



Deutsche Umwelthilfe



Fact sheet “No Palm Oil for Biofuels“

Policy recommendations for
a ban on using palm oil for producing biofuels

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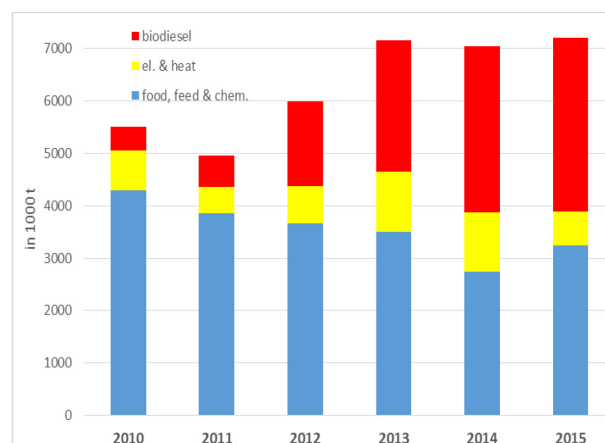
1 Situation and development of palm oil use

The market for palm oil has grown significantly over the last years, and in 2015, global consumption exceeded 60 million tons (Mt). Global palm oil production continues to increase, with Indonesia and Malaysia being the largest producers (WWF 2016).

Globally, the largest demand for palm oil comes from the food sector (68 %), followed by cosmetics, laundry detergents and home products (collectively 27 %) and energy (5 %).

Consumption patterns in the EU are very different than global patterns.

Figure 1 Palm Oil Consumption, EU 2010-2015



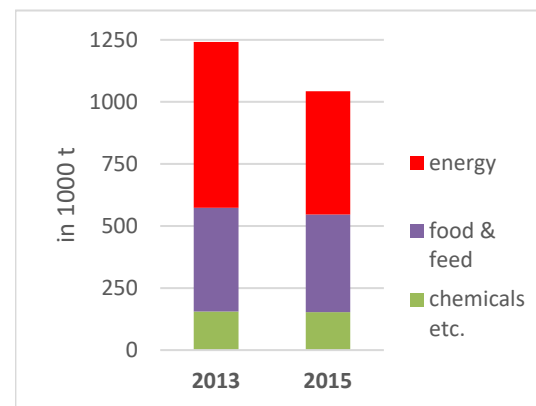
Source: IINAS based on Sihvonon (2016)

In 2015 over half the palm oil was consumed by the energy sector (Figure 1).

The situation in **Germany** is similar to the EU. In 2015, the **energy sector** was the largest palm oil consumer, consuming 48 % of Germany's total palm oil consumption (Figure 2). Other important palm oil consumers in Germany include:

- **food** (245,000 t);
- **feed** (ca. 145.000 t); and
- **chemicals** (130.000 t).

Figure 2 Palm Oil Consumption, Germany 2013 – 2015



Source: IINAS calculations based on BLE (2016) and Meo (2016)

Laundry detergents, home products and cosmetics play a very small role in German consumption (Meo 2016).

2 Policy Options for a Ban on Using Palm Oil for Biofuels in Germany

2.1 Palm Oil and the WTO Rules

Palm oil is a valuable raw material that should not be burnt as a transport fuel. There are better alternatives, which can be fostered through national policy.

Often the WTO rules on global trade are cited as a reason not to pursue unilateral bans on imported products. HERMANN & SCHULZE (2010) have demonstrated that banning imported products can be legally justified with valid reasoning, e.g. excessive emissions of greenhouse gases (GHG) from clearing rain forests on peat land for oil palm plantations.

2.2 Tougher GHG Reduction Quota

The current practice of including oil based biofuels in the German GHG reduction quota can be questioned based on science-based GHG reduction studies, as current certification

does not adequately account for GHG emissions from indirect land use change (ILUC). A respective quantification can be recognized by German law, however. In 2012, the US Environmental Protection Agency excluded palm oil from the US federal quota system for biofuels, because the GHG benefits normally associated with biofuels could not be substantiated (EPA 2012).

The most recent EU study on ILUC demonstrates that palm oil based biofuels generate negligible net GHG reductions (Valin et al. 2015).

