24.1.2017

OPINION

of the Committee on International Trade

for the Committee on the Environment, Public Health and Food Safety

on palm oil and deforestation of rainforests
(2016/2222(INI))

Rapporteur: Tiziana Beghin
SUGGESTIONS

The Committee on International Trade calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Recalls that palm oil accounts for about 40% of global trade in all vegetable oils and that the EU, with around 7 million tonnes per year, is the second largest global importer; calls on the Commission, in cooperation with Member States, to reduce and better control the amount of unsustainably produced palm oil imported from third countries by applying different customs duty schemes for certified sustainable vegetable oil products, including palm-oil products, going beyond certification systems such as Roundtable on Sustainable Palm Oil (RSPO), RSPO-next in line with the sustainability requirements set up by the Palm Oil Innovation Group (POIG); asks the Commission also to assist palm-oil producing countries in the drawing up and implementation of relevant incentive policies and regulatory trading frameworks conducive to minimising the impact of the industry on deforestation, loss of biodiversity, unsustainable land use, high application of chemicals and climate change;

2. Is alarmed by the fact that around half of the area of illegally cleared forests is used for palm oil production for the EU market, and that 18% of all illegally produced palm oil enters the EU market; notes that the issue of sustainability in the palm oil sector cannot be addressed by voluntary measures and policies alone, but that binding rules and enforced certification schemes are necessary also for palm oil companies; calls on the Commission to propose legislation similar to FLEGT and Conflict Minerals Regulation;

3. Calls on the Commission, in this regard, to initiate a reform of the Harmonised System (HS) Nomenclature at the World Customs Organisation (WCO) that would allow a distinction between certified sustainable and unsustainable palm oil and their derivatives;

4. Recalls that Malaysia and Indonesia are the main producers of palm oil, with an estimated 85-90% of global production, and that the growing demand for this commodity puts pressure on land use and has significant effects on local communities, health and climate change; stresses, in this context, that the EU-Indonesia FTA, EU-Malaysia FTA as well as other Free Trade Agreements should address the concerns regarding non-sustainably produced vegetable oils, including palm oil, and their derivatives within the negotiations, along with binding and enforceable sustainable development chapters covering deforestation, environment, human rights abuses, child and forced labour, especially women, forced evictions and discrimination of indigenous communities, core ILO conventions and their implementation; in this regard, emphasises that the cultivation of many palm oil substitutes could generate greater level of greenhouse gas emissions and cause further and speedier deforestation process;

5. Recalls that Indonesia has recently become the third highest polluter of CO2 in the world and suffers from decreasing biodiversity, with several endangered wildlife species on the verge of extinction;

6. Welcomes that Malaysian primary forest levels have increased since 1990, but remains concerned that current deforestation levels in Indonesia are running at a rate of -0.5% total loss every five years;
7. Additionally underlines the importance and compelling need for further complementary multi-stakeholder actions and multilateral, EU-level or national initiatives aimed at the gradual phasing out of trade in unsustainable palm oil, in accordance with WTO norms and regulations; reiterates that, in order to ensure the highest degree of effectiveness, these initiatives should take into account the different production systems and country-specific factors in assessing the degree of socio-economic and environmental concerns;

8. Accordingly, urges the financial sector to include sustainability considerations in their investment and lending operations;

9. Stresses the importance of improving the situation through appropriate certification, easily accessible, and without discrimination against, for smallholders and SMEs and understandable for consumers, confirming that the palm oil in question has been genuinely produced, in line with sustainability guidelines and globally adopted best standards and practices, without harm to the environment, biodiversity, local communities, indigenous people and society and that the product is effectively and transparently traceable throughout the entire supply chain; is convinced that voluntary certification schemes could work better, if they are further strengthened, using stricter criteria than current standards, embedded in due diligence action by relevant stakeholders, that legal action is taken against illegal practices, and that consumer information is substantially improved; calls on the Commission to launch information campaigns and to provide consumers with comprehensive information on the consequences of the unsustainable production of palm oil;

10. Highlights that, in order to avoid a disruptive impact on international trade, these certification schemes should be developed through an inclusive participatory process involving all the relevant actors along the supply chain, from all countries involved;

11. In this regard, strongly welcomes, among other initiatives, the RSPO, yet stresses the need for its continuous enhancement through, but not limited to, the broadening of its stakeholder representation by better inclusion of SMEs, and a strengthened audit and enforcement capacity;

12. Calls on the Commission and the Member States to continue research into suitable alternatives to biodiesel derived from palm oil;

13. Considers that sustainability of palm oil is legally defined in the Renewable Energy Directive for bioliquids and in the Fuel Quality Directive for biofuels while no legal criteria exist for palm oil, as well as for any other vegetable oils, including rapeseed and sunflower, used in the food industry; therefore calls for such definition and asks the Commission to study the possibility to extend the sustainability criteria for other uses of the same crop in line with WTO rules and regulations and OECD guidelines;

14. Points to the need to ensure that certification schemes guarantee genuinely sustainable palm oil under protocols that will effectively protect biodiversity and safeguard working conditions while helping to keep deforestation levels close to zero;

15. Stresses that, under the Forest Law Enforcement, Governance and Trade Regulation and voluntary partnership agreements between the EU and timber producing countries, the first fully operational licensing scheme is with Indonesia, as of 15 November 2016; calls
for the EU to maintain commitment to FLEGT voluntary partnership agreements and ensure they cover conversion timber from palm oil development; suggests that EU policies for the palm oil sector learn from FLEGT principles of multi-stakeholder dialogue and tackling deep-seated governance issues in producer countries, as well as supportive EU import policies; continue to initiate voluntary partnership agreements, such as FLEGT; notes that a similar approach could also be taken with regard to palm oil, and that it could lead to improved controls on the palm industry in countries of destination;

16. Considers such initiatives to be highly beneficial, and calls for their further promotion and expansion to other commodities as well.
RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

<table>
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<th>Date adopted</th>
<th>24.1.2017</th>
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| Result of final vote | +: 35  
|                  | -: 4  
|                  | 0: 2  |
| Members present for the final vote | Laima Liucija Andrikienė, Maria Arena, Tiziana Beghin, David Borrelli, David Campbell Bannerman, Salvatore Cicu, Marielle de Sarnez, Santiago Fisas Ayxelà, Christofer Fjellner, Eleonora Forenza, Karoline Graswander-Hainz, Heidi Hautala, Yannick Jadot, Bernd Lange, David Martin, Emmanuel Maurel, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Franz Obermayr, Artis Pabriks, Franck Proust, Godelieve Quisthoudt-Rowohl, Inmaculada Rodríguez-Piñero Fernández, Tokia Saïfi, Matteo Salvini, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Hannu Takkula, Iuliu Winkler, Jan Zahradil |
| Substitutes present for the final vote | Eric Andrieu, Bendt Bendtsen, Edouard Ferrand, Syed Kamall, Seán Kelly, Ramon Tremosa i Balcells |
| Substitutes under Rule 200(2) present for the final vote | Laura Agea |