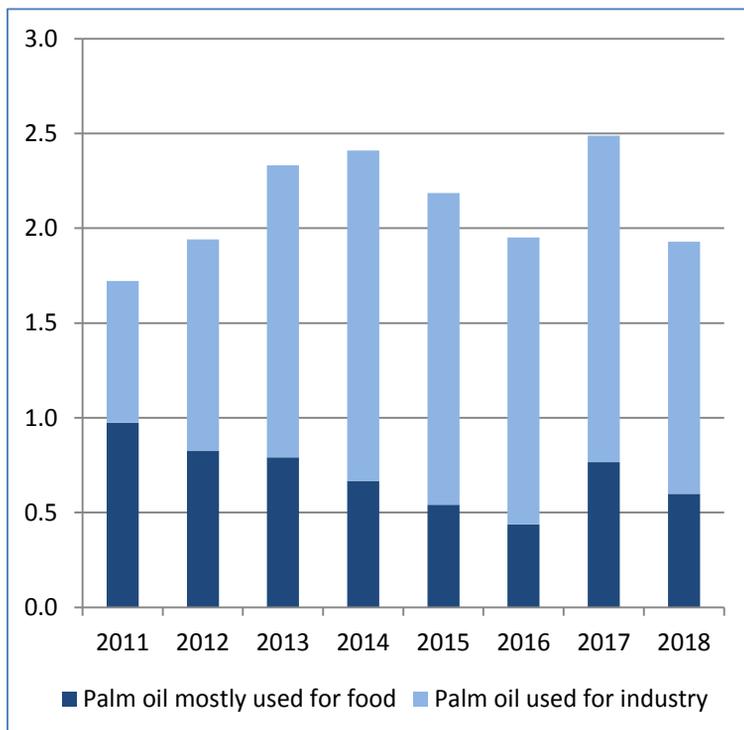




Fact Sheet

- The European Union (EU) is one the three **biggest importers** of Indonesian palm oil.
- **No trade barriers or discriminatory legislation towards palm oil.**
- **EU tariffs** (0 to 10.9%) are also **low** in comparison with other export markets.
- **The value of EU 2018 palm oil imports** from Indonesia decreased by 22% compared to the year of 2017. Part of the palm oil previously exported to the EU for processing, however, in 2018 has been turned into biodiesel in Indonesia and sold to the EU as such. Even with a collapse in palm oil prices, in 2018 the **combined value** of Indonesian palm oil and biodiesel exports to the EU **only decreased by 2%** compared to the year of 2017. In the first 5 months of **2019**, in term of volume, the imports have recovered with an increase of 0.7%.
- Imports in the past five years have been relatively stable at an average of 3.5 million tons or €2.2 billion per year. **Indonesia's market share in the EU remains the largest at 47 %.**

**EU Palm Oil imports from Indonesia
in € billion
(2011-2018)**



Source: Eurostat

- There is **no EU legislation on palm oil labelling.**
- "Palm Oil free" campaigns are an **expression of the genuine environmental concerns** of consumers as well as manufacturers. Informed consumers (in the EU and elsewhere) increasingly favour healthier, fairer and more-sustainable consumption patterns. Preserving our planet is at the core of these patterns. Such concerns as a perceived risk of deforestation, threats to biodiversity or the impact on climate change influence consumers' purchasing decisions. The fact that some companies label products as Palm Oil free reflects those consumer preferences. The same could be said for organic, sugar-free or GMO-free labels on EU products.
- Proper land use policies and enforcement could prevent environmental damage and socio-economic pressures on local communities, as well as improve EU perception and market acceptance of palm oil.



The EU welcomes and supports Indonesia's efforts towards achieving 100% sustainable palm oil by 2020.

This calls for clear and well enforced standards to protect local communities, ecosystems and carbon stocks, in line with the Paris Agreement and Sustainable Development Goals (SDGs) 2030. Accountability, traceability and independent monitoring could also help. The EU is ready to work with Indonesia on how **existing certification schemes** could be further strengthened and promoted.

The EU does not require sustainability measures to be commodity-specific.

We are committed to addressing all potential drivers of deforestation (e.g. soy, beef, cocoa, coffee, timber etc). To be fully inclusive, a future "sustainable Palm Oil solution" does not have to put the burden of certification on individual "small farmers" (>40% of Indonesian production, and possibly more than 50% of production area). Group-certification and landscape approaches could also be explored.

- Indonesia has committed to reducing CO₂ emissions from deforestation and forest degradation by 70-90% compared to business as usual projections until 2030.
- According to the *World Resources Institute*, 55% of tree cover loss **within Indonesian primary forests** from 2000 to 2015 (more than 4.5 million hectares, an area larger than the Netherlands) occurred in **legal concessions**. Conversions to oil palm, pulp and paper industries, each contributed about 1.5 million hectares. Whereas 45% of tree cover loss took place **outside concessions** and destroyed 3.6 million hectares, most from licensed concession holders (cultivating more than permits allowed), unsustainable harvest rates, or a vast network of small oil palm plantations, operating outside legal concessions but most likely feeding into the same supply chains.
- According to the **Indonesian Ministry of Forestry and Environment** (State of Indonesian Forests 2018), EU imports of palm oil up to 2030 will mean increasing demands of imported palm oil from Indonesia. Although deforestation has decreased since 2015, degradation in peatlands, primary and secondary forests remains a concern: the "*moratorium on the utilisation of primary natural forest and peatlands and sustainability standards for oil palm aim at minimising impacts on the environment, climate and biodiversity, to safeguard rainforests. But their implementation should be improved in order to reach tangible results*".



The EU has reviewed its [legislation on renewable energy \(RED2\)](#).

The increased demand for all biofuels feedstocks may drive undesirable land-use change, affecting e.g. peatlands and/or tree cover.

Palm oil was identified as a "high indirect land-use change (ILUC) risk" feedstock, i.e. for which a significant expansion of the production into land with high carbon stock was observed between 2008 and 2015.

The EU has also adopted **certification criteria (to be met by Member States national or Voluntary Schemes)** that could still allow a fraction of palm-based 'biofuels, bioliquids and biomass fuels (BBBF) to remain eligible to positive climate EU incentives between 2024 and 2030. These would be reviewed by 2023 but currently require:

- BBBF to comply with sustainability and GHG saving criteria;
- evidence is duly collected and thoroughly documented, and;
- BBBF have been produced from additional feedstock, i.e. from new measures that become financially attractive thanks to RED2, from abandoned or severely degraded land, or from certain smallholders.