

Toward an EU-Asian Partnership on Deforestation: Restoring Sustainability in the Age of Pandemics

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INTRODUCTION

The COVID-19 virus has created an unprecedented crisis for the world's society, economy and markets. In the process, it has exposed a lack of trust in governments and political institutions across the world and raised questions as to whether they are capable of delivering public goods and services.

One of the most critical geopolitical and economic fractures exacerbated by the crisis has emerged between Europe and Southeast Asia. Not only has COVID-19 demonstrated the vulnerability of global supply chains and the need for more resilient infrastructures, it has also demonstrated the ever-increasing ecological dangers of industrial expansion, which has amplified the risks of diseases migrating from animals to humans.

This has fed into a running debate in Europe over the past few years around the ecological and health risks amplified by deforestation. Prior to the COVID-19 crisis, the most critical flashpoint between Europe and Asia has occurred in relation to efforts to establish a new EU-ASEAN trade agreement. But progress in such an important initiative in international trade has been stalled due to tensions between the EU and two prominent ASEAN countries, Malaysia and Indonesia, over the ecological impact of palm oil due its role in deforestation. New EU legislation introduced in 2019 mounted in a de facto ban on imports of palm oil for biodiesel, prompting retaliatory threats of trade boycotts of their own from Malaysia and Indonesia.¹

¹ Pandey, A. 2019. "Malaysia threatens to raise stakes in EU palm oil spat", Deutsche Welle, DW, (<https://p.dw.com/p/3FiZi>). See also <https://www.nst.com.my/world/world/2019/12/550113/indonesia-eu-trade-row-over-palm-oil-escalates>), accessed 06 May 2020.

In the wake of the COVID-19 crisis, this emerging trust deficit between Europe and Asia has been amplified due to palm oil's role as a driver of deforestation. The European Union's new Farm to Fork strategy published in May 2020 flagged up the prospect of further legislation to tackle deforestation, implicitly nodding at the possibility of broader restrictions on imports such as palm oil.²

Even amidst such intensifying distrust, COVID-19 has highlighted the urgency of new measures to stop deforestation. Scientific studies have shown that deforestation is one of the major drivers of the heightened risk of disease outbreaks. As forests are cleared for expanding industrial activities, animals are forced to move out into human settlements, increasing the risk of exotic zoonotic diseases jumping to humans. In particular, deforestation in Southeast Asia has increased the risk of coronaviruses spreading from bats to humans. The region has suffered the greatest rate of deforestation in the world with a loss of 30% of forest surface over the last 40 years, linked to increased farming, logging, hunting and poorly-managed urban growth.³

It is argued in the paper that the problem is that the current approach to stopping deforestation has been ineffective, creating a situation of mutual distrust between producer countries in Southeast Asia and decision-makers in Europe. It will be shown that as a result of this mutual distrust, as the COVID-19 crisis has escalated, both regions have missed opportunities for joint trade and development partnerships at a time when it could not be of greater need.

Against this background, the key contribution of this article will be to show that even while COVID-19 has heightened the trust deficit in politics issues between Europe and Asia, by engaging in new cooperative strategies, the EU can work more closely with developing countries in Asia to develop joint, tangible mechanisms by which to facilitate environmentally sustainable production, while repairing trust in politics and boosting economic trade.

Without such a change of course, COVID-19 is a foretelling of a far more vulnerable and volatile future, one that would undermine the integrity of political

² European Commission. May 2020. "Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee and the Committee on the Regions: A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system", (https://eur-lex.europa.eu/resource.html?uri=cellar:ea0f9f73-9ab2-11ea-9d2d-01aa75ed71a1.0001.02/DOC_1andformat=PDF), accessed 06 May 2020.

