

EU IMPORTS OF PALM OIL FROM INDONESIA, MALAYSIA AND THAILAND

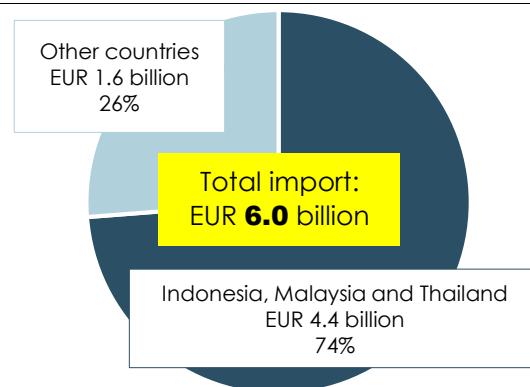
MALAYSIAN PALM OIL COUNCIL

May 2018

Indonesia, Malaysia and Thailand are major sources of EU palm oil imports. In 2017, close to three quarters of EU imports of palm oil came from these three Asian countries. Almost half of the EU's imported palm oil is used for biodiesel amounting to EUR 2 billion per year based on 2017 data. The EU Parliament proposal to exclude biofuels produced from palm oil from counting towards the EU Renewable Energy Targets may reduce EU imports of palm oil, including from Indonesia, Malaysia and Thailand by up to EUR 2 billion.¹

Indonesia, Malaysia and Thailand are major sources of EU palm oil imports, accounting for a combined share of 74 per cent of total EU imports of palm oil products from third countries in 2017, cf. Figure 1.² For specific palm oil products, this share is even higher with 95 per cent of EU imports of non-crude palm oil coming from Indonesia, Malaysia and Thailand.³

Figure 1 Origin of EU imports of palm oil, 2017



Note: The share of palm oil imported by the EU from Indonesia, Malaysia and Thailand out of total EU palm oil imports from third countries outside the EU. The figure comprises palm oil products classified as 120710, 151110, 151190, 151321, 151329 and 230660 using the Harmonised System Codes (HS).
Source: Copenhagen Economics based on Eurostat data

¹ This note is prepared in the light of the EU Parliament proposal (COM(2016)0767 – C8-0500/2016 – 2016/0382(COD)) to exclude from the Renewable Energy Directive biofuels produced from palm oil, and looks at the impacts on EU imports from some of the most affected countries, namely Indonesia, Malaysia and Thailand.

² Across the period 2014-2016, Indonesia, Malaysia and Thailand accounted on average for 80 per cent of the EU's imports of palm oil.

³ This only includes direct EU import of palm oil from Indonesia, Malaysia and Thailand. Indirect imports from Indonesia, Malaysia and Thailand through e.g. Singapore, which hosts a large palm oil refinery, are not included.

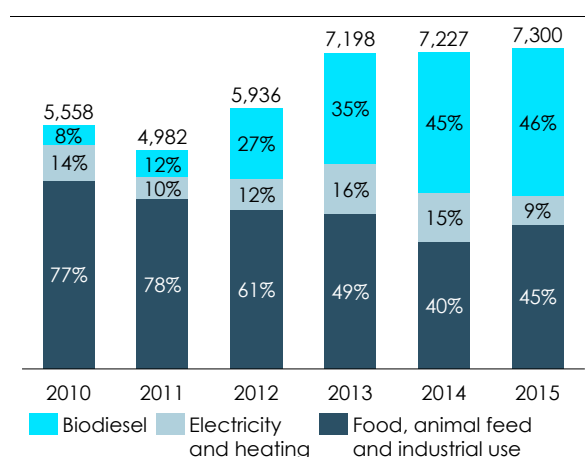
Based on 2017 data, EU imports of palm oil products from these three countries amounted to EUR 4.3 billion and accounted for 7 per cent of the EU's total goods imports from these three countries worth EUR 64 billion.⁴

Biodiesel is the single largest usage of palm oil imported into the EU

According to the most recent estimate by Transport and Environment (2016a), 46 per cent of palm oil imports into the EU were used for biodiesel in 2015.⁵ Comparisons with earlier estimates show that while the share of palm oil used for biodiesel has increased continuously since 2010, it seems to have stabilised in 2015 around the 2014 level.⁶

Figure 2 Palm oil by end use in the EU, 2010-2015

Thousand tonnes



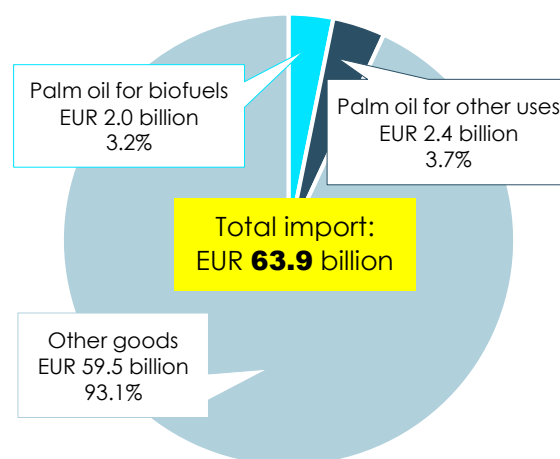
Note: The distribution of the end use of palm oil is based on weight (tonnes) and not value.

Source: Copenhagen Economics based on Transport and Environment (2016a, 2016b)

We estimate the value of EU imports of palm oil used for biodiesel from Indonesia, Malaysia and Thailand to be approximately EUR 2 billion, equivalent to 3.2 per cent of the EU's overall imports of goods from these three countries, cf. Figure 3.

We estimate this based on the unit value of palm oil imports from the three countries and the 2015 estimate from Transport and Environment, as no estimates in terms of the *value* of palm oil imports from Malaysia, Thailand and Indonesia are available.⁷

Figure 3 EU goods imports from Malaysia, Indonesia and Thailand, 2017



Note: The estimated share of imported palm oil that is used for biofuels equals 46% based on Transport and Environment (2016).

Source: Copenhagen Economics based on data from Eurostat and Transport and Environment (2016a)

⁴ Based on data from Eurostat.

⁵ Transport and Environment (2016a) "Europe keeps burning more palm oil in its diesel cars and trucks".

⁶ Earlier estimates for 2010-2014 are contained in Transport and Environment (2016b) "Cars and trucks burn almost half of palm oil used in Europe".

⁷ In order to reach this estimate we apply the 46 per cent estimate to the total import (in tonnes) of palm oil from Malaysia, Thailand and Indonesia and multiply this quantity by the aver-

age import value per ton, calculated as the total value of EU imports of palm oil from the three Asian countries divided by the total quantity of imports of palm oil from the three Asian countries. We assume that the same share of the quantity of palm oil imports from Indonesia, Malaysia and Thailand are used for biodiesel, as for overall palm oil imports. This seems a reasonable assumption, as the average import value of palm oil from the three Asian countries in 2017 (EUR 571 per ton) is similar to the average import value of palm oil from all non-EU countries in 2017 (EUR 603 per ton) (based on data from Eurostat).