

Meeting Malaysia 11 May 2017

Initiative report of the European Parliament on palm oil and deforestation of rainforests

Line to take

- The Commission acknowledges the own initiative report of the European Parliament on palm oil and deforestation of rainforests. This report represents a useful contribution to the broader debate on palm oil production and deforestation issues, which we believe should also fully involve producer countries.
- This report is nonetheless not part of a legislative initiative: once adopted, it will not become a piece of legislation or be binding on the Commission. Still, it reflects views and concerns over palm oil production and deforestation issues put forward by various parts of the EU public opinion as part of our democratic process. The interventions by many Members of the European Parliament during the debate that took place before the adoption of the Resolution has shown a broad range of positions and considerations on the matter, confirming its multi-faceted nature. The Commission is preparing its response to the Parliament report. This response will be released in the coming weeks and will remain relatively general.
- The Commission is aware that palm oil requires a balanced approach, as it presents both opportunities and challenges, in particular in terms of environmental and social impacts, such as deforestation and biodiversity loss, greenhouse gas emissions, and indigenous rights issues. But we are also aware of the opportunities that it presents in producing countries as a significant source of livelihood for rural communities.
- The Commission believes that it is essential to cooperate and support the efforts of producer countries to minimise deforestation and other negative impacts that palm oil cultivation can have, in order to achieve sustainable production of this commodity. We are in this context interested in the efforts made by Malaysia to strengthen MSPO and look forward to further exchanging and working together on this matter.
- This is part of a broader policy approach, whereby the EU is keen to reduce negative environmental impacts associated with any type of production. It should also be noted that the Commission does not have a specific policy on palm oil.
- The Commission has launched studies on how to best address deforestation and forest degradation and on the environmental impacts of palm oil production, as well as on certification schemes and legislation in place in producer countries. The outcomes of these studies will provide a useful contribution to the on-going Commission work in these areas. The Commission will also organize a conference on illegal logging and deforestation from 21 to 23 June in Brussels, including to discuss the drivers of deforestation and possible EU action in that field. A large number of countries producing agriculture commodities, including but not limited to palm oil, are invited, and we count on Malaysia's participation in this event.

- In line with its Trade for All strategy, the Commission is actively promoting sustainable development in all trade agreements that it is currently negotiating, including by means of ambitious trade and sustainable development chapters aimed at ensuring high levels of environmental protection including sustainable forest management and the responsible management of supply chains.

Defensives

Q: will the EU endorse the European Parliament's call for a single certification scheme for palm oil which ignores existing schemes in place in Malaysia?

- The EU is aware of the large number of certification schemes and sustainability standards for palm oil, which can sometimes appear as complex to end consumers. The EU recognizes also the efforts made by palm oil producer countries to develop and strengthen their national certification schemes, such as MSPO in Malaysia.
- We do not see the need for developing a single certification scheme for palm oil, and note that national certification schemes have in some cases been developed to address the specificities of the palm oil sector at national level. The EU is rather keen on building on existing schemes, and continuing to work jointly with palm oil producer countries to see how existing certification schemes can best be strengthened.

Q: The European Parliament's resolution singles out palm oil while a Commission study from 2013 recognizes that palm oil is not the main driver of deforestation. Adopting import restrictions on palm oil would be unfair and would not address the main drivers of deforestation.

- The EU is fully aware that a range of agriculture commodities is associated with deforestation in third countries, and we are reflecting comprehensively on the challenges of deforestation with no intention to single out palm oil. Studies show nonetheless that palm oil is one of the drivers playing a role in the broader issue of deforestation, and palm oil is therefore looked at in the framework of on-going studies by the European Commission.

Q: EU imports of palm oil are decreasing. This is due to campaigns criticising palm oil in the EU. How will the EU address this situation?

- "Palm oil free" campaigns and labelling by various EU producers or brands are fully voluntary, and there is no legislation in the EU barring a company or a consumer from labelling a product "palm oil free" for marketing purposes, if this claim is indeed accurate. For instance, European wheat producers are not satisfied with the rise of "gluten free" products, but that is a reality that they have to deal with. The best means for producer countries to react to such campaigns is therefore to engage with the critics, which several

companies have done by strengthening their supply chains and buying sustainable palm oil.

