



Olam calls for urgent international cooperation to reduce major greenhouse gas footprint of rice production

Singapore, October 15, 2018 – Urgent action is needed by the agri-sector along with brands, retailers, financial institutions, scientists and governments to implement solutions to limit methane emissions from rice production, while improving farmer livelihoods and food security. This has to take into account that many rice consumers are unable to pay more.

At the 5th International Rice Congress in Singapore this week, Sunny Verghese, Co-Founder and Group CEO of Olam, one of the world's largest rice traders, will call on all stakeholders to advance the implementation of the [Sustainable Rice Platform \(SRP\) Standard](#) which promotes climate-smart practices. To achieve real scale, a raft of additional measures such as financial market support, reduced tariffs and freeing up capital by promoting the benefits of sustainable rice to more affluent consumers, are required.

Mr Verghese explained, "Rice production emits the same level of CO₂ equivalent as Germany through methane emissions¹. But climate change mitigation cannot be a trade-off that hurts the farmers and communities who depend on rice for income and sustenance. This is especially so when rice is the largest staple crop in the world, feeding half of humanity. We must re-imagine the whole supply chain if the world is to become carbon neutral by 2050²."

Global Head of Rice at Olam, Devashish Chaubey, said, "Our programmes with the Thai Rice Department, development agency GIZ³ and others prove that the SRP Standard works⁴. Together, we are aiming to reach 150,000 farmers by 2023 in Asia and Africa. Yet, this represents a mere 0.1% of total global rice farming households. Greater scale requires more impactful action by the whole of the rice sector."

What's wrong with rice?

Rice is one of Southeast Asia's biggest crops and the financial backbone for millions of farmers across the region⁵. As highlighted by the recent [IPCC global warming report](#), the yields and nutritional value of rice face net reductions should temperatures rise.

Consequently, this will impact millions of farmers and families, particularly those on low incomes.

¹ Rice methane emissions stood at 24,801 gigagrams in 2014 or 0.84 billion tonnes (Source: [FAO](#)) while CO₂ emissions in 2014 were 0.82 billion tonnes. (Source: [WRI](#))

² IPCC said that global net human-caused emissions of carbon dioxide (CO₂) would need to fall by about 45% from 2010 levels by 2030, reaching 'net zero' around 2050. (Source: [IPCC](#))

³ GIZ, or Deutsche Gesellschaft für Internationale Zusammenarbeit, is a German development agency.

⁴ Project by IFC, Mars Food and Battambang Rice Investment Co. Ltd., using the SRP Standard, is expected to result in a 20% increase in yield and a 25% increase in income by 2025. (Source: [IFC](#))

⁵ Some 144 million farmers and 3.5 billion people depend on rice for their livelihoods and as a dietary staple respectively. (Source: [SRP](#))

Yet rice is also a **leading cause** of climate change. Methane, a greenhouse gas (GHG) which is up to 34 times more potent than carbon dioxide⁶, is emitted as a result of rotting vegetation in the water-soaked paddy fields, also impacting on water security⁷. Climate-smart agri-practices such as the removal of rice straw can reduce methane emissions by 70%⁸ but farmers need training and support from the market.

Who can help and how?

Brands and Retailers: Commit to promoting and selling sustainable rice

Developed countries consume 23 million metric tonnes (MMT) of rice every year⁹. Major brands and retailers can catalyse change by choosing the SRP as a procurement standard and promoting awareness of better rice production systems to consumers. Developed by multiple parties, SRP is a simple 'plug and play' approach.

Financial Institutions: Reduce interest cost for sustainable rice farmers

More resilient production systems from sustainable projects would reduce variance in production – and thereby prices – and offset risk. Financial institutions should reflect this in lower interest rates for farmers who commit to sustainable rice production. A 0.25% reduction in interest rates can potentially translate to US\$500 million in cost savings¹⁰ per year for participants higher up in the rice supply chain, which could in turn be passed down to farmers to incentivise the switch to SRP rice.

Insurers: Reduce premiums for more resilient sustainable rice producers

The lack of risk management tools in the market is a hindrance for farmers' income and disruptive to long-term engagement. Improving insurance offerings are a necessary first step to better credit offerings at farm-level.

Agronomists and scientists: Focus on field-level improvements to improve resiliency and clarify GHG reduction methods

Despite a great deal of work, there are emerging new findings suggesting that the methane problem is compounded by nitrous oxide releases (298 times more potent than carbon dioxide¹¹) and outdated farm practices. Understanding the practical solutions that can be delivered to the farmers quickly and providing better tools to measure the GHG impacts of these choices is imperative.

⁶ The [IPCC](#) calculated that methane is 34 times stronger as a heat-trapping gas than CO₂ over a 100-year time scale.

⁷ A single kilogramme of milled rice bought off the shelf would have taken 2,500 litres of water to produce. (Source: [Water Footprint Network](#))

⁸ Source: [Cool Farm Tool](#)

⁹ Source: [OECD/FAO Agricultural Outlook 2018-2027](#)

¹⁰ (Based on Olam's internal calculations) The potential savings across the entire value chain was calculated based on a total production of 500 MMT of rice a year, sold at an average of US\$400/MT.

¹¹ Source: [Environmental Defense Fund](#)

Governments: Reduce tariffs and taxes for sustainable rice

The 2017 global tariff for rice (weighted by volume) is 32%. A 1% reduction in tariffs for sustainable rice would be worth more than US\$150 million per annum in savings for exporters¹², which could in turn be passed down to farmers to incentivise the switch to SRP rice.

Director at GIZ, Dr. Matthias Bickel, said, “The Thai Rice NAMA project¹³ will support 100,000 rice farming households in Thailand to shift from conventional to low-emission rice farming, reducing emissions of irrigated rice by 29%. Translating these climate benefits into economic incentives for farmers is done by applying the ‘Sustainable Rice Platform Standard’. Treating small-scale rice farmers as ‘agripreneurs’ and incentivising them to invest in their farms will make the difference.”

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About Olam International Limited

Olam International is a leading agri-business operating across the value chain in 66 countries, supplying various products across 18 platforms to 22,000 customers worldwide. From a direct sourcing and processing presence in most major producing countries, Olam has built a global leadership position in many of its businesses. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 30 largest primary listed companies in Singapore in terms of market capitalisation. In 2016, Fortune magazine recognised Olam at #23 in its ‘Change the World’ list.

More information on Olam can be found at www.olamgroup.com.

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¹² Source: [World Trade Organization](http://WorldTradeOrganization)

¹³ Olam and GIZ launched the Thai Rice NAMA project with 11 Thai government agencies in July 2018. It marked the first time that GHG improvements in rice cultivation will count towards a government’s Nationally Determined Contributions (NDCs) to the Paris Agreement on climate change. (Source: ASEAN Sustainable Agri-food Systems).