

**STATEMENT BY THE MINISTER OF FOREIGN AFFAIRS OF MALAYSIA
ON THE EU AND FRENCH DISCRIMINATORY MEASURES AGAINST PALM OIL**

1. On 19 December 2018, the French National Assembly has adopted an amendment for its 2019 Budget to exclude the use of palm oil as a biodiesel feedstock and to end tax incentives for palm oil as of 2020. This is seen as a *defacto ban* as it would make palm oil highly uneconomical, causing a 30-40 percent price hike. This move will indirectly favour Europe's home-grown products specifically rapeseed and sunflower oils.
2. This action does not augur well for the global economy, particularly for palm oil producing countries, such as Malaysia. It is badly detrimental to the 650,000 smallholders and 2 million Malaysians who are highly dependent on the industry for their livelihood.
3. It is ironic that other oil crops are not subject to the same stringent requirements demanded of palm oil. This is discriminatory and reeks of double standards.
4. To compound matters, the French National Assembly has also decided to treat palm oil based biofuel as a regular fuel and not as green fuel. This seems to be based on the misguided perception and generalisation that palm oil is linked to deforestation.
5. Owing to this disturbing development, we call on the countries of the European Union to reject any moves to hinder the use of palm oil biofuels, for the following reasons:
 5. The proposed ban is clearly an act of discrimination. No other oilseed or oil bearing crop was negatively targeted as the oil palm industry has.
 5. The move may infringe WTO rules, and goes against the spirit of globalisation and free trade, of which the EU countries have been so keen to promote and protect.
 5. Many other oilseed crops provide less oil yield per hectare compared to palm oil. Thus, palm oil is among the most efficient and cost-effective oilseed crop that would benefit both producers and consumers.
 5. There has been no reputable studies that conclusively indicate the adverse effect of palm oil to health. In fact, there have been many more studies that prove the health benefits of palm oil.
 5. Malaysia is committed to producing sustainable palm oil. Malaysian oil palm plantations were the first to acquire the Roundtable on Sustainable Palm Oil (RSPO) certification. Through the mandatory Malaysian Sustainable Palm Oil (MSPO) certification scheme, every drop of palm oil produced in Malaysia will be certified sustainable by 2020.
6. Malaysia is working hard to do its part. It would be unfair not to recognise that Malaysia has made considerable progress in its journey towards sustainability.

7. Malaysia is acutely aware of the environmental challenges. Much of Malaysia's surface area is being successfully retained as forest land, and is protected. Current national forest cover has been acknowledged at nearly 55.3 percent of total land area in the country. This is far higher than the forest cover in most large European Countries including France, Germany, Italy and the United Kingdom.
8. Malaysia calls on our European Union partner countries to treat us and our people as it would want themselves to be treated. Our nations and people have been close friends and partners in diplomacy, trade and security for many decades. Our strong ties are underpinned by our common values of justice, fairness and trust. In this context, such a discriminatory measure would undermine these values and only by working together will make fair solutions for all stakeholders involved, including the earth's ecosystem.
9. Nevertheless, Malaysia believes in cooperation, rather than confrontation. In this respect, and to guarantee a better future for all concerned, Malaysia hopes to engage with its sincere and friendly partners in order to come up with a just solution for our mutual economic development and prosperity.
10. A letter from Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad to President of Republic of France, H.E. Emmanuel Macron was handed over to the French Ambassador in Kuala Lumpur on 14 January 2019. The letter explains Malaysia's position on the French National Assembly's decision regarding the declassification of palm oil as a biodiesel feedstock in the country.

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Putrajaya