



## MEDIA RELEASE

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

1. On 12 April 2019, Malaysia has once again raised our concerns on the palm oil restriction for biofuel at the Council of Trade in Goods (CTG) Meeting of the World Trade Organisation (WTO). The European Commission has recently adopted the Delegated Act to implement the European Union Renewable Energy Directive (EU RED II) for year 2021-2030.
2. The adopted delegated regulation has a strict requirement against crops for feedstock biofuels which cause deforestation and greenhouse gas emissions that contribute to indirect land use change (ILUC). 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 clearly a form of disguised restriction on international trade and protectionist measure against the crop.
3. At the CTG Meeting, important issues highlighted by Malaysia, are as follows:
  - (i) The adopted delegated regulation has significant negative implication towards oil palm industry development globally. There is a significant lack of scientific data and reliable information in the determination of high and low indirect land use change risk biofuels and bioliquids that resulted in disinformation and misleading interpretation of the production of palm oil worldwide;
  - (ii) The adopted delegated regulation is equivalent to a ban of biofuels and bioliquids produced from palm oil and violates the WTO principle of non-discrimination;
  - (iii) The methodology for the calculation of the share of expansion of land in the delegated regulation is not a recognised international standard;
  - (iv) Scientific evidence has proven that oil palm is the most productive oil-bearing crop as compared with other annual oil crops. A single hectare of cultivated oil palm land is able to supply between five to ten times more oil compared to rapeseed and soybean respectively;
  - (v) Malaysian palm oil is produced in a sustainable manner and the oil palm industry is committed to produce palm oil in accordance with sustainable principles and criteria under the Malaysian Sustainable Palm Oil (MSPO) certification scheme. As such, Malaysia urges the EU 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;



- (vi) Malaysia has put in place policy framework and implementation of sustainable practices and measures to ensure the protection of the environment such as reducing greenhouse gas emission, prevention of pollution and environmental degradation, and efficient management of resources and wastes; and
- (vii) Malaysia is committed to maintain at least 50% forested area in our land as pledged in the 1992 Rio Earth Summit which was again reiterated at the United Nations Climate Change Conference and currently 55.3% of land in the country consists of forested areas.
4. Malaysia has raised our concern at the WTO platforms since 2018. Ministry of International Trade and Industry (MITI) together with Ministry of Primary Industries (MPI) made interventions and voiced our positions at the WTO Council and Committee Meetings such as Technical Barriers to Trade (TBT) Committee Meetings in March, June and November 2018 and March 2019; CTG in March and July 2018; and Council for Trade in Environment (CTE) in June 2018.
  5. Malaysia's initiatives were also being supported by other palm oil-producing countries such as Indonesia, Colombia, Guatemala, Thailand, and Costa Rica. These palm oil producing countries have also raised and shared their concerns on this discrimination proposed measure to palm oil. In addition, soybean oil producing countries such as Argentina also raised concerns due to the discrimination of these crops for biofuels.
  6. Malaysia will continue to actively and consistently engage with other palm oil producing countries in coming up with more concerted efforts to raise our rejection before the various committees under the WTO. Multilateral pressure on the EU will be intensified as we move forward as many viewed that this latest development could be violations to the WTO rules. Malaysia will also consider the possibility to elevate this issue to the dispute settlement mechanism under the WTO.
  7. MITI will work closely with the Ministry of Primary Industries to fully utilise and make use of the various WTO platforms in the best interest of our palm oil exporters and smallholders.

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**Ministry of International Trade and Industry (MITI)**

**24 April 2019**



**MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY**

**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 by 2020 .

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