³ Afelt, A., Frutos, R., and Devaux, C. 2018. "Bats, Coronaviruses, and Deforestation: Toward the Emergence of Novel Infectious Diseases?" *Frontiers in Microbiology*, 9. (<https://doi.org/10.3389/fmicb.2018.00702>).

institutions and accelerate widespread levels of distrust, potentially preventing Europe and Asia from forging ahead with urgently needed economic and political partnerships.

BALANCING GLOBAL AND NATIONAL ECONOMIC PRIORITIES

The COVID-19 pandemic has demonstrated that the current structure of the global economic system is no longer working and lacks resilience to complex global crises. With financial markets crashing down with accelerated speed, we must redesign markets so that they build upon sustainability and longevity in comparison to our current economic model which relies on continuing economic growth and dependence on fossil fuels.

An immediate reaction that should be resisted is a tendency toward extreme protectionism. Whether in food production or production of critical items for healthcare, we have seen how efforts to hoard essential items by nations can undermine global supply-chains and lead to widespread disruption which endangers lives. The danger is that the COVID-19 pandemic might lead to radicalised protectionist solutions, exacerbating emerging policies which were already threatening to undermine international trade.

In this context, Europe's relations with Asia were already souring in the context of a dispute over palm oil, among other issues. This dispute has disrupted trade relations, amidst calls for large-scale boycotts. The environmental concerns are valid, but unfortunately there remain important scientific questions⁴ over whether the EU's current approach is truly sufficient to provide a long-lasting viable solution. Instead, this paper argues, there is a risk that the conventional EU approach reinforces protectionist market dynamics in the context of a volatile financial system, while undermining environmental efforts to tackle deforestation.

The age of COVID-19 highlights the opportunity for a new strategy adhering strongly to the EU's environmental goals, while fostering renewed commitments to work with producers in building more ethical markets, pioneering new sustainable production techniques, and fostering positive free-trade relationships designed explicitly for the public good.

At this time of escalating economic crisis, it is imperative for Europe and Asia to find new ways to work together. This requires rebuilding trade connections without

⁴ See below.

compromising on sustainability goals. It also means ensuring coherence across the EU's economic goals, international development priorities, and sustainability commitments. This could involve joint cooperation to facilitate a transition to regional sustainable production, which would in turn open the way for new trade relations between the EU and Asia. That would reduce the risk of the next pandemic while building a more resilient financial system. It is clear that both sides need each other more than ever to help keep the strained global trading system alive. Such approaches could also provide a template for tackling deforestation outside of Asia in Africa and Latin America.

DEFORESTATION DEBATE

The important task of developing effective approaches to tackling deforestation cannot be underestimated. The COVID-19 pandemic has proven how devastating the risks to public health are. But so far, efforts to tackle deforestation have been inconsistent and insufficient.

Forests absorb roughly a quarter of the carbon dioxide emitted by human activity each year. Destroying all of the world's forests would release the same amount of stored carbon as burning all the planet's readily extractable fossil fuel deposits.

Stopping climate change is an incredible complex mission and the dynamics of deforestation are increasingly inseparable from the growing demand for food from consumers in the most developed countries.

Standing forests pull moisture out of the ground and release water vapour to the atmosphere, regulating local, regional and global precipitation patterns and acting as a natural air conditioner.⁵ In contrast, cutting down tropical forests can increase local surface temperatures by as much as up to 3°C. These "climate regulation" effects of tropical forests make their conservation essential to protect food and water security.

If we continue on our current course, the risks are grave. However, in the light of recent scientific findings it is also crystal clear that putting an end to the rampant destruction of the forests on which planetary ecosystems depend is completely avoidable.

⁵ Gustin, Georgina. 2019. "Alarming Rate of Forest Loss Threatens a Crucial Climate Solution". Inside Climate News, (<https://insideclimatenews.org/news/25042019/deforestation-annual-global-tree-loss-tropics-climate-solution-carbon-storage-wri>), accessed 21 April 2020.

