



## EUROPEAN UNION

Delegation of the European Union to Indonesia

Jakarta, 21 March 2019

### Press Release

## Palm Oil: What is new in the EU Legislation?

1. The **European Union (EU) is committed to ensuring the sustainability of bioenergy, and is advancing towards its 2020 and 2030 energy and climate targets.** We also continue to build an Energy Union with secure, affordable and sustainable energy.
2. As part of our comprehensive policy framework, a new binding, **renewable energy target for the EU for 2030 of at least 32%** was agreed between the European Parliament and the EU Member States in June last year through the adoption of the [Renewable Energy Directive](#) (REDII) .
3. Biofuels are an important element of the EU's renewable energy policy. However, rules are needed to ensure that **the production of feedstock for biofuels is sustainable and does not cause deforestation through indirect land use change (ILUC).**
4. The [Renewable Energy Directive](#) (a modality of EU law), which is already in force, therefore includes a new approach ensuring that crops used for the production of biofuels
  - are not sourced from recently deforested areas or peatlands – no matter where they are produced –, and
  - they have not merely displaced other production to other high-carbon, high-nature value areas, elsewhere either.
5. No specific biofuel or feedstock is targeted. All vegetable oils are treated equally. Palm oil is not identified as a bad biofuel per se.
6. The Directive includes a gradual reduction as of January 2024 of the amount of certain types of biofuels towards the renewable energy targets. For the implementation of this directive, the European Commission adopted on 13 March a [delegated act](#) (a European Commission Regulation), as requested by the European Parliament and the Council of the EU (the EU Institution representing Member States). Both Institutions have, during a **two months scrutiny period**, a right **to express an objection**, after which, if none are received, the text will be published in the *Official Journal of the European Union*.
7. The [delegated act](#), accompanied by a [report](#), is based on the **best available scientific data** (2008-2015). The reference period starts in 2008 because this is the cut-off date contained in the EU sustainability criteria for biofuels. 2015 is the latest availability of consistent data.
8. The data show that palm oil has been associated with the highest level of deforestation (over the period 2008-2015, 45% of the expansion of palm oil took place in high carbon stock areas. This is not even by far comparable to other feedstock). Palm oil that is certified as low ILUC-risk can continue to benefit from incentives. Exemptions include for example planting on unused lands. Another exception is for small holders, noting the importance of smallholders in Indonesia and Malaysia.
9. The delegated regulation has set the **threshold for small holders to 2 hectares** to ensure that their tenure and independence over land is secured. This finding is based on the FAO smallholder farmers' data portrait - which provides a comprehensive, systematic and standardised overview of profile of smallholder farmers across the world. Palm oil farms with 25 or 50 ha cannot be deemed "small" or family-run anymore; they would typically employ 5 to 10 professional full time workers.



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10. Indeed the **productivity factor** of palm oil is higher than other crops but the factor used in the formula to determine ILUC is calculated based on the energy-content-of-traded-products of different annual crops such as soy, rape seed and sunflower compared to palm oil.
11. The European Commission will **reassess the data** and if appropriate the methodology **in 2021** and will carry out a revision of the Delegated regulation in 2023. At that moment, any efforts undertaken by Indonesia (such as a revamped ISPO, the moratorium, the one map policy, or the recently adopted national action plan) will be taken into account.
12. We should not forget the big picture: The **EU market** (28 Member States) **is completely open to palm oil**. There is no such thing as a ban on palm oil.
13. The EU is the **second market** for Indonesian Palm Oil (after India and before China). Most of Indonesia's Palm Oil enters the EU with **zero or very low tariffs** (22% at zero duty and 55% below 5.1%). The same cannot be said for other importing markets.
14. As a defender of the rules based order, we comply with the WTO rules and abide by its rulings. In this respect, we consider **RED II and the delegated act are WTO compatible** since:
  - REDII establishes sustainability criteria for biofuels and biomass that are global, objective and non-discriminatory. These sustainability criteria do not single out any specific biofuel or feedstock.
  - The REDII sustainability criteria identify sustainable biofuels that are eligible for public support or accounted against the EU and national renewable energy targets. They do not limit the market access of imported biofuels to the EU.
15. The EU is committed to implement the UN **Sustainable Development Goals** both in its internal and external policies. This is joint endeavour for the EU, all EU Member States and Indonesia.
16. Our doors have always been open and will remain so for **frank discussion and dialogue** with the Indonesian government and other stakeholders on this issue. We also expect that the establishment of a joint working group between the EU and relevant ASEAN Member States to address issues relating to palm oil will serve as another avenue for discussions.

QUOTE: *"This delegated European Commission regulation is neither the beginning, nor the end of a policy process, it is just one more step on a long and collective journey towards sustainable development and carbon neutrality,"* Vincent Guérend, Ambassador of the EU to Indonesia.

More information:

- [https://eeas.europa.eu/delegations/indonesia/53721/palm-oil\\_en](https://eeas.europa.eu/delegations/indonesia/53721/palm-oil_en)
- [http://europa.eu/rapid/press-release\\_MEMO-19-1656\\_en.htm](http://europa.eu/rapid/press-release_MEMO-19-1656_en.htm)
- [https://ec.europa.eu/info/news/commission-specifies-criteria-ensure-biofuels-used-transport-sector-are-sustainable-context-recast-renewable-energy-directive-2019-mar-13\\_en](https://ec.europa.eu/info/news/commission-specifies-criteria-ensure-biofuels-used-transport-sector-are-sustainable-context-recast-renewable-energy-directive-2019-mar-13_en)

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