



**PRIME MINISTER
MALAYSIA**

23rd January 2019

Her Excellency
Mdm Erna Solberg
Prime Minister of Norway
OSLO

Your Excellency,

It gives me great pleasure to convey my New Year greetings to Your Excellency and the people of the Kingdom of Norway. I am confident that under your able leadership, the Kingdom of Norway will continue with its achievements for the benefit of your country.

2. I write to you regarding the recent vote in the Norwegian Parliament to ban the use of palm based biofuels commencing 2020, as part of your approved renewable energy sources. This decision as we understand has been based primarily on the assumption that all palm oil including that of Malaysian origin, contributes to tropical deforestation.

3. I wish to convey to you the strong opposition of the Government of Malaysia and the Malaysian people to the proposed ban on palm oil biofuels. The ban is deemed to be discriminatory, unfair, and would negatively impact 650,000 rural small farmers across Malaysia who depend on palm oil for their livelihood. Moreover, this proposal will likely impact the earnings and well-being of nearly 2 million other Malaysian who are dependent upon the palm oil industry for their respective livelihood.

4. Malaysia and Norway have been close friends and partners in diplomacy, and trade for many decades. The bilateral trade relations have strengthened over the years and in 2017, total bilateral trade was valued at €492.9 million. In terms of exports, it was valued at €87.6 million while the imports were valued at €405.3 million. I would also like to bring to Your Excellency's knowledge that Malaysia has imported a total of €187.9 million on mineral based products from Norway in 2017. Although palm oil products accounts for just 0.5% (€0.44 million) of Malaysia's total export to Norway compared to overall trade, we are nevertheless concern that ban such brings about

significant negative consequences upon overall palm oil trade. Such a ban would also undermine our nations' cooperation and mutual friendship. Thus, I could not allow such action to pass without a strong response.

5. The Norwegian vote to ban palm oil was based on the presumption that our oil palm cultivation is a proven driver of tropical deforestation. This assumption has no proven justification whatsoever. We therefore request your personal intervention in this matter which should be treated in a fair and non-discriminatory manner by Norway, with equal treatment and access for Malaysian Palm Oil, alongside with other sustainable biofuel feedstocks. I wish to assure you that Malaysia is committed to produce sustainable palm oil through its national mandatory certification of Malaysian palm oil under the Malaysian Sustainable Palm Oil (MSPO) certification scheme by December 2019. In addition to this palm oil producers/suppliers regularly volunteer to adhere to additional international sustainable biofuel certification standards such as the International Sustainable Carbon Certification (ISCC), Germany.

6. On behalf of the Government of Malaysia, and the millions of my fellow citizens engaged in cultivating oil palm, I would appeal to you to support Malaysia, and reject the proposed ban on palm oil biofuels, for the following reasons:

- The proposed ban is discriminatory. No other oil seed or oil bearing crop has been targeted. The proposed ban is a trade impediment, and would likely infringe WTO rules.
- The claim that palm oil is responsible for deforestation is demonstrably untrue. The EU's own research shows that Malaysian Palm Oil industry is not the actual driver of deforestation. In fact oil palm cultivation ranks, far behind other commodities. Beef and soy, to name only two, are responsible for far greater deforestation.
- In 1992, at the Rio Earth Summit, the Government of Malaysia pledged to retain 50% of land area as forest cover. That commitment is still being met today. Malaysia's forest protection and conservation is superior as we have 55.3% of our total land area under forest cover.

7. The ban could lead to regrettable economic and trade consequences for both Malaysian exporters of palm oil, and Norway's own exporters of other products to Malaysia. It would especially impinge on the European Free Trade Association (EFTA) Agreement that is still in discussions between our two nations. That relationship and its future will thus depends upon mutual respect for trade in our respective commodities including palm oil. Failing in that mutual respect will force Malaysia to look at actions, including, but not limited to, suspension of EFTA and the imposition of like-minded legislation against Norwegian imports to Malaysia.

8. Malaysia is highly concerned by such a bold move aimed to hinder the free trade of our core export commodity as that represented by the Norwegian Parliament. I am certain that other palm oil producing countries would feel and respond to you in a similar manner on this same matter.

9. I would therefore ask, respectfully, for your good office to put the decision on hold and to re-evaluate this matter. We are ready to share all related information with your experts to demonstrate the sustainable cultivation of oil palm in Malaysia, without the added need to deforest. At the same time, I seek your cooperation to work together on how we can ensure that the positive relationship between Norway and Malaysia can be strengthened.

10. I would be happy to discuss this issue further, or provide any supporting information and documentation, should you have any questions. I look forward to your kind response.

Please accept, Your Excellency, the assurances of my highest consideration.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name 'Mahathir bin Mohamad'.

DR MAHATHIR BIN MOHAMAD