

# PROTECTIONISM: HOW THE EU PALMS-OFF THE COMPETITION AT OUR EXPENSE

*The following article by former Brexit Party MEP, Brian Monteith, has previously been published by Global Britain. We are grateful for their permission to republish it here...*

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A CONSTANT REFRAIN in the EU referendum was how important it was for our farmers to be in the EU's Common Agricultural Policy and the Customs Union. Take a step back for a minute and imagine then what that means for countries that have no place *inside* the EU because they are not European, such as those in Asia, the Americas and Oceania? Where does being unable to be in the CFP and Customs Union leave them?

The only solution is to negotiate a trade deal, either as a single country or as a member of another allied trading group, but as it turns out this is sub-optimal for it rarely results in open free trade. What happens is that in return for generally open access for EU member states in particular overseas markets, limited access is provided in the EU for the developing country through the use of quotas or only partial reductions in tariffs.

The developing nation also finds that such a trade deal comes with strings attached, strings about judicial governance and regulations that can have nothing to do with commerce at all, but are designed to limit the competitiveness of that developing nation or satisfy a European NGO that has been lobbying in Brussels on an unrelated issue.

It was through strict quotas that Italian brassier manufacturers were protected from Chinese producers and it is

by the secondary non-commercial reasons that an EU-India trade deal has stalled after some ten years of 'negotiations' and is going nowhere.

Other examples have become well known over the years. A glut of Italian tomatoes being dumped in the African markets undercut the tomato producers in Ghana, putting their farmers out of business. Many of those impoverished farmers then ended up as migrant workers in Italy – harvesting the very tomatoes that had put them out of business.

Then there is the infamous example of coffee and chocolate where the EU is very happy to provide low tariff access for African producers of coffee and cocoa beans – but maintains a 30% duty on processed coffee (roasted, ground and freeze-dried etc) or cocoa. This ensures it that more profit is made in Germany from coffee-production without growing a single bean – than is made from the whole African continent in growing, harvesting and selling the beans themselves. The same happens with chocolate production. In this way African nations do not easily attract investment for food processing but have to import many goods that are actually made from their own raw materials.

Now a new example of the harm done by the protectionism of Fortress Europe through its tariff and regulatory ramparts – this time it is palm oil.

Over the last few years the production of palm oil has received a bad press especially in Europe, being blamed for deforestation as Asian farmers have been accused of clearing trees so they can plant the palms that provide the oil. Why are they not making rapeseed, sunflower or other edible oils? Well that's because the palm is an especially efficient plant, producing more oil per land area than any other equivalent vegetable oil crop.

World-wide, palm oil supplies 40% of the world's vegetable oil

demand on just under 6% of the land used to produce all vegetable oils.

To get the same amount of alternative oils like soybean, coconut, or sunflower oil you would need anything between 4 and 10 times more land, which would just shift the problem to other parts of the world and threaten other habitats, species and communities. So palm oil is in fact beneficial rather than a problem.

It is also an extremely versatile oil that has many different properties and functions that makes it so useful and widely used. Being semi-solid at room temperature it is spreadable; it is resistant to oxidation so can give products a longer shelf-life; it is stable at high temperatures so helps to give fried products a crispy and crunchy texture; and it is also odourless and colourless so doesn't alter the look or smell of food products. Not surprisingly in Asian and African countries, palm oil is used widely as a cooking oil, just like we might use sunflower or rapeseed oil here in the UK. Its versatility and efficient use of small plots of land, compared to other vegetable oils, means high quantities of oil can be produced over small areas of land, almost all year round. It is no surprise then that palm oil is the most consumed oil in the world, with high market penetration in China, India, Indonesia – and Europe, which is the second largest global importer of palm oil.

The biofuel productivity yield of palm oil is also the highest among all oilseed crops, producing 10x the amount of energy as other plant oils and is surpassed only by sugarcane in terms of productivity yield. EU-grown biofuels like rapeseed and soybeans not only require more land but also store less CO<sub>2</sub> than palm oil.

To address the poor reputation that palm oil farmers had gained for clearing forests to meet growing demand the industry established a sustainability programme by creating a

certification process through organizations such as the Roundtable on Sustainable Palm Oil. Yet despite the encouragement given by the West at events such as annual UN COP meetings only half of the sustainable palm oil was bought by the big corporates, the remainder, although audited and independently verified, had to be sold at lower prices as uncertified palm oil, putting the whole process of sustainability at risk.

Now the EU is phasing out the use of palm oil in biofuel and some member states already have outright bans in place. But an EU ban will not stop production of the crop, which is used daily by well over half of the people on planet earth. What it will do is remove any incentive for sustainable production. The main beneficiaries will be those countries that do not care about sustainability, like China, who will then have access to an abundant low-cost palm oil. The end result will be more land cleared and more habitats destroyed – and there will be no market pressures to make this stop.

Carl Bek-Nielsen, chief executive director of United Plantations Bhd., the first big grower to gain sustainability certification in 2008 has warned, *“People have been screaming and shouting for sustainable palm oil, but as soon as it is available, they found all kinds of excuses and disappeared out of that door,”* said Bek-Nielsen. *“Sustainability is a shared journey. If you want the world to produce sustainable timber, beef, chickens, cars or palm oil, you have to support that movement and be a part of the change.”*

Thanks to the sustainability certification deforestation from palm oil is at a 3-year low. If we want to see this trend continuing, then the great and the good paying only lip service at COP26 by signing up to prevent forestry clearance is meaningless if the farmers find markets such as the EU are making it impossible to gain access.

If food manufacturers are discouraged from using sustainable

palm oil and the EU bans it from biofuels then there will be no sustainability. It's that simple.

Banning palm oil in food and household products and biofuels won't make it disappear. All it will do is kill the sustainable palm oil industry which, at a time of increasing environmental awareness and concern would be the height of hypocrisy.

The EU's Customs Union is not and never has been about encouraging trade – it is a protection racket to sustain high prices for producers at the expense of domestic consumers, farmers from poorer nations and the environment and ecosystem. There is no moral high ground in backing the CFP, Customs Union or big corporates who pay lip service to deforestation.