

Mr. Director-General Dominique Ristori

Directorate General for Energy
Rue Demot 24
1049 Bruxelles

4 January 2019

Dear Mr. Director-General Dominique Ristori,

As the Managing Director for Sustainability and Strategic Stakeholder Engagement at Golden Agri-Resources Ltd (GAR), one of the world's leading palm oil plantation companies, I would like to take the opportunity of the few months left until the adoption of the **RED II Delegated Act setting the criteria for High-risk ILUC** to contribute our position and experience to the discussions on Indirect Land Use Change (ILUC) and sustainable biofuels.

GAR **strongly believes that sustainability is key for the future of the palm oil sector** and has undertaken ambitious voluntary policies to limit GHG emissions and preserve primary forests in Indonesia. In addition, GAR has actively engaged in setting the highest standards for palm oil within the framework of several **international certifications** (most notably the International Sustainability & Carbon Certification - [ISCC](#) and the Roundtable on Sustainable Palm Oil - [RSPO](#)). These measures, in line with the EU's high GHG emissions standards, have allowed GAR to benefit from premium prices for its palm oil exports to the EU. By doing so they have demonstrated the value of EU policies in providing incentives for palm oil companies such as GAR, as well as the many smallholders and other companies that supply our business, to produce sustainably.

Following the 19 November 2018 Stakeholder Meeting, there is uncertainty and a lack of transparency at this stage around the methodology the European Commission will choose to assess the ILUC risk of biofuels. The Delegated Act is due to be adopted by 1 February 2019, which does not leave us much time to engage on this issue. **Given the environmental and climate benefits that sustainable practices in the palm oil industry can provide and the risk that the Delegated Act will not encourage these practices, we urge you to consider our evidence and arguments in order to make a fully informed decision.**

Therefore, we want to make sure that **important methodological problems associated with ILUC models and relying on past observations** are duly scrutinised. Disregarding these issues could pose a serious risk for the sustainability efforts of palm oil and other biofuel producers, which goes against the EU's ambition to use and promote low carbon renewable energy. GAR will organise a roundtable in Brussels on these issues on the 29th of January 2019, from 1:00pm to 2:30 pm, and we would be most honoured to welcome you as the keynote speaker for this event.

Problems with the Delegated Act and ILUC models, which make assumptions biased towards historical evidence, are in particular:

- All ILUC models compute total land use change (indirect and direct) from biofuel crop production, attributing all observed land use change to biofuel policies, yet total land use change is driven by many other factors, including higher incomes, higher prices for wood products, lack of enforcement of land use regulation, population pressure, etc.
- GAR would like to point out that the JRC has set a rather arbitrary time frame (1990 to 2008) to observe deforestation by biofuel feedstock; this timeframe places an unfair bias against recently expanding crops such as palm and soy and ignores deforestation from rapeseed decades ago. Also, JRC and other analyses, presented at the 19 November 2018 Stakeholder Meeting, unfairly assume that this land use change will continue.
- GAR recommends that the EU continues and deepens its consultation with the World Resources Institute, who recently [reported](#) a 60 percent decline in forest cover loss in Indonesia and who is advising Indonesia's government in implementing a [One Map policy](#). These are clear indications that public policy along with market expectations, mostly from the EU, are decreasing deforestation rates in the country.

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Solutions to promote low ILUC risk biofuels and sustainable practices through the Delegated Act should take into account the following:

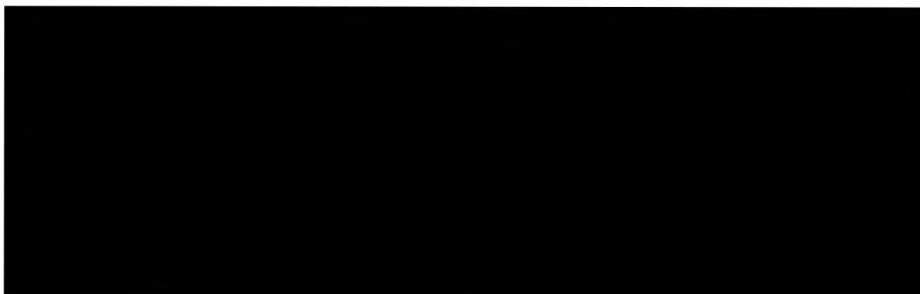
- **In order to produce low-risk biofuel feedstock**, we must concentrate on **increasing yields** instead of expanding land use (the lack of pressure on food prices will prevent incentives for forest conversion) and encourage governments to **control land use and preserve carbon stocks** through regulations.
- In addition, the **EU should incentivise and recognise a broad range of sustainable practices** to tackle deforestation and reduce GHG emissions. Criteria for low ILUC risk should include carbon offsets from rehabilitation and conservation practices, as well as carbon emission reductions from preventing forest encroachment and peat fires.
- **Next month, GAR will publish and submit new research** showing that, with environmental conservation and production intensification, a plantation company improves its performance in carbon emissions reduction and bio-diversity.

Allow me to once again stress the importance of ensuring an open and transparent process in the adoption of the Delegated Act, which should thoroughly consider all relevant perspectives, particularly to avoid risking the livelihoods of millions of farmers as well as relations with Indonesia.

For further information, please find GAR's position paper attached and the [link](#) to GAR's sustainability practices. Should you have any questions or comments, please do not hesitate to contact me. In the mean time, our public affairs agent, Europtimum, will follow up with your office on the aforementioned roundtable.

Thank you for your time and attention.

Yours sincerely,



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