Q: EU requirements to inform consumers about the presence of palm oil in food are discriminatory. Will you change them?

- The EU legislation aims at informing consumers about the food they purchase and requires the indication of the vegetable oil/fat content on the product's label.
- It applies to all oils (olive, palm, sunflower, rapeseed etc.), without distinction.

Q: Does the Commission intend to prohibit the use of palm oil in foods? This would have no scientific basis.

- No, the Commission has no such intention. It may however take appropriate regulatory measures to limit the presence of dangerous substances in food products.
- The Commission is closely following scientific studies on the presence of contaminants (such as glycidyl esters and 3-monochloropropanediol (3-MCPD)) in all vegetable oils, including palm oil, and will assess on this basis the need to set limits to protect human health.

Will the Commission propose the termination of EU subsidies for biofuels produced from food crops and for a phase-out of such fuels?

- The Renewable Energy and Fuel Quality Directives do not allow biofuels to receive financial support or be eligible for counting towards the renewable energy targets of the Directives if they are made from raw material obtained from land that has been deforested since January 2008.
- Recognising that the demand for biofuels can drive undesirable land-use change indirectly, the Commission recently proposed a progressive reduction of food based biofuels and their replacement by more advanced biofuels.

Background

EP report on palm oil and deforestation

The European Parliament initiative report on palm oil and deforestation of rainforests (Rapporteur: Kateřina Konečná, European United Left - Nordic Green Left) was adopted with a very large majority on Tuesday 4 April 2017. The plenary debate reflected the strong views expressed by the EP in the report and the EP critical approach to palm oil, focusing on the detrimental aspects of palm oil production on the environment and human rights in producer countries, in particular in Indonesia and Malaysia. MEPs insisted in particular on the EU's responsibility to act as the second market for palm oil globally and the need to implement the commitments made by the EU on the international front (2030 Agenda, SDGs etc.). In line with the recommendations issued in the report, the EP called on the Commission to adopt a wide range of measures to address deforestation linked to oil palm cultivation, in particular in relation to the need to:

- establish a single certification scheme and minimum sustainability criteria,
- phase out the use of palm oil in biofuels,
- address the issue of palm oil and related deforestation through FTAs,
- develop an EU action plan against deforestation, as well as an EU action plan on palm oil,
- provide better information on palm oil sustainable origin through the labelling of products containing palm oil,
- increase transparency in supply chains.

The ENVI Committee has been in the lead for the preparation of this report, though DEVE, AGRI and INTA Committees were associated and provided opinions for ENVI's consideration. A large number of amendments have been discussed in that context.

The Commission will in the coming months issue a formal reply providing its views on the EP resolution, in particular concerning the several calls for action addressed to the Commission in the report. This will also be the opportunity for the Commission to recall the key elements of its policy stance and ongoing initiatives on the matters at stake.

This report is not part of a legislative initiative. Therefore, while it has political value in expressing the orientation of the EP on the issues of deforestation/palm oil, the report will not in itself create binding rules. This is an important message to pass to the Malaysian authorities, whose recent public statements assume that once the report is adopted it will have legal value.

On-going initiatives by Commission services on palm oil and deforestation

DG ENV has commissioned in 2016 a study as a follow-up to the 7th EU Environment Action Programme and the 2013 study assessing the impact of EU consumption on deforestation in third countries. This study will in particular consider the feasibility of options to step up EU action to combat deforestation and forest degradation. It is expected that results will be available by June 2017. This study should help us decide how to further enhance EU action on deforestation and in particular whether or not a dedicated deforestation action plan is warranted.

DG ENV has also launched in January 2017 a study on the environmental impacts of palm oil production, and on certification schemes and legislation in place in producer countries. The final results of this study should become available by November 2017, and will provide a useful contribution to the on-going Commission work on palm oil.

DG ENER has recently made proposals in the framework of the Renewable Energy Directive, in particular to gradually reduce the share of food-based biofuels after 2020, while promoting their progressive replacement through advanced biofuels and renewable electricity.

The EU adopted also in 2014 EU Ecolabel criteria for rinse-off cosmetics requiring palm oil, palm kernel oil and their derivatives used in products to be sourced from plantations

that meet criteria for sustainable management that have been developed by multi-stakeholder organisations that have a broad-based membership including NGOs, industry and government.