Why should the EU exclude palm oil from renewable energy?

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The Parliament of the European Union (EU) proposed on 17 January 2018 that the contribution from biofuels and bioliquids produced from palm oil (PO) should be phased out by January 2021 per its proposal for the Renewable Energy Directive 2021-2030 (RED II).

The Parliament argues that palm oil is a key driver of deforestation of tropical rainforests, and land destined for agriculture should be used for food production, not for transport fuel.

The Chief Negotiator of RED II on behalf of the EU Parliament further amplified the Parliament's position during the 8th ISCC Global Sustainability Conference in Brussels (Belgium) on 20 February 2018, stating that the EU should not be complicit to any deforestation and therefore phase out PO immediately.

On 27 February 2018 the EU executive body, the Commission, and the EU member state representation, the Council, have commenced trilogue with the Parliament to work out the role and contribution of renewable energy sources in Europe.

It is the EU's strategic ambition to lead the world in renewable energy, hence the decision for the adoption of RED II is expected to be reached before the summer break.

Regrettably, the Parliament based its proposal on questionable reports in reaction to NGO campaigns and in the process lost sight of at least three of EUs own interests.

Exclusion runs contrary to EU interests. The EU needs to consider three important aspects before designing new policies that will impact both EU member states and their counterparts in palm oil producing countries, especially Indonesia and Malaysia, which produces approximately 85 percent of the world palm oil.

First, the palm oil industry and its derivative products is a significant provider of jobs and one of the largest sources of export income and it is key to eradicate rural poverty.

In Europe 67,000 residents are directly employed by the industry. Member state governments receive Euro 1.2 billion in tax revenues. The livelihoods of 2 million Indonesian and 650,000 Malaysian rural farmers depend on palm oil. Furthermore, the industry has built infrastructure, schools and medical facilities in remote areas enabling community empowerment and economic development. Thus palm oil is a powerful tool to provide jobs and alleviate poverty. Furthermore, the industry has built infrastructure, schools and medical facilities in remote areas enabling community empowerment and economic development.

Thus, palm oil is a powerful tool to provide jobs and alleviate poverty. If Europe wants to be a front runner on renewable energy and also avoid deforestation in the tropics, it seems wise to acknowledge the importance of the palm oil sector here.

Second, in an unprecedented demonstration of unity of interest and spirit of collaboration, the EU and the rest of the world achieved the 2015 climate agreement in Paris. Unfortunately, an exclusion of palm oil, in the name of environmental conservation, runs contrary to this unity and spirit. The EU should instead build partnerships with forest-rich countries to develop joint policies in renewable energy and conservation toward the EU carbon emissions targets in the Paris Agreement.

Finally, the European Parliament surprisingly ignored or dismissed the ISCC, established in 2008 to verify carbon emissions targets per RED. All vegetable oils, including palm oil, destined for biofuel must be ISCC certified. This certification guarantees the conservation of primary forests, high carbon-stock areas, peat and wetland, protected areas and high biodiverse areas. It also preserves soil, water and air, and ensures sustainable use of land.

The trilogue has just begun and windows of opportunity are still open. Constructive talks between the EU and PO producing countries on the future of their relationship, including two exercises need to be undertaken in the next few weeks or so.

First, the EU and its Member States should take a level playing field approach to not single out PO and it should provide a gradual phasing out towards advanced biofuels and electric mobility, by capping first generation biofuel (as is proposed by the Commission).

Strengthening ISCC system and a national compulsary certification system such as the Indonesia Sustainable Palm Oil (ISPO) is another way to ensure nobel source of origin of PO for renewable energy.

Secondly, Bilateral meetings and indirect lobbying. It is crucial to provide factual information to EU, such as on global deforestation, high carbon stocks initiative and the moratorium on oil palm plantations on peat that would strengthen the argument against any sort of discriminatory and unjustified ban on PO.

The EU should also be aware that peat land is used in EU countries for energy production, agriculture and forestry.

In fact, greenhouse gas emissions because of peat land drainage and destruction has been second to Indonesia. The role of the government is essential to gain support from EU institutions and its Member States especially when it comes to understanding the importance of PO for society and economy and the recent results in forest and peat conservation and restoration. All related stakeholders can take their part in this kind of meetings and lobbying, including industry associations, NGOs and private companies.

The future of PO within the EU renewable energy target is still unclear. However, there is still hope as the trilogue has just started. As two of the world's largest free, fast growing

markets and democracies, the EU and Indonesia (within SE Asia) are capable of building the bio-economy, the future framework for sustainable, peaceful, inclusive, prosperous nations.

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