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PALM OIL

Sustainability concerns cloud B30 plan

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The government's plan to make the 30 percent biodiesel mix (B30) policy mandatory by 2019 may hurt the sustainability of crude palm oil (CPO) production, as the program could encourage palm oil producers to increase CPO output to meet an increase in demand for B30 biodiesel production, a think tank has said.

Coaction Indonesia, a think tank that specializes in sustainable development, said that the B30 policy could encourage palm oil producers to expand their plantations more aggressively in order to meet an increase in demand for biodiesel production.

Plantation expansion could lead to deforestation as the existing productive areas allocated for oil palm plantations were limited, the think tank said.

There were 12.3 million hectares of oil palm plantation in 2017, an increase from 11.9 million ha in 2016, data from the Agriculture Ministry show. Private companies own 53.12 percent of plantation land, while smallholders and the government own 33.88 and 7.55 percent respectively.

CPO production increased by 6.4 percent to 35 million tons per year in 2017, from 33 million tons per year in 2016. However,

on a per-hectare basis, CPO production in 2017 totaled 2.8 tons, which pales in comparison to Malaysia's 12 tons per ha of production in the same year.

Indonesia produced 3.4 million kiloliters of biodiesel in 2017, a 6 percent decrease from 3.6 million kl in 2016. Domestic biodiesel demand, meanwhile, rose by a whopping 228 percent to 3 million kl in 2016, from 915,000 kl in 2015.

The government's plan to increase the use of CPO in the biodiesel mix is intended to reduce fuel imports, which has partly contributed to the country's worsening current account deficit.

Should the government pass the B30 policy, the private sector would increase its CPO supply which, in turn, would likely result in massive deforestation to allow for more plantations, Coaction Indonesia researcher Kevin Alexander said recently.

In addition to making the policy mandatory, the government also planned to expand its B20 policy by having it include non-subsidized diesel.

Consumption of non-subsidized diesel fuel, which is commonly used by ships or to fuel electric generators and mining equipment, has reached around 16.2 million kl per year.

"Arguments surrounding biodiesel should be put within the context of both the upstream and downstream industries," Kevin said during a presentation recently.

Indonesian Forum for the Environment (Walhi) national executive director Nur "Yaya" Hidayati echoed the opinion, saying that questions regarding the sustainability of CPO production were as important as those concerning the impact on end users.

"It would be ironic if an increase in carbon emissions is caused by the government's program to increase the use of bio energy," she said.

Indonesian Biofuel Producers Association (Aprobi) chairman Paulus Tjakrawan called the criticism against an increase in palm oil content in diesel fuel "preposterous".

"The government issued a moratorium on the issuance of new concession permits for oil palm plantations in primary forests and peatland in 2011. There has been no deforestation for palm plantations since," he said.

Palm oil companies had been following legal procedures — as proven by the Indonesia Sustainable Palm Oil (ISPO) certification — to ensure sustainable production of the commodity, Paulus added. **(rfa)**