

DPM Fadillah states Malaysia's concern over new EU green law targeting commodities

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Deputy Prime Minister Datuk Seri Fadillah Yusof said the unilateral initiative is detrimental to free and fair trade, and could result in adverse effects on the global supply chain. — Bernama pic

KUCHING, Dec 23 — Deputy Prime Minister Datuk Seri Fadillah Yusof expressed Malaysia's concern today with the European Union (EU) Council and Parliament's agreement on the EU Deforestation-Free Products Regulation on commodities including palm oil, timber, cocoa, and rubber.

He said the unilateral initiative is detrimental to free and fair trade, and could result in adverse effects on the global supply chain.

“Some aspects of the risk-assessment process of the regulation are counterproductive to commitments to curb global deforestation and run the risk of disincentivising producing countries.

“Malaysia underscores the need for a balanced approach between achieving development goals and climate ambition,” Fadillah, who is also the minister of plantation and commodities, said in a statement.

He was responding to the EU Council and Parliament reaching a provisional deal on a proposal to minimise the risk of deforestation and forest degradation associated with products that are imported into or exported from the EU on December 6.

Fadillah said the regulation will additionally burden Malaysian palm oil exporters to the EU market, specifically additional traceability requirements and data that must be provided to end-customers based in the EU.

He called the regulation a deliberate act by Europe to block market access, hurt small farmers and protect a domestic oilseeds market that is inefficient and cannot compete with the cost of palm oil.

“Moreover, this regulation could lead to higher food prices and reduced output at a time of record global inflation,” he said, stressing that Europe’s justifications for promoting the regulation is based on unsound reasoning and has a weak scientific basis.

He added unnecessary regulations on palm oil exacerbate the food supply crisis, increase costs of food, increase energy costs and harm both the European and Malaysian economy and undermines poverty alleviation efforts.

“The EU must commit to genuine engagement with producing countries,” Fadillah said, stressing that Malaysia values EU as one of its important trading and investment partners.

“We stand ready to further enhance this mutually-beneficial partnership, especially building on the recent signing of the Malaysia-EU Partnership and Cooperation Agreement (PCA) as well as possible resumption of Malaysia-EU Free Trade Agreement (FTA) negotiations,” he said.

He said Malaysian palm oil is sustainable, and is one of the most certified vegetable oils in the world today.

He added the Malaysian Sustainable Palm Oil (MSPO) standard already guarantees Malaysia’s commitment to comprehensive sustainability standards.

Fadillah said Malaysia will continue to provide sustainable and deforestation-free palm oil to its European and global customers, saying that there is no need to add further costs and burdens.

“It would be offensive to Malaysia if either palm oil, or the country, is designated high risk by the EU Regulation. There is no justification for it,” he added.