

The impact of the revision of the European Renewable Energy Directive on the progress of sustainable development of palm oil

This note explains the status of the European biofuels debate resulting from the recasting of the EU Renewable Energy Directive RED II for the period 2021 – 2030. It examines the references to palm oil and offers EPOA's opinion on the unintended impact of this debate for non – biofuel users of palm oil in Europe and the progress of sustainable palm oil development as a whole. It is drafted to inform EPOA members and partners.

EPOA OPINION

(Version January 2019)

In this note, EPOA would like to reflect on the possibly negative impact of the discussion on a possible ban and/or singling out on the use of palm oil in biofuels on the debate of palm oil used in food and the progress towards sustainable development of palm oil as a whole.

The European Palm Oil Alliance (EPOA) takes any public concern related to the sustainability of palm oil very seriously. As an alliance of palm oil refiners and producers supplying palm oil to the European food industry, with all members **highly committed to sustainable palm oil development**, and with clear results. The recent ESPO-monitoring report shows that **74% of palm oil used in food and feed in Europe is certified sustainable while 84% of palm oil imported into Europe is sourced under No Deforestation, No Peat, No Exploitation (NDPE) policies**. In view of its relentless efforts to sustainable palm oil development, EPOA has become a powerful advocate of the **Amsterdam Declaration, a commitment of European member states to support a fully sustainable palm oil supply chain by 2020**.

EPOA members are highly committed and take every available measure to ensure that palm oil production becomes 100% sustainable. We believe strongly in the sustainability of palm oil and our members have worked tirelessly for many years through the supply chain and its sustainability standards to guarantee the use of ever more robust agricultural practices. Therefore, EPOA is concerned about **unintended negative consequences of the biofuels discussion for users of palm oil in food**. Palm oil is an important and sustainable ingredient for European food products and the tone of the biofuels debate is negatively impacting the consumer and manufacturers' appreciation and confidence.

EPOA urges all stakeholders including the EU institutions to ensure the non-discriminatory level playing field for all biofuel feedstocks, whether home grown or imported and safeguard a stable and accessible oils and fats market. Instead of calling to exclude sustainable palm oil from biofuels, we invite EU member states to join the move to sustainable palm oil development and sign the Amsterdam Declaration, a commitment of European member states to support a fully sustainable palm oil supply chain by 2020. We also call upon the EU member states to live up to the commitment to the UN global Sustainable Development Goals (SDGs), to recognise the important contribution of sustainable palm oil the SDGS, including socio economic development, halting deforestation and preserving biodiversity, and cooperate with the producing countries to the achievement of these goals by 2030.

The EPOA opinion is based on the following arguments:

1. DISCRIMINATION AGAINST ONE SPECIFIC FEEDSTOCK FOR USE IN BIOFUELS WITHOUT SOUND, BROADLY SUPPORTED AND CLEAR CRITERIA IS IN CONFLICT WITH THE WTO'S TBT RULES.

EPOA advocates an internationally level playing field for all raw materials for food, feed, biobased or biofuel use. The EU is the largest trading bloc in the world with a long-standing commitment to a level playing field and free trade. Excluding specific raw materials for use as biofuel without sound and broadly supported, clear criteria is not only undesirable, it is also in conflict with the international trade rules (Technical Barriers to Trade (TBT) of the World Trade Organisation (WTO). The Technical Barriers to Trade (TBT) Agreement aims to ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade.

2. IF THE USE OF APPROXIMATELY 3-3.5 MILLION ¹ TONNES SUSTAINABLY PRODUCED AND CERTIFIED PALM OIL IN BIOFUELS FROM 2021 WERE TO CEASE, IT WOULD MEAN THE SEVERE DISRUPTION OF THE VEGETABLE OILS MARKET, WITHOUT ADDRESSING PALM OIL THAT IS NOT SUSTAINABLY PRODUCED.

In line with the European RED I sustainability criteria, palm oil plantations including small-scale farmers have largely invested to change practises and move towards sustainable production. A robust certification program for all oil crops used in biofuels, including for palm oil, ensures that there is no deforestation or growth on peat land and stimulates innovative measures to capture CH₄ and biogas production. The cessation of this palm oil use would eliminate a key incentive in producing countries to continue their pursuit to further improve sustainable development of palm oil, without addressing palm oil that is not produced sustainably. It also implies that 3-3.5 million tonnes of alternative raw materials must be found, which would shift the problem of land use to other crops using more land. It would also result in a severe disruption of the vegetable oils market, placing downward EU pressure on prices, putting pressure on all vegetable oils currently used in food and feed.

3. SEVEN EU MEMBER STATES HAVE SIGNED UP TO THE AMSTERDAM DECLARATION TO SUPPORT A FULLY SUSTAINABLE PALM OIL SUPPLY CHAIN BY 2020

All EPOA members are highly committed and invested seriously and at great extend in sustainable palm oil development and advocate the development and use of sustainable palm oil in Europe and beyond. Seven countries, including the Netherlands, France, Germany, Italy, Denmark, the UK and Norway have signed the Amsterdam Declaration **a commitment of European member states to support a fully sustainable palm oil supply chain by 2020**. Also 15 European national sustainable palm oil initiatives and European Food Industry associations have signed a commitment to 100 % sustainable palm oil by 2020. EPOA invites the signatory EU member states to advocate the importance of sustainable palm oil development and invite other countries to join and sign the **Amsterdam Declaration**.

¹ Source: Oil World

4. EUROPEAN GOVERNMENTS HAVE SIGNED UP TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND REMOVING THE KEY INCENTIVE IN EUROPE TO PRODUCE PALM OIL SUSTAINABLY FOR BIOFUELS WILL BE COUNTERPRODUCTIVE TO THE ENVIRONMENTAL OBJECTIVE TO INTRODUCE SPECIFIC MEASURES FOR PALM OIL.

A ban would negatively impact the livelihood of many **smallholders**. This stands diametrical to the objectives and spirit of the SDG's, which European Member States so enthusiastically embraced. With at least 9 SDGS to which sustainable palm oil contributes, in particular regarding poverty reduction and socioeconomic development, but also towards halting environmental issues and preserving biodiversity. Removing the key incentive to produce palm oil sustainably for biofuels in Europe, will actually be **counterproductive** to the key environmental argument to introduce specific measures for palm oil in the use for biofuels. We therefore call upon the EU institutions and member states to further build the road to sustainable palm oil development in the framework of the SDGs, instead of calling to exclude palm oil from the renewable transport target in RED II.

In line with the outcome of the report on palm oil and deforestation by the European Commission, EPOA underlines the importance of working towards the SDGs through means of constructive dialogue and **cooperation through partnerships** (SDG 17) in the various supply chains and with all stakeholders involved, specifically in the countries of origin. The continued improvement in the development of sustainable palm oil production throughout the supply chain can only be brought about through close cooperation with governments in the producing regions (in Asia as well as in Latin America and in Africa).