

5 April 2019

H.E. Mr. Donald Tusk
President
European Council
1049 Brussels
BELGIUM

H.E. Mr Antonio Tajani
President
European Parliament
1049 Brussels
BELGIUM

Yours Excellencies,

**PALM OIL AND THE EU DELEGATED REGULATION, SUPPLEMENTING
EUROPEAN UNION RENEWABLE ENERGY DIRECTIVE II**

Indonesia and Malaysia, as the two largest global producers of palm oil, view the recent developments associated with the European Union's push towards the adoption of the Delegated Regulation, supplementing Directive 2018/2001, with significant reservations and concern. The said Delegated Regulation, attempts to calculate 'high' or 'low' indirect land-use change-risk feedstock for biofuels. In our opinion, this specifically disadvantages palm oil, with a strong possibility that our palm oil will be ruled out as a sustainably produced biofuel source that qualifies for inclusion in the EU's Renewable Energy Directive II (RED II).

2. The claims made by the EU Commission that the Delegated Regulation is based on scientific or environmental grounds does not bear close scrutiny. Amongst others soybean oil from selective sources has been categorized as low risk ILUC, despite the EU's own in-house research concluding that soy is responsible for far more 'imported deforestation' than palm oil. This calls to question the whole Delegated Regulation and the probability that political and economic protectionism rather than science based decisions were the true drivers of this Delegated Regulation. Both our governments view

this as a deliberate, calculated and adverse economic and political strategy to remove palm oil from the EU marketplace.

3. Bearing this in mind, we take this opportunity to stress the strong opposition of both Governments, and our people, to this Delegated Regulation. The EU has chosen to ignore our on-going efforts to meet the 2030 Agenda of United Nations Sustainable Development Goals (UN SDGs), our national commitments towards forest preservation, sustainable palm oil production and particularly our efforts towards poverty alleviation especially in the rural environment. As we stated on many occasions, the livelihoods of more than 13 million people (farmers and their families) depend on palm oil in Malaysia and Indonesia. This is a core national interest of both our countries and we therefore strongly object the Delegated Regulation.

4. Should this Delegated Regulation enter into force, our Governments shall review our relationship with the European Union as a whole, as well as its Member States. This may include the reviewing of our partnership negotiations, procurement contracts and key imports from the EU.

5. Both our Governments will challenge the Delegated Regulation through WTO Dispute Settlement and other avenues as the discrimination exercised against palm oil is obvious.

6. We reach out to your good offices to address the concerns of our Governments. Bearing in mind the widespread criticism levelled against the Delegated Regulation, especially its lack of scientific rigour, we consider that this act should be withdrawn. This would pave the way for a constructive dialogue on the sustainability of vegetable oils in general within the perspective of achieving the UN SDG 2030 in the spirit of partnership.

We look forward to your response.

Please accept, Your Excellencies, the assurances of our highest consideration.



DR MAHATHIR BIN MOHAMAD
PRIME MINISTER OF MALAYSIA

JOKO WIDODO
PRESIDENT OF INDONESIA

CC:

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1049 Brussels
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