



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

## MEDIA STATEMENT

### PALM OIL ISSUES WITH EUROPEAN UNION (EU)

1. Malaysia has once again raised our concerns on palm oil restriction for biofuel by the European Commission at the World Trade Organisation (WTO) meetings during the months of May – July 2019. The Meetings were as follows:
  - Committee on Trade in Environment (CTE), 5 May 2019;
  - Technical Barriers to Trade (TBT), 20 – 21 June 2019; and
  - Council on Trade in Goods (CTG), 8 – 9 July 2019.
2. The Delegated Act to implement the European Union Renewable Energy Directive (EU RED II) for year 2021-2030 contains strict requirements against significant expansion of crops for feedstock biofuels which may lead to the extension of agriculture land into areas with high carbon stock such as forests, wetlands and peatlands. This is termed as Indirect Land Use Change (ILUC) where a crop carries a higher ILUC risk with greater extension of agriculture land into areas of high carbon stock. The crops considered as “high ILUC-risk” will be phased out by 2030. Palm oil is categorised as “high ILUC-risk” in the Delegated Act and this is noticeably a form of disguised trade and protectionist measure against the crop.
3. Malaysia emphasised that the Malaysian oil palm industry is committed to produce palm oil in accordance with the Malaysian Sustainable Palm Oil (MSPO) certification scheme, which will be implemented on a mandatory basis by 31 December 2019.
4. Malaysia urged the European Union to accept and recognise the MSPO certification scheme as one of the voluntary schemes under the Directive for the certification of low indirect land use change risk biofuels and bioliquids.
5. Malaysia remains fully committed to negotiating in a sincere and constructive manner in ensuring a non-discriminatory treatment against palm products and to prevent the unnecessary barrier for market access of palm products into the European Union.
6. Malaysia has repeatedly emphasised our concern at the WTO platforms since 2018 and will continue to do so. Malaysia’s concerns were also being supported by other palm oil-producing countries such as Indonesia, Colombia, Guatemala, Honduras and Ecuador.
7. MITI will continue to work closely with the Ministry of Primary Industries to fully utilise and make use of the various WTO and international platforms in the best interest of our palm oil exporters and smallholders. Moving forward Malaysia will also be elevating this issue to the dispute settlement mechanism under the WTO.



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8. In addition, the Government continues to explore initiatives to increase the usage of palm oil in biodiesel for the domestic consumption, as an alternative, if palm oil exports to EU markets are affected by the EU RED II implementation. For transport sector, Malaysia has implemented biodiesel B10 starting February 2019. Currently, MITI and MPI are working together towards implementing biodiesel B20 in 2020 and B30 by 2025 or earlier.

**Ministry of International Trade & Industry**  
**29 JULY, 2019**

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**About MITI:**

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation.

**Media enquiries**

**Ministry of International Trade & Industry**  
**Strategic Communications Unit**

Tel +603 6200 0083

Fax +603 6206 4293

E-mail [allpegkomunikasikorporat@miti.gov.my](mailto:allpegkomunikasikorporat@miti.gov.my)