



Palm-Oil Production

For Prelims: [European Union](#), EU Deforestation-Free Regulation (EUDR), [Palm oil](#), [China](#), [National Mission on Edible Oil-Oil Palm](#)

For Mains: Impact of European Union's initiatives to control Palm-Oil production on India's Palm-Oil Policy.

Source: [IE](#)

Why in News?

The [European Union \(EU\)](#) has taken significant steps in recent years to address deforestation and environmental concerns **through the EU Deforestation-Free Regulation (EUDR)** related to palm oil production and made massive efforts to phase out [palm oil](#)-based biofuels by 2030.

- Malaysia's signing of a deal to double palm oil exports to China annually is **a move to offset potential revenue losses from the EU's ban** on commodities that are linked to deforestation.

What is the EU Deforestation-Free Regulation (EUDR) and Malaysia and Indonesia's Reactions?

- **EUDR:**
 - This aims at removing deforestation from supply chains of everyday items in the EU. Legislation adopted in Brussels in 2023 with **2030 as the target and Imposes administrative burdens on palm oil exporters** wanting to sell in the EU.
 - Apart from this, Biofuels, palm oil, and deforestation are the core focus areas of Palm Oil Policy and Deforestation Legislation.
 - The regulation requires firms **to ensure that the product exported to the EU has been grown on land which has not been deforested after December 31, 2020.**
 - The regulation is not [WTO \(World Trade Organization\)](#) compatible and a non-tariff barrier.
- **Malaysia and Indonesia's Response:**
 - Widespread opposition to perceived European protectionism through this legislation.
 - It would promote **dependency on China for exports**, which could nullify environmental benefits.
 - Implications for the EU are immense and Chinese markets can benefit from it tremendously.

What is Palm Oil & Its Use?

- **About:**
 - Palm oil is an edible vegetable oil derived from the **mesocarp (reddish pulp) of the fruit of the oil palms.**

- It is used as cooking oil, and in everything from **cosmetics, processed foods, cakes, chocolates, spreads, soaps, shampoo**, and cleaning products to biofuel.
 - The use of crude palm oil in making **biodiesel** is being branded as **'green diesel'**.
- **Production:**
 - Indonesia and Malaysia together account for almost **90% of the global palm oil production**, with Indonesia producing the largest quantity at over **45 million tonnes in 2021**.
- **Issues with Oil Palm Industry:**
 - The oil palm industry has come under criticism for what are reportedly unsustainable production practices leading to **deforestation, and exploitative labor practices** carried forward from the colonial era.
 - However, **palm oil** is preferred by many as it is **inexpensive**, oil palms produce more oil per hectare than some other vegetable oil plants like **soybean**.

How Important is Palm Oil for Global Supply Chains?

- **Global Supply Chain:**
 - **Palm oil is the world's most widely used vegetable oil** with its global production in the year 2020 **being over 73 Million Tones (MT)**, according to the United States Department of Agriculture (USDA).
 - It is estimated to be 77 MT for the current year FY 2022-23.
 - According to Reuters, **palm oil makes up 40% of the global supply** of the four most widely used edible oils: palm, soybean, rapeseed (canola), and sunflower oil.
 - Indonesia is responsible for 60% of the global supply of palm oil.
- **Status of India in Palm Oil Import:**
 - India is the biggest importer of palm oil, which makes up **40% of its vegetable oil consumption**. India meets **half of its annual need for 8.3 MT of palm oil from Indonesia**.
 - In 2021, India unveiled the National **Mission on Edible Oil-Oil Palm** to boost India's domestic palm oil production.
 - Given advantages pertaining to Palm oil for India's cooking requirements, the Indian farmers should be incentivized to intensify efforts for area expansion under oil palm to enhance palm oil production in the country.
 - India should also diversify its procurement as well as requirements.

UPSC Civil Services Examination, Previous Year Questions (PYQ)

Prelims

Q1. Consider the following statements: (2018)

1. The quantity of imported edible oils is more than the domestic production of edible oils in the last five years.
2. The Government does not impose any customs duty on all the imported edible oils as a special case.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (a)

Q2. Other than resistance to pests, what are the prospects for which genetically engineered plants have been created? (2012)

1. To enable them to withstand drought
2. To increase the nutritive value of the produce
3. To enable them to grow and do photosynthesis in spaceships and space stations
4. To increase their shelf life

Select the correct answer using the codes given below:

- (a) 1 and 2 only
- (b) 3 and 4 only
- (c) 1, 2 and 4 only
- (d) 1, 2, 3 and 4

Ans: (c)

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