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Federal Agency for
Nature Conservation

Palm oil and the EU

How everyday products trigger tropical peatland loss

Fact Sheet

Key messages

- Palm oil is found in many everyday products in the European Union (EU), such as processed foods, cosmetics, cleaning agents, and plastics. Its much higher yield per hectare compared to all other vegetable oils makes it difficult to replace, despite its severe environmental impacts.
- EU palm oil imports have been declining since 2020 due to a gradual phase-out of palm oil use as a biofuel. Nonetheless, the EU remains a significant importer of palm oil (23.6 million tonnes in 2023), mainly sourcing from Indonesia and Malaysia.
- EU demand for palm oil has contributed to the large-scale destruction of biodiverse rainforests in producing countries. Although deforestation for EU-bound palm oil slowed down, the expansion of oil palm plantations on peatlands and the associated biodiversity impacts and greenhouse gas emissions remain major concerns.

Palm oil: Invisible in our daily lives

From chocolate bars and ready-made meals to cosmetics, palm oil is found in many everyday items. It can also be used as a biofuel or as a base for paints, plastics, and coatings. It is popular due to the fact that it is colourless and odourless, semi-solid at room temperature, and stable at high temperatures. Furthermore, palm oil can be produced more efficiently than alternative vegetable oils, accounting for 36% of the global vegetable oil production, while using less than 9% of the total cropland devoted to vegetable oil crops. Substituting palm oil with alternative oils would require more than four times the amount of land, although its high yields come at steep environmental costs.

EU palm oil imports in decline

The EU is a major consumer of palm oil, importing around 23.6 million tonnes in 2023, which equals a land footprint of 1.5 million hectares. Most imported palm oil comes from Indonesia (43%) and Malaysia (24%). However, contrary to the global trend of increasing palm oil consumption, EU imports of palm oil have been declining since 2020 because the EU is gradually banning the use of palm oil as a biofuel under the Renewable Energy Directive (RED).

Palm oil: EU consumption at a glance

Imports: 23.6 million tonnes palm oil in 2023

Top suppliers: Indonesia and Malaysia

Export Volume: 7% of palm oil produced in Indonesia exported to the EU

Trends: Sharp decline of EU imports after 2020 due to ban on palm oil as biofuel

Land footprint: 1.5 million hectares for palm oil imports to the EU

RED: Phasing out palm oil by 2030

The Renewable Energy Directive (Directive (EU) 2023/2413) aims to reduce greenhouse gas emissions and promotes renewable energies. It mandates a gradual phase-out of palm oil as a biofuel by 2030, because of the high risk of indirect land-use changes associated with palm oil production.

Palm oil and deforestation

The expansion of palm oil plantations has led to significant land conversion over recent decades:

- Oil palms are almost exclusively grown in tropical rainforests, which are among the most biodiverse habitats on Earth.
- Tropical forests are home to more than half of all terrestrial vertebrate species, 20% of which are threatened with extinction.
- In Indonesia, the palm oil boom led to the conversion of around 3 million hectares of natural forests into plantations between 2001 and 2019, about the size of Belgium.

Due to economic reasons and political regulations, palm oil-driven deforestation in Indonesia and Malaysia has slowed down since 2013.

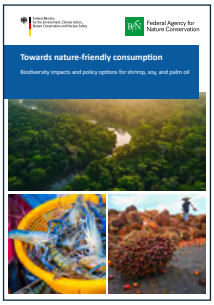
Peatlands: The silent victims

For a full picture of the environmental impacts of palm oil production, it is necessary to take a look beyond deforestation at the (peat)land below:

- Peatlands are waterlogged soils that store vast quantities of carbon, between 13.6 and 40.5 billion tonnes in Indonesia alone. This is about 30% more than the total carbon stock in Indonesian forests.
- The tropical peat swamp forests of Borneo and Sumatra are the last habitats of critically endangered species such as the orangutan.
- Today, nearly 60% of Indonesia's peatlands have been drained or converted, mostly for plantations such as palm oil. Meanwhile, only 4.4% of the peatlands are protected.
- Palm oil plantations on peatland are increasing, making up 14% of Indonesia's palm oil plantations in 2022.
- Draining peatlands for cultivation releases massive amounts of CO_2 and N_2O over extended periods, with around 220 million tonnes of CO_{2eq} annually in Indonesia alone. It also increases the risk of devastating peat fires, further accelerating climate change.

Further reading

In the main report, you will find further details and sources on the impacts of EU palm oil consumption on biodiversity – as well as political solution approaches.



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Konstantinstr. 110, 53179 Bonn, Germany

Authors: Susanne Köppen, Frieda Giest
ifeu - Institut für Energie- und Umweltforschung Heidelberg gGmbH, susanne.koeppen@ifeu.de

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