Recent research suggests that, in order to have a chance of limiting warming to 1.5°C, we cannot emit more than about 750 billion tons of CO₂ in the coming century.⁶ The carbon in readily exploitable fossil reserves could release 2.7 trillion tons of CO₂ up to 2100. By comparison, forests store enough carbon to release over 3 trillion tons of CO₂ if destroyed. And climate change itself makes forests more vulnerable, including to uncontrollable wildfires.

In 2018, the earth saw its fourth-highest level of tropical tree loss since the early 2000s – about 30 million acres. The world’s forests contain more carbon than exploitable oil, gas, and coal deposits, hence avoiding forest carbon emissions is just as urgent as halting fossil fuel use.⁷

A major study in *Global Environmental Change* found that deforestation emissions constitute 15% of the total carbon footprint of food consumption in EU countries.⁸ The authors suggest that this is indeed a substantial share which highlights the urgent need for consumption-based accounts to include emissions from deforestation. But they also call for implementation of policy measures that cross these international supply-chains in order to effectively reduce deforestation emissions.

Concerns over deforestation eventually led the European Commission to take action by banning palm oil for biodiesel in 2019, declaring that its cultivation, mostly undertaken in Indonesia and Malaysia, results in excessive deforestation. The legislation directed that palm oil should not be eligible to count toward EU renewable transport targets for national governments.⁹

However, the scientific literature raises some questions as to whether solely limiting imports in tackling deforestation can be truly effective. In the following, research findings are presented to show that the combination of these findings has contributed to undermine trust across the Asian region in the EU approach.

⁶ Gustin. 2019. Op. cit.

⁷ Baccini, A., Walker, W., Carvalho, L., Farina, M., Sulla-Menashe, D., and Houghton, A. 2017. “The appropriate policy mix needs to be adjusted to the local context. Tropical forests are a net carbon source based on aboveground measurements of gain and loss”. *Science* 358(6360), (<https://science.sciencemag.org/content/358/6360/230>), accessed 05 May 2020.

⁸ Pendrill, F., Persson, U. M., Godar, J., Kastner, T., Moran, D., Schmidt, S., and Wood, R. 2019. “Agricultural and forestry trade drives large share of tropical deforestation emissions”. *Global Environmental Change*, 56, 1–10, (<https://www.sciencedirect.com/science/article/pii/S0959378018314365>), accessed 23 April 2020.

⁹ Khidhir, S. 2019. “Banning palm oil is dangerous”, *The Asean Post*, (<https://theaseanpost.com/article/banning-palm-oil-dangerous>), accessed 05 May 2020.

A landmark report by the International Union for Conservation of Nature (IUCN) found that banning palm oil would likely cause more harm to the environment only displacing the global biodiversity losses instead of stopping them.¹⁰ This is because a palm oil ban would increase the production of other oil crops, such as rapeseed, soy or sunflower, which require up to nine times as much land to produce than palm oil, in order to meet the global demand.¹¹ These crops store less CO₂ than palm oil, require more fertilizer and pesticides and have lower productivity and shorter lifespan compared to oil palms.¹²

Director General of the IUCN, Inger Andersen, has therefore called for urgent and “concerted action to make palm oil production more sustainable, ensuring that all parties – governments, producers and the supply chain – honour their sustainability commitments.”¹³

A major study in *Annual Review of Resource Economics* has provided a definitive analysis of the challenges, corroborating these findings. The *Annual Reviews* study is worth noting as it is one of the most authoritative analyses of the best scientific literature to date. It confirms that the key challenge is related to the efficiency of palm oil, relative to land, water, energy and fertiliser inputs: “The global demand for vegetable oil will continue to grow. Against this background, banning or curbing oil palm cultivation is not a realistic option. Given oil palm’s high land productivity, meeting the rising demand only through other oil crops would entail even more land-use change and natural habitat loss.” This analysis confirms the IUCN’s analy-

¹⁰ Meijaard, Erik et al. 2018. “Oil palm and Biodiversity: a situation analysis by the IUCN Oil Palm Task Force”. International Union for Conservation of Nature (IUCN), (<https://doi.org/10.2305/IUCN.CH.2018.11.en>), <https://www.iucn.org/news/secretariat/201806/saying-no-palm-oil-would-likely-displace-not-halt-biodiversity-loss---iucn-report>), accessed 05 May 2020.

