economy, and supplying industries with raw materials (USDA, 2010). The oil palm cultivation has expanded in the 1990s and gained globally recognition with 43% production as the main vegetable oil, this has happened as a result of demand from China, India and Europe (RSPO, 2011). In Nigeria, oil and gas is the major revenue source of government. The oil export became the contributor of eighty percent of income source, it contributed to 5.5% of Nigerian GDP (Gross Domestic Product) (National Bureau of Statistics, 2011). Palm oil serves as a commodity which gained global strategy. Palm oil was previously challenged of causing deforestation, burning of forest, brutality to wild animals and other species of jungle birds and animals (Ismail, 2013). In Europe and the US previously, numerous campaigns were publically conducted and criticized palm oil for burning forest, deforestation, brutality to wild animals as well as other species of birds, and violating human rights (IBS Centre for Management Research, 2011). The purpose of this research is to show the Nigerian partial
response on the global economy of palm oil as well as the challenges raised by western world.

**RESEARCH METHODOLOGY**

The main objective of this part is to explain the methodology and the processes used in obtaining the necessary data which form the basis of the study, and how the data were analysed. According to Creswell, research generally conducted to develop appropriate and accurate assertions that can aid to explain the situation (Creswell, 2012). It used qualitative document analysis which largely relies on the ability to present a clear explanation, offer a convincing analysis and make a strong argument for interpretation to establish the value of conclusions (Manheim et al., 2002). The secondary data was collected from books, journals, dissertations, newspapers, magazines, seminar papers, and articles.

1. **OIL PALM**

The west African tropical forest served as the origin of the oil palm tree. The southeast Asia was the region where this tree was shifted for the purpose of agricultural yield, the tree was grown and developed to be the major fruit that could yield the most significant vegetable oil. For food consumption and non-food use in Africa for more than 8,000 years, this oil palm was cultivated for this purpose (Green Palm, 2016). For the oil palm tree to grow, it needs heavy raining, warm temperature, and sunshine. The tree is mostly growing in the areas where equator drew a line with enough and supplies warm climate and sunshine. In southeast Asia especially in Malaysia and Indonesia, there is a heavy raining in sufficient quantity for oil palm tree to grow (Green Palm, 2016).

4. **PALM OIL**

Palm oil is vegetable oil which is being extracted from fruits mesocarp of from the oil palm tree. In terms of the fruit shape, it differed from 20 to 50 mm length and it used to be growing up to 25mm in diameter. Inside the bunches, the fruits are being obtained which were contained in the oil palm tree crown. Palm oil is being applied in making different manufactures such as soaps, ointments and liniments. While in Brazil and west Africa is being cooked in food. Palm kernel is being extracted from the palm fruit kernel which is called palm kernel oil. It resembles coconut oil and is lighter oil in terms of its colour (Anthony, 2014).

5. **THE ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)**

The major organization in terms of palm oil certification is called the roundtable on sustainable palm oil (RSPO), this is an organization which is non-profit. It has its criteria for certifying palm oil and fetches different shareholders together to formulate and implement policies on sustainable palm oil (Roundtable on Sustainable Palm Oil, 2016). The organization tries and struggles for encouraging sustainable palm oil production that
is certified and in line with its criteria. It develops accountability and transparency in terms of palm oil industries activities (Laurence et al., 2010).

6. CHALLENGES ON THE GLOBAL ECONOMY OF PALM OIL

The EU recognized the importance of sustainable and certified palm oil import into Europe. It has been published in various publicities on palm oil behalf. Different ministers from the United Kingdom, Germany, Netherland, France and Denmark published in December 2015, ‘The Amsterdam Declaration in Support of a Fully Sustainable Palm Oil Supply Chain by 2020’ It showed the challenge from Europe on the palm oil for using the land of native people, deforestation, damage on ecosystem, and tropical rainforests. The ministers from the EU made a strong game change on palm oil, if to be supplied to Europe must be sustainable and certified (IBS Centre for Management Research, 2011).

Various challenges have arisen for displacement of indigenous people and rural dwellers, that were settled in illegally due to the increase in plantations of oil palm in their lands. In addition, the condition of work in the plantations became terrible and challenge, this is because of snakes that are toxic, and insects that are biting which are numerous in the palm trees as well as the plantations (Knoke and Inkermann, 2015, p.8). The deforestation is mainly caused by oil palm plantation, it causes a lot of problems and threats to environment, forests and wild animal life as well as other birds’ species. Only one out of five of the animal and birds’ species are protected by the oil palm plantations. Other small animals and even big wild animals such as Sumatran tiger and orang-utan have been threatened and became endangered biodiversity (European Union, 2018).

