

To: KONIG Helena (TRADE); 4.1(b)

Cc: 4.1(b)

Subject: Meeting with NESTE, 14 December 2017 - Summary report

Participants

NESTE: 4.1(b) 4.1(b) 4.1(b) 4.1(b)

DG TRADE: 4.1(b) (C2); 4.1(b) (G3)

Key points

- NESTE asked for the meeting to discuss recent developments of relevance for palm oil, a product that is used by the company for the production of renewable diesel (of which NESTE is the first producer worldwide).
- The company has refineries in Porvoo (FI), Rotterdam and Singapore – and sources its feedstock from around the world (of which palm oil represents less than 20% now)
- Concerning the upcoming revision of the EU Renewable Energy Directive (RED), NESTE stressed that the current RED plays a key role in ensuring a market in the EU for renewable fuels produced from sustainably sourced feedstock, thanks to the national blending requirements and/or support schemes put in place under its legal framework. Over the last 10 years, NESTE has extensively engaged with palm oil producers on sustainability (e.g. 100% ISCC certification, traceability, dialogue with the authorities, methane-capture practices). NESTE expressed strong concerns on the calls surfacing in the current debate around the RED recast to exclude palm-based renewable fuels from its scope, because such an approach would remove incentives for EU businesses to keep pushing forward the sustainable production of palm oil, for which they have been the key driver, and hence bring to an end the efforts made so far. NESTE claims the incentives remain necessary to make the different raw materials competitive against traditional fossil fuels. They also noted that no similar sustainability criteria are in place for the use of palm oil in food.
- NESTE also asked about the state of play of the ongoing EU-Indonesia FTA negotiations and about discussions on palm oil in that context.
- DG TRADE gave an update on the state of play concerning the RED recast and the FTA negotiations with Indonesia. Palm oil is a key product in the negotiations and discussions are ongoing on how to best address it in a realistic and effective manner.
- Going forward, NESTE suggested to explore the idea of a "wise men's report" on palm oil to de-escalate tensions and present a more balanced picture acknowledging the positions and efforts of all stakeholders.