¹¹ Pendrill, F., Persson, M. et al. 2019. “Agricultural and forestry trade drives large share of tropical deforestation emissions”. *Global Environmental Change*, 56:1-10. (<https://www.sciencedirect.com/science/article/pii/S0959378018314365>), accessed 05 May 2020.

¹² Fassler, J. 2016. “Giving Up Palm Oil Might Actually Be Bad for the Environment”, *Smithsonian Magazine*, March. (<https://www.smithsonianmag.com/science-nature/giving-up-palm-oil-might-actually-be-bad-environment-180958092/>), accessed 05 May 2020.

¹³ Cited in IUCN Press Release, 26 June 2018, (<https://www.iucn.org/news/secretariat/201806/saying-no-palm-oil-would-likely-displace-not-halt-biodiversity-loss---iucn-report>), accessed 05 May 2020.

sis that an approach focused only on limiting palm oil imports could actually drive greater rates of deforestation overall.¹⁴

A similar conclusion was reached by a team of University of Bath scientists, who specifically examined the potential impact of a palm oil ban, and whether alternatives could offer an environmentally-viable replacement to meet demand. They found that this would increase the production of other oil crops, such as rapeseed, soy or sunflower, which require up to nine times as much land to produce than palm oil, in order to meet the global demand. These crops store less CO₂ than palm oil, require more fertilizer and pesticides and have lower productivity and shorter lifespan compared to oil palms. The team, publishing their findings in *Nature*, conclude that in the near to mid-term, policy should be directed at ensuring the sustainability of production because import restrictions would be ineffective in stopping deforestation or protecting the environment.¹⁵

There is another important side-effect of the EU's current approach which has played the biggest role in fostering distrust. The *Annual Reviews* paper finds that some 50% of the worldwide oil palm land is managed by smallholders, and that focusing purely on import restrictions can end up penalizing some of the most vulnerable households in developing countries. The palm oil industry, the study notes, has played a key role in increasing incomes, generating employment, and reducing poverty among local communities across these countries: "Especially in Southeast Asia, oil palm has contributed considerably to rural income growth and reduced poverty among farmers and workers." Therefore, there is a risk that an approach premised simply on reducing imports of palm oil could have a detrimental impact on the UN Sustainable Development Goals (SDG), endangering the livelihoods of hundreds of thousands of smallholder farmers and the local communities they are embedded in.¹⁶

The combination of these findings – the emerging scientific evidence that the narrow policy approach may not actually achieve its desired effect of tackling deforestation along with the detrimental impacts on smallholder farmers and rural

¹⁴ Qaim, Matin; Kibrom T. Sibhatu, Siregar, Ingo and Grass, Ingo. 2020. "Environmental, Economic, and Social Consequences of the Oil Palm Boom". *Annual Reviews*, (<https://www.annualreviews.org/doi/pdf/10.1146/annurev-resource-110119-024922>).

¹⁵ Parsons, S., Raikova, S., and Chuck, C. J. 2020. "The viability and desirability of replacing palm oil". *Nature Sustainability*, 1–7. (<https://doi.org/10.1038/s41893-020-0487-8>).