7. NIGERIAN PARTIAL RESPONSE ON THE GLOBAL ECONOMY OF PALM OIL

7.1 Nigerian Oil Palm Production

The administration of Nigerian President, Goodluck Ebele Jonathan, at the beginning, the agriculture has been placed under state government to take care of it. This gives the states governments power to control the agricultural land, and have access to all agricultural activities. It is significant and competent to plan programs to be part and parcel of Agricultural Transformation Agenda (ATA) ([NESG] [FMARD] [NPC] 2013, 58). In southern Nigeria, the Ologbo forest reserve could be the largest plantation with swamp forest that is well protected (Greengrass, 2006, p.47).

7.2 The EU and the World Bank Oil Palm Production

The EU financed some oil palm plantation companies in Nigeria, these include Okomu, Rison palm, and other four companies. The project was funded by the EU from 1988 to 1995, but it was unsuccessful and went bankrupt (EU,1990). There was a construction of 82 km of a long dike, this was done without assessing its impact on environment. The indigenous people criticized the Lowland Oil Palm Project (LOPPY), this is because the project was conducted without their consent, and it spoiled their fishing, farming of rice and collection of their forest products (Douglas, 1995). As a result of this challenge, the EU in 1995 pulled out their project from the area and it failed (Okidim and Albert, 2012).
7.3 The Four Major Oil Palm Plantations in Nigeria
This segment observes the actions of major four oil palm plantation in Nigeria. These included Wilmar, Presco, Okomu and Rison palm. The biggest among the companies is Wilmar, its plantations are in nursery stage, it hardly obtained its operation license from Cross River State (Schnneveld, 2014, p.154). The Wilmar proposal incorporated all the chain of supply levels and partnership with P.Z Cussons, that has a big processing and refinery plant near Lagos, that could produce large scale of palm oil in Nigeria. The management of Wilmar identified that, its goal is for reviving the Nigerian palm oil industry as well as restoration of its past glory (Wilmar, 2012, p.10).

7.3.1 Wilmar
There was a declaration that came from Wilmar on 5 December 2013, based on the Reserve forest of Ekinta that, ‘no deforestation, no peat, no exploitation’. The forest has been reserved by the indigenous people, and currently wanted to have control on their 10,000 ha and to be restored to them. Their lands were handed over to Obasanjo during his presidency tenure, this happened without consultation from the locals. Then it has been later sold out to Wilmar in private. The indigenous people wanted to partner with Wilmar since their lands were given to it, and they are seconded by RRDC. They requested the government to offer them plantation, which is equals to their previous size for farming (GRAIN, 2013). The RRDC challenged Wilmar in the second terms, but the challenge has no longer stayed in reality (Kandi, 2013).

7.3.2 Presco
Since 2007, the Presco estate started operating the out-growers’ program, and collaborated with the management of Edo state. The lands are provided by the smallholders, and the planting materials are being supplied by the Presco such as fertilizer, technical aid, farm inputs, tenera seedlings and grants from government of Edo state (Presco News 2008; AllAfrica 2013). The fresh fruit bunches were wholesaled to Presco so as to mill and process. It was reported that, the scheme of out growers brought a good relation between the host community and the Presco, unlike the Okumo that faced challenges with the host community (WRM, 2012).

7.3.3 Okomu
There is a problematic issue that is facing the Okomu administration in the estate of oil palm. That’s to cope up with casual day workers that earn little due to deduction for the management benefit for security and health care. There was no good relation between the management and the employees, no vacancy for native people to be incorporated as smallholders, but the plantation was sound economically (Von Hellermann, 2010, 273). The company was accused for illegal operation, due to unpaid tax by the company and threatened workers and endangered host communities (nigeriadailynews.com, 2011).

7.3.4 Risonpalm
There is a problem of relation among the community in the Rison plantation which seemed to be terrible. The endeavour for recovering the plantation was not sufficient, in 1975 this estate has 3000 workers. In 1999 it was abandoned as result of a conflict
between the management and the workers for their welfare (nigeriabusinessguide, 2013). There was a strong move in 2003 for repairing the damages. This was to recover the production, payments of salaries and enhance good relation with the host community (Yornamue, 2003). But this showed some complications, and in 2009 it caused another abandon (Presco News, 2013).

CONCLUSION

In conclusion, this paper discussed on the global economy of palm oil, whereby it talked on the oil palm and palm oil as well as their importance to the global economy of palm oil, it discussed on the roundtable of sustainable palm oil (RSPO). The second part of this paper discussed on the challenges facing the global economy of palm oil, and the last part talked about the Nigerian partial response on the global economy of palm oil. Nigeria has no much challenges on the issue of oil palm if compared to Indonesia and Malaysia, whereby there are no much reports on deforestation, illegal displacement of inhabitants, threat against biodiversity, environmental degradation etc. This paper tried to bridge the gap and add to the knowledge on the challenges and responses. In recommendation, Nigeria has to give much emphasis on sustainability and best management practices for developing crops, the damage caused by deforestation must be reduced, forest areas to be revived and protect habitats.

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