2.3 Better and more effective certification of palm oil

Existing certification systems that verify the “sustainability” of palm oil (meeting the EU RED requirements) such as ISCC, RSB and RSPO aim to certify that palm oil production systems (or biofuel derived from it) do not generate GHG emissions from land use change. This system should be tightened with regard to the criteria, and requires a broadened scope to be effective. Without effective industry led solutions, some government intervention is required to improve the greenhouse mitigation potential of the biofuel industry.

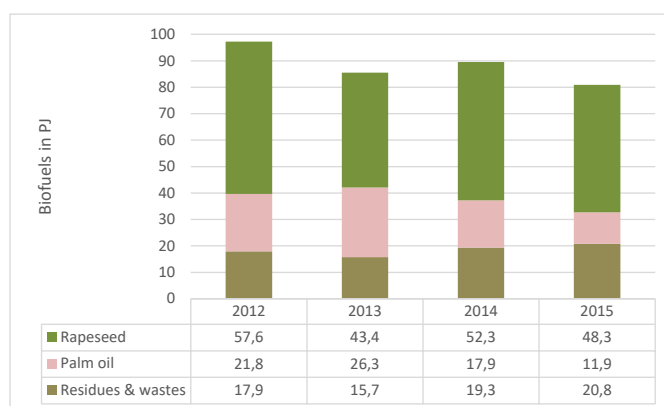
Supporters of palm oil based biofuels often claim that biofuels are regulated and must be produced with sustainably certified palm oil. While this may be true, it doesn't guarantee the cessation of deforestation while there are markets for uncertified palm oil in non-regulated markets (food and feed, chemicals, cosmetics etc.). Increasing the demand for certified palm oil may simply push the production of uncertified palm oil into new regions. Respective efforts of Germany and other EU countries to limit the demand for palm oil should be intensified, and communicated as a key policy for implementing the Sustainable

Development Goals (SDG) of the international community.

2.4 Reducing palm oil demand for biofuels

In Germany, the use of palm oil for biofuels has declined since 2014 (Figure 3), while biofuels from residues and wastes have increased. These trends are the result of the national GHG reduction quota, which recognizes the GHG benefits of biofuels derived from residues and wastes, thus making those fuels more **economic**.

Figure 3 Origin of Biodiesel in Germany 2012-2015



Source: IINAS calculation based on BLE (2015, 2016)

A tougher GHG reduction quota (see 2.2) and measures to promote alternatives could strengthen biofuel trends and allow palm oil based biofuels in Germany to be phased out.

The amount of palm oil used for biofuels in Germany is approximately one per cent of the total diesel used by the German road transport sector (BMVI 2017). A reduction of consumption by traffic avoidance, environment-friendly alternatives, higher vehicle efficiency is easily achievable. Engine restrictions for diesel cars and modal shifts towards greener means of transport would also reduce the demand for palm oil.

A ban on using palm oil for fuels could be achieved without significant disruption to the

German economy, however, it would provide a very important catalyst for a broader discussion on the sustainability of palm oil use by other sectors.

2.5 Biofuels from Residues and Wastes and Renewable Electric Fuels

A tougher GHG regulation would not only reduce palm oil based biofuels but also improve the economics of alternatives such as 2nd generation biofuels from residues and wastes and renewable fuels from electricity. Beyond the more favorable biofuels from waste cooking oil (which have a limited potential) it is necessary to increase support for alternative biofuels based on lignocellulose (forest residues, straw etc.). To promote alternatives effectively, market introduction schemes with direct financial revenues are required, similar to those implemented for renewables in the electricity sector. The German government can provide important incentives, as it did previously with feed-in tariffs – independently from the future regulations of the RED II.

With a view towards the future global role of palm oil as a fuel it is important that the International Energy Agency (IEA) assumes a **medium-term phase out** of 1st generation biofuels in its new „Technology Roadmap: Delivering Sustainable Bioenergy“ (IEA 2017b) which is based on the recent ETP scenarios (IEA 2017a).

The **political support** of palm oil as “necessary” for decarbonizing global transport is strongly questioned, and at least a medium-term ban of palm oil for biofuels can be justified.

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