¹⁶ Qaim, Matin; Kibrom T. Sibhatu, Siregar, Ingo and Grass, Ingo. 2020. "Environmental, Economic, and Social Consequences of the Oil Palm Boom". *Annual Reviews*, (<https://www.annualreviews.org/doi/pdf/10.1146/annurev-resource-110119-024922>).

communities in Southeast Asia – has undermined trust across the region in the EU approach. Rather than seeing it as an environmental strategy to combat deforestation, ASEAN countries widely view the EU's approach as a protectionist measure designed to favour domestic EU production of alternative vegetable oils such as soy, sunflower and rapeseed, that would unfairly penalise developing nation efforts to continue to lift themselves out of poverty. That in itself has undermined the possibility of the EU working more closely with these ASEAN countries in facilitating sustainability, instead increasing mistrust between the two regions.¹⁷

The unfortunate way in which this mistrust has developed demonstrates the need for both sides to reflect on the limitations of the previous approach, and consider new more cooperative strategies.

TOWARD A MORE ROBUST EU POLICY FRAMEWORK ON DEFORESTATION AND INDUSTRY

An extensive modelling study in the *Proceedings of the National Academy of Sciences* underscores the need for much more joined-up thinking. Finding that “simply limiting palm oil production or consumption is unlikely to halt deforestation” in Malaysia and Indonesia, the study concluded that “in the absence of active forest conservation incentives... Targeting just a single driver of deforestation... opens room for other drivers of deforestation to operate more actively in the absence of a forest protection plan.”¹⁸ Its core implication is that the most powerful approach to stopping deforestation is not in targeting any particular commodity, but in *incentivising forest conservation efforts*.

This crucial scientific finding fits well with the recommendations of the *Annual Reviews* study, which calls on policymakers to develop “efficient legal and institutional frameworks in oil palm-producing countries.”¹⁹ Their analysis demonstrates

¹⁷ Lima, M., M. Skutsch, and G. de Medeiros Costa. 2011. “Deforestation and the social impacts of soy for biodiesel: perspectives of farmers in the south Brazilian Amazon”. *Ecology and Society* 16(4): 4. (<https://www.ecologyandsociety.org/vol16/iss4/art4/>), accessed 06 May 2020. <http://dx.doi.org/10.5751/ES-04366-160404>.

¹⁸ Taheripour, F., Hertel, T. W., and Ramankutty, N. 2019. “Market-mediated responses confound policies to limit deforestation from oil palm expansion in Malaysia and Indonesia”. *Proceedings of the National Academy of Sciences*, 116 (38): 19193–19199. (<https://doi.org/10.1073/pnas.1903476116>).

¹⁹ Op. Cit.

that the EU's approach suffers from a major gap from an environmental risk perspective: that of ensuring sustainability at source.

In this context, the European Union should consider reviewing its current approach and adapting it toward one focused more on working with producer countries to develop regulatory frameworks and incentives that would both limit imports of unsustainable palm oil, while simultaneously supporting and encouraging sustainable production.

These frameworks should encompass a number of areas: improving yield productivity using new sustainable production techniques; doing so within the clear delineation of protected forest lands combined with strong rules on use rights, prohibitions, and effective sanction mechanisms; recognition of customary land rights of local communities; robust sustainability certification along with verifiable monitoring mechanisms; and successful inclusion of smallholder farmers. The most important condition for these frameworks to be effective is that they cannot simply be imposed from outside with a 'one-size-fits-all' approach. The *Annual Reviews* authors urge that: "The appropriate policy mix needs to be adjusted to the local context."²⁰

With the right approach, successful policy mixes developed in Southeast Asia could also provide important learnings for production of commodities outside the region, whether it be palm oil, other vegetable oils or beef: "This is relevant for Southeast Asia, but also for Africa and Latin America, where much of the future oil palm expansion is expected to occur."²¹

THE POTENTIAL FOR A NEW REGIONAL MODEL

Malaysia has been cultivating palm oil for more than a century. Originating from West Africa, oil palms were introduced into Indonesia in 1848 and Malaysia in 1875 under Dutch and British colonial rule. A French plantation owner, Henri Fauconnier, established the first commercial oil palm estate in Selangor in 1917.²² Although oil palm plantations slowly expanded following independence, it was only during the 1960s that oil palm plantations really accelerated. By then palm oil was actively promoted by the agricultural diversification programme of the Malaysian government.

