

To: GUEREND Vincent (EEAS-JAKARTA); 4.1(b)

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

Subject: Meeting with 4.1(b) and 4.1(b) (Council of Palm Oil Producing Countries/Indonesia), 22 November 2017 - Report

Participants

- Indonesia: Council of Palm Oil Producing Countries - CPOPC; 4.1(b), 4.1(b) (Ministry of Agriculture), 4.1(b) 4.1(b) Indonesian Embassy)
- DG TRADE: Helena König (Dir C); 4.1(b) (C2); 4.1(b) (D1)

Summary

- The meeting took place at the request of the Indonesian Embassy, as part of a series of bilateral meetings with Commission's services at the occasion of Mr 4.1(b) visit to Brussels to participate in the European Palm Oil Conference organised by the European Palm Oil Alliance on 23 November 2017.
- Concerning CPOPC, Mr 4.1(b) gave a brief overview of recent developments, namely ongoing contacts with potential additional members (the current members being Indonesia and Malaysia), as well as the launch at the CPOPC Inaugural Ministerial Meeting of Palm Oil Producing Countries (IMMPOPC – bringing in also Colombia, Guatemala, Nigeria, Thailand, PNG) held on 2 November 2017 of a common work programme, which includes as one of its focal areas the impact of trade policies on palm oil.
- Mr 4.1(b) then focused on developments in Indonesia, noting in particular the focus of the current government on supporting smallholders, and passed a clear message on the increasing prominence of palm oil in the domestic political debate (elections in Indonesia will take place in 2019). For Indonesia, sustainability for palm oil is not only focused on the environmental aspects, but now mainly aims at improving smallholders' welfare. Smallholders represent 40% of the total farm land used for palm oil production, but receive a lower revenue as compared to big producers. Recalling recent statements by President Jokowi at the IMMPOPC and at the EU-ASEAN Commemorative Summit, he highlighted the unprecedentedly high profile of palm oil in Indonesian politics, and noted that a further hardening of the country's position vis-à-vis the perceived discriminatory stances on palm oil in the EU should be expected. He also referred to the complex politics on this matter in the EU, as well as to the very negative public perception of palm oil in Europe, which he considered to be a very difficult trend to reverse. Against this background, he stressed the need to be prepared for an "unavoidable" escalation over the coming months in the palm oil debate in the EU-Indonesia relationship, with potential negative fallouts also on trade relations.

- At the same time, Mr 4.1(b) stressed the importance of keeping channels of communication open at technical level, to avoid an even higher escalation on the matter.
- 4.1(b) gave a short update on ongoing work on the "upgrade" of the Indonesian Palm Oil Standard (ISPO) and confirmed the Indonesian openness to receiving inputs by the EU on this process, however without providing any further specifics.
- DG TRADE noted that the recent (and potentially increasing) escalation in the palm oil debate is not useful, stressed the importance of proactive engagement with interested actors, and reiterated its interest in getting comprehensive information on ISPO.