

EU's Renewable Energy Directive & its impact on Palm Oil



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Fact Sheet

On 17 January 2018, European Parliament voted on the revision of the Renewable Energy Directive (RED). The European Parliament seeks that the contribution from biofuels and bioliquids produced from palm oil shall be zero from 2021 for the purpose of calculating Member State's gross final consumption of energy from renewable energy sources.

This first reading vote is part of the [ordinary legislative procedure](#) which starts with a legislative proposal from the European Commission and consists of up to three readings. The text can still undergo significant changes before the co-legislators (Council of the EU and the European Parliament) agree on a text and adopt legislation jointly.

To follow the **state of play of this file**, access <http://bit.ly/2016-0382-COD>.

Why does the EU want to reduce the proportion of biofuels in its count towards the renewable energy targets?

The exclusion of conventional biofuels reflects the growing evidence that they do not contribute towards achieving greenhouse gas emission savings due to the issue of indirect land-use change (ILUC).

ILUC occurs when the cultivation of crops for biofuels displaces traditional production of crops for food and feed purposes. This additional demand increases the pressure on land and can lead to the extension of agricultural land into sensitive areas such as forests, wetlands and peatlands, causing massive greenhouse gas emissions eliminating the direct emission savings of crop-based biofuels.

What does the European Parliament vote mean for Indonesia?

The vote by the European Parliament does **not** mean that the EU has adopted a **final decision**. It is one step in a complex legislative procedure.

The **European Parliament has not voted in favour of a ban of palm oil-based biodiesel**. Instead it has voted in favour of excluding biofuels produced from palm oil from being counted towards the EU Renewable Energy targets. This would by no means limit the amount of biofuels from palm oil that can be produced or imported and consumed in the EU.

"The vote of the European Parliament is a step in a complex legislative procedure. It aims at progressively replacing food-based biofuels by more advanced ones for the purpose of accounting progress towards our domestic renewable energy targets.

Palm oil has been singled out by the European Parliament as having a major impact on greenhouse emissions. Work will continue towards achieving an agreement with no discrimination among biofuels, as proposed by the European Commission and supported by the Council of Ministers.

The vote of the European Parliament is not the EU final position. The EU market remains open to palm oil as shown by the increase of our bilateral trade in more than 30% in 2017."

Vincent Guérend
EU Ambassador
to Indonesia

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On 30 November 2016, the European Commission proposed to recast (revise) [the Renewable Energy Directive](#) to reduce the carbon footprint of the transport sector. In that text, the European Commission proposed that:

- The share of crop-based biofuels that could count towards the EU renewable energy target would gradually decrease to 3.8% by 2030. This limitation by no means restricts the amount of fuel that can be produced or consumed. A gradual reduction of conventional crop-based biofuels and increase of advanced biofuels will promote the development and deployment of innovative advanced renewable fuels and at the same time provide farmers and producers of conventional crop-based biofuels with sufficient time to adjust.
- All crop-based biofuels would be treated equally: No discrimination against palm oil.
- Waste and residue use in biofuel production is incentivised. The palm oil industry would benefit from that as palm oil mill effluents and empty palm fruit bunches (both residues from processing palm oil) are included in the list of products to count as advanced biofuels in the RED revision proposal.

Palm oil imports to the EU are increasing:

- EU palm oil imports from Indonesia (over €2.4 billion/ year) increased by 27 % in 2017, compared to the same period in 2016, making the EU the second-biggest importer of Indonesian palm oil after India.
- EU tariffs are low (0 to 10.9%) in comparison with other export markets
- There are no trade barriers or discriminatory legislation towards palm oil.

See **Palm Oil Fact Sheet (EN/ID)** on our website: <http://bit.ly/EUonPalmOil>