²⁰ Op. Cit.: 337.

²¹ Op. Cit.: 335.

²² Tang, K. H. D., Al Qahtani, H. M. S. 2019. "Sustainability of oil palm plantations in Malaysia". *Environ Dev Sustain*, (<https://doi.org/10.1007/s10668-019-00458-6>), accessed 04 May 2020.

The income from palm oil enabled Malaysia to develop its infrastructure, pave roads, improve telecommunications, and build schools and hospitals. Rural employment increased and poverty declined.

Today, the majority of the world's palm oil – 85 per cent – originates from Malaysia and Indonesia.²³ With oil palm expansion, debates on the sustainability of oil palm have intensified. While oil palm cultivation in Malaysia continued to expand from 1973 to 2010, it is important to recognise that deforestation did begin to slow down from the mid-1980s. Scientists are unsure as to why this happened, with some speculation that it was because oil palm planting shifted away from newly cleared forests, to land that had been previously used for other agricultural commodities (e.g., rubber, coconut, cocoa) when they became less profitable than palm oil. Others note that economic diversification and poverty reduction also allowed other industries to flourish.²⁴

In January 2015, Malaysia established its own certification body to tackle the issue of sustainability, Malaysian Sustainable Palm Oil (MSPO), established for the management of palm oil plantations, smallholdings and palm oil processing facilities in Malaysia. The programme aims at ensuring the sustainability of palm oil estates which are 100 acres or more in size. When first established, it was a voluntary scheme, similar to more well-known international schemes such as the Roundtable on Sustainable Palm Oil (RSPO), which is also voluntary and targeted largely at major corporate producers. The MSPO certification approach was more explicitly designed to be accessible to smallholder farmers, who are often excluded from the RSPO due to cost and bureaucratic problems.²⁵

In September 2018, with the arrival of a new administration, MSPO was for the first time declared a mandatory, government-backed national scheme aimed at providing the new government the power to enforce sustainable palm oil production, conserve forests and preserve key wildlife habitats. However, there has been a clear diplomatic and communications gap between Malaysia and Europe. The

²³ Rosner, H. 2018. "Palm oil is unavoidable. Can it be sustainable?", *National Geographic Magazine*, (<https://www.nationalgeographic.com/magazine/2018/12/palm-oil-products-borneo-africa-environment-impact/>), accessed 04 May 2020.

²⁴ Miyamoto. 2014. *Op. cit.*

²⁵ Morgans, C. L., Meijaard, E., Santika, T., Law, E., Budiharta, S., Ancrenaz, M., et al. 2018. "Evaluating the effectiveness of palm oil certification in delivering multiple sustainability objectives". *Environmental Research Letters*, 13(6), (<https://iopscience.iop.org/article/10.1088/1748-9326/aac6f4/meta>), accessed 04 May 2020.

European Union continued to speed ahead with its legislation on biofuels which, six months later, culminated in a de facto ban on palm oil for biodiesel.

Since then, Malaysia has scaled up the MSPO scheme, managing to certify about 42 percent of the country's palm oil areas by August 2019, and aiming to achieve 70% certification by earlier this year (2020). So far, there has been little international interest in assessing or evaluating MSPO. However, independent conservationists who have visited "best of category" cases of the MSPO scheme have confirmed their positive initial impressions of success in terms of sustainability, forest conservation and labour rights for migrant workers.²⁶

It is easy to see how this sequence of events has contributed to further mistrust. From the European perspective, there is an understandable reluctance to recognise a national certification scheme in a developing country with a historic problem on deforestation – especially when such a scheme remains nascent, and the EU lacks an independent scientific and verification mechanism to determine the scheme's effectiveness objectively. From the Malaysian perspective, there is an understandable frustration that despite progress being made in the development of a novel, government-backed approach to sustainability and conservation, ongoing international scepticism has meant that the scheme is provided no or little support or recognition, despite sincere efforts.

