

Asian producers would stop palm oil export to EU after a new law

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Malaysia and Indonesia, the world's largest palm oil producers, have decided to jointly deal with the latest EU act on deforestation affecting palm oil exports. The European Union previously announced that it planned to restrict the import of palm oil products involved in deforestation in the production process. Malaysia is actively discussing with Indonesia the feasibility of completely stopping the export of palm oil to the EU.

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According to the local media, if both countries need to engage experts from overseas to counter whatever move by the EU, they will do it. Or else Malaysia and Indonesia could just stop exports to Europe and will focus on other countries.

Environmental activities blame the palm oil industry for the rampant clearing of Southeast Asian rainforests, though Indonesia and Malaysia have created sustainability certification standards mandatory for all plantations.

Malaysia urged the members of the Council of Palm Oil Producing Countries (CPOPC) to work together against the new law. Allegations made by the EU and the United States about the sustainability of palm oil are baseless said the Malaysian Government.

CPOPC, which is led by Indonesia and Malaysia, has previously accused the EU of unfairly targeting palm oil.

Responding to Malaysia, the EU's ambassador to Malaysia said it was not banning any imports of palm oil from the country and denied that its deforestation law created barriers to Malaysian exports.

The EU is the world's third-largest palm oil consumer, according to Malaysian Palm Oil Board data. It accounts for 9.4 per cent of palm oil exports from Malaysia, taking 1.47 million tonnes in 2022, down 10.5 per cent from a year earlier.