

## The Way Forward for Palm Oil is Sustainable Production, not a Phase Out

**Brussels:** Ahead of the deadline for the adoption of the European Union's (EU) Renewable Energy Directive (RED) II delegated act on Indirect Land Use Change (ILUC), the leading palm oil producer Golden Agri-Resources (GAR) hosted a workshop on the potential implications for the sustainability efforts of biofuel feedstock producers and buyers.

The workshop: *Encouraging Sustainable Biofuel Production: Certifying Low-ILUC-Risk Feedstocks* held on 29 January 2019, explored the concerns of palm oil producers who have adopted sustainable practices but find themselves at risk of being unfairly penalised by the proposed delegated act. The workshop also questioned the ILUC assumptions made about palm oil.

RED II which sets a general EU renewable energy target of 32 percent and a specific target of 14 percent for the transport sector, has limited the contribution of plant-based biofuels to 7 percent of the transport target.

Feedstocks associated with high levels of deforestation are to be capped at 2019 levels and phased out by 2030. To determine which feedstocks will fall into the high-risk category, the European Commission must adopt criteria based on ILUC - the idea that using existing agricultural land for biofuels instead of food causes food production to be displaced elsewhere (i.e. deforestation) – which is extremely difficult to measure, not least because there is not scientific consensus on the methodology.

GAR believes that the methodological problems and biases inherent in ILUC models makes it a poor policy-making tool. The company is also concerned at the negative signal limiting market access would send to those pursuing sustainable practices. Instead GAR believes an equitable set of standards based on existing methods should determine which feedstocks are part of the EU's future energy policy.

MEP Richard Ashworth shared his reasons for supporting the promotion of sustainable palm oil, namely that "oil palm is an amazing crop with a phenomenal productivity. It provides good living standards to farmers who would otherwise probably be relying on subsistence farming." As a farmer and a member of the ASEAN delegation of the European Parliament, he is very familiar with issues regarding first-generation biofuel production.

Noting that "there is good and bad palm oil", which depends on how it is produced, MEP Ashworth believes that "it is irresponsible to brand all palm oil as bad. Such an approach just undermines the efforts of all those who are fighting to make good sustainable palm oil the norm rather than the exception."

Presenting of GAR study at the workshop, Dr. Jannick Schmidt, a researcher at Aalborg University & 2.-0 LCA consultants, warned about the possible unintended effects of phasing out palm oil: "If the EU stops the use of palm oil and switches to rapeseed for biofuel, we will have to produce more rapeseed for biofuel-use at the expense of agricultural products. This means that land conversion will still take place elsewhere, potentially in places like Indonesia or Brazil where cheap land is available."

The conclusion is that, "swapping palm oil with other feedstocks does not free us from deforestation." He also shared the results of his study on the total life cycle greenhouse gas emissions of various feedstocks, showing that certified palm oil can perform better than rapeseed when produced sustainably.

Andreas Feige, Managing Director of ISCC (International Sustainability & Carbon Certification) – a sustainability certification system recognised by the European Commission, covering the entire supply

chain and all kinds of bio-based feedstocks and renewables – also touched on the importance of helping smallholders produce sustainably as they are responsible for much of the production land. “Smallholders’ crops have low yields, which puts pressure on land. Therefore, supporting measures such as replanting in smallholders’ plantations would help reduce deforestation.

From industry, Horacio Gonzalez Alemán – advisor to the Spanish Foundation for Sustainable Palm Oil – regretted that “palm oil has been demonised in an irrational way” and stressed the need to find solutions as opposed to simply highlighting the problems with palm oil production.

Pointing to the usefulness of certifications in incentivising and enabling sustainable production, Mr Gonzalez noted that “ISCC is the reference for all imported palm oil for biofuel production in Europe,” adding that “on food and feed uses, 74 percent of palm oil is certified sustainable, while 84 percent is sourced under No Deforestation, No Peat, No Exploitation (NPDE) policies.”

Together, the speakers illustrated how an indiscriminate phase out of palm oil would only hurt sustainability efforts by palm oil producers around the world. GAR believes excluding palm oil would not solve the problems of deforestation and biodiversity loss as palm oil producers would turn to less discerning markets and lose the incentives currently provided by the EU’s sustainability requirements for biofuel imports.

Closing the workshop, Agus Purnomo, GAR’s Managing Director for Sustainability and Strategic Stakeholder Engagement, urged the European Commission to carefully consider how a palm oil phaseout would affect the sustainability practices and commitments which have been adopted to date.

Mr Purnomo noted that if the EU wants to help achieve global greenhouse gas emissions reductions as well as better social and environmental practices, it should provide the right incentives by allowing verified sustainable biofuel feedstocks to contribute to its renewable energy target.

According to MEP Ashworth, “the solution to the problem is to strengthen and encourage sustainable production. Producers should have smarter certification schemes and very strict area control. Producers must be disciplined by the responsible governments if they are not complying with environmental standards. It must also be seen as the interest of the governments of the producing countries to fight practices that damage the image of the producers worldwide”. His conclusion is that we need to push for a positive and constructive approach “to encourage rather than to inhibit the sustainable production of crops such as palm oil”.

To download the material presentation of the event, please click [here](#).

**For media enquiries, please contact:**

Wulan Suling  
Mobile: +62 818 909 900  
Email: [wulan.suling@sinarmas-agri.com](mailto:wulan.suling@sinarmas-agri.com)