The communications and diplomatic deficit has in turn widened the rift between Europe and Asia, and led to a seeming impasse on progress on sustainability. This in turn has scuppered wider trade negotiations between the EU and ASEAN.

THE WAY FORWARD: JOINT COOPERATION

This analysis suggests an alternative way forward to break the current impasse. It must be recognised by all sides that the current impasse is unsustainable and counter-productive on multiple counts. The EU's insistence on a narrowly designed de facto ban on palm oil lacks robust scientific basis and is likely to contribute to increasing rates of deforestation. It also disincentivises regional producers from adopting sustainable production practices by sending the message that doing so will never result in access to closed markets. But regional producers should recognise that international scepticism toward sustainable transition efforts is also

²⁶ Hii, R. 2017. "A Close-Up Of The Malaysian Sustainable Palm Oil Scheme". *HuffPost*. (https://www.huffpost.com/entry/a-close-up-of-the-malaysian-sustainable-palm-oil-scheme_b_5a285c75e4b053b5525db6f1), accessed 04 May 2020.

understandable given the historic problems, and continued reluctance within parts of the palm oil industry – and the slowness of ongoing progress.

How do we, then, break this impasse? Going forward, the case of Malaysia suggests new pathways by which the EU and Asian producers can find ways to work together. We require an urgent shift in paradigm – the current approach is premised on each block working separately, with the different sides playing diplomatic and communications catch-up after internal policies are developed. Instead, we need an inherently joint approach in which the EU can work directly with regional producers, such as Malaysia.

Both sides will need to reconsider how they can open up unprecedented cooperative channels of communication on scientific research and policy development. The EU must remember its responsibility as an industrialised, developed bloc, which entails that it should provide both scientific expertise and financial support to regional producers, and be particularly attentive to the needs of smallholder farmers. Doing so can support local government efforts to develop applied policy mixes that make sense in the regional and local context, while also having international support. Rather than a producer like Malaysia ‘going it alone’, its national mandatory standards should be supported and developed with EU support and expertise. Such an approach could be applied across the region and beyond. For this to work, local producers will need to let their guard down and explore new opportunities to open up transparency. Only in this way can they ensure that they work closely with international partners to institutionalise scientific verification and monitoring mechanisms which can provide EU importers a meaningful guarantee of sustainability.

This approach could open up a wide range of dividends. Not only would it help to reduce the trust deficit that has prevented the EU and ASEAN from making progress on wider trade negotiations, if successful it could provide a new international model of joint cooperation in sustainable production that could be applied across and beyond the region.

The EU could develop similar joint schemes with palm oil and other producers across Africa and Latin America to address deforestation through verifiable local sustainability transitions, backed by national governments through mandatory legislation, and supported through international recognition, finance and monitoring mechanisms. This would facilitate international trade and the emergence of a global ecosystem based on the sharing of environmental goods, services and practices.

In the age of COVID-19, directing an element of emerging EU economic recovery packages toward this issue can help speed the transition to a more resilient economic future. This offers a win-win scenario: reducing the risks of deforestation at

source; generating more sustainable production practices; and creating new foundations for EU-Asian cooperation to rebuild a more cooperative economic order from which both sides can come out better equipped to tackle future environmental, health and economic crises.

To overcome the trust deficit, a core mechanism by which this process could begin could be the creation jointly by the EU and Malaysia of an independent group of scientific experts to advise on the implementation of the palm oil sector's transition to sustainability, and to assist in the development of joint research and monitoring standards to ensure the highest standards in the MSPO certification. The EU should be willing to help finance such an initiative – but ultimately, for any such initiative to work, it is local producers, such as Malaysia, who must demonstrate their commitment to sustainability goals by meeting their targets and doing so transparently under international